

**Asia File Corporation Bhd.**

(Company No. 313192 - P)

(Incorporated in Malaysia)

**and its subsidiaries**

**Financial statements for the year  
ended 31 March 2016**

## **Asia File Corporation Bhd.**

(Company No. 313192 - P)

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### **and its subsidiaries**

## **Directors' report for the year ended 31 March 2016**

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2016.

### **Principal activities**

The principal activities of the Company are that of investment holding, commission agent and provider 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**

	<b>Group RM</b>	<b>Company RM</b>
Profit for the year attributable to:		
Owners of the Company	76,501,880	18,357,728
Non-controlling interests	155,815	-
	<u>76,657,695</u>	<u>18,357,728</u>

### **Reserves and provisions**

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

### **Dividends**

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

- i) an interim single-tier dividend of 6% on 190,594,300 ordinary shares of RM1 each totalling RM11,435,658 in respect of the financial year ended 31 March 2015 on 27 May 2015;

## Dividends (continued)

- ii) a final single-tier dividend of 9% on 191,010,680 ordinary shares of RM1 each totalling RM17,190,961 in respect of the financial year ended 31 March 2015 on 17 December 2015; and
- iii) an interim single-tier dividend of 7% on 191,317,660 ordinary shares of RM1 each totalling RM13,392,236 in respect of the financial year ended 31 March 2016 on 28 April 2016.

A final single-tier dividend of 9% has been recommended by the Directors in respect of the financial year ended 31 March 2016, subject to the approval of the members at the forthcoming Annual General Meeting.

## Directors of the Company

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

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

## Directors' interests in shares

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

	Number of ordinary shares of RM1 each				Balance at 31.3.2016
	Balance at 1.4.2015	Bought	ESOS exercised	(Sold)	
<b>Interest in the Company :</b>					
<b><i>Dato' Lim Soon Huat</i></b>					
- own	2,454,705	24,000	-	-	2,478,705
- others*	4,212,160	-	95,000	(146,200)	4,160,960
<b><i>Lim Soon Wah</i></b>					
- own	3,983,720	-	-	-	3,983,720
- others*	243,712	-	-	-	243,712

**Directors' interests in shares (continued)**

	Number of ordinary shares of RM1 each			Balance at 31.3.2016
	Balance at 1.4.2015	Bought	(Sold)	
Interest in the Company :				
<b><i>Lim Soon Hee</i></b>				
- own	4,117,996	-	-	4,117,996

Deemed interest in the Company :

<b><i>Dato' Lim Soon Huat</i></b>				
- own	83,738,951	-	-	83,738,951

	Number of options over ordinary shares of RM1 each			Balance at 31.3.2016
	Balance at 1.4.2015	Granted	(Exercised)	
Interest in the Company :				
<b><i>Dato' Lim Soon Huat</i></b>				
- own	352,000	-	-	352,000
- others*	312,000	-	(95,000)	217,000
<b><i>Lim Soon Wah</i></b>				
- own	974,400	-	-	974,400
<b><i>Nurjannah Binti Ali</i></b>				
- own	64,000	-	-	64,000

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

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

Other than as disclosed above, none of the other Directors holding office at 31 March 2016 had any interest in the ordinary shares and options over the shares of the Company and of its related corporations during the financial year.

## Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Company and its related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 28 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 apart from the issue of 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 RM189,990,240 to 191,317,860 through the issuance of 1,327,620 new ordinary shares of RM1.00 each for cash from the exercise of ESOS as follows :

	<b>Exercise price RM</b>	<b>Number of ordinary shares of RM1.00 each issued</b>
Exercise of options under ESOS	1.96	285,720
Exercise of options under ESOS	2.57	32,000
Exercise of options under ESOS	1.94	916,840
Exercise of options under ESOS	2.44	93,060

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

## Options granted over unissued shares

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

## Employees' share option scheme

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

The main features of the Scheme are as follows :

- i) The total number of shares to be offered under the Scheme shall not exceed 15% of the issued and paid-up share capital of the Company or such maximum percentage as allowable by the relevant authorities at any point in time during the existence of the Scheme. In the event the maximum number of shares offered exceeds 15% of the issued and paid-up share capital or such maximum percentage as allowable by the relevant authorities as a result of the Company purchasing its own shares and thereby diminishing its issued and paid-up share capital, then the options granted prior to the adjustment of the issued and paid-up share capital of the Company shall remain valid and exercisable but there shall not be any further offer;
- ii) The Scheme shall be in force for a period of five years commencing from 23 April 2007 being the last date on which the Company obtained all relevant approvals required for the Scheme. The Scheme, which had expired on 22 April 2012, has been extended for another five years until 21 April 2017;
- iii) The option is personal to the grantee and is not assignable, transferable, disposable or changeable except for certain conditions provided for in the By-Laws;
- iv) Eligible persons are employees and Directors, who are involved in the day-to-day management and on the payroll of the Group (save for the Non-Executive Directors 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 arise pursuant to the event stipulated in (viii);

## Employees' share option scheme (continued)

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

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

Date of offer	Exercise price	Number of options over ordinary shares of RM1 each			
		Balance at 1.4.2015	Exercised	Lapsed due to resignation	Balance at 31.3.2016
27.4.2007	1.96	1,073,920	(285,720)	-	788,200
20.4.2009	2.57	504,000	(32,000)	-	472,000
3.10.2011	1.94	3,333,920	(916,840)	(152,160)	2,264,920
27.3.2014	2.44	661,120	(93,060)	(154,840)	413,220
		<u>5,572,960</u>	<u>(1,327,620)</u>	<u>(307,000)</u>	<u>3,938,340</u>

## Other statutory information

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

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

## **Other statutory information (continued)**

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 March 2016 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.



## **Auditors**

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

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

.....  
**Dato' Lim Soon Huat**

.....  
**Lim Soon Wah**

Penang,

Date : 11 July 2016

## Asia File Corporation Bhd.

(Company No. 313192 - P)

(Incorporated in Malaysia)

### and its subsidiaries

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## Consolidated statement of financial position as at 31 March 2016

	Note	2016 RM	2015 RM
<b>Assets</b>			
Property, plant and equipment	3	100,612,629	104,445,871
Prepaid lease payments	4	1,522,952	1,561,827
Investment properties	5	1,428,803	1,470,135
Investment in an associate	7	134,942,581	129,210,810
Intangible assets	8	31,760,000	32,098,265
<b>Total non-current assets</b>		<u>270,266,965</u>	<u>268,786,908</u>
Inventories	9	107,958,643	103,800,751
Current tax assets		30,538	84,495
Trade and other receivables	10	82,656,190	75,664,296
Derivative financial assets	11	4,207,312	201,863
Other investments	12	88,197,069	-
Cash and cash equivalents	13	75,576,622	116,128,736
<b>Total current assets</b>		<u>358,626,374</u>	<u>295,880,141</u>
<b>Total assets</b>		<u>628,893,339</u>	<u>564,667,049</u>
<b>Equity</b>			
Share capital	14	191,317,860	189,990,240
Treasury shares	15	(916)	-
Reserves	16	330,274,890	272,325,042
<b>Total equity attributable to owners of the Company</b>		<u>521,591,834</u>	<u>462,315,282</u>
Non-controlling interests		232,188	72,571
<b>Total equity</b>		<u>521,824,022</u>	<u>462,387,853</u>

## Consolidated statement of financial position as at 31 March 2016 (continued)

	Note	2016 RM	2015 RM
<b>Liabilities</b>			
Bank borrowings	17	-	3,015,000
Deferred tax liabilities	18	8,927,973	8,294,301
<b>Total non-current liabilities</b>		8,927,973	11,309,301
Bank borrowings	17	28,430,116	27,824,154
Trade and other payables	19	49,863,464	47,173,650
Current tax payables		6,455,528	4,536,433
Dividend payable		13,392,236	11,435,658
<b>Total current liabilities</b>		98,141,344	90,969,895
<b>Total liabilities</b>		107,069,317	102,279,196
<b>Total equity and liabilities</b>		628,893,339	564,667,049

The notes on pages 24 to 95 are an integral part of these financial statements.

## Asia File Corporation Bhd.

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## Consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2016

	Note	2016 RM	2015 RM
Revenue	21	389,855,641	387,416,143
Cost of sales		(230,380,588)	(240,355,099)
<b>Gross profit</b>		<u>159,475,053</u>	<u>147,061,044</u>
Distribution costs		(13,994,266)	(16,658,284)
Administrative expenses		(71,581,542)	(69,379,578)
Other operating expenses		(3,509,747)	(4,753,559)
Other operating income		22,009,192	4,492,851
		<u>(67,076,363)</u>	<u>(86,298,570)</u>
<b>Results from operating activities</b>		<u>92,398,690</u>	<u>60,762,474</u>
Share of profits of equity-accounted associate, net of tax		6,434,637	4,160,031
Interest expense		(297,286)	(307,510)
<b>Profit before tax</b>	22	<u>98,536,041</u>	<u>64,614,995</u>
Tax expense	25	(21,878,346)	(14,407,690)
<b>Profit for the year</b>		<u>76,657,695</u>	<u>50,207,305</u>

## Consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2016 (continued)

	Note	2016 RM	2015 RM
<b>Other comprehensive income/(expense), net of tax</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign exchange translation differences for foreign operations		8,470,311	(6,921,472)
Fair value of available-for-sale financial assets		782,703	-
		9,253,014	(6,921,472)
<b>Item that will not be reclassified subsequently to profit or loss</b>			
Share of other comprehensive income of equity-accounted associate		1,129,759	917,979
<b>Other comprehensive income/(expense) for the year, net of tax</b>		10,382,773	(6,003,493)
<b>Total comprehensive income for the year</b>		87,040,468	44,203,812
<b>Profit attributable to:</b>			
Owners of the Company		76,501,880	50,170,864
Non-controlling interests		155,815	36,441
<b>Profit for the year</b>		76,657,695	50,207,305
<b>Total comprehensive income attributable to :</b>			
Owners of the Company		86,880,851	44,161,963
Non-controlling interests		159,617	41,849
<b>Total comprehensive income for the year</b>		87,040,468	44,203,812
<b>Basic earnings per ordinary share (sen)</b>	26	40.08	26.50
<b>Diluted earnings per ordinary share (sen)</b>	26	39.67	26.10

The notes on pages 24 to 95 are an integral part of these financial statements.

