



**ASIA FILE CORPORATION BHD.** (313192-P)

Annual Report 2010



Expansion Via Sustainable Growth

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Lim Soon Huat  
Khoo Khai Hong  
Lim Soon Wah  
Ooi Ean Chin  
Nurjannah Binti Ali  
Lim Soon Hee (Alternate to Khoo Khai Hong)

## COMPANY SECRETARY

Lam Voon Kean (MIA 4793)

## REGISTERED OFFICE

Suite 2-1, 2nd Floor, Menara Penang Garden  
42A, Jalan Sultan Ahmad Shah  
10050 Penang  
Tel : 04-229 4390 Fax : 04-226 5860

## REGISTRAR

Agriteum Share Registration Services Sdn Bhd  
(578473-T)  
2nd Floor, Wisma Penang Garden  
42, Jalan Sultan Ahmad Shah  
10050 Penang  
Tel : 04-228 2321 Fax : 04-227 2391

## PRINCIPAL PLACE OF BUSINESS

Plot 16, Kawasan Perindustrian Bayan Lepas,  
Phase IV 11900 Penang, Malaysia  
Tel : 04-642 6601 Fax : 04-642 6602

## AUDITORS

KPMG, Penang

## BANKERS

RHB Bank Berhad  
Malayan Banking Berhad

## SOLICITOR

Ong and Manecksha  
Suite 503, 5th Floor Penang Plaza,  
Jalan Burma, 10050 Penang

Dear Shareholders,

On behalf of the Board of Directors of Asia File Corporation Bhd, I am pleased to present to you the Group's Annual Report and Audited Financial Statements for the year ended 31 March 2010.

Following the spill over effect of last year's global financial crisis, we continued to witness a softening market demand for consumable products at the beginning of the financial year. Recognising the need to reinvent ourselves in the face of this challenging economic environment, the Group reacted responsively and re strategized our business approach. By adopting strategic marketing plans which focus on higher value added products, the Group has successfully lifted its core operating margin (excluded exceptional items and share of profit of associate) by an impressive rate of 13% despite a drop of 11% in its sales revenue during the financial year. A better margin would have been posted if not due to the adverse impact from the weakening of Sterling Pound and Euro against Ringgit Malaysia during the financial year.

The 2010 financial year kicked off with a lower sales during the first two quarters as demand from major developed markets such as Europe and U.S. remained weak. However, the U.S market made a turn around and we saw a recovery in sales with encouraging orders coming in from the U.S market for the remaining quarters in 2010. Capitalised on our strength in the area of product innovation, the Group has successfully launched new range of products which has not only receive positive response from our oversea customers, but also reinforced our position in the global filing industry. Over in Malaysia, despite an overall softer economy, sales in Malaysia still managed to achieve a modest growth of 3% during the financial year. We continued to uphold our forefront position in the local market with our brand "ABBA" being recognized as the premier brand in Malaysia.

Our shareholders should be pleased to note that for the financial year ended 31 March 2010, in view of the improved cash flow position of the Group, the Board has recommended to raise the dividend per share from 25% to 28% less tax subject to the shareholders' approval .

On behalf of the Board, we would like to thank our valued stakeholders including the shareholders, employees, business partners and the various regulatory bodies and authorities for giving us the steadfast support in our quest for greater success. The Board remained confident that the Group is well position to deliver future positive growth.

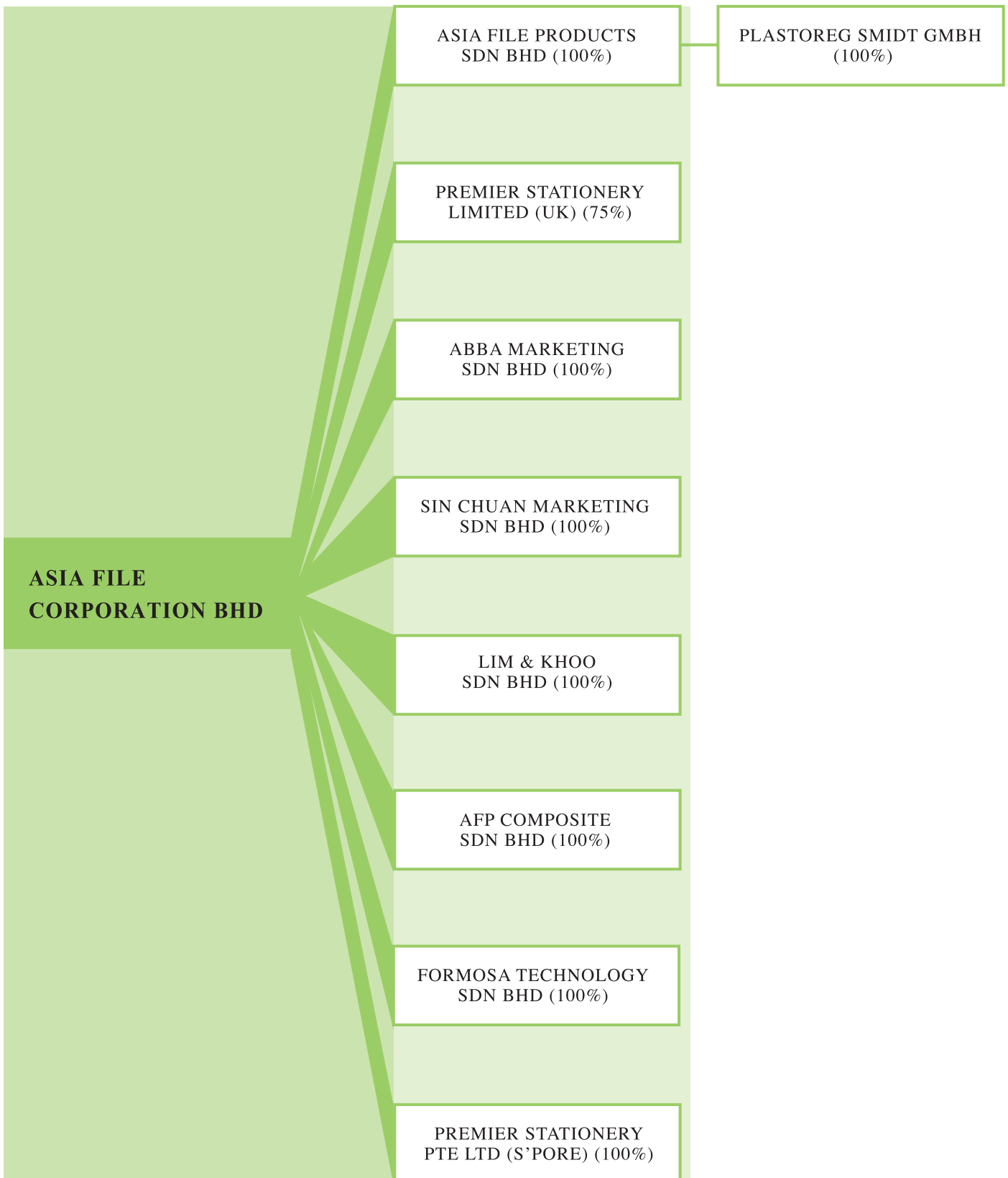
thank our valued stakeholders including the shareholders, employees, business partners and the various regulatory bodies and authorities for giving us the steadfast support in our quest for greater success. The Board remained confident that the Group is well position to deliver future positive growth.



Lim Soon Huat  
Chairman of the Group

# Group Structure

## Subsidiaries & % Of Shareholdings



# PRODUCTS OF THE GROUP



## 1. Dividers

- Manilla Dividers
- Mylar Coated Dividers
- Polypropylene Dividers

## 2. Polypropylene Range Of Products

- Morr Files
- Presentations Files / Folders
- Clear Holders / Display Files
- Plastic Folders / Presentation Covers
- Star Files
- Docucases & Ring Boxes
- Ring Files
- Sheet Protectors / Clear Holder Refills



## 3. Paper Products

- Inkjet Papers / Labels / Archive Boxes
- Paper Rolls, Computer Forms
- Envelopes

## 4. Clipfolders & Box Files

- Box Files
- Magazine Box Files / Holders
- Clipfolders / Clipboards



## 5. Lever Arch Files

- Smooth Marble
- PVC Special Edition
- PVC Welded and Glued
- Embossed Marble

## 6. Manilla Files & Folders

- Flat Files
- Pocket Files
- Fold Files



## 7. Magazine Holders

- Strong & Heavy Duty
- Various choice of colours
- Easy to Assemble
- Available in Made Up or DIY

## 8. Markers & Whiteboard Accessories

- Whiteboard / Permanent Markers
- Whiteboard Erasers

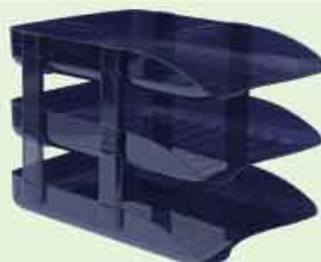


## 9. Ring Files / Binders

- Clear View Presentation / Insert Binders
- PVC / Welded & Glued
- Coloured Board
- Standard / Embossed
- PVC Computer Files

## 10. Stationeries

- Trays
- Staplers
- Rubber Bands
- Paper Binders
- Scissors
- Sharpeners
- Binder Clips
- Memo Cassettes
- Staples
- Parcel Strings
- Fasteners
- Hole Punchers
- Name Badges
- Filing Pockets
- Book Jackets



Visit our website at [www.asia-file.com](http://www.asia-file.com) for more product updates



## Profile Of Directors



1. Lim Soon Huat 2. Nurjannah Binti Ali 3. Khoo Khai Hong 4. Lim Soon Wah 5. Ooi Ean Chin 6. Lim Soon Hee

**1. Lim Soon Huat**, age 53, is a Malaysian citizen and the Non Independent Executive Chairman. He was appointed to the Board on 3 January 1996 and was subsequently appointed as Chairman of the Board on 16 July 2001.

He graduated from University of Melbourne with a Master Degree in Engineering. He has vast working experiences of more than twenty five (25) years in both public and private sectors. Prior to his involvement in business, he was involved in civil engineering projects undertaken by the Drainage and Irrigation Department. In 1986, he joined the filing and stationery industry and since then he has been playing a prominent role in all facets of the company management. He is the Chairman of Penang Paper & Stationery Association and also the Vice President of The Federation of Stationers and Booksellers Association of Malaysia. He also holds directorship in various subsidiaries and associate companies of Asia File Corporation Bhd Group.

As at 6 August 2010, he is the registered holder of 889,391 shares in Asia File Corporation Bhd and is deemed interested over 52,336,837 shares in Asia File Corporation Bhd registered under Prestige Elegance (M) Sdn Bhd. He also holds 50.01% of the total shareholding in Prestige Elegance (M) Sdn Bhd. During the financial year ended 31 March 2010, he attended four (4) Board of Directors' meetings.

**2. Nurjannah binti Ali**, age 51, is a Malaysian citizen. She was appointed to the Board on 15 April 1999 as an Independent Non-Executive Director and became a member of the Audit Committee since 25 November 2008.

With an accounting background, Nurjannah has more than fifteen (15) years' experience in finance and corporate management. She presently sits on the Board of Public Packages Holdings Bhd, TRIplc Bhd, WWE Holdings Berhad and several other private limited companies. During the financial year ended 31 March 2010, she attended three (3) Board of Directors' meetings.

**3. Khoo Khai Hong**, age 82, is a Malaysian citizen and an Independent Non Executive Director and the Chairman of the Audit Committee. He was appointed to the Board on 3 January 1996.

He is a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and Australian Society of Certified Practising Accountants. He is actively involved in the accountancy profession and has been practicing as a public accountant under the name of Khoo Khai Hong & Co since 1963.

As at 6 August 2010, he is the registered holder of 54,000 shares in Asia File Corporation Bhd. During the financial year ended 31 March 2010, he attended four (4) Board of Directors' meetings.

**4. Lim Soon Wah**, age 43, is a Malaysian citizen and a Non Independent Executive Director. He was appointed to the Board on 3 January 1996.

He obtained a Bachelor of Science Degree from University of Manitoba, Canada in 1986. Since then he has been actively involved in the production operation of the Company. He also holds directorships in several private limited companies.

As at 6 August 2010, he is the registered holder of 2,489,825 shares in Asia File Corporation Bhd. He also holds 10.75% of the total shareholding in Prestige Elegance (M) Sdn Bhd, a substantial shareholder of Asia File Corporation Bhd. During the financial year ended 31 March 2010, he attended four (4) Board of Directors' meetings.

**5. Ooi Ean Chin**, age 77, is a Malaysian citizen and an Independent Non Executive Director and a member of the Audit Committee. He was appointed to the Board on 3 January 1996.

He has more than twenty six (26) years of commercial banking experiences and was holding the post of manager in Malayan Banking Berhad before he resigned in 1982 to venture into manufacturing. His active involvement in the manufacturing sector covers a wide spectrum of different industries namely wood moulding, fibre glass, rubber glove as well as housing development.

During the financial year ended 31 March 2010, he attended four (4) Board of Directors' meetings.

**6. Lim Soon Hee**, age 47, is a Malaysian citizen and an Non Independent Non Executive Alternate Director. He was appointed as alternate director to Mr Khoo Khai Hong on 3 January 1996.

He has more than ten (10) years' experiences in sales and marketing and was appointed as director for one of the subsidiary companies in 1985. He also holds directorships in various private limited companies.

As at 6 August 2010, he holds 8.74% of the total shareholding in Prestige Elegance (M) Sdn Bhd, a substantial shareholder of Asia File Corporation Bhd.

### **Notes:**

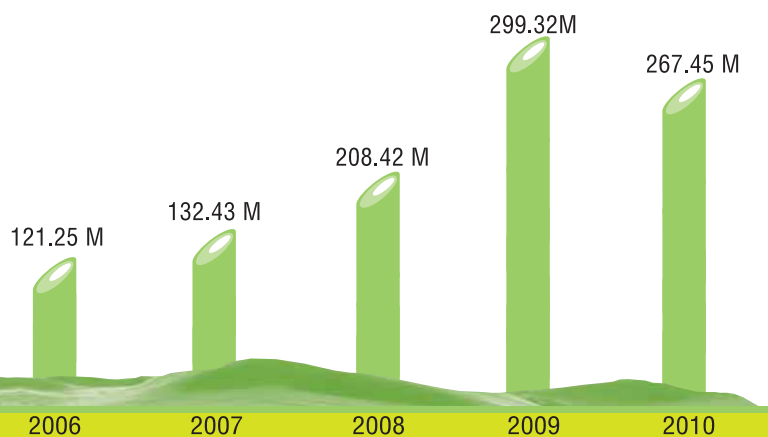
- i) Datin Khoo Saw Sim, a substantial shareholder, is the mother of Directors, Mr Lim Soon Huat and Mr Lim Soon Wah, and Alternate Director, Mr Lim Soon Hee. Other than as disclosed in the Profile of Directors, none of the directors has any family relationship with any other directors/major shareholders of the Company.
- ii) Other than as disclosed in the Directors' Report and Notes to the Financial Statements, there is no other conflict of interest that the directors have with the Company.
- iii) Except for Nurjannah binti Ali, which was disclosed in the Profile of Directors, none of the other directors hold any directorship in any other public listed companies.
- iv) In the past ten (10) years, none of the directors was convicted of any offence other than traffic offences.



