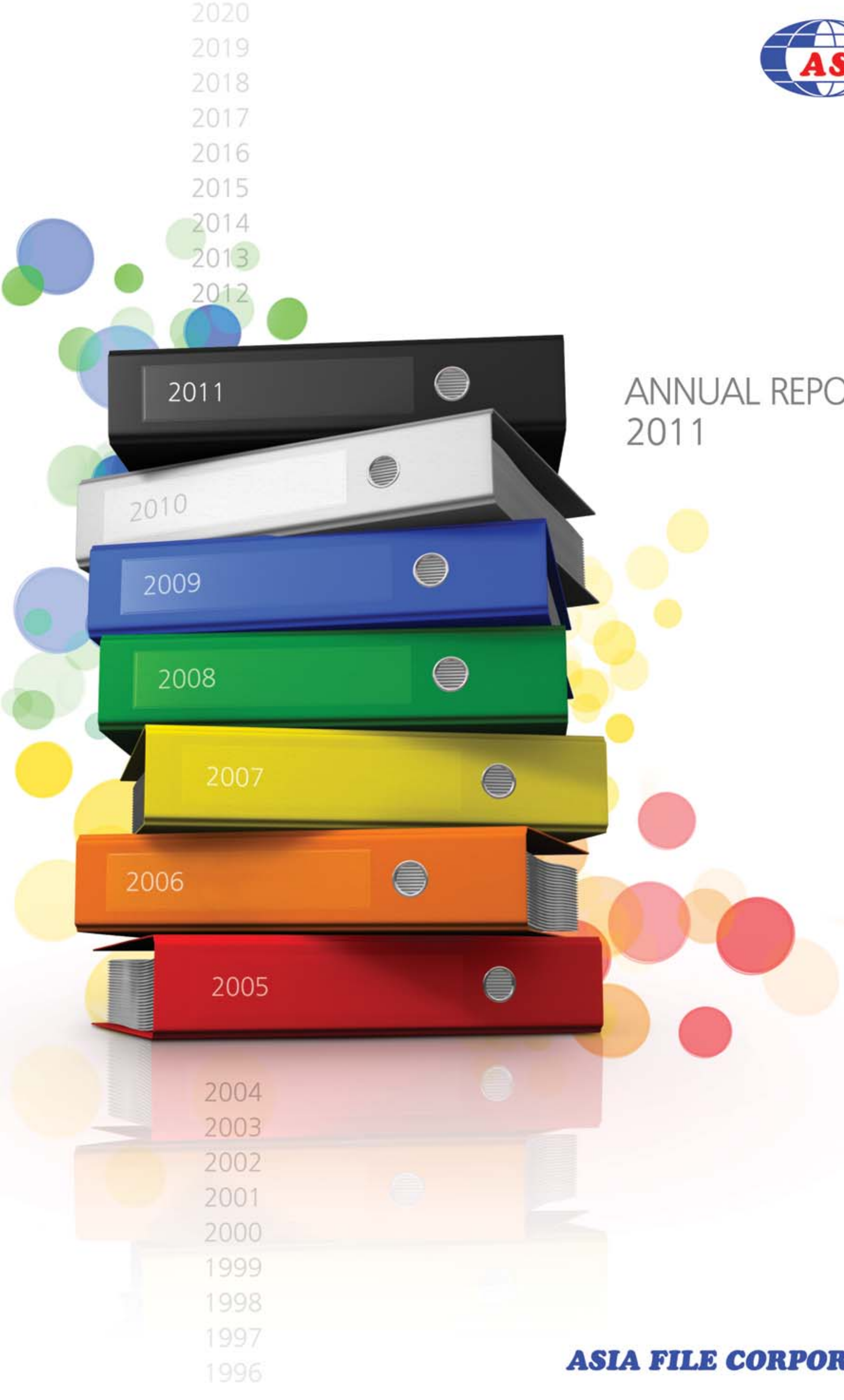
ASIA FILE



ANNUAL REPORT 2011

ASIA FILE CORPORATION BHD.
313192-P

Contents

Financial Statements

CORPORATE INFORMATION

BOARD OF **DIRECTORS**	Lim Soon Huat Khoo Khai Hong Lim Soon Wah Ooi Ean Chin Nurjannah Binti Ali Lim Soon Hee (Alternate to Khoo Khai Hong)
COMPANY **SECRETARY**	Lam Voon Kean (MIA 4793)
REGISTERED **OFFICE**	Suite 2-1, 2nd Floor, Menara Penang Garden 42A, Jalan Sultan Ahmad Shah 10050 Penang Tel : 04-229 4390 Fax : 04-226 5860
REGISTRAR	Agriteum Share Registration Services Sdn Bhd (578473-T) 2nd Floor, Wisma Penang Garden 42, Jalan Sultan Ahmad Shah 10050 Penang Tel : 04-228 2321 Fax : 04-227 2391
PRINCIPAL PLACE OF **BUSINESS**	Plot 16, Kawasan Perindustrian Bayan Lepas, Phase IV 11900 Penang, Malaysia Tel : 04-642 6601 Fax : 04-642 6602
AUDITORS	KPMG, Penang
BANKERS	RHB Bank Berhad Malayan Banking Berhad
SOLICITOR	Ong and Manecksha Suite 1, 21st Floor, Wing A Northam Tower, 57, Jalan Sultan Ahmad Shah, 10050 Penang

Chairman's Statement

On behalf of the Board, it gives me great pleasure to present to our shareholders the Annual Report and the Audited Financial Statement for the Group ended 31 March 2011.

For the financial year under review, the industry landscape continued to be challenging. The industry was confronted with various issues such as the strengthening of local currency which has put the export business in a disadvantage position, increasing cost of material and the slowing global economy especially in Europe. However, despite all these adversities, the Group remains optimistic of its outlook given the resilient foundation built in the past years.

For the financial year ended 31 March 2011, total turnover for the Group dropped by 7.6% from RM 267.4 million to RM 247.1 million as the Europe market remained sluggish while the weakening of currencies such as USD , Euro and Sterling Pound had further impacted the sales figure. However, the strategic business model developed by the Group over the years had enabled the Group to maintain its commendable margin amidst the challenging operating environment it operated in. We are pleased to announce that the Group has recorded a pretax operating profit of RM 52.2 million which represented a pretax operating margin of 21.1% (2010: 21.3%).

During the year, continuous efforts had been taken to review all aspects of operation in order to become a more efficient and leaner manufacturer. In addition, effective audits and control procedures were implemented across the Group and its subsidiaries. In terms of product innovation, new products were rolled out and introduced in the market. The Group had also identified certain niche products for which additional capacity were planned and implemented. To mitigate some of the material cost increases, the Group had executed a well planned forward buying strategy. More notably, **our commitment towards excellence had earned us numerous accolades and awards during the year. Among them were the prestigious award of "Vendor of the Year " by one of the top global customers** in recognition of the Group's achievement in terms of quality, cost competitiveness , delivery and services. Group was also rated as **one of the top 20 listed companies in terms of shareholder value creation** by KPMG's Shareholder Value Award 2010 Program.

The Group is committed to adopting a dividend policy which will enhance our shareholders' value via consistent dividend payouts.

For the financial year ended 31 March 2011, the following dividends have been paid or declared:-

- An interim dividend of 4.8% less tax and 5.5% tax exempt which had been paid on 27 May 2011;
- Final single-tier dividend of 12.5% to be paid upon obtaining the shareholders' approval at the forthcoming Annual General Meeting.

Thomas L.Friedman, one of the famous authors once said "The world is flat". And in the 21st century, it has become even more apparent that the world is getting smaller, where people and business are tightly intertwined globally. The future direction of the Group has been aligned in recognition of the above phenomenon. The journey ahead may be challenging, but we remain resilient and our perseverance will prevail. In closing, I would like to take this opportunity to thank all parties involved including our business partners, shareholders, employees and government authorities for giving us the unwavering support as we walk down this challenging path together.

