



ASIA FILE CORPORATION BHD. (313192-P)

ABBA



Annual Report 2009

Forging ahead in our pursuit of excellence

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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-I, 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'S STATEMENT

.....However, as the saying goes "When the going gets tough, the tough gets going". We are pleased to announce that despite the challenging economic environment faced during the year, the Group managed to chalk up an impressive increase in sales revenue of 44% from RM 208 million to RM 299 million, while its profit before tax improved from RM 49 million to RM 76 million.....



Dear Shareholders,

2009 was a year full of challenges as the world witnessed the meltdown of global financial market followed by a deep plunge of global economy. During this unprecedented global crisis, the dramatic swing in the raw material prices and a slump in consumer demand posed significant challenges to the overall business environment.

Being an export oriented company dealing in consumable products, the Group like most businesses was also not spared from the negative impact of the crisis. However, as the saying goes "When the going gets tough, the tough gets going". We are pleased to announce that despite the challenging economic environment faced during the year, the Group managed to chalk up an impressive increase in sales revenue of 44% from RM 208 million to RM 299 million, while its profit before tax improved from RM 49 million to RM 76 million.

Key contributor to the improvement in 2009 sales revenue was the full impact of the consolidation of results of the Germany subsidiary. The acquisition of the Germany subsidiary, which was completed last year, has given the Group an excellent penetration into the untapped markets in inland Europe such as Germany, Switzerland and Norway. Although we experienced some drop in sales to Asia, export sales to other major markets such as United Kingdom and The United States remained consistent when compared to financial year 2008. In terms of local sales, despite the bearish market sentiment and the much larger contraction in the local economy, overall local sales figure has only experienced a drop of less than 2%.

On the operating margin, the weakening of Pound and the unpredictable volatility in the movement of exchange rates during the year has a negative impact on our bottom line. In addition, the full year consolidation of the results of the Germany subsidiary, which operates at a higher cost environment as compared to the Malaysia based operation, had lowered the overall profit margin. Nevertheless, despite all these unfavorable factors, the Group managed to register an improvement in its pre tax profit of 54% after taking into consideration the exceptional items and the share of profit of its associate.

Based on the Group's performance during the year, an interim dividend of 10% less tax has been paid to the shareholders. In addition, a further 15% taxable final dividend has been proposed by the Board for the financial year ended 31 March 2009. Subject to the shareholders' approval in the forth coming annual general meeting, it will bring the total taxable dividend for the year to 25%.

It is no doubt that this turbulent time has not only presented the Group with challenges, but also with tremendous opportunities for future growth. In view of the overall bearish business sentiment, I must pay tribute to our team of dedicated employees who have worked doubly hard during the year. I am glad to share with you here the success of their hard work. As we continue to secure more sales contracts of significant amount, we believe the Group's competitiveness and reputation will rise another notch higher in the global filing industry. The Board of Directors remains upbeat of the future prospects and the outlook of the Group. I am proud to inform you that your company is now being regarded as a respectable global player in the industry, which has never failed to deliver in terms of quality, pricing and services. And as a testimony of the statement, I would like to inform you that we have won the prestigious 2008 Best Quality Supplier Award given by one of our major customers in the United States.

On behalf of the Board of directors, we believe we are in for another challenging yet exciting year in 2010.

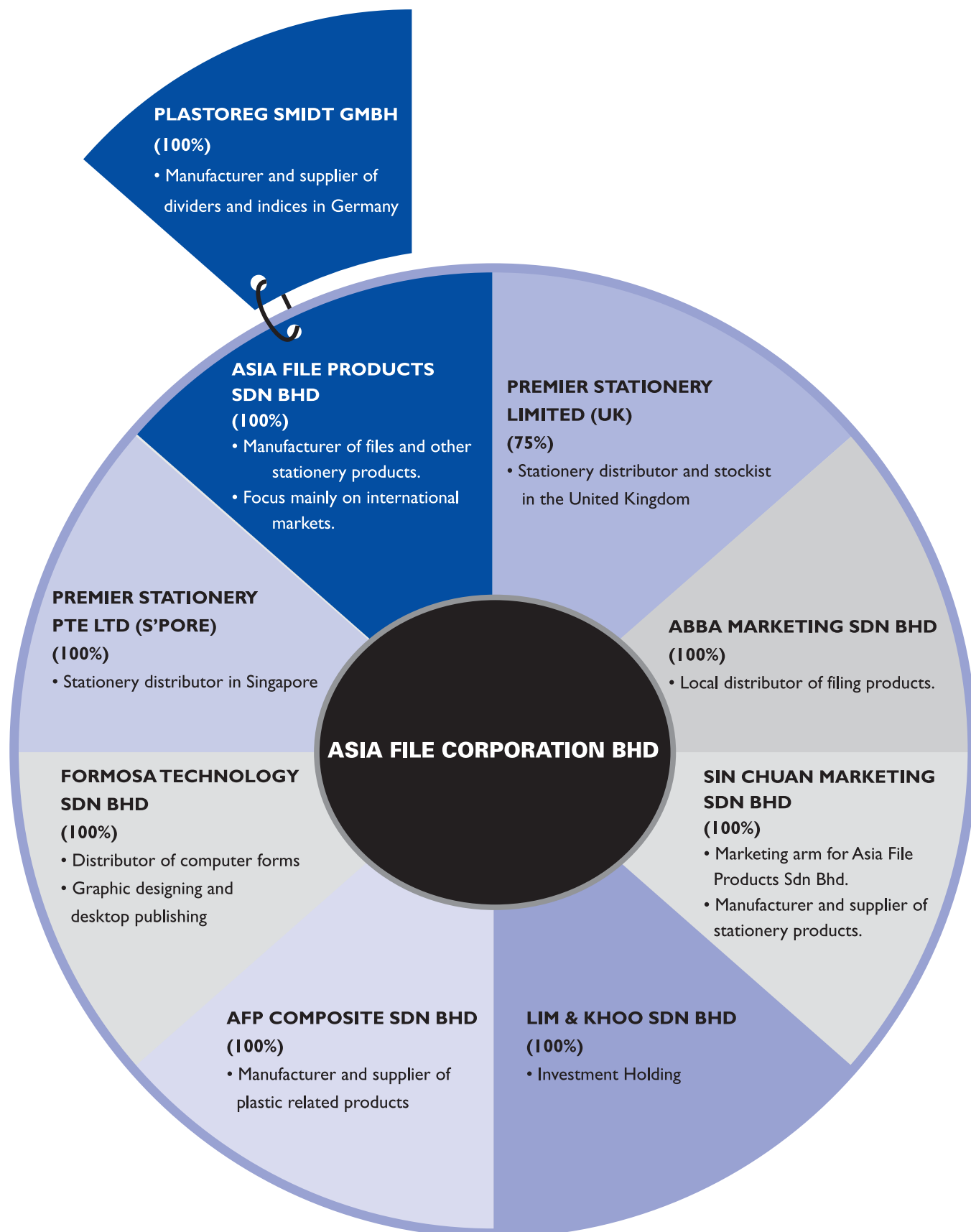
Personal Notes From Your Chairman.....

I will like to express my appreciation to our valued shareholders, business associates and our employees for their unwavering support during this challenging period. The combined support and cooperation from all of you helps to ensure the continued growth and success of the Group.

Lim Soon Huat
Chairman of the Group

Group Structure

Subsidiaries & % Of Shareholdings



PRODUCTS OF THE GROUP



1.



2.



3.



4.



5.



6.



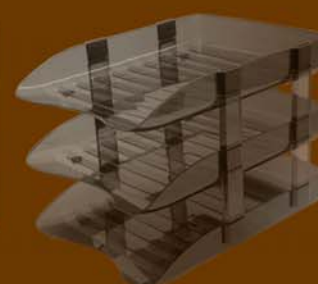
7.



8.



9.



10.

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

1. Dividers

- Manilla Dividers
- Mylar Coated Dividers
- Polypropylene Dividers

2. Polypropylene Range Of Products

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

3. Paper Products

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

4. Clipfolders & Box Files

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

5. Lever Arch Files

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

6. Manilla Files & Folders

- Flat Files
- Pocket Files
- Fold Files

7. Magazine Holders

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

8. Markers & Whiteboard Accessories

- Whiteboard / Permanent Markers
- Whiteboard Erasers

9. Ring Files / Binders

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

10. Stationeries

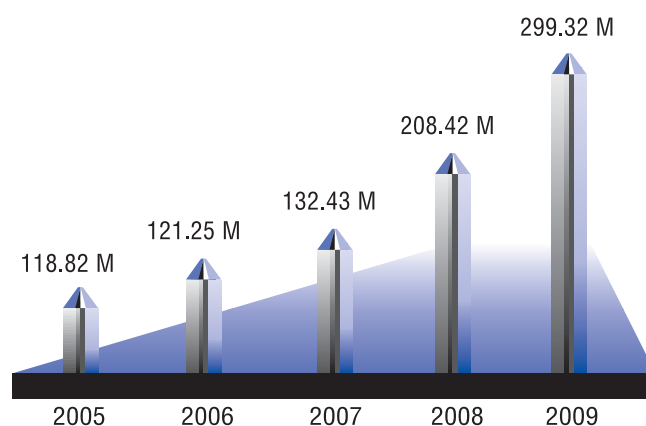
- Trays
- Staplers
- Rubber Bands
- Paper Binders
- Scissors
- Sharpeners
- Binder Clips
- Memo Cassettes
- Staples
- Parcel Strings
- Fasteners
- Hole Punchers
- Name Badges
- Filing Pockets
- Book Jackets



FIVE - YEAR FINANCIAL RESULTS AND FINANCIAL HIGHLIGHTS OF THE GROUP

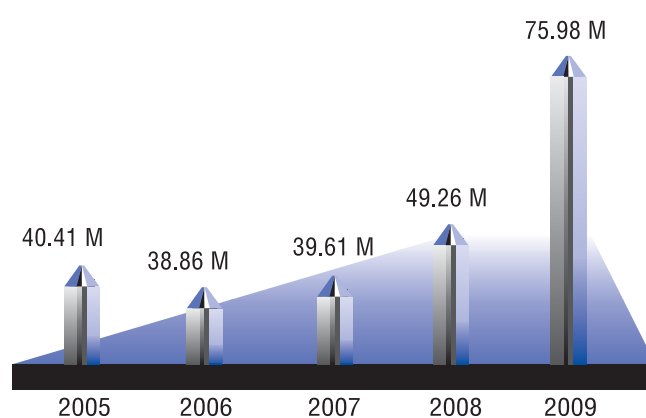
TURNOVER

Year	Turnover (RM)
2005	118.82 M
2006	121.25 M
2007	132.43 M
2008	208.42 M
2009	299.32 M



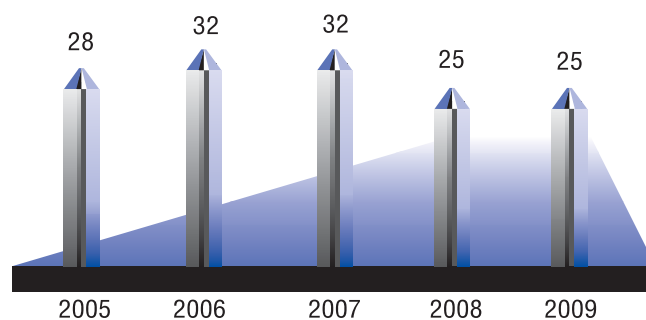
PROFIT BEFORE TAXATION

Year	Profit Before Tax (RM)
2005	40.41 M
2006	38.86 M
2007	39.61 M
2008	49.26 M
2009	75.98 M