# FIVE - YEAR FINANCIAL RESULTS AND FINANCIAL HIGHLIGHTS OF THE GROUP

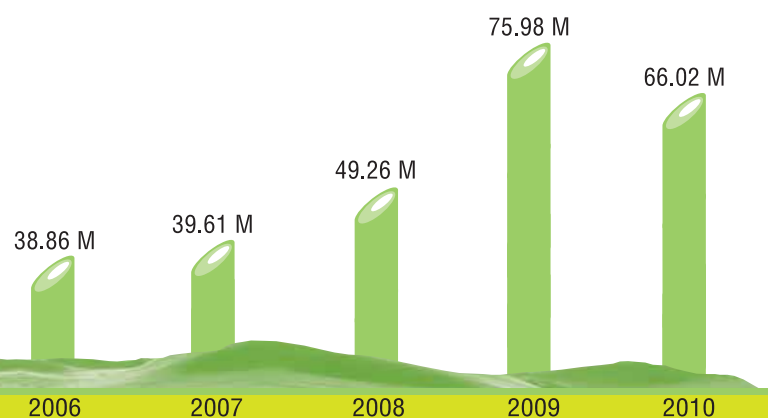
## TURNOVER

Year	Turnover (RM)
2006	121.25 M
2007	132.43 M
2008	208.42 M
2009	299.32M
2010	267.45 M



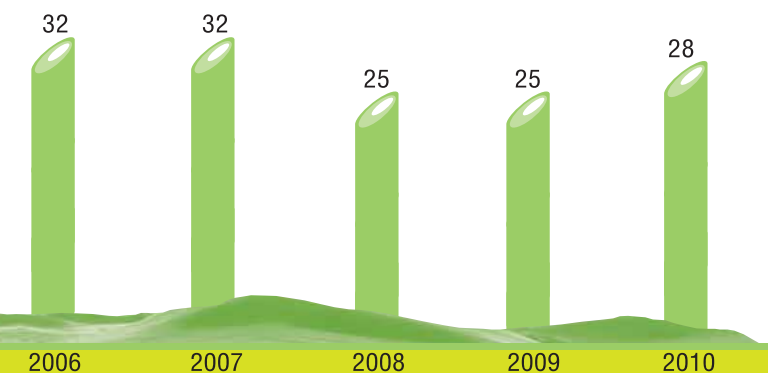
## PROFIT BEFORE TAXATION

Year	Profit Before Tax (RM)
2006	38.86 M
2007	39.61 M
2008	49.26 M
2009	75.98M
2010	66.02 M



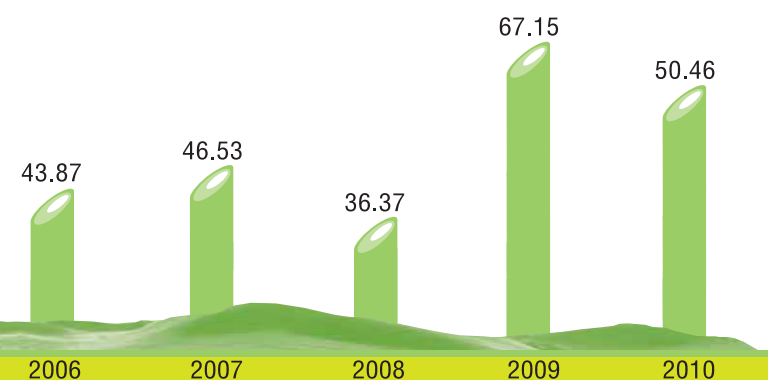
## DIVIDENDS PER ORDINARY SHARE - GROSS (CENTS)

Year	Dividends per ordinary share gross (Cents)
2006	32
2007	32
2008	25 *
2009	25
2010	28



## BASIC EARNINGS PER SHARE (CENTS)

Year	Basic earnings per share (Cents)
2006	43.87
2007	46.53
2008	36.37 *
2009	67.15
2010	50.46



\* Based on enlarged share capital as a result of the bonus issue implemented during the year.

# STATEMENT ON CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY

## Part I : Principles of Corporate Governance

The Board of Directors of Asia File Corporation Bhd acknowledges the importance of good corporate governance in protecting and enhancing the interest of shareholders. As such the Board is committed towards adherence to the principles and best practices as set out in Part 1 and Part 2 of the Malaysian Code on Corporate Governance.

Set out below are the details on how the Group has applied the above principles and best practices throughout the financial year ended 31 March 2010.

### A) Board of Directors

#### *Board Composition*

There are presently six (6) members on the Board comprising mainly of two (2) Executive Directors, three (3) independent Non Executive Directors and one (1) Non independent Non Executive Alternate Director. The two Executive Directors have been actively involved in the industry for many years, bringing with them a wealth of valuable experiences in ensuring the success of the Group. The Non Executive Directors, with their diversified backgrounds and specialization help to steer the Group in the right direction in fulfilling its role to its shareholders. A brief profile of each individual director is presented on pages 6 to 7 of this Annual Report.

The managing director, Mr Lim Soon Huat assumed the role of Chairman upon the demise of the late Dato' Lim Eng Siang on 27 June 2001. This is in recognition of his invaluable contribution towards the continued success of the Group's performance. In view of the decision making procedure currently practised by the Group in which the majority views of the Board will be considered and the noticeable presence of the independent directors on the Board, the Board is confident that the dual roles held will not put the system of check and balance in jeopardy.

As recommended by the Code of Corporate Governance, the Board has on 30 August 2002 appointed Mr. Khoo Khai Hong as the senior Independent Non Executive Director to whom concerns may be conveyed.

#### *Board Responsibilities*

The Board is responsible for the overall operation of the Group which will encompass the following specific areas:-

- review and adopt strategic plan;
- oversee the conduct of the Group's business;
- identify principal risk areas and ensuring that appropriate risk management system is in place to address the above risks;
- succession planning for senior management;
- developing and implementing investor relations program and shareholders communication policy; and
- review the adequacy and integrity of the internal control and management information system.

#### *Board Meetings*

The Board meets at least four (4) times a year and with additional meetings convened as the need arises, to inter-alia approve the Quarterly Reports, the Annual Report and to review the performance of the Company and its operating subsidiaries. The Board receives relevant documents on matters requiring its consideration prior to each meeting. A total of four (4) Board meetings were held during the financial year ended 31 March 2010.

The attendance record of individual Directors during the financial year are tabulated below:-

Name of Directors	Attendance
Lim Soon Huat	4/4
Khoo Khai Hong	4/4
Lim Soon Wah	4/4
Ooi Ean Chin	4/4
Nurjannah Binti Ali	3/4

# STATEMENT ON CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

## **Board Committees**

To ensure the effective discharge of its fiduciary duties and to enhance business and operational efficiency, the Board delegates certain responsibilities to the Audit Committee. There are written terms of reference for the Audit Committee to report to the Board. The outcome of the committee meetings and a copy of the minutes of meeting are distributed to all Directors.

The Audit Committee consists solely of Independent Non-Executive Directors. This is in line with best practice under the Code of Corporate Governance. The composition, terms of reference and a summary of the activities of the Audit Committee are set out under the section "Audit Committee Report" in this Annual Report.

## **Supply of Information**

Notice of meetings setting out the agenda and accompanied by the relevant Board papers are distributed to the Directors to enable them to peruse and if require to obtain further information on issues to be deliberated.

Members of the Board are also given unrestricted access to the advices and services of the Company secretary and other professional advisors in discharging their duties and responsibilities at the expense of the Group. All corporate announcements including quarterly financial results will be reviewed and approved by the Board prior to any announcement being made to the Bursa Malaysia Securities Berhad.

## **Directors' Training**

The Board, as a whole, ensures that it recruits to the Board only individuals of sufficient calibre, knowledge and experience to fulfil the duties of a Director appropriately. At the date of this statement, all the Directors have attended and successfully completed the Mandatory Accreditation Program (MAP) prescribed by the Bursa Securities.

During the financial year under review, the Directors have also attended and participated in seminars and training programmes as follows:

- Corporate Directors Training Programme
- New Code of Corporate Governance
- Role of Market Players in Influencing Good Corporate Governance Practices Amongst PLCs
- Internal Auditing: Assurance and Value Creation
- Corporate Governance Best Practices
- Shareholding Reporting for Directors & Shareholders of Listed Companies and Striking Off Application & Procedures for Dormant Companies
- New Updates on Malaysian Financial Reporting Standards & Corporate Governance: Constructing An Effective Board
- A Critique of Recent Tax Cases
- Expand Your Business Horizon
- National Seminar on Taxation 2009
- Applying Text of Controls and Analytical Procedures in Audits

Training for Directors will continue so as to ensure that they kept abreast with regulatory and governance developments.

## **Appointment and Re-election**

In accordance with the Memorandum and Articles of Association of the Company, at least one-third of the Directors shall retire from office each year at the Annual General Meeting and all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.



# STATEMENT ON CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

## B) Directors' Remuneration

The Board as a whole approves the remuneration of the Executive Directors with the Directors concerned abstaining from the decision in respect of their remuneration.

The details of the remuneration for Directors for the financial year ended 31 March 2010 are as follows:-

	Fees RM'000	Salaries RM'000	Bonuses RM'000	Benefits in kinds RM'000	Total RM'000
Executive Directors	169	610	147	10	936
Non Executive Directors	90	-	-	-	90

The Board is of the opinion that it is advisable not to state in detail each Director's remuneration. The remuneration for the Directors for the financial year ended 31 March 2010 are, however, summarized into the following bands:-

Range of Remuneration	Executive	Non-Executive
Below RM 50,000	-	4
RM 51,000 to RM 100,000	-	-
RM 101,000 to RM 150,000	-	-
RM 151,000 to RM 200,000	-	-
RM 201,000 to RM 250,000	-	-
RM 251,000 to RM 300,000	-	-
RM 301,000 to RM 350,000	-	-
RM 351,000 to RM 400,000	1	-
RM 401,000 to RM 450,000	-	-
RM 451,000 to RM 500,000	-	-
RM 501,000 to RM 550,000	-	-
RM 551,000 to RM 600,000	1	-

## (C) Shareholders

The Group recognizes the importance of keeping its shareholders and the general public informed of the development and performance of the Group. The Board views the Annual General Meeting as the primary forum to communicate with shareholders. Annual general meeting held each year provide an excellent platform for shareholders and members of the press to participate in the question and answer session. All Board members, Senior Management and the Group's External Auditors are available to respond to shareholders' questions during the Annual General Meeting.

In addition, quarterly financial results and corporate announcements are announced timely to disseminate pertinent information of the Group. The Group also organizes plant visits and holds regular meetings with analysts and fund managers who are interested to acquire further information about the Group.

# STATEMENT ON CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

## **(D) Accountability and Audit**

### ***Financial Reporting***

The Board aims to provide and present a balanced and meaningful assessment of the Group's performance and prospects primarily through the annual financial statements, quarterly result announcement to shareholders and Chairman's statement in the annual report.

### ***Directors' Responsibility Statement***

The Board is responsible to ensure that financial statements of the Group give a true and fair view of the state of affairs of the Group as at the end of the accounting period and of their profit and loss and cash flows for the period then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates.

The Directors also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

### ***Internal Control***

The Board is responsible to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. The Board is, nevertheless, aware that the system of internal control is designed to manage rather than eliminate risks and therefore cannot provide an absolute assurance against material misstatement, fraud or loss.

At this juncture, the Board is of the view that the current system of internal control in place throughout the Group is sufficient to address its intended objective.

### ***Relationship with Auditors***

The Board through the Audit Committee ensures that an appropriate and transparent relationship is established with the external auditors. During the course of audit, all relevant documents are made available to the external auditors. The external auditors are given the opportunity to highlight any issues requiring the Board's attention to the Audit Committee directly.

## **(E) Statement on Corporate Social Responsibility**

The Group recognizes the importance of fulfilling its corporate social responsibility towards the betterment of environment, community and welfare of its employees.

### ***Environment***

The Group ensured the compliance of all environmental laws and regulations by integrated Corporate Social Responsibilities practices into its daily operations. The Group also undertook several measures such as recycling of waste materials and usage of electrical instead of fuel consumed forklift. In view of the importance of environmental sustainability, the Group creates awareness among employees on environment conservation by encouraging employees to go 3R, Reduce, Reuse and Recycle wherever possible in order to minimise the use of new resources.

# STATEMENT ON CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

## (E) Statement on Corporate Social Responsibility (Cont'd)

### *Community*

The Group has been lending support to the various local charitable organisations. Earlier in the year 2010, the Group was involved in a fund raising campaign to help the poor and needy by paying a visit to the charity home for the handicapped in Bukit Tengah, Penang.

The Group recognised the importance of education. During the year, files and stationeries were given out to a total of 28 learning institutions comprising of kindergartens, primary and secondary schools. The Group has also continuously sponsored files and stationery in support of community events organized by certain communities or organizations.

### *Workplace*

The Group strived to ensure an environmental-friendly, healthy and safe workplace for all employees. To achieve this, steps were taken to ensure that equipment and building safety systems were functioning properly and well maintained. The Group has also organised fire drills, safety and health talks as well as plant evacuation exercises at its various properties to create awareness and to instil consciousness within its workforce.

The 2009 Annual Dinner was held on 1 August 2009, combining the Long Service Awards ceremony with an entertaining night for all Asia File employees.

The Group's corporate head office also organised festive celebration to encourage employees to mingle and interact with one another to foster team spirit and build closer working relationship.

The Group perceives its human capital as an imperative asset. As part of its human capital development, various in-house programmes and job skills related training were conducted to equip the employees with improved skills and knowledge. The Group also sponsored employees to attend external seminars and workshops to keep them abreast of new developments in their respective field of expertise.

## (F) Other Information

### *Material Contracts*

There were no material contracts entered into by the Company and its subsidiaries involving directors and major shareholders of Asia File Corporation Bhd.

### *Non – Audit Fees*

During the year, a total of RM20,500 was paid to KPMG for non-audit services rendered.

### *Shares Buy Back*

During the year, a total of 138,500 shares of Asia File Corporation Bhd were purchased and retained as treasury shares pursuant to the Shares Buy Back scheme.

The details of share buy back during the year are as follows:-

	Total Number of Shares Purchased	Highest Price Paid RM	Lowest Price Paid RM	Average Price Paid RM	Total Consideration RM
August 2009	100	5.19	5.19	5.19	548
December 2009	93,400	5.20	5.05	5.09	476,609
January 2010	20,000	5.07	5.07	5.07	101,685
February 2010	12,100	5.00	5.10	5.00	60,797
March 2010	12,900	4.98	5.05	5.03	65,222



# STATEMENT ON CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

## Part II : Best Practices of Corporate Governance

The Group has complied with the Best Practices of Corporate Governance as set out in the Code throughout the financial year ended 31 March 2010 with the exception of the followings :-

- (a) The roles of Chairman and Managing Director are combined, the details of which are fully explained in the Board Composition on Page 9 of this Annual Report.
- (b) The Board does not have a formal schedule of matters specifically reserved to it for decision as it has been the Board's practice to deliberate on matters that involve overall Group strategy and direction, acquisition and divestment policy, approval of capital expenditure, consideration of significant financial matters and the review of the financial and operating performance of the Group.
- (c) The Board, together with the Managing Director, has not developed position descriptions for the Board and the Managing Director. The Board recognizes the importance for a proper identification of the roles and authorization limits of Management and will consider adopting a Board Charter to delineate the roles and responsibilities of executive and non-executive directors.
- (d) No Nominating Committee is formed by the Group. The Board itself functions as a Nominating Committee. It will participate in assessing, identifying, nominating and recruiting suitable candidates to the Board. Any member of the Board who has interest in any matter raised by the Board will abstain himself from deliberations and voting. In view of its current size and make up of the Board which reflects a well balanced composition, the Board is of the opinion that the formation of a Nominating Committee is not required at the moment.
- (e) The Board as a whole recommends the remuneration of each director. Individual director does not participate in deliberations and voting on decisions in respect of his remuneration package. In view of the above, the Group does not form a Remuneration Committee.

# AUDIT COMMITTEE REPORT

## Composition and Meetings:

The composition of the Audit Committee during the financial year under review is as follows:

Chairman	: Mr Khoo Khai Hong	Independent Non Executive Director
Members	: Mr Ooi Ean Chin	Independent Non Executive Director
	Puan Nurjannah Binti Ali	Independent Non Executive Director

During the year, a total of four (4) meetings were convened. Details of attendance of the Committee members are as follows:-

Members :	Attendance
Khoo Khai Hong	4/4
Ooi Ean Chin	4/4
Nurjannah Binti Ali	3/4

## Summary of Activities:

The Audit Committee carried out its duties in accordance with its terms and reference during the year.

The main activities carried out by the Committee during the year were as follows:-

- reviewed the audit reports and audit results with the external auditors;
- reviewed the quarterly and annual report of the Group before recommending for the Board's approval. The focus of review will be on:-
  - (a) changes in implementation of major accounting policies;
  - (b) significant and unusual events;
  - (c) compliance with accounting standards and other legal requirements;
- reviewed the Group's compliance with the Listing Requirements of the Bursa Malaysia Securities Berhad, Malaysian Accounting Standard Board and other relevant legal and regulatory requirement;
- reviewed related party transactions entered into by the Group;
- reviewed the audited financial statements of the Group;
- reviewed the findings of the internal audit function and to ensure appropriate actions were taken and recommendation implemented.

## Internal Audit Function

The Audit Committee is aware of the importance of an independent and adequately resourced internal audit function for the effectiveness of the internal control system. The Group has an Internal Audit Department whose principal responsibility is to conduct internal audits on financial and operational matters of the Group. Internal audit reports are presented to the Audit Committee during the Audit Committee meeting. The findings and recommendations were highlighted to the management for their comments and necessary action. The cost incurred by the Group in relation to the internal audit functions during the financial year amounted to approximately RM150,000.

# TERMS OF REFERENCE OF THE AUDIT COMMITTEE

## 1) Membership:

The Committee shall be appointed by the Board from amongst the Directors of the Company. All members of the Committee should be Non Executive Directors, with a majority of whom must be independent. It shall consist of no less than three (3) members and at least one member must fulfill the following criteria:-

- a member of the Malaysian Institute of Accountants ; or
- if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years of working experience and
  - (a) he must have passed the examination specified in Part I of the 1st Schedule to the Accountants Act, 1967; or
  - (b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule to the Accountants Act 1967; or
- fulfils such other requirements as may be prescribed or approved by Bursa Malaysia Securities Berhad from time to time.

The Chairman of the committee shall be an Independent Non Executive Director. No Alternate Director of the Board should be appointed as a member of the Committee.

In the event of any vacancy in the Committee which results in the number of members to be reduced to below three (3), the Board shall fill the vacancy within three (3) months.

## 2) Meeting Procedures

The Committee is to meet at least four (4) times a year or more frequently as the need arises.

In order to form a quorum for the meeting, the majority of the members present must be independent Non Executive Directors. In the absence of the Chairman, the members present shall elect a Chairman from amongst them.

