



ASIA FILE CORPORATION BHD. (313192-P)



Annual Report 2008





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CORPORATION INFORMATION

- **BOARD OF DIRECTORS** : Lim Soon Huat
Khoo Khai Hong
Lim Soon Wah
Ooi Ean Chin
Nurjannah Binti Ali
Lim Soon Hee (Alternate to Khoo Khai Hong)

- **COMPANY SECRETARY** : Lam Voon Kean (MIA 4793)

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

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

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

- **AUDITORS** : KPMG, Penang

- **BANKERS** : RHB Bank Berhad
Malayan Banking Berhad

- **SOLICITOR** : Ong and Manecksha
Suite 503, 5th Floor Penang Plaza,
Jalan Burma, 10050 Penang

CHAIRMAN STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Asia File Corporation Bhd, it gives me great pleasure to present to you the annual review of the financial performance of the Group for the financial year ended 31 March 2008.

During the year under review, the Group achieved an impressive result with its turnover surpassed RM 200 million mark at RM 208.4 million, which represented an improvement of 57% over last year's figure. Its pre tax profit increased from RM 39.6 million to RM 49.3 million during the year. We were very pleased with the overall results attained so far, despite the increasing challenging business environment that the Group operated in. The sharp increase in global commodity prices has made it a challenge to remain competitive in the industry. Our long held philosophy of remaining focus on our core business while expanding our products range over the years has resulted in us emerging as one of the key global players within the industry. Our export sector continues to grow and is currently contributing to more than 80% of the total sales. We remain competitive in the international markets in terms of pricing and product quality. As a result, we have successfully procured major sales contracts during the year. On the local front, we continue to impress our customers with our consistency in services, products quality and competitive pricing. In spite of the price increase introduced in the last quarter, we noted the continued loyalty among our local customers with sales increased by more than 6.6% during the year.

On 1 January 2008, we have successfully acquired a 100% stake in Plastoreg Smidt GmbH & CO. KG and Plastoreg Smidt Verwaltungs GmbH, which were the leading German dividers manufacturers in Europe. The acquisition will enable us to strengthen our positions in the European continent, which is one of the most lucrative markets for the filing and stationery industry. In addition, the combined synergies from both companies and the ability to directly access to the extensive distribution network in central Europe will further enlarge our footprint globally in order to bring the Group to the next level of playing field.

Subsequent to the financial year ended 31 March 2008, the Group acquired an equity stake exceeding 20% in Muda Holdings Berhad, a listed company on the Main Board of Bursa Malaysia Securities Berhad. One of the major business activities of Muda Holdings Berhad and its subsidiaries is manufacturing of high quality grey board which are being used in our production of board filing products. The Board of Directors is confident that the investment which resulted in Muda Holdings Berhad become the associate company of the Group, will contribute positively towards the future earnings and profit of the group.

During the year, a total of 42.5 million bonus shares were issued on the basis of three additional ordinary shares for every five ordinary shares held. As a result, the Group's share capital has increased to more than RM 113 million.

Despite spending more than RM 112 million for both overseas and local acquisitions, the Group's gearing ratio remains at a healthy level. The Board of Directors decided to continue rewarding our shareholders with another 15% final dividend to be paid out at a later date upon obtaining the shareholders' approval. This will bring the total dividend for the year to 25%.

On behalf of the Board of Directors of Asia File Corporation Bhd, I wish to express our heartfelt appreciations to both our employees and business partners for turning in another successful year for the Group.

Lim Soon Huat
Executive Chairman

PRODUCTS OF THE GROUP

Dividers

- ¥ Manilla Dividers
- ¥ Mylar Coated Dividers
- ¥ Polypropylene Dividers



Ring Files / Binders

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

Lever Arch Files

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



Clipfolders & Box Files

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

Paper Products

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



Magazine Holders

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

Manilla Files & Folders

- ¥ Flat Files
- ¥ Pocket Files
- ¥ Fold Files

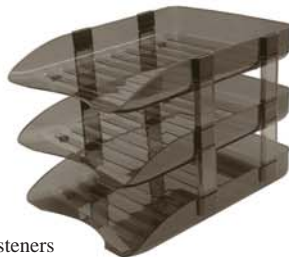


Markers & Whiteboard Accessories

- ¥ Whiteboard / Permanent Markers
- ¥ Whiteboard Erasers

Stationeries

- ¥ Trays
- ¥ Staplers
- ¥ Rubber Bands
- ¥ Paper Binders
- ¥ Scissors
- ¥ Sharpeners
- ¥ Binder Clips
- ¥ Memo Cassettes
- ¥ Staples
- ¥ Parcel Strings



Polypropylene Range Of Products

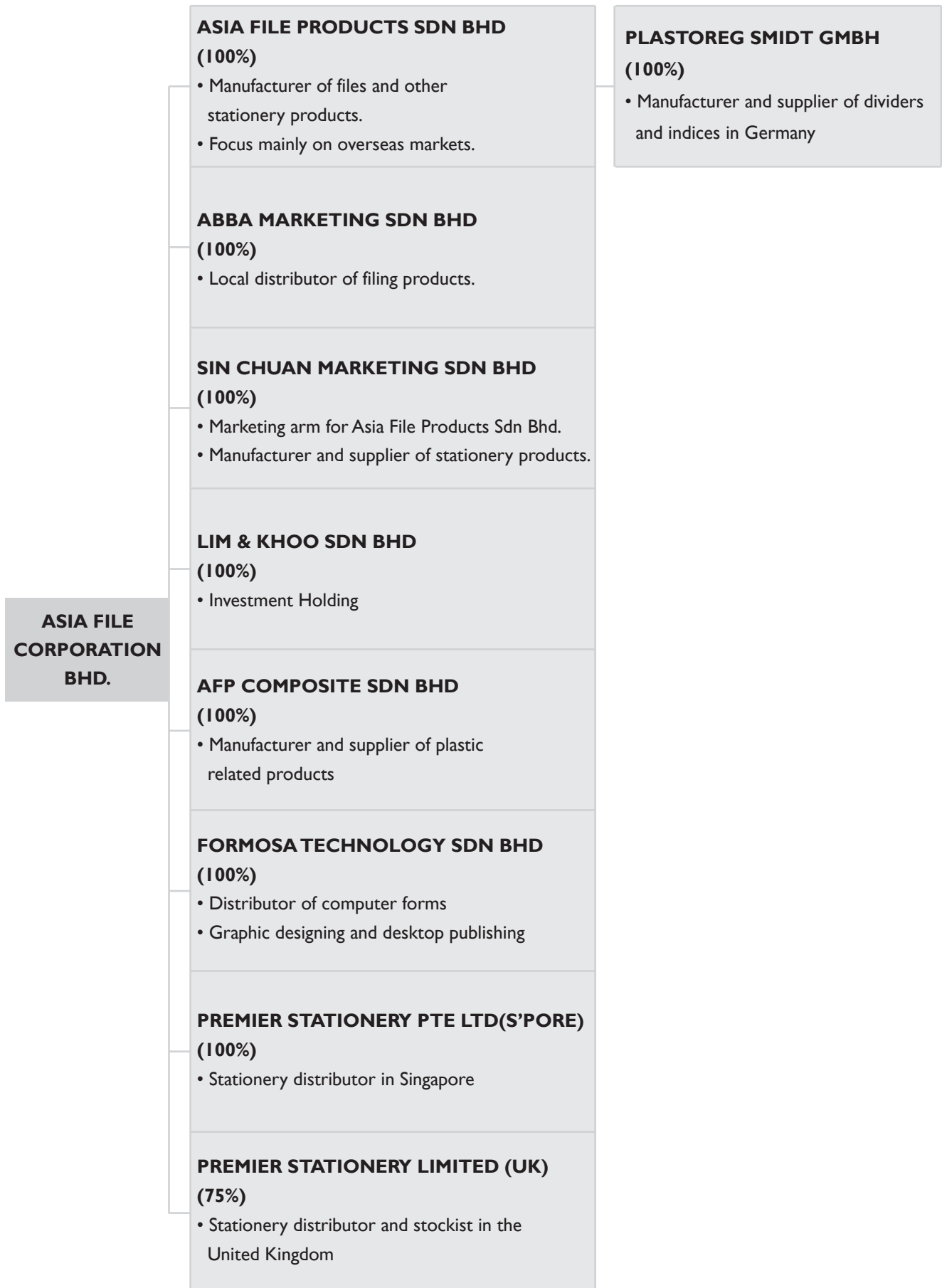
- ¥ Morr Files
- ¥ Presentations Files / Folders
- ¥ Clear Holders / Display Files
- ¥ Plastic Folders / Presentation Covers
- ¥ Star Files
- ¥ Docucases & Ring Boxes
- ¥ Ring Files
- ¥ Sheet Protectors / Clear Holder Refills



Visit our webpage at www.asia-file.com for more product updates

GROUP STRUCTURE

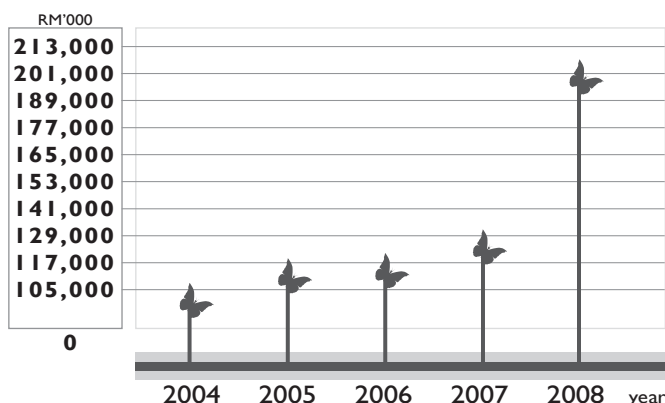
Subsidiaries & % Of Shareholdings



FIVE - YEAR FINANCIAL RESULTS AND FINANCIAL HIGHLIGHTS OF THE GROUP

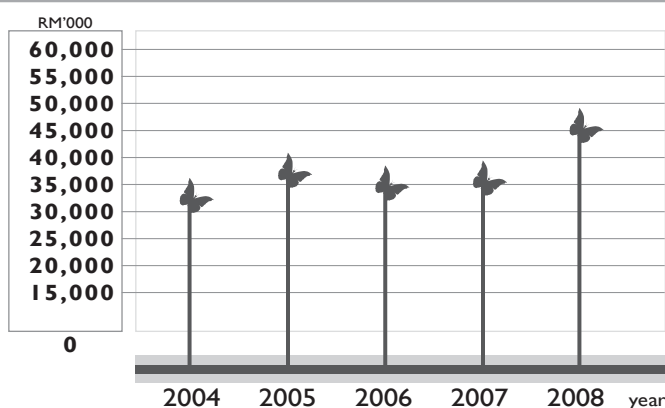
TURNOVER

Year	Turnover (RM'000)
2004	107,408
2005	118,822
2006	121,251
2007	132,433
2008	208,417



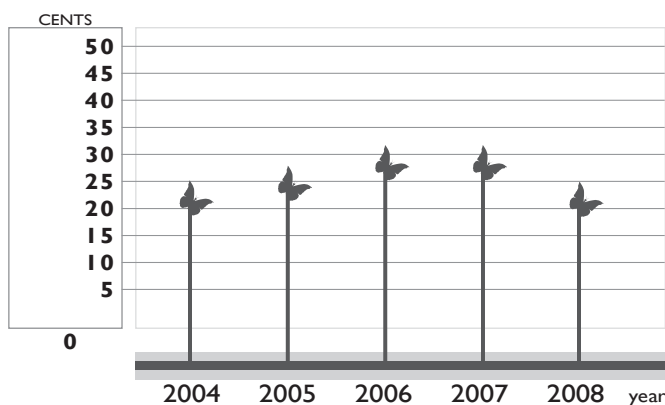
PROFIT BEFORE TAXATION

Year	Profit before tax (RM'000)
2004	35,347
2005	40,412
2006	38,859
2007	39,615
2008	49,262



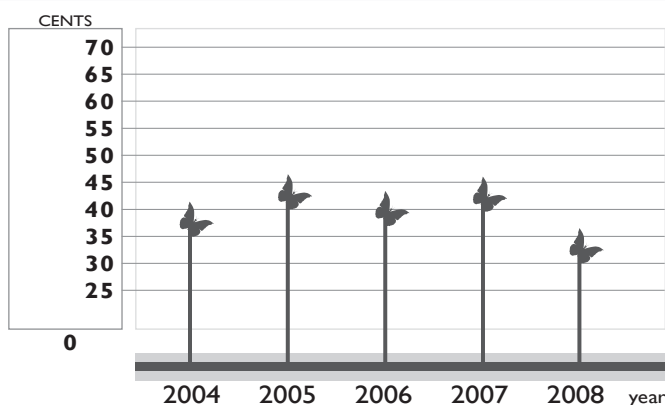
DIVIDENDS PER ORDINARY SHARE - GROSS (CENTS)

Year	Dividends per ordinary share gross (cents)
2004	25
2005	28
2006	32
2007	32
2008	25 *



BASIC EARNINGS PER SHARE (CENTS)

Year	Basic earning per share (cents)
2004	41.04
2005	46.74
2006	43.87
2007	46.53
2008	36.37 *



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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of shareholders of the Company will be held at Merbah 1 Room, Hotel Equatorial, No. 1, Jalan Bukit Jambul, 11900 Penang on Tuesday, 30 September 2008 at 10.00 a.m. for the following purposes:-