# Asia File Corporation Bhd.

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## and its subsidiaries

### Consolidated statement of changes in equity for the year ended 31 March 2016

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

## Consolidated statement of changes in equity for the year ended 31 March 2016 (continued)

	← Attributable to owners of the Company →						Retained earnings RM	Total RM	Non- controlling interests RM	Total equity RM
	Share capital RM	Treasury shares RM	Share premium RM	Share option reserve RM	Translation reserve RM	Fair value reserve RM				
<b>At 1 April 2015</b>	189,990,240	-	351,978	2,743,532	1,015,137	-	268,214,395	462,315,282	72,571	462,387,853
Foreign exchange translation differences for foreign operations	-	-	-	-	8,466,509	-	-	8,466,509	3,802	8,470,311
Fair value of available-for-sale financial assets	-	-	-	-	-	782,703	-	782,703	-	782,703
Share of other comprehensive income of equity-accounted associates	-	-	-	-	908,152	-	221,607	1,129,759	-	1,129,759
<b>Total other comprehensive income for the year</b>	-	-	-	-	9,374,661	782,703	221,607	10,378,971	3,802	10,382,773
Profit for the year	-	-	-	-	-	-	76,501,880	76,501,880	155,815	76,657,695
<b>Total comprehensive income for the year</b>	-	-	-	-	9,374,661	782,703	76,723,487	86,880,851	159,617	87,040,468
Treasury shares acquired	-	(916)	-	-	-	-	-	(916)	-	(916)
Share-based payments (Note 20)	-	-	-	331,827	-	-	-	331,827	-	331,827
Issue of shares pursuant to ESOS	1,327,620	-	1,320,367	-	-	-	-	2,647,987	-	2,647,987
Dividends (Note 27)	-	-	-	-	-	-	(30,583,197)	(30,583,197)	-	(30,583,197)
<b>Total contribution from/(distribution to) owners</b>	1,327,620	(916)	1,320,367	331,827	-	-	(30,583,197)	(27,604,299)	-	(27,604,299)
Transfer to share premium for share options exercised	-	-	699,950	(699,950)	-	-	-	-	-	-
Transfer from share option reserve for options lapsed	-	-	-	(239,262)	-	-	239,262	-	-	-
<b>At 31 March 2016</b>	191,317,860	(916)	2,372,295	2,136,147	10,389,798	782,703	314,593,947	521,591,834	232,188	521,824,022

The notes on pages 24 to 95 are an integral part of these financial statements.

## Asia File Corporation Bhd.

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## Consolidated statement of cash flows for the year ended 31 March 2016

	Note	2016 RM	2015 RM
<b>Cash flows from operating activities</b>			
Profit before tax		98,536,041	64,614,995
Adjustments for :			
Depreciation			
- Property, plant and equipment	3	10,501,057	11,016,168
- Investment properties	5	41,332	41,332
Amortisation of prepaid lease payments	4	38,875	38,875
Amortisation of intangible assets	8	386,383	357,681
Gain on disposals of property, plant and equipment		(34,034)	(661,232)
Intangible assets written off		158,197	526,962
Interest expense		297,286	307,510
Interest income		(1,980,538)	(953,388)
Share of profit of equity-accounted associate, net of tax		(6,434,637)	(4,160,031)
Share-based payments	20	331,827	700,651
Derivative financial assets		(4,005,449)	(38,602)
Property, plant and equipment written off		26,201	431
<b>Operating profit before changes in working capital</b>		97,862,541	71,791,352
Changes in working capital :			
Inventories		60,433	(1,753,135)
Trade and other receivables		(3,793,894)	2,743,887
Trade and other payables		(1,789,635)	(4,379,503)
<b>Cash generated from operations</b>		92,339,445	68,402,601
Income tax paid		(19,649,069)	(14,525,494)
<b>Net cash from operating activities</b>		72,690,376	53,877,107



## Consolidated statement of cash flows for the year ended 31 March 2016 (continued)

	Note	2016 RM	2015 RM
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(2,852,781)	(7,995,344)
Purchase of intangible assets	8	(626)	-
Proceeds from disposals of property, plant and equipment		41,175	828,609
Dividend received from associate		1,832,625	1,832,625
Interest received		1,980,538	953,388
Acquisition of other investments		(87,414,366)	-
<b>Net cash used in investing activities</b>		<b>(86,413,435)</b>	<b>(4,380,722)</b>
<b>Cash flows from financing activities</b>			
Bonus issue expenses		-	(60,913)
Drawdown of short term borrowings, net		1,811,962	8,908,970
Repayment of term loans, net		(4,662,000)	(1,206,000)
Proceeds from sale of treasury shares		-	2,405,286
Proceeds from shares issued under ESOS		2,647,987	6,736,334
Repurchase of treasury shares	15	(916)	(1,429)
Dividends paid		(28,626,619)	(26,540,775)
Interest paid		(297,286)	(307,510)
<b>Net cash used in financing activities</b>		<b>(29,126,872)</b>	<b>(10,066,037)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(42,849,931)</b>	<b>39,430,348</b>
Cash and cash equivalents at 1 April		116,128,736	78,121,989
Effect of exchange rate fluctuations on cash and cash equivalents		2,297,817	(1,423,601)
<b>Cash and cash equivalents at 31 March</b>		<b>75,576,622</b>	<b>116,128,736</b>

## Consolidated statement of cash flows for the year ended 31 March 2016 (continued)

### NOTE

#### *Cash and cash equivalents*

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

	<b>Note</b>	<b>2016 RM</b>	<b>2015 RM</b>
Short term deposits with licensed banks	13	-	34,567,493
Short term funds	13	15,579,538	38,770,603
Cash and bank balances	13	59,997,084	42,790,640
		<u>75,576,622</u>	<u>116,128,736</u>

The notes on pages 24 to 95 are an integral part of these financial statements.

## Asia File Corporation Bhd.

(Company No. 313192 - P)

(Incorporated in Malaysia)

### Statement of financial position as at 31 March 2016

	Note	2016 RM	2015 RM
<b>Assets</b>			
Investments in subsidiaries	6	202,116,464	58,663,162
Investment in an associate	7	5,192,167	5,192,167
<b>Total non-current assets</b>		<u>207,308,631</u>	<u>63,855,329</u>
Trade and other receivables	10	21,769,573	175,642,940
Cash and cash equivalents	13	2,633,983	825,656
<b>Total current assets</b>		<u>24,403,556</u>	<u>176,468,596</u>
<b>Total assets</b>		<u><u>231,712,187</u></u>	<u><u>240,323,925</u></u>
<b>Equity</b>			
Share capital	14	191,317,860	189,990,240
Treasury shares	15	(916)	-
Reserves	16	25,287,276	35,860,551
<b>Total equity</b>		<u>216,604,220</u>	<u>225,850,791</u>
<b>Liabilities</b>			
Trade and other payables	19	1,711,581	3,031,476
Current tax payables		4,150	6,000
Dividend payable		13,392,236	11,435,658
<b>Total current liabilities</b>		<u>15,107,967</u>	<u>14,473,134</u>
<b>Total equity and liabilities</b>		<u><u>231,712,187</u></u>	<u><u>240,323,925</u></u>

The notes on pages 24 to 95 are an integral part of these financial statements.

## Asia File Corporation Bhd.

(Company No. 313192 - P)

(Incorporated in Malaysia)

### Statement of profit or loss and other comprehensive income for the year ended 31 March 2016

	Note	2016 RM	2015 RM
Revenue	21	21,583,343	27,008,468
Administrative expenses		(3,683,712)	(2,827,909)
Other operating expenses		(167)	(18,789)
Other operating income		539,474	358,765
<b>Results from operating activities</b>		18,438,938	24,520,535
Interest expense		(9)	-
<b>Profit before tax</b>	22	18,438,929	24,520,535
Tax expense	25	(81,201)	(108,424)
<b>Profit for the year representing total comprehensive income for the year</b>		18,357,728	24,412,111

The notes on pages 24 to 95 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 2016

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

## Statement of changes in equity for the year ended 31 March 2016 (continued)

	← Non-distributable →			Distributable		Total equity RM
	Share capital RM	Treasury shares RM	Share premium RM	Share option reserve RM	Retained earnings RM	
<b>At 1 April 2015</b>	189,990,240	-	-	2,773,270	33,087,281	225,850,791
Profit and total comprehensive income for the year	-	-	-	-	18,357,728	18,357,728
Treasury shares acquired	-	(916)	-	-	-	(916)
Share-based payment transactions (Note 20)	-	-	-	331,827	-	331,827
Shares issued pursuant - ESOS	1,327,620	-	1,320,367	-	-	2,647,987
Dividends (Note 27)	-	-	-	-	(30,583,197)	(30,583,197)
<b>Total contribution from/(distribution to) owners of the Company</b>	1,327,620	(916)	1,320,367	331,827	(30,583,197)	(27,604,299)
Transfer to share premium for share options exercised	-	-	699,950	(699,950)	-	-
Transfer from share option reserve for options lapsed	-	-	-	(239,262)	239,262	-
<b>At 31 March 2016</b>	<b>191,317,860</b>	<b>(916)</b>	<b>2,020,317</b>	<b>2,165,885</b>	<b>21,101,074</b>	<b>216,604,220</b>

The notes on pages 24 to 95 are an integral part of these financial statements.