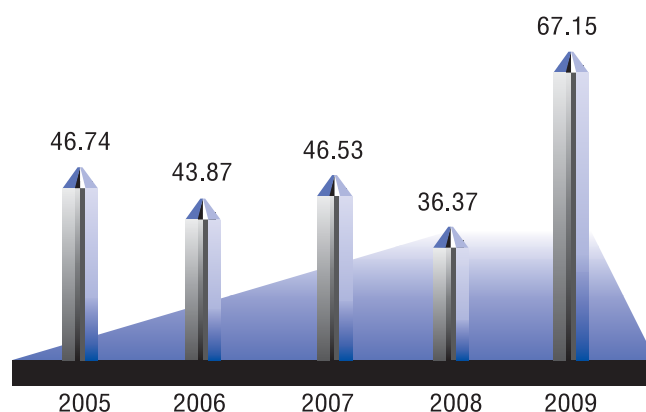
DIVIDENDS PER ORDINARY SHARE - GROSS (CENTS)

Year	Dividends per ordinary share gross (Cents)
2005	28
2006	32
2007	32
2008	25 *
2009	25



BASIC EARNINGS PER SHARE (CENTS)

Year	Basic earnings per share (Cents)
2005	46.74
2006	43.87
2007	46.53
2008	36.37 *
2009	67.15



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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifteenth 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, 29 September 2009 at 10.00 a.m. for the following purposes:-

1. To receive the Audited Financial Statements for the year ended 31 March 2009 and the Reports of Directors and Auditors thereon
2. To consider and if thought fit, pass the following resolutions pursuant to Section 129 of the Companies Act, 1965:
 - i) "That Mr. Khoo Khai Hong, retiring in accordance with Section 129 of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting." Ordinary Resolution 1
 - ii) "That Mr. Ooi Ean Chin, retiring in accordance with Section 129 of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting." Ordinary Resolution 2
3. To re-elect the following Director who retires pursuant to Article 80 of the Company's Articles of Association:
 - 1) Lim Soon Wah Ordinary Resolution 3
4. To approve a Final dividend of 15% less 25% tax for the year ended 31 March 2009 Ordinary Resolution 4
5. To approve Directors' Fees of RM242,000.00 for the year ended 31 March 2009 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 ordinary shares which may be purchased and/or held by the Company shall be ten per centum (10%) of the issued and paid-up ordinary share capital of the Company for the time being (“Asia File Shares”);
- b) The maximum fund to be allocated by the Company for the purpose of purchasing Asia File Shares shall not exceed the retained profits and share premium account of the Company which stood at RM17.31 million and RM11.91 million respectively as at 31 March 2009 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 2009 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.

NOTICE OF ANNUAL GENERAL MEETING (CONT D)

DIVIDEND ANNOUNCEMENT (Cont'd)

The dividends, if approved will be paid on 28 December 2009 to depositors registered in the Records of Depositors at the close of business on 1 December 2009.

BY ORDER OF THE BOARD

LAMVOON KEAN (MIA 4793)
Company Secretary
Penang, 4 September 2009

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.

As at the date of this Notice, no new shares in the Company were issued pursuant to this mandate granted to the Directors at the last Annual General Meeting held on 30 September 2008 and which will lapse at the conclusion of the Fifteenth Annual General Meeting. This general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding further investment project(s), working capital and/or acquisitions.

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, expire at the next Annual General Meeting of the Company.

Statement Accompanying Notice of Annual General Meeting :

(Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

- No individual is seeking election as a Director at the forthcoming Fifteenth 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 1 and Part 2 of the Malaysian Code on Corporate Governance.

Set out below are the details on how the Group has applied the above principles and best practices throughout the financial year ended 31 March 2009.

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 and with additional meetings convened as the need arises, to inter-alia approve the Quarterly Reports, the Annual Report and to review the performance of the Company and its operating subsidiaries. The Board receives relevant documents on matters requiring its consideration prior to each meeting. A total of five (5) Board meetings were held during the financial year ended 31 March 2009.

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

Name of Directors	Attendance
Lim Soon Huat	5/5
Khoo Khai Hong	5/5
Lim Soon Wah	4/5
Ooi Ean Chin	5/5
Nurjannah Binti Ali	5/5

Board Committees

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

The composition, terms of reference and a summary of the activities of the Audit Committee are set out separately on Pages 16 to 18 of this Annual Report. The composition of the Audit Committee was revised during the year to be in line with the amended provisions of the Listing Requirements of Bursa Securities. The Committee now comprises wholly of Independent Non-Executive Directors. In this regard, Puan Nurjannah Binti Ali replaced Mr. Lim Soon Huat in the Committee.

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).

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

Directors' Training (Cont'd)

To further enhance the Directors' knowledge in relation to the business of the Group, the Directors have made visits to the factory. During such visits, the Directors obtained first hand understanding of the business operations and challenges faced by the Group.

The Directors have attended and participated in seminars and training which they have individually or collectively considered as relevant and useful in enhancing their knowledge in contributing to the effective discharge of 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 2009 are as follows:-

	Fees RM'000	Salaries RM'000	Bonuses RM'000	Benefits in kinds RM'000	Total RM'000
Executive Directors	167	598	94	17	876
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 2009 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. The Board views the Annual General Meeting as the primary forum to communicate with shareholders. Annual general meeting held each year provide an excellent platform for shareholders and members of the press to participate in the question and answer session. All Board members, Senior Management and the Group's External Auditors are available to respond to shareholders' questions during the Annual General Meeting.

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

(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. All employees are always encouraged to reduce, reuse and recycle wherever possible in order to minimise the use of new resources for the sustainability of the environment.

In playing its part in promoting environmental awareness and the conservation of the environment, a talk on Introduction to Garbage Enzyme was organised during the year. Issues on climate change and global warming were delivered and the techniques on making the Garbage Enzyme were also demonstrated to the staff.

Community

Earlier in the year 2009, the Group organized a fund raising campaign in conjunction with a visit to the charity home for the handicapped people in Bukit Minyak, Penang. Staff had voluntarily set aside their time to plan and coordinate for the visit to the Home. The management and staff also contributed cash and other items generously to the needy.

The Group has also sponsored files and stationery in support of community events organized by certain communities or organizations. During the year, files and stationery were given out to more than 300 students from a primary school in Batu Maung, Penang.

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 has organised fire drills, safety and health talks as well as plant evacuation exercises at its various properties. Steps were also taken to ensure that equipment and building safety systems were functioning properly and well maintained.

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

(F) Other Information

Material Contracts

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

Non – Audit Fees

During the year, a total of RM10,470 was paid to KPMG for non-audit services rendered.

Shares Buy Back

During the year, a total of 86,500 shares of Asia File Corporation Bhd were purchased and retained as treasury shares pursuant to the Shares Buy Back scheme.

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

(F) Other Information (Cont'd)

Shares Buy Back (Cont'd)

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

	Total Number of Shares Purchased	Highest Price Paid RM	Lowest Price Paid RM	Average Price Paid RM	Total Consideration RM
July 2008	100	5.00	5.00	5.00	529
August 2008	86,300	4.82	4.68	4.81	414,719
February 2009	100	4.54	4.54	4.54	483

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 2009 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.

AUDIT COMMITTEE REPORT

Composition and Meetings:

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

Chairman	: Mr Khoo Khai Hong	Independent Non Executive Director
Members	: Mr Ooi Ean Chin	Independent Non Executive Director
	Puan Nurjannah Binti Ali (appointed on 25 November 2008)	Independent Non Executive Director
	Mr Lim Soon Huat (resigned on 25 November 2008)	Executive Director

During the year, a total of five (5) meetings were convened. Details of attendance of the Committee members are as follows:-

Members :	Attendance
Khoo Khai Hong	5/5
Ooi Ean Chin	5/5
Nurjannah Binti Ali	2/2*
Lim Soon Wah	3/3*

* Mr. Lim Soon Huat, who is an Executive Director, relinquished his membership in the Audit Committee, in favour of Puan Nurjannah Binti Ali with effect from 25 November 2008. The change in the composition of the Audit Committee was to comply with the amendments to the Chapter 15 of the Listing Requirements of Bursa Securities that the Audit Committee be composed wholly of Non-Executive Directors with effect from 31 January 2009.

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 Standards Board and other relevant legal and regulatory requirement;
- reviewed related party transactions entered into by the Group;
- reviewed the audited financial statements of the Group;
- reviewed the findings of the internal audit function and to ensure appropriate actions were taken and recommendation implemented.

Internal Audit Function

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

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1) Membership:

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

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

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

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

2) Meeting Procedures

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

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

Group Financial Controller and Head of Internal Audit Department will usually attend the 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.

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

3) Authority

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

- investigate any activities of the Group within its term of reference;
- have unrestricted access to information;
- directly communicate with the employees of the Group and/or external auditors;
- obtain at the cost of the Group legal and other necessary professional advice 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 2009.



1. Lim Soon Huat, age 52, is a Malaysian citizen and the Non Independent Executive Chairman. He was appointed to the Board on 3 January 1996 and was subsequently appointed as Chairman of the Board on 16 July 2001.

He graduated from University of Melbourne with a Master Degree in Engineering. He has vast working experiences of more than twenty (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 of the Group.

As at 6 August 2009, he is the registered holder of 814,391 shares in Asia File Corporation Bhd and is deemed interested over 52,336,837 shares in Asia File Corporation Bhd registered under Prestige Elegance (M) Sdn Bhd. He also holds 50.01% of the total shareholding in Prestige Elegance (M) Sdn Bhd, a substantial shareholder of Asia File Corporation Berhad. During the financial year ended 31 March 2009, he attended five (5) Board of Directors' meetings.

2. Nurjannah binti Ali, age 50, is a Malaysian citizen. She was appointed to the Board on 15 April 1999 as an Independent Non-Executive Director and became a member of the Audit Committee since 25 November 2008.

With an accounting background, Nurjannah has more than fifteen (15) years' experience in finance and corporate management. She presently sits on the Board of Public Packages Holdings Bhd, TRIplc Bhd, WWE Holdings Berhad and several other private limited companies. During the financial year ended 31 March 2009, she attended five (5) Board of Directors' meetings.

3. Khoo Khai Hong, age 81, 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 Practicing 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 2009, he is the registered holder of 54,000 shares in Asia File Corporation Bhd. During the financial year ended 31 March 2009, he attended five (5) Board of Directors' meetings.

Profile Of Directors (Cont'd)



4. Lim Soon Wah, age 42, 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 2009, 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 2009, he attended four (4) Board of Directors' meetings.

5. Ooi Ean Chin, age 76, 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 2009, he attended five (5) Board of Directors' meetings.