1. To receive the Financial Statements for the year ended 31 March 2008 and the Reports of Directors and Auditors thereon
2. To consider and if thought fit, pass the following resolutions pursuant to Section 129 of the Companies Act, 1965:
 - i) "That Mr. Khoo Khai Hong, retiring in accordance with Section 129 of the Companies Act, 1965 be and is hereby re- appointed as a Director of the Company to hold office until the next Annual General Meeting." Ordinary Resolution 1
 - ii) "That Mr. Ooi Ean Chin, retiring in accordance with Section 129 of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting." Ordinary Resolution 2
3. To re-elect the following Director who retires pursuant to Article 80 of the Company's Articles of Association:
 - 1) Puan Nurjannah Binti Ali Ordinary Resolution 3
4. To approve a Final dividend of 15% less 25% tax for the year ended 31 March 2008 Ordinary Resolution 4
5. To approve Directors' Fees of RM242,000 for the year ended 31 March 2008 Ordinary Resolution 5
6. To re-appoint Messrs. KPMG as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration Ordinary Resolution 6
7. As Special Business

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

ORDINARY RESOLUTIONS

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

ORDINARY RESOLUTIONS (Cont'd)

B) Proposed purchase of own shares by the Company

Ordinary
Resolution 8

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

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

- a) The maximum number of shares which may be purchased by the Company and treasury shares held under the previous proposal shall not exceed ten per centum (10%) representing 11,377,274 Shares of the issued and paid-up ordinary share capital of the Company as at 6 August 2008;
- b) The maximum fund to be allocated by the Company for the purpose of purchasing Asia File Shares shall not exceed the retained profits and share premium account of the Company which stood at RM 16.32 million and RM 10.54 million respectively as at 31 March 2008 based on the audited accounts.
- c) The authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will expire at the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution or the expiry of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by Ordinary Resolution in a general meeting of shareholders of the Company) but not so as to prejudice the completion of a purchase by the Company or any person before the aforesaid expiry date, in any event, in accordance with the provisions of the guidelines issued by the Bursa Securities or any other relevant authorities;
- d) Upon completion of the purchase(s) of the Shares by the Company, the Shares shall be dealt with in the following manner:-
 - i) to cancel the Shares so purchased; or
 - ii) to retain the Shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of the Bursa Securities; or
 - iii) to retain part of the Shares so purchased as treasury shares and cancel the remainder.

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

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

DIVIDEND ANNOUNCEMENT

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

- a. Shares transferred into the depositor's securities account before 4.00 p.m. on 1 December 2008 in respect of ordinary transfers; and
- b. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

The dividends, if approved will be paid on 29 December 2008 to depositors registered in the Records of Depositors at the close of business on 1 December 2008.

BY ORDER OF THE BOARD

LAMVOON KEAN (MIA 4793)
Company Secretary
Penang, 5 September 2008

Notes :

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

Explanatory Notes on Special Business

1. The Ordinary Resolution No. 7, if passed, will give authority to the Board of Directors to issue and allot ordinary shares from the unissued capital of the Company at any time in their absolute discretion and that such authority, unless revoked or varied at a General Meeting, will expire at the next Annual General Meeting of the Company.
2. The Ordinary Resolution No. 8, if passed will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the issued and paid up share capital of the Company. This authority will, unless revoked or varied by the Company in general meeting, expires at the next Annual General Meeting of the Company.

STATEMENT ON CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY

Part I : Principles of Corporate Governance

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

Set out below are the details on how the Group has applied the above principles and best practices throughout the financial year ended 31 March 2008.

A) Board of Directors

Board Composition

There are presently six (6) members on the Board comprising mainly of two (2) Executive Directors, three (3) independent Non Executive Directors and one (1) Non independent Non Executive Alternate Director. The two Executive Directors have been actively involved in the industry for many years, bringing with them a wealth of valuable experiences in ensuring the success of the Group. The Non Executive Directors, with their diversified backgrounds and specialization help to steer the Group in the right direction in fulfilling its role to its shareholders. A brief profile of each individual director is presented on pages 20 to 21 of this Annual Report.

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

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

Board Responsibilities

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

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

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

Board Meetings

The Board meets at least four (4) times a year, with additional meetings convened as the need arises. The Board receives relevant documents on matters requiring its consideration prior to each meeting. A total of four (4) meetings were held during the financial year ended 31 March 2008.

The details of attendance of each director are set out below:-

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

Board Committees

The Board delegates certain responsibilities to the Audit Committee in order to enhance business and operational efficiency. There are written terms of reference for the Audit Committee reports to the Board, the outcome of the committee meetings and a copy of the minutes of meeting is distributed to all Directors.

Supply of Information

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

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

Directors' Training

The Board, as a whole, ensures that it recruits to the Board only individuals of sufficient caliber, knowledge and experience to fulfill the duties of a Director appropriately. There is no formal training or orientation program for the Directors. However, at the date of this statement, all the Directors have attended and successfully completed the Mandatory Accreditation Program (MAP) conducted by the Research Institute of Investment Analysts Malaysia (RIIAM). During the financial year, the Group also organised a plant tour involving board members to provide them with an in depth knowledge of the Group's business operation.

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

Directors' Training (Cont'd)

Even though the CEP requirement have been repealed effective from 1 January 2005, the Board will continue to evaluate and determine the training needs of its Directors in order to enhance the effectiveness of the Directors in discharging their duties.

Appointment and Re-election

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

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

B) Directors' Remuneration

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

The details of the remuneration for Directors for the financial year ended 31 March 2008 are as follows:-

	Fees RM'000	Salaries RM'000	Bonuses RM'000	Benefits in kinds RM'000	Total RM'000
Executive Directors	167	573	94	17	851
Non Executive Directors	90	-	-	-	90

The Board is of the opinion that it is advisable not to state in detail each Director's remuneration. The remuneration for the Directors for the financial year ended 31 March 2008 are, however, summarized into the following bands:-

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



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

C) Shareholders

The Group recognizes the importance of keeping its shareholders and the general public informed of the development and performance of the Group. Annual general meeting held each year provide an excellent platform for shareholders and members of the press to participate in the question and answer session. In addition, quarterly financial results and corporate announcements are announced timely to disseminate pertinent information of the Group. The Group also organizes plant visits and holds regular meetings with analysts and fund managers who are interested to acquire further information about the Group.

D) Accountability and Audit

Financial Reporting

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

Directors' Responsibility Statement

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

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

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

Internal Control

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

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

Relationship with Auditors

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

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

E) Statement on Corporate Social Responsibility

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

Environment

The Group ensured the compliance of all environmental laws and regulations. In addition, the Group undertook several measures in preserving the environment such as recycling of waste materials and usage of electrical instead of fuel consumed forklift.

Community

During the year, the Group organized a fund raising campaign in conjunction with a visit to the charity home for the handicapped in Bukit Minyak, Penang.

The Group has also sponsored files and stationery in support of community events organized by certain communities or organizations

Workplace

The Group strived to ensure a creation of a safe and healthy working environment for its employees to work in. During the year, the Group invited qualified professional to give health talk to its employees to enhance their knowledge on certain health aspects. In addition, the Group also organized fire drill on evacuation procedures in the event of fire.

F) Other Information

Material Contracts

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

Non - audit Fees

During the year, a total of RM 12,600 was paid to KPMG for non-audit services rendered.

Shares Buy Back

During the year, a total of 1,353,700 shares of Asia File Corporation Bhd were purchased and retained as treasury shares pursuant to the Shares Buy Back scheme.

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

	Total Number of Shares Purchased	Highest Price Paid RM	Lowest Price Paid RM	Average Price Paid RM	Total Consideration RM
April 2007	65,000	5.60	5.45	5.57	362,212
May 2007	164,000	5.70	5.65	5.69	933,739
July 2007	190,000	5.55	5.55	5.56	1,057,336
August 2007	640,400	5.50	5.25	5.42	3,472,230
September 2007	247,200	6.80	5.80	6.46	1,595,786
January 2008	30,500	5.45	5.00	5.35	163,081
February 2008	16,600	4.98	4.86	4.90	81,360

There was a resale of 2,477,600 treasury shares at an average price of RM9.22 in December 2007. The total consideration received for treasury shares sold are RM22,874,730.

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

Part II : Best Practices of Corporate Governance

The Group has complied with the Best Practices of Corporate Governance as set out in the Code throughout the financial year ended 31 March 2008 with the exception of the followings :-

- (a) The roles of Chairman and Managing Director are combined, the details of which are fully explained in the Board Composition on Page 10 of this Annual Report.
- (b) The Board does not have a formal schedule of matters specifically reserved to it for decision as it has been the Board's practice to deliberate on matters that involve overall Group strategy and direction, acquisition and divestment policy, approval of capital expenditure, consideration of significant financial matters and the review of the financial and operating performance of the Group.
- (c) The Board, together with the Managing Director, has not developed position descriptions for the Board and the Managing Director. The Board recognizes the importance for a proper identification of the roles and authorization limits of Management and will consider adopting a Board Charter to delineate the roles and responsibilities of executive and non-executive directors.
- (d) No Nominating Committee is formed by the Group. The Board itself functions as a Nominating Committee. It will participate in assessing, identifying, nominating and recruiting suitable candidates to the Board. Any member of the Board who has interest in any matter raised by the Board will abstain himself from deliberations and voting. In view of its current size and make up of the Board which reflects a well balanced composition, the Board is of the opinion that the formation of a Nominating Committee is not required at the moment.
- (e) The Board as a whole recommends the remuneration of each director. Individual director does not participate in deliberations and voting on decisions in respect of his remuneration package. In view of the above, the Group does not form a Remuneration Committee.
- (f) The revised Code required the Audit Committee to comprise fully of Non-Executive Directors, majority of whom are independent. Presently the Audit Committee is made up of two Non-Executive Directors and the Group Managing Director. The Board takes cognizance of the membership requirement of the Audit Committee under the Revised Code and the transitional period allowed under the Revised Listing Requirement and will take measures to comply in due course.

AUDIT COMMITTEE REPORT

Members:

Chairman	: Mr Khoo Khai Hong	- Independent Non Executive Director
Members	: Mr Ooi Ean Chin Mr Lim Soon Huat	- Independent Non Executive Director - Non Independent Executive Chairman

Attendance at Meetings:

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

Members :	Attendance
Khoo Khai Hong	4/4
Ooi Ean Chin	4/4
Lim Soon Huat	4/4

Summary of Activities:

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

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

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

Internal Audit Function

The Audit Committee is aware of the importance of an independent and adequately resourced internal audit function for the effectiveness of the internal control system. The Internal Audit Department conducts internal audits on financial and operational matters of the Group. Internal audit reports are presented to the Audit Committee during the Audit Committee meeting. The findings and recommendations were highlighted to the management for their comments and necessary action.

1) Membership:

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

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

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

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

2) Meeting Procedures

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

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

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

3) Authority

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

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

4) Scope of Responsibilities

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

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



STATEMENT ON INTERNAL CONTROL

Introduction

Paragraph 15.27(b) of the Bursa Malaysia Securities Berhad's Listing Requirements requires the Board of Directors of public listed companies to include in its annual report a 'statement about the state of internal control of the listed issuer as a group'. The Board is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following statement which outlines the nature and scope of internal control of the Group during the year.

Board Responsibility

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

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

Internal Audit Function

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

Internal Control

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

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

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

This statement is made in accordance with a resolution of the Board of Directors dated 24 July 2008.

PROFILE OF DIRECTORS



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

Lim Soon Huat, age 51, is a Malaysian citizen and the Non Independent Executive Chairman and a member of the Audit Committee. He was appointed to the Board on 3 January 1996 and was subsequently appointed as Chairman of the Board on 16 July 2001.

He graduated from University of Melbourne with a Master Degree in Engineering. He has vast working experiences of more than twenty (20) years in both public and private sectors. Prior to his involvement in business, he was involved in civil engineering projects undertaken by the Drainage and Irrigation Department. In 1986, he joined the filing and stationery industry and since then he has been playing a prominent role in all facets of the company management. He is the Chairman of Penang Paper & Stationery Association and also the Vice President of The Federation of Stationers and Booksellers Association of Malaysia. He is also one of the council members of Federation of Malaysian Manufacturers. He holds directorship in various subsidiaries and associate companies of Asia File Corporation Bhd Group.

As at 6 August 2008, he is the registered holder of 761,491 shares in Asia File Corporation Bhd and is deemed interested over 52,336,837 shares in Asia File Corporation Bhd registered under Prestige Elegance (M) Sdn Bhd. He also holds 50.01% of the total shareholding in Prestige Elegance (M) Sdn Bhd. During the financial year ended 31 March 2008, he attended four (4) Board of Directors' meetings.

Nurjannah binti Ali, age 49, is a Malaysian citizen. She was appointed to the Board on 15 April 1999 as an Independent Non-Executive Director.

With an accounting background, Nurjannah has more than fifteen (15) years' experience in finance and corporate management. She presently sits on the Board of Public Packages Holdings Bhd, TRIplc Bhd, WWE Holdings Berhad and several other private limited companies. During the financial year ended 31 March 2008, she attended three (3) Board of Directors' meetings.

PROFILE OF DIRECTORS (CONT D)

Khoo Khai Hong, age 80, is a Malaysian citizen and an Independent Non Executive Director and the Chairman of the Audit Committee. He was appointed to the Board on 3 January 1996.

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

As at 6 August 2008, he is the registered holder of 64,000 shares in Asia File Corporation Bhd. During the financial year ended 31 March 2008, he attended four (4) Board of Directors' meetings.

Lim Soon Wah, age 41, is a Malaysian citizen and a Non Independent Executive Director. He was appointed to the Board on 3 January 1996.