## Asia File Corporation Bhd.

(Company No. 313192 - P)

(Incorporated in Malaysia)

### Statement of cash flows for the year ended 31 March 2016

	Note	2016 RM	2015 RM
<b>Cash flows from operating activities</b>			
Profit before tax		18,438,929	24,520,535
Adjustments for :			
Dividend income		(17,907,842)	(24,187,842)
Interest income		(232,638)	(279,155)
Share-based payments	20	106,023	216,463
		404,472	270,001
<b>Operating profit before changes in working capital</b>			
Changes in working capital :			
Other receivables	A	10,745,867	(7,099,267)
Other payables		(1,319,895)	(1,818,587)
		9,830,444	(8,647,853)
<b>Cash generated from/(used in) operations</b>			
Income tax paid		(83,051)	(94,556)
Dividend received		17,907,842	24,187,842
		27,655,235	15,445,433
<b>Net cash from operating activities</b>			
<b>Cash flows from investing activities</b>			
Interest received		232,638	279,155
Increase in investments in subsidiaries	B	(99,998)	-
		132,640	279,155
<b>Net cash generated from investing activities</b>			

## Statement of cash flows for the year ended 31 March 2016 (continued)

	Note	2016 RM	2015 RM
<b>Cash flows from financing activities</b>			
Proceeds from sale of treasury shares		-	2,405,286
Proceeds from shares issued under ESOS		2,647,987	6,736,334
Repurchase of treasury shares	15	(916)	(1,429)
Dividends paid		(28,626,619)	(26,540,775)
Bonus issue expenses		-	(60,913)
<b>Net cash used in financing activities</b>		<b>(25,979,548)</b>	<b>(17,461,497)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,808,327</b>	<b>(1,736,909)</b>
Cash and cash equivalents at 1 April		825,656	2,562,565
<b>Cash and cash equivalents at 31 March</b>	13	<b>2,633,983</b>	<b>825,656</b>

### NOTES

#### A. Changes in other receivables

Changes in other receivables comprises of :

	2016 RM	2015 RM
Decrease/(Increase) of other receivables during the year, net	153,873,367	(7,099,267)
Capitalisation of amount due from subsidiaries	(143,127,500)	-
	<b>10,745,867</b>	<b>(7,099,267)</b>

#### B. Increase in investments in subsidiaries

During the financial year, the Company increased investments in subsidiaries with a total cost of RM143,227,498 (2015 : RM Nil), of which RM99,998 (2015 : RM Nil) was settled in cash and the remaining balance of RM143,127,500 (2015 : RM Nil) was settled by way of capitalising the amount due from subsidiaries.

The notes on pages 24 to 95 are an integral part of these financial statements.



# **Asia File Corporation Bhd.**

(Company No. 313192 - P)

(Incorporated in Malaysia)

## **and its subsidiaries**

### **Notes to the financial statements**

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

#### **Registered office**

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

#### **Principal place of business**

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

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2016 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in an associate.

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

These financial statements were authorised for issue by the Board of Directors on 11 July 2016.

## **1. Basis of preparation**

### **(a) Statement of compliance**

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

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

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

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

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

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

- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

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

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

*MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019*

- MFRS 16, *Leases*

*MFRSs, Interpretations and amendments effective for a date yet to be confirmed*

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

- from the annual period beginning on 1 April 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, where applicable.
- from the annual period beginning on 1 April 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017, where applicable.
- from the annual period beginning on 1 April 2018 for those accounting standards that are effective for annual periods beginning on or after 1 January 2018.
- from the annual period beginning on 1 April 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.

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

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

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

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

## **1. Basis of preparation (continued)**

### **(a) Statement of compliance (continued)**

#### **(ii) MFRS 9, *Financial Instruments***

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

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

#### **(iii) MFRS 16, *Leases***

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

### **(b) Basis of measurement**

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

### **(c) Functional and presentation currency**

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

### **(d) Use of estimates and judgements**

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

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

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

## 2. Significant accounting policies

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

### (a) Basis of consolidation

#### (i) *Subsidiaries*

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

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

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

#### (ii) *Business combinations*

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

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

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

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

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

## 2. Significant accounting policies (continued)

### (a) Basis of consolidation (continued)

#### (ii) *Business combinations (continued)*

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

#### (iii) *Acquisitions of non-controlling interests*

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

#### (iv) *Loss of control*

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

#### (v) *Associates*

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

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

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

## 2. Significant accounting policies (continued)

### (a) Basis of consolidation (continued)

#### (v) *Associates (continued)*

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

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

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

#### (vi) *Non-controlling interests*

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

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

#### (vii) *Transactions eliminated on consolidation*

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

## 2. Significant accounting policies (continued)

### (a) Basis of consolidation (continued)

#### (vii) *Transactions eliminated on consolidation (continued)*

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

### (b) Foreign currency

#### (i) *Foreign currency transactions*

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

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

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

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

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

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

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



## 2. Significant accounting policies (continued)

### (b) Foreign currency (continued)

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

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

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

### (c) Financial instruments

#### (i) *Initial recognition and measurement*

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

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

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

## 2. Significant accounting policies (continued)

### (c) Financial instruments (continued)

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

The Group and the Company categorise financial instruments as follows:

#### *Financial assets*

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

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

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

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

##### (b) *Loans and receivables*

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

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

##### (c) *Available-for-sale financial assets*

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

## 2. Significant accounting policies (continued)

### (c) Financial instruments (continued)

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

##### *Financial assets (continued)*

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

##### *Financial liabilities*

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

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

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

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

#### (iii) *Financial guarantee contracts*

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

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

#### (iv) *Regular way purchase or sale of financial assets*

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

## 2. Significant accounting policies (continued)

### (c) Financial instruments (continued)

#### (iv) *Regular way purchase or sale of financial assets (continued)*

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

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

#### (v) *Derecognition*

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

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

### (d) Property, plant and equipment

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

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

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

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

## 2. Significant accounting policies (continued)

### (d) Property, plant and equipment (continued)

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

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

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

#### (ii) *Subsequent costs*

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

#### (iii) *Depreciation*

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

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

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

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

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

## 2. Significant accounting policies (continued)

### (e) Leased assets

#### *Operating leases*

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

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

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

### (f) Intangible assets

#### (i) Goodwill

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

#### (ii) Other intangible assets

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

#### (iii) Subsequent expenditure

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

#### (iv) Amortisation

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

## 2. Significant accounting policies (continued)

### (f) Intangible assets (continued)

#### (iv) Amortisation (continued)

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

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

- Customer contracts – 7 years

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

### (g) Investment property

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

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

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

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

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

#### (ii) *Reclassification to/from investment property*

When an item of property, plant and equipment is transferred to investment properties following a change in its use, evidenced by commencement of owner-occupation, for a transfer from investment properties to owner-occupied property or end of owner-occupation, for a transfer from owner-occupied property to investment property.

## 2. Significant accounting policies (continued)

### (g) Investment property (continued)

#### (ii) *Reclassification to/from investment property (continued)*

Transfer between investment properties and property, plant and equipment does not change the carrying amount and the cost of the property transferred.

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

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

### (h) Impairment

#### (i) *Financial assets*

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

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

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

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



## 2. Significant accounting policies (continued)

### (h) Impairment (continued)

#### (i) *Financial assets (continued)*

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

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

#### (ii) *Other assets*

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

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

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

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

## 2. Significant accounting policies (continued)

### (h) Impairment (continued)

#### (ii) Other assets (continued)

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

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

### (i) Inventories

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

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

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

### (j) Cash and cash equivalents

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

## 2. Significant accounting policies (continued)

### (k) Provisions

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

### (l) Equity instruments

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

#### (i) *Issue expenses*

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

#### (ii) *Ordinary shares*

Ordinary shares are classified as equity.

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

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

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

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

### (m) Borrowing costs

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

## 2. Significant accounting policies (continued)

### (m) Borrowing costs (continued)

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

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

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

### (n) Revenue and other income

#### (i) *Goods sold*

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

#### (ii) *Rental income*

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

#### (iii) *Dividend income*

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

## 2. Significant accounting policies (continued)

### (n) Revenue and other income (continued)

#### (iv) *Commission*

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

#### (v) *Interest income*

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

### (o) Income tax

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

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

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

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

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

## 2. Significant accounting policies (continued)

### (o) Income tax (continued)

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

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

### (p) Employee benefits

#### (i) *Short-term employee benefits*

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

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

#### (ii) *State plans*

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

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

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

## **2. Significant accounting policies (continued)**

### **(p) Employee benefits (continued)**

#### ***(iii) Share-based payment transactions (continued)***

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

### **(q) Earnings per ordinary share**

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

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

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

### **(r) Operating segments**

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

### **(s) Contingencies**

#### ***(i) Contingent liabilities***

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

## 2. Significant accounting policies (continued)

### (s) Contingencies (continued)

#### (ii) *Contingent assets*

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

### (t) Fair value measurements

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

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

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

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

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



### 3. Property, plant and equipment - Group

	Freehold land RM	Buildings RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Under construction RM	Total RM
<b>Cost</b>							
At 1 April 2014	15,240,252	83,170,184	155,628,299	17,849,402	8,825,429	-	280,713,566
Additions	-	478,378	5,929,994	914,136	492,314	180,522	7,995,344
Disposals	(116,322)	-	(773,000)	(87,049)	(161,409)	-	(1,137,780)
Write off	-	-	(34,996)	(253,025)	-	-	(288,021)
Effect of movements in exchange rates	(363,411)	(3,585,946)	(6,741,846)	(1,475,520)	(360,359)	-	(12,527,082)
At 31 March 2015/1 April 2015	14,760,519	80,062,616	154,008,451	16,947,944	8,795,975	180,522	274,756,027
Additions	-	384,007	1,675,087	523,333	270,354	-	2,852,781
Disposals	-	(255,120)	(593,057)	(274,667)	(107,315)	-	(1,230,159)
Write off	-	(26,032)	-	(12,913)	-	-	(38,945)
Reclassification	-	180,522	-	-	-	(180,522)	-
Effect of movements in exchange rates	312,598	3,539,001	6,694,695	1,404,825	400,942	-	12,352,061
At 31 March 2016	15,073,117	83,884,994	161,785,176	18,588,522	9,359,956	-	288,691,765