Lim Soon Huat
Chairman of the Group

ASIA FILE CORPORATION BHD (313192-P)

- (100% ASIA FILE PRODUCTS SDN. BHD.
  - (100% PLASTOREG SMIDT GMBH
- (100% SIN CHUAN MARKETING SDN. BHD.
- (100% LIM & KHOO SDN. BHD.
- (100% FORMOSA TECHNOLOGY SDN. BHD.
- (100% ABBA MARKETING SDN. BHD.
- (100% AFP COMPOSITE SDN. BHD.
- (75% PREMIER STATIONERY LIMITED
- (100% PREMIER STATIONERY PTE. LTD.

PRODUCTS OF THE GROUP

1. Dividers

- Manilla Dividers
- Mylar Coated Dividers
- Polypropylene Dividers

2. Polypropylene Range Of Products

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

3. Paper Products

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

4. Clipfolders & Box Files

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

5. Lever Arch Files

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

6. Manilla Files & Folders

- Flat Files
- Pocket Files
- Fold Files

7. Magazine Holders

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

8. Markers & Whiteboard Accessories

- Whiteboard / Permanent Markers
- Whiteboard Erasers

9. Ring Files / Binders

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

10. Stationeries

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

2011 Superbrands Malaysia's Choice

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

Lim Soon Huat,

Age 54, is a Malaysian citizen and the Non Independent Executive Chairman. He was appointed to the Board on 3 January 1996 and was subsequently appointed as Chairman of the Board on 16 July 2001.

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

As at 8 August 2011, he is the registered holder of 889,391 shares in Asia File Corporation Bhd and is deemed interested over 52,336,837 shares in Asia File Corporation Bhd registered under Prestige Elegance (M) Sdn Bhd. He also holds 50.01% of the total shareholding in Prestige Elegance (M) Sdn Bhd. During the financial year ended 31 March 2011, he attended four (4) Board of Directors' meetings.

Nurjannah binti Ali,

Age 52, 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, and several other private limited companies. During the financial year ended 31 March 2011, she attended four (4) Board of Directors' meetings.

Khoo Khai Hong,

Age 83, is a Malaysian citizen and an Independent Non Executive Director and the Chairman of the Audit Committee. He was appointed to the Board on 3 January 1996.

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

As at 8 August 2011, he is the registered holder of 93,200 shares in Asia File CorporationBhd. During the financial year ended 31 March 2011, he attended four (4) Board of Directors' meetings.

Lim Soon Wah,

Age 44, 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 8 August 2011, he is the registered holder of 2,489,825 shares in Asia File Corporation Bhd. He also holds 10.75% of the total shareholding in Prestige Elegance (M) Sdn Bhd, a substantial shareholder of Asia File Corporation Bhd. During the financial year ended 31 March 2011, he attended four (4) Board of Directors' meetings.

Ooi Ean Chin,

Age 78, 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.

As at 8 August 2011, he is the registered holder of 28,000 shares in Asia File Corporation Bhd. During the financial year ended 31 March 2011, he attended four (4) Board of Directors' meetings.

Lim Soon Hee,

Age 48, is a Malaysian citizen and a 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 8 August 2011, he holds 8.74% of the total shareholding in Prestige Elegance (M) Sdn Bhd, a substantial shareholder of Asia File Corporation Bhd.

Notes:

i) Datin Khoo Saw Sim, a substantial shareholder, is the mother of Directors, Mr Lim Soon Huat and Mr Lim Soon Wah, and Alternate Director, Mr Lim Soon Hee. Other than as disclosed in the Profile of Directors, none of the directors has any family relationship with any other directors/major shareholders of the Company.

ii) Other than as disclosed in the Directors' Report and Notes to the Financial Statements, there is no other conflict of interest that the directors have with the Company.

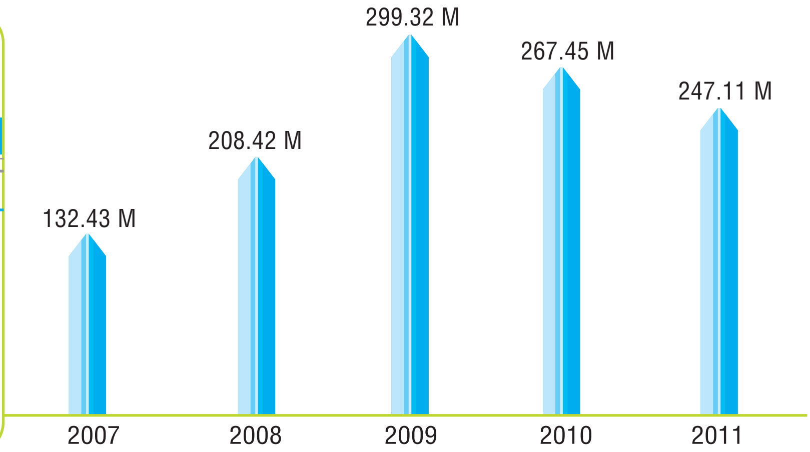
iii) Except for Nurjannah binti Ali, which was disclosed in the Profile of Directors, none of the other directors hold any directorship in any other public listed companies.

iv) In the past ten (10) years, none of the directors was convicted of any offence other than traffic offences.

FIVE - YEAR FINANCIAL RESULTS AND FINANCIAL HIGHLIGHTS OF THE GROUP

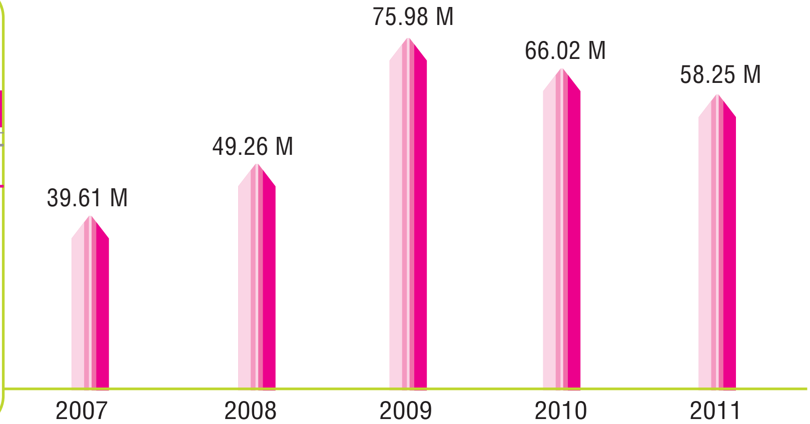
TURNOVER

Year	Turnover (RM)
2007	132.43 M
2008	208.42 M
2009	299.32 M
2010	267.45 M
2011	247.11M



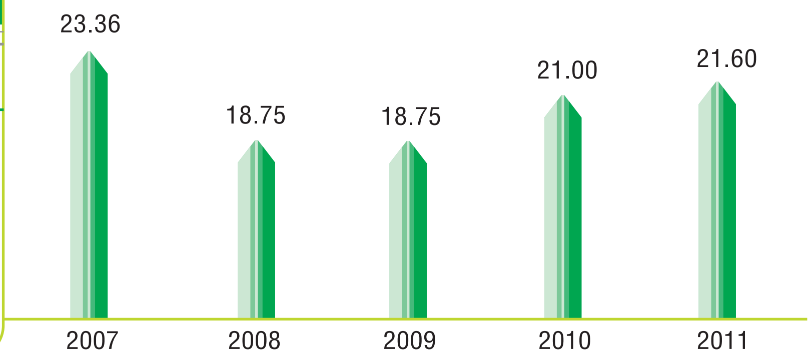
PROFIT BEFORE TAXATION

Year	Profit Before Tax (RM)
2007	39.61 M
2008	49.26 M
2009	75.98 M
2010	66.02 M
2011	58.25 M



DIVIDENDS PER ORDINARY SHARE - NET (CENTS)

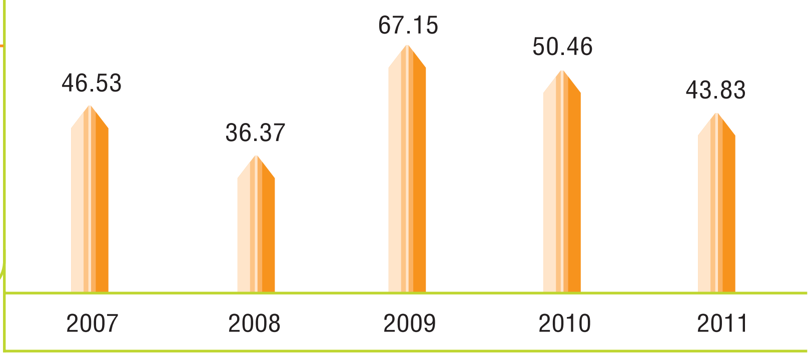
Year	Dividends per ordinary share net (Cents)
2007	23.36
2008	18.75*
2009	18.75
2010	21.00
2011	21.60



BASIC EARNINGS PER SHARE (CENTS)

Year	Basic earnings per share (Cents)
2007	46.53
2008	36.37*
2009	67.15
2010	50.46
2011	43.83

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



STATEMENT ON CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY

Part I: Principles of Corporate Governance

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

Set out below are the details on how the Group has applied the above principles and best practices throughout the financial year ended 31 March 2011.