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

As at 6 August 2008, he is the registered holder of 2,479,825 shares in Asia File Corporation Bhd. He also holds 10.75% of the total shareholding in Prestige Elegance (M) Sdn Bhd, a substantial shareholder of Asia File Corporation Bhd. During the financial year ended 31 March 2008, he attended four (4) Board of Directors' meetings.

Ooi Ean Chin, age 75, is a Malaysian citizen and an Independent Non Executive Director and a member of the Audit Committee. He was appointed to the Board on 3 January 1996.

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

During the financial year ended 31 March 2008, he attended four (4) Board of Directors' meetings.

Lim Soon Hee, age 45, is a Malaysian citizen and an Non Independent Non Executive Alternate Director. He was appointed as alternate director to Mr Khoo Khai Hong on 3 January 1996.

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

As at 6 August 2008, he is the registered holder of 2,557,403 shares in Asia File Corporation Bhd. He also holds 8.74% of the total shareholding in Prestige Elegance (M) Sdn Bhd, a substantial shareholder of Asia File Corporation Bhd.

Notes:

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



Financial Statements



DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2008

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 March 2008.

Principal activities

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

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

Results

	Group RM	Company RM
Profit attributable to shareholders of the Company	40,717,468	24,387,018

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 :

- i) paid an interim dividend of 12% less 27% tax on 69,459,000 ordinary shares of RM1 each, totalling RM6,084,608 in respect of the year ended 31 March 2007 on 25 May 2007;
- ii) paid a final dividend of 20% less 27% tax on 68,267,900 ordinary shares of RM1 each, totalling RM9,967,113 in respect of the year ended 31 March 2007 on 30 November 2007; and
- iii) paid an interim dividend of 10% less 25% tax on 113,364,180 ordinary shares of RM1 each, totalling RM8,502,314 for the financial year ended 31 March 2008 on 28 May 2008.

A final dividend of 15% less 25% tax has been recommended by the Directors in respect of the financial year ended 31 March 2008, subject to the approval of members at the forthcoming Annual General Meeting.

DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2008 (CONT D)

Directors of the Company

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

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

Directors' interests

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

	Number of ordinary shares of RMI each						Balance at 31.3.2008
	Balance at 1.4.2007	Bought	Balance before bonus issue	Bonus issue	Bought	(sold)	
Lim Soon Huat							
Interest in the Company:							
- own	325,932	-	325,932	195,559	240,000	-	761,491
- others*	44,500	-	44,500	26,700	17,600	-	88,800
Deemed interest in the Company:							
- own	32,636,819	73,700	32,710,519	19,626,318	-	-	52,336,837
Lim Soon Wah							
Interest in the Company:							
- own	1,549,891	-	1,549,891	929,934	-	-	2,479,825
- others*	95,200	-	95,200	57,120	-	-	152,320
Khoo Kai Hong							
Interest in the Company:							
- own	40,000	-	40,000	24,000	-	-	64,000
Ooi Ean Chin							
Interest in the Company:							
- others*	7,200	5,000	12,200	7,320	-	-	19,520
Lim Soon Hee							
Interest in the Company:							
- own	1,598,377	-	1,598,377	959,026	-	-	2,557,403

DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2008 (CONT D)

Company	Number of options over ordinary shares of RMI each						Balance at 31.3.2008
	Balance at 1.4.2007	Granted	Exercised	Balance before bonus issue	Bonus issue	Exercised	
Lim Soon Huat							
- others*	-	50,000	(5,000)	45,000	27,000	-	72,000
Lim Soon Wah							
- own	-	200,000	-	200,000	120,000	-	320,000
Khoo Khai Hong							
- own	-	35,000	-	35,000	21,000	-	56,000
Ooi Ean Chin							
- own	-	25,000	-	25,000	15,000	-	40,000
Nurjannah Binti Ali							
- own	-	25,000	-	25,000	15,000	-	40,000

* These are shares and options held in the name of the spouse and children and are treated as interests of the respective Directors in accordance with Section 134(12)(c) of the Companies Act, 1965, which came to effect on 15 August 2007.

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

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Company and its related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who may be deemed to derive a benefit from those transactions entered into in the ordinary course of business between certain companies in the Group and companies in which certain Directors have substantial financial interests 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 other than the Employees' Share Option Scheme ("ESOS") granted to certain Directors.

Issue of shares and debentures

During the financial year, the authorised ordinary share capital of the Company was increased from 100,000,000 ordinary shares of RMI each to 500,000,000 ordinary shares of RMI each.

DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2008 (CONT D)

Issue of shares and debentures (Cont'd)

The issued and paid-up share capital of the Company was increased from RM70,675,000 to RM113,411,280 through the issuance of 236,000 new ordinary shares of RM1.00 each for cash from the exercise of Employees' Share Option and 42,500,280 new ordinary shares of RM1.00 each from the Bonus Issue, capitalised from share premium and retained earnings of RM7,504,744 and RM34,995,536 respectively as follows :

	Option price RM	No. of ordinary shares of RM1.00 each issued
Exercise of options under ESOS	5.02	158,800
	3.14	77,200
Bonus issue of three (3) ordinary shares for every five (5) existing ordinary shares	-	42,500,280

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 issue of options pursuant to the Employees' Share Option Scheme ("ESOS") below.

Employees' share option scheme

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

The main features of the Scheme are as follows :

- i) The total number of shares to be offered under the Scheme shall not exceed 15% of the issued and paid-up share capital of the Company or such maximum percentage as allowable by the relevant authorities at any point in time during the existence of the Scheme. In the event the maximum number of shares offered exceeds 15% of the issued and paid-up share capital or such maximum percentage as allowable by the relevant authorities as a result of the Company purchasing its own shares and thereby diminishing its issued and paid-up share capital, then the options granted prior to the adjustment of the issued and paid-up share capital of the Company shall remain valid and exercisable but there shall not be any further offer;
- ii) The Scheme shall be in force for a period of five years commencing from 23 April 2007 being the last date on which the Company obtained all relevant approvals required for the Scheme;
- iii) The option is personal to the grantee and is not assignable, transferable, disposable or changeable except for certain conditions provided for in the By-Laws;



DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2008 (CONT D)

Employees' share option scheme (Cont'd)

- iv) Eligible persons are employees and Executive Directors, who are involved in the day-to-day management and on the payroll of the Group who have been confirmed in the employment of the Group and have been in the employment of the Group for a continuous period of at least six (6) months immediately preceding the date of offer, the date when an offer is made in writing to an employee to participate in the Scheme.
- v) No options shall be granted for less than one hundred (100) shares nor :
 - (a) not more than fifty percent (50%) of the total number of Shares to be issued under the Scheme shall be allotted in aggregate to Directors and Senior Management of the Group; and
 - (b) not more than ten percent (10%) of the total number of shares to be issued under the Scheme shall be allotted to any Eligible Director or Employee of the Group who either singly or collectively through persons connected with the Director or Employee, holds twenty percent (20%) or more of the issued and paid-up ordinary share capital of the Company.

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

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

Employees' share option scheme (Cont'd)

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

Option over number of ordinary shares of RM1 each									
Date of offer	Exercise price	Balance at 1.4.2007	Offered and accepted	Balance before bonus issue (Exercised)	Bonus issue	Balance after bonus issue	(Exercised)	Lapsed due to resignation	Balance at 31.3.2008
27.4.2007	5.02/3.14*	-	3,405,000	(158,800)	1,947,720	5,193,920	(77,200)	(241,600)	4,875,120

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

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this report the name of employees who have been granted options to subscribe for less than 100,000 ordinary shares of RM1 each and details of their holdings as required by Section 169 (11) of the Companies, 1965.

The employees who have been granted options to subscribe for 100,000 or more ordinary shares of RM1 each during the financial year are as follow :

Number of options over ordinary shares of RM1 each									
	Grant date	Expiry date	Exercise price RM	Granted	Exercised	Balance before bonus issue	Bonus issue	Exercised	Balance at 31.3.2008
Lim Soon Wah	27.4.2007	22.4.2012	5.02	200,000	-	200,000	120,000	-	320,000
Goh Phaik Ngoh	27.4.2007	22.4.2012	5.02	120,000	-	120,000	72,000	-	192,000



DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2008 (CONT D)

Other statutory information

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

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

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

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

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

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 March 2008 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.

Significant events during the year

The details of such events are disclosed in Note 37 to the financial statements.

Subsequent event

The details of such event are disclosed in Note 38 to the financial statements.



DIRECTORS REPORT
FOR THE YEAR ENDED 31 MARCH 2008 (CONT D)

Auditors

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

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



.....
Lim Soon Huat



.....
Khoo Khai Hong

Penang,

Date : 24 July 2008

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 35 to 91 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 March 2008 and of the results of their operations and cash flows for the year ended on that date.

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



.....
Lim Soon Huat



.....
Khoo Khai Hong

Penang,

Date : 24 July 2008

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 35 to 91 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 24 July 2008.



.....
Goh Phaik Ngoh

Before me :



CHEAH BENG SUN (No. P.103)
DJN, AMN, PKT, PJK, PJM, PK
Pesuruhjaya Sumpah
(Commissioner for Oaths)
- Penang ... 33, LEBUH PANTAI
10000 PENANG



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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Asia File Corporation Bhd., which comprise the balance sheets as at 31 March 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 35 to 91.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2008 and of their financial performance and cash flows for the year then ended.

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

Report on Other Legal and Regulatory Requirements

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

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

Other Matters

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



KPMG
AF 0758
Chartered Accountants



NG SWEE WENG
1414/03/10 (J/PH)
Chartered Accountant

Date : 24 July 2008

Penang,

CONSOLIDATED BALANCE SHEET AT 31 MARCH 2008

	NOTE	2008 RM	2007 RM (Restated)
Assets			
Property, plant and equipment	3	92,939,372	50,715,898
Prepaid lease payments	4	1,833,954	1,872,829
Investment properties	5	1,759,460	1,800,792
Investments in an associate	7	5,000	5,000
Other investments	8	1,008,900	5,268,678
Goodwill on consolidation	9	30,234,456	-
Total non-current assets		127,781,142	59,663,197
Receivables, deposits and prepayments	10	53,910,620	36,223,824
Inventories	11	73,640,433	47,289,729
Current tax assets		164,293	330,795
Assets classified as held for sale	12	-	472,457
Cash and cash equivalents	13	60,586,008	64,526,414
Total current assets		188,301,354	148,843,219
Total assets		316,082,496	208,506,416
Equity			
Share capital	14	113,411,280	70,675,000
Treasury shares	15	(244,441)	(5,471,417)
Reserves	16	111,385,382	119,344,859
Total equity		224,552,221	184,548,442
Liabilities			
Deferred tax liabilities	17	6,923,474	5,459,000
Bank borrowings	19	22,488,095	-
Total non-current liabilities		29,411,569	5,459,000
Payables and accruals	18	37,908,826	11,665,480
Bank borrowings	19	13,151,701	412,902
Current tax liability		2,555,865	335,984
Dividend payable		8,502,314	6,084,608
Total current liabilities		62,118,706	18,498,974
Total liabilities		91,530,275	23,957,974
Total equity and liabilities		316,082,496	208,506,416

The notes on pages 46 to 91 are an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

	NOTE	2008 RM	2007 RM
Continuing operations			
Revenue	21	208,416,619	132,433,135
Cost of sales		(119,378,628)	(81,397,430)
Gross profit		89,037,991	51,035,705
Distribution costs		(12,602,587)	(5,440,800)
Administrative expenses		(27,686,473)	(12,369,001)
Other operating expenses		(2,575,870)	(206,277)
Other operating income		3,763,256	6,998,040
		(39,101,674)	(11,018,038)
Results from operating activities		49,936,317	40,017,667
Finance costs		(674,144)	(402,953)
Profit before tax	22	49,262,173	39,614,714
Tax expense	25	(8,544,705)	(7,207,428)
Profit for the year		40,717,468	32,407,286
Attributable to :			
Shareholders of the Company		40,717,468	32,407,286
Basic earnings per ordinary share (sen)	26	36.37	28.90
Diluted earnings per ordinary share (sen)	26	35.93	28.90
Dividends per ordinary share - gross (sen)	27	25.00	32.00

The notes on pages 46 to 91 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2008

	← Non-Distributable			Distributable →			Total Equity RM
	Share Capital RM	Treasury Shares RM	Share Premium RM	Share Option Reserves RM	Exchange Fluctuation Reserve RM	Retained Earnings RM	
At 1 April 2006	70,495,200	(2,985,593)	6,938,266	-	(78,949)	95,728,480	170,097,404
Profit for the year	-	-	-	-	-	32,407,286	32,407,286
Treasury shares acquired	-	(2,485,824)	-	-	-	-	(2,485,824)
Shares issued : - under ESOS	179,800	-	566,478	-	-	-	746,278
Net loss not recognised in the income statement - Exchange differences (Note 16)	-	-	-	-	(95,798)	-	(95,798)
Dividends (Note 27)	-	-	-	-	-	(16,120,904)	(16,120,904)
At 31 March 2007 / 1 April 2007	70,675,000	(5,471,417)	7,504,744	-	(174,747)	112,014,862	184,548,442
Profit for the year	-	-	-	-	-	40,717,468	40,717,468
Treasury shares - acquired	-	(7,665,744)	-	-	-	-	(7,665,744)
- disposed	-	12,892,720	9,706,148	-	-	-	22,598,868
Transfer to share premium for share options exercised	-	-	144,879	(144,879)	-	-	-
Share based payment under ESOS	-	-	-	843,606	-	-	843,606
Shares issued - under ESOS	236,000	-	803,584	-	-	-	1,039,584
- bonus shares	42,500,280	-	(7,504,744)	-	-	(34,995,536)	-
Share issue expenses	-	-	(111,871)	-	-	-	(111,871)
Net gain not recognised in the income statement - Exchange differences (Note 16)	-	-	-	-	1,051,295	-	1,051,295
Dividends (Note 27)	-	-	-	-	-	(18,469,427)	(18,469,427)
At 31 March 2008	113,411,280	(244,441)	10,542,740	698,727	876,548	99,267,367	224,552,221