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

	Freehold land RM	Buildings RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Under construction RM	Total RM
<b>Accumulated depreciation</b>							
At 1 April 2014	-	30,402,007	117,558,465	15,026,526	6,853,598	-	169,840,596
Depreciation for the year	-	2,198,048	6,858,660	977,918	981,542	-	11,016,168
Disposals	-	-	(766,099)	(83,249)	(121,055)	-	(970,403)
Write off	-	-	(34,996)	(252,594)	-	-	(287,590)
Effect of movements in exchange rates	-	(2,197,325)	(5,505,000)	(1,259,065)	(327,225)	-	(9,288,615)
At 31 March 2015/1 April 2015	-	30,402,730	118,111,030	14,409,536	7,386,860	-	170,310,156
Depreciation for the year	-	2,212,287	6,507,940	885,008	895,822	-	10,501,057
Disposals	-	(255,120)	(593,052)	(272,251)	(102,595)	-	(1,223,018)
Write off	-	(651)	-	(12,093)	-	-	(12,744)
Effect of movements in exchange rates	-	2,017,727	5,029,872	1,166,769	289,317	-	8,503,685
At 31 March 2016	-	34,376,973	129,055,790	16,176,969	8,469,404	-	188,079,136

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

	<b>Freehold land RM</b>	<b>Buildings RM</b>	<b>Plant and machinery RM</b>	<b>Office equipment, furniture and fittings RM</b>	<b>Motor vehicles RM</b>	<b>Under construction RM</b>	<b>Total RM</b>
<b>Carrying amounts</b>							
At 1 April 2014	15,240,252	52,768,177	38,069,834	2,822,876	1,971,831	-	110,872,970
At 31 March 2015/ 1 April 2015	14,760,519	49,659,886	35,897,421	2,538,408	1,409,115	180,522	104,445,871
At 31 March 2016	15,073,117	49,508,021	32,729,386	2,411,553	890,552	-	100,612,629

#### Security

Certain freehold land of the Group with carrying amount of RM7,992,000 (2015 : RM7,236,000) was pledged to a financial institution as security for banking facilities granted to a subsidiary.

#### 4. Prepaid lease payments - Group

	<b>Unexpired period less than 50 years RM</b>
<b>Cost</b>	
At 1 April 2014/31 March 2015/1 April 2015/31 March 2016	<u>2,294,116</u>
<b>Amortisation</b>	
At 1 April 2014	693,414
Amortisation for the year	38,875
At 31 March 2015/1 April 2015	<u>732,289</u>
Amortisation for the year	38,875
At 31 March 2016	<u>771,164</u>
<b>Carrying amounts</b>	
At 1 April 2014	<u>1,600,702</u>
At 31 March 2015/1 April 2015	<u>1,561,827</u>
At 31 March 2016	<u>1,522,952</u>

#### 5. Investment properties - Group

	<b>RM</b>
<b>Buildings</b>	
<b>Cost</b>	
At 1 April 2014/31 March 2015/1 April 2015/31 March 2016	<u>2,066,583</u>
<b>Accumulated depreciation</b>	
At 1 April 2014	555,116
Depreciation for the year	41,332
At 31 March 2015/1 April 2015	<u>596,448</u>
Depreciation for the year	41,332
At 31 March 2016	<u>637,780</u>

## 5. Investment properties - Group (continued)

<b>Buildings</b>	<b>RM</b>
<b>Carrying amounts</b>	
At 1 April 2014	<u>1,511,467</u>
At 31 March 2015/1 April 2015	<u>1,470,135</u>
At 31 March 2016	<u>1,428,803</u>

The fair value of the investment properties as at 31 March 2016 is categorised as level 3 of the fair value hierarchy. Based on the Directors' estimation using the latest available market information and recent experience and knowledge in the location and category property being valued, the fair value of the investment properties of the Group is approximately RM4,000,000 (2015 : RM4,000,000).

### *Estimation uncertainty and key assumptions*

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

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

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

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

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Rental income	228,000	209,000
Direct operating expenses		
- income generating investment properties	<u>15,583</u>	<u>14,901</u>

## 6. Investments in subsidiaries - Company

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost	198,068,043	54,840,545
Add: Share-based payment allocated to subsidiaries	4,048,421	3,822,617
	<u>202,116,464</u>	<u>58,663,162</u>

## 6. Investments in subsidiaries - Company (continued)

Details of the subsidiaries are as follows :

Name of subsidiary	Effective ownership interest		Country of incorporation	Principal activities
	2016	2015		
Asia File Products Sdn. Bhd.	100%	100%	Malaysia	Manufacture and sale of stationery products
Sin Chuan Marketing Sdn. Bhd.	100%	100%	Malaysia	Trading of stationery products
Lim & Khoo Sdn. Bhd.	100%	100%	Malaysia	Investment holding
Formosa Technology Sdn. Bhd.	100%	100%	Malaysia	Dormant
ABBA Marketing Sdn. Bhd.	100%	100%	Malaysia	Trading of stationery products, graphic designing and desktop publishing
AFP Composite Sdn. Bhd.	100%	100%	Malaysia	Manufacture and supply of plastic related products and filing products
Premier Stationery Limited *	95%	95%	United Kingdom	Import and distribution of stationery products
Premier Stationery Pte. Ltd. *	100%	100%	Singapore	Trading of stationery products
Higher Kings Mill Limited *	100%	100%	United Kingdom	Manufacture and sale of coloured paper and boards for filing, educational and other specialty markets

## 6. Investments in subsidiaries - Company (continued)

Details of the subsidiaries are as follows (continued) :

Name of subsidiary	Effective ownership interest		Country of incorporation	Principal activities
	2016	2015		
<i>Subsidiary of Asia</i>				
<i>File Products Sdn. Bhd.</i>				
Plastoreg Smidt GmbH #	100%	100%	Germany	Manufacture and distribution of stationery products

\* Not audited by member firms of KPMG International

# Audited by member firms of KPMG International

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

## 7. Investment in an associate

	2016 RM	2015 RM
<b>Group</b>		
At cost		
Quoted shares in Malaysia	47,041,909	47,041,909
Share of post acquisition reserves and results	87,900,672	82,168,901
	<u>134,942,581</u>	<u>129,210,810</u>
Market value of quoted shares	<u>125,229,375</u>	<u>114,844,000</u>
<b>Company</b>		
At cost		
Quoted shares in Malaysia	<u>5,192,167</u>	<u>5,192,167</u>
Market value of quoted shares	<u>12,835,870</u>	<u>11,771,000</u>

## 7. Investment in an associate (continued)

Details of the associate are as follows :

Name of associate	Effective ownership interest		Country of incorporation	Principal activity
	2016 %	2015 %		
Muda Holdings Berhad	20.03	20.03	Malaysia	Investment holding

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

	2016 RM'000	2015 RM'000
<b>Muda Holdings Berhad</b>		
<b>Summarised financial information</b>		
<b>As at 31 March</b>		
Non-current assets	843,543	849,559
Current assets	517,239	494,458
Non-current liabilities	(145,518)	(166,607)
Current liabilities	(518,559)	(511,371)
Non-controlling interests	(23,001)	(20,952)
<b>Net assets</b>	<b>673,704</b>	<b>645,087</b>
<b>Year ended 31 March</b>		
Profit from continuing operations	32,125	20,769
Other comprehensive income	5,642	4,585
<b>Total comprehensive income</b>	<b>37,767</b>	<b>25,354</b>
<b><i>Included in the total comprehensive income is :</i></b>		
Revenue	1,157,888	1,059,872



## 7. Investment in an associate (continued)

	2016 RM'000	2015 RM'000
<b>Reconciliation of net assets to carrying amount</b>		
<b>As at 31 March</b>		
Group's share of net assets representing the carrying amount of the associate in the statement of financial position	134,943	129,211
<b>Group's share of results</b>		
<b>Year ended 31 March</b>		
Group's share of profit or loss from continuing operations	6,435	4,160
Group's share of other comprehensive income	1,130	918
Group's share of total comprehensive income	7,565	5,078
<b>Other information</b>		
Dividends received	1,833	1,833

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

## 8. Intangible assets - Group

	Goodwill RM	Customer contracts RM	Total RM
<b>Group</b>			
<b>Cost</b>			
At 1 April 2014	30,234,456	3,283,312	33,517,768
Write off	-	(526,962)	(526,962)
Effect of movements in exchange rates	-	(343,687)	(343,687)
At 31 March 2015/1 April 2015	30,234,456	2,412,663	32,647,119
Addition	-	626	626
Write off	-	(194,607)	(194,607)
Effect of movements in exchange rates	-	390,182	390,182
At 31 March 2016	30,234,456	2,608,864	32,843,320

## 8. Intangible assets - Group (continued)

<b>Group</b>	<b>Goodwill RM</b>	<b>Customer contracts RM</b>	<b>Total RM</b>
<b>Amortisation</b>			
At 1 April 2014	-	234,526	234,526
Amortisation for the year	-	357,681	357,681
Effect of movements in exchange rates	-	(43,353)	(43,353)
At 31 March 2015/1 April 2015	-	548,854	548,854
Amortisation for the year	-	386,383	386,383
Write off	-	(36,410)	(36,410)
Effect of movements in exchange rates	-	184,493	184,493
At 31 March 2016	-	1,083,320	1,083,320
<b>Carrying amounts</b>			
At 1 April 2014	30,234,456	3,048,786	33,283,242
At 31 March 2015/1 April 2015	30,234,456	1,863,809	32,098,265
At 31 March 2016	30,234,456	1,525,544	31,760,000

Goodwill has been allocated to the Group's cash-generating units ("CGU") identified in the foreign subsidiary company's operations acquired in the previous year. The aggregate carrying amount of goodwill allocated was RM30.2 million (2015: 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 9%. 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 assumptions would not cause the recoverable amount of the CGU to be materially below their carrying amounts. Based on this review, there is no evidence of impairment on the Group's goodwill.