6. Lim Soon Hee, age 46, 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.

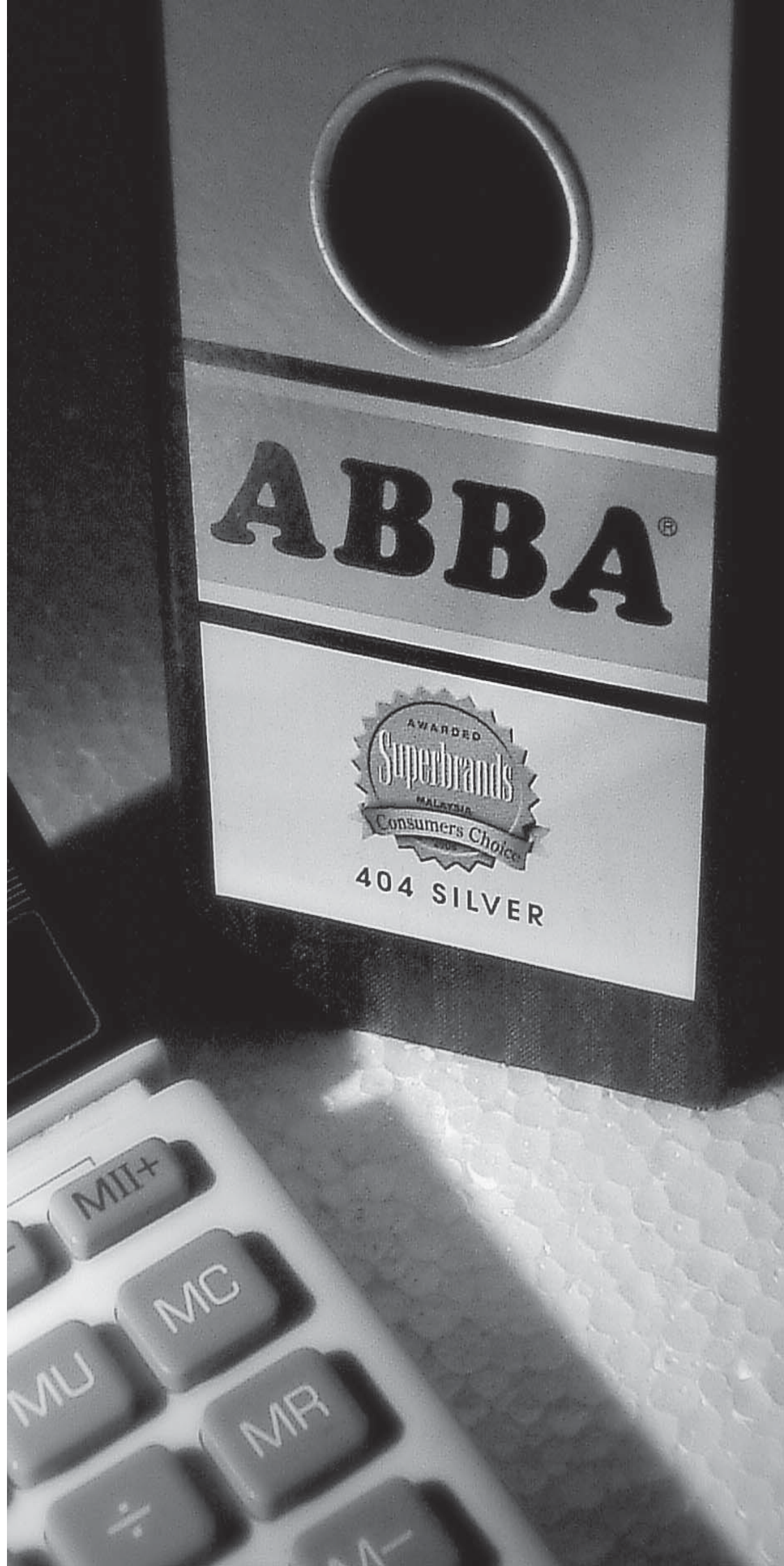
He has more than ten (10) years' experiences in sales and marketing and was appointed as director for one of the subsidiary companies in 1985. He also holds directorships in various private limited companies.

As at 6 August 2009, 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 2009



DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2009

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 2009.

Principal activities

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

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

Results

	Group RM	Company RM
Equity holders of the Company	76,331,732	22,284,177
Minority interest	-	-
Profit for the year	76,331,732	22,284,177

Reserves and provisions

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

Dividends

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

- i) an interim dividend of 10% less 25% tax on 113,364,180 ordinary shares of RM1 each totalling RM8,502,314 in respect of the financial year ended 31 March 2008 on 28 May 2008;
- ii) a final dividend of 15% less 25% tax on 113,793,140 ordinary shares of RM1 each totalling RM12,801,728 in respect of the financial year ended 31 March 2008 on 29 December 2008; and
- iii) an interim dividend of 10% less 25% tax on 113,806,440 ordinary shares of RM1 each totalling RM8,535,483 in respect of the financial year ended 31 March 2009 on 26 May 2009.

A final dividend of 15% less 25% tax has been recommended by the Directors in respect of the financial year ended 31 March 2009, subject to the approval of members at the forthcoming Annual General Meeting.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2009 (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 1.4.2008	Bought	(Sold)	Balance at 31.3.2009
Lim Soon Huat				
Interest in the Company:				
- own	761,491	-	-	761,491
- others*	88,800	-	(5,800)	83,000
Deemed interest in the Company:				
- own	52,336,837	-	-	52,336,837
Lim Soon Wah				
Interest in the Company:				
- own	2,479,825	-	-	2,479,825
- others*	152,320	-	-	152,320
Khoo Khai Hong				
Interest in the Company:				
- own	64,000	-	(10,000)	54,000
Ooi Ean Chin				
Interest in the Company:				
- other*	19,520	-	-	19,520
Lim Soon Hee				
Interest in the Company:				
- own	2,557,403	-	-	2,557,403

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

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2009 (CONT D)

Number of options over ordinary shares of RM1 each				
Company	Balance at 1.4.2008	Granted	Exercised	Balance at 31.3.2009
Lim Soon Wah - own	320,000	-	-	320,000
Khoo Khai Hong - own	56,000	-	-	56,000
Ooi Ean Chin - own	40,000	-	-	40,000
Nurjannah Binti Ali - own	40,000	-	-	40,000

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

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Company and its related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who may be deemed to derive a benefit from those transactions entered into in the ordinary course of business between certain companies in the Group and companies in which certain Directors have substantial financial interests as disclosed in Note 27 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than those arising from the share options granted under the Employees' Share Option Scheme ("ESOS").

Issue of shares and debentures

During the financial year, the issued and paid-up share capital of the Company was increased from RM113,411,280 to RM113,940,040 through the issuance of 528,760 new ordinary shares of RM1.00 each for cash from the exercise of Employees' Share Option Scheme as follows :

	Option Price RM	Number of ordinary shares of RM1.00 each issued
Exercise of options under ESOS	3.14	528,760

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

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2009 (CONT D)

Employees' share option scheme

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

The main features of the Scheme are as follows :

- i) The total number of shares to be offered under the Scheme shall not exceed 15% of the issued and paid-up share capital of the Company or such maximum percentage as allowable by the relevant authorities at any point in time during the existence of the Scheme. In the event the maximum number of shares offered exceeds 15% of the issued and paid-up share capital or such maximum percentage as allowable by the relevant authorities as a result of the Company purchasing its own shares and thereby diminishing its issued and paid-up share capital, then the options granted prior to the adjustment of the issued and paid-up share capital of the Company shall remain valid and exercisable but there shall not be any further offer;
- ii) The Scheme shall be in force for a period of five years commencing from 23 April 2007 being the last date on which the Company obtained all relevant approvals required for the Scheme;
- iii) The option is personal to the grantee and is not assignable, transferable, disposable or changeable except for certain conditions provided for in the By-Laws;
- iv) Eligible persons are employees and Executive Directors, who are involved in the day-to-day management and on the payroll of the Group who have been confirmed in the employment of the Group and have been in the employment of the Group for a continuous period of at least six (6) months immediately preceding the date of offer, the date when an offer is made in writing to an employee to participate in the Scheme.
- v) No options shall be granted for less than one hundred (100) shares nor :
 - (a) not more than fifty percent (50%) of the total number of Shares to be issued under the Scheme shall be allotted in aggregate to Directors and Senior Management of the Group; and
 - (b) not more than ten percent (10%) of the total number of shares to be issued under the Scheme shall be allotted to any Eligible Director or Employee of the Group who either singly or collectively through persons connected with the Director or Employee, holds twenty percent (20%) or more of the issued and paid-up ordinary share capital of the Company.

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

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

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2009 (CONT D)

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 :

← Number of options over ordinary shares of RM1 each →					
Date of offer	Exercise price	Balance at 1.4.2008	(Exercised)	Lapsed due to resignation	Balance at 31.3.2009
27.04.2007	3.14	4,875,120	(528,760)	(371,200)	3,975,160

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, except for the hedging loss and negative goodwill on acquisition of an associate as disclosed in notes to the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 March 2009 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 event during the year

The details of such event are disclosed in Note 34 to the financial statements.

DIRECTORS REPORT

FOR THE YEAR ENDED 31 MARCH 2009 (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 2009

CONSOLIDATED BALANCE SHEET AT 31 MARCH 2009

	NOTE	2009 RM	2008 RM
Assets			
Property, plant and equipment	3	104,439,114	92,939,372
Prepaid lease payments	4	1,795,079	1,833,954
Investment properties	5	1,718,128	1,759,460
Investments in an associates	7	90,160,208	5,000
Other investments	8	1,008,900	1,008,900
Goodwill on consolidation	9	30,234,456	30,234,456
Total non-current assets		229,355,885	127,781,142
Receivables, deposits and prepayments	10	46,693,917	53,910,620
Inventories	11	53,992,552	73,640,433
Current tax assets		2,474,581	164,293
Cash and cash equivalents	12	47,463,038	60,586,008
Total current assets		150,624,088	188,301,354
Total assets		379,979,973	316,082,496
Equity			
Share capital	13	113,940,040	113,411,280
Treasury shares	14	(660,172)	(244,441)
Reserves	15	167,222,736	111,385,382
Total equity		280,502,604	224,552,221
Liabilities			
Deferred tax liabilities	16	3,222,555	6,923,474
Bank borrowings	18	31,935,565	22,488,095
Total non-current liabilities		35,158,120	29,411,569
Payables and accruals	17	39,854,191	37,908,826
Bank borrowings	18	14,630,815	13,151,701
Current tax liability		1,298,760	2,555,865
Dividend payable		8,535,483	8,502,314
Total current liabilities		64,319,249	62,118,706
Total liabilities		99,477,369	91,530,275
Total equity and liabilities		379,979,973	316,082,496

The notes on pages 42 to 84 are an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	NOTE	2009 RM	2008 RM
Continuing operations			
Revenue	20	299,323,426	208,416,619
Cost of sales		(169,004,601)	(119,378,628)
Gross profit		130,318,825	89,037,991
Distribution costs		(14,584,233)	(12,602,587)
Administrative expenses		(57,792,383)	(27,686,473)
Other operating expenses		(28,347,714)	(2,575,870)
Other operating income		50,030,635	3,763,256
		(50,693,695)	(39,101,674)
Results from operating activities		79,625,130	49,936,317
Share of loss after tax of equity accounted associates		(1,289,577)	-
Finance costs		(2,352,443)	(674,144)
Profit before tax	21	75,983,110	49,262,173
Tax expense	24	348,622	(8,544,705)
Profit for the year		76,331,732	40,717,468
Attributable to :			
Equity holders of the Company		76,331,732	40,717,468
Minority interest		-	-
Profit for the year		76,331,732	40,717,468
Basic earnings per ordinary share (sen)	25	67.15	36.37
Diluted earnings per ordinary share (sen)	25	66.36	35.93
Dividends per ordinary share - gross (sen)	26	25.00	25.00