The notes on pages 46 to 91 are an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

	NOTE	2008 RM	2007 RM (Restated)
Cash flows from operating activities			
Profit before tax from continuing operations		49,262,173	39,614,714
Adjustments for :			
Depreciation			
- Property, plant and equipment	3	6,461,573	4,927,077
- Investment properties	5	41,332	41,332
Amortisation of prepaid lease payments	4	38,875	38,875
Interest expense	22	674,144	402,953
Interest income	22	(2,207,426)	(3,065,439)
Dividends income	22	-	(194,074)
(Gain)/Loss on disposal of plant and equipment	22	(130,033)	19,299
Gain on disposal of other investments	22	(108,379)	(764,842)
Plant and equipment written off	22	3,960	623
Unrealised loss on foreign exchange		-	272,425
Share based payment under ESOS	20	843,606	-
Gain on disposal of assets held for sale	22	(97,543)	-
Operating profit before changes in working capital		54,782,282	41,292,943
Changes in working capital :			
Inventories		(13,216,657)	(9,806,372)
Receivables, deposits and prepayments		1,695,490	(2,398,342)
Payables and accruals		1,390,342	4,104,903
Cash generated from operations		44,651,457	33,193,132
Income taxes paid		(6,515,872)	(7,837,535)
Net cash generated from operating activities		38,135,585	25,355,597

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008 (CONT D)

	NOTE	2008 RM	2007 RM (Restated)
Cash flows from investing activities			
Interest received		2,207,426	3,008,425
Purchase of plant and equipment	3	(13,256,322)	(8,627,507)
Proceeds from disposal of plant and equipment		195,231	200,538
Purchase of other investments		(1,008,900)	(1,584,828)
Proceeds from disposal of other investments, net	8	1,706,761	25,464,895
Dividends received		-	5,400
Acquisition of a subsidiary, net of cash acquired	34	(61,642,850)	-
Proceeds from disposal of asset held for sale		570,000	-
Withdrawal of deposits placed under investment portfolio		3,670,296	-
Net cash (used in)/generated from investing activities		(67,558,358)	18,466,923
Cash flows from financing activities			
Proceeds from shares issued under ESOS		1,039,584	746,278
Share issue expenses	16	(111,871)	-
Dividends paid		(16,051,721)	(16,065,737)
Repurchase of treasury shares	15	(7,665,744)	(2,485,824)
Bank borrowings, net		24,514,682	115,469
Proceeds from sales of treasury shares		22,598,868	-
Interest paid		(674,144)	(402,953)
Net cash generated from/(used in) financing activities		23,649,654	(18,092,767)
Net (decrease)/increase in cash and cash equivalents		(5,773,119)	25,729,753
Cash and cash equivalents at 1 April		64,224,602	38,481,198
Effects of exchange rates on cash and cash equivalents		123,663	13,651
Cash and cash equivalents at 31 March		58,575,146	64,224,602

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008 (CONT D)

NOTE

Cash and cash equivalents

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

	NOTE	2008 RM	2007 RM
Short term deposits with licensed banks	13	51,477,675	61,579,659
Cash and bank balances	13	9,108,333	2,946,755
Bank overdrafts	19	(2,010,862)	(301,812)
		<hr/>	<hr/>
		58,575,146	64,224,602

The notes on pages 46 to 91 are an integral part of these financial statements.

BALANCE SHEET AT 31 MARCH 2008

	NOTE	2008 RM	2007 RM
Assets			
Investments in subsidiaries	6	22,196,151	21,352,545
Amount due from subsidiaries	10	44,315,000	44,315,000
Total non-current assets		66,511,151	65,667,545
Receivables, deposits and prepayments	10	78,781,097	52,676,821
Current tax assets		164,293	203,657
Cash and cash equivalents	13	4,424,396	7,631,867
Total current assets		83,369,786	60,512,345
Total assets		149,880,937	126,179,890
Equity			
Share capital	14	113,411,280	70,675,000
Treasury shares	15	(244,441)	(5,471,417)
Reserves	16	27,562,513	52,903,735
Total equity		140,729,352	118,107,318
Liabilities			
Payables and accruals	18	649,271	1,987,964
Dividend payable		8,502,314	6,084,608
Total current liabilities		9,151,585	8,072,572
Total equity and liabilities		149,880,937	126,179,890

The notes on pages 46 to 91 are an integral part of these financial statements.

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

	NOTE	2008 RM	2007 RM
Continuing operations			
Revenue	21	32,735,455	64,078,454
Administrative expenses		(354,122)	(349,914)
Other operating expenses		(5,669)	(1,004)
Other operating income		285,377	221,348
Results from operating activities		32,661,041	63,948,884
Finance costs		(792)	(665)
Profit before tax	22	32,660,249	63,948,219
Tax expense	25	(8,273,231)	(12,895,915)
Profit for the year		24,387,018	51,052,304
Dividends per ordinary share - gross (sen)	27	25.00	32.00

The notes on pages 46 to 91 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2008

	← Non-Distributable			→ Distributable		Total RM
	Share Capital RM	Treasury Shares RM	Share Premium RM	Share Option Reserves RM	Retained Earnings RM	
At 1 April 2006	70,495,200	(2,985,593)	6,938,266	-	10,467,591	84,915,464
Profit for the year	-	-	-	-	51,052,304	51,052,304
Treasury shares acquired	-	(2,485,824)	-	-	-	(2,485,824)
Shares issued :						
- under ESOS	179,800	-	566,478	-	-	746,278
Dividends (Note 27)	-	-	-	-	(16,120,904)	(16,120,904)
At 31 March 2007/1 April 2007	70,675,000	(5,471,417)	7,504,744	-	45,398,991	118,107,318
Profit for the year	-	-	-	-	24,387,018	24,387,018
Treasury shares						
- acquired	-	(7,665,744)	-	-	-	(7,665,744)
- disposed	-	12,892,720	9,706,148	-	-	22,598,868
Transfer to share premium for share options exercised	-	-	144,879	(144,879)	-	-
Share based payments under ESOS	-	-	-	843,606	-	843,606
Shares issued						
- under ESOS	236,000	-	803,584	-	-	1,039,584
- bonus shares	42,500,280	-	(7,504,744)	-	(34,995,536)	-
Shares issue expenses	-	-	(111,871)	-	-	(111,871)
Dividends (Note 27)	-	-	-	-	(18,469,427)	(18,469,427)
At 31 March 2008	113,411,280	(244,441)	10,542,740	698,727	16,321,046	140,729,352

The notes on pages 46 to 91 are an integral part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

	NOTE	2008 RM	2007 RM
Cash flows from operating activities			
Profit before tax from continuing operations		32,660,249	63,948,219
Adjustments for :			
Interest expense	22	792	665
Dividends income	22	(32,670,400)	(64,000,000)
Interest income	22	(282,243)	(200,529)
Gain on disposal of other investments	22	-	(19,879)
Operating loss before changes in working capital		(291,602)	(271,524)
Changes in working capital :			
Receivables, deposits and prepayments		91,706	(91,706)
Payables and accruals		(1,338,693)	(51,079)
Cash used in operations		(1,538,589)	(414,309)
Income taxes refund		123,133	6,045
Dividends received		24,313,400	51,040,000
Net cash generated from operating activities		22,897,944	50,631,736
Cash flows from investing activities			
Interest received		282,243	200,529
Purchase of other investments		-	(34,133)
Proceeds from disposal of other investments		-	54,012
Net cash generated from investing activities		282,243	220,408

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2008 (CONT D)

	NOTE	2008 RM	2007 RM
Cash flows from financing activities			
Advances to subsidiaries, net		(26,195,982)	(26,790,245)
Proceeds from shares issued under ESOS		1,039,584	746,278
Share issue expenses	16	(111,871)	-
Dividends paid		(16,051,721)	(16,065,737)
Repurchase of treasury shares	15	(7,665,744)	(2,485,824)
Proceeds from sales of treasury shares		22,598,868	-
Interest paid		(792)	(665)
Net cash used in financing activities		(26,387,658)	(44,596,193)
<hr/>			
Net (decrease)/increase in cash and cash equivalents		(3,207,471)	6,255,951
Cash and cash equivalents at 1 April		7,631,867	1,375,916
Cash and cash equivalents at 31 March	13	4,424,396	7,631,867

The notes on pages 46 to 91 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

Registered office

Suite 2-1, 2nd Floor,
Menara Penang Garden
42A, Jalan Sultan Ahmad Shah
10050 Penang

Principal place of business

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

The consolidated financial statements as at and for the year ended 31 March 2008 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in associates.

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

The financial statements were approved by the Board of Directors on 24 July 2008.

I. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board ("MASB"), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965.

The MASB has also issued the following FRS and Interpretations that are effective for annual periods beginning after 1 April 2007, and that have not been applied in preparing these financial statements :

FRSs/Interpretations	Effective date
FRS 107, Cash Flow Statements	1 July 2007
FRS 111, Construction Contracts	1 July 2007
FRS 112, Income Taxes	1 July 2007
FRS 118, Revenue	1 July 2007
FRS 120, Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
FRS 134, Interim Financial Reporting	1 July 2007
FRS 137, Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
FRS 139, Financial Instruments : Recognition and Measurement	To be announced
IC Interpretation 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007

I. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

FRSs/Interpretations	Effective date
IC Interpretation 2, Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6, Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7, Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8, Scope of FRS 2	1 July 2007

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous year except for the adoption of FRS 117, Leases and FRS 124, Related Party Disclosure.

Other than the reclassification of leasehold land from property, plant and equipment to prepaid lease payments and additional disclosure, the adoption of FRS 117, Leases and FRS 124, Related Party Disclosure do not have any significant financial impact on the Group and the Company. The effect of adopting FRS 117, Leases in the financial year ended 31 March 2008 are set out in Note 35.

The Group and the Company plan to apply the rest of the above-mentioned FRSs and Interpretations for the annual period beginning 1 April 2008 except for those which are not applicable to the Company and FRS 139, Financial Instruments : Recognition and Measurement which the effective date has yet to be announced.

The impact of applying FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in FRS 139.103AB.

The initial application of the other new/revised FRSs and Interpretations are not expected to have any material impact on the financial statements of the Group and the Company.

(b) Basis of measurement

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

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

I. Basis of preparation (Cont'd)

(d) Use of estimates and judgements (Cont'd)

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.

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.

Certain comparative amount have been reclassified to conform to the current year's presentation (refer to Note 36 to the financial statements).

(a) Basis of consolidation

(i) *Subsidiaries*

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

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

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

Investment in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(ii) *Associates*

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

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the income and expenses of the equity accounted associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(ii) Associates (Cont'd)

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

Investments in associates are stated in the Company's balance sheet at cost less impairment losses, if any, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(iii) Changes in Group composition

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

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

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Minority interest

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

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

(v) Transactions eliminated on consolidation

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

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

2. Significant accounting policies (Cont'd)

(b) Foreign currency transactions

(i) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies 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 the income statement.

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

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

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

The closing rates used in the translation of foreign currency monetary assets and liabilities and the financial statements of foreign operations are as follows :

	2008	2007
	RM	RM
I USD	3.19	3.45
I GBP	6.37	6.84
I SGD	2.31	2.27
I EURO	5.03	4.60
I CHF	3.20	2.84

(iii) Net investment in foreign operations

Exchange differences arising from monetary items that in substance form part of the Company's net investment in foreign operations, are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements. Deferred exchange differences are recognised in the consolidated income statement upon disposal of the investment.

(c) Property, plant and equipment

(i) Recognition and measurement

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

Revalued property, plant and equipment where no revaluation policy is adopted

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

2. Significant accounting policies (Cont'd)

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

(i) Recognition and measurement (Cont'd)

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

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

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

(ii) Reclassification to investment property

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

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

(iii) Subsequent costs

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

(iv) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use. Depreciation of other property, plant and equipment over the term of their estimated useful lives are at the following annual rates :

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

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

2. Significant accounting policies (Cont'd)

(d) Leased assets

(i) Finance lease

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

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

(ii) Operating lease

Other leases are operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's balance sheet.

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

Certain land held under leases were revalued in May 1994 and the Group has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provision in FRS 117.67A

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

(e) Goodwill

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

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

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

Goodwill with indefinite useful lives are tested for impairment annually and whenever there is an indication that they may be impaired.

(f) Investments in equity securities

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

Subsequent to initial recognition :

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

2. Significant accounting policies (Cont'd)

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

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

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

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

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

(g) Investment properties

(i) *Investment properties carried at cost*

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

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

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

(ii) *Determination of fair value*

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

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

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

(h) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, and investment properties which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statements. Gains are not recognised in excess of any cumulative impairment loss.

2. Significant accounting policies (Cont'd)

(i) Impairment of assets

The carrying amounts of assets except for financial assets (other than investments in subsidiaries and associate, inventories and non current assets classified as held for sale) are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists then the asset's recoverable amount is estimated. For goodwill that have indefinite useful lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment loss is also recognised in the income statement.

(j) Receivables

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

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

Receivables are not held for the purpose of trading.

(k) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

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

2. Significant accounting policies (Cont'd)

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(m) Provisions

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

Contingent liabilities

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

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

(n) Payables

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

(o) Loans and borrowings

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

(p) Tax expense

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

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the balance sheet date.

2. Significant accounting policies (Cont'd)

(p) Tax expense (Cont'd)

Deferred tax liability is recognised for all taxable temporary differences.