## 9. Inventories - Group

	<b>2016 RM</b>	<b>2015 RM</b>
Raw materials	62,161,815	60,017,669
Work-in-progress	3,918,194	3,252,522
Manufactured inventories	41,878,634	40,530,560
	<u>107,958,643</u>	<u>103,800,751</u>

## 10. Trade and other receivables

	<b>Note</b>	<b>2016 RM</b>	<b>2015 RM</b>
<b>Group</b>			
<b>Trade</b>			
Trade receivables	10.1	73,495,871	68,092,451
<b>Non-trade</b>			
Other receivables		6,207,359	5,195,476
Deposits		575,606	607,617
Prepayments		2,377,354	1,768,752
		<u>9,160,319</u>	<u>7,571,845</u>
		<u>82,656,190</u>	<u>75,664,296</u>
<b>Company</b>			
<b>Non-trade</b>			
Amount due from subsidiaries	10.2	21,750,279	175,607,119
Other receivables		19,294	35,821
		<u>21,769,573</u>	<u>175,642,940</u>

### 10.1 Trade receivables

The Group's normal credit terms for trade receivables range from 30 to 90 days (2015: 30 to 90 days).

Included in trade receivables are amounts due from companies in which a Director and his family members collectively have controlling interests of RM48,547 (2015 : RM58,312), respectively which are subject to the normal credit terms.

## 10. Trade and other receivables (continued)

### 10.2 Amount due from subsidiaries

The current non-trade receivables due from subsidiaries are unsecured, interest-free and repayable on demand other than an amount of RM3,665,369 (2015: RM4,961,975) due from a subsidiary which carries interest at 4.5% (2015: 4.5%) per annum.

## 11. Derivative financial assets - Group

	2016		2015	
	Nominal value RM	Assets RM	Nominal value RM	Assets RM
Derivative held for trading at fair value through profit or loss				
- Forward exchange contracts	<u>33,268,545</u>	<u>4,207,312</u>	<u>27,487,841</u>	<u>201,863</u>

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

## 12. Other investments - Group

	Note	2016 RM	2015 RM
Available-for-sale financial assets :			
Short term funds	12.1	84,613,409	-
Investment in dual currency structured product		3,583,660	-
		<u>88,197,069</u>	<u>-</u>
Market value of available-for-sale financial assets		<u>88,197,069</u>	<u>-</u>

### 12.1 Short term funds

The amount represents investment in money market funds which is placed for investment purpose.

### 13. Cash and cash equivalents

	Note	2016 RM	2015 RM
<b>Group</b>			
Short term deposits with licensed banks		-	34,567,493
Short term funds	13.1	15,579,538	38,770,603
Cash and bank balances		59,997,084	42,790,640
		<u>75,576,622</u>	<u>116,128,736</u>
<b>Company</b>			
Short term funds	13.1	1,920,398	-
Cash and bank balances		713,585	825,656
		<u>2,633,983</u>	<u>825,656</u>

#### 13.1 Short term funds

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

### 14. Share capital - Group/Company

	2016		2015	
	Amount RM	Number of shares	Amount RM	Number of shares
Ordinary shares of RM1 each				
Authorised :	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>
Issued and fully paid :				
Balance at 1 April	189,990,240	189,990,240	116,732,830	116,732,830
Issued under ESOS, for cash at :				
RM1.96 (2015 : RM3.14) per share	285,720	285,720	654,170	654,170
RM2.57 (2015 : RM4.11) per share	32,000	32,000	445,000	445,000
RM1.94 (2015 : RM3.10) per share	916,840	916,840	878,900	878,900
RM2.44 (2015 : RM3.90) per share	93,060	93,060	33,000	33,000
	1,327,620	1,327,620	2,011,070	2,011,070
Bonus issue (3 for 5)	-	-	71,246,340	71,246,340
Balance at 31 March	<u>191,317,860</u>	<u>191,317,860</u>	<u>189,990,240</u>	<u>189,990,240</u>

## 15. Treasury shares - Group/Company

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

During the financial year, the Company repurchased 200 (2015 : 200) of its issued share capital from the open market at an average price of RM4.27 (2015 : RM6.86) per share. The total consideration paid was RM916 (2015 : RM1,429) including transaction costs of RM62 (2015 : RM58). The repurchase transactions were financed by internally generated funds. The shares repurchased are retained as treasury shares.

During the financial year, the Company sold Nil (2015 : 400,200) treasury shares in the open market. The average resale price of the treasury shares was RM Nil (2015 : RM6.01) per share.

As at 31 March 2016, the ordinary shares held as treasury shares were 200 (2015 : Nil). The number of outstanding ordinary shares of RM1 each in issue and fully paid-up after deducting the treasury shares held is 191,317,660 (2015 : 189,990,240). Treasury shares held have no rights to voting, dividends and participation in other distribution.

## 16. Reserves

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
<b>Group</b>		
<b>Non-distributable :</b>		
Translation reserve	10,389,798	1,015,137
Fair value reserve	782,703	-
Share premium on ordinary shares		
Balance at 1 April	351,978	19,722,395
Issue of shares at :		
- RM1.96 (2015 : RM3.14) per share	274,291	1,399,924
- RM2.57 (2015 : RM4.11) per share	50,240	1,383,950
- RM1.94 (2015 : RM3.10) per share	861,830	1,845,690
- RM2.44 (2015 : RM3.90) per share	134,006	95,700
Sale of treasury shares	-	559,199
Share options exercised	699,950	1,329,182
Bonus issue	-	(25,923,149)
Bonus issue expenses	-	(60,913)
Balance at 31 March	2,372,295	351,978
Share option reserve	2,136,147	2,743,532

**16. Reserves (continued)**

<b>Group</b>	<b>2016 RM</b>	<b>2015 RM</b>
<b>Distributable :</b>		
Retained earnings	314,593,947	268,214,395
	<u>330,274,890</u>	<u>272,325,042</u>
<b>Company</b>		
<b>Non-distributable :</b>		
Share premium on ordinary shares		
Balance at 1 April	-	19,370,417
Issue of shares at :		
- RM1.96 (2015 : RM3.14) per share	274,291	1,399,924
- RM2.57 (2015 : RM4.11) per share	50,240	1,383,950
- RM1.94 (2015 : RM3.10) per share	861,830	1,845,690
- RM2.44 (2015 : RM3.90) per share	134,006	95,700
Sale of treasury shares	-	559,199
Share options exercised	699,950	1,329,182
Bonus issue	-	(25,923,149)
Bonus issue expenses	-	(60,913)
Balance at 31 March	2,020,317	-
Share option reserve	2,165,885	2,773,270
<b>Distributable :</b>		
Retained earnings	21,101,074	33,087,281
	<u>25,287,276</u>	<u>35,860,551</u>

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

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

## 17. Bank borrowings - Group

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
<b>Current</b>		
Secured		
Term loan	-	1,206,000
Unsecured		
Foreign currency trade loans	28,430,116	26,618,154
	<u>28,430,116</u>	<u>27,824,154</u>
<b>Non-current</b>		
Secured		
Term loan	<u>-</u>	<u>3,015,000</u>

### 17.1 Interest rates

The foreign currency trade loans are denominated in US Dollar and are subject to interest at rates ranging from 0.65% - 1.52% (2015 : 0.73% to 1.17%) per annum.

The secured term loan, which was denominated in Euro, was subject to interest at Nil (2015: 0.62%) per annum over Euro Interbank Offered Rate ("EURIBOR").

### 17.2 Securities

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

## 18. Deferred tax liabilities - Group

### Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following :

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Property, plant and equipment		
- revaluation	879,464	879,464
- capital allowances	7,417,756	6,693,664
- fair value adjustment	1,820,474	1,820,474
Provisions	(1,189,721)	(1,099,301)
	<u>8,927,973</u>	<u>8,294,301</u>



**18. Deferred tax liabilities - Group (continued)****Movement in temporary difference during the year**

	<b>At 1.4.2014 RM</b>	<b>Recognised in profit or loss (Note 25) RM</b>	<b>Translation difference RM</b>	<b>At 31.3.2015/ 1.4.2015 RM</b>	<b>Recognised in profit or loss (Note 25) RM</b>	<b>Translation difference RM</b>	<b>At 31.3.2016 RM</b>
<b>Group</b>							
Property, plant and equipment							
- revaluation	879,464	-	-	879,464	-	-	879,464
- capital allowance	6,592,329	294,963	(193,628)	6,693,664	544,395	179,697	7,417,756
- fair value adjustment	1,820,474	-	-	1,820,474	-	-	1,820,474
Provisions	(708,485)	(390,816)	-	(1,099,301)	(90,420)	-	(1,189,721)
	<u>8,583,782</u>	<u>(95,853)</u>	<u>(193,628)</u>	<u>8,294,301</u>	<u>453,975</u>	<u>179,697</u>	<u>8,927,973</u>

## 18. Deferred tax liabilities - Group (continued)

### Unrecognised deferred tax asset

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

	2016 RM	2015 RM
Tax losses carry-forwards of a foreign subsidiary	-	65,000

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

## 19. Trade and other payables

	Note	2016 RM	2015 RM
<b>Group</b>			
<b>Trade</b>			
Trade payables	19.1	25,731,105	28,365,088
<b>Non-trade</b>			
Other payables		7,885,712	5,854,020
Accrued expenses		16,246,647	12,954,542
		24,132,359	18,808,562
		<u>49,863,464</u>	<u>47,173,650</u>
<b>Company</b>			
<b>Non-trade</b>			
Amount due to subsidiaries	19.2	-	1,389,333
Other payables		1,417,447	1,352,050
Accrued expenses		294,134	290,093
		<u>1,711,581</u>	<u>3,031,476</u>

### 19.1 Trade payables

The Group's normal credit terms for trade payables range from 30 to 90 days (2015 : 30 to 90 days). Trade payables include amount due to companies related to the associates of the Group of RM608,758 (2015: RM834,680) which are subject to the normal credit terms.

