Asia File Corporation Bhd.

(Company No. 313192 P)

(Incorporated in Malaysia)

and its subsidiaries

Financial statements for the year ended 31 March 2010

Asia File Corporation Bhd.
(Company No. 313192 P)
(Incorporated in Malaysia)
and its subsidiaries

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	57,689,186	21,998,162

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 RM1 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 RM1 each totalling RM12,883,250 in respect of the financial year ended 31 March 2009 on 28 December 2009; and

Dividends (Cont'd)

iii) an interim dividend of 12% less 25% tax on 114,600,530 ordinary shares of RM1 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 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 RM1 each				
	Balance at 1.4.2009	**Bought**	**ESOS exercised**	**(Sold)**	**Balance at 31.3.2010**
Lim Soon Huat					
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
Lim Soon Wah					
Interest in the Company :					
- own	2,479,825	-	21,000	-	2,500,825
- others *	152,320	-	-	-	152,320
Khoo Khai Hong					
Interest in the Company :					
- own	54,000	-	-	-	54,000

Directors' interests (Cont'd)

	Number of ordinary shares of RM1 each				
	Balance at 1.4.2009	Bought	ESOS exercised	(Sold)	Balance at 31.3.2010
Ooi Ean Chin					
Interest in the Company :					
- other*	19,520	-	-	-	19,520
Lim Soon Hee					
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.

	Number of options over ordinary shares of RM1 each			
	Balance at 1.4.2009	Granted	(Exercised)	Balance at 31.3.2010
Company				
Lim Soon Huat				
- own	-	500,000	(75,000)	425,000
Lim Soon Wah				
- own	320,000	80,000	(21,000)	379,000
Khoo Khai Hong				
- own	56,000	-	-	56,000
Ooi Ean Chin				
- own	40,000	-	-	40,000
Nurjannah Binti Ali				
- 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.

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).

Employees' share option scheme (Cont'd)

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.

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**
27.4.2007	3.14	3,975,160	-	(825,790)	(184,000)	2,965,370
20.4.2009	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.

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.

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

Asia File Corporation Bhd.
(Company No. 313192 P)
(Incorporated in Malaysia)
and its subsidiaries

Consolidated balance sheet at 31 March 2010

	Note	2010 RM	2009 RM
Assets			
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 associates	7	104,585,106	90,160,208
Other investments	8	-	1,008,900
Goodwill on consolidation	9	30,234,456	30,234,456
Total non-current assets		232,576,783	229,355,885
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
Total current assets		178,619,431	150,624,088
Total assets		411,196,214	379,979,973

Consolidated balance sheet (Cont'd)

	Note	2010 RM	2009 RM
Equity			
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
Total equity		318,312,329	280,502,604
Liabilities			
Deferred tax liabilities	16	5,759,705	3,222,555
Bank borrowings	18	16,091,787	31,935,565
Total non-current liabilities		21,851,492	35,158,120
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
Total current liabilities		71,032,393	64,319,249
Total liabilities		92,883,885	99,477,369
Total equity and liabilities		411,196,214	379,979,973

The notes on pages 23 to 75 are an integral part of these financial statements.

Asia File Corporation Bhd.
(Company No. 313192 P)
(Incorporated in Malaysia)
and its subsidiaries

Consolidated income statement for the year ended 31 March 2010

	Note	2010 RM	2009 RM
Continuing operations			
Revenue	20	267,445,681	299,323,426
Cost of sales		(142,555,577)	(169,004,601)
Gross profit		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)
Results from operating activities		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)
Profit before tax	21	66,016,658	75,983,110
Tax expense	24	(8,327,472)	348,622
Profit for the year		57,689,186	76,331,732
Attributable to :			
Equity holders of the Company		57,689,186	76,331,732
Minority interest		-	-
Profit for the year		57,689,186	76,331,732
Basic earnings per ordinary share (sen)	25	50.46	67.15
Diluted earnings per ordinary share (sen)	25	49.88	66.36
Dividends per ordinary share - gross (sen)	26	28.00	25.00

The notes on pages 23 to 75 are an integral part of these financial statements.