A) Board of Directors

Board Composition

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

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

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

Board Responsibilities

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

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

Board Meetings

The Board meets at least four (4) times a year and with additional meetings convened as the need arises, to inter-alia approve the Quarterly Reports, the Annual Report and to review the performance of the Company and its operating subsidiaries. The Board receives relevant documents on matters requiring its consideration prior to each meeting. A total of four (4) Board meetings were held during the financial year ended 31 March 2011.

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

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

Board Committees

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

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

Supply of Information

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

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

Directors' Training

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

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

- Corporate Directors' Training Programme
- National Seminar on Taxation 2010
- Workshop on Real Property Gains Tax
- Practical Auditing
- Financial Reporting Standards (FRS) Workshop 2010

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

Appointment and Re-election

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

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

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 2011 are as follows:-

	Fees RM'000	Salaries RM'000	Bonuses RM'000	Benefits in kinds RM'000	Total RM'000
Executive Directors	169	654	207	10	1,040
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 2011 are, however, summarized into the following bands:-

Range of Remuneration	Executive	Non-Executive
Below RM 50,000	-	4
RM 350,001 to RM 400,000	1	-
RM 600,001 to RM 650,000	1	-

(C) Shareholders

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

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

(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.

(D) Accountability and Audit (Cont'd)

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

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

Internal Control

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

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

Relationship with Auditors

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

(E) Statement on Corporate Social Responsibility

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

Environment

The Group ensured the compliance of all environmental laws and regulations by integrated corporate social responsibilities practices into its daily operations. The Group undertake this by promoting and maintaining environmental best practices such as recycling of waste materials and usage of electrical instead of fuel consumed forklift. In view of the important of environmental sustainability, the Group create awareness among employees on environment conservation by encouraging employees to adopt the choice of 3R lifestyle, "Reduce, Reuse and Recycle" wherever possible in order to minimise the use of new resources.

Community

The Group continues with its support to various local charitable organisations. The Group was involved in a fund raising campaign to elevate the lives of underprivileged communities. In December 2010, children from Shan Children Home in Butterworth and The Salvation Army Penang Children Home were taken out for a hearty meal by Asia File office staffs. New school uniforms, school bags and shoes were donated to these children for them to well-equip themselves for the coming new school term.

The Group recognised the importance of education. During the year, files, stationeries and computer items were given out to primary and secondary schools in Penang. The Group has also continuously sponsored files and stationery in support of community events organized by certain communities or organizations.

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

Workplace

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

The 2010 Annual Dinner themed "Bow and Tie Night" which included a talent show competition performed solely by employees was held on 13 November 2010.

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

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

(F) Other Information

Material Contracts

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

Non - Audit Fees

During the year, a total of RM6,000 was paid to KPMG for non-audit services rendered.

Shares Buy Back

During the year, a total of 30,600 shares of Asia File Corporation Bhd were purchased and retained as treasury shares pursuant to the Shares Buy Back scheme.

The details of shares 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
May 2010	30,400	4.55	4.50	4.54	138,422
August 2010	100	4.33	4.33	4.33	462
January 2011	100	4.44	4.44	4.44	473

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 2011 with the exception of the followings :-

(a) The roles of Chairman and Managing Director are combined, the details of which are fully explained in the Board Composition on Page 9 of this Annual Report.

(b) The Board does not have a formal schedule of matters specifically reserved to it for decision as it has been the Board's practice to deliberate on matters that involve overall Group strategy and direction, acquisition and divestment policy, approval of capital expenditure, consideration of significant financial matters and the review of the financial and operating performance of the Group.

(c) The Board, together with the Managing Director, has not developed position descriptions for the Board and the Managing Director. The Board recognizes the importance for a proper identification of the roles and authorization limits of Management and will consider adopting a Board Charter to delineate the roles and responsibilities of executive and non-executive directors.

(d) No Nominating Committee is formed by the Group. The Board itself functions as a Nominating Committee. It will participate in assessing, identifying, nominating and recruiting suitable candidates to the Board. Any member of the Board who has interest in any matter raised by the Board will abstain himself from deliberations and voting. In view of its current size and make up of the Board which reflects a well balanced composition, the Board is of the opinion that the formation of a Nominating Committee is not required at the moment.

(e) The Board as a whole recommends the remuneration of each director. Individual director does not participate in deliberations and voting on decisions in respect of his remuneration package. In view of the above, the Group does not form a Remuneration Committee.

AUDIT COMMITTEE REPORT

Composition and Meetings:

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

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

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

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

Summary of Activities:

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

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

- reviewed the audit reports and audit results with the external auditors;
- reviewed the quarterly and annual report of the Group before recommending for the Board's approval. The focus of review will be on:-

  (a) changes in implementation of major accounting policies;
  (b) significant and unusual events;
  (c) compliance with accounting standards and other legal requirements;

- reviewed the Group's compliance with the Listing Requirements of the Bursa Malaysia Securities Berhad, Malaysian Accounting Standard Board and other relevant legal and regulatory requirement;
- reviewed related party transactions entered into by the Group;
- reviewed the audited financial statements of the Group;
- reviewed the findings of the internal audit function and to ensure appropriate actions were taken and recommendation implemented.

Internal Audit Function

The Audit Committee is aware of the importance of an independent and adequately resourced internal audit function for the effectiveness of the internal control system. The Group has an Internal Audit Department whose principal responsibility is to conduct internal audits on financial and operational matters of the Group. Internal audit reports are presented to the Audit Committee during the Audit Committee meeting. The findings and recommendations were highlighted to the management for their comments and necessary action. The cost incurred by the Group in relation to the internal audit functions during the financial year amounted to approximately RM 165,000.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1) Membership:

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

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

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

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

2) Meeting Procedures

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

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

Group Financial Controller and Head of Internal Audit Department will usually attend the 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 advise it considers necessary;
- be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the listed issuer, whenever deemed necessary;
- report to the relevant authorities on any unresolved issues which result in breaching of any regulatory requirement.

4) Scope of Responsibilities

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

- to review the audit scope and plan with external auditors;
- to review external audit reports to ensure that prompt corrective actions are taken to address issues (including any deficiencies in internal control system) highlighted;
- to review the assistance and cooperation rendered by the Group's employees to the external auditors;
- to consider the performance of the external auditors, their appointment, audit fees and issues of resignation or dismissal;
- to review the followings in respect of the internal audit functions:-

  (a) adequacy of the scope, functions, competency and resources of the internal audit functions and whether it has the necessary authority to carry out its work;
  (b) to review the findings of the internal audit function and to ensure appropriate actions were taken and recommendation implemented;
  (c) the effectiveness of the internal audit function.

- to review the quarterly results and year end financial statements, prior to Board's approval, focusing mainly on:-

  (a) changes in implementation of major accounting policies;
  (b) significant or unusual events;
  (c) compliance with accounting standards and other legal requirements;

- to review any related party transaction and situation where conflict of interest may arise;
- to review the allocation of options pursuant to Asia File Corporation Bhd Employees Share Option Scheme;
- to undertake any responsibilities as authorized by the Board.

STATEMENT ON INTERNAL CONTROL

Introduction

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

Board Responsibility

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

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

This statement is issued in accordance with a resolution of the Board of Directors dated 29 July 2011.

Financial Statements 2011

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2011

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 2011.