## 19. Trade and other payables (continued)

### 19.2 Amount due to subsidiaries

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

## 20. Employee benefits - Group/Company

### Share Option Plan

The Group offers vested share options over ordinary shares to Non-Executive Director, 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 2016 RM	Number of options 2016	Weighted average exercise price 2015 RM	Number of options 2015
Outstanding at 1 April	1.96	1,073,920	3.14	1,385,220
Outstanding at 1 April	2.57	504,000	4.11	760,000
Outstanding at 1 April	1.94	3,333,920	3.10	3,028,450
Outstanding at 1 April	2.44	661,120	3.90	487,000
		5,572,960		5,660,670
Exercised during the year	1.96	(285,720)	3.14	(654,170)
Exercised during the year	2.57	(32,000)	4.11	(445,000)
Exercised during the year	1.94	(916,840)	3.10	(878,900)
Exercised during the year	2.44	(93,060)	3.90	(33,000)
Total exercised during the year		(1,327,620)		(2,011,070)
Lapsed due to resignation	1.96	-	3.14	(59,850)
Lapsed due to resignation	2.57	-	4.11	-
Lapsed due to resignation	1.94	(152,160)	3.10	(65,850)
Lapsed due to resignation	2.44	(154,840)	3.90	(40,800)
Total lapsed due to resignation		(307,000)		(166,500)
Balance before bonus issue	2.07	3,938,340	3.29	3,483,100

## 20. Employee benefits - Group/Company (continued)

### Share Option Plan (continued)

	Weighted average exercise price 2016 RM	Number of options 2016	Weighted average exercise price 2015 RM	Number of options 2015
Bonus issue	-	-	1.96*	402,720
Bonus issue	-	-	2.57*	189,000
Bonus issue	-	-	1.94*	1,250,220
Bonus issue	-	-	2.44*	247,920
Total bonus issue	-	-		2,089,860
Outstanding at 31 March	2.07	<u>3,938,340</u>	2.06*	<u>5,572,960</u>
Exercisable at 31 March		<u>3,756,760</u>		<u>3,337,120</u>

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

The outstanding options as at 31 March 2016 and 2015 have exercise prices of RM1.96, RM2.57, RM1.94 and RM2.44 respectively. The weighted average option life is 1 year (2015 : 2 years).

During the year, 1,327,620 (2015 : 2,011,070) share options were exercised. The weighted average share price for the year was RM4.10 (2015 : RM4.32, after adjusted for the effect from bonus issue).

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

	Directors RM	Executives RM	Others RM
<b>2016/2015</b>			
<b>Fair value of share options and assumptions</b>			
Fair value at grant date			
- 27.4.2007	0.44	0.44	0.44
- 20.4.2009	0.60	0.60	0.60
- 3.10.2011	0.77	0.77	0.77
- 27.3.2014	<u>2.86</u>	<u>2.86</u>	<u>2.86</u>

## 20. Employee benefits - Group/Company (continued)

### Share Option Plan (continued)

	Directors RM	Executives RM	Others RM
<b>2016/2015</b>			
<b>Fair value of share options and assumptions (continued)</b>			
Fair value after adjusted for bonus issue			
- 27.4.2007	0.28	0.28	0.28
- 20.4.2009	0.38	0.38	0.38
- 3.10.2011	0.48	0.48	0.48
- 27.3.2014	1.79	1.79	1.79
Exercise price :			
- at grant date	RM3.14, RM4.11, RM3.10 and RM3.90		
- after adjustment for bonus issue	RM1.96, RM2.57, RM1.94 and RM2.44		
Expected volatility (weighted average volatility)	19.42%, 22.04%, 31.50% and 20%		
Option life (expected weighted average life)	3 to 5 years		
Expected dividends	5.5% to 6.46%		
Risk-free interest rate (based on Malaysian government bonds)	2.82% to 3.45%		

### Value of employee services received for issue of share options

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Recognised as staff cost in profit or loss (Note 24)	331,827	700,651	106,023	216,463
Additions to investments in subsidiaries	-	-	225,804	484,188
	<u>331,827</u>	<u>700,651</u>	<u>331,827</u>	<u>700,651</u>

## 21. Revenue

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Invoiced value of goods sold less discounts and returns	389,765,395	387,333,437	-	-
Gross dividends receivable				
- subsidiaries	-	-	17,720,000	24,000,000
- associate	-	-	187,842	187,842
Commission income	90,246	82,706	90,246	82,706
Management fees				
- subsidiaries	-	-	3,585,255	2,737,920
	<u>389,855,641</u>	<u>387,416,143</u>	<u>21,583,343</u>	<u>27,008,468</u>

## 22. Profit before tax

Profit before tax is arrived at :

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
After charging :				
Auditors' remuneration				
- Audit fee				
KPMG Malaysia				
- Current year	78,000	76,000	15,000	15,000
- Prior year	2,000	-	-	-
Overseas affiliate of KPMG Malaysia	106,560	96,480	-	-
Other auditors	141,343	112,874	-	-
- Non-audit fees				
KPMG Malaysia				
- Current year	15,500	14,000	14,000	14,000
- Prior year	1,500	-	-	-
Overseas affiliate of KPMG Malaysia	23,192	22,825	-	-
Consultancy fee paid to a company in which a Director of a subsidiary has a substantial financial interest	441,714	383,139	-	-

## 22. Profit before tax (continued)

Profit before tax is arrived at (continued) :

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
After charging (continued) :				
Amortisation of prepaid lease payments (Note 4)	38,875	38,875	-	-
Amortisation of intangible assets (Note 8)	386,383	357,681	-	-
Depreciation				
- property, plant and equipment (Note 3)	10,501,057	11,016,168	-	-
- investment properties (Note 5)	41,332	41,332	-	-
Rental of premises	2,091,010	1,453,039	-	-
Loss on foreign exchange				
- realised	-	2,130,430	-	17,570
- unrealised	1,308,078	151,267	-	-
Interest expense	297,286	307,510	-	-
Property, plant and equipment written off	26,201	431	-	-
Impairment loss on trade receivables (net)	-	17,648	-	-
Bad debts written off	2,136	-	-	-
Intangible assets written off	158,197	526,962	-	-
and after crediting :				
Interest income				
- subsidiary	-	-	232,068	276,523
- financial institutions	1,980,538	953,388	570	2,632
Gain on disposals of property, plant and equipment	34,034	661,232	-	-
Rental income on premises	233,160	214,160	-	-
Reversal of impairment loss on trade receivables	44,084	-	-	-
Gain on foreign exchange				
- realised	13,571,652	-	203,438	-
- unrealised	-	-	90,002	70,512

## 23. Key management personnel compensations

The key management personnel compensations are as follows :

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Directors of the Company				
- Fees	265,500	265,500	246,000	246,000
- Remuneration	1,943,318	1,264,537	1,943,318	1,264,537
Other Directors				
- Fees	52,430	48,440	-	-
- Remuneration	2,673,540	2,476,694	-	-
	<u>4,934,788</u>	<u>4,055,171</u>	<u>2,189,318</u>	<u>1,510,537</u>

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

The estimated monetary value of benefits received by Directors of the Company and other Directors otherwise than in cash amounted to RM56,000 (2015 : RM56,000) and RM234,420 (2015 : RM212,442) respectively.

## 24. Employee information

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Staff costs	68,193,207	62,185,991	3,149,402	2,233,611
Share-based payments	331,827	700,651	106,023	216,463
	<u>68,525,034</u>	<u>62,886,642</u>	<u>3,255,425</u>	<u>2,450,074</u>

Included in staff costs of the Group and of the Company is an amount of RM3,836,705 (2015 : RM3,293,037) and RM338,634 (2015 : RM241,110) respectively representing contributions made to the statutory pension funds.



## 25. Tax expense

### Recognised in profit or loss

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Current tax expense</b>				
Malaysian - current year	18,043,712	12,260,000	79,712	110,473
- prior year	(4,964)	67,230	1,489	(2,049)
Overseas - current year	3,185,752	2,166,983	-	-
- prior year	199,871	9,330	-	-
Total current tax	21,424,371	14,503,543	81,201	108,424
<b>Deferred tax expense</b>				
Malaysian - current year	(49,242)	(887,555)	-	-
- prior year	8,242	6,555	-	-
Overseas - current year	494,975	785,147	-	-
Total deferred tax	453,975	(95,853)	-	-
Total tax expense	<u>21,878,346</u>	<u>14,407,690</u>	<u>81,201</u>	<u>108,424</u>

### Reconciliation of tax expense

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit before tax	98,536,041	64,614,995	18,438,929	24,520,535
Less : share of results of equity-accounted associate	(6,434,637)	(4,160,031)	-	-
	<u>92,101,404</u>	<u>60,454,964</u>	<u>18,438,929</u>	<u>24,520,535</u>

## 25. Tax expense (continued)

### Reconciliation of tax expense (continued)

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Tax at Malaysian tax rate of 24% (2015 : 25%)	22,104,337	15,113,741	4,425,343	6,130,134
Effect of different tax rates in foreign jurisdictions	(449,760)	(492,667)	-	-
Effect of utilisation of tax losses not previously recognised	(63,021)	(165,000)	-	-
Non-deductible expenses	1,142,361	633,923	80,548	116,651
Income not subject to tax	(577,172)	(305,527)	(4,429,226)	(6,136,652)
Tax incentives	(292,507)	(435,551)	-	-
Effect of changes in tax rate*	(118,904)	-	-	-
Others	(70,137)	(24,344)	3,047	340
Under/(Over) provided in prior year	203,149	83,115	1,489	(2,049)
	<u>21,878,346</u>	<u>14,407,690</u>	<u>81,201</u>	<u>108,424</u>

\* The Malaysian Budget 2014 announced the reduction of corporate tax to 24% with effect from year of assessment 2016. Consequently, the deferred tax liabilities and assets which are expected to reverse in 2016 and beyond are measured using the tax rate of 24%.