Asia File Corporation Bhd.
(Company No. 313192 P)
(Incorporated in Malaysia)
and its subsidiaries

Consolidated 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**	**Translation reserve RM**	**Revaluation reserve RM**	**Retained earnings RM**	**Total equity RM**
At 1 April 2008	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)
At 31 March 2009	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 (Cont'd)

	← Non-distributable					→	Distributable	
	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
At 1 April 2009	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)
At 31 March 2010	114,872,630	(1,365,033)	14,509,978	1,311,032	(4,381,430)	4,236,589	189,128,563	318,312,329

The notes on pages 23 to 75 are an integral part of these financial statements.

Asia File Corporation Bhd.
(Company No. 313192 P)
(Incorporated in Malaysia)
and its subsidiaries

Consolidated cash flow statement for the year ended 31 March 2010

	Note	2010 RM	2009 RM
Cash flows from operating activities			
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)
Net cash from operating activities		45,006,208	64,676,121

Consolidated cash flow statement (Cont'd)

	Note	2010 RM	2009 RM
Cash flows from investing activities			
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
Net cash used in investing activities		(592,967)	(66,219,123)
Cash flows from financing activities			
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)
Net cash used in financing activities		(25,308,715)	(9,289,486)
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
Effect of exchange rate fluctuations on cash and cash equivalents		(923,525)	(510,739)
Cash and cash equivalents at 31 March		65,412,920	47,231,919

Consolidated cash flow statement (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

Asia File Corporation Bhd.

(Company No. 313192 P)
(Incorporated in Malaysia)

Balance sheet at 31 March 2010

	Note	2010 RM	2009 RM
Assets			
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
Total non-current assets		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
Total current assets		103,904,275	108,189,424
Total assets		175,657,098	179,201,079
Equity			
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
Total equity		145,285,150	143,491,947
Liabilities			
Payables and accruals	17	20,057,900	27,173,649
Dividend payable		10,314,048	8,535,483
Total current liabilities		30,371,948	35,709,132
Total equity and liabilities		175,657,098	179,201,079

The notes on pages 23 to 75 are an integral part of these financial statements.

Asia File Corporation Bhd.

(Company No. 313192 P)
(Incorporated in Malaysia)

Income statement for the year ended 31 March 2010

	Note	2010 RM	2009 RM
Continuing operations			
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
Profit before tax	21	22,066,633	22,338,333
Tax expense	24	(68,471)	(54,156)
Profit for the year		21,998,162	22,284,177
Dividends per ordinary share - gross (sen)	26	28.00	25.00

The notes on pages 23 to 75 are an integral part of these financial statements.

Asia File Corporation Bhd.

(Company No. 313192 P)
(Incorporated in Malaysia)

Statement of changes in equity for the year ended 31 March 2010

	←	Non-distributable		→	Distributable	
	Share capital RM	Treasury shares RM	Share premium RM	Share option reserves RM	Retained earnings RM	Total RM
At 1 April 2008	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)
At 31 March 2009	113,940,040	(660,172)	11,905,551	991,785	17,314,743	143,491,947

The notes on pages 23 to 75 are an integral part of these financial statements.

Asia File Corporation Bhd.

(Company No. 313192 P)
(Incorporated in Malaysia)

Statement of changes in equity for the year ended 31 March 2010

	← Non-distributable			→	Distributable	
	Share capital RM	**Treasury shares RM**	**Share premium RM**	**Share option reserves RM**	**Retained earnings RM**	**Total RM**
At 1 April 2009	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)
At 31 March 2010	114,872,630	(1,365,033)	14,429,380	1,194,207	16,153,966	145,285,150

The notes on pages 23 to 75 are an integral part of these financial statements.

Asia File Corporation Bhd.