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
Profit for the year attributable to:		
Owners of the Company	50,389,919	23,452,286
Minority interest	-	-
	50,389,919	23,452,286

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 12% less 25% tax on 114,600,530 ordinary shares of RM1 each totalling RM10,314,048 in respect of the financial year ended 31 March 2010 on 27 May 2010;

ii) a final dividend of 16% less 25% tax on 115,158,130 ordinary shares of RM1 each totalling RM13,818,975 in respect of the financial year ended 31 March 2010 on 24 December 2010; and

iii) an interim dividend of 4.8% less 25% tax and 5.5% tax exempt on 115,346,630 ordinary shares of RM1each totalling RM10,496,543 in respect of the financial year ended 31 March 2011 on 27 May 2011.

A final single-tier dividend of 12.5% has been recommended by the Directors in respect of the financial year ended 31 March 2011, subject to the approval of members at the forthcoming Annual General Meeting.

Directors of the Company

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

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

Directors' interests in shares

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 and/or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows :

	Number of ordinary shares of RM1 each				
	Balance at 1.4.2010	Bought	ESOS exercised	(Sold)	Balance at 31.3.2011
Interest in the Company :					
Lim Soon Huat					
- own	889,391	-	-	-	889,391
- others*	369,600	2,250,000	5,000	-	2,624,600
Lim Soon Wah					
- own	2,500,825	-	10,000	(21,000)	2,489,825
- others*	152,320	-	-	-	152,320
Khoo Khai Hong					
- own	54,000	-	-	-	54,000
Ooi Ean Chin					
- other*	19,520	-	-	-	19,520
Deemed interest in the Company :					
Lim Soon Huat					
- own	52,336,837	-	-	-	52,336,837

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

Interest in the Company	Number of options over ordinary shares of RM1 each Balance at 1.4.2010	Granted	(Exercised)	Balance at 31.3.2011
Lim Soon Huat				
- own	425,000	-	-	425,000
Lim Soon Wah				
- own	379,000	-	(10,000)	369,000
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.

None of the other Director holding office at 31 March 2011 had any interest in the ordinary shares and options over the shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Company and its related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who may be deemed to derive a benefit from those transactions entered into in the ordinary course of business between certain companies in the Group and companies in which a Director and his close family members have substantial financial interests as disclosed in Note 26 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 RM114,872,630 to RM115,506,930 through the issuance of 634,300 new ordinary shares of RM1.00 each for cash from the exercise of ESOS as follows :

	Exercise Price RM	Number of ordinary shares of RM1.00 each issued
Exercise of options under ESOS	3.14	621,800
Exercise of options under ESOS	4.11	12,500

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

Options granted over unissued shares

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

Employees' share option scheme

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

The main features of the Scheme are as follows :

i) The total number of shares to be offered under the Scheme shall not exceed 15% of the issued and paid-up share capital of the Company or such maximum percentage as allowable by the relevant authorities at any point in time during the existence of the Scheme. In the event the maximum number of shares offered exceeds 15% of the issued and paid-up share capital or such maximum percentage as allowable by the relevant authorities as a result of the Company purchasing its own shares and thereby diminishing its issued and paid-up share capital, then the options granted prior to the adjustment of the issued and paid-up share capital of the Company shall remain valid and exercisable but there shall not be any further offer;

ii) The Scheme shall be in force for a period of five years commencing from 23 April 2007 being the last date on which the Company obtained all relevant approvals required for the Scheme. The Scheme, which is expiring on 22 April 2012, has been extended for another five years until 21 April 2017;

iii) The option is personal to the grantee and is not assignable, transferable, disposable or changeable except for certain conditions provided for in the By-Laws;

iv) Eligible persons are employees and 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.

Employees' share option scheme (Cont'd)

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

		Number of options over ordinary shares of RM1 each				
Date of offer	Exercise price	Balance at 1.4.2010	Granted	(Exercised)	Lapsed due to resignation	Balance at 31.3.2011
27.4.2007	3.14	2,965,370	-	(621,800)	(46,000)	2,297,570
20.4.2009	4.11	872,450	-	(12,500)	(37,750)	822,200

Other statutory information

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

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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 Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 March 2011 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

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

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

……………………………………..
Lim Soon Huat

……………………………………..
Khoo Khai Hong

Penang,

Date : 29 July 2011

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

	NOTE	2011 RM	2010 RM
Assets			
Property, plant and equipment	3	90,153,204	93,990,653
Prepaid lease payments	4	1,717,329	1,756,204
Investment properties	5	1,959,766	2,010,364
Investments in an associates	7	110,449,054	104,585,106
Goodwill on consolidation	8	30,234,456	30,234,456
Total non-current assets		234,513,809	232,576,783
Trade and other receivables	9	47,296,313	52,114,529
Inventories	10	71,196,768	59,293,247
Current tax assets		32,894	1,699,549
Cash and cash equivalents	11	80,862,647	65,512,106
Total current assets		199,388,622	178,619,431
Total assets		433,902,431	411,196,214
Equity			
Share capital	12	115,506,930	114,872,630
Treasury shares	13	(1,504,391)	(1,365,033)
Reserves	14	231,892,535	204,804,732
Total equity attributable to owners of the Company		345,895,074	318,312,329
Liabilities			
Deferred tax liabilities	15	7,829,494	5,759,705
Bank borrowings	17	6,807,097	16,091,787
Total non-current liabilities		14,636,591	21,851,492
Trade and other payables	16	36,024,512	35,883,816
Bank borrowings	17	25,278,507	24,260,583
Current tax liability		1,571,204	573,946
Dividend payable		10,496,543	10,314,048
Total current liabilities		73,370,766	71,032,393
Total liabilities		88,007,357	92,883,885
Total equity and liabilities		433,902,431	411,196,214

The notes on pages 39 to 89 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2011

	NOTE	2011 RM	2010 RM
			Restated
Continuing operations			
Revenue	19	247,111,564	267,445,681
Cost of sales		(141,993,830)	(142,555,577)
Gross profit		105,117,734	124,890,104
Distribution costs		(12,403,343)	(13,743,247)
Administrative expenses		(44,085,683)	(52,905,950)
Other operating expenses		(756,105)	(4,954,214)
Other operating income		4,280,023	3,690,605
		(52,965,108)	(67,912,806)
Results from operating activities		52,152,626	56,977,298
Share of profits after tax of equity accounted associates		7,102,762	10,356,038
Finance costs		(1,009,002)	(1,316,678)
Profit before tax	20	58,246,386	66,016,658
Income tax expense	23	(7,856,467)	(8,327,472)
Profit for the year		50,389,919	57,689,186
Other comprehensive income, net of tax			
Foreign exchange translation differences		(924,955)	(4,171,612)
Share of other comprehensive income of equity accounted associates		120,117	4,408,575
Total other comprehensive income for the year		(804,838)	236,963
Total comprehensive income for the year		49,585,081	57,926,149
Profit attributable to:			
Owners of the Company		50,389,919	57,689,186
Minority interest		-	-
Profit for the year		50,389,919	57,689,186
Total comprehensive income attributable to:			
Owners of the Company		49,585,081	57,926,149
Minority interest		-	-
Total comprehensive income for the year		49,585,081	57,926,149
Basic earnings per ordinary share (sen)	24	43.83	50.46
Diluted earnings per ordinary share (sen)	24	43.54	49.88

The notes on pages 39 to 89 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2011

	Non-distributable						Distributable	
	Share Capital RM	Treasury Shares RM	Share Premium RM	Share Option Reserves RM	Translation Reserve RM	Revaluation Reserve RM	Retained Earnings RM	Total Equity RM
At 1 April 2009	113,940,040	(660,172)	11,909,770	1,096,454	(92,107)	(146,054)	154,454,673	280,502,604
Total comprehensive income for the year	-	-	-	-	(4,289,323)	4,382,643	57,832,829	57,926,149
Post-acquisition reserves-associate	-	-	76,379	12,156	-	-	-	88,535
Treasury shares acquired	-	(704,861)	-	-	-	-	-	(704,861)
Transfer to share premium for share options exercised	-	-	424,490	(424,490)	-	-	-	-
Transfer from share option reserve for options lapsed	-	-	-	(38,359)	-	-	38,359	-
Share-based payments (Note 18)	-	-	-	665,271	-	-	-	665,271
Issue of shares pursuant to ESOS	932,590	-	2,099,339	-	-	-	-	3,031,929
Dividends (Note 25)	-	-	-	-	-	-	(23,197,298)	(23,197,298)
At 31 March 2010	114,872,630	(1,365,033)	14,509,978	1,311,032	(4,381,430)	4,236,589	189,128,563	318,312,329