## 26. Earnings per ordinary share - Group

### Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the profit attributable to the owners of the Company of RM76,501,880 (2015 : RM50,170,864) and a weighted average number of ordinary shares outstanding of 190,894,948 (2015 : 189,325,041) calculated as follows :

	2016	2015
Issued ordinary shares at 1 April	189,990,240	116,732,830
Effect of shares issued during the year	904,833	1,681,298
Effect of treasury shares held	(125)	(335,427)
Effect of bonus issue	-	71,246,340
Weighted average number of ordinary shares at 31 March	<u>190,894,948</u>	<u>189,325,041</u>

## 26. Earnings per ordinary share - Group (continued)

### *Diluted earnings per ordinary share*

The calculation of diluted earnings per ordinary share is based on the net profit attributable to the owners of the Company of RM76,501,880 (2015 : RM50,170,864) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows :

	<b>2016</b>	<b>2015</b>
Weighted average number of ordinary shares at 31 March	190,894,948	189,325,041
Effect of dilution of unexercised share options	1,949,365	2,917,134
Weighted average number of ordinary shares (diluted) at 31 March	<u>192,844,313</u>	<u>192,242,175</u>

## 27. Dividends

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

	<b>Sen per share</b>	<b>Total amount RM</b>	<b>Date of payment</b>
<b>2016</b>			
2015 final single-tier dividend of 9% on 191,010,680 ordinary shares of RM1 each	9.0	17,190,961	17 December 2015
Interim single-tier dividend of 7% on 191,317,660 ordinary shares of RM1 each	7.0	13,392,236	28 April 2016
		<u>30,583,197</u>	
<b>2015</b>			
2014 final single-tier dividend of 13.5% on 118,295,800 ordinary shares of RM1 each	13.5	15,969,933	26 December 2014
Interim single-tier dividend of 6% on 190,594,300 ordinary shares of RM1 each	6.0	11,435,658	27 May 2015
		<u>27,405,591</u>	

## 27. Dividends (continued)

A final single-tier dividend of 9% amounting to RM17,190,961 proposed in the last financial year and approved by the members in the last Annual General Meeting was paid on 17 December 2015 and accordingly, this amount has been appropriated from the retained earnings in this financial year.

At the forthcoming Annual General Meeting, a final single-tier dividend of 9% in respect of the financial year ended 31 March 2016 will be proposed for members' approval. These financial statements do not reflect this final dividend which, when approved by the members, will be accounted for as an appropriation of retained earnings from shareholders' funds in the financial year ending 31 March 2017.

## 28. Related parties - Group/Company

### Identity of related parties

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

The Group has related party relationships with the following :

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

## 28. Related parties - Group/Company (continued)

### Significant related party transactions

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

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

	<b>Transactions amount for the year ended 31 March</b>	
	<b>2016 RM</b>	<b>2015 RM</b>
- Dividend income received	17,720,000	24,000,000
- Management fee receivable	3,585,255	2,737,920
	<u>17,720,000</u>	<u>24,000,000</u>

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

	<b>Transactions amount for the year ended 31 March</b>	
	<b>2016 RM</b>	<b>2015 RM</b>
- Purchases	2,382,411	2,784,503
	<u>2,382,411</u>	<u>2,784,503</u>

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

		<b>Transactions amount for the year ended 31 March</b>	
		<b>2016 RM</b>	<b>2015 RM</b>
Sales	- AESSB	271,711	130,740
	- DOSB	1,310	4,000
		<u>271,711</u>	<u>130,740</u>
Purchases	- AESSB	36,780	30,253
	- DOSB	71,891	80,953
		<u>36,780</u>	<u>30,253</u>

- d) Transactions with key management personnel :

Key management personnel compensations are disclosed in Note 23 to the financial statements.

## 28. Related parties - Group/Company (continued)

### Significant related party transactions (continued)

#### d) Transactions with key management personnel (continued) :

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	
	2016 RM	2015 RM
<b>Group</b>		
Consultancy fee paid to a company in which a Director of a subsidiary has substantial financial interest	441,714	383,139
Rental paid to - a Director of a subsidiary	<u>9,600</u>	<u>9,600</u>

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 19 to the financial statements.

## 29. Capital commitment - Group

	2016 RM	2015 RM
Property, plant and equipment Contracted but not provided for	<u>28,000</u>	<u>254,000</u>

## 30. Lease commitment - Group

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

	2016 RM'000	2015 RM'000
Less than 1 year	1,487	1,878
Between 1 and 5 years	<u>4,462</u>	<u>5,802</u>

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

### **31. 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 RM133,222,000 (2015 : RM131,573,500) of which RM28,430,116 (2015 : RM26,618,154) were utilised at the end of the reporting period.

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

iii) The Company has given corporate guarantee of RM11,280,000 (2015 : RM11,000,000) to a supplier of its subsidiary, Higher Kings Mill Limited.

### **32. Operating segments - Group**

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

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

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

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

#### **Geographical information**

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

## 32. Operating segments - Group (continued)

### Geographical information (continued)

	Revenue		Non-current assets	
	2016 RM	2015 RM	2016 RM	2015 RM
Malaysia	36,200,200	33,819,553	50,046,596	53,839,584
Asia (excluding Malaysia)	13,048,163	12,465,908	264	1,617
Europe	298,105,337	302,793,085	85,277,524	85,734,897
America	23,086,196	23,551,963	-	-
Others	19,415,745	14,785,634	-	-
Consolidated	<u>389,855,641</u>	<u>387,416,143</u>	<u>135,324,384</u>	<u>139,576,098</u>

### Major customer

A major customer of the Group, with revenue equal or more than 10% of the Group's total revenue, contributes approximately RM57,608,469 (2015 : RM47,835,580) of the Group's total revenue.

## 33. Financial instruments

### 33.1 Categories of financial instruments

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

- (a) Loans and receivables ("L&R");
- (b) Fair value through profit or loss ("FVTPL")
  - Held for trading ("HFT");
- (c) Available-for-sale financial assets ("AFS"); and
- (d) Financial liabilities measured at amortised cost ("FL").

Group	Carrying amount RM	L&R RM	FVTPL RM	AFS RM
<b>Financial assets</b>				
<b>2016</b>				
Trade and other receivables	79,703,230	79,703,230	-	-
Derivative financial assets	4,207,312	-	4,207,312	-
Other investments	88,197,069	-	-	88,197,069
Cash and cash equivalents	75,576,622	75,576,622	-	-
	<u>247,684,233</u>	<u>155,279,852</u>	<u>4,207,312</u>	<u>88,197,069</u>



### 33. Financial instruments (continued)

#### 33.1 Categories of financial instruments (continued)

<b>Group</b>	<b>Carrying amount RM</b>	<b>L&amp;R RM</b>	<b>FVTPL RM</b>	<b>AFS RM</b>
<b>Financial assets</b>				
<b>2015</b>				
Trade and other receivables	73,287,927	73,287,927	-	-
Derivative financial assets	201,863	-	201,863	-
Cash and cash equivalents	116,128,736	116,128,736	-	-
	<u>189,618,526</u>	<u>189,416,663</u>	<u>201,863</u>	<u>-</u>
<b>Company</b>				
<b>Financial assets</b>				
<b>2016</b>				
Trade and other receivables	21,769,573	21,769,573	-	-
Cash and cash equivalents	2,633,983	2,633,983	-	-
	<u>24,403,556</u>	<u>24,403,556</u>	<u>-</u>	<u>-</u>
<b>2015</b>				
Trade and other receivables	175,642,940	175,642,940	-	-
Cash and cash equivalents	825,656	825,656	-	-
	<u>176,468,596</u>	<u>176,468,596</u>	<u>-</u>	<u>-</u>

### 33. Financial instruments (continued)

#### 33.1 Categories of financial instruments (continued)

<b>Group</b>	<b>Carrying amount RM</b>	<b>FL RM</b>
<b>Financial liabilities</b>		
<b>2016</b>		
Bank borrowings	(28,430,116)	(28,430,116)
Trade and other payables	(49,863,464)	(49,863,464)
	<u>(78,293,580)</u>	<u>(78,293,580)</u>
<b>2015</b>		
Bank borrowings	(30,839,154)	(30,839,154)
Trade and other payables	(47,173,650)	(47,173,650)
	<u>(78,012,804)</u>	<u>(78,012,804)</u>
<b>Company</b>		
<b>Financial liabilities</b>		
<b>2016</b>		
Trade and other payables	<u>(1,711,581)</u>	<u>(1,711,581)</u>
<b>2015</b>		
Trade and other payables	<u>(3,031,476)</u>	<u>(3,031,476)</u>

#### 33.2 Net gains and losses arising from financial instruments

<b>Group</b>	<b>2016 RM</b>	<b>2015 RM</b>
Net gains/(losses) arising on :		
Loans and receivables	10,078,748	(1,345,957)
Fair value through profit or loss :		
- held for trading	4,207,312	201,863
Available-for-sale financial assets :		
- recognised in other comprehensive income	782,703	-
Financial liabilities measured at amortised cost	(297,286)	(307,510)
	<u>14,771,477</u>	<u>(1,451,604)</u>