The notes on pages 42 to 84 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2009

	Non-distributable			Distributable			
	Share Capital RM	Treasury Shares RM	Share Premium RM	Share Option Reserves RM	Translation Reserve RM	Retained Earnings RM	Total Equity RM
At 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)
- disposal	-	12,892,720	9,706,148	-	-	-	22,598,868
Transfer to share premium for share options exercised	-	-	144,879	(144,879)	-	-	-
Share-based payments (Note 19)	-	-	-	843,606	-	-	843,606
Shares issued							
- pursuant to 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 recognised directly in equity							
- Foreign exchange translation differences	-	-	-	-	1,051,295	-	1,051,295
Dividends (Note 26)	-	-	-	-	-	(18,469,427)	(18,469,427)
At 31 March 2008/1 April 2008	113,411,280	(244,441)	10,542,740	698,727	876,548	99,267,367	224,552,221

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2009 (CONT D)

	Non-distributable				Distributable			
	Share Capital RM	Treasury Shares RM	Share Premium RM	Share Option Reserves RM	Translation Reserve RM	Revaluation Reserve RM	Retained Earnings RM	Total Equity RM
At 1 April 2008	113,411,280	(244,441)	10,542,740	698,727	876,548	-	99,267,367	224,552,221
Profit for the year	-	-	-	-	-	-	76,331,732	76,331,732
Treasury shares acquired	-	(415,731)	-	-	-	-	-	(415,731)
Transfer to share premium for share options exercised	-	-	231,265	(231,265)	-	-	-	-
Transfer from share option reserve for options lapsed	-	-	-	(46,731)	-	-	46,731	-
Share-based payments (Note 19)	-	-	-	571,054	-	-	-	571,054
Issue of shares pursuant to ESOS	528,760	-	1,131,546	-	-	-	-	1,660,306
Post-acquisition reserve - associate	-	-	4,219	104,669	(300,546)	(146,054)	146,054	(191,658)
Net loss recognised directly in equity								
- Foreign exchange translation differences	-	-	-	-	(668,109)	-	-	(668,109)
Dividends (Note 26)	-	-	-	-	-	-	(21,337,211)	(21,337,211)
At 31 March 2009	113,940,040	(660,172)	11,909,770	1,096,454	(92,107)	(146,054)	154,454,673	280,502,604
	The notes on pages 42 to 84 are an integral part of these financial statements.							

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	NOTE	2009 RM	2008 RM
Cash flows from operating activities			
Profit before tax from continuing operations		75,983,110	49,262,173
Adjustments for :			
Depreciation			
- Property, plant and equipment	3	10,906,408	6,461,573
- Investment properties	5	41,332	41,332
Amortisation of prepaid lease payments	4	38,875	38,875
Dividend income		(922,738)	-
Gain on disposal of plant and equipment		(67,149)	(130,033)
Gain on disposal of other investments	8	-	(108,379)
Gain on disposal of assets held for sale		-	(97,543)
Interest expense		2,352,443	674,144
Interest income		(1,508,986)	(2,207,426)
Plant and equipment written off		132	3,960
Negative goodwill on acquisition of an associate		(46,396,532)	-
Share of loss after tax of equity accounted associates		1,289,577	-
Share-based payments	19	571,054	843,606
Operating profit before changes in working capital		42,287,526	54,782,282
Changes in working capital :			
Inventories		16,741,720	(13,216,657)
Receivables, deposits and prepayments		3,999,908	1,695,490
Payables and accruals		8,545,060	1,390,342
Cash generated from operations		71,574,214	44,651,457
Income taxes paid		(6,898,093)	(6,515,872)
Net cash generated from operating activities		64,676,121	38,135,585

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009 (CONT D)

	NOTE	2009 RM	2008 RM
Cash flows from investing activities			
Purchase of plant and equipment	3	(23,483,440)	(13,256,322)
Proceeds from disposal of plant and equipment		72,504	195,231
Investment in an associate		(45,239,911)	-
Purchase of other investments		-	(1,008,900)
Proceeds from disposal of other investments, net	8	-	1,706,761
Proceeds from disposal of asset held for sale		-	570,000
Withdrawal of deposits placed under investment portfolio		-	3,670,296
Dividend received		922,738	-
Interest received		1,508,986	2,207,426
Acquisition of a subsidiary, net of cash acquired	33	-	(61,642,850)
Net cash used in investing activities		(66,219,123)	(67,558,358)
Cash flows from financing activities			
(Repayments)/Proceeds from short term borrowings, net		(522,187)	3,551,324
Drawdown of term loans		14,106,000	21,411,724
Repayments of finance lease liabilities		(461,389)	(448,366)
Proceeds from shares issued under ESOS		1,660,306	1,039,584
Proceeds from sales of treasury shares		-	22,598,868
Repurchase of treasury shares	14	(415,731)	(7,665,744)
Share issue expenses	15	-	(111,871)
Dividends paid		(21,304,042)	(16,051,721)
Interest paid		(2,352,443)	(674,144)
Net cash (used in)/generated from financing activities		(9,289,486)	23,649,654
Net decrease in cash and cash equivalents		(10,832,488)	(5,773,119)
Cash and cash equivalents at 1 April		58,575,146	64,224,602
Effects of exchange rate fluctuations on cash and cash equivalents		(510,739)	123,663
Cash and cash equivalents at 31 March		47,231,919	58,575,146

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009 (CONT D)

NOTE

Cash and cash equivalents

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

	NOTE	2009 RM	2008 RM
Short term deposits with licensed banks	12	33,462,207	51,477,675
Cash and bank balances	12	14,000,831	9,108,333
Bank overdrafts	18	(231,119)	(2,010,862)
		<hr/> 47,231,919	<hr/> 58,575,146

The notes on pages 42 to 84 are an integral part of these financial statements.

BALANCE SHEET AT 31 MARCH 2009

	NOTE	2009 RM	2008 RM
Assets			
Investments in subsidiaries	6	22,600,392	22,196,151
Investment in associates	7	4,096,263	-
Amount due from subsidiaries	10	44,315,000	44,315,000
Total non-current assets		71,011,655	66,511,151
Receivables, deposits and prepayments	10	108,101,613	78,781,097
Current tax assets		14,272	164,293
Cash and cash equivalents	12	73,539	4,424,396
Total current assets		108,189,424	83,369,786
Total assets		179,201,079	149,880,937
Equity			
Share capital	13	113,940,040	113,411,280
Treasury shares	14	(660,172)	(244,441)
Reserves	15	30,212,079	27,562,513
Total equity		143,491,947	140,729,352
Liabilities			
Payables and accruals	17	27,173,649	649,271
Dividend payable		8,535,483	8,502,314
Total current liabilities		35,709,132	9,151,585
Total equity and liabilities		179,201,079	149,880,937

The notes on pages 42 to 84 are an integral part of these financial statements.

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	NOTE	2009 RM	2008 RM
Continuing operations			
Revenue	20	23,819,211	32,735,455
Administrative expenses		(1,566,592)	(354,122)
Other operating expenses		(7,175)	(5,669)
Other operating income		92,889	285,377
Results from operating activities		22,338,333	32,661,041
Finance costs		-	(792)
Profit before tax		22,338,333	32,660,249
Tax expense	24	(54,156)	(8,273,231)
Profit for the year		22,284,177	24,387,018
Dividends per ordinary share - gross (sen)		25.00	25.00

The notes on pages 42 to 84 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2009

	← Non-distributable →				Distributable	
	Share Capital RM	Treasury Shares RM	Share Premium RM	Share Option Reserves RM	Retained Earnings RM	Total RM
At 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)
- disposal	-	12,892,720	9,706,148	-	-	22,598,868
Treasury to share premium for share options exercised	-	-	144,879	(144,879)	-	-
Share-based payments (Note 19)	-	-	-	843,606	-	843,606
Shares issued pursuant to						
- ESOS	236,000	-	803,584	-	-	1,039,584
- Bonus issues	42,500,280	-	(7,504,744)	-	(34,995,536)	-
Shares issue expenses	-	-	(111,871)	-	-	(111,871)
Dividends (Note 26)	-	-	-	-	(18,469,427)	(18,469,427)
At 31 March 2008/ 1 April 2008	113,411,280	(244,441)	10,542,740	698,727	16,321,046	140,729,352

The notes on pages 42 to 84 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2009 (CONT D)

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

The notes on pages 42 to 84 are an integral part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	NOTE	2009 RM	2008 RM
Cash flows from operating activities			
Profit before tax from continuing operations		22,338,333	32,660,249
Adjustments for :			
Interest expense		-	792
Dividend income		(22,297,680)	(32,670,400)
Interest income		(87,399)	(282,243)
Share-based payments	19	166,813	-
Operating profit/(loss) before changes in working capital		120,067	(291,602)
Changes in working capital :			
Receivables, deposits and prepayments		(35,686)	91,706
Payables and accruals		26,524,378	(1,338,693)
Cash generated from/(used in) operations		26,608,759	(1,538,589)
Income taxes refunded		95,865	123,133
Dividend received		22,297,680	24,313,400
Net cash generated from operating activities		49,002,304	22,897,944
Cash flows from investing activities			
Interest received		87,399	282,243
Investments in an associate		(4,096,263)	-
Net cash (used in)/generated from investing activities		(4,008,864)	282,243

The notes on pages 42 to 84 are an integral part of these financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009 (CONT D)

	NOTE	2009 RM	2008 RM
Cash flows from financing activities			
Advances to subsidiaries, net		(29,284,830)	(26,195,982)
Proceeds from shares issued under ESOS		1,660,306	1,039,584
Repurchase of treasury shares	14	(415,731)	(7,665,744)
Proceeds from sales of treasury shares		-	22,598,868
Share issue expenses	15	-	(111,871)
Dividends paid		(21,304,042)	(16,051,721)
Interest paid		-	(792)
Net cash used in financing activities		(49,344,297)	(26,387,658)
Net decrease in cash and cash equivalents		(4,350,857)	(3,207,471)
Cash and cash equivalents at 1 April		4,424,396	7,631,867
Cash and cash equivalents at 31 March	12	73,539	4,424,396

The notes on pages 42 to 84 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 Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as follows :

Registered office

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

Principal place of business

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

The consolidated financial statements as at and for the financial year ended 31 March 2009 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in associates.

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

The financial statements were approved by the Board of Directors on 24 July 2009.

I. Basis of preparation

(a) Statement of compliance

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

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

FRSs/Interpretations	Effective date
Amendments to FRS 1, First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
FRS 4, Insurance Contracts	1 January 2010
FRS 7, Financial Instruments: Disclosures	1 January 2010
FRS 8, Operating Segments	1 July 2009
FRS 123, Borrowing Costs	1 January 2010
FRS 139, Financial Instruments: Recognition and Measurement	1 January 2010

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

I. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

FRSs/Interpretations	Effective date
IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10, Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11, FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13, Customer Loyalty Programmes	1 January 2010
IC Interpretation 14, FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction	1 January 2010

The Company plans to apply the abovementioned FRSs/Interpretations from the annual period beginning 1 April 2010 except for FRS 4, IC Interpretation 13 and IC Interpretation 14 which are not applicable to the Group and to the Company.