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2011 (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 2010								
- as previously stated	114,872,630	(1,365,033)	14,509,978	1,311,032	(4,381,430)	4,236,589	189,128,563	318,312,329
- effect and adopting FRS 139 (Note 33)	-	-	-	-	-	-	(59,491)	(59,491)
At 1 April 2010, as restated	114,872,630	(1,365,033)	14,509,978	1,311,032	(4,381,430)	4,236,589	189,069,072	318,252,838
Total comprehensive income for the year	-	-	-	-	(804,838)	-	50,389,919	49,585,081
Post-acquisition reserves - associate	-	-	78,468	5,634	-	-	-	84,102
Treasury shares acquired	-	(139,358)	-	-	-	-	-	(139,358)
Transfer to share premium for share options exercised	-	-	287,639	(287,639)	-	-	-	-
Transfer from share option reserve for options lapsed	-	-	-	(21,870)	-	-	21,870	-
Share-based payments (Note 18)	-	-	-	424,102	-	-	-	424,102
Issue of shares pursuant to ESOS	634,300	-	1,369,527	-	-	-	-	2,003,827
Dividends (Note 25)	-	-	-	-	-	-	(24,315,518)	(24,315,518)
At 31 March 2011	115,506,930	(1,504,391)	16,245,612	1,431,259	(5,186,268)	4,236,589	215,165,343	345,895,074

The notes on pages 39 to 89 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2011

	NOTE	2011 RM	2010 RM
Cash flows from operating activities			
Profit before tax from continuing operations		58,246,386	66,016,658
Adjustments for :			
Depreciation			
- Property, plant and equipment	3	9,146,204	9,840,472
- Investment properties	5	50,598	50,598
Amortisation of prepaid lease payments	4	38,875	38,875
Gain on disposal of plant and equipment		(69,699)	(28,774)
(Gain)/Loss on disposal of other investments		(94,902)	8,900
Gain on disposal of investment in an associate		(70,000)	-
Interest expense		1,009,002	1,316,678
Interest income		(592,933)	(470,599)
Plant and equipment written off		680	-
Share of profit after tax of equity accounted associates		(7,102,762)	(10,356,038)
Share-based payments	18	424,102	665,271
Operating profit before changes in working capital		60,985,551	67,082,041
Changes in working capital :			
Inventories		(12,338,377)	(7,022,470)
Trade and other receivables		3,271,589	(7,596,420)
Trade and other payables		2,069,036	(1,735,270)
Cash generated from operations		53,987,799	50,727,881
Income tax paid		(3,121,963)	(5,721,673)
Net cash from operating activities		50,865,836	45,006,208

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2011 (CONT'D)

	NOTE	2011 RM	2010 RM
Cash flows from investing activities			
Purchase of other investments		(403,200)	-
Purchase of plant and equipment	3	(6,246,470)	(2,528,986)
Proceeds from disposal of plant and equipment		193,890	37,170
Acquisition of investment in an associate		(67,335)	(1,044,650)
Proceeds from disposal of other investments		498,102	1,000,000
Dividend received from associate		1,505,368	1,472,900
Interest received		592,933	470,599
Proceeds from disposal of investment in an associate		75,000	-
Net cash used in investing activities		(3,851,712)	(592,967)
Cash flows from financing activities			
Proceeds from short term borrowings, net		1,907,594	11,502,626
Repayments of term loans		(9,695,541)	(16,036,999)
Repayments of finance lease liabilities		(319,894)	(365,999)
Proceeds from shares issued under ESOS		2,003,827	3,031,929
Repurchase of treasury shares	13	(139,358)	(704,861)
Dividends paid		(24,133,023)	(21,418,733)
Interest paid		(1,009,002)	(1,316,678)
Net cash used in financing activities		(31,385,397)	(25,308,715)
Net increase in cash and cash equivalents		15,628,727	19,104,526
Cash and cash equivalents at 1 April		65,412,920	47,231,919
Effect of exchange rate fluctuations on cash and cash equivalents		(278,995)	(923,525)
Cash and cash equivalents at 31 March		80,762,652	65,412,920

NOTE

Cash and cash equivalents

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

	NOTE	2011 RM	2010 RM
Short term deposits with licensed banks	11	60,363,530	44,685,480
Cash and bank balances	11	20,499,117	20,826,626
Bank overdrafts	17	(99,995)	(99,186)
		80,762,652	65,412,920

The notes on pages 39 to 89 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

	NOTE	2011 RM	2010 RM
Assets			
Investments in subsidiaries	6	23,252,709	23,003,005
Investment in associates	7	4,502,153	4,434,818
Total non-current assets		27,754,862	27,437,823
Trade and other receivables	9	146,249,350	147,524,948
Current tax assets		27,936	21,272
Cash and cash equivalents	11	4,577,630	673,055
Total current assets		150,854,916	148,219,275
Total assets		178,609,778	175,657,098
Equity			
Share capital	12	115,506,930	114,872,630
Treasury shares	13	(1,504,391)	(1,365,033)
Reserves	14	32,707,950	31,777,553
Total equity		146,710,489	145,285,150
Liabilities			
Trade and other payables	16	21,402,746	20,057,900
Dividend payable		10,496,543	10,314,048
Total current liabilities		31,899,289	30,371,948
Total equity and liabilities		178,609,778	175,657,098

The notes on pages 39 to 89 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2011

	NOTE	2011 RM	2010 RM
Continuing operations			
Revenue	19	25,598,718	24,116,529
Administrative expenses		(2,139,366)	(2,075,638)
Other operating expenses		(2,701)	(8,347)
Other operating income		63,586	34,089
Profit before tax	20	23,520,237	22,066,633
Income tax expense	23	(67,951)	(68,471)
Profit for the year/Total comprehensive income for the year		23,452,286	21,998,162

The notes on pages 39 to 89 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2011

	Non-distributable				Distributable	
	Share Capital RM	Treasury Shares RM	Share Premium RM	Share Option Reserves RM	Retained Earnings RM	Total Equity RM
At 1 April 2009	113,940,040	(660,172)	11,905,551	991,785	17,314,743	143,491,947
Total comprehensive income for the year	-	-	-	-	21,998,162	21,998,162
Treasury shares acquired	-	(704,861)	-	-	-	(704,861)
Treasury to share premium for share options exercised	-	-	424,490	(424,490)	-	-
Transfer from share option reserve for options lapsed	-	-	-	(38,359)	38,359	-
Share-based payments (Note 18)	-	-	-	665,271	-	665,271
Share issued pursuant to ESOS	932,590	-	2,099,339	-	-	3,031,929
Dividends (Note 25)	-	-	-	-	(23,197,298)	(23,197,298)
At 31 March 2010	114,872,630	(1,365,033)	14,429,380	1,194,207	16,153,966	145,285,150

The notes on pages 39 to 89 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2011 (CONT'D)

	Non-distributable				Distributable	
	Share Capital RM	Treasury Shares RM	Share Premium RM	Share Option Reserves RM	Retained Earnings RM	Total Equity RM
At 1 April 2010	114,872,630	(1,365,033)	14,429,380	1,194,207	16,153,966	145,285,150
Total comprehensive income for the year	-	-	-	-	23,452,286	23,452,286
Treasury shares acquired	-	(139,358)	-	-	-	(139,358)
Treasury to share premium for share options exercised	-	-	287,639	(287,639)	-	-
Transfer from share option reserve for options lapsed	-	-	-	(21,870)	21,870	-
Share-based payments (Note 18)	-	-	-	424,102	-	424,102
Share issued pursuant to ESOS	634,300	-	1,369,527	-	-	2,003,827
Dividends (Note 25)	-	-	-	-	(24,315,518)	(24,315,518)
At 31 March 2011	115,506,930	(1,504,391)	16,086,546	1,308,800	15,312,604	146,710,489