### 33. Financial instruments (continued)

#### 33.2 Net gains and losses arising from financial instruments (continued)

Company	2016 RM	2015 RM
Net gains/(losses) arising on :		
Loans and receivables	<u>526,078</u>	<u>332,097</u>

#### 33.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

#### 33.4 Credit risk

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

##### Receivables

##### *Risk management objectives, policies and processes for managing the risk*

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

##### *Exposure to credit risk, credit quality and collateral*

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

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

### 33. Financial instruments (continued)

#### 33.4 Credit risk (continued)

##### Receivables (continued)

##### *Impairment losses*

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

<b>Group</b>	<b>RM</b>
<b>2016</b>	
Not past due	44,735,880
Past due 1 - 30 days	17,737,325
Past due 31 - 60 days	9,859,126
Past due 61 - 90 days	970,571
Past due more than 90 days	765,858
Gross trade receivables	<u>74,068,760</u>
Individually impaired	(400,949)
Collectively impaired	(171,940)
Net trade receivables	<u><u>73,495,871</u></u>
<b>2015</b>	
Not past due	55,058,697
Past due 1 - 30 days	11,348,130
Past due 31 - 60 days	1,461,760
Past due 61 - 90 days	340,003
Past due more than 90 days	447,703
Gross trade receivables	<u>68,656,293</u>
Individually impaired	(369,309)
Collectively impaired	(194,533)
Net trade receivables	<u><u>68,092,451</u></u>

### 33. Financial instruments (continued)

#### 33.4 Credit risk (continued)

##### Receivables (continued)

##### *Impairment losses (continued)*

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

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
At 1 April	563,842	600,046
Impairment loss recognised	20,644	80,319
Impairment loss reversed	(64,728)	(62,671)
Translation difference	53,131	(53,852)
At 31 March	572,889	563,842

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

##### Financial guarantees

##### *Risk management objectives, policies and processes for managing the risk*

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

##### *Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk amounts to RM28,430,116 (2015: RM26,618,154) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

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

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

### **33. Financial instruments (continued)**

#### **33.4 Credit risk (continued)**

##### **Inter company balances**

###### *Risk management objectives, policies and processes for managing the risk*

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

###### *Exposure to credit risk, credit quality and collateral*

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

###### *Impairment losses*

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

#### **33.5 Liquidity risk**

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

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

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

### 33. Financial instruments (continued)

#### 33.5 Liquidity risk (continued)

##### *Maturity analysis*

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

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
<b>2016</b>							
<b>Group</b>							
<i>Non-derivative financial liabilities</i>							
Unsecured foreign currency trade loans	28,430,116	0.65 - 1.52	28,502,969	28,502,969	-	-	-
Trade and other payables	49,863,464	-	49,863,464	49,863,464	-	-	-
	<u>78,293,580</u>		<u>78,366,433</u>	<u>78,366,433</u>	-	-	-
<i>Derivative financial liabilities</i>							
Forward exchange contracts (gross settled) :							
Outflow	-	-	29,061,233	29,061,233	-	-	-
Inflow	(4,207,312)	-	(33,268,545)	(33,268,545)	-	-	-
	<u>74,086,268</u>		<u>74,159,121</u>	<u>74,159,121</u>	-	-	-

### 33. Financial instruments (continued)

#### 33.5 Liquidity risk (continued)

*Maturity analysis (continued)*

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



### 33. Financial instruments (continued)

#### 33.5 Liquidity risk (continued)

*Maturity analysis (continued)*

	<b>Carrying amount RM</b>	<b>Contractual interest rate %</b>	<b>Contractual cash flows RM</b>	<b>Under 1 year RM</b>	<b>1 - 2 years RM</b>	<b>2 - 5 years RM</b>	<b>More than 5 years RM</b>
<b>2016</b>							
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	1,711,581	-	1,711,581	1,711,581	-	-	-
Corporate guarantee	-	-	144,502,000	144,502,000	-	-	-
	<u>1,711,581</u>		<u>146,213,581</u>	<u>146,213,581</u>	-	-	-
<b>2015</b>							
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	3,031,476	-	3,031,476	3,031,476	-	-	-
Corporate guarantee	-	-	142,573,500	142,573,500	-	-	-
	<u>3,031,476</u>		<u>145,604,976</u>	<u>145,604,976</u>	-	-	-

### 33. Financial instruments (continued)

#### 33.6 Market risk

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

##### 33.6.1 Currency risk

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

##### *Risk management objectives, policies and processes for managing the risk*

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

##### *Exposure to foreign currency risk*

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

	<b>USD</b>	<b>Denominated in</b>	
	<b>RM</b>	<b>EUR</b>	<b>GBP</b>
		<b>RM</b>	<b>RM</b>
<b>Group</b>			
<b>2016</b>			
Trade and other receivables	5,815,067	2,828,608	2,831,180
Other investments	3,583,660	-	-
Cash and cash equivalents	2,005,171	10,358,154	21,876,835
Foreign currency trade loans	(28,430,116)	-	-
Trade and other payables	(2,904,284)	(31,927)	(685,954)
	<u>(19,930,502)</u>	<u>13,154,835</u>	<u>24,022,061</u>

### 33. Financial instruments (continued)

#### 33.6 Market risk (continued)

##### 33.6.1 Currency risk (continued)

*Exposure to foreign currency risk (continued)*

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

*Currency risk sensitivity analysis*

A 10% (2015 : 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact on forecast sales and purchases. There is no impact to equity arising from exposure to currency risk.

	Profit or loss	
	2016 RM'000	2015 RM'000
<b>Group</b>		
USD	1,515	1,524
EUR	(1,000)	(2,964)
GBP	<u>(1,826)</u>	<u>(1,500)</u>

A 10% (2015 : 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

### 33. Financial instruments (continued)

#### 33.6 Market risk (continued)

##### 33.6.2 Interest rate risk

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

*Risk management objectives, policies and processes for managing the risk*

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

*Exposure to interest rate risk*

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

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
<b>Fixed rate instruments</b>		
Financial assets	3,583,660	34,567,493
Financial liabilities	(28,430,116)	(26,618,154)
	<u>(24,846,456)</u>	<u>7,949,339</u>
<b>Floating rate instruments</b>		
Financial assets	100,192,947	38,770,603
Financial liabilities	-	(4,221,000)
	<u>100,192,947</u>	<u>34,549,603</u>

### 33. Financial instruments (continued)

#### 33.6 Market risk (continued)

##### 33.6.2 Interest rate risk (continued)

###### *Interest rate risk sensitivity analysis*

###### *(a) Fair value sensitivity analysis for fixed rate instruments*

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

###### *(b) Cash flow sensitivity analysis for variable rate instruments*

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

	<b>Profit or loss</b>	
	<b>100 bp increase RM'000</b>	<b>100 bp decrease RM'000</b>
<b>Group</b>		
<b>2016</b>		
Floating rate instruments	761	(761)
<b>2015</b>		
Floating rate instruments	259	(259)

#### 33.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

### 33. Financial instruments (continued)

#### 33.7 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>Group</b>										
<b>2016</b>										
<b>Financial assets</b>										
Available-for-sale financial assets	-	88,197	-	88,197	-	-	-	-	88,197	88,197
Forward exchange contracts	-	4,207	-	4,207	-	-	-	-	4,207	4,207
	-	92,404	-	92,404	-	-	-	-	92,404	92,404
<b>2015</b>										
<b>Financial assets</b>										
Forward exchange contracts	-	202	-	202	-	-	-	-	202	202
<b>Financial liabilities</b>										
Foreign currency term loans	-	-	-	-	-	-	4,221	4,221	4,221	4,221

### **33. Financial instruments (continued)**

#### **33.7 Fair value information (continued)**

##### **Policy on transfer between levels**

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

##### **Level 1 fair value**

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

##### **Level 2 fair value**

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

##### *Derivatives*

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

##### **Transfers between Level 1 and Level 2 fair values**

There has been no transfer between Level 1 and 2 fair values during the financial year (2015 : no transfer in either directions).

##### **Level 3 fair value**

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

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

### **34. Capital management**

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

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

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

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total retained earnings :				
- realised	266,945,771	224,275,327	21,011,072	33,016,769
- unrealised	(10,236,051)	(8,243,705)	90,002	70,512
	<u>256,709,720</u>	<u>216,031,622</u>	<u>21,101,074</u>	<u>33,087,281</u>
Share of retained earnings of an associate				
- realised	37,778,993	31,957,719	-	-
- unrealised	1,463,107	2,460,761	-	-
	<u>39,242,100</u>	<u>34,418,480</u>		
Add : Consolidation adjustments	18,642,127	17,764,293	-	-
Total retained earnings at 31 March	<u><u>314,593,947</u></u>	<u><u>268,214,395</u></u>	<u><u>21,101,074</u></u>	<u><u>33,087,281</u></u>

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



**Asia File Corporation Bhd.**

(Company No. 313192 - P)

(Incorporated in Malaysia)

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

In the opinion of the Directors, the financial statements set out on pages 9 to 94 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2016 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 35 on Page 95 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

.....  
**Dato' Lim Soon Huat**

.....  
**Lim Soon Wah**

Penang,

Date : 11 July 2016

**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 95 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 11 July 2016.

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

Before me :

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

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

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

## **Report on the Financial Statements**

We have audited the financial statements of Asia File Corporation Bhd., which comprise the statements of financial position as at 31 March 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 94.

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

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

### *Auditors' Responsibility*

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

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

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

Company No. 313192 - P
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### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2016 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

### **Report on Other Legal and Regulatory Requirements**

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

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

### **Other Reporting Responsibilities**

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 35 on page 95 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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### **Other Matters**

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

**KPMG**  
AF 0758  
Chartered Accountants

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

Date : 11 July 2016

Penang