Group Financial Controller and Head of Internal Audit Department will usually attend the meetings and the presence of external auditors may be requested if required. The Committee may, as and when necessary, invite other Board members and senior management members to attend the meeting.

At least twice a year, the Audit Committee shall meet with the External Auditors without the Executive Directors and Senior Management being present.

## 3) Authority

In fulfilling its duties, the Committee is granted the authority to:-

- investigate any activities of the Group within its term of reference;
- have unrestricted access to information;
- directly communicate with the employees of the Group and/or external auditors;
- obtain at the cost of the Group legal and other necessary professional advise it considers necessary ;
- be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the listed issuer, whenever deemed necessary;
- report to the relevant authorities on any unresolved issues which result in breaching of any regulatory requirement.



## TERMS OF REFERENCE OF THE AUDIT COMMITTEE (CONT'D)

### 4) Scope of Responsibilities

The duties and responsibilities of the Committee encompass the followings:-

- to review the audit scope and plan with external auditors;
- to review external audit reports to ensure that prompt corrective actions are taken to address issues (including any deficiencies in internal control system) highlighted;
- to review the assistance and cooperation rendered by the Group's employees to the external auditors;
- to consider the performance of the external auditors, their appointment, audit fees and issues of resignation or dismissal;
- to review the followings in respect of the internal audit functions:-
  - (a) adequacy of the scope, functions, competency and resources of the internal audit functions and whether it has the necessary authority to carry out its work;
  - (b) to review the findings of the internal audit function and to ensure appropriate actions were taken and recommendation implemented;
  - (c) the effectiveness of the internal audit function.
- to review the quarterly results and year end financial statements, prior to Board's approval, focusing mainly on:-
  - (a) changes in implementation of major accounting policies;
  - (b) significant or unusual events;
  - (c) compliance with accounting standards and other legal requirements;
- to review any related party transaction and situation where conflict of interest may arise;
- to review the allocation of options pursuant to Asia File Corporation Bhd Employees Share Option Scheme;
- to undertake any responsibilities as authorized by the Board.

# STATEMENT ON INTERNAL CONTROL

## Introduction

Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Listing Requirements requires the Board of Directors of public listed companies to include in its annual report a statement about the state of internal control of the listed issuer as a group. The Board is committed to maintaining a sound system of internal control in the Group (comprising the Company and its subsidiaries) and is pleased to provide the following statement which outlines the nature and scope of internal control of the Group during the year. The associated companies of the Group have not been dealt with as part of the Group for the purposes of applying this guidance.

## Board Responsibility

The Board is ultimately responsible for the Group's system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity.

The Board recognises the need to have a formal ongoing process for identifying, evaluating and managing the significant risks faced by the Group. This process has been in place throughout the financial year and up to the date of approval of this statement. The Board also recognises that a good control system will assist the achievement of corporate objectives. However, in view of the limitations inherent in any system of internal control, the system is designed to manage rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement, fraud or loss.

## Internal Audit Function

Internal Audit Department of the Group reviews and updates the internal control processes with the objective of strengthening the control environment of the Group. The principal responsibility of the Internal Audit Department is to regularly review the systems of internal controls of the various departments within the Group. Internal audits are conducted based on risk assessment as well as internal audit programmes established. Risks identified and findings from the internal audits carried out during the year were tabled at the quarterly Audit Committee meetings.

## Internal Control

Key elements of the current internal control in the Group include:-

- Key control checklist by functional areas which sets out the various key controls and process across functions within the Group.
- Regular management reports are submitted by Head of Department to Top Management to analyse, discuss and resolve pertinent issues affecting the operation of the Group. Financial statistics and operation issues are presented in the management reports.
- Operating procedures that set out procedures and guidelines were issued to ensure compliance and awareness of the Group's policies.
- The Group operates within an organizational structure with defined lines of responsibilities and accountability.
- The Executive Board members are actively involved in day-to-day operation of the Group. The performance of the Group is periodically reviewed and monitored by the Executive Board Members.

There were no material losses incurred during the current financial year as a result of weaknesses in internal control. The Management will continue to review and implement measures to strengthen the control environment of the Group.

This statement has been reviewed by the external auditors in compliance with Paragraph 15.23 of the Listing Requirements.

This statement is issued in accordance with a resolution of the Board of Directors dated 20 July 2010.



## Financial Statements 2010



# DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2010

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 March 2010.

## 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
Equity holders of the Company	57,689,186	21,998,162
Minority interest	-	-
Profit for the year	<u>57,689,186</u>	<u>21,998,162</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 dividend of 10% less 25% tax on 113,806,440 ordinary shares of RMI each totalling RM8,535,483 in respect of the financial year ended 31 March 2009 on 26 May 2009;
- ii) a final dividend of 15% less 25% tax on 114,517,780 ordinary shares of RMI each totalling RM12,883,250 in respect of the financial year ended 31 March 2009 on 28 December 2009; and
- iii) an interim dividend of 12% less 25% tax on 114,600,530 ordinary shares of RMI each totalling RM10,314,048 in respect of the financial year ended 31 March 2010 on 27 May 2010.

A final dividend of 16% less 25% tax has been recommended by the Directors in respect of the financial year ended 31 March 2010, subject to the approval of members at the forthcoming Annual General Meeting.

# DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2010 (CONT'D)

## Directors of the Company

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

Lim Soon Huat  
 Lim Soon Wah  
 Khoo Khai Hong  
 Ooi Ean Chin  
 Nurjannah Binti Ali  
 Lim Soon Hee (Alternate to Khoo Khai Hong)

## Directors' interests

The interests and deemed interests in the shares and options of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouse 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 RMI each				
	Balance at 1.4.2009	Bought	ESOS exercised	(Sold)	Balance at 31.3.2010
<b>Lim Soon Huat</b>					
Interest in the Company:					
- own	761,491	52,900	75,000	-	889,391
- others*	83,000	262,600	28,000	(4,000)	369,600
Deemed interest in the Company:					
- own	52,336,837	-	-	-	52,336,837
<b>Lim Soon Wah</b>					
Interest in the Company:					
- own	2,479,825	-	21,000	-	2,500,825
- others*	152,320	-	-	-	152,320
<b>Khoo Khai Hong</b>					
Interest in the Company:					
- own	54,000	-	-	-	54,000
<b>Ooi Ean Chin</b>					
Interest in the Company:					
- other*	19,520	-	-	-	19,520
<b>Lim Soon Hee</b>					
Interest in the Company:					
- own	2,557,403	-	-	(2,557,403)	-

\* These are shares 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.

# DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2010 (CONT'D)

## Number of options over ordinary shares of RM1 each

Company	Balance at 1.4.2009	Granted	(Exercised)	Balance at 31.3.2010
<b>Lim Soon Huat</b> - own	-	500,000	(75,000)	425,000
<b>Lim Soon Wah</b> - own	320,000	80,000	(21,000)	379,000
<b>Khoo Khai Hong</b> - own	56,000	-	-	56,000
<b>Ooi Ean Chin</b> - own	40,000	-	-	40,000
<b>Nurjannah Binti Ali</b> - own	40,000	-	-	40,000

By virtue of his interests in the Company, Mr Lim Soon Huat is also deemed to have interest in the shares of the subsidiaries to the extent the Company has an interest.

### 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 may be deemed to derive a benefit from those transactions entered into in the ordinary course of business between certain companies in the Group and companies in which a Director and his close family members have substantial financial interests 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").

### Issue of shares and debentures

During the financial year, the issued and paid-up share capital of the Company was increased from RM113,940,040 to RM114,872,630 through the issuance of 932,590 new ordinary shares of RM1.00 each for cash from the exercise of Employees' Share Option Scheme as follows :

	Exercise Price RM	Number of ordinary shares of RM1.00 each issued
Exercise of options under ESOS	3.14	825,790
Exercise of options under ESOS	4.11	106,800

There were no other changes in the 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 issue of options pursuant to the ESOS.

# DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2010 (CONT'D)

## 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;
- 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).

- 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 the 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.



# DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2010 (CONT'D)

## Employees' share option scheme (Cont'd)

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

← Number of options over ordinary shares of RM1 each →						
Date of offer	Exercise price	Balance at 1.4.2009	Granted	(Exercised)	Lapsed due to resignation	Balance at 31.3.2010
27.04.2007	3.14	3,975,160	-	(825,790)	(184,000)	2,965,370
20.04.2009	4.11	-	1,000,000	(106,800)	(20,750)	872,450

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this report the names of option holders who were granted less than 160,000 options during the financial year. This information has been separately filed with the Companies Commission of Malaysia.

The name of option holder who has been granted options to subscribe for 160,000 or more ordinary shares of RM1 each during the financial year is as follows :

Name of option holder	Grant date	Exercise price RM	Number of options over ordinary shares of RM1 each
Lim Soon Huat	20.4.2009	4.11	500,000

## Other statutory information

Before the balance sheets and income 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) all current assets have been stated at the lower of cost and net realisable value.

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.

# DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2010 (CONT'D)

## Other statutory information (Cont'd)

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 results of the operations of the Group and of the Company for the financial year ended 31 March 2010 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.

# DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2010 (CONT'D)

## 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 :



.....  
**Lim Soon Huat**



.....  
**Khoo Khai Hong**

Penang,

Date : 20 July 2010

# CONSOLIDATED BALANCE SHEET AT 31 MARCH 2010

	NOTE	2010 RM	2009 RM
<b>Assets</b>			
Property, plant and equipment	3	93,990,653	104,439,114
Prepaid lease payments	4	1,756,204	1,795,079
Investment properties	5	2,010,364	1,718,128
Investments in an associates	7	104,585,106	90,160,208
Other investments	8	-	1,008,900
Goodwill on consolidation	9	30,234,456	30,234,456
<b>Total non-current assets</b>		<b>232,576,783</b>	<b>229,355,885</b>
Receivables, deposits and prepayments	10	52,114,529	46,693,917
Inventories	11	59,293,247	53,992,552
Current tax assets		1,699,549	2,474,581
Cash and cash equivalents	12	65,512,106	47,463,038
<b>Total current assets</b>		<b>178,619,431</b>	<b>150,624,088</b>
<b>Total assets</b>		<b>411,196,214</b>	<b>379,979,973</b>
<b>Equity</b>			
Share capital	13	114,872,630	113,940,040
Treasury shares	14	(1,365,033)	(660,172)
Reserves	15	204,804,732	167,222,736
<b>Total equity</b>		<b>318,312,329</b>	<b>280,502,604</b>
<b>Liabilities</b>			
Deferred tax liabilities	16	5,759,705	3,222,555
Bank borrowings	18	16,091,787	31,935,565
<b>Total non-current liabilities</b>		<b>21,851,492</b>	<b>35,158,120</b>
Payables and accruals	17	35,883,816	39,854,191
Bank borrowings	18	24,260,583	14,630,815
Current tax liability		573,946	1,298,760
Dividend payable		10,314,048	8,535,483
<b>Total current liabilities</b>		<b>71,032,393</b>	<b>64,319,249</b>
<b>Total liabilities</b>		<b>92,883,885</b>	<b>99,477,369</b>
<b>Total equity and liabilities</b>		<b>411,196,214</b>	<b>379,979,973</b>

The notes on pages 40 to 83 are an integral part of these financial statements.



# CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	NOTE	2010 RM	2009 RM
<b>Continuing operations</b>			
Revenue	20	267,445,681	299,323,426
Cost of sales		(142,555,577)	(169,004,601)
<b>Gross profit</b>		124,890,104	130,318,825
Distribution costs		(13,743,247)	(14,584,233)
Administrative expenses		(52,905,950)	(57,792,383)
Other operating expenses		(4,954,214)	(28,347,714)
Other operating income		3,690,605	50,030,635
		(67,912,806)	(50,693,695)
<b>Results from operating activities</b>		56,977,298	79,625,130
Share of profit/(loss) after tax of equity accounted associates		10,356,038	(1,289,577)
Finance costs		(1,316,678)	(2,352,443)
<b>Profit before tax</b>	21	66,016,658	75,983,110
Tax expense	24	(8,327,472)	348,622
<b>Profit for the year</b>		57,689,186	76,331,732
<b>Attributable to :</b>			
Equity holders of the Company		57,689,186	76,331,732
Minority interest		-	-
<b>Profit for the year</b>		57,689,186	76,331,732
<b>Basic earnings per ordinary share (sen)</b>	25	50.46	67.15
<b>Diluted earnings per ordinary share (sen)</b>	25	49.88	66.36
<b>Dividends per ordinary share - gross (sen)</b>	26	28.00	25.00

The notes on pages 40 to 83 are an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2010

	Share Capital RM	Treasury Shares RM	Share Premium RM	Share Option Reserves RM	Translation Reserve RM	Revaluation Reserve RM	Retained Earnings RM	Total Equity RM
	← Non-distributable				Distributable →			
<b>At 1 April 2008</b>	113,411,280	(244,441)	10,542,740	698,727	876,548	-	99,267,367	224,552,221
Profit for the year	-	-	-	-	-	-	76,331,732	76,331,732
Treasury shares acquired	-	(415,731)	-	-	-	-	-	(415,731)
Transfer to share premium for share options exercised	-	-	231,265	(231,265)	-	-	-	-
Transfer from share option reserve for options lapsed	-	-	-	(46,731)	-	-	46,731	-
Share-based payments (Note 19)	-	-	-	571,054	-	-	-	571,054
Issue of shares pursuant to ESOS	528,760	-	1,131,546	-	-	-	-	1,660,306
Post-acquisition reserves-associate	-	-	4,219	104,669	(300,546)	(146,054)	146,054	(191,658)
Net loss recognised directly in equity	-	-	-	-	-	-	-	-
- Foreign exchange translation differences	-	-	-	-	(668,109)	-	-	(668,109)
Dividends (Note 26)	-	-	-	-	-	-	(21,337,211)	(21,337,211)
<b>At 31 March 2009</b>	113,940,040	(660,172)	11,909,770	1,096,454	(92,107)	(146,054)	154,454,673	280,502,604

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2010 (CONT'D)

	Non-distributable					Distributable			Total Equity RM
	Share Capital RM	Treasury Shares RM	Share Premium RM	Share Option Reserves RM	Translation Reserve RM	Revaluation Reserve RM	Retained Earnings RM		
<b>At 1 April 2009</b>	113,940,040	(660,172)	11,909,770	1,096,454	(92,107)	(146,054)	154,454,673	280,502,604	
Profit for the year	-	-	-	-	-	-	57,689,186	57,689,186	
Treasury shares acquired	-	(704,861)	-	-	-	-	-	(704,861)	
Transfer to share premium for share options exercised	-	-	424,490	(424,490)	-	-	-	-	
Transfer from share option reserve for options lapsed	-	-	-	(38,359)	-	-	38,359	-	
Share-based payments (Note 19)	-	-	-	665,271	-	-	-	665,271	
Issue of shares pursuant to ESOS	932,590	-	2,099,339	-	-	-	-	3,031,929	
Post-acquisition reserves-associate	-	-	76,379	12,156	(117,711)	4,382,643	143,643	4,497,110	
Net loss recognised directly in equity	-	-	-	-	-	-	-	-	
- Foreign exchange translation differences	-	-	-	-	(4,171,612)	-	-	(4,171,612)	
Dividends (Note 26)	-	-	-	-	-	-	(23,197,298)	(23,197,298)	
<b>At 31 March 2010</b>	<b>114,872,630</b>	<b>(1,365,033)</b>	<b>14,509,978</b>	<b>1,311,032</b>	<b>(4,381,430)</b>	<b>4,236,589</b>	<b>189,128,563</b>	<b>318,312,329</b>	

The notes on pages 40 to 83 are an integral part of these financial statements.