The notes on pages 39 to 89 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2011

	NOTE	2011 RM	2010 RM
Cash flows from operating activities			
Profit before tax from continuing operations		23,520,237	22,066,633
Adjustments for :			
Dividend income		(23,474,715)	(22,123,970)
Interest income		(55,777)	(25,199)
Share-based payments	18	174,398	262,658
Operating profit before changes in working capital		164,143	180,122
Changes in working capital :			
Trade and other receivables		1,275,598	8,086
Trade and other payables		1,344,846	(121,271)
Cash generated from operations		2,784,587	66,937
Tax paid		(74,615)	(75,471)
Dividend received		23,474,715	22,123,970
Net cash from operating activities		26,184,687	22,115,436
Cash flows from investing activities			
Interest received		55,777	25,199
Acquisition of investments in an associate		(67,335)	(338,555)
Net cash used in investing activities		(11,558)	(313,356)

The notes on pages 39 to 89 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2011 (CONT'D)

	NOTE	2011 RM	2010 RM
Cash flows from financing activities			
Advances to subsidiaries, net		-	(2,110,899)
Proceeds from shares issued under ESOS		2,003,827	3,031,929
Repurchase of treasury shares	13	(139,358)	(704,861)
Dividends paid		(24,133,023)	(21,418,733)
Net cash used in financing activities		(22,268,554)	(21,202,564)
Net increase in cash and cash equivalents		3,904,575	599,516
Cash and cash equivalents at 1 April		673,055	73,539
Cash and cash equivalents at 31 March	11	4,577,630	673,055

The notes on pages 39 to 89 are an integral part of these financial statements.

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

Registered office

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

Principal place of business

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

The consolidated financial statements as at and for the financial year ended 31 March 2011 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 authorised for issue by the Board of Directors on 29 July 2011.

1. 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 (FRSs), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

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

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

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

1. BASIS OF PREPARATION (Cont'd)

(a) Statement of compliance (Cont'd)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
  - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
  - Additional Exemption for First-time Adopters
- Amendments to FRS 2, Group Cash-settled Share Based Payment Transactions
- Amendments to FRS 7, Financial Instruments : Disclosures - Improving Disclosures about Financial Instruments
- IC Interpretation 4, Determining whether on Arrangement contains a Lease
- IC Interpretation 18, Transfers of Assets from Customers *
- Improvements to FRSs (2010)

FRSs, Interpretation and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments #
- Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement #

FRSs, Interpretation and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, Related Party Disclosures (revised)
- IC Interpretation 15, Agreements for the Construction of Real Estate #

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

- from the annual period beginning 1 April 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, except for those marked " * " which are not applicable to the Group and the Company; and

- from the annual period beginning 1 April 2012 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2011 and 1 January 2012, except for those marked " # " which are not applicable to the Group and the Company.

  The initial application of the applicable standards, amendments or interpretations is not expected to have any material impact on financial statements of the Group and of the Company upon their first adoption.

  Following the announcement by the MASB on 1 August 2008, the Group's financial statements for the year ending 31 March 2013 will be prepared in accordance with the International Financial Reporting Standards (IFRS) Framework.

(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.

1. BASIS OF PREPARATION (Cont'd)

(d) Use of estimates and judgements

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes :

- Note 5 - Valuation of investment properties
- Note 8 - Goodwill on consolidation

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group entities, other than those disclosed in the following Notes :

- Note 2(c) - Financial instruments
- Note 2(e) - Leased assets
- Note 2(i) - Receivables
- Note 2(s) - Operating segments

(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 statement of financial position at cost less any impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of consolidation (Cont'd)

(ii) Associates

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

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

When the Group's share of losses exceeds its interest in an 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 statement of financial position at cost less impairment losses, if any, unless the investment is held for sale.

(iii) Changes in Group composition

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

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 end of the reporting period, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Minority interest in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the comprehensive income for the year between minority interest and the owners 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of consolidation (Cont'd)

(v) Transactions eliminated on consolidation

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

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

(b) Foreign currency transactions

(i) Foreign currency transactions

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

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

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

Foreign currency differences arising on retranslation are recognised in profit or loss.

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

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

(c) Financial instruments

Arising from the adoption of FRS 139, Financial Instruments: Recognition and Measurement, with effect from 1 April 2010, financial instruments are categorised and measured using accounting policies as mentioned below. Before 1 April 2010, different accounting policies were applied. Significant changes to the accounting policies are discussed in Note 33.

(i) Initial recognition and measurement

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Financial instruments (Cont'd)

(i) Initial recognition and measurement (Cont'd)

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

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

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

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

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

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

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

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

(c) Available-for-sale financial assets

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial liabilities

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

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

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

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

(iii) Financial guarantee contracts

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

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

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

(d) Property, plant and equipment

(i) Recognition and measurement

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

(i) Recognition and measurement (Cont'd)

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

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 available and replacement cost when appropriate.

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

The gains or 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 profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) 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 to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss 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 reviewed, and adjusted as appropriate at the end of the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(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. On initial recognition of the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

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

(ii) Operating lease

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

In the previous year, a leasehold land 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 leasehold land was accounted for as prepaid lease payments.

The Group has adopted the amendment made to FRS 117, *Leases* in 2010 in relation to the classification of lease of land. Leasehold land, which in substance is a finance lease have been reclassified and measured as such retrospectively, if material.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised 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 profit or loss.

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(g) Investment properties

(i) Investment properties carried at cost

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

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

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful live 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.

(h) Impairment

(i) Financial assets

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Impairment (Cont'd)

(ii) Other assets

The carrying amounts of other assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For 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.

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.

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

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

(i) Receivables

Prior to 1 April 2011, receivables were initially recognised at their costs and subsequently measured at cost less allowance for doubtful debts.

Following the adoption of FRS 139, trade and other receivables are categorised and measured as loans and receivables in accordance with note 2(c).

(j) 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, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(k) Cash and cash equivalents

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

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with policy Note 2(c).

(l) Provisions

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

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.

(m) Equity instruments

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

(i) Issue expenses

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

(ii) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. 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.

(n) Borrowings costs

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Borrowing costs (Cont'd)

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

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

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

(o) Revenue and other income

(i) Goods sold

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

(ii) Rental income

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

(iii) Dividend income

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

(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.

(v) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

Grants that compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

(p) Income tax

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(p) Income tax (Cont'd)

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

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

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

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

(q) 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 profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) Share-based payment transactions

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(r) 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 owners 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 owners of the Company 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.

(s) Operating segments

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

Following the adoption of FRS 8, Operating Segments, an operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The adoption of FRS 8 does not have material impact on the financial statements of the Group.

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 2009							
- at cost	5,263,583	65,245,266	134,824,759	15,622,598	6,437,758	-	227,393,964
- at valuation	3,867,046	4,442,954	-	-	-	-	8,310,000
	9,130,629	69,688,220	134,824,759	15,622,598	6,437,758	-	235,703,964
Additions	11,668	267,249	1,159,250	675,979	89,756	325,084	2,528,986
Disposals	-	-	(6,765)	(41,607)	-	-	(48,363)
Write-off	-	-	(262,770)	(75,536)	-	-	(338,306)
Effect of movements in exchange rates	(235,207)	(3,045,665)	(5,608,824)	(1,175,058)	(338,026)	-	(10,402,780)
Transfer to investment properties (Note 5)	-	(463,291)	-	-	-	-	(463,291)
At 31 March 2010/1 April 2010							
- at cost	5,040,044	62,003,559	130,105,659	15,006,376	6,189,488	325,084	218,670,210
- at valuation	3,867,046	4,442,954	-	-	-	-	8,310,000
	8,907,090	66,446,513	130,105,659	15,006,376	6,189,488	325,084	226,980,210
Additions	-	63,863	4,567,208	722,168	887,080	6,151	6,246,470
Disposals	-	(2,267)	(392,875)	(301,051)	(691,772)	-	(1,387,965)
Write-off	-	-	-	(29,439)	-	-	(29,439)
Effect of movements in exchange rates	(59,095)	(765,353)	(1,397,506)	(302,602)	(86,762)	-	(2,611,318)
At 31 March 2011							
- at cost	4,980,949	61,299,802	132,882,486	15,095,452	6,298,034	331,235	220,887,958
- at valuation	3,867,046	4,442,954	-	-	-	-	8,310,000
	8,847,995	65,742,756	132,882,486	15,095,452	6,298,034	331,235	229,197,958