The impact of applying FRS 7 and 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 the respective FRSs. The initial application of the other standards, amendments and interpretations is not expected to have any material impact on the financial statements or any material change in accounting policy except as follows:

FRS 8, Operating Segments

FRS 8 will become effective for financial statements of the Group for the year ending 31 March 2011. FRS 8, which replaces FRS 114₂₀₀₄, Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker of the Group in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business and geographical segments (see Note 31). The adoption of FRS 8 will not have any significant impact on the financial statements of the Group other than expanded disclosure requirements, if any.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. Significant accounting policies

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

(a) Basis of consolidation

(i) *Subsidiaries*

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

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

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

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

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.

(iii) *Changes in Group composition*

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

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iii) *Changes in Group compositions (Cont'd)*

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

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

(iv) *Minority interest*

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

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

(v) *Transactions eliminated on consolidation*

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

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

(b) Foreign currency transactions

(i) *Foreign currency transactions*

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

2. Significant accounting policies (Cont'd)

(b) Foreign currency transactions (Cont'd)

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

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

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

(c) Derivative financial instruments

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

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

(d) Property, plant and equipment

(i) *Recognition and measurement*

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

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.

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

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

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

2. Significant accounting policies (Cont'd)

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

(ii) *Reclassification to investment property*

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

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

(iii) *Subsequent costs*

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

(iv) *Depreciation*

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

Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

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

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

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

(e) Leased assets

(i) *Finance lease*

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

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

2. Significant accounting policies (Cont'd)

(e) Leased assets (Cont'd)

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's balance sheet. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

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

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

(f) Goodwill

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

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

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

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

(g) Investments in equity securities

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

Subsequent to initial recognition :

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

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities 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 statements.

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

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

2. Significant accounting policies (Cont'd)

(h) Investment properties

(i) *Investment properties carried at cost*

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

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

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

(ii) *Determination of fair value*

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

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

(i) 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 is allocated first 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.

(j) Impairment of assets

The carrying amounts of assets, except for inventories, financial assets and non-current asset 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.

2. Significant accounting policies (Cont'd)

(j) Impairment of assets (Cont'd)

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

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

(k) 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.

(l) 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.

(m) 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.

(n) Provisions

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

2. Significant accounting policies (Cont'd)

(n) Provisions (Cont'd)

Contingent liabilities

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

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

(o) 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.

(p) Equity instruments

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

(i) Shares issue expenses

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

(ii) Repurchase of share capital

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

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

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

(q) Loans and borrowings

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

2. Significant accounting policies (Cont'd)

(r) 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 statements on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iii) *Dividend income*

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

(iv) *Commission income*

When the 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.

(s) Interest income and borrowing costs

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

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred.

(t) Tax expense

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

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

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

Deferred tax liability is recognised for all taxable temporary differences.

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

2. Significant accounting policies (Cont'd)

(u) Employee benefits

(i) *Short term employee benefits*

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

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

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

(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.

(v) 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.

(w) 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

	Freehold Land RM	Buildings RM	Plant and Machinery RM	Office Equipment, Furniture and Fittings RM	Motor Vehicles RM	Capital Expenditure-In-Progress RM	Total RM
Cost/valuation							
At 1 April 2007							
- at cost	3,252,448	20,568,136	52,699,120	2,773,791	2,773,268	1,398,515	83,465,278
- at valuation	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	-	1,330,515	-	-	-	(1,330,515)	-
Effect of movements in exchange rates	1,991,604	29,546,247	63,885,840	10,442,807	3,316,753	-	109,183,251
	86,181	804,345	1,856,453	311,538	113,819	-	3,172,336
At 31 March 2008/1 April 2008							
- at cost	5,375,840	56,848,996	124,758,090	14,244,427	6,302,807	1,173,477	208,703,637
- at valuation	3,867,046	4,442,954	-	-	-	-	8,310,000
Additions	9,242,886	61,291,950	124,758,090	14,244,427	6,302,807	1,173,477	217,013,637
Disposals	-	8,450,318	12,793,081	1,954,841	285,200	-	23,483,440
Write-off	-	-	(73,450)	(64,386)	-	-	(137,836)
Reclassification	-	-	-	(470)	-	-	(470)
Effect of movements in exchange rates	-	1,059,324	-	68,000	-	(1,127,324)	-
	(112,257)	(1,113,372)	(2,652,962)	(579,814)	(150,249)	(46,153)	(4,654,807)
At 31 March 2009							
- at cost	5,263,583	65,245,266	134,824,759	15,622,598	6,437,758	-	227,393,964
- at valuation	3,867,046	4,442,954	-	-	-	-	8,310,000
	9,130,629	69,688,220	134,824,759	15,622,598	6,437,758	-	235,703,964

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

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

	Freehold Land RM	Buildings RM	Plant and Machinery RM	Office Equipment, Furniture and Fittings RM	Motor Vehicles RM	Capital Expenditure-In-Progress RM	Total RM
Accumulated depreciation							
At 1 April 2007	-	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
Disposals	-	-	(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
Effect of movements in exchange rates	-	584,397	1,509,495	265,103	94,419	-	2,453,414
At 31 March 2008/1 April 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
Depreciation for the year	-	1,473,449	7,718,289	1,044,710	669,960	-	10,906,408
Disposals	-	-	(73,225)	(59,256)	-	-	(132,481)
Write-off	-	-	-	(338)	-	-	(338)
Effect of movements in exchange rates	-	(792,448)	(2,187,768)	(474,720)	(128,068)	-	(3,583,004)
At 31 March 2009	-	22,034,766	90,989,747	11,394,821	5,479,079	-	129,898,413
- at cost	-	1,366,437	-	-	-	-	1,366,437
- at valuation	-	23,401,203	90,989,747	11,394,821	5,479,079	-	131,264,850

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

Carrying amounts

At 1 April 2007
- at cost
- at valuation

At 31 March 2008/1 April 2008
- at cost
- at valuation

At 31 March 2009
- at cost
- at valuation

Freehold Land RM	Buildings RM	Plant and Machinery RM	Office Equipment, Furniture and Fittings RM	Motor Vehicles RM	Capital Expenditure-In-Progress RM	Total RM
3,252,448 3,867,046	17,635,656 3,309,909	19,218,064 -	1,193,171 -	841,089 -	1,398,515 -	43,538,943 7,176,955
7,119,494	20,945,565	19,218,064	1,193,171	841,089	1,398,515	50,715,898
5,375,840 3,867,046	35,350,698 3,221,050	39,225,639 -	3,360,002 -	1,365,620 -	1,173,477 -	85,851,276 7,088,096
9,242,886	38,571,748	39,225,639	3,360,002	1,365,620	1,173,477	92,939,372
5,263,583 3,867,046	43,210,500 3,076,517	43,835,012 -	4,227,777 -	958,679 -	- -	97,495,551 6,943,563
9,130,629	46,287,017	43,835,012	4,227,777	958,679	-	104,439,114

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

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

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

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

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

	Cost RM	Accumulated Depreciation RM	Net Book Value RM
2009			
Freehold land	345,836	-	345,836
Buildings	1,283,293	(463,460)	819,833
Total	1,629,129	(463,460)	1,165,669
2008			
Freehold land	345,836	-	345,836
Buildings	1,283,293	(437,794)	845,499
Total	1,629,129	(437,794)	1,191,335

Security

Certain freehold land and buildings of the Group with carrying amount of RM22,177,950 (2008 : RM6,728,026) are pledged to a financial institution as security for borrowings as disclosed in Note 18 to the financial statements.

Assets under finance lease arrangement

The Group leases production plant and equipment amounting to RM1,985,811 (2008 : RM2,407,081) under finance lease with expiry dates ranging from 2009 to 2012.

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

4. PREPAID LEASE PAYMENTS

	Note	Unexpired Period Less Than 50 Years RM
Group		
Cost		
At 1 April 2007/31 March 2008		2,294,116
At 1 April 2008/31 March 2009		2,294,116
Amortisation		
At 1 April 2007		421,287
Amortisation for the year		38,875
At 31 March 2008/1 April 2008		460,162
Amortisation for the year		38,875
At 31 March 2009		499,037
Carrying amounts		
At 1 April 2007		1,872,829
At 31 March 2008/ 1 April 2008		1,833,954
At 31 March 2009		1,795,079

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

5. INVESTMENT PROPERTIES - GROUP

Buildings	RM
Cost	
At 1 April 2007/31 March 2008	2,066,583
At 1 April 2008/31 March 2009	2,066,583
Accumulated depreciation	
At 1 April 2007	265,791
Depreciation for the year	41,332
At 31 March 2008/1 April 2008	307,123
Depreciation for the year	41,332
At 31 March 2009	348,455
Carrying amounts	
At 1 April 2007	1,800,792
At 31 March 2008/ 1 April 2008	1,759,460
At 31 March 2009	1,718,128

The Directors estimate the fair value of the investment properties to be approximately RM2.2million (2008 : RM2.2 million) at year end.

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

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

	2009 RM	2008 RM
Rental income	150,000	136,500
Direct operating expenses		
- income generating investment properties	14,217	14,217

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

6. INVESTMENT IN SUBSIDIARIES - COMPANY

	2009 RM	2008 RM
Unquoted shares, at cost	21,352,545	21,352,545
Add: Share based payment allocated to subsidiaries	1,247,847	843,606
	22,600,392	22,196,151

Details of the subsidiaries are as follows:

Name of Subsidiary	Effective Ownership Interest		Country of Incorporation	Principal Activities
	2009	2008		
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	Investment holding
Formosa Technology Sdn. Bhd.	100%	100%	Malaysia	Trading of stationery products, graphic designing and desktop publishing
ABBA Marketing Sdn. Bhd.	100%	100%	Malaysia	Trading of stationery products
AFP Composite Sdn. Bhd.	100%	100%	Malaysia	Manufacture and supply of plastic related products
Premier Stationery Limited *	75%	75%	United Kingdom	Import and distribution of stationery products
Premier Stationery Pte. Ltd. *	100%	100%	Singapore	Trading of stationery products
Subsidiary of Asia File Products Sdn. Bhd.				
Plastoreg Smidt GmbH*	100%	100%	Germany	Manufacture and distribution of dividers and indices
* Not audited by KPMG				

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

7. INVESTMENT IN ASSOCIATES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
At cost				
Unquoted shares	5,000	5,000	-	-
Quoted shares in Malaysia	45,239,911	-	4,096,263	-
Share of post acquisition reserves and results	44,915,297	-	-	-
	90,160,208	5,000	4,096,263	-
Market value of quoted shares	35,350,000	-	2,975,000	-

Details of the associates are as follows:

Name of Associate	Effective Ownership Interest		Country of Incorporation	Principal Activities	Financial Year End
	2009	2008			
Mefajaya Sdn. Bhd.	50%	50%	Malaysia	Trading of stationery and computer forms	31 March
Muda Holdings Berhad	20.09%	-	Malaysia	Investment holding	31 December

Summary of financial information on the associates:

	Revenue RM'000	(Loss)/Profit after tax RM'000	Total assets RM'000	Total liabilities RM'000
2009				
Mefajaya Sdn. Bhd.	954	#	305	158
Muda Holdings Berhad	305,088	(6,419)	830,027	367,407
2008				
Mefajaya Sdn. Bhd.	1,328	#	480	335
#	Negligible amount			

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

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

8. OTHER INVESTMENTS - GROUP

	2009 RM	2008 RM
Unquoted investment securities, at cost	1,008,900	1,008,900

Details of disposed other investments stated at cost in previous year were as follows:

	2008 RM
Proceeds from disposal	1,706,761
Carrying amount of other investments disposed*	(1,598,382)
Gain on disposal of other investments	108,379

* 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 unquoted investment securities represent the investments in non-convertible corporate bonds which will mature on 28 May 2009.