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	NOTE	2010 RM	2009 RM
<b>Cash flows from operating activities</b>			
Profit before tax from continuing operations		66,016,658	75,983,110
Adjustments for :			
Depreciation			
- Property, plant and equipment	3	9,840,472	10,906,408
- Investment properties	5	50,598	41,332
Amortisation of prepaid lease payments	4	38,875	38,875
Dividend income		-	(922,738)
Gain on disposal of plant and equipment		(28,774)	(67,149)
Loss on disposal of other investments	8	8,900	-
Interest expense		1,316,678	2,352,443
Interest income		(470,599)	(1,508,986)
Plant and equipment written off		-	132
Negative goodwill on acquisition of an associate		-	(46,396,532)
Share of (profit)/loss after tax of equity accounted associates		(10,356,038)	1,289,577
Share-based payments	19	665,271	571,054
Operating profit before changes in working capital		67,082,041	42,287,526
Changes in working capital :			
Inventories		(7,022,470)	16,741,720
Receivables, deposits and prepayments		(7,596,420)	3,999,908
Payables and accruals		(1,735,270)	8,545,060
Cash generated from operations		50,727,881	71,574,214
Income taxes paid		(5,721,673)	(6,898,093)
<b>Net cash from operating activities</b>		<b>45,006,208</b>	<b>64,676,121</b>



# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010 (CONT'D)

	NOTE	2010 RM	2009 RM
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment	3	(2,528,986)	(23,483,440)
Proceeds from disposal of plant and equipment		37,170	72,504
Acquisition of investment in an associate		(1,044,650)	(45,239,911)
Proceeds from disposal of other investments	8	1,000,000	-
Dividend received		1,472,900	922,738
Interest received		470,599	1,508,986
<b>Net cash used in investing activities</b>		<b>(592,967)</b>	<b>(66,219,123)</b>
<b>Cash flows from financing activities</b>			
Proceeds from/ (Repayments of) short term borrowings, net		11,502,626	(522,187)
(Repayments)/Drawdown of term loans		(16,036,999)	14,106,000
Repayments of finance lease liabilities		(365,999)	(461,389)
Proceeds from shares issued under ESOS		3,031,929	1,660,306
Repurchase of treasury shares	14	(704,861)	(415,731)
Dividends paid		(21,418,733)	(21,304,042)
Interest paid		(1,316,678)	(2,352,443)
<b>Net cash used in financing activities</b>		<b>(25,308,715)</b>	<b>(9,289,486)</b>
Net increase/(decrease) in cash and cash equivalents		19,104,526	(10,832,488)
Cash and cash equivalents at 1 April		47,231,919	58,575,146
Effects of exchange rate fluctuations on cash and cash equivalents		(923,525)	(510,739)
<b>Cash and cash equivalents at 31 March</b>		<b>65,412,920</b>	<b>47,231,919</b>

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010 (CONT'D)

### NOTE

#### Cash and cash equivalents

Cash and cash equivalents included in the consolidated cash flow statement comprise the following balance sheet amounts :

	NOTE	2010 RM	2009 RM
Short term deposits with licensed banks	12	44,685,480	33,462,207
Cash and bank balances	12	20,826,626	14,000,831
Bank overdrafts	18	(99,186)	(231,119)
		65,412,920	47,231,919

The notes on pages 40 to 83 are an integral part of these financial statements.

# BALANCE SHEET AT 31 MARCH 2010

	NOTE	2010 RM	2009 RM
<b>Assets</b>			
Investments in subsidiaries	6	23,003,005	22,600,392
Investment in associates	7	4,434,818	4,096,263
Amount due from subsidiaries	10	44,315,000	44,315,000
<b>Total non-current assets</b>		71,752,823	71,011,655
Receivables, deposits and prepayments	10	103,209,948	108,101,613
Current tax assets		21,272	14,272
Cash and cash equivalents	12	673,055	73,539
<b>Total current assets</b>		103,904,275	108,189,424
<b>Total assets</b>		175,657,098	179,201,079
<b>Equity</b>			
Share capital	13	114,872,630	113,940,040
Treasury shares	14	(1,365,033)	(660,172)
Reserves	15	31,777,553	30,212,079
<b>Total equity</b>		145,285,150	143,491,947
<b>Liabilities</b>			
Payables and accruals	17	20,057,900	27,173,649
Dividend payable		10,314,048	8,535,483
<b>Total current liabilities</b>		30,371,948	35,709,132
<b>Total equity and liabilities</b>		175,657,098	179,201,079

The notes on pages 40 to 83 are an integral part of these financial statements.

# INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	NOTE	2010 RM	2009 RM
<b>Continuing operations</b>			
Revenue	20	24,116,529	23,819,211
Administrative expenses		(2,075,638)	(1,566,592)
Other operating expenses		(8,347)	(7,175)
Other operating income		34,089	92,889
<b>Profit before tax</b>	21	22,066,633	22,338,333
Tax expense	24	(68,471)	(54,156)
<b>Profit for the year</b>		21,998,162	22,284,177
<b>Dividends per ordinary share - gross (sen)</b>	26	28.00	25.00

The notes on pages 40 to 83 are an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2010

← Non-distributable → Distributable

	Share Capital RM	Treasury Shares RM	Share Premium RM	Share Option Reserves RM	Retained Earnings RM	Total RM
<b>At 1 April 2008</b>	113,411,280	(244,441)	10,542,740	698,727	16,321,046	140,729,352
Profit for the year	-	-	-	-	22,284,177	22,284,177
Treasury shares acquired	-	(415,731)	-	-	-	(415,731)
Treasury to share premium for share options exercised	-	-	231,265	(231,265)	-	-
Transfer from share option reserve for options lapsed	-	-	-	(46,731)	46,731	-
Share-based payments (Note 19)	-	-	-	571,054	-	571,054
Shares issued pursuant to ESOS	528,760	-	1,131,546	-	-	1,660,306
Dividends (Note 26)	-	-	-	-	(21,337,211)	(21,337,211)
<b>At 31 March 2009</b>	113,940,040	(660,172)	11,905,551	991,785	17,314,743	143,491,947

The notes on pages 40 to 83 are an integral part of these financial statements.



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2010 (CONT'D)

	← Non-distributable →			Distributable		
	Share Capital RM	Treasury Shares RM	Share Premium RM	Share Option Reserves RM	Retained Earnings RM	Total RM
<b>At 1 April 2009</b>	113,940,040	(660,172)	11,905,551	991,785	17,314,743	143,491,947
Profit for the year	-	-	-	-	21,998,162	21,998,162
Treasury shares acquired	-	(704,861)	-	-	-	(704,861)
Transfer to share premium for share options exercised	-	-	424,490	(424,490)	-	-
Transfer from share option reserve for options lapsed	-	-	-	(38,359)	38,359	-
Share-based payments (Note 19)	-	-	-	665,271	-	665,271
Shares issued pursuant to ESOS	932,590	-	2,099,339	-	-	3,031,929
Dividends (Note 26)	-	-	-	-	(23,197,298)	(23,197,298)
<b>At 31 March 2010</b>	114,872,630	(1,365,033)	14,429,380	1,194,207	16,153,966	145,285,150

The notes on pages 40 to 83 are an integral part of these financial statements.

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

NOTE	2010 RM	2009 RM
<b>Cash flows from operating activities</b>		
Profit before tax from continuing operations	22,066,633	22,338,333
Adjustments for :		
Dividend income	(22,123,970)	(22,297,680)
Interest income	(25,199)	(87,399)
Share-based payments	19 262,658	166,813
Operating profit before changes in working capital	180,122	120,067
Changes in working capital :		
Receivables, deposits and prepayments	8,086	(35,686)
Payables and accruals	(121,271)	26,524,378
Cash generated from operations	66,937	26,608,759
Tax (paid)/refunded	(75,471)	95,865
Dividend received	22,123,970	22,297,680
<b>Net cash from operating activities</b>	<b>22,115,436</b>	<b>49,002,304</b>
<b>Cash flows from investing activities</b>		
Interest received	25,199	87,399
Acquisition of investments in an associate	(338,555)	(4,096,263)
<b>Net cash used in investing activities</b>	<b>(313,356)</b>	<b>(4,008,864)</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010 (CONT'D)

	NOTE	2010 RM	2009 RM
<b>Cash flows from financing activities</b>			
Advances to subsidiaries, net		(2,110,899)	(29,284,830)
Proceeds from shares issued under ESOS		3,031,929	1,660,306
Repurchase of treasury shares	14	(704,861)	(415,731)
Dividends paid		(21,418,733)	(21,304,042)
<b>Net cash used in financing activities</b>		<b>(21,202,564)</b>	<b>(49,344,297)</b>
<hr/>			
Net increase/(decrease) in cash and cash equivalents		599,516	(4,350,857)
Cash and cash equivalents at 1 April		73,539	4,424,396
<b>Cash and cash equivalents at 31 March</b>	12	<b>673,055</b>	<b>73,539</b>

The notes on pages 40 to 83 are an integral part of these financial statements.

# 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 its registered office and principal place of business are as follows :

## Registered office

Suite 2-1, 2nd Floor  
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 as at and for the financial year ended 31 March 2010 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in associates.

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.

The financial statements were approved by the Board of Directors on 20 July 2010.

## I. BASIS OF PREPARATION

### (a) Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Group and the Company :

#### FRS effective for annual periods beginning on or after 1 July 2009

- FRS 8, Operating Segments

#### FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010

- FRS 4, Insurance Contracts
- FRS 7, Financial Instruments: Disclosures
- FRS 101, Presentation of Financial Statements (revised)
- FRS 123, Borrowing Costs (revised)
- FRS 139, Financial Instruments: Recognition and Measurement
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
- Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations
- Amendments to FRS 7, Financial Instruments: Disclosures
- Amendments to FRS 101, Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## I. BASIS OF PREPARATION (Cont'd)

### (a) Statement of compliance (Cont'd)

- Amendments to FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 132, Financial Instruments: Presentation
  - Puttable Financial Instruments and Obligations Arising on Liquidation
  - Separation of Compound Instruments
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement
  - Reclassification of Financial Assets
  - Collective Assessment of Impairment for Banking Institutions
- Improvements to FRSs (2009)
- IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 10, Interim Financial Reporting and Impairment
- IC Interpretation 11, FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13, Customer Loyalty Programmes
- IC Interpretation 14, FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

#### Amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, Financial Instruments: Presentation - Classification of Rights Issues

#### FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, First-time Adoption of Financial Reporting Standards (revised)
- FRS 3, Business Combinations (revised)
- FRS 127, Consolidated and Separate Financial Statements (revised)
- Amendments to FRS 2, Share-based Payment
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138, Intangible Assets
- IC Interpretation 12, Service Concession Agreements
- IC Interpretation 15, Agreements for the Construction of Real Estate
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17, Distribution of Non-cash Assets to Owners
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

#### Amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
  - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
  - Additional Exemptions for First-time Adopters
- Amendments to FRS 7, Financial Instruments : Disclosures - Improving Disclosures about Financial Instruments
- Amendments to FRS 2, Group Cash-settled Share Based Payment
- IC Interpretation 4, Determining whether an Arrangement contains a Lease
- IC Interpretation 18, Transfers of Assets from Customers

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

- from the annual period beginning 1 April 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009, 1 January 2010 and 1 March 2010, except for FRS 4 and IC Interpretation 13 and 14 which are not applicable to the Group and to the Company; and
- from the annual period beginning 1 April 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, except for IC Interpretation 12, IC Interpretation 15 and IC Interpretation 16 which are not applicable to the Group and to the Company.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## I. BASIS OF PREPARATION (Cont'd)

### (a) Statement of compliance (Cont'd)

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The impacts and disclosures as required by FRS 108.30(b), Accounting Policies, Changes in Accounting Estimates and Errors, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs.

The impacts of initial application of a standard, an amendment or an interpretation, which will be applied retrospectively, are disclosed below:

#### (i) FRS 8, Operating Segments

FRS 8 replaces FRS 114<sub>2004</sub>, Segment Reporting and requires the identification and reporting of operating segments based on internal reports that are regularly reviewed by the chief operating decision maker of the Group in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business and geographical segments (see Note 31). The adoption of FRS 8 will not have any significant impact on the financial statements of the Group other than changes in disclosures.

#### (ii) Improvements to FRSs (2009)

Improvements to FRSs (2009) contain various amendments that result in accounting changes for presentation, recognition or measurement and disclosure purposes. Amendments that have impact are:

- **FRS 117, Leases**

The amendments clarify that the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions.

The adoption of the above amendment to improvements to FRSs (2009) does not have any significant impact on the Group's financial position or results.

#### (iii) IC Interpretation 10, Interim Financial Reporting and Impairment

IC Interpretation 10 prohibits the reversal of an impairment loss that has been recognised in an interim period during a financial year in respect of the following:

- (a) goodwill;
- (b) an investment in an equity instrument; or
- (c) a financial asset carried at cost.

In accordance with the transitional provisions, the Group will apply IC Interpretation 10 to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date the Group first applied the measurement criteria of FRS 136, Impairment of Assets and FRS 139, Financial Instruments: Recognition and Measurement respectively. The adoption of IC Interpretation 10 does not have any significant impact on the Group's financial position or results.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## I. BASIS OF PREPARATION (Cont'd)

### (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.

### (d) Use of estimates and judgements

The preparation of financial statements 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.

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

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 as disclosed in Note 9 – Goodwill on consolidation.

## 2. Significant accounting policies

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

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting except for Asia File Products Sdn. Bhd., Sin Chuan Marketing Sdn. Bhd. and Lim & Khoo Sdn. Bhd., which are consolidated using the pooling of interest method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Under the pooling-of-interests method of accounting, the results of entities or businesses under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired were recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The difference between the cost of acquisition and the nominal value of the shares acquired together with the share premium are taken to merger reserve (or adjusted against any suitable reserve in the case of debit differences). The other components of equity of the acquired entities are added to the same components within Group equity.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses, unless the investment is held for sale.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (a) Basis of consolidation (Cont'd)

#### (ii) *Associates*

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

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the income and expenses of the equity accounted associates, after adjustments 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 equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil 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 investee.

Investments in associates are stated in the Company's balance sheet at cost less impairment losses, if any, unless the investment is held for sale.

#### (iii) *Changes in Group composition*

Where a subsidiary issues new equity shares to minority interest for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statements.

When a group purchases a subsidiary's equity shares from minority interest for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the purchase method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. 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) *Minority interest*

Minority interest at the balance sheet date, being the portion of the net identifiable assets/net assets (excluding goodwill) of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity, within equity, separately from equity attributable to the equity shareholders of the Company. Minority interest in the results of the Group are presented on the face of the consolidated income statements as an allocation of the total profit or loss for the year between minority interest and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (a) Basis of consolidation (Cont'd)

#### (v) *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 investees are eliminated against the investment to the extent of the Group's interest in the investee. 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 transactions

#### (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 transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

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

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the balance sheet date. The income and expenses of operations in functional currencies other than RM are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in translation reserve. On disposal of operations, accumulated translation differences are recognised in the consolidated income statements as part of the gain or loss on sale.

### (c) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposures.

Forward foreign exchange contracts are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions.

### (d) Property, plant and equipment

#### (i) *Recognition and measurement*

Items of property, plant and equipment are stated at cost/valuation less accumulated depreciation and accumulated impairment losses, if any.

The Group has availed itself to the transitional provision when the MASB first adopted IAS 16, Property, Plant and Equipment in 1998. Certain freehold land and buildings were revalued in May 1994 and no later valuation has been recorded for these properties.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (d) Property, plant and equipment (Cont'd)

#### (i) Recognition and measurement (Cont'd)

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

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised as "other operating income" or "other operating expenses" respectively in the income statements. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

#### (ii) Reclassification to investment property

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is completed, at which time it is reclassified as investment property.

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property.

#### (iii) Subsequent costs

The cost of replacing part 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 part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

#### (iv) Depreciation

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. 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 its intended use.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (d) Property, plant and equipment (Cont'd)

#### (iv) Depreciation (Cont'd)

The depreciation rates for the current and comparative period 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 reassessed at the balance sheet date.

### (e) Leased assets

#### (i) Finance lease

Leases in terms of which the Group or the Company assume substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

#### (ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's balance sheet. 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.

Land held under leases that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a land held under leases is accounted for as prepaid lease payments.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

#### (f) Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (f) Goodwill (Cont'd)

For business acquisitions beginning from 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statements.

Any excess of the Group's interest in the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the investor's share of the associate's profit or loss in the period in which the investment is acquired.

### (g) Investments in equity securities

Investments in equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition :

- Investments in non-current equity securities other than investments in subsidiaries and associates, are stated at cost less allowance for diminution in value, and
- All current investments are carried at the lower of cost and market value, determined on an individual investment basis by category of investments.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities other than investment in subsidiaries and associates, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statements.

All investments in equity securities are accounted for using settlement date accounting. Settlement date accounting refers to :

- a) the recognition of an asset on the day it is received by the entity, and
- b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

### (h) Investment properties

#### (i) *Investment properties carried at cost*

Investment properties are properties which are owned 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 stated 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).

Depreciation is charged to the income statements on a straight-line basis over the estimated useful lives of 50 years for buildings.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (h) Investment properties (Cont'd)

#### (ii) *Determination of fair value*

The Directors estimate the fair values of the Group's investment properties without involvement of independent valuers.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

### (i) Impairment of assets

The carrying amounts of assets, except for inventories and financial assets, are reviewed at each reporting date 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 have indefinite useful lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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. 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 groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of 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 each reporting date 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. 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 the income statements in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statements, a reversal of that impairment loss is also recognised in the income statements.

### (j) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### j) Receivables (Cont'd)

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

#### (k) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and 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.

The fair value of inventories acquired in a business combination is determined based on estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

#### (l) 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 value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

#### (m) 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.

#### *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 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.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

#### (n) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (o) Equity instruments

All equity instruments are stated at cost on initial recognition and are not re-measured subsequently.

#### (i) *Shares issue expenses*

Incremental costs directly attributable to issue of equity instruments are recognised as a deduction from equity.

#### (ii) *Repurchase of share capital*

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity and is not revalued for subsequent changes in the fair value or market price of shares. Repurchased shares are classified as treasury shares and are presented as a deduction from total 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.

Where treasury shares are reissued by re-sale in the open market, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

### (p) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method.

### (q) Revenue and other income

#### (i) *Goods sold*

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, 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.

#### (ii) *Rental income*

Rental income from investment property is recognised in the income statements 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.

#### (iii) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

#### (iv) *Commission income*

When the Company acts as 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 Company.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (r) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

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.

### (s) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. 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 (tax 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 at the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

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

### (t) 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 provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans 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.