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

(q) Revenue recognition

(i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Rental income

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease.

(iii) Dividend income

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

(iv) Commission income

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

(r) 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.

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

(ii) Share-based payment transactions

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

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

2. Significant accounting policies (Cont'd)

(s) Share capital

(i) Shares issue expenses

Incremental costs directly attributable to issue of shares and share options classified as equity are recognised as a deduction from equity.

(ii) Repurchase of share capital

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

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

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

(t) Interest income and borrowing costs

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

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

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

(u) Earnings per ordinary share

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

(v) Segment reporting

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

3. PROPERTY, PLANT AND EQUIPMENT - GROUP

Cost/valuation	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital expenditure-in-progress RM	Total RM
At 1 April 2006, as previously stated									
- at cost	3,252,448	240,000	394,116	18,898,460	48,248,675	2,589,648	2,685,303	692,089	77,000,739
- at valuation	3,867,046	-	1,900,000	4,442,954	-	-	-	-	10,210,000
- effect of adopting FRS 117 (Note 4)	-	(240,000)	(2,294,116)	-	-	-	-	-	(2,534,116)
At 1 April 2006, restated	7,119,494	-	-	23,341,414	48,248,675	2,589,648	2,685,303	692,089	84,676,623
Additions	-	-	-	1,290,659	5,257,249	332,088	348,996	1,398,515	8,627,507
Disposals	-	-	-	-	(841,613)	(172,549)	(261,031)	-	(1,275,193)
Write-off	-	-	-	-	-	(760)	-	-	(760)
Reclassification	-	-	-	692,089	-	-	-	(692,089)	-
Transfer to assets held for sale	-	-	-	(317,599)	-	-	-	-	(317,599)
Foreign exchange differences	-	-	-	4,527	34,809	25,364	-	-	64,700
At 31 March 2007/1 April 2007, restated	3,252,448	-	-	20,568,136	52,699,120	2,773,791	2,773,268	1,398,515	83,465,278
- at cost	3,867,046	-	-	4,442,954	-	-	-	-	8,310,000
Additions	7,119,494	-	-	25,011,090	52,699,120	2,773,791	2,773,268	1,398,515	91,775,278
Disposals	45,607	-	-	4,599,753	6,353,892	723,584	428,009	1,105,477	13,256,322
Write-off	-	-	-	-	(37,215)	(1,600)	(329,042)	-	(367,857)
Reclassification	-	-	-	-	-	(5,693)	-	-	(5,693)
Acquisition of a subsidiary	1,991,604	-	-	1,330,515	-	-	-	(1,330,515)	-
Foreign exchange differences	86,181	-	-	29,546,247	63,885,840	10,442,807	3,316,753	-	109,183,251
				804,345	1,856,453	311,538	113,819	-	3,172,336
At 31 March 2008	5,375,840	-	-	56,848,996	124,758,090	14,244,427	6,302,807	1,173,477	208,703,637
- at cost	3,867,046	-	-	4,442,954	-	-	-	-	8,310,000
	9,242,886	-	-	61,291,950	124,758,090	14,244,427	6,302,807	1,173,477	217,013,637

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

	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital expenditure-in-progress RM	Total RM
Accumulated depreciation									
At 1 April 2006, as previously stated									
- at cost	-	22,977	41,993	2,583,611	30,478,163	1,345,580	1,758,959	-	36,231,283
- at valuation	-	-	340,419	1,044,186	-	-	-	-	1,384,605
- effect of adopting FRS 117 (Note 4)	-	(22,977)	(382,412)	-	-	-	-	-	(405,389)
At 1 April 2006, restated	-	-	-	3,627,797	30,478,163	1,345,580	1,758,959	-	37,210,499
Depreciation for the year	-	-	-	498,408	3,724,228	346,827	357,614	-	4,927,077
Disposal	-	-	-	-	(701,506)	(125,535)	(228,315)	-	(1,055,356)
Write-off	-	-	-	-	-	(137)	-	-	(137)
Reclassification	-	-	-	-	(41,273)	(2,648)	43,921	-	-
Transfer to assets held for sale	-	-	-	(62,165)	-	-	-	-	(62,165)
Foreign exchange differences	-	-	-	1,485	21,444	16,533	-	-	39,462
At 31 March 2007 / 1 April 2007, restated	-	-	-	2,932,480	33,481,056	1,580,620	1,932,179	-	39,926,335
- at cost	-	-	-	1,133,045	-	-	-	-	1,133,045
- at valuation	-	-	-	4,065,525	33,481,056	1,580,620	1,932,179	-	41,059,380
Depreciation for the year	-	-	-	670,071	4,844,981	493,983	452,538	-	6,461,573
Disposal	-	-	-	-	(6,873)	(640)	(295,146)	-	(302,659)
Write-off	-	-	-	-	-	(1,733)	-	-	(1,733)
Acquisition of a subsidiary	-	-	-	17,400,209	45,703,792	8,547,092	2,753,197	-	74,404,290
Foreign exchange differences	-	-	-	584,397	1,509,495	265,103	94,419	-	2,453,414
At 31 March 2008	-	-	-	21,498,298	85,532,451	10,884,425	4,937,187	-	122,852,361
- at cost	-	-	-	1,221,904	-	-	-	-	1,221,904
- at valuation	-	-	-	22,720,202	85,532,451	10,884,425	4,937,187	-	124,074,265

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

	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital expenditure-in-progress RM	Total RM
Carrying amounts									
At 1 April 2006, restated									
- at cost	3,252,448	-	-	16,314,849	17,770,512	1,244,068	926,344	692,089	40,200,310
- at valuation	3,867,046	-	-	3,398,768	-	-	-	-	7,265,814
	7,119,494	-	-	19,713,617	17,770,512	1,244,068	926,344	692,089	47,466,124
At 31 March 2007/1 April 2007, restated									
- at cost	3,252,448	-	-	17,635,656	19,218,064	1,193,171	841,089	1,398,515	43,538,943
- at valuation	3,867,046	-	-	3,309,909	-	-	-	-	7,176,955
	7,119,494	-	-	20,945,565	19,218,064	1,193,171	841,089	1,398,515	50,715,898
At 31 March 2008									
- at cost	5,375,840	-	-	35,350,698	39,225,639	3,360,002	1,365,620	1,173,477	85,851,276
- at valuation	3,867,046	-	-	3,221,050	-	-	-	-	7,088,096
	9,242,886	-	-	38,571,748	39,225,639	3,360,002	1,365,620	1,173,477	92,939,372

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

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

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

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

	Cost RM	Accumulated Depreciation RM	Net Book Value RM
2008			
Freehold land	345,836	-	345,836
Buildings	1,283,293	(437,794)	845,499
Total	1,629,129	(437,794)	1,191,335
2007			
Freehold land	345,836	-	345,836
Buildings	1,283,293	(412,128)	871,165
Total	1,629,129	(412,128)	1,217,001

Security

Certain freehold land and buildings of the Group with carrying amount of RM6,728,026 (2007 : Nil) are pledged to a financial institution as security for borrowings as disclosed in Note 19 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

4. PREPAID LEASE PAYMENTS

	Note	Unexpired period less than 50 years RM	Unexpired period more than 50 years RM	Total RM
Group				
Cost/valuation				
At 1 April 2006		-	-	-
Effect of adopting FRS 117	3	2,294,116	240,000	2,534,116
At 1 April 2006, restated		2,294,116	240,000	2,534,116
Transfer to assets held for sale		-	(240,000)	(240,000)
At 31 March 2007/1 April 2007, restated		2,294,116	-	2,294,116
At 31 March 2008		2,294,116	-	2,294,116
Amortisation				
At 1 April 2006		-	-	-
Effect of adopting FRS 117	3	382,412	22,977	405,389
At 1 April 2006, restated		382,412	22,977	405,389
Amortisation for the year		38,875	-	38,875
Transfer to assets held for sale		-	(22,977)	(22,977)
At 31 March 2007/1 April 2007, restated		421,287	-	421,287
Amortisation for the year		38,875	-	38,875
At 31 March 2008		460,162	-	460,162
Carrying amounts				
At 1 April 2006, restated		1,911,704	217,023	2,128,727
At 31 March 2007/1 April 2007, restated		1,872,829	-	1,872,829
At 31 March 2008		1,833,954	-	1,833,954

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

5. INVESTMENT PROPERTIES - GROUP

Buildings	2008 RM	2007 RM
Cost		
At 1 April /31 March	2,066,583	2,066,583
Accumulated depreciation		
At 1 April	265,791	224,459
Depreciation for the year	41,332	41,332
At 31 March	307,123	265,791
Carrying amounts		
At 1 April/31 March	1,759,460	1,800,792

The Directors estimate the fair value of the investment properties to be approximately RM2.2 million (2007 : RM2.2 million) at year end.

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

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

	2008 RM	2007 RM
Rental income	136,500	132,000
Direct operating expenses - income generating investment properties	14,217	14,217

6. INVESTMENTS IN SUBSIDIARIES - COMPANY

	2008 RM	2007 RM
Unquoted shares, at cost	21,352,545	21,352,545
Add: Share based payment allocated to subsidiaries	843,606	-
	22,196,151	21,352,545

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

6. INVESTMENTS IN SUBSIDIARIES - COMPANY (Cont'd)

Details of the subsidiaries are as follows :

Name of Company	Percentage of Equity Held		Place of Incorporation	Principal Activities
	2008	2007		
Asia File Products Sdn. Bhd.	100%	100%	Malaysia	Manufacture and supply of stationery products.
Sin Chuan Marketing Sdn. Bhd.	100%	100%	Malaysia	Manufacture and supply of stationery products.
Lim & Khoo Sdn. Bhd.	100%	100%	Malaysia	Dormant.
Formosa Technology Sdn. Bhd.	100%	100%	Malaysia	Trading of stationery products, graphic designing and desktop publishing.
ABBA Marketing Sdn. Bhd.	100%	100%	Malaysia	Trading of stationery products.
AFP Composite Sdn. Bhd.	100%	100%	Malaysia	Manufacture and supply of plastic related products.
Premier Stationery Limited*	75%	75%	United Kingdom	Import and distribution of stationery products.
Premier Stationery Pte. Ltd.*	100%	100%	Singapore	Trading of stationery products.
<i>Subsidiary of Asia File Products Sdn. Bhd.</i>				
Plastoreg Smidt GmbH*	100%	-	Germany	Manufacture and distribution of dividers and indices
*Not audited by KPMG				

7. INVESTMENTS IN AN ASSOCIATE - GROUP

	2008 RM	2007 RM
At cost		
Unquoted shares	5,000	5,000

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

7. INVESTMENTS IN AN ASSOCIATE - GROUP (Cont'd)

Details of the associates are as follows :

Name of Company	Percentage of Equity Held		Place of Incorporation	Principal Activities	Financial Year
	2008	2007			
Mefajaya Sdn. Bhd.	50.0%	50.0%	Malaysia	Trading of stationery and computer forms	31 March

Summary of financial information on the associate :

	Revenue RM	Profit/(Loss) after tax RM	Total assets RM	Total liabilities RM
2008				
Mefajaya Sdn. Bhd.	*1,328,000	*6,000	*446,000	*294,000
2007				
Mefajaya Sdn. Bhd.	1,288,000	(2,000)	532,000	385,000

* Based on unaudited financial statements

The result of the associate has not been equity accounted for as it is not material to the Group. There is no share of associated company's contingent liabilities incurred jointly with other investors.

8. OTHER INVESTMENTS - GROUP

	2008 RM	2007 RM
Investment portfolio	-	5,268,678
Investment securities	1,008,900	-
	<u>1,008,900</u>	<u>5,268,678</u>

Investment portfolio

In previous year, the Group placed funds with a fund manager who was given discretionary powers within certain guidelines to manage the funds. The funds under management were placed with Pheim Asset Management Sdn. Bhd.

	2008 RM	2007 RM
Represented by:		
Quoted securities in Malaysia	-	1,606,248
Deposits with licensed financial institutions	-	3,662,430
	<u>-</u>	<u>5,268,678</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

8. OTHER INVESTMENTS - GROUP (Cont'd)

Details of disposed other investments stated at cost are as follows :

	2008 RM	2007 RM
Proceeds from disposal	1,706,761	6,157,996
Carrying amount of other investments disposed*	(1,598,382)	(5,675,721)
Gain on disposal of investments	108,379	482,275

* The carrying amount of investment at point of disposal was net of dividend accrued from quoted securities amounting to RM7,866 which was included in the carrying amount of quoted securities in previous year. The accrued dividend received during the year was transferred to deposit with licensed financial institution within the investment portfolio.

The market value of the quoted securities and investment portfolio as at end of previous financial year is as disclosed under the fair value of financial instruments in Note 33 to the financial statements.

Investment securities

	2008 RM	2007 RM
At cost		
Unquoted non-convertible corporate bonds	1,008,900	-

The unquoted non-convertible corporate bonds will be matured on 28 May 2009.

9. GOODWILL ON CONSOLIDATION - GROUP

	2008 RM	2007 RM
At 1 April	-	-
Acquisition of a subsidiary	30,234,456	-
At 31 March	30,234,456	-

Goodwill has been allocated to the Group's cash-generating units ("CGU") identified according to the geographical location of the subsidiary company's operations. The aggregate carrying amount of goodwill allocated was RM30.2 million (2006: Nil).

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 approximately 10%. Discount rates used are based on the pre-tax weighted average cost of capital plus an appropriate risk premium, where applicable, at the assessment of the respective CGU. Cash flow projections are based on five years financial budgets.