(Company No. 313192 P)
(Incorporated in Malaysia)

Cash flow statement for the year ended 31 March 2010

	Note	2010 RM	2009 RM
Cash flows from operating activities			
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
Net cash from operating activities		22,115,436	49,002,304
Cash flows from investing activities			
Interest received		25,199	87,399
Acquisition of investments in an associate		(338,555)	(4,096,263)
Net cash used in investing activities		(313,356)	(4,008,864)

Cash flow statement (Cont'd)

	Note	2010 RM	2009 RM
Cash flows from financing activities			
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)
Net cash used in financing activities		(21,202,564)	(49,344,297)
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
Cash and cash equivalents at 31 March	12	673,055	73,539

The notes on pages 23 to 75 are an integral part of these financial statements.

Asia File Corporation Bhd.
(Company No. 313192 P)
(Incorporated in Malaysia)
and its subsidiaries

Notes to the financial statements

Asia File Corporation Bhd. is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of 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.

1. 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.

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

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
- 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

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

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.

1. 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 $114_{2004,}$ 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.

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

(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.

(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.

(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.

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(ii) Associates (Cont'd)

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.

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iv) Minority interest (Cont'd)

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.

(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.

2. Significant accounting policies (Cont'd)

(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.

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.

2. Significant accounting policies (Cont'd)

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

(i) Recognition and measurement (Cont'd)

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.

2. Significant accounting policies (Cont'd)

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

(iv) Depreciation

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.

2. Significant accounting policies (Cont'd)

(e) Leased assets (Cont'd)

(ii) Operating lease (Cont'd)

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.

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.

2. Significant accounting policies (Cont'd)

(g) Investments in equity securities (Cont'd)

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.

(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.

2. Significant accounting policies (Cont'd)

(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.

2. Significant accounting policies (Cont'd)

(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.

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.

2. Significant accounting policies (Cont'd)

(m) Provisions (Cont'd)

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.

(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.

2. Significant accounting policies (Cont'd)

(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.

(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.

2. Significant accounting policies (Cont'd)

(r) Interest income and borrowing costs (Cont'd)

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.

2. Significant accounting policies (Cont'd)

(t) Employee benefits (Cont'd)

(i) Short term employee benefits (Cont'd)

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.

(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.

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
Cost/valuation							
At 1 April 2008							
- 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
	9,242,886	61,291,950	124,758,090	14,244,427	6,302,807	1,173,477	217,013,637
Additions	-	8,450,318	12,793,081	1,954,841	285,200	-	23,483,440
Disposals	-	-	(73,450)	(64,386)	-	-	(137,836)
Write-off	-	-	-	(470)	-	-	(470)
Reclassification	-	1,059,324	-	68,000	-	(1,127,324)	-
Effect of movements in exchange rates	(112,257)	(1,113,372)	(2,652,962)	(579,814)	(150,249)	(46,153)	(4,654,807)
At 31 March 2009/1 April 2009							
- 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
	9,130,629	69,688,220	134,824,759	15,622,598	6,437,758	-	235,703,964
Additions	11,668	267,249	1,159,250	675,979	89,756	325,084	2,528,986
Disposals	-	-	(6,756)	(41,607)	-	-	(48,363)
Write off	-	-	(262,770)	(75,536)	-	-	(338,306)
Effect of movements in exchange rates	(235,207)	(3,045,665)	(5,608,824)	(1,175,058)	(338,026)	-	(10,402,780)
Transfer to investment properties (Note 5)	-	(463,291)	-	-	-	-	(463,291)
At 31 March 2010							
- 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