The Group's contributions to statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (t) Employee benefits (Cont'd)

##### (ii) *Share-based payment transactions*

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that are vested.

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.

#### (u) Earnings per ordinary share

The Group presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. 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. Diluted EPS is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding after adjusted for the effects of all dilutive potential on ordinary shares, which comprise convertible notes and share options granted to employees, where applicable.

#### (v) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT - GROUP	Freehold Land RM	Buildings RM	Plant and Machinery RM	Office Equipment, Furniture and Fittings RM	Motor Vehicles RM	Capital Expenditure-In-Progress RM	Total RM
<b>Cost/valuation</b>							
<b>At 1 April 2008</b>							
- at cost	5,375,840	56,848,996	124,758,090	14,244,427	6,302,807	1,173,477	208,703,637
- at valuation	3,867,046	4,442,954	-	-	-	-	8,310,000
<b>Additions</b>	9,242,886	61,291,950	124,758,090	14,244,427	6,302,807	1,173,477	217,013,637
<b>Disposals</b>	-	8,450,318	12,793,081	1,954,841	285,200	-	23,483,440
<b>Write-off</b>	-	-	(73,450)	(64,386)	-	-	(137,836)
<b>Reclassification</b>	-	-	-	(470)	-	-	(470)
<b>Effect of movements in exchange rates</b>	(112,257)	1,059,324	(2,652,962)	68,000	(150,249)	(1,127,324)	-
<b>At 31 March 2009/1 April 2009</b>							
- at cost	5,263,583	65,245,266	134,824,759	15,622,598	6,437,758	-	227,393,964
- at valuation	3,867,046	4,442,954	-	-	-	-	8,310,000
<b>Additions</b>	9,130,629	69,688,220	134,824,759	15,622,598	6,437,758	-	235,703,964
<b>Disposals</b>	11,668	267,249	1,159,250	675,979	89,756	325,084	2,528,986
<b>Write-off</b>	-	-	(6,756)	(41,607)	-	-	(48,363)
<b>Effect of movements in exchange rates</b>	(235,207)	(3,045,665)	(5,608,824)	(1,175,058)	(338,026)	-	(10,402,780)
<b>Transfer to investment properties (Note 5)</b>	-	(463,291)	-	-	-	-	(463,291)
<b>At 31 March 2010</b>							
- at cost	5,040,044	62,003,559	130,105,659	15,006,376	6,189,488	325,084	218,670,210
- at valuation	3,867,046	4,442,954	-	-	-	-	8,310,000
	8,907,090	66,446,513	130,105,659	15,006,376	6,189,488	325,084	226,980,210

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT - GROUP (Cont'd)	Freehold Land RM	Buildings RM	Plant and Machinery RM	Office Equipment, Furniture and Fittings RM	Motor Vehicles RM	Capital Expenditure-In-Progress RM	Total RM
<b>Accumulated depreciation</b>							
At 1 April 2008							
- at cost	21,498,298	21,498,298	85,532,451	10,884,425	4,937,187	-	122,852,361
- at valuation	1,221,904	1,221,904	-	-	-	-	1,221,904
	22,720,202	22,720,202	85,532,451	10,884,425	4,937,187	-	124,074,265
Depreciation for the year	1,473,449	1,473,449	7,718,289	1,044,710	669,960	-	10,906,408
Disposals	-	-	(73,225)	(59,256)	-	-	(132,481)
Write-off	-	-	-	(338)	-	-	(338)
Effect of movements in exchange rates	(792,448)	(792,448)	(2,187,768)	(474,720)	(128,068)	-	(3,583,004)
At 31 March 2009/1 April 2009							
- at cost	22,034,766	22,034,766	90,989,747	11,394,821	5,479,079	-	129,898,413
- at valuation	1,366,437	1,366,437	-	-	-	-	1,366,437
	23,401,203	23,401,203	90,989,747	11,394,821	5,479,079	-	131,264,850
Depreciation for the year	1,469,894	1,469,894	6,918,388	1,015,043	437,147	-	9,840,472
Disposals	-	-	(6,751)	(33,216)	-	-	(39,967)
Write-off	-	-	(262,770)	(75,536)	-	-	(338,306)
Effect of movements in exchange rates	(1,728,652)	(1,728,652)	(4,636,351)	(957,379)	(294,653)	-	(7,617,035)
Transfer to investment properties (Note 5)	(120,457)	(120,457)	-	-	-	-	(120,457)
At 31 March 2010							
- at cost	21,566,692	21,566,692	93,002,263	11,343,733	5,621,573	-	131,534,261
- at valuation	1,455,296	1,455,296	-	-	-	-	1,455,296
	23,021,988	23,021,988	93,002,263	11,343,733	5,621,573	-	132,989,557

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. PROPERTY, PLANT AND EQUIPMENT - GROUP (Cont'd)

	Freehold Land RM	Buildings RM	Plant and Machinery RM	Office Equipment, Furniture and Fittings RM	Motor Vehicles RM	Capital Expenditure-In-Progress RM	Total RM
<b>Carrying amounts</b>							
At 1 April 2008							
- at cost	5,375,840	35,350,698	39,225,639	3,360,002	1,365,620	1,173,477	85,851,276
- at valuation	3,867,046	3,221,050	-	-	-	-	7,088,096
	9,242,886	38,571,748	39,225,639	3,360,002	1,365,620	1,173,477	92,939,372
At 31 March 2009/1 April 2009							
- at cost	5,263,583	43,210,500	43,835,012	4,227,777	958,679	-	97,495,551
- at valuation	3,867,046	3,076,517	-	-	-	-	6,943,563
	9,130,629	46,287,017	43,835,012	4,227,777	958,679	-	104,439,114
At 31 March 2010							
- at cost	5,040,044	40,436,867	37,103,396	3,662,643	567,915	325,084	87,135,949
- at valuation	3,867,046	2,987,658	-	-	-	-	6,854,704
	8,907,090	43,424,525	37,103,396	3,662,643	567,915	325,084	93,990,653

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. PROPERTY, PLANT AND EQUIPMENT - GROUP (Cont'd)

Certain freehold land and buildings of the Group are shown at Directors' valuation based on a valuation exercise carried out in May 1994 by professional valuers on an open market value basis. Subsequent additions are shown at cost while deletions are at valuation or cost as appropriate.

It is the Group's policy to state property, plant and equipment at cost. The revaluation of certain properties of subsidiaries in 1994 was not intended to effect a change in accounting policy to one of revaluation of properties. Hence, in accordance with the transitional provisions issued by Malaysian Accounting Standards Board ("MASB") upon adoption of International Accounting Standards No. 16 (Revised) on Property, Plant and Equipment, the valuation of these properties has not been updated and they continue to be stated at their existing carrying amounts less accumulated depreciation and accumulated impairment loss, if any.

Had the revalued properties been carried at historical cost less accumulated depreciation, the carrying amount of the revalued properties that would have been included in the financial statements at the end of the year would be as follows :

	Cost RM	Accumulated Depreciation RM	Carrying Amount RM
<b>2010</b>			
Freehold land	345,836	-	345,836
Buildings	1,283,293	(489,126)	794,167
<b>Total</b>	<b>1,629,129</b>	<b>(489,126)</b>	<b>1,140,003</b>
<b>2009</b>			
Freehold land	345,836	-	345,836
Buildings	1,283,293	(463,460)	819,833
<b>Total</b>	<b>1,629,129</b>	<b>(463,460)</b>	<b>1,165,669</b>

#### **Security**

Certain freehold land and buildings of the Group with carrying amount of RM19,993,703 (2009 : RM22,177,950) are pledged to a financial institution as security for borrowings as disclosed in Note 18 to the financial statements.

#### **Assets under finance lease arrangement**

The Group leases production plant and equipment amounting to RM1,521,831 (2009 : RM1,985,811) under finance lease with expiry dates ranging from 2010 to 2012.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 4. PREPAID LEASE PAYMENTS

Unexpired Period Less  
Than 50 Years  
RM

#### Group

#### Cost

At 1 April 2008/31 March 2009 2,294,116

At 1 April 2009/31 March 2010 2,294,116

#### Amortisation

At 1 April 2008 460,162

Amortisation for the year 38,875

At 31 March 2009/1 April 2009 499,037

Amortisation for the year 38,875

At 31 March 2010 537,912

#### Carrying amounts

At 1 April 2008 1,833,954

At 31 March 2009/ 1 April 2009 1,795,079

At 31 March 2010 1,756,204



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 5. INVESTMENT PROPERTIES - GROUP

<b>Buildings</b>	<b>RM</b>
<b>Cost</b>	
At 1 April 2008/31 March 2009	2,066,583
Transfer from property, plant and equipment (Note 3)	463,291
	2,529,874
<b>Accumulated depreciation</b>	
At 1 April 2008	307,123
Depreciation for the year	41,332
	348,455
At 31 March 2009/1 April 2009	348,455
Transfer from property, plant and equipment (Note 3)	120,457
Depreciation for the year	50,598
	519,510
<b>Carrying amounts</b>	
At 1 April 2008	1,759,460
At 31 March 2009/1 April 2009	1,718,128
At 31 March 2010	2,010,364

The Directors estimate the fair value of the investment properties to be approximately RM2.75million (2009 : RM2.2 million) at year end.

Investment properties comprise factory building and commercial properties that are leased to third party. The leases are entered into for a period of 3 years. Subsequent renewals are to be negotiated with the lessee.

The following are recognised in the income statements in respect of investment properties :

	<b>2010 RM</b>	<b>2009 RM</b>
Rental income	174,500	150,000
Direct operating expenses - income generating investment properties	15,036	14,217

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 6. INVESTMENT IN SUBSIDIARIES - COMPANY

	2010 RM	2009 RM
Unquoted shares, at cost	21,352,545	21,352,545
Add: Share-based payment allocated to subsidiaries	1,650,460	1,247,847
	23,003,005	22,600,392

Details of the subsidiaries are as follows:

Name of Subsidiary	Effective Ownership Interest		Country of Incorporation	Principal Activities
	2010	2009		
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	Trading of stationery products, graphic designing and desktop publishing
ABBA Marketing Sdn. Bhd.	100%	100%	Malaysia	Trading of stationery products
AFP Composite Sdn. Bhd.	100%	100%	Malaysia	Manufacture and supply of plastic related products
Premier Stationery Limited *	75%	75%	United Kingdom	Import and distribution of stationery products
Premier Stationery Pte. Ltd. *	100%	100%	Singapore	Trading of stationery products
<b>Subsidiary of Asia File Products Sdn. Bhd.</b>				
Plastoreg Smidt GmbH*	100%	100%	Germany	Manufacture and distribution of dividers and indices
* Not audited by KPMG				

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 7. INVESTMENT IN ASSOCIATES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
At cost				
Unquoted shares	5,000	5,000	-	-
Quoted shares in Malaysia	46,284,561	45,239,911	4,434,818	4,096,263
Share of post acquisition reserves and results	58,295,545	44,915,297	-	-
	104,585,106	90,160,208	4,434,818	4,096,263
Market value of quoted shares	57,197,000	35,350,000	5,112,000	2,975,000

Details of the associates are as follows:

Name of Associate	Effective Ownership Interest		Country of Incorporation	Principal Activities	Financial Year End
	2010	2009			
Mefajaya Sdn. Bhd.	50%	50%	Malaysia	General trading in stationeries	31 March
Muda Holdings Berhad	20.26%	20.09%	Malaysia	Investment holding	31 December

Summary of financial information on the associates:

	Revenue RM'000	(Loss)/Profit after tax RM'000	Total assets RM'000	Total liabilities RM'000
<b>2010</b>				
Mefajaya Sdn. Bhd.	852	7	482	329
Muda Holdings Berhad	777,406	55,061	989,565	454,975
<b>2009</b>				
Mefajaya Sdn. Bhd.	955	(2)	371	226
Muda Holdings Berhad	305,088	(6,419)	830,027	367,407

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 8. OTHER INVESTMENTS - GROUP

	2010 RM	2009 RM
Unquoted investment, at cost	-	1,008,900

The unquoted investments represent investment in non-convertible corporate bonds which matured and were redeemed during the financial year at face value of RM1,000,000. The difference between the carrying amount and redemption value of RM8,900 is treated as loss on disposal of investments (Note 21).

### 9. GOODWILL ON CONSOLIDATION - GROUP

	2010 RM	2009 RM
At 1 April 2009/31 March 2010	30,234,456	30,234,456

Goodwill has been allocated to the Group's cash-generating units ("CGU") identified according to the geographical location of the subsidiary company's operations. The aggregate carrying amount of goodwill allocated was RM30.2 million (2009: 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 years financial budgets.

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 10. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	NOTE	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
<b>Current</b>					
<b>Trade</b>					
Trade receivables	10.1	48,967,455	43,263,230	-	-
<b>Non-trade</b>					
Amount due from subsidiaries	10.2	-	-	103,182,348	108,065,927
Other receivables		716,679	1,465,600	27,600	35,686
Deposits		1,305,781	412,585	-	-
Prepayments		1,124,614	1,552,502	-	-
		3,147,074	3,430,687	103,209,948	108,101,613
		52,114,529	46,693,917	103,209,948	108,101,613
<b>Non-current</b>					
<b>Non-trade</b>					
Amount due from subsidiaries	10.2	-	-	44,315,000	44,315,000

### 10.1 Trade receivables

The Group's normal credit terms for trade receivables range from 30 to 90 days (2009 : 30 to 90 days).

Included in trade receivables are trade receivables due from an associate of RM59,902 (2009 : RM76,588) and companies in which a Director and his family members collectively have controlling interests of RM203,149 (2009: RM191,507), respectively which are subject to the normal credit terms.

Significant trade receivables outstanding at year end that are not in the functional currencies of the Group entities are as follows :

Foreign Currency	Group	
	2010 RM	2009 RM
USD	6,974,690	1,786,663
GBP	2,760,418	424,360
EURO	17,008	588,328
CHF	96,696	8,227

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 10. RECEIVABLES, DEPOSITS AND PREPAYMENTS (Cont'd)

### 10.2 Amount due from subsidiaries

The current non-trade receivables due from subsidiaries are unsecured, interest free and repayable on demand.

The long term non-trade receivables due from subsidiaries are unsecured, interest-free and are not repayable within the next twelve months except in so far as such repayment by subsidiaries will not adversely affect the ability of the respective subsidiaries to meet their liabilities when due.

## 11. INVENTORIES - GROUP

	2010 RM	2009 RM
At cost		
Raw materials	37,626,589	29,013,303
Work-in-progress	3,222,748	2,933,909
Manufactured inventories	18,443,910	22,045,340
	<u>59,293,247</u>	<u>53,992,552</u>

## 12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Short term deposits with licensed banks	44,685,480	33,462,207	631,561	38,498
Cash and bank balances	20,826,626	14,000,831	41,494	35,041
	<u>65,512,106</u>	<u>47,463,038</u>	<u>673,055</u>	<u>73,539</u>

Significant cash and cash equivalents outstanding at year end that are not in the functional currencies of the Group entities are as follows :

Foreign Currency	Group	
	2010 RM	2009 RM
USD	11,177,590	6,485,093
GBP	21,893,716	18,861,351
EURO	5,230,833	4,758,820
SGD	385,091	268,286
	<u>385,091</u>	<u>268,286</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 13. SHARE CAPITAL - GROUP/COMPANY

	2010		2009	
	RM	No. of Shares	RM	No. of Shares
Ordinary shares of RM1 each				
Authorised :	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid :				
Balance at 1 April	113,940,040	113,940,040	113,411,280	113,411,280
Issued under ESOS, for cash at :				
- RM3.14 per share*	825,790	825,790	528,760	528,760
- RM4.11 per share	106,800	106,800	-	-
	932,590	932,590	528,760	528,760
Balance at 31 March	114,872,630	114,872,630	113,940,040	113,940,040

\* Exercise price of the options adjusted for the bonus issue in January 2008.

### 14. TREASURY SHARES - GROUP/COMPANY

The shareholders of the Company, by a special resolution passed at the 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 138,500 (2009: 86,500) of its issued share capital from the open market at an average price of RM5.09 (2009: RM4.81) per share. The total consideration paid was RM704,861 (2009 : RM415,731) including transaction costs of RM2,308 (2009: RM1,027). The repurchase transactions were financed by internally generated funds. The shares repurchased are retained as treasury shares.

As at 31 March 2010, a total of 272,100 (2009 : 133,600) ordinary shares were held as treasury shares. The number of outstanding ordinary shares of RM1 each in issue after deducting the treasury shares held is 114,600,530 (2009 : 113,806,440). Treasury shares held have no rights to voting, dividends and participation in other distribution.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 15. RESERVES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
<b>Non-distributable :</b>				
Revaluation reserve				
- associate	4,236,589	(146,054)	-	-
Translation reserve	(4,381,430)	(92,107)	-	-
Share premium on ordinary shares				
Balance at 1 April	11,909,770	10,542,740	11,905,551	10,542,740
Issue of shares at :				
- RM3.14 per share	1,767,191	1,131,546	1,767,191	1,131,546
- RM4.11 per share	332,148	-	332,148	-
Share options exercised	424,490	231,265	424,490	231,265
Associate	76,379	4,219	-	-
Balance at 31 March	14,509,978	11,909,770	14,429,380	11,905,551
Share options reserves	1,311,032	1,096,454	1,194,207	991,785
<b>Distributable :</b>				
Retained earnings	189,128,563	154,454,673	16,153,966	17,314,743
	<u>204,804,732</u>	<u>167,222,736</u>	<u>31,777,553</u>	<u>30,212,079</u>

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

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank/distribute its entire retained earnings if paid out as dividends.