9. GOODWILL ON CONSOLIDATION - GROUP

	2009 RM	2008 RM
At 1 April	30,234,456	-
Acquisition of a subsidiary	-	30,234,456
At 31 March	30,234,456	30,234,456

Goodwill has been allocated to the Group's cash-generating units ("CGU") identified according to the geographical location of the subsidiary company's operations. The aggregate carrying amount of goodwill allocated was RM30.2 million (2008: RM30.2 million).

Goodwill is allocated to Group's CGU expected to benefit from the synergies of the acquisition. For annual impairment testing purpose, the recoverable amount of the CGU, is based on their value-in-use. The value in use calculations apply a discounted cash flow model using cash flow projections based on the financial forecast. The key assumptions for the computation of value-in-use include the discount rates and growth rates applied of approximately 10%. Discount rates used are based on the pre-tax weighted average cost of capital plus an appropriate risk premium, where applicable, at the assessment of the respective CGU. Cash flow projections are based on five years financial budgets.

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

9. GOODWILL ON CONSOLIDATION (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

		Group		Company	
	NOTE	2009 RM	2008 RM	2009 RM	2008 RM
Current					
Trade					
Trade receivables	10.1	43,263,230	46,979,250	-	-
Non-trade					
Amount due from subsidiaries	10.2	-	-	108,065,927	78,781,097
Other receivables		1,465,600	3,844,248	35,686	-
Deposits		412,585	1,595,213	-	-
Prepayments		1,552,502	1,491,909	-	-
		3,430,687	6,931,370	108,101,613	78,781,097
		46,693,917	53,910,620	108,101,613	78,781,097
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 (2008 : 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 :

	Group	
Foreign Currency	2009 RM	2008 RM
USD	1,786,663	3,196,645
GBP	424,360	4,011,023
EURO	588,328	113,908
CHF	8,227	243,728

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

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

10.2 Amount due from subsidiaries

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

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

11. INVENTORIES - GROUP

	2009 RM	2008 RM
At cost		
Raw materials	29,013,303	40,905,182
Work-in-progress	2,933,909	5,131,841
Manufactured inventories	22,045,340	27,603,410
	53,992,552	73,640,433

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Short term deposits with licensed banks	33,462,207	51,477,675	38,498	4,248,704
Cash and bank balances	14,000,831	9,108,333	35,041	175,692
	47,463,038	60,586,008	73,539	4,424,396

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

	Group	
Foreign Currency	2009 RM	2008 RM
USD	6,485,093	10,223,641
GBP	18,861,351	10,854,223
EURO	4,758,820	2,140,058
SGD	268,286	10,231

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

13. SHARE CAPITAL - GROUP/COMPANY

	2009		2008	
	RM	No. of Shares	RM	No. of Shares
Ordinary shares of RM1 each				
Authorised :				
Balance at 1 April	500,000,000	500,000,000	100,000,000	100,000,000
Increased during the year	-	-	400,000,000	400,000,000
Balance at 31 March	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid :				
Balance at 1 April	113,411,280	113,411,280	70,675,000	70,675,000
Bonus issue (3 for 5)	-	-	42,500,280	42,500,280
Issued under ESOS, for cash at :				
- RM3.14 per share*	528,760	528,760	77,200	77,200
- RM5.02 per share	-	-	158,800	158,800
	528,760	528,760	236,000	236,000
Balance at 31 March	113,940,040	113,940,040	113,411,280	113,411,280

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

14. TREASURY SHARES - GROUP/COMPANY

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

During the previous 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.

During the financial year, the Company repurchased 86,500 (2008: 1,353,700) of its issued share capital from the open market at an average price of RM4.81 (2008: RM5.66) per share. The total consideration paid was RM415,731 (2008: RM7,665,744) including transaction costs of RM1,027 (2008: RM22,894). The repurchase transactions were financed by internally generated funds. The shares repurchased are retained as treasury shares.

As at 31 March 2009, a total of 133,600 (2008 : 47,100) 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 113,806,440 (2008 : 113,364,180). Treasury shares held have no rights to voting, dividends and participation in other distribution.

Details of the sale of treasury shares in previous financial year were as follows :

	Average Resale Price RM	Highest Resale Price RM	Lowest Resale Price RM	Number of Treasury Share RM	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					

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

15. RESERVES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Non-distributable :				
Revaluation reserve				
- associate	(146,054)	-	-	-
Translation reserve	(92,107)	876,548	-	-
Share premium on ordinary shares				
Balance at 1 April	10,542,740	7,504,744	10,542,740	7,504,744
Issue of shares at :				
- RM3.14 per share	1,131,546	165,208	1,131,546	165,208
- RM5.02 per share	-	638,376	-	638,376
Sale of treasury shares	-	9,706,148	-	9,706,148
Share options exercised	231,265	144,879	231,265	144,879
Bonus issue	-	(7,504,744)	-	(7,504,744)
Share issue expenses	-	(111,871)	-	(111,871)
Associate	4,219	-	-	-
Balance at 31 March	11,909,770	10,542,740	11,905,551	10,542,740
Share options reserves	1,096,454	698,727	991,785	698,727
Distributable :				
Retained earnings	154,454,673	99,267,367	17,314,743	16,321,046
	167,222,736	111,385,382	30,212,079	27,562,513

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 Finance Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 March 2009 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

16. DEFERRED TAX LIABILITIES - GROUP

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following :

	2009 RM	2008 RM
Property, plant and equipment		
- revaluation	879,464	965,300
- capital allowances	3,229,959	4,519,700
- fair value adjustment	1,820,474	1,820,474
Tax losses carry-forward	(1,996,965)	-
Provisions	(710,377)	(382,000)
	<u>3,222,555</u>	<u>6,923,474</u>

Unrecognised deferred tax assets

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

	2009 RM	2008 RM
Tax losses carry-forward of a foreign subsidiary	<u>1,510,000</u>	<u>1,167,000</u>

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

Movement in temporary difference during the year

	At 1.4.2007 RM	Recognised in Income Statements (Note 24) RM	Acquisition of a Subsidiary (Note 33) RM	At 31.3.2008 RM	Recognised in Income Statements (Note 24) RM	At 31.3.2009 RM
Group						
Property, plant and equipment						
- revaluation	985,000	(19,700)	-	965,300	(85,836)	879,464
- capital allowance	4,404,000	115,700	-	4,519,700	(1,289,741)	3,229,959
- fair value adjustment	-	-	1,820,474	1,820,474	-	1,820,474
Tax losses carry-forward	-	-	-	-	(1,996,965)	(1,996,965)
Provisions	70,000	(452,000)	-	(382,000)	(328,377)	(710,377)
	<u>5,459,000</u>	<u>(356,000)</u>	<u>1,820,474</u>	<u>6,923,474</u>	<u>(3,700,919)</u>	<u>3,222,555</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

17. PAYABLES AND ACCRUALS

		Group		Company	
	NOTE	2009 RM	2008 RM	2009 RM	2008 RM
Trade					
Trade payables	17.1	20,686,874	26,654,707	-	-
Non-trade					
Amount due to subsidiaries	17.2	-	-	26,734,125	-
Other payables	17.3	13,498,067	6,812,818	183,024	121,270
Accrued expenses		5,669,250	4,441,301	256,500	528,001
		19,167,317	11,254,119	27,173,649	649,271
		39,854,191	37,908,826	27,173,649	649,271

17.1 Trade payables

The Group's normal credit terms for trade payables range from 30 to 90 days (2008 : 30 to 90 days).

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

Foreign Currency	Group	
	2009 RM	2008 RM
USD	733,222	3,452,962
GBP	51,838	470,635
EURO	972	173,438

17.2 Amount due to subsidiaries

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

17.3 Other payables

Included in other payables is amount due to a Director of the Company amounting to RM7,220,000 (2008: Nil) which is unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

18. BANK BORROWINGS - GROUP

	NOTE	2009 RM	2008 RM
Current			
Secured			
Term loans	18.3	3,856,000	3,018,000
Unsecured			
Term loans	18.3	7,000,000	4,000,000
Foreign currency loans	18.3	3,140,226	3,662,413
Bank overdrafts	18.3	231,119	2,010,862
Finance lease liabilities	18.4	403,470	460,426
		<u>14,630,815</u>	<u>13,151,701</u>
Non-current			
Secured			
Term loans	18.3	7,953,000	5,281,500
Unsecured			
Term loans	18.3	23,250,000	16,000,000
Finance lease liabilities	18.4	732,565	1,206,595
		<u>31,935,565</u>	<u>22,488,095</u>

18.1 Interest rates

The bank overdrafts are subject to interest at 1.75% (2008 : 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% (2008 : 0.50%) per annum above the bank's cost of funds.

The secured term loans, which are denominated in Euro, are subject to interest at 1.05% (2008: 1.05%) per annum over EURIBOR and 4.05% per annum. The unsecured term loans, which are denominated in Ringgit Malaysia, are subject to interest at 0.3% (2008 : 0.3%) per annum above the bank's cost of fund and 0.50% per annum over KLIBOR.

The finance lease liabilities are subject to interest rates ranging from 5.27% to 6.00% (2008 : 5.27% to 6.00%) per annum.

18.2 Securities

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

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

18. BANK BORROWINGS - GROUP (Cont'd)

18.3 Terms and debt repayment schedule

	Year of Maturity	Total RM	Within 1 Year RM	1-2 Year RM	2-5 Years RM	Over 5 Years RM
Group						
2009						
Term loans						
- RM	2010-2013	16,000,000	4,000,000	4,000,000	8,000,000	-
- RM	2010-2014	14,250,000	3,000,000	3,000,000	8,250,000	-
- Euro	2011	4,338,000	2,892,000	1,446,000	-	-
- Euro	2019	7,471,000	964,000	964,000	2,892,000	2,651,000
Bank overdrafts						
- RM		231,119	231,119	-	-	-
Foreign currency loans						
- USD	2010	3,140,226	3,140,226	-	-	-
Finance lease liabilities						
- Euro	2010-2012	1,136,035	403,470	360,845	371,720	-
		46,566,380	14,630,815	9,770,845	19,513,720	2,651,000
2008						
Term loans						
- RM	2012	20,000,000	4,000,000	4,000,000	12,000,000	-
- Euro	2011	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 loans						
- 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	-

18.4 Finance lease liabilities

	Minimum Lease Payments 2009 RM	Interest 2009 RM	Principal 2009 RM	Minimum Lease Payments 2008 RM	Interest 2008 RM	Principal 2008 RM
Group						
Less than one year	452,097	48,627	403,470	532,230	71,804	460,426
Between one and five years	779,633	47,068	732,565	1,302,290	95,695	1,206,595
	1,231,730	95,695	1,136,035	1,834,520	167,499	1,667,021

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

19. EMPLOYEE BENEFITS - GROUP/COMPANY

Share Option Plan

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

	Weighted Average Exercise Price 2009 RM	Number of Options 2009	Weighted Average Exercise Price 2008 RM	Number of Options 2008
Outstanding at 1 April	3.14	4,875,120	-	-
Granted during the year		-	5.02	3,405,000
Exercised prior to bonus issue		-	5.02	(158,800)
Adjustment on bonus issue of 3 ordinary shares for 5 existing ordinary shares held		-	-	1,947,720
Exercised after bonus issue	3.14	(528,760)	3.14	(77,200)
Lapsed due to resignation	3.14	(371,200)	3.14	(241,600)
Outstanding at 31 March	3.14	3,975,160	3.14	4,875,120
Exercisable at 31 March		412,360		189,360

The options outstanding as at 31 March 2009 have an exercise price of RM3.14 and a weighted average contractual life of 4 years.