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

9. GOODWILL ON CONSOLIDATION - GROUP (Cont'd)

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

10. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	NOTE	GROUP		COMPANY	
		2008 RM	2007 RM	2008 RM	2007 RM
Current					
Trade					
Trade receivables	10.1	46,979,250	32,384,075	-	-
Non-trade					
Amount due from subsidiaries	10.2	-	-	78,781,097	52,585,115
Other receivables		3,844,248	908,880	-	-
Deposits		1,595,213	2,427,749	-	91,706
Prepayments		1,491,909	503,120	-	-
		6,931,370	3,839,749	78,781,097	52,676,821
		53,910,620	36,223,824	78,781,097	52,676,821
Non-current					
Non-trade					
Amount due from subsidiaries	10.2	-	-	44,315,000	44,315,000

10.1 Trade receivables

The Group's normal credit terms for trade receivables range from 30 to 90 days (2007 : 30 to 90 days).

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

Foreign currency	GROUP	
	2008 RM	2007 RM
USD	3,196,645	2,775,910
GBP	4,011,023	-
EURO	113,908	169,378
CHF	243,728	-

10.2 Amount due from subsidiaries

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

11. INVENTORIES - GROUP

	2008 RM	2007 RM
At cost		
Raw materials	40,905,182	26,922,177
Work-in-progress	5,131,841	2,935,585
Manufactured inventories	27,603,410	17,431,967
	73,640,433	47,289,729

12. ASSETS CLASSIFIED AS HELD FOR SALE - GROUP

	2008 RM	2007 RM
Land and building		
Cost	-	557,599
Accumulated depreciation	-	(85,142)
	-	472,457

The assets classified as held for sale in previous financial year related to the property located in Selangor whereby sale was completed in March 2008.

13. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Short term deposits with licensed banks	51,477,675	61,579,659	4,248,704	7,616,730
Cash and bank balances	9,108,333	2,946,755	175,692	15,137
	60,586,008	64,526,414	4,424,396	7,631,867

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

	GROUP	
	2008 RM	2007 RM
Foreign currency		
USD	10,223,641	8,972,078
GBP	10,854,223	1,944,884
EURO	2,140,058	691,750
SGD	10,231	618,692

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

14. SHARE CAPITAL - GROUP/COMPANY

	2008		2007	
	RM	No. of Shares	RM	No. of Shares
Ordinary shares of RM1 each				
Authorised :				
At beginning of year	100,000,000	100,000,000	100,000,000	100,000,000
Increased during the year	400,000,000	400,000,000	-	-
At end of year	500,000,000	500,000,000	100,000,000	100,000,000
Issued and fully paid :				
Balance at 1 April	70,675,000	70,675,000	70,495,200	70,495,200
Bonus issue (3 for 5)	42,500,280	42,500,280	-	-
Issued under ESOS, for cash at :				
- RM2.26 per share	-	-	6,600	6,600
- RM3.12 per share	-	-	2,600	2,600
- RM2.23 per share	-	-	6,200	6,200
- RM3.14 per share*	77,200	77,200	-	-
- RM3.57 per share	-	-	36,800	36,800
- RM4.49 per share	-	-	123,400	123,400
- RM5.02 per share	158,800	158,800	-	-
- RM5.71 per share	-	-	4,200	4,200
	236,000	236,000	179,800	179,800
Balance at 31 March	113,411,280	113,411,280	70,675,000	70,675,000

* Exercise price of the options adjusted for the bonus issue during the year.

15. TREASURY SHARES - GROUP/COMPANY

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

During the financial year, the Company repurchased 1,353,700 of its issued share capital from the open market at an average price of RM5.66 per share. The total consideration paid was RM7,665,744 including transaction costs of RM22,894. The repurchase transactions were financed by internally generated funds. The shares repurchased are retained as treasury shares.

During the financial year, the Company sold 2,477,600 treasury shares in the open market. The average resale price of the treasury shares was RM9.22 per share.

As at 31 March 2008, a total of 47,100 (2007 : 1,171,000) ordinary shares were held as treasury shares. The number of outstanding ordinary shares of RM1 each in issue after deducting the treasury shares held is 113,364,180 (2007 : 69,504,000). Treasury shares held have no rights to voting, dividends and participation in other distribution.

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

15. TREASURY SHARES - GROUP/COMPANY (Cont'd)

Details of the sale of treasury shares are as follows :

	Average resale price RM	Highest resale price RM	Lowest resale price RM	Number of treasury share	Total consideration received RM
December, 2007	9.22	9.30	8.95	2,477,600	22,874,730*

* Before deducting transaction cost of RM275,862

16. RESERVES

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Non-distributable :				
Exchange fluctuation reserve				
Balance at 1 April	(174,747)	(78,949)	-	-
Difference on exchange for the year	1,051,295	(95,798)	-	-
Balance at 31 March	876,548	(174,747)	-	-
Share premium on ordinary shares				
Balance at 1 April	7,504,744	6,938,266	7,504,744	6,938,266
Issue of shares at :				
- RM2.23 per share	-	7,626	-	7,626
- RM2.26 per share	-	8,316	-	8,316
- RM3.12 per share	-	5,512	-	5,512
- RM3.14 per share	165,208	-	165,208	-
- RM3.57 per share	-	94,576	-	94,576
- RM4.49 per share	-	430,666	-	430,666
- RM5.02 per share	638,376	-	638,376	-
- RM5.71 per share	-	19,782	-	19,782
Sale of treasury shares	9,706,148	-	9,706,148	-
Share options exercised	144,879	-	144,879	-
Bonus issue	(7,504,744)	-	(7,504,744)	-
Share issue expenses	(111,871)	-	(111,871)	-
Balance at 31 March	10,542,740	7,504,744	10,542,740	7,504,744
Share options reserves	698,727	-	698,727	-
Distributable :				
Retained earnings	99,267,367	112,014,862	16,321,046	45,398,991
	111,385,382	119,344,859	27,562,513	52,903,735

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

16. RESERVES (Cont'd)

Movements of retained earnings and reserves are shown in the Statement of Changes in Equity.

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

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

17. DEFERRED TAX LIABILITIES - GROUP

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following :

	2008 RM	2007 RM
Property, plant and equipment		
- revaluation	965,300	985,000
- capital allowances	4,519,700	4,404,000
- fair value adjustment	1,820,474	-
Provisions	(382,000)	70,000
	6,923,474	5,459,000

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

	2008 RM	2007 RM
Tax losses carry-forward of a foreign subsidiary	1,424,000	663,000

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

The comparative figures have been restated to reflect the revised tax loss carry-forwards available to the Group.

Movement in temporary difference during the year

	At 1.4.2006 RM	Recognised in income statements (Note 25) RM	At 31.3.2007 RM	Recognised in income statements (Note 25) RM	Acquisition of a subsidiary (Note 34) RM	At 31.3.2008 RM
Group						
Property, plant and equipment						
- revaluation	985,000	-	985,000	(19,700)	-	965,300
- capital allowance	4,063,000	341,000	4,404,000	115,700	-	4,519,700
- fair value adjustment	-	-	-	-	1,820,474	1,820,474
Provisions	253,000	(183,000)	70,000	(452,000)	-	(382,000)
	5,301,000	158,000	5,459,000	(356,000)	1,820,474	6,923,474

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

18. PAYABLES AND ACCRUALS

	NOTE	GROUP		COMPANY	
		2008 RM	2007 RM	2008 RM	2007 RM
Trade					
Trade payables	18.1	26,654,707	9,072,932	-	-
Non-trade					
Amount due to subsidiaries	18.2	-	-	-	1,672,973
Other payables		6,812,818	1,261,175	121,270	79,991
Accrued expenses		4,441,301	1,331,373	528,001	235,000
		11,254,119	2,592,548	649,271	1,987,964
		37,908,826	11,665,480	649,271	1,987,964

18.1 Trade payables

The Group's normal credit terms for trade payables range from 30 to 90 days (2007 : 30 to 90 days).

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

Foreign currency	GROUP	
	2008 RM	2007 RM
USD	3,452,962	1,437,875
GBP	470,635	185
EURO	173,438	192,810

18.2 Amount due to subsidiaries

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

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

19. BANK BORROWINGS - GROUP

	NOTE	2008 RM	2007 RM
Current			
Secured			
Term loan	19.1	3,018,000	-
Unsecured			
Term loan	19.1	4,000,000	-
Foreign currency loan		3,662,413	111,090
Bank overdrafts		2,010,862	301,812
Finance lease liabilities	19.2	460,426	-
		13,151,701	412,902
Non-current			
Secured			
Term loan	19.1	5,281,500	-
Unsecured			
Term loan	19.1	16,000,000	-
Finance lease liabilities	19.2	1,206,595	-
		22,488,095	-

19.1 TERMS AND DEBT REPAYMENT SCHEDULE

	Year of maturity	Total RM	Within 1 year RM	1-2 years RM	2-5 years RM	Over 5 years RM
Group						
2008						
Term loan						
- RM	2012	20,000,000	4,000,000	4,000,000	12,000,000	-
- Euro	2010	8,299,500	3,018,000	3,018,000	2,263,500	-
Bank overdrafts						
- RM		237,516	237,516	-	-	-
- Euro		598,450	598,450	-	-	-
- Sterling Pound		1,174,896	1,174,896	-	-	-
Foreign currency loan						
- USD	2009	3,662,413	3,662,413	-	-	-
Finance lease liabilities						
- Euro	2009-2012	1,667,021	460,426	407,198	799,397	-
		35,639,796	13,151,701	7,425,198	15,062,897	-

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

19. BANK BORROWINGS - GROUP (Cont'd)

19.1 TERMS AND DEBT REPAYMENT SCHEDULE (Cont'd)

	Year of maturity	Total RM	Within 1 year RM	1-2 years RM	2-5 years RM	Over 5 years RM
Group						
2007						
Bank overdrafts - RM		301,812	301,812	-	-	-
Foreign currency loan	2008	111,090	111,090	-	-	-
		412,902	412,902	-	-	-

19.2 FINANCE LEASE LIABILITIES

	Minimum lease payments 2008 RM	Interest 2008 RM	Principal 2008 RM	Minimum lease payments 2007 RM	Interest 2007 RM	Principal 2007 RM
Group						
Less than one year	532,230	71,804	460,426	-	-	-
Between one and five years	1,302,290	95,695	1,206,595	-	-	-
	1,834,520	167,499	1,667,021	-	-	-

The Group leases production plant and equipment amounting to RM2,407,081 (2007 : Nil) under finance lease expiring from 2009 to 2012.

The bank overdrafts are subject to interest at 1.75% (2007 : 1.75%) per annum above lenders' base lending rates.

The foreign currency loan is denominated in US Dollars and is subject to interest at 0.50% (2007 : 0.50%) per annum above the bank's cost of funds.

The term loans are subject to interest at 0.3% per annum above the bank's cost of fund and 1.05% per annum over EURIBOR for term loan denominated in Ringgit Malaysia and Euro respectively.

The finance lease liabilities are subject to interest rates ranging from 5.27% to 6.00% (2007 : Nil) per annum.

For details of security, please refer to Note 3 to the financial statements.

20. EMPLOYEE BENEFITS - GROUP/COMPANY

Share Option Plan

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

	Weighted average exercise price 2008 RM	Number of options 2008	Weighted average exercise price 2007 RM	Number of options 2007
Outstanding at 1 April	-	-	4.69	463,200
Granted during the year	5.02	3,405,000	-	-
Exercised prior to bonus issue	5.02	(158,800)	4.15	(179,800)
Adjustment on bonus issue of 3 ordinary shares for 5 existing ordinary shares held		1,947,720	-	-
Exercised after bonus issue	3.14	(77,200)	-	-
Lapsed due to				
- resignation	3.14	(241,600)	4.70	(40,600)
- expiry		-	5.09	(242,800)
Outstanding at 31 March		4,875,120		-
Exercisable at 31 March		189,360		-

The options outstanding as at 31 March 2008 have an exercise price of RM3.14 and a weighted average contractual life of 4 years.