The Finance Act 2007, introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 March 2010 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 16. DEFERRED TAX LIABILITIES - GROUP

#### Recognised deferred tax liabilities

Deferred tax liabilities (after appropriate offsetting) are attributable to the following :

	2010 RM	2009 RM
Property, plant and equipment		
- revaluation	879,464	879,464
- capital allowances	4,597,488	3,229,959
- fair value adjustment	1,820,474	1,820,474
Tax losses carry-forward	(1,117,952)	(1,996,965)
Provisions	(419,769)	(710,377)
	5,759,705	3,222,555

#### Unrecognised deferred tax assets

No deferred tax asset has been recognised for the following item :

	2010 RM	2009 RM
Tax losses carry-forward of a foreign subsidiary	834,000	923,000

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

#### Movement in temporary difference during the year

	At 1.4.2008 RM	Recognised in Income Statements (Note 24) RM	At 31.3.2009 RM	Recognised in Income Statements (Note 24) RM	At 31.3.2010 RM
<b>Group</b>					
Property, plant and equipment					
- revaluation	965,300	(85,836)	879,464	-	879,464
- capital allowance	4,519,700	(1,289,741)	3,229,959	1,367,529	4,597,488
- fair value adjustment	1,820,474	-	1,820,474	-	1,820,474
Tax losses carry-forward	-	(1,996,965)	(1,996,965)	879,013	(1,117,952)
Provisions	(382,000)	(328,377)	(710,377)	290,608	(419,769)
	6,923,474	(3,700,919)	3,222,555	2,537,150	5,759,705

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 17. PAYABLES AND ACCRUALS

	NOTE	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
<b>Trade</b>					
Trade payables	17.1	20,720,583	20,686,874	-	-
<b>Non-trade</b>					
Amount due to subsidiaries	17.2	-	-	19,739,647	26,734,125
Other payables	17.3	9,683,567	13,498,067	59,253	183,024
Accrued expenses		5,479,666	5,669,250	259,000	256,500
		15,163,233	19,167,317	20,057,900	27,173,649
		35,883,816	39,854,191	20,057,900	27,173,649

### 17.1 Trade payables

The Group's normal credit terms for trade payables range from 30 to 90 days (2009 : 30 to 90 days). The trade payables include trade payables due to associates of RMI,357,110 (2009: Nil) which are subject to the normal credit terms.

Significant trade payables outstanding at year end that are not in the functional currencies of the Group entities are as follows :

Foreign Currency	Group	
	2010 RM	2009 RM
USD	797,936	733,222
GBP	217,610	51,838
EURO	72,480	972
HKD	212,874	-

### 17.2 Amount due to subsidiaries

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

### 17.3 Other payables

Included in other payables is amount due to a Director of the Company amounting to RM4,920,000 (2009: RM7,220,000) which is unsecured, interest-free and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 18. BANK BORROWINGS - GROUP

	NOTE	2010 RM	2009 RM
<b>Current</b>			
Secured			
Term loans	18.3	2,190,000	3,856,000
Unsecured			
Term loans	18.3	7,000,000	7,000,000
Foreign currency loans	18.3	14,642,852	3,140,226
Bank overdrafts	18.3	99,186	231,119
Finance lease liabilities	18.4	328,545	403,470
		<u>24,260,583</u>	<u>14,630,815</u>
<b>Non-current</b>			
Secured			
Term loans	18.3	3,504,000	7,953,000
Unsecured			
Term loans	18.3	12,250,000	23,250,000
Finance lease liabilities	18.4	337,787	732,565
		<u>16,091,787</u>	<u>31,935,565</u>

### 18.1 Interest rates

The bank overdrafts are subject to interest at 1.75% (2009 : 1.75%) per annum above lenders' base lending rates.

The foreign currency loans are denominated in US Dollar and Hong Kong Dollar and are subject to interest at 0.50% (2009 : 0.50%) per annum above the bank's cost of funds.

The secured term loans, which are denominated in Euro, are subject to interest at 1.05% (2009: 1.05%) per annum over EURIBOR and 4.05% per annum. The unsecured term loans, which are denominated in Ringgit Malaysia, are subject to interest at 0.30% (2009 : 0.30%) per annum above the bank's cost of fund and 0.50% per annum over KLIBOR.

The finance lease liabilities are subject to interest rates ranging from 5.27% to 6.00% (2009 : 5.27% to 6.00%) per annum.

### 18.2 Securities

The term loans are secured by certain freehold land and buildings of the Group (Note 3).

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 18. BANK BORROWINGS - GROUP (Cont'd)

### 18.3 Terms and debt repayment schedule

	Year of Maturity	Total RM	Within 1 Year RM	1-2 Years RM	2-5 Years RM	Over 5 Years RM
<b>Group</b>						
<b>2010</b>						
Term loans						
- RM	2011-2014	19,250,000	7,000,000	7,000,000	5,250,000	-
- Euro	2011-2019	5,694,000	2,190,000	876,000	2,628,000	-
Bank overdrafts						
- RM		99,186	99,186	-	-	-
Foreign currency loans						
- USD	2011	10,470,354	10,470,354	-	-	-
- HKD	2011	4,172,498	4,172,498	-	-	-
Finance lease liabilities						
- Euro	2011-2013	666,332	328,545	209,596	128,191	-
		40,352,370	24,260,583	8,085,596	8,006,191	-
<b>2009</b>						
Term loans						
- RM	2010-2013	16,000,000	4,000,000	4,000,000	8,000,000	-
- RM	2010-2014	14,250,000	3,000,000	3,000,000	8,250,000	-
- Euro	2011	4,338,000	2,892,000	1,446,000	-	-
- Euro	2019	7,471,000	964,000	964,000	2,892,000	2,651,000
Bank overdrafts						
- RM		231,119	231,119	-	-	-
Foreign currency loans						
- USD	2010	3,140,226	3,140,226	-	-	-
Finance lease liabilities						
- Euro	2010-2012	1,136,035	403,470	360,845	371,720	-
		46,566,380	14,630,815	9,770,845	19,513,720	2,651,000

### 18.4 Finance lease liabilities

	Minimum Lease Payments 2010 RM	Interest 2010 RM	Principal 2010 RM	Minimum Lease Payments 2009 RM	Interest 2009 RM	Principal 2009 RM
<b>Group</b>						
Less than one year	354,783	26,238	328,545	452,097	48,627	403,470
Between one and five years	352,535	14,748	337,787	779,633	47,068	732,565
	707,318	40,986	666,332	1,231,730	95,695	1,136,035

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 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 2010 RM	Number of Options 2010	Weighted Average Exercise Price 2009 RM	Number of Options 2009
Outstanding at 1 April	3.14	3,975,160	3.14	4,875,120
Granted during the year	4.11	1,000,000		-
Exercised during the year	3.14	(825,790)	3.14	(528,760)
Exercised during the year	4.11	(106,800)		-
Total exercised during the year		(932,590)		(528,760)
Lapsed due to resignation	3.24	(204,750)	3.14	(371,200)
Outstanding at 31 March	3.36	3,837,820	3.14	3,975,160
Exercisable at 31 March		561,850		412,360

The outstanding options as at 31 March 2010 have exercise prices of RM3.14 and RM4.11 respectively. The weighted average option life is 3 to 5 years.

During the year, additional 1,000,000 options were granted to Directors and eligible employees pursuant to the Company's ESOS.

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	2010 Executives	Others
<b>Fair value of share options and assumptions</b>			
Fair value at grant date	RM0.44 and RM0.60	RM0.44 and RM0.59	RM0.46 and RM0.58
Exercise price		RM3.14 and RM4.11	
Expected volatility (weighted average volatility)		19.42% and 22.04%	
Option life (expected weighted average life)		3 to 5 years	
Expected dividends		5.11% to 5.33%	
Risk-free interest rate (based on Malaysian government bonds)		2.82% and 3.45%	

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 19. EMPLOYEE BENEFITS - GROUP/COMPANY (Cont'd)

Value of employee services received for issue of share options

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Options granted recognised as staff cost	665,271	571,054	262,658	166,813

### 20. REVENUE

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Invoiced value of goods sold less discounts and returns	267,373,122	298,319,157	-	-
Gross dividends receivable				
- subsidiaries	-	-	22,000,000	22,194,750
- associate	-	922,738	123,970	102,930
Commission income	72,559	81,531	72,559	81,531
Management fees				
- subsidiaries	-	-	1,920,000	1,440,000
	267,445,681	299,323,426	24,116,529	23,819,211

### 21. PROFIT BEFORE TAX

Profit before tax is arrived at :

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
After charging :				
Allowance for doubtful debts	-	35,094	-	-
Auditors' remuneration				
Statutory audit				
KPMG				
- Current year	54,000	54,000	9,000	9,000
Other auditors				
- Current year	110,465	120,152	-	-
Other services				
KPMG				
- Current year	20,500	9,700	2,500	2,500
- Prior year	-	270	-	-
Bad debts written off	643,507	-	-	-
Directors' emoluments				
- Consultancy fee paid to a company in which a Director of a subsidiary has a substantial financial interest	113,398	246,645	-	-



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 21. PROFIT BEFORE TAX (Cont'd)

Profit before tax is arrived at :

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Amortisation of prepaid lease payments (Note 4)	38,875	38,875	-	-
Depreciation				
- property, plant and equipment (Note 3)	9,840,472	10,906,408	-	-
- investment properties (Note 5)	50,598	41,332	-	-
Rental of premises	1,793,932	1,964,990	-	-
Plant and equipment written off	-	132	-	-
Loss on foreign exchange				
- realised	-	8,085,811	2,230	2,974
- unrealised	5,305,536	1,395,028	-	-
Hedging loss	-	18,070,000	-	-
Interest expense	1,316,678	2,352,443	-	-
Loss on disposal of other investments (Note 8)	8,900	-	-	-
and after crediting :				
Interest income	470,599	1,508,986	25,199	87,399
Gain on disposal of plant and equipment	28,774	67,149	-	-
Rental income	174,500	150,000	-	-
Negative goodwill on acquisition of an associate	-	46,396,532	-	-
Gain on foreign exchange - realised	2,877,509	-	-	-
Reversal of allowance for doubtful debts	23,927	-	-	-

### 22. KEY MANAGEMENT PERSONNEL COMPENSATIONS

The key management personnel compensations are as follows :

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Directors of the Company				
- Fees	259,000	256,500	242,000	242,000
- Remuneration	757,218	692,544	757,218	692,544
Other directors				
- Fees	39,460	37,800	-	-
- Remuneration	1,846,017	1,920,091	-	-
	2,901,695	2,906,935	999,218	934,544

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 22. KEY MANAGEMENT PERSONNEL COMPENSATIONS (Cont'd)

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 a Director of the Company otherwise than in cash amounted to RM9,900 (2009 : RM17,400).

### 23. EMPLOYEE INFORMATION

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Staff costs	34,067,370	37,720,143	1,454,266	1,058,737
Share-based payments	665,271	571,054	262,658	166,813
	<u>34,732,641</u>	<u>38,291,197</u>	<u>1,716,924</u>	<u>1,225,550</u>

Included in staff costs of the Group and of the Company is an amount of RM2,461,482 (2009 : RM2,760,773) and RM155,409 (2009 : RM113,006) respectively representing contributions made to the statutory pension funds.

### 24. TAX EXPENSE

#### Recognised in the income statements

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
<b>Current tax expense</b>				
Malaysian - current	3,555,000	4,033,000	68,000	-
- prior year	640	(3,021,087)	471	54,156
Overseas - current	2,232,681	2,336,089	-	-
- prior year	2,001	4,295	-	-
Total current tax	5,790,322	3,352,297	68,471	54,156
<b>Deferred tax expense</b>				
- current year	2,627,055	(3,673,349)	-	-
- prior year	(89,905)	(27,570)	-	-
Total deferred tax	2,537,150	(3,700,919)	-	-
Total tax expense	<u>8,327,472</u>	<u>(348,622)</u>	<u>68,471</u>	<u>54,156</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 24. TAX EXPENSE (Cont'd)

#### Reconciliation of effective tax expense

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit before tax	66,016,658	75,983,110	22,066,633	22,338,333
Less : share of results of equity accounted associates	(10,356,038)	1,289,577	-	-
	<u>55,660,620</u>	<u>77,272,687</u>	<u>22,066,633</u>	<u>22,338,333</u>
Tax at Malaysian tax rate 25%	13,915,155	19,318,172	5,516,658	5,584,583
Effect of different tax rates in foreign jurisdictions	(1,223,112)	(1,372,732)	-	-
Deferred tax assets not recognised	-	343,818	-	-
Utilisation of previously unrecognised tax losses	(88,979)	(49,897)	-	(49,897)
Non-deductible expenses	845,653	954,270	88,702	62,048
Income not subject to tax	-	(12,119,703)	-	-
Tax exempt income	(76,185)	(398,223)	(5,537,292)	(5,596,270)
Tax incentives	(4,974,284)	(3,914,229)	-	-
Reversal of deferred tax on revaluation	-	(85,836)	-	-
Others	16,488	20,100	(68)	(464)
(Over)/Under provided in prior year	(87,264)	(3,044,362)	471	54,156
Tax expense	<u>8,327,472</u>	<u>(348,622)</u>	<u>68,471</u>	<u>54,156</u>

### 25. EARNINGS PER ORDINARY SHARE - GROUP

#### Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the net profit attributable to the equity holders of RM57,689,186 (2009 : RM76,331,732) and a weighted average number of ordinary shares outstanding of 114,337,619 (2009 : 113,678,849) calculated as follows :

	2010	2009
Issued ordinary shares at 1 April	113,940,040	113,411,280
Effect of shares issued during the year	563,159	372,215
Effect of treasury shares held	(165,580)	(104,646)
Weighted average number of ordinary shares at 31 March	<u>114,337,619</u>	<u>113,678,849</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 25. EARNINGS PER ORDINARY SHARE - GROUP (Cont'd)

#### *Diluted earnings per ordinary share*

The calculation of diluted earnings per ordinary share is based on the net profit attributable to the equity holders of RM57,689,186 (2009 : RM76,331,732) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows :

	2010	2009
Weighted average number of ordinary shares at 31 March	114,337,619	113,678,849
Effect of dilution of unexercised share options	1,308,990	1,352,891
Weighted average number of ordinary shares (diluted) at 31 March	115,646,609	115,031,740

### 26. Dividends

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

	Sen Per Share (net of tax)	Total Amount RM	Date Of Payment
<b>2010</b>			
2009 final dividend of 15% less 25% tax on 114,517,780 ordinary shares of RM1 each	11.25	12,883,250	28 December 2009
Interim dividend of 12% less 25% tax on 114,600,350 ordinary shares of RM1 each	9.00	10,314,048	27 May 2010
		23,197,298	
<b>2009</b>			
2008 final dividend of 15% less 25% tax on 113,793,140 ordinary shares of RM1 each	11.25	12,801,728	29 December 2008
Interim dividend of 10% less 25% tax on 113,806,440 ordinary shares of RM1 each	7.50	8,535,483	26 May 2009
		21,337,211	

A final dividend of 15% less 25% tax amounting to RM12,883,250 proposed in the last financial year and approved by members in the Annual General Meeting was paid on 28 December 2009 and accordingly, this amount has been appropriated from the retained earnings in this financial year.

At the forthcoming Annual General Meeting, a final dividend of 16% less 25% tax in respect of the financial year ended 31 March 2010 will be proposed for members' approval. These financial statements do not reflect this final dividend which, when approved by members, will be accounted for as an appropriation of retained earnings from shareholders' funds in the financial year ending 31 March 2011.

The dividends per ordinary share as disclosed in the Income Statements take into account the total interim dividend paid and final dividend proposed for the year.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 27. RELATED PARTIES - GROUP/COMPANY

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 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 or common significant influence. 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, Mr. Lim Soon Huat and his close family members collectively have controlling interests are Asia Educational Supplies Sdn. Bhd. ("AESSB") and Khyam Seng Printing Sdn. Bhd. ("KSPSB").
- iii) Company in which a Director, Mr. Lim Soon Huat has substantial financial interests is Dynamic Office Sdn. Bhd. ("DOSB")
- iv) Company in which a Director of a subsidiary, Mr. R.C. Martin, has substantial financial interests is 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 Group.