During the year, 528,760 share options were exercised.

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	2009 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
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		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Options granted in 2008 recognised as staff cost	571,054	843,606	166,813	-

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

20. REVENUE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Invoiced value of goods sold less discounts and returns	298,319,157	208,351,564	-	-
Gross dividends receivable				
- subsidiaries	-	-	22,194,750	32,670,400
- others	922,738	-	102,930	-
Commission income	81,531	65,055	81,531	65,055
Management fees				
- subsidiaries	-	-	1,440,000	-
	299,323,426	208,416,619	23,819,211	32,735,455

21. PROFIT BEFORE TAX

Profit before tax is arrived at :

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
After charging :				
Allowance for doubtful debts	35,094	82,001	-	-
Auditors' remuneration				
Statutory audit				
<i>KPMG</i>				
- Current year	54,000	54,000	9,000	9,000
- Prior year	-	8,000	-	3,000
<i>Other auditors</i>				
- Current year	120,152	92,749	-	-
Other services				
<i>KPMG</i>				
- Current year	10,200	10,200	3,000	3,000
- Prior year	270	2,400	-	1,000
Bad debts written off	-	1,581	-	-
Directors' emoluments				
Directors of the Company				
- Fees	256,500	256,500	242,000	242,000
- Remuneration	692,544	667,056	-	-
Other Directors				
- Fees	37,800	36,720	-	-
- Remuneration	1,920,091	429,463	-	-
- Consultancy fee paid to a company in which a Director of a subsidiary has a substantial financial interest	246,645	300,983	-	-
Amortisation of prepaid lease payments (Note 4)	38,875	38,875	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

21. PROFIT BEFORE TAX (Cont'd)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Depreciation				
- property, plant and equipment (Note 3)	10,906,408	6,461,573	-	-
- investment properties (Note 5)	41,332	41,332	-	-
Rental of premises	1,964,990	2,032,772	-	-
Plant and equipment written off	132	3,960	-	-
Loss on foreign exchange				
- realised	8,085,811	686,501	2,974	-
- unrealised	1,395,028	1,634,124	-	-
Hedging loss	18,070,000	-	-	-
Interest expense	2,352,443	674,144	-	792
and after crediting :				
Dividends income (gross) from :				
- Quoted investments	922,738	-	102,930	-
- Subsidiaries	-	-	22,194,750	32,670,400
Interest income	1,508,986	2,207,426	87,399	282,243
Gain on disposal of plant and equipment	67,149	130,033	-	-
Rental income	150,000	153,500	-	-
Gain on disposal of other investments (Note 8)	-	108,379	-	-
Gain on disposal of assets held for sale	-	97,543	-	-
Negative goodwill on acquisition of an associate	46,396,532	-	-	-

The estimated monetary value of benefits received by the Directors of the Company otherwise than in cash from the Group amounted to RM17,400 (2008 : RM17,400).

22. KEY MANAGEMENT PERSONNEL COMPENSATIONS

The key management personnel compensations are as follows :

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Directors of the Company				
- Fees	256,500	256,500	242,000	242,000
- Remuneration	692,544	667,056	-	-
Other directors				
- Fees	37,800	36,720	-	-
- Remuneration	1,920,091	429,463	-	-
	2,906,935	1,389,739	242,000	242,000

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

22. KEY MANAGEMENT PERSONNEL COMPENSATIONS (Cont'd)

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.

23. EMPLOYEE INFORMATION

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Staff costs	37,720,143	20,013,818	1,058,737	-
Share based payment	571,054	843,606	166,813	-
	38,291,197	20,857,424	1,225,550	-

Included in staff costs of the Group and of the Company is an amount of RM2,760,773 (2008 : RM1,323,560) and RM113,006 (2008 : Nil) respectively representing contributions made to the statutory pension funds.

24. TAX EXPENSE

Recognised in the income statements

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Current tax expense				
Malaysian - current	4,033,000	8,097,977	-	8,301,977
- prior year	(3,021,087)	(2,847)	54,156	(28,746)
Overseas - current	2,336,089	804,272	-	-
- prior year	4,295	1,303	-	-
Total current tax	3,352,297	8,900,705	54,156	8,273,231
Deferred tax expense				
- current year	(3,673,349)	(320,550)	-	-
- prior year	(27,570)	(35,450)	-	-
Total deferred tax	(3,700,919)	(356,000)	-	-
Total tax expense	(348,622)	8,544,705	54,156	8,273,231

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

24. TAX EXPENSE (Cont'd)

Reconciliation of effective tax expense

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit before tax	75,983,110	49,262,173	22,338,333	32,660,249
Tax at Malaysian tax rate at 25% (2008 : 26%)	18,995,778	12,808,165	5,584,583	8,491,665
Effect of different tax rates in foreign jurisdictions	(1,372,732)	(574,788)	-	-
Effect of lower tax rate for certain subsidiaries *	-	(145,523)	-	-
Effect of change in tax rates **	-	(151,007)	-	-
Deferred tax assets not recognised	343,818	714,000	-	-
Utilisation of previously unrecognised tax losses	(49,897)	-	(49,897)	-
Non-deductible expenses	1,276,664	654,869	62,048	21,814
Income not subject to tax	(12,119,703)	-	-	-
Tax exempt income	(398,223)	(605,915)	(5,596,270)	(221,687)
Tax incentives	(3,914,229)	(4,110,198)	-	-
Reversal of deferred tax on revaluation	(85,836)	(19,700)	-	-
Others	20,100	11,796	(464)	10,185
(Over)/Under provided in prior year	(3,044,362)	(36,994)	54,156	(28,746)
Tax expense	(348,622)	8,544,705	54,156	8,273,231

* 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. With effect from year of assessment 2009, companies controlled directly or indirectly by another company with paid-up capital exceeding RM2.5 million no longer entitled to this preferential corporate tax rate.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

25. EARNINGS PER ORDINARY SHARE - GROUP

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the net profit attributable to the shareholders of RM76,331,732 (2008 : RM40,717,468) and a weighted average number of ordinary shares outstanding of 113,678,849 (2008 : 111,966,864) calculated as follows :

	2009	2008
Issued ordinary shares at 1 April	113,411,280	113,175,280
Effect of shares issued during the year	372,215	76,135
Effect of treasury shares held	(104,646)	(1,284,551)
Weighted average number of ordinary shares at 31 March	113,678,849	111,966,864

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share is based on the net profit attributable to the shareholders of RM76,331,732 (2008 : RM40,717,468) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows :

	2009	2008
Weighted average number of ordinary shares at 31 March	113,678,849	111,966,864
Dilution impact of unexercised share options	1,352,891	1,364,139
Weighted average number of ordinary shares (diluted) at 31 March	115,031,740	113,331,003

26. DIVIDENDS

	Group / Company	
	2009 RM	2008 RM
Paid :		
- Final dividend of 15% less 25% tax for 2008 (2007 : 20% less 27% tax) on 113,793,140 (2007 : 68,267,900) ordinary shares of RM1 each	12,801,728	9,967,113
Declared and payable :		
- Interim dividend of 10% less 25% tax for 2009 (2008 : 10% less 25% tax) on 113,806,440 (2008 : 113,364,180) ordinary shares of RM1 each	8,535,483	8,502,314
	21,337,211	18,469,427

A final dividend of 15% less 25% tax amounting to RM12,801,728 proposed in the last financial year and approved by members in the Annual General Meeting was paid on 29 December 2008 and accordingly, this amount has been appropriated from the retained earnings in this financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

26. DIVIDENDS (Cont'd)

At the forthcoming Annual General Meeting, a final dividend of 15% less 25% tax in respect of the financial year ended 31 March 2009 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 2010.

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

27. RELATED PARTIES - GROUP/COMPANY

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

The Group has related party relationships with the followings:

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

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

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

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

Transactions Amount For The Year Ended 31 March

	2009 RM	2008 RM
-Dividend income received	22,194,750	32,670,400
-Management fee receivable	1,440,000	-

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

Transactions Amount For The Year Ended 31 March

	2009 RM	2008 RM
-Management fee receivable	4,800	4,800
-Sales	343,000	612,000
-Purchases	837,948	-

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

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

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

Transactions Amount For The Year Ended 31 March

		2009 RM	2008 RM
Sales	-AESSB	412,000	403,000
	-KSPSB	20,000	30,000
	-DOSB	2,400	2,300
Purchases	-AESSB	14,000	16,000
	-KSPSB	400	1,100
	-DOSB	62,000	57,000
Management fee receivable - DOSB		6,000	6,000

- d) Transactions with key management personnel :

Key management personnel compensation is disclosed in Note 22 to the financial statements.

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

Transactions Amount For The Year Ended 31 March

	2009 RM	2008 RM
Group		
Consultancy fee paid to a Company in which a Director of a subsidiary has substantial financial interest	246,645■	300,983■
Advances by a Director of the Company to a subsidiary	7,220,000	-
Rental paid to		
- a Director of the Company	4,800	4,800
- a Director of a subsidiary	9,600	9,600

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

Non-trade balances with subsidiaries are disclosed in Notes 10 and 17 to the financial statements.

28. CAPITAL COMMITMENT - GROUP

	2009 RM	2008 RM
Property, plant and equipment		
Contracted but not provided for	672,500	19,211,336

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

29. LEASE COMMITMENT - GROUP

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

	2009 RM	2008 RM
Less than 1 year	1,482,000	1,808,000
Between 1 and 5 years	2,314,000	4,632,000

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.

30. CONTINGENT LIABILITIES - COMPANY

i) Corporate guarantee

Unsecured

The Company has given corporate guarantees to certain financial institutions for banking facilities granted to its subsidiaries for RM89,700,000 (2008 : RM78,700,000) of which RM30,481,000 (2008 : RM20,836,000) was utilised at balance sheet date.

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

31. SEGMENTAL INFORMATION - GROUP

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

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

Business segment

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

31. SEGMENTAL INFORMATION - GROUP (Cont'd)

Geographical segments

	Malaysia RM	Asia (Excluding Malaysia) RM	Europe RM	America RM	Others RM	Consolidated RM
2009						
Revenue from external customers	38,884,798	14,648,855	193,635,856	40,961,396	11,192,521	299,323,426
Segment assets	181,026,000	1,003,381	105,315,803	-	-	287,345,184
Capital expenditure	9,222,612	-	14,260,828	-	-	23,483,440
2008						
Revenue from external customers	38,604,371	8,643,734	107,903,468	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

32. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

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

Credit risk

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

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

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

	Company	
	2009 RM	2008 RM
Amount due from subsidiaries	152,380,927	123,096,097

32. FINANCIAL INSTRUMENTS (Cont'd)

Interest rate risk

The Group's financial position does not really require it to source for any major external funding. However, the Group has entered into certain fixed and floating interest rate borrowings to finance its operations. The majority of the Group's excess funds is placed with reputable licensed banks and licensed financial institutions to generate interest income for the Group. In addition, the Group also invested some of its funds in 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 Dollar, Euro, Sterling Pound, Singapore Dollar and Swiss Francs.