3. Property, plant and equipment - Group (Cont'd)

Accumulated depreciation	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
At 1 April 2008							
- at cost	-	21,498,298	85,532,451	10,884,425	4,937,187	-	122,852,361
- at valuation	-	1,221,904	-	-	-	-	1,221,904
	-	22,720,202	85,532,451	10,884,425	4,937,187	-	124,074,265
Depreciation for the year	-	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)	(2,187,768)	(474,720)	(128,068)	-	(3,583,004)
At 31 March 2009/1 April 2009							
- at cost	-	22,034,766	90,989,747	11,394,821	5,479,079	-	129,898,413
- at valuation	-	1,366,437	-	-	-	-	1,366,437
	-	23,401,203	90,989,747	11,394,821	5,479,079	-	131,264,850
Depreciation for the year	-	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)	(4,636,351)	(957,379)	(294,653)	-	(7,617,035)
Transfer to investment properties (Note 5)	-	(120,457)	-	-	-	-	(120,457)
At 31 March 2010							
- at cost	-	21,566,692	93,002,263	11,343,733	5,621,573	-	131,534,261
- at valuation	-	1,455,296	-	-	-	-	1,455,296
	-	23,021,988	93,002,263	11,343,733	5,621,573	-	132,989,557

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
Carrying amounts							
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

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
2010			
Freehold land	345,836	-	345,836
Buildings	1,283,293	(489,126)	794,167
Total	1,629,129	(489,126)	1,140,003
2009			
Freehold land	345,836	-	345,836
Buildings	1,283,293	(463,460)	819,833
Total	1,629,129	(463,460)	1,165,669

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.

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

5. Investment properties - Group

Buildings	**RM**
Cost	
At 1 April 2008/31 March 2009	2,066,583
Transfer from property, plant and equipment (Note 3)	463,291
At 1 April 2009/31 March 2010	2,529,874
Accumulated depreciation	
At 1 April 2008	307,123
Depreciation for the year	41,332
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
At 31 March 2010	519,510
Carrying amounts	
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 RM2.75 million (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 :

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

6. Investments 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 2010**	**2009**	**Country of incorporation**	**Principal activities**
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
Subsidiary of Asia File Products Sdn. Bhd.				
Plastoreg Smidt GmbH*	100%	100%	Germany	Manufacture and distribution of dividers and indices

* Not audited by KPMG

7. Investments 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 2010	Effective ownership interest 2009	Country of incorporation	Principal activities	Financial year end
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
2010				
Mefajaya Sdn. Bhd.	852	7	482	329
Muda Holdings Berhad	777,406	55,061	989,565	454,975
2009				
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.

8. Other investments – Group

	2010 RM	2009 RM
Unquoted investments, 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.

10. Receivables, deposits and prepayments

		Group		Company	
	Note	2010 RM	2009 RM	2010 RM	2009 RM
Current					
Trade					
Trade receivables	10.1	48,967,455	43,263,230	-	-

10. Receivables, deposits and prepayments

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Non-trade					
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
Non-current					
Non-trade					
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	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

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
	59,293,247	53,992,552

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
	65,512,106	47,463,038	673,055	73,539

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

	Group	
Foreign currency	**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

13. Share capital - Group/Company

	2010 RM	2010 No. of Shares	2009 RM	2009 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.

15. Reserves

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Non-distributable :				
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
Distributable :				
Retained earnings	189,128,563	154,454,673	16,153,966	17,314,743
	204,804,732	167,222,736	31,777,553	30,212,079

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.

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

Group	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
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

17. Payables and accruals

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Trade					
Trade payables	17.1	20,720,583	20,686,874	-	-
Non-trade					
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 RM1,357,110 (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	Group 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.

18. Bank borrowings - Group

	Note	2010 RM	2009 RM
Current			
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
		24,260,583	14,630,815
Non-current			
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
		16,091,787	31,935,565

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 0.3% (2009 : 0.3%) 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).

18. Bank borrowings - Group (Cont'd)

18.3 Terms and debt repayment schedule

Group	Year of maturity	Total RM	Within 1 year RM	1-2 years RM	2-5 years RM	Over 5 years RM
2010						
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	-
2009						
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. Bank borrowings - Group (Cont'd)

18.4 Finance lease liabilities

Group	Minimum lease payments 2010 RM	Interest 2010 RM	Principal 2010 RM	Minimum lease payments 2009 RM	Interest 2009 RM	Principal 2009 RM
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

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.