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

	2010 RM	2009 RM
-Dividend income received	22,000,000	22,194,750
-Management fee receivable	1,920,000	1,440,000

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

#### Transactions Amount For The Year Ended 31 March

	2010 RM	2009 RM
-Management fee receivable	-	4,800
-Sales	288,000	343,000
-Purchases	4,400,000	837,948

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 27. RELATED PARTIES - GROUP/COMPANY (Cont'd)

- c) Transactions entered 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

		2010 RM	2009 RM
Sales	-AESSB	343,000	412,000
	-KSPSB	40,000	20,000
	-DOSB	3,000	2,400
Purchases	-AESSB	25,000	14,000
	-KSPSB	2,900	400
	-DOSB	45,000	62,000
Management fee receivable - DOSB		-	6,000

- 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

		2010 RM	2009 RM
<b>Group</b>			
Consultancy fee paid to a Company in which a Director of a subsidiary has substantial financial interest		113,398	246,645
Advances by a Director of the Company to a subsidiary		-	7,220,000
Rental paid to			
- a Director of the Company		-	4,800
- a Director of a subsidiary		9,600	9,600

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 10 and 17 to the financial statements.

### 28. CAPITAL COMMITMENT - GROUP

	2010 RM	2009 RM
Property, plant and equipment		
Contracted but not provided for	6,903,280	672,500

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 29. LEASE COMMITMENT - GROUP

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

	2010 RM'000	2009 RM'000
Less than 1 year	1,399	1,482
Between 1 and 5 years	786	2,314

The Group leases two properties 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 RM92,700,000 (2009 : RM89,700,000) of which RM19,349,186 (2009 : RM30,481,000) was utilised at balance sheet date.

ii) The Company has undertaken to provide financial support to one of its subsidiaries to enable it to continue operating as a going concern.

### 31. SEGMENTAL INFORMATION - GROUP

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

#### **Business segment**

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

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31. SEGMENTAL INFORMATION - GROUP (Cont'd)

#### *Geographical segments*

	Malaysia RM	Asia (Excluding Malaysia) RM	Europe RM	America RM	Others RM	Consolidated RM
<b>2010</b>						
Revenue from external customers	38,992,895	12,420,060	166,776,681	36,978,652	12,277,393	267,445,681
Segment assets	203,146,299	980,409	100,784,851	-	-	304,911,559
Capital expenditure	1,775,061	-	753,925	-	-	2,528,986
<b>2009</b>						
Revenue from external customers	38,884,798	14,648,855	193,635,856	40,961,396	11,192,521	299,323,426
Segment assets	181,026,000	1,003,381	105,315,803	-	-	287,345,184
Capital expenditure	9,222,612	-	14,260,828	-	-	23,483,440

### 32. FINANCIAL INSTRUMENTS

#### **Financial risk management objectives and policies**

It is the Group's policy not to engage in speculative transactions. Exposure to credit risk, interest rate risk, foreign currency risk and liquidity risk arise in the normal course of the Group's business. The Group's risk management is basically guided and monitored by the Board of Directors as summarised below :

#### **Credit risk**

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the management reporting procedures. Credit evaluations are carried out on all customers requiring credit facility. Delivery of goods is controlled by the system based on the approved credit term and credit period. Personal guarantors may be requested based on the discretion of the management. The Group considers the risk of material loss in the event of non-performance by customers to be minimal.

Credit risk arising from the Group's investing activities is believed to be minimal as the Group and the Company places their excess funds with reputable and creditworthy licensed banks and financial institutions in the form of fixed deposits.

At balance sheet date, there were no significant concentrations of credit risk other than the following :

	<b>Company</b>	
	<b>2010 RM</b>	<b>2009 RM</b>
Amount due from subsidiaries	147,497,348	152,380,927

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 32. FINANCIAL INSTRUMENTS (Cont'd)

#### Interest rate risk

The Group's financial position does not really require it to source for any major external funding. However, the Group has entered into certain fixed and floating interest rate borrowings to finance its operations. The majority of the Group's excess funds is placed with reputable licensed banks and licensed financial institutions to generate interest income for the Group. In addition, the Group also invested some of its funds in bond funds and/or placed it with a fund management company which has a credible investment record and adopts a prudent approach.

#### Foreign currency risk

The Group derives its foreign currency risk on sales and purchases that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily US Dollar, Euro, Sterling Pound, Singapore Dollar and Swiss Francs.

#### Liquidity risk

The Company manages its liquidity and cash flow risks through prudent liquidity risk management by maintaining sufficient cash and marketable securities and ensuring the availability of funding through an adequate amount of committed credit facilities.

#### Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the years in which they reprice or mature, whichever is earlier.

	Average Effective Interest Rate Per Annum %	Total RM'000	Within 1 Year RM'000	1-5 Years RM'000	After 5 Years RM'000
<b>Group</b>					
<b>2010</b>					
<b>Financial assets</b>					
<b>Fixed rate instruments</b>					
Short term deposits with licensed banks	1.04	44,685	44,685	-	-
Cash at bank	1.22	59	59	-	-
<b>Financial liabilities</b>					
<b>Fixed rate instruments</b>					
Finance lease liabilities	5.27-6.00	666	328	338	-
Term loans	4.05	4,380	876	3,504	-
<b>Floating rate instruments</b>					
Bank overdrafts	9.30	99	99	-	-
Foreign currency loans	1.03	14,643	14,643	-	-
Term loans	0.71-3.15	20,564	20,564	-	-

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 32. FINANCIAL INSTRUMENTS (Cont'd)

	Average Effective Interest Rate Per Annum %	Total RM'000	Within 1 Year RM'000	1-5 Years RM'000	After 5 Years RM'000
<b>Group</b>					
<b>2009</b>					
<b>Financial assets</b>					
<b>Fixed rate instruments</b>					
Short term deposits with licensed banks	1.22	33,462	33,462	-	-
Fixed rates unquoted non-convertible corporate bonds	6.30	1,009	1,009	-	-
Cash at bank	0.99	43	43	-	-
<b>Financial liabilities</b>					
<b>Fixed rate instruments</b>					
Finance lease liabilities	5.27-6.00	1,136	403	733	-
Term loans	4.05	7,471	964	3,856	2,651
<b>Floating rate instruments</b>					
Bank overdrafts	7.30	231	231	-	-
Foreign currency loans	2.20	3,140	3,140	-	-
Term loans	2.97-5.14	34,588	34,588	-	-
<b>Company</b>					
<b>2010</b>					
<b>Financial assets</b>					
<b>Fixed rate instruments</b>					
Short term deposits with licensed banks	2.46	632	632	-	-
Cash at bank	1.22	10	10	-	-
<b>2009</b>					
<b>Financial assets</b>					
<b>Fixed rate instruments</b>					
Short term deposits with licensed banks	2.37	38	38	-	-
Cash at bank	0.99	3	3	-	-

### Fair values

#### Recognised financial instruments

The carrying amounts approximate fair values due to the relatively short term nature of cash and cash equivalents, receivables, payables and short term bank borrowings.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 32. FINANCIAL INSTRUMENTS (Cont'd)

#### Fair values (Cont'd)

The aggregate fair values of the other financial assets and liabilities carried on the balance sheet as at year end are shown below :

	← 2010 →		← 2009 →	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
<b>Group</b>				
<b>Financial asset</b>				
Unquoted non-convertible corporate bonds	-	-	1,009	1,000
<b>Financial liabilities</b>				
Term loans - fixed rate	4,380	#4,380	7,471	#7,471
Finance lease liabilities	666	666	1,136	1,136
<b>Company</b>				
<b>Financial asset</b>				
Amount due from subsidiaries	44,315	*	44,315	*

\* It is not practical to estimate the fair value of the long term amount due from subsidiaries. The Company does not anticipate the carrying amount recorded at the balance sheet date to be significantly different from the values that would eventually be settled.

# The Directors believe that there is no significant difference between the fair value and carrying amount of term loans.

The fair value of the corporate bonds is their face value at the balance sheet date.

#### Unrecognised financial instruments

The contracted amount and fair value of financial instruments not recognised in the balance sheet as at 31 March are as follows :

	2010		2009	
	Contracted Amount RM'000	Fair Value RM'000	Contracted Amount RM'000	Fair Value RM'000
<b>Group</b>				
Forward foreign exchange contracts	1,122	1,108	2,437	2,330

## 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 27 to 83 are drawn up in accordance with Financial Reporting Standards and 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 at 31 March 2010 and of their financial performance and cash flows for the year then ended.

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



.....  
**Lim Soon Huat**



.....  
**Khoo Khai Hong**

Penang,

Date : 20 July 2010

# STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

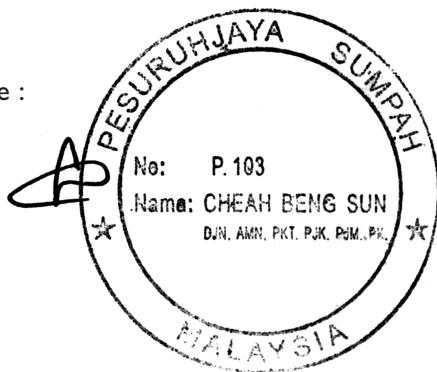
I, **Goh Phaik Ngoh**, the officer primarily responsible for the financial management of Asia File Corporation Bhd., do solemnly and sincerely declare that the financial statements set out on pages 27 to 83 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously 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 20 July 2010.



.....  
**Goh Phaik Ngoh**

Before me :



No. 27, Jalan Zainal Abidin  
10400 Pulau Pinang

**Cheah Beng Sun, DJN, AMN, PKT, PJK, PJM, PK.**

(No: P.103)

Commissioner for Oaths

Penang

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASIA FILE CORPORATION BHD.

## Report on the Financial Statements

We have audited the financial statements of Asia File Corporation Bhd., which comprise the balance sheets as at 31 March 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 27 to 83.

### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *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 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 Company's preparation and fair presentation of the financial statements 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 Company'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.

### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and 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 2010 and of their financial performance and cash flows for the year then ended.



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASIA FILE CORPORATION BHD. (CONT'D)

## 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 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



**NG SWEE WENG**  
1414/03/12 (J/PH)  
Chartered Accountant

Date : 20 July 2010

Penang

## LIST OF PROPERTIES OWNED BY THE GROUP

LOCATION	DESCRIPTION	LAND AREA (sq. meters)	TENURE	AGE (years)	NET BOOK VALUE (RM'000)	DATE OF REVALUATION/ ACQUISITION(*)
1) No 81 & 81A Jalan Sungai Pinang Lots P 1473-1476, Section 9-W, Georgetown Daerah Timur-Laut Penang	Factory cum warehouse	2,442	Freehold	19	6,918	June 1994
2) P.T.No 1870 (Plot 16) Hilir Sungai Keluang 2 Bayan Lepas Industrial Estate (Phase IV) Mukim 12 Daerah Barat Daya Penang	Office, Factory cum warehouse	12,230	60-year lease expiring on 09-09-2051	15	10,812	June 1994 (Land)  June 1995 (*) (First Building)  March 2000 (*) (Second Building)
3) 42, Jalan Seroja 3917 Taman Johor Jaya 81100 Johor H.S.(D) 101482 PTD 64016 Mukim Plentong	Office, Factory cum warehouse	372	Freehold	16	494	February 1997 (*)
4) No 5, Lorong Perindustrian Bukit Minyak 3 Taman Perindustrian Bukit Minyak, 14100 Bukit Mertajam, Penang	Rented	1,761	60-year lease expiring on 10-10-2055	15	1,037	April 2000 (*)
5) No 7, Lorong Perindustrian Bukit Minyak 3 Taman Perindustrian Bukit Minyak, 14100 Bukit Mertajam, Penang	Rented	1,761	60-year lease expiring on 10-10-2055	15	950	April 2000 (*)
6) Lot 1310, Mukim 14, Daerah Seberang Prai Tengah, Penang	Office, Factory cum warehouse	27,688.91	Freehold	19	13,134	March 2004 (*)
7) PT 43263, H.S.(D) 128696 Mukim Petaling, Daerah Petaling, Selangor	Office, Factory cum warehouse	2,023	Freehold	4	2,605	April 2004 (*)
8) Kasseler Landstraße 12 D-37213 Witzzenhausen Germany	Office, Factory, Warehouse	11,983	Freehold	37	6,366	January 2008 (*)
9) Zur Furthmühle 4 D-37318 Kirchgandern Germany	Office, Factory, Warehouse	21,840	Freehold	19	13,628	January 2008 (*)  March 2009 (*) (Additional Warehouse)

## SHAREHOLDINGS STATISTICS - AS AT 6 AUGUST 2010

AUTHORISED SHARE CAPITAL	:	RM500,000,000/=
ISSUED AND FULLY PAID UP CAPITAL	:	RM115,225,430/= (inclusive 302,600 treasury shares)
CLASS OF SHARE	:	Ordinary shares of RM1/= each fully paid
VOTING RIGHT	:	On a show of hands – one vote for every shareholder On a poll – one vote for every ordinary share held

### BREAKDOWN OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	35	1,302	0.001
100 - 1,000	278	209,531	0.182
1,001 - 10,000	734	2,936,416	2.548
10,001 - 100,000	151	3,685,620	3.199
100,001 - 5,761,270	34	25,448,824	22.086
5,761,271 TO 115,225,430	3	82,943,737	71.984
<b>TOTAL</b>	<b>1,235</b>	<b>115,225,430</b>	<b>100.00</b>

# SHAREHOLDINGS STATISTICS - AS AT 6 AUGUST 2010 (CONT'D)

## THIRTY LARGEST SHAREHOLDERS AS AT 6 AUGUST 2010

Name	No. of Shares	% of Issued Share Capital
1. PRESTIGE ELEGANCE (M) SDN BHD	52,336,837	45.541
2. PERMODALAN NASIONAL BERHAD	15,466,200	13.458
3. AMANAHRAYA TRUSTEES BERHAD SKIM AMANAH SAHAM BUMIPUTERA	15,140,700	13.175
4. HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HBFS-B CLT 500)	2,899,920	2.523
5. LOR SWEE YEOW	2,573,748	2.24
6. MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	2,560,000	2.228
7. LIM SOON WAH	2,479,825	2.158
8. LIM SIEW EAN	2,400,000	2.088
9. EMPLOYEES PROVIDENT FUND BOARD	1,814,000	1.578
10. KHOO SAW SIM	1,617,920	1.408
11. MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 2)	1,183,880	1.03
12. LIM SOON HUAT	889,391	0.774
13. GOH PHAIK NGOH	849,920	0.74
14. CHEAH SOK IN	714,720	0.622
15. MAYBAN NOMINEES (TEMPATAN) SDN BHD MAYBAN TRUSTEES BHD FOR AMANAH SAHAM WANITA (N14011980040)	671,200	0.584
16. FOO NIAN CHOU	522,240	0.454
17. HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (UNITLINKED GF)	488,000	0.425
18. LIM SIEW LEE	326,600	0.284

## SHAREHOLDINGS STATISTICS - AS AT 6 AUGUST 2010 (CONT'D)

### THIRTY LARGEST SHAREHOLDERS AS AT 6 AUGUST 2010 (Cont'd)

	Name	No. of Shares	% of Issued Share Capital
19.	OH HAW KUANG	318,620	0.277
20.	BEH PHAIK HOOI	286,080	0.249
21.	BEH PHAIK HOOI	224,400	0.195
22.	WEE KEW SING	201,600	0.175
23.	LUCY KHOO	184,320	0.16
24.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HOW ENG HUAT (472752)	173,700	0.151
25.	SYDNEY LIM TAU CHIN	170,000	0.148
26.	OH PHAIK WEE	156,800	0.136
27.	FELINA LEE SIEW IM	152,320	0.133
28.	MAYBAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR SJ ASSET MANAGEMENT SDN BHD	144,000	0.125
29.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HOW ENG HUAT (CEB)	142,300	0.124
30.	ONG SIEW SEE	140,800	0.123
	<b>TOTAL</b>	<b>107,230,041</b>	<b>93.306</b>

# SHAREHOLDINGS STATISTICS - AS AT 6 AUGUST 2010 (CONT'D)

## SUBSTANTIAL SHAREHOLDERS

- As per Register of Substantial Shareholders as at 6 August 2010

Name	No. of Shares		% of Issued Share Capital (exclude treasury shares)
	Direct Interest	Deemed Interest	
1. Datin Khoo Saw Sim	1,617,920	52,336,837 <sup>^</sup>	46.949
2. Lim Soon Huat	889,391	52,336,837 <sup>^</sup>	46.315
3. Prestige Elegance (M) Sdn Bhd	52,336,837	-	45.541
4. NTAsian Discovery Master Fund	6,811,520	-	5.927
5. AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputra	15,140,700	-	13.175
6. Permodalan Nasional Berhad	15,466,200	-	13.458
7. Yayasan Pelaburan Bumiputra	-	15,466,200 <sup>*</sup>	13.458

<sup>^</sup> Deemed interest via Prestige Elegance (M) Sdn Bhd pursuant to Section 6A of the Companies Act, 1965

<sup>\*</sup> Deemed interest via Permodalan Nasional Berhad pursuant to Section 6A of the Companies Act, 1965

## DIRECTORS' SHAREHOLDINGS AS AT 6 AUGUST 2010

- As per Register of Directors' Shareholdings as at 6 August 2010

Name of Director	Ordinary shares of RM1/=each		% of Issued Share Capital (exclude treasury shares)	No. of Unexercised ESOS Options
	Direct Interest	Deemed Interest		
<b>The Company</b>				
Lim Soon Huat	889,391	52,706,437 <sup>^</sup>	46.636	425,000
Ooi Ean Chin	-	19,520 <sup>*</sup>	0.017	40,000
Khoo Khai Hong	54,000	-	0.047	56,000
Nurjannah Binti Ali	-	-	-	40,000
Lim Soon Wah	2,489,825	152,320 <sup>**</sup>	2.299	369,000
Lim Soon Hee (Alternate to Khoo Khai Hong)	-	-	-	-

<sup>^</sup> Deemed interest via Prestige Elegance (M) Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 and inclusive interests of spouse and children

<sup>\*</sup> These shares are held in the name of spouse and children and are treated as interest of the Director in accordance with Section 134(12c) of the Companies Act, 1965.