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 2009							
- at cost	-	22,034,766	90,989,747	11,394,821	5,479,079	-	129,898,413
- at valuation	-	1,366,437	-	-	-	-	1,366,437
	-	23,401,203	90,989,747	11,394,821	5,479,079	-	131,264,850
Depreciation for the year	-	1,469,894	6,918,388	1,015,043	437,147	-	9,840,472
Disposals	-	-	(6,751)	(33,216)	-	-	(39,967)
Write-off	-	-	(262,770)	(75,536)	-	-	(338,306)
Effect of movements in exchange rates	-	(1,728,652)	(4,636,351)	(957,379)	(294,653)	-	(7,617,035)
Transfer to investment properties (Note 5)	-	(120,457)	-	-	-	-	(120,457)
At 31 March 2010/1 April 2010							
- at cost	-	21,566,692	93,002,263	11,343,733	5,621,573	-	131,534,261
- at valuation	-	1,455,296	-	-	-	-	1,455,296
	-	23,021,988	93,002,263	11,343,733	5,621,573	-	132,989,557
Depreciation for the year	-	1,358,388	6,424,145	867,715	495,956	-	9,146,204
Disposals	-	-	(316,413)	(297,482)	(649,879)	-	(1,263,774)
Write-off	-	-	-	(28,759)	-	-	(28,759)
Effect of movements in exchange rates	-	(418,622)	(1,101,261)	(213,443)	(65,148)	-	(1,798,474)
At 31 March 2011							
- at cost	-	22,473,273	98,008,734	11,671,764	5,402,502	-	137,556,273
- at valuation	-	1,488,481	-	-	-	-	1,488,481
	-	23,961,754	98,008,734	11,671,764	5,402,502	-	139,044,754

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

	Freehold Land RM	Buildings RM	Plant and Machinery RM	Office Equipment, Furniture and Fittings RM	Motor Vehicles RM	Capital Expenditure-In-Progress RM	Total RM
Carrying amounts							
At 1 April 2009							
- at cost	5,263,583	43,210,500	43,835,012	4,227,777	958,679	-	97,495,551
- at valuation	3,867,046	3,076,517	-	-	-	-	6,943,563
	9,130,629	46,287,017	43,835,012	4,227,777	958,679	-	104,439,114
At 31 March 2010/1 April 2010							
- at cost	5,040,044	40,436,867	37,103,396	3,662,643	567,915	325,084	87,135,949
- at valuation	3,867,046	2,987,658	-	-	-	-	6,854,704
	8,907,090	43,424,525	37,103,396	3,662,643	567,915	325,084	93,990,653
At 31 March 2011							
- at cost	4,980,949	38,826,529	34,873,752	3,423,688	895,532	331,235	83,331,685
- at valuation	3,867,046	2,954,473	-	-	-	-	6,821,519
	8,847,995	41,781,002	34,873,752	3,423,688	895,532	331,235	90,153,204

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

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

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

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

	Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2011			
Freehold land	345,836	-	345,836
Buildings	1,283,293	(514,792)	768,501
Total	1,629,129	(514,792)	1,114,337
2010			
Freehold land	345,836	-	345,836
Buildings	1,283,293	(489,126)	794,167
Total	1,629,129	(489,126)	1,140,003

Security

Certain freehold land and buildings of the Group with carrying amount of RM18,913,967 (2010 : RM19,993,703) are pledged to a financial institution as security for borrowings as disclosed in Note 17 to the financial statements.

Assets under finance lease arrangement

The Group leases production plant and equipment amounting to RM1,256,781 (2010 : RM1,521,831) under finance lease with expiry dates ranging from 2010 to 2012.

4. PREPAID LEASE PAYMENTS

	Unexpired Period Less Than 50 Years RM
Group	
Cost	
At 1 April 2009/31 March 2010	2,294,116
At 1 April 2010/31 March 2011	2,294,116
Amortisation	
At 1 April 2009	499,037
Amortisation for the year	38,875
At 31 March 2010/1 April 2010	537,912
Amortisation for the year	38,875
At 31 March 2011	576,787
Carrying amounts	
At 1 April 2009	1,795,079
At 31 March 2010/ 1 April 2010	1,756,204
At 31 March 2011	1,717,329

5. INVESTMENT PROPERTIES - GROUP

Buildings	**RM**
Cost	
At 1 April 2009	2,066,583
Transfer from property, plant and equipment (Note 3)	463,291
At 31 March 2010	2,529,874
At 1 April 2010/31 March 2011	2,529,874
Accumulated depreciation	
At 1 April 2009	348,455
Transfer from property, plant and equipment (Note 3)	120,457
Depreciation for the year	50,598
At 31 March 2010/1 April 2010	519,510
Depreciation for the year	50,598
At 31 March 2011	570,108
Carrying amounts	
At 1 April 2009	1,718,128
At 31 March 2010/ 1 April 2010	2,010,364
At 31 March 2011	1,959,766

The fair value of investment properties based on the Directors' own assessment by reference to market evidence of transaction prices for similar properties was RM2.75 million (2010 : RM2.75 million).

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 profit or loss in respect of investment properties :

	2011 RM	**2010 RM**
Rental income	197,625	174,500
Direct operating expenses		
- income generating investment properties	15,856	15,036

6. INVESTMENT IN SUBSIDIARIES - COMPANY

	2011 RM	2010 RM
Unquoted shares, at cost	21,352,545	21,352,545
Add: Share-based payment allocated to subsidiaries	1,900,164	1,650,460
	23,252,709	23,003,005

Details of the subsidiaries are as follows:

Name of Subsidiary	Effective Ownership Interest		Country of Incorporation	Principal Activities
	2011	2010		
Asia File Products Sdn. Bhd.	100%	100%	Malaysia	Manufacture and sale of stationery products
Sin Chuan Marketing Sdn. Bhd.	100%	100%	Malaysia	Trading of stationery products
Lim & Khoo Sdn. Bhd.	100%	100%	Malaysia	Investment holding
Formosa Technology Sdn. Bhd.	100%	100%	Malaysia	Ceased its operation of trading of stationery products, graphic designing and desktop publishing during the year
ABBA Marketing Sdn. Bhd.	100%	100%	Malaysia	Trading of stationery products, graphic designing and desktop publishing
AFP Composite Sdn. Bhd.	100%	100%	Malaysia	Manufacture and supply of plastic related products
Premier Stationery Limited *	75%	75%	United Kingdom	Import and distribution of stationery products
Premier Stationery Pte. Ltd. *	100%	100%	Singapore	Trading of stationery products
Subsidiary of Asia File Products Sdn. Bhd.				
Plastoreg Smidt GmbH*	100%	100%	Germany	Manufacture and distribution of dividers and indices

* Not audited by KPMG

7. INVESTMENT IN ASSOCIATES

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
At cost				
Unquoted shares	-	5,000	-	-
Quoted shares in Malaysia	46,351,896	46,284,561	4,502,153	4,434,818
Share of post acquisition reserves and results	64,097,158	58,295,545	-	-
	110,449,054	104,585,106	4,502,153	4,434,818
Market value of quoted shares	48,828,000	57,197,000	4,419,000	5,112,000

Details of the associates are as follows:

Name of Associate	Effective Ownership Interest 2011	Effective Ownership Interest 2010	Country of Incorporation	Principal Activities	Financial Year End
#Mefajaya Sdn. Bhd.	-	50%	Malaysia	General trading in stationeries	31 March
Muda Holdings Berhad	20.26%	20.09%	Malaysia	Investment holding	31 December

Summary of financial information on the associates:

	Revenue RM'000	Profit after tax RM'000	Total assets RM'000	Total liabilities RM'000
2011				
Muda Holdings Berhad	979,900	44,311	1,142,330	565,939
2010				
Mefajaya Sdn. Bhd.	852	7	482	329
Muda Holdings Berhad	777,406	55,833	989,565	454,975

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

During the financial year, the Group disposed of its 50% stake in Mefajaya Sdn Bhd and the disposal has no significant impact on the financial statements of the Group.