19. Employee benefits - Group/Company (Cont'd)

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 :

	2010		
	Directors	**Executives**	**Others**
Fair value of share options and assumptions			
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%		

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	-	-
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	-	-	-

21. Profit before tax (Cont'd)

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
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	2009	2010	2009
	RM	RM	RM	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

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 2010 RM	Group 2009 RM	Company 2010 RM	Company 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
	34,732,641	38,291,197	1,716,924	1,225,550

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 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Current tax expense				
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
Deferred tax expense				
- 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	8,327,472	(348,622)	68,471	54,156

24. Tax expense (Cont'd)

Reconciliation of effective tax expense

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**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	-	-
	55,660,620	77,272,687	22,066,633	22,338,333
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	8,327,472	(348,622)	68,471	54,156

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	114,337,619	113,678,849

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 :

2010	Sen per share (net of tax)	Total amount RM	Date of payment
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	
2009			
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.

26. Dividends (Cont'd)

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.

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.

27. Related parties - Group/Company (Cont'd)

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

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	**2009**
		RM	**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

27. Related parties - Group/Company (Cont'd)

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

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.

31. Segmental information - Group (Cont'd)

Geographical segments

	Malaysia RM	Asia (excluding Malaysia) RM	Europe RM	America RM	Others RM	Consolidated RM
2010						
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
2009						
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.

32. Financial instruments (Cont'd)

Credit risk (Cont'd)

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 :

	Company	
	2010	**2009**
	RM	**RM**
Amount due from subsidiaries	147,497,348	152,380,927

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.

32. Financial instruments (Cont'd)

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
Group					
2010					
Financial assets					
Fixed rate instruments					
Short term deposits with licensed banks	1.04	44,685	44,685	-	-
Cash at bank	1.22	59	59	-	-
Financial liabilities					
Fixed rate instruments					
Finance lease liabilities	5.27 - 6.00	666	328	338	-
Term loans	4.05	4,380	876	3,504	-
Floating rate instruments					
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	-	-
2009					
Financial assets					
Fixed rate instruments					
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	-	-

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
Group					
2009					
Financial liabilities					
Fixed rate instruments					
Finance lease liabilities	5.27 - 6.00	1,136	403	733	-
Term loans	4.05	7,471	964	3,856	2,651
Floating rate instruments					
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	-	-
Company					
2010					
Financial assets					
Fixed rate instruments					
Short term deposits with licensed banks	2.46	632	632	-	-
Cash at bank	1.22	10	10	-	-
2009					
Financial assets					
Fixed rate instruments					
Short term deposits with licensed banks	2.37	38	38	-	-
Cash at bank	0.99	3	3	-	-

32. Financial instruments (Cont'd)

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.

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**
Group				
Financial asset				
Unquoted non-convertible corporate bonds	-	-	1,009	1,000
Financial liabilities				
Term loans – fixed rate	4,380	#4,380	7,471	#7,471
Finance lease liabilities	666	666	1,136	1,136
Company				
Financial asset				
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.

32. Financial instruments (Cont'd)

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
Group				
Forward foreign exchange contracts	1,122	1,108	2,437	2,330

Asia File Corporation Bhd.
(Company No. 313192 P)
(Incorporated in Malaysia)
and its subsidiaries

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

In the opinion of the Directors, the financial statements set out on pages 9 to 75 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

Asia File Corporation Bhd.
(Company No. 313192 P)
(Incorporated in Malaysia)
and its subsidiaries

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

I, **Goh Phaik Ngoh**, the officer primarily responsible for the financial management of Asia File Corporation Bhd., do solemnly and sincerely declare that the financial statements set out on pages 9 to 75 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 :

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.

(Company No. 313192 P)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Asia File Corporation Bhd., which comprise the 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 9 to 75.

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.

Company No. 313192 P

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.

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