<sup>\*\*</sup> These shares are held in the name of spouse and are treated as interest of the Director in accordance with Section 134(12c) of the Companies Act, 1965.

Note : By virtue of his deemed interest in the Company, Mr. Lim Soon Huat is deemed to have interest in the shares of the subsidiaries to the extent the Company has an interest.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Sixteenth Annual General Meeting of shareholders of the Company will be held at Merbah 1 Room, Hotel Equatorial, No. 1, Jalan Bukit Jambul, 11900 Penang on Monday, 27 September 2010 at 10.00 a.m. for the following purposes:-

1. To receive the Audited Financial Statements for the year ended 31 March 2010 and the Reports of Directors and Auditors thereon
2. To consider and if thought fit, pass the following resolutions pursuant to Section 129 of the Companies Act, 1965:
  - i) “That Mr. Khoo Khai Hong, retiring in accordance with Section 129 of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting.” Ordinary Resolution 1
  - ii) “That Mr. Ooi Ean Chin, retiring in accordance with Section 129 of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting.” Ordinary Resolution 2
3. To re-elect the following Director who retires pursuant to Article 80 of the Company’s Articles of Association:
  - 1) Lim Soon Huat Ordinary Resolution 3
4. To approve a Final dividend of 16% less 25% tax for the year ended 31 March 2010 Ordinary Resolution 4
5. To approve Directors’ Fees of RM242,000 for the year ended 31 March 2010. Ordinary Resolution 5
6. To re-appoint Messrs. KPMG as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration Ordinary Resolution 6
7. As Special Business

To consider, and if thought fit, to pass the following Ordinary Resolutions:-

## ORDINARY RESOLUTIONS

- A) Power to issue shares pursuant to Section 132D, Companies Act, 1965** Ordinary Resolution 7
- “THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the Annual General Meeting commencing next after the date on which the approval was given; or the expiration of the period within which the next Annual General Meeting after that date is required by law to be held whichever is earlier; but any approval may be previously revoked or varied by the Company in general meeting.”



## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### **B) Proposed purchase of own shares by the Company**

Ordinary  
Resolution 8

“THAT, subject to the compliance with all applicable rules, regulations and orders made pursuant to the Companies Act, 1965, provisions of the Company’s Memorandum and Articles of Association and the requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other approvals from all relevant governmental and/or regulatory authorities :

the Directors of the Company be and are hereby authorised to purchase its own Shares through Bursa Securities, subject to the following: -

- a) The maximum number of ordinary shares which may be purchased and/or held by the Company shall be ten per centum (10%) of the issued and paid-up ordinary share capital of the Company for the time being (“Asia File Shares”);
- b) The maximum fund to be allocated by the Company for the purpose of purchasing Asia File Shares shall not exceed the retained profits and share premium account of the Company which stood at RM16.15 million and RM14.43 million respectively as at 31 March 2010 based on the audited accounts.
- c) The authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will expire at the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution or the expiry of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by Ordinary Resolution in a general meeting of shareholders of the Company) but not so as to prejudice the completion of a purchase by the Company or any person before the aforesaid expiry date, in any event, in accordance with the provisions of the guidelines issued by the Bursa Securities or any other relevant authorities;
- d) Upon completion of the purchase(s) of the Shares by the Company, the Shares shall be dealt with in the following manner :-
  - i) to cancel the Shares so purchased; or
  - ii) to retain the Shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of the Bursa Securities; or
  - iii) to retain part of the Shares so purchased as treasury shares and cancel the remainder.

The Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase of Asia File Shares.”

### **C) Proposed Amendments to the Articles of Association of the Company**

Special  
Resolution I

“THAT the amendments to the Articles of Association of the Company contained in Appendix I be and are hereby approved.”

8. To transact any other business of which due notice shall have been given.

## **DIVIDEND ANNOUNCEMENT**

**NOTICE IS ALSO HEREBY GIVEN** that a depositor shall qualify for entitlement to the dividend only in respect of:-

- a. Shares transferred into the depositor’s securities account before 4.00 p.m. on 1 December 2010 in respect of ordinary transfers; and

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## DIVIDEND ANNOUNCEMENT (Cont'd)

- b. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

The dividends, if approved will be paid on 24 December 2010 to depositors registered in the Records of Depositors at the close of business on 1 December 2010.

## BY ORDER OF THE BOARD

LAMVOON KEAN (MIA 4793)  
Company Secretary  
Penang, 3 September 2010

### Notes :

1. A member may appoint up to 2 proxies to attend on the same occasion. A proxy may but need not be a Member of the Company and a Member may appoint any person to be his proxy. If a Member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. If the appointor is a corporation, the proxy form must be executed under the seal or under the hand of its officer or attorney duly authorised in writing.
4. To be valid, the proxy form must be deposited at the Company's Registered Office at Suite 2-1, 2nd Floor, Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty-eight (48) hours before the time appointed for holding the meeting.

## Explanatory Notes on Special Business

1. The proposed Ordinary Resolution 7 is for the purpose of granting a renewed general mandate ("General Mandate") and if passed, will empower the Directors of the Company, pursuant to Section 132D of the Companies Act, 1965 to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued and paid-up share capital of the Company for the time being. This General Mandate, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

As at the date of this Notice, no new shares in the Company were issued pursuant to this mandate granted to the Directors at the last Annual General Meeting held on 29 September 2009 and which will lapse at the conclusion of this Sixteenth Annual General Meeting.

This General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding further investment project(s), working capital and/or acquisitions.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## Explanatory Notes on Special Business (Cont'd)

2. The Ordinary Resolution No. 8, if passed will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the issued and paid up share capital of the Company. This authority will, unless revoked or varied by the Company in general meeting, expires at the next Annual General Meeting of the Company.
3. The Special Resolution 1, if passed, will amend the Articles of Association of the Company to be in compliance with the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

## Statement Accompanying Notice of Annual General Meeting :

(Pursuant to Paragraph 8.27(2) of the Bursa Malaysia Securities Bhd Main Market Listing Requirements)

- No individual is seeking election as a Director at the forthcoming Sixteenth Annual General Meeting of the Company.

# APPENDIX I

## PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Articles of Association of Asia File Corporation Berhad are proposed to be amended in the following manner (for which differences are highlighted in bold), to be in compliance with the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad :-

Article No.	Existing Articles	Amended Articles
142	<p>Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant and sent through post direct to the registered address of the holder or to such person and to such address as the holder may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the dividend represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented.</p>	<p>Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant and sent through post direct to the registered address of the holder or to such person and to such address as the holder may in writing direct or <b>electronic transfer or remittance to such account as designated by such holder or the person entitled to such payment.</b> Every such cheque or warrant <b>or electronic transfer or remittance</b> shall be made payable to the order of the person to whom it is sent and the payment of any such cheque or warrant or electronic transfer or remittance shall operate as a good <b>and full</b> discharge to the Company in respect of the <b>payment</b> represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque <b>or warrant or electronic transfer or remittance</b> shall be sent at the risk of the person entitled to the money thereby represented.</p>
131(2)	<p>A copy of the reports by the Directors and auditors of the Company, the profit and loss accounts, balance sheets and group accounts (if any) (including all documents required by law to be annexed or attached to all or any of them) shall be sent at least 21 days before the general meeting at which they are to be laid) to all members, holders of debentures and all other persons entitled to receive notices of general meetings under the Act or these Articles. Provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Company's registered office. The required number of copies of each of these documents shall at the same time be sent to Exchange.</p>	<p>A copy of the reports by the Directors and auditors of the Company, the <b>income statement</b>, balance sheets and group accounts (if any) (including all documents required by law to be annexed or attached to all or any of them), <b>either in printed form or in compact disc read-only memory ("CD-ROM") form or in such other form of electronic media</b>, shall be sent at least 21 days before the general meeting at which they are to be laid) to all members, holders of debentures and all other persons entitled to receive notices of general meetings under the Act or these Articles. Provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Company's registered office. <b>In the event that these documents are sent in CD-ROM form or in such other form of electronic media and a Member requires a printed form of such documents, the Company shall send documents to the Member within four (4) Market Days (or such other period as may be prescribed by the Exchange) from the date of receipt of the Member's request.</b> The required number of copies of each of these documents shall at the same time be sent to Exchange.</p>

## APPENDIX I (CONT'D)

### PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION (Cont'd)

Article No.	Existing Articles	Amended Articles
New Article 150A	-	<p>To insert following Article 150A after existing Article 150:-</p> <p><b>SHARE REGISTRAR</b></p> <p><b>Share Registrar shall be appointed to safeguard and maintain proper share registers and records of the Company and to provide all share registration services professionally in respect of the Company's securities in the best interest of the Company and in the integrity of the market.</b></p> <p><b>The Share Registrar will comply with all applicable laws and regulations in relation to the business and services it offers, including maintaining confidentiality of information pertaining to the Company and its shareholders.</b></p> <p><b>The Share Registrar will include a unit performing the function of a share registrar within the Company.</b></p>

# PROXY FORM

## ASIA FILE CORPORATION BHD (313192-P)

I/We .....  
 NRIC or Company No. .... CDS Account No.....  
 of ..... being a  
 member/members of the above named Company, hereby appoint.....  
 NRIC No..... of  
 .....or failing him, the Chairman of the Meeting as my/our proxy, to  
 vote for me/us and on my/our behalf at the SIXTEENTH ANNUAL GENERAL MEETING of the Company to  
 be held at Merbah 1 Room, Hotel Equatorial, No. 1, Jalan Bukit Jambul, 11900 Penang on Monday, 27 September 2010  
 at 10:00 a.m. and at any adjournment thereof.

1.	Ordinary Resolution 1		
2.	Ordinary Resolution 2		
3.	Ordinary Resolution 3		
4.	Ordinary Resolution 4		
5.	Ordinary Resolution 5		
6.	Ordinary Resolution 6		
7.	Ordinary Resolution 7		
8.	Ordinary Resolution 8		
9.	Special Resolution 1		

(Please indicate with "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion).

Signed this .....day of September, 2010

No. Of Ordinary Shares Held

.....  
 Signature of Shareholder

**Notes:**

1. A member may appoint up to 2 proxies to attend on the same occasion. A proxy may but need not be a Member of the Company and a Member may appoint any person to be his proxy. If a Member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. If the appointor is a corporation, the proxy form must be executed under the seal or under the hand of its officer or attorney duly authorised in writing.
4. To be valid, the proxy form must be deposited at the Company's Registered Office at Suite 2-1, 2nd Floor, Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty-eight (48) hours before the time appointed for holding the meeting.



Fold Along This Line

AFFIX  
POSTAGE  
STAMP

The Secretary  
Asia File Corporation Bhd  
Suite 2-1, 2nd Floor,  
Menara Penang Garden,  
42A, Jalan Sultan Ahmad Shah,  
10050 Penang.

Fold Along This Line







**ASIA FILE CORPORATION BHD**  
(Company No.313192-P)  
(Incorporated in Malaysia)

3 September 2010

Dear Shareholder,

**RE: eDividend (Electronic Dividend) service**

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We are pleased to inform you that Asia File Corporation Berhad (“the Company”) will be providing eDividend to shareholders to be implemented in the third quarter of 2010. The eDividend refers to the payment of cash dividends by a listed issuer directly into the shareholders’ bank accounts. One of the main objectives of implementing eDividend is to promote greater efficiency of the payment system which is aligned to the national agenda of migrating to electronic payment.

**1. Benefits of eDividend**

- 1.1 eDividend extends to all companies listed on Bursa Malaysia Securities Berhad (“listed issuers”) and provides, amongst others, faster access to your cash dividend, eliminates the inconvenience of having to deposit the dividend cheques and problems such as misplaced, lost or expired cheques, and unauthorised deposit of dividend cheques.
- 1.2 For those shareholders who have previously opted for direct crediting of dividend entitlement via GIRO Service with the Company, you will still need to register for eDividend to enjoy the following additional benefits:-
  - a) the convenience of a one-off registration for entitlement to eDividend from all listed issuers; and
  - b) the option to consolidate the dividends from all your Central Depository System (“CDS”) accounts into one bank account for better account management.

**2. Registration for eDividend**

- 2.1 Registration for eDividend will commence on 19 April 2010 for a period of 1 year until 18 April 2011, at no cost to the shareholders. If you register after the 1 year period, an administrative charge will be imposed.

To register for eDividend, you are required to provide to Bursa Malaysia Depository Sdn Bhd (“Bursa Depository”) through your stock broker, your bank account number and other information by completing the prescribed form. This form can be obtained in due course from your stock broker’s office where your CDS account is maintained, or download from Bursa Malaysia’s website at <http://www.bursamalaysia.com>

- 2.2 You need to submit to your stock broker’s office where your CDS account is maintained, the duly completed prescribed form and the following for registration:-
  - a) Individual depositor: Copy of identification documents i.e. NRIC, Passport, Authority Card or other acceptable identification documents. Original documents must be produced for your stock broker’s verification.  
  
Corporate depositor: Certified true copy of the Certificate of Incorporation/Certificate of Registration; and
  - b) Copy of your bank statement / bank savings book / details of your bank account obtained from your banks website that has been certified by your bank / copy of letter from your bank confirming your bank account particulars. For individuals, original documents must be produced for your stock broker’s verification. For corporate entities, a certified true copy is to be submitted.

If the CDS account is held in the name of a nominee, the nominee will register for the eDividend.

- 2.3 If you are not able to be present at your stock broker's office to submit the prescribed form and supporting documents, please ensure that the signing of the prescribed form and the supporting documents have been witnessed by an acceptable witness specified by Bursa Depository. In this regard, an acceptable witness includes an Authorised Officer of your stock broker, a Dealer's Representative, a notary public and an Authorised Officer of the Malaysian Embassy/High Commission.

### **3. Notification of eDividend payment after registration**

- 3.1 You are encouraged to provide in the prescribed form to Bursa Depository both your mobile phone number and e-mail address, if any. This is to enable the Company to issue electronic notification to you either via e-mail or sms, at the discretion of the Company, once the Company has paid the cash dividend out of its account. Please note that if you provide only your mobile phone number, you may only be notified of the cash dividend payment when you receive your dividend warrant or tax certificate.

### **4. Additional information for shareholders**

- 4.1 Your savings or current account, must be an active bank account, maintained with a local bank under your name or in the case of a joint account, has your name as one of the account holders. It must also be a bank account with a financial institution that is a member of the Malaysian Electronic Payment System Inter-Bank GIRO (IBG) set out below, which can be found on this website: [http://www.meps.com.my/faq/interbank\\_giro.asp?id=2#answer](http://www.meps.com.my/faq/interbank_giro.asp?id=2#answer)

- |  |   |
|--|---|
| 1. Affin Bank Berhad                     | 12. EON Bank Berhad                         |
| 2. Alliance Bank Malaysia Berhad         | 13. Hong Leong Bank Berhad                  |
| 3. AmBank (M) Berhad                     | 14. HSBC Bank Malaysia Berhad               |
| 4. Bank Islam Malaysia Berhad            | 15. Malayan Banking Berhad                  |
| 5. Bank Muamalat Malaysia Berhad         | 16. OCBC Bank (Malaysia) Berhad             |
| 6. Bank Kerjasama Rakyat Malaysia Berhad | 17. Public Bank Berhad                      |
| 7. Bank of America                       | 18. RHB Bank Berhad                         |
| 8. Bank Simpanan Nasional                | 19. Standard Chartered Bank Malaysia Berhad |
| 9. CIMB Bank Berhad                      | 20. The Royal Bank of Scotland Berhad       |
| 10. Citibank Berhad                      | 21. United Overseas Bank (Malaysia) Bhd     |
| 11. Deutsche Bank Berhad                 |   |

- 4.2 Your bank account particulars and other related information is protected under the Securities Industry (Central Depositories) Act 1991 which strictly prohibits the disclosure of such information to any person unless you expressly authorise the disclosure in writing. For eDividend purposes, you will be authorising disclosure of your bank account particulars and other related information to persons necessary to facilitate the eDividend such as the Company, the share registrar and the appointed paying banks.

- 4.3 Once you have registered for eDividend, any cash dividend entitlement of which the books closure date is announced by the Company on or after 1 September 2010, shall be paid to you via eDividend.

We look forward to a successful implementation of eDividend through your active participation, and to serving you better as our valued shareholders. If you have any query relating to our eDividend service, please do not hesitate to contact our share registrars, Agriteum Share Registration Services Sdn Bhd, at 04-228 2321.

Thank you.

Yours faithfully  
Lim Soon Huat  
Director



**ASIA FILE CORPORATION BHD.** (313192-P)  
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