Liquidity risk

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

Effective interest rates and repricing analysis

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

	Average Effective Interest Rate Per Annum %	Total RM'000	Within 1 Year RM'000	1-5 Years RM'000	After 5 Years RM'000
Group					
2009					
Financial assets					
Fixed rate instruments					
Short term deposits with licensed banks	1.22	33,462	33,462	-	-
Fixed rates unquoted non-convertible corporate bonds	6.30 □	1,009	1,009	-	-
Financial liabilities					
Fixed rate instrument					
Finance lease liabilities	5.27 - 6.00	1,136	403	361	372
Term loans	4.05	7,471	964	3,856	2,651
Floating rate instruments					
Bank overdrafts	7.30	231	231	-	-
Foreign currency loans	2.20	3,140	3,140	-	-
Term loans	2.97 - 5.14	34,588	34,588	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

32. FINANCIAL INSTRUMENTS (Cont'd)

	Average Effective Interest Rate Per Annum %	Total RM'000	Within 1 Year RM'000	1-5 Years RM'000	After 5 Years RM'000
2008					
Financial assets					
Fixed rate instruments					
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	-	-
Group					
2008					
Financial liabilities					
Fixed rate instrument					
Finance lease liabilities	5.27 - 6.00	1,667	460	1,207	-
Floating rate instruments					
Bank overdrafts	8.50	2,011	2,011	-	-
Foreign currency loans	3.12	3,662	3,662	-	-
Term loans	4.01 - 5.35	28,300	28,300	-	-
Company					
2009					
Financial asset					
Fixed rate instrument					
Short term deposits with licensed banks	2.37	38	38	-	-
2008					
Financial asset					
Fixed rate instrument					
Short term deposits with licensed banks	3.06	4,249	4,249	-	-
Fair values					

Recognised financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

32. FINANCIAL INSTRUMENTS (Cont'd)

Fair values (Cont'd)

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

	2009		2008	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Group				
Financial asset				
Unquoted non-convertible corporate bonds	1,009	1,002	1,009	1,005
Financial liabilities				
Term loans	42,059	42,059	28,300	28,300
Finance lease liabilities	1,136	1,136	1,667	1,667
Company				
Financial asset				
Amount due from subsidiaries	44,315	*	44,315	*

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

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

Unrecognised financial instruments

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

	2009		2008	
	Contracted Amount RM'000	Fair Value RM'000	Contracted Amount RM'000	Fair Value RM'000
Group				
Forward foreign exchange contracts	2,437	2,330	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT D)

33. 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.

34. SIGNIFICANT EVENT DURING THE YEAR

During the year, the Company together with one of its wholly owned subsidiaries successfully completed the acquisition of a total of 58,916,000 shares of RM0.50 each of Muda Holdings Bhd. ("MUDA") for a total cash consideration of RM45,239,911 from the open market. Subsequent to the acquisition, MUDA became an associate company of the Group with the Group effective equity interest of 20.09% as at 31 March 2009.

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 29 to 84 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 March 2009 and of their financial performance and cash flows for the year then ended.

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



.....
Lim Soon Huat



.....
Khoo Khai Hong

Penang,

Date : 24 July 2009

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

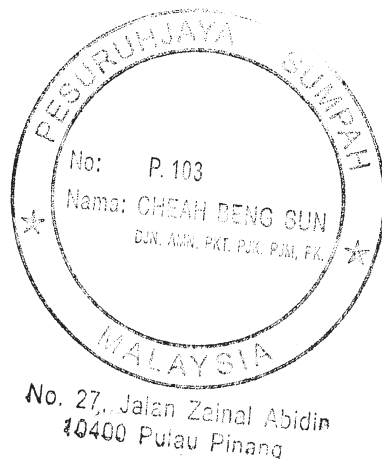
I, **Goh Phaik Ngoh**, the officer primarily responsible for the financial management of Asia File Corporation Bhd., do solemnly and sincerely declare that the financial statements set out on pages 29 to 84 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously 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 2009.



.....
Goh Phaik Ngoh

Before me :



Cheah Beng Sun, DJN, AMN, PKT, PJK, PJM, PK
(No. P103)
Commissioner for Oaths
Penang

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

Report on the Financial Statements

We have audited the financial statements of Asia File Corporation Bhd., which comprise the balance sheets as at 31 March 2009 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 29 to 84.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2009 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 2009

Penang

LIST OF PROPERTIES OWNED BY THE GROUP

LOCATION	DESCRIPTION	LAND AREA (sq. meters)	TENURE	AGE (years)	NET BOOK VALUE (RM'000)	DATE OF REVALUATION/ ACQUISITION(*)
1) No 81 & 81A Jalan Sungai Pinang Lots P 1473-1476, Section 9-W, Georgetown Daerah Timur-Laut Penang	Factory cum warehouse	2,442	Freehold	18	7,007	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	14	11,045	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	15	503	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	14	1,062	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	14	973	April 2000 (*)
6) Lot 1310, Mukim 14, Daerah Seberang Prai Tengah, Penang	Office, Factory cum warehouse	27,688.91	Freehold	18	13,346	March 2004 (*)
7) PT 43263, H.S.(D) 128696 Mukim Petaling, Daerah Petaling, Selangor	Office, Factory cum warehouse	2,023	Freehold	3	2,637	April 2004 (*)
8) Kasseler Landstraße 12 D-37213 Witzhausen Germany	Office, Factory, Warehouse	11,983	Freehold	36	6,957	January 2008 (*)
9) Zur Furthmühle 4 D-37318 Kirchgangern Germany	Office, Factory, Warehouse	21,840	Freehold	18	15,221	January 2008 (*) March 2009 (*) (Additional Warehouse)

SHAREHOLDINGS STATISTICS - AS AT 6 AUGUST 2009

AUTHORISED SHARE CAPITAL	:	RM500,000,000/=
ISSUED AND FULLY PAID UP CAPITAL	:	RM114,381,040/= (inclusive 133,700 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

No. of Shareholders	No. of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	30	1,119	0.001
100 - 1,000	190	131,284	0.115
1,001 - 10,000	627	2,471,256	2.161
10,001 - 100,000	132	3,254,165	2.845
100,001 - 5,719,051	34	25,579,479	22.363
5,719,052 - 114,381,040	3	82,943,737	72.515
TOTAL	1,016	114,381,040	100.00

SHAREHOLDINGS STATISTICS - AS AT 6 AUGUST 2009 (CONT D)

THIRTY LARGEST SHAREHOLDERS AS AT 6 AUGUST 2009

	Name	No. of Shares	% of Issued Share Capital
1.	PRESTIGE ELEGANCE (M) SDN BHD	52,336,837	45.81
2.	PERMODALAN NASIONAL BERHAD	15,466,200	13.537
3.	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD SKIM AMANAH SAHAM BUMIPUTERA	15,140,700	13.253
4.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HBFS-B CLT500)	2,899,920	2.538
5.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	2,560,000	2.241
6.	LIM SOON HEE	2,557,403	2.238
7.	LIM SOON WAH	2,479,825	2.171
8.	LIM SIEW EAN	2,400,000	2.101
9.	EMPLOYEES PROVIDENT FUND BOARD	2,199,600	1.925
10.	KHOO SAW SIM	1,617,920	1.416
11.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 2)	1,357,180	1.188
12.	GOH PHAIK NGOH	849,920	0.744
13.	LIM SOON HUAT	814,391	0.713
14.	CHEAH SOK IN	714,720	0.626
15.	MAYBAN NOMINEES (TEMPATAN) SDN BHD MAYBAN TRUSTEES BHD FOR AMANAH SAHAM WANITA (N14011980040)	682,000	0.597
16.	FOO NIAN CHOU	522,240	0.457
17.	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (UNITLINKED GF)	488,000	0.427
18.	OH HAW KUANG	318,620	0.279

SHAREHOLDINGS STATISTICS - AS AT 6 AUGUST 2009 (CONT D)

THIRTY LARGEST SHAREHOLDERS AS AT 6 AUGUST 2009

	Name	No. of Shares	% of Issued Share Capital
19.	TAN GAIK KHIM	265,680	0.233
20.	BEH PHAIK HOOI	224,400	0.196
21.	WEE KEW SING	210,600	0.184
22.	BEH PHAIK HOOI	203,200	0.178
23.	LUCY KHOO	184,320	0.161
24.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HOW ENG HUAT (472752)	179,000	0.157
25.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HOW ENG HUAT (CEB)	156,800	0.137
26.	OH PHAIK WEE	156,800	0.137
27.	FELINA LEE SIEW IM	152,320	0.133
28.	MAYBAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR SJ ASSET MANAGEMENT SDN BHD	144,000	0.126
29.	ONG SIEW SEE	140,800	0.123
30.	LIM PENG HUAT	128,000	0.112
TOTAL		107,551,396	94.138

SHAREHOLDINGS STATISTICS - AS AT 6 AUGUST 2009 (CONT D)

SUBSTANTIAL SHAREHOLDERS

- As per Register of Substantial Shareholders as at 6 August 2009

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 [^]	47.226
2. Lim Soon Huat	814,391	52,336,837 [^]	46.523
3. Prestige Elegance (M) Sdn Bhd	52,336,837	-	45.810
4. NTAsian Discovery Master Fund	6,811,520	-	5.962
5. Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputra	15,140,700	-	13.252
6. Permodalan Nasional Berhad	15,466,200	-	13.538
7. Yayasan Pelaburan Bumiputra	-	15,466,200*	13.538

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

* Deemed interest via Permodalan Nasional Berhad pursuant to Section 6A of the Companies Act, 1965

DIRECTORS' SHAREHOLDINGS AS AT 6 AUGUST 2009

- As per Register of Directors' Shareholdings as at 6 August 2009

Name of Director	No. of Shares		% of Issued Share Capital (exclude treasury shares)	No. of Unexercised ESOS Options
	Direct Interest	Deemed Interest		
<i>The Company</i>				
Lim Soon Huat	814,391	52,419,837^	46.596	500,000
Ooi Ean Chin	-	19,520*	0.017	40,000
Khoo Khai Hong	54,000	-	0.047	56,000
Nurjannah Binti Ali	-	-	-	40,000
Lim Soon Wah	2,479,825	152,320**	2.304	400,000
Lim Soon Hee (Alternate to Khoo Khai Hong)	2,557,403	-	2.238	-

[^] 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.

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PROXY FORM

ASIA FILE CORPORATION BHD (313192P)

I/We
 NRIC or Company No.CDS Account No.....
 of being a
 member/members of the above named Company, hereby appoint.....
 NRIC No..... of
or failing him, the Chairman of the Meeting as my/our proxy, to
 vote for me/us and on my/our behalf at the FIFTEENTH ANNUAL GENERAL MEETING of the Company to
 be held at Merbah 1 Room, Hotel Equatorial, No. 1, Jalan Bukit Jambul, 11900 Penang on Tuesday, 29 September 2009
 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, 2009

.....
 Signature of Shareholder

No. Of Ordinary Shares Held

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.

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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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