During the year, 158,800 and 77,200 share options were exercised prior to the bonus issue and subsequent to bonus issue respectively. The weighted average share price for the year was RM4.36, 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	2008 Executives	Other
Fair value of share options and assumptions			
Fair value at grant date	RM0.70	RM0.69	RM0.71
Fair value after adjusted for bonus issue	RM0.44	RM0.43	RM0.44

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

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

	Directors	2008 Executives	Other
Fair value of share options and assumptions			
Exercise price			
- at grant date	RM5.02	RM5.02	RM5.02
- after adjusted for bonus shares issued	RM3.14	RM3.14	RM3.14
Expected volatility (weighted average volatility)	19.42%	19.42%	19.42%
Option life (expected weighted average life)	5 years	5 years	5 years
Expected dividends	5.70%	5.70%	5.70%
Risk-free interest rate (based on Malaysian government bonds)	3.45%	3.45%	3.45%

Value of employee services received for issue of share options

	GROUP	
	2008 RM	2007 RM
Options granted in 2008 recognised as expenses - staff cost	843,606	-

21. REVENUE

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Invoiced value of goods sold less discounts and returns	208,351,564	132,354,681	-	-
Gross dividends receivable from subsidiaries	-	-	32,670,400	64,000,000
Commission income	65,055	78,454	65,055	78,454
	208,416,619	132,433,135	32,735,455	64,078,454

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

22. PROFIT BEFORE TAX

Profit before tax is arrived at :

	GROUP		COMPANY	
	2008 RM	2007 RM (Restated)	2008 RM	2007 RM
After charging :				
Auditors' remuneration				
Statutory audit				
KPMG				
- Current year	54,000	46,000	9,000	6,000
- Prior year	8,000	-	3,000	-
Other auditors				
- Current year	175,769	38,706	-	-
Other services				
KPMG				
- Current year	10,200	10,300	3,000	4,500
- Prior year	2,400	-	1,000	-
Bad debts written off	1,581	9,805	-	-
Directors' emoluments				
Directors of the Company				
- Fees	256,500	244,000	242,000	222,000
- Remuneration	667,056	652,138	-	-
Other Directors				
- Fees	36,720	36,240	-	-
- Remuneration	429,463	-	-	-
- Consultancy fee paid to a company in which a Director of a subsidiary has a substantial financial interest	300,983	323,190	-	-
Amortisation of prepaid lease payments (Note 4)	38,875	38,875	-	-
Depreciation				
- property, plant and equipment (Note 3)	6,461,573	4,927,077	-	-
- investment properties (Note 5)	41,332	41,332	-	-
Rental of premises	2,032,772	921,850	-	-
Plant and equipment written off	3,960	623	-	-
Loss on foreign exchange				
- realised	686,501	-	-	-
- unrealised	1,634,124	272,425	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

22. PROFIT BEFORE TAX (Cont'd)

	GROUP		COMPANY	
	2008 RM	2007 RM (Restated)	2008 RM	2007 RM
Interest expense	674,144	402,953	792	665
Loss on disposal of plant and equipment	-	19,299	-	-
Provision for doubtful debts	82,001	-	-	-
and crediting :				
Dividends income (gross) from :				
- Quoted investments	-	194,074	-	-
- Subsidiaries	-	-	32,670,400	64,000,000
Interest income	2,207,426	3,065,439	282,243	200,529
Gain on foreign exchange - realised	-	2,937,050	-	-
Gain on disposal of plant and equipment	130,033	-	-	-
Rental income	153,500	132,000	-	-
Gain on disposal of other investments (Note 8)	108,379	764,842	-	19,879
Gain on disposal of assets held for sale	97,543	-	-	-

The estimated monetary value of benefits received by the Directors of the Company otherwise than in cash from the Group amounted to RM17,400 (2007 : RM17,400).

23. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation is as follows :

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Directors of the Company				
- Fees	256,500	244,000	242,000	222,000
- Remuneration	667,056	652,138	-	-
Other directors				
- Fees	44,220	36,240	-	-
- Remuneration	429,463	-	-	-
	1,397,239	932,378	242,000	222,000

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

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

24. EMPLOYEE INFORMATION

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Staff costs	22,259,735	11,578,447	-	-

Included in staff costs of the Group is an amount of RM1,323,560 (2007 : RM842,123) representing contributions made to the defined contribution plan, the statutory pension funds.

25. TAX EXPENSE

Recognised in the income statements

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Current tax expense				
Malaysian - current	8,097,977	6,820,271	8,301,977	12,915,271
- prior year	(2,847)	144,613	(28,746)	(19,356)
Overseas - current	804,272	83,990	-	-
- prior year	1,303	554	-	-
Total current tax	8,900,705	7,049,428	8,273,231	12,895,915
Deferred tax expense				
- current year	(320,550)	158,000	-	-
- prior year	(35,450)	-	-	-
Total deferred tax	(356,000)	158,000	-	-
Total tax expense	8,544,705	7,207,428	8,273,231	12,895,915

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

25. TAX EXPENSE (Cont'd)

Reconciliation of effective tax expense

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit before tax	49,262,173	39,614,714	32,660,249	63,948,219
Tax at Malaysian tax rate at 26% (2007 :27%)	12,808,165	10,695,973	8,491,665	17,266,019
Effect of lower tax rate for certain subsidiaries *	(145,523)	(168,235)	-	-
Effect of different tax rates in foreign jurisdictions	(574,788)	(69,790)	-	-
Effect of change in tax rates **	(170,707)	(201,538)	-	-
Non-deductible expenses	654,869	163,860	21,814	28,517
Tax exempt income	(605,915)	(653,134)	(221,687)	(4,379,265)
Tax incentives	(4,110,198)	(2,686,870)	-	-
Deferred tax assets not recognised	714,000	14,000	-	-
Others	11,796	(32,005)	10,185	-
	8,581,699	7,062,261	8,301,977	12,915,271
(Over)/Under provision in prior year	(36,994)	145,167	(28,746)	(19,356)
Tax expense	8,544,705	7,207,428	8,273,231	12,895,915

* With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax at 20% on chargeable income up to RM500,000.

** The corporate tax rates are at 27% for year of assessment 2007, 26% for year assessment 2008 and 25% for the subsequent year of assessment. Consequently deferred tax assets and liabilities are measured using these tax rates.

26. EARNINGS PER ORDINARY SHARE - GROUP

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the net profit attributable to the shareholders of RM40,717,468 (2007 : RM32,407,286) and on the weighted average number of ordinary shares outstanding during the year of 111,966,864 (2007 : 112,150,284) calculated as follows:

	2008	2007
Issued ordinary shares at 1 April	113,175,280	70,495,200
Effect of shares issued during the year	76,135	61,321
Effect of treasury shares held	(1,284,551)	(906,517)
Effect of bonus issue	-	42,500,280
Weighted average number of ordinary shares at 31 March	111,966,864	112,150,284

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share is based on the net profit attributable to the shareholders of RM40,717,468 (2007 : RM32,407,286) and on the weighted average number of ordinary shares outstanding during the year of RM113,331,003 (2007 : 112,150,284) calculated as follows :

	2008	2007
Weighted average number of ordinary shares at 31 March	111,966,864	112,150,284
Dilution impact of unexercised share options	1,364,139	-
Weighted average number of ordinary shares (diluted) at 31 March	113,331,003	112,150,284

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

27. DIVIDENDS

	GROUP / COMPANY	
	2008 RM	2007 RM
Paid :		
- Final dividend of 20% less 27% tax (2007 : 20% less 28% tax) on 68,267,900 (2007 : 69,696,500) ordinary shares of RMI each	9,967,113	10,036,296
Declared :		
- Interim dividend of 10% less 25% tax (2007 : 12% less 27% tax) on 113,364,180 (2007 : 69,459,000) ordinary shares of RMI each	8,502,314	6,084,608
	18,469,427	16,120,904

A final dividend of 20% less 27% tax amounting to RM9,967,113 proposed in the last financial year and approved by members in the Annual General Meeting was paid on 30 November 2007 and accordingly, this amount has been appropriated from the retained earnings in this financial year.

At the forthcoming Annual General Meeting, a final dividend of 15% less 25% tax in respect of the financial year ended 31 March 2008 will be proposed for members' approval. These financial statements do not reflect this final dividend which, when approved by members, will be accounted for as an appropriation of retained earnings from shareholders' funds in the financial year ending 31 March 2009.

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

28. RELATED PARTIES - GROUP/COMPANY

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

The Group has related party relationships with the followings:

- i) Subsidiaries and associate of the Company as disclosed in the financial statements.
- ii) Companies in which a Director, Mr. Lim Soon Huat and his close family members collectively have controlling interests are Asia Educational Supplies Sdn.Bhd. ("AESSB") and Khyam Seng Printing Sdn. Bhd. ("KSPSB").
- iii) Company in which a Director, Mr. Lim Soon Huat has substantial financial interests is Dynamic Office Sdn. Bhd. ("DOSB")
- iv) Key management personnel of the Group :

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

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

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

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

- a) Transactions entered by subsidiaries in the ordinary course of business with an associate, Mefajaya Sdn. Bhd.

	Transactions amount for the year ended 31 March	
	2008 RM	2007 RM
- Management fee receivable	4,800	4,800
- Sales	612,000	704,000

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

	Transactions amount for the year ended 31 March	
	2008 RM	2007 RM
Sales		
- AESSB	403,000	386,000
- KSPSB	30,000	50,000
- DOSB	2,300	3,000
Purchases		
- AESSB	16,000	13,000
- KSPSB	1,100	-
- DOSB	57,000	57,000
Management fee receivable - DOSB	6,000	6,000

- c) Transactions with key management personnel :

Key management personnel compensation is disclosed in Note 23 to the financial statements.

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

	Transactions amount for the year ended 31 March	
	2008 RM	2007 RM
Group		
Consultancy fee paid to a Company in which a Director of a subsidiary has substantial financial interest	300,983	323,190
Rental paid to		
- a Director of the Company	4,800	-
- a Director of a subsidiary	9,600	-

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

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

There was no amount outstanding as at 31 March 2008 and 2007 on the above transactions.

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

Non-trade balances with subsidiaries are disclosed in Notes 10 and 18 to the financial statements.

29. CAPITAL COMMITMENT - GROUP

	2008 RM	2007 RM
Property, plant and equipment		
Contracted but not provided for	19,211,336	4,677,000

30. LEASE COMMITMENT - GROUP

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

	2008 RM	2007 RM
Less than 1 year	1,808,000	1,941,000
Between 1 and 5 years	4,632,000	6,915,000

The Group leases two properties under operating lease arrangements. The leases run for periods ranging from four to ten 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 RM78,700,000 (2007 : RM58,700,000) of which RM20,836,000 (2007 : RM302,000) was utilised at balance sheet date.

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

32. SEGMENTAL INFORMATION - GROUP

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

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

Business segment

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

Geographical segments

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

	Malaysia RM	Asia (excluding Malaysia) RM	Europe RM	America RM	Others RM	Consolidated RM
2008						
Revenue from external customers	38,604,371	8,643,734	107,903,968	39,155,419	14,109,127	208,416,619
Segment assets	208,075,824	1,545,870	106,291,509	-	-	315,913,203
Capital expenditure	10,865,927	-	2,390,395	-	-	13,256,322
2007						
Revenue from external customers	36,197,076	16,542,549	47,532,620	25,058,943	7,101,947	132,433,135
Segment assets	176,732,564	2,278,214	28,687,386	-	-	207,698,164
Capital expenditure	8,059,134	-	568,373	-	-	8,627,507

33. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

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

33. FINANCIAL INSTRUMENTS (Cont'd)

Credit risk

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

Credit risk arising from the Group's investing activities is believed to be minimal as the Group and the Company places their excess funds with reputable and creditworthy licensed banks and financial institutions, including through a fund management company, in the form of fixed deposits and investments in shares.

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

	COMPANY	
	2008 RM	2007 RM
Amount due from subsidiaries	123,096,097	96,900,115

Interest rate risk

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

Foreign currency risk

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

Liquidity risk

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

Effective interest rates and repricing analysis

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

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

33. FINANCIAL INSTRUMENTS (Cont'd)

	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000	1-5 years RM'000	After 5 years RM'000
Group					
2008					
Financial assets					
<i>Fixed rate instruments</i>					
Short term deposits with licensed banks	3.40	51,478	51,478	-	-
Fixed rates unquoted non-convertible corporate bonds	6.30	1,009	1,009	-	-
Financial liabilities					
<i>Fixed rate instrument</i>					
Finance lease liabilities	5.27 - 6.00	1,667	460	1,207	-
<i>Floating rate instruments</i>					
Bank overdrafts	8.50	2,011	2,011	-	-
Foreign currency loan	3.12	3,662	3,662	-	-
Term loan	4.01 - 5.35	28,300	28,300	-	-
2007					
Financial assets					
<i>Fixed rate instruments</i>					
Short term deposits with licensed banks	3.35	61,580	61,580	-	-
Deposits placed under investment portfolio	3.33	3,662	3,662	-	-
Group					
2007					
Financial liabilities					
<i>Floating rate instruments</i>					
Bank overdrafts	8.50	302	302	-	-
Foreign currency loan	5.80	111	111	-	-
Company					
2008					
Financial asset					
<i>Fixed rate instrument</i>					
Short term deposits with licensed banks	3.06	4,249	4,249	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

33. FINANCIAL INSTRUMENTS (Cont'd)

	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000	1-5 years RM'000	After 5 years RM'000
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2007

Financial asset

Fixed rate instrument

Short term deposits with
licensed banks

3.16	7,617	7,617	-	-
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Fair values

Recognised financial instruments

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

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

	← 2008 →		← 2007 →	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000

Group

Financial assets

Unquoted non-convertible corporate bonds

1,009	1,005	-	-
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Deposits placed under investment portfolio

-	-	3,662	3,662
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Investment in quoted securities

-	-	1,606	1,665
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Financial liabilities

Term loans

28,300	28,300		
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Finance lease liabilities

1,667	#	-	-
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Company

Financial asset

Amount due from subsidiaries

44,315	*	44,315	*
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* It is not practical to estimate the fair value of the long term amount due from subsidiaries. The Company does not anticipate the carrying amount recorded at the balance sheet date to be significantly different from the values that would eventually be settled.

33. FINANCIAL INSTRUMENTS (Cont'd)

It is not practicable to estimate the fair value of the finance lease liabilities due to lack of information on discount rate and the inability to estimate the fair value without incurring excessive cost. However the Directors believe that there is no significant difference between the fair value and the book value of these financial liabilities.

The fair values of the quoted securities, quoted bonds and corporate bonds are their quoted market value at the balance sheet date without deducting any transaction cost.

Unrecognised financial instruments

There were no unrecognised financial instruments at balance sheet date.