8. GOODWILL ON CONSOLIDATION - GROUP

	2011 RM	2010 RM
At 1 April 2010/31 March 2011	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 (2010 : RM30.2 million).

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

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

9. TRADE AND OTHER RECEIVABLES

		Group		Company	
	NOTE	2011 RM	2010 RM	2011 RM	2010 RM
Current					
Trade					
Trade receivables	9.1	42,487,392	48,967,455	-	-
Non-trade					
Amount due from subsidiaries	9.2	-	-	146,171,452	147,497,348
Other receivables		2,567,147	716,679	77,898	27,600
Deposits		773,374	1,305,781	-	-
Prepayments		800,914	1,124,614	-	-
Derivative financial assets	9.3	667,486	-	-	-
		4,808,921	3,147,074	146,249,350	147,524,948
		47,296,313	52,114,529	146,249,350	147,524,948

9.1 Trade receivables

The Group's normal credit terms for trade receivables range from 30 to 90 days (2010 : 30 to 90 days).

9. TRADE AND OTHER RECEIVABLES (Cont'd)

9.1 Trade receivables (Cont'd)

Included in trade receivables are trade receivables due from an associate of RM Nil (2010 : RM59,902) and companies in which a Director and his family members collectively have controlling interests of RM139,369 (2010 : RM203,149), respectively which are subject to the normal credit terms.

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

	Group	
Foreign currency	**2011 RM**	**2010 RM**
Us Dollar ("USD")	3,850,262	6,974,690
Pound Sterling ("GBP")	1,696,597	2,760,418

9.2 Amount due from subsidiaries

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

9.3 Derivative financial assets

This represents the fair value gain on forward currency contracts at the end of the reporting period.

10. INVENTORIES - GROUP

	2011 RM	**2010 RM**
At cost		
Raw materials	43,460,738	37,626,589
Work-in-progress	5,198,077	3,222,748
Manufactured inventories	22,537,953	18,443,910
	71,196,768	59,293,247

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Short term deposits with licensed banks	60,363,530	44,685,480	4,537,570	631,561
Cash and bank balances	20,499,117	20,826,626	40,060	41,494
	80,862,647	65,512,106	4,577,630	673,055

11. CASH AND CASH EQUIVALENTS (Cont'd)

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	**2011 RM**	**2010 RM**
USD	4,355,005	11,177,590
GBP	38,959,958	21,893,716
EURO	3,503,374	5,230,833

12. SHARE CAPITAL - GROUP/COMPANY

	2011		2010	
	RM	**Number of Shares**	**RM**	**Number of Shares**
Ordinary shares of RM1 each				
Authorised :	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid :				
Balance at 1 April	114,872,630	114,872,630	113,940,040	113,940,040
Issued under ESOS, for cash at :				
- RM3.14 per share	621,800	621,800	825,790	825,790
- RM4.11 per share	12,500	12,500	106,800	106,800
	634,300	634,300	932,590	932,590
Balance at 31 March	115,506,930	115,506,930	114,872,630	114,872,630

13. 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 Companyís plan to purchase its own shares.

During the financial year, the Company repurchased 30,600 (2010: 138,500) of its issued share capital from the open market at an average price of RM4.55 (2010: RM5.09) per share. The total consideration paid was RM139,358 (2010 : RM704,861) including transaction costs of RM446 (2010 : RM2,308). The repurchase transactions were financed by internally generated funds. The shares repurchased are retained as treasury shares.

As at 31 March 2011, a total of 302,700 (2010 : 272,100) 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 115,204,230 (2010 : 114,600,530). Treasury shares held have no rights to voting, dividends and participation in other distribution.

14. RESERVES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Non-distributable :				
Revaluation reserve				
- associate	4,236,589	4,236,589	-	-
Translation reserve	(5,186,268)	(4,381,430)	-	-
Share premium on ordinary shares				
Balance at 1 April	14,509,978	11,909,770	14,429,380	11,905,551
Issue of shares at :				
- RM3.14 per share	1,330,652	1,767,191	1,330,652	1,767,191
- RM4.11 per share	38,875	332,148	38,875	332,148
Share options exercised	287,639	424,490	287,639	424,490
Associate	78,468	76,379	-	-
Balance at 31 March	16,245,612	14,509,978	16,086,546	14,429,380
Share options reserves	1,431,259	1,311,032	1,308,800	1,194,207
Distributable :				
Retained earnings	215,165,343	189,128,563	15,312,604	16,153,966
	231,892,535	204,804,732	32,707,950	31,777,553

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

Subsequent to the payment of interim dividend for financial year ended 31 March 2011 on 27 May 2011, the Company has made an irrevocable option to forgo its Section 108 tax credit available and pay single-tier dividend to its owners from its entire distributable reserves.

15. DEFERRED TAX LIABILITIES - GROUP

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following :

	2011 RM	2010 RM
Property, plant and equipment		
- revaluation	879,464	879,464
- capital allowances	5,274,464	4,597,488
- fair value adjustment	1,820, 474	1,820,474
Tax losses carry-forward	-	(1,117,952)
Provisions	(144,908)	(419,769)
	7,829,494	5,759,705

Unrecognised deferred tax assets

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

	2011 RM	2010 RM
Tax losses carry-forward and deductible temporary differences of a foreign subsidiary	914,000	966,000

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

Movement in temporary difference during the year

	At 1.4.2009 RM	Recognised in profit or loss (Note 23) RM	At 31.3.2010 RM	Recognised in profit or loss (Note 23) RM	At 31.3.2011 RM
Group					
Property, plant and equipment					
- revaluation	879,464	-	879,464	-	879,464
- capital allowance	3,229,959	1,367,529	4,597,488	676,976	5,274,464
- fair value adjustment	1,820,474	-	1,820,474	-	1,820,474
Tax losses carry-forward	(1,996,965)	879,013	(1,117,952)	1,117,952	-
Provisions	(710,377)	290,608	(419,769)	274,861	(144,908)
	3,222,555	2,537,150	5,759,705	2,069,789	7,829,494

16. TRADE AND OTHER PAYABLES

		Group		Company	
	NOTE	2011 RM	2010 RM	2011 RM	2010 RM
Trade					
Trade payables	16.1	26,485,330	20,720,583	-	-
Non-trade					
Amount due to subsidiaries	16.2	-	-	20,624,543	19,739,647
Other payables	16.3	4,830,400	9,683,567	518,903	59,253
Accrued expenses		4,708,782	5,479,666	259,300	259,000
		9,539,182	15,163,233	21,402,746	20,057,900
		36,024,512	35,883,816	21,402,746	20,057,900

16.1 Trade payables

The Group's normal credit terms for trade payables range from 30 to 90 days (2010 : 30 to 90 days). The trade payables include trade payables due to associates of RM612,547 (2010: RM1,357,110) which are subject to the normal credit terms.

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

	Group	
Foreign Currency	2011 RM	2010 RM
USD	2,121,305	797,936
GBP	459,438	217,610
Hong Kong Dollar ("HKD")	2,051,013	212,874

16.2 Amount due to subsidiaries

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

16.3 Other payables

Included in other payables is amount due to a Director of the Company amounting to RM Nil (2010:RM4,920,000) which is unsecured, interest-free and repayable on demand.

17. BANK BORROWINGS - GROUP

	NOTE	2011 RM	2010 RM
Current			
Secured			
Term loans		1,423,333	2,190,000
Unsecured			
Term loans		7,000,000	7,000,000
Foreign currency trade loans		16,550,446	14,642,852
Bank overdrafts		99,995	99,186
Finance lease liabilities	17.3	204,733	328,545
		25,278,507	24,260,583
Non-current			
Secured			
Term loans		1,432,126	3,504,000
Unsecured			
Term loans		5,250,000	12,250,000
Finance lease liabilities	17.3	124,971	337,787
		6,807,097	16,091,787

17.1 Interest rates

The bank overdrafts are subject to interest at 1.75% (2010 : 1.75%) per annum above lenders