34. ACQUISITION OF A SUBSIDIARY

Business combination

On 1 January 2008, the Group completed the acquisition of all the shares in Plastoreg Smidt GmbH & Co. KG and Plastoreg Smidt Verwaltungs GmbH for RM67,157,133 satisfied in cash. The subsidiary is involved in manufacturing and distribution of dividers and indices. For the 3 months to 31 March 2008 the subsidiary contributed profit after tax of RM2,752,375 to the Group. If the acquisition had occurred on 1 April 2007, management estimates that consolidated revenue would have been RM312 million and consolidated profit after tax for the year would have been RM49 million.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date :

	Pre-acquisition carrying amounts RM	Fair value adjustments RM	Recognised value on acquisition RM
Property, plant and equipment	23,207,924	11,571,037	34,778,961
Inventories	13,581,483	-	13,581,483
Receivables	19,760,281	-	19,760,281
Cash and cash equivalents	5,514,283	-	5,514,283
Borrowings	(8,709,619)	-	(8,709,619)
Payables	(26,182,238)	-	(26,182,238)
Deferred tax liabilities	-	(1,820,474)	(1,820,474)
	27,172,114	9,750,563	36,922,677
Goodwill on acquisition			30,234,456
Consideration paid			67,157,133
Cash acquired			(5,514,283)
Net cash outflow			61,642,850

Pre-acquisition carrying amounts were determined based on applicable FRSs immediately before the acquisition. The values of assets and liabilities recognised on acquisition are their estimated fair values.

The goodwill recognised on the acquisition is attributable mainly to the potential earning performance and the synergies expected to be achieved from integrating the Company in the Group's existing business in Europe.

35. EFFECTS OF COMPLIANCE WITH FRSs

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the financial year ended 31 March 2008.

The effect arising from the adoption of FRS 117, Leases is summarised below :

FRS 117

Prepaid lease payments previously classified under property, plant and equipment is now disclosed as a separate line item on the face of the consolidated balance sheet within non-current assets. Comparatives have been reclassified accordingly.

This change does not have any impact on earnings per ordinary share.

36. COMPARATIVE FIGURES

Certain comparative figures have been reclassified as a result of the effects as stated in Note 35.

	GROUP 2007	
	As restated RM	As previously stated RM
Balance sheet		
Property, plant and equipment	50,715,898	52,588,727
Prepaid lease payments	1,872,829	-
Income statement and cash flow statement		
Depreciation on property, plant and equipment	4,927,077	4,965,952
Amortisation on prepaid lease payments	38,875	-

37. SIGNIFICANT EVENTS DURING THE YEAR

37.1 Establishment of a new Employees' share option scheme ("ESOS")

At an Extraordinary General Meeting ("EGM") held on 20 April 2007, the shareholders approved the establishment of a new ESOS replacing the previous ESOS that expired on 25 March 2007.

37.2 Bonus issue and increased in authorised share capital

On 3 December 2007, the shareholders of the Company in an EGM unanimously approved the following :

- (i) increase of the Company authorised capital from 100,000,000 ordinary shares of RMI each to 500,000,000 ordinary shares of RMI each; and
- (ii) bonus issue of up to 42,609,300 new ordinary shares of RMI each on the basis of three (3) new ordinary shares for every five (5) existing ordinary shares held.

37. SIGNIFICANT EVENTS DURING THE YEAR (Cont'd)

The bonus issue was completed on 4 January 2008 with the issuance of 42,500,280 ordinary shares of RM1 each, capitalised from share premium and retained earnings of RM7,504,744 and RM34,995,536 respectively.

37.3 Acquisition of *Plastoreg SG and Plastoreg SV*

On 1 January 2008, Asia File Products Sdn. Bhd. ("AFP"), a wholly owned subsidiary of the Company completed the acquisition of :

- (i) 100% of the fixed capital in Plastoreg Smidt GmbH & Co. KG ("Plastoreg SG") for a cash consideration of Euro13,825,000, equivalent to RM67,272,450; and
- (ii) 100% of the share capital in Plastoreg Smidt Verwaltungs GmbH ("Plastoreg SV") for a cash consideration of Euro25,000, equivalent to RM121,650.

Both Plastoreg SG and Plastoreg SV were incorporated in Germany. Upon the completion of the acquisition, the operations and financial reporting of Plastoreg SG and Plastoreg SV were merged into a single entity known as Plastoreg Smidt GmbH.

38. SUBSEQUENT EVENT

On 17 July 2008, the Company together with one of its wholly owned subsidiaries successfully completed the acquisition of a total of 58,000,000 shares of RM0.50 each of Muda Holdings Bhd. ("MUDA") for a total cash consideration of RM44,539,017 from the open market. Subsequent to the acquisition, MUDA became an associate company of the Group with the Group effective equity interest of 20.36%.

LIST OF PROPERTIES OWNED BY THE GROUP

LOCATION	DESCRIPTION	LAND AREA (sq. meters)	TENURE	AGE (years)	NET BOOK VALUE (RM'000)	DATE OF REVALUATION/ ACQUISITION(*)
1) No 81 & 81A Jalan Sungai Pinang Lots P 1473-1476, Section 9-W, Georgetown Daerah Timur-Laut Penang	Factory cum warehouse	2,442	Freehold	17	7,096	June 1994
2) P.T. No 1870 (Plot 16) Hilir Sungai Keluang 2 Bayan Lepas Industrial Estate (Phase IV) Mukim 12 Daerah Barat Daya Penang	Office, Factory cum warehouse	12,230	60-year lease expiring on 09-09-2051	13	11,026	June 1994 (Land) June 1995 (First Building) (*) March 2000 (Second Building) (*)
3) 42, Jalan Seroja 3917 Taman Johor Jaya 81100 Johor H.S.(D) 101482 PTD 64016 Mukim Plentong	Office, Factory cum warehouse	372	Freehold	14	512	February 1997 (*)
4) No 5, Lorong Perindustrian Bukit Minyak 3 Taman Perindustrian Bukit Minyak, 14100 Bukit Mertajam, Penang	Rented	1,761	60-year lease expiring on 10-10-2055	13	1,087	April 2000 (*)
5) No 7, Lorong Perindustrian Bukit Minyak 3 Taman Perindustrian Bukit Minyak, 14100 Bukit Mertajam, Penang	Rented	1,761	60-year lease expiring on 10-10-2055	13	996	April 2000 (*)
6) Lot 1310, Mukim 14, Daerah Seberang Prai Tengah, Penang	Office, Factory cum warehouse	27,688.91	Freehold	17	13,312	March 2004 (*)
7) PT 43263, H.S.(D) 128696 Mukim Petaling, Daerah Petaling, Selangor	Office, Factory cum warehouse	2,023	Freehold	2	2,591	April 2004 (*)
8) Kasseler Landstraße 12 D-37213 Witzendhausen Germany	Office, Factory, Warehouse	11,983	Freehold	35	6,728	January 2008
9) Zur Furthmühle 4 D-37318 Kirchgandern Germany	Office, Factory, Warehouse	21,840	Freehold	17	7,820	January 2008

SHAREHOLDING STATISTICS - AS AT 6 AUGUST 2008

AUTHORISED SHARE CAPITAL	:	RM500,000,000/=
ISSUED AND FULLY PAID UP CAPITAL	:	RM113,772,740/= (inclusive 47,200 treasury shares)
CLASS OF SHARE	:	Ordinary shares of RM1/= each fully paid
VOTING RIGHT	:	On a show of hands - one vote for every shareholder On a poll - one vote for every ordinary share held

BREAKDOWN OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	16	554	0.000
100 - 1,000	153	109,384	0.096
1,001 - 10,000	651	2,556,181	2.247
10,001 - 100,000	162	4,074,625	3.581
100,001 - 5,688,636	48	34,773,119	30.564
5,688,637 - 113,772,740	3	72,258,877	63.512
TOTAL	1,033	113,772,740	100.000

SUBSTANTIAL SHAREHOLDERS

- As at 6 August 2008

Name	No. of Shares		% of Issued Share Capital (exclude treasury shares)
	Direct Interest	Deemed Interest	
1. Datin Khoo Saw Sim	1,617,920	52,336,837 [^]	47.4430
2. Lim Soon Huat	761,491	52,336,837 [^]	46.6899
3. Prestige Elegance (M) Sdn Bhd	52,336,837	-	46.0203
4. Arisaig Asean Fund	13,092,920	-	11.5127
5. NTAsian Discovery Master Fund	6,811,520	-	5.9894

[^] Deemed interest via Prestige Elegance (M) Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

SHAREHOLDING STATISTICS - AS AT 6 AUGUST 2008

DIRECTORS' SHAREHOLDINGS AS AT 6 AUGUST 2008

Name of Director <i>The Company</i>	Ordinary shares of RMI/= each		% of issued Share Capital (exclude treasury shares)	No. of unexercised ESOS options
	Direct Interest	Deemed Interest		
Lim Soon Huat	761,491	52,425,637 [^]	46.7680	-
Ooi Ean Chin	-	19,520 [*]	0.0172	40,000
Khoo Khai Hong	64,000	-	0.0563	56,000
Nurjannah Binti Ali	-	-	-	40,000
Lim Soon Wah	2,479,825	152,320 ^{**}	2.3145	320,000
Lim Soon Hee (Alternate to Khoo Khai Hong)	2,557,403	-	2.2487	-

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

^{*} These shares are held in the name of spouse and children and are treated as interest of the Director in accordance with Section 134(12c) of the Companies Act, 1965.

^{**} These shares are held in the name of spouse and are treated as interest of the Director in accordance with Section 134(12c) of the Companies Act, 1965.

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

SHAREHOLDING STATISTICS - AS AT 6 AUGUST 2008 (CONT D)

THIRTY LARGEST SHAREHOLDERS AS AT 6 AUGUST 2008

	Name	No. of Shares	% of Issued Share Capital
1.	PRESTIGE ELEGANCE (M) SDN BHD	52,336,837	46.0203
2.	HSBC NOMINEES (ASING) SDN BHD HSBC-FS FOR ARISAIG ASEAN FUND LIMITED	13,092,920	11.5127
3.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HBFS-B CLT 500)	6,829,120	6.0049
4.	PERMODALAN NASIONAL BERHAD	3,796,500	3.3383
5.	MALAYSIA NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	2,560,000	2.2510
6.	LIM SOON HEE	2,557,403	2.2487
7.	LIM SOON WAH	2,479,825	2.1805
8.	LIM SIEW EAN	2,400,000	2.1103
9.	EMPLOYEES PROVIDENT FUND BOARD	2,199,600	1.9341
10.	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD SKIM AMANAH SAHAM BUMIPUTERA	1,855,700	1.6317
11.	KHOO SAW SIM	1,617,920	1.4227
12.	MALAYSIA NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 2)	1,556,480	1.3686
13.	CARTABAN NOMINEES (ASING) SDN BHD NORDEA BANK FINLAND PLC FOR POPULUS MUTUAL FUND	1,533,120	1.3481
14.	MAYBAN NOMINEES (TEMPATAN) SDN BHD AVENUE INVEST BERHAD FOR KUMPULAN WANG AMANAH PENCEN (E00170-220136)	864,000	0.7597
15.	GOH PHAIK NGOH	849,920	0.7473
16.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR HLG PENNY STOCK FUND (UT-HLG-PSF)	829,200	0.7291

SHAREHOLDING STATISTICS - AS AT 6 AUGUST 2008 (CONT D)

THIRTY LARGEST SHAREHOLDERS AS AT 6 AUGUST 2008

	Name	No. of Shares	% of Issued Share Capital
17.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNI.ASIA LIFE ASSURANCE BERHAD (LIFE FUND)	800,000	0.7034
18.	LIM SOON HUAT	761,491	0.6696
19.	CHEAH SOK IN	714,720	0.6285
20.	OOI HOOI KIAN	557,440	0.4902
21.	FOO NIAN CHOU	522,240	0.4592
22.	HLG NOMINEE (TEMPATAN) SDN BHD HLG ASSET MANAGEMENT SDN BHD FOR HONG LEONG ASSURANCE BHD (GROWTH FUND)	488,000	0.4291
23.	MAYBAN NOMINEES (TEMPATAN) SDN BHD MAYBAN TRUSTEES BHD FOR AMANAH SAHAM WANITA (N14011980040)	480,000	0.4221
24.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PRUDENTIAL FUND MANAGEMENT BERHAD	480,000	0.4221
25.	OSK NOMINEES (TEMPATAN) SDN BERHAD EXEMPT AN FOR OSK ASSET MANAGEMENT SDN BHD	387,460	0.3407
26.	GOH PHAIK NGOH	358,720	0.3154
27.	WEE KEW SING	230,600	0.2028
28.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR HLG DIVIDEND FUND (UT-HLG-DIV)	224,000	0.1970
29.	HLG NOMINEE (TEMPATAN) SDN BHD HLG ASSET MANAGEMENT SDN BHD FOR PROGRAM PERTUKARAN FELLOWSHIP PERDANA MENTERI MALAYSIA (I085)	215,600	0.1896
30.	BEH PHAIK HOOI	214,400	0.1885
	TOTAL	103,793,216	91.2664

PROXY FORM

ASIA FILE CORPORATION BHD (313192P)

I/We of being a member/members of the above named Company, hereby appoint of or failing him of as my/our proxy, to vote for me/us and on my/our behalf at the FOURTEENTH ANNUAL GENERAL MEETING of the Company to be held at Merbah 1 Room, Hotel Equatorial, No. 1, Jalan Bukit Jambul, 11900 Penang on Tuesday, 30 September 2008 at 10.00 a.m. and at any adjournment thereof.

NO	RESOLUTIONS	FOR	AGAINST
1.	Ordinary Resolution 1		
2.	Ordinary Resolution 2		
3.	Ordinary Resolution 3		
4.	Ordinary Resolution 4		
5.	Ordinary Resolution 5		
6.	Ordinary Resolution 6		
7.	Ordinary Resolution 7		
8.	Ordinary Resolution 8		

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

Signed thisday of September, 2008

.....
Signature of Shareholder

No. Of Ordinary Shares Held

Notes:

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



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AFFIX
POSTAGE
STAMP

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

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ASIA FILE

Annual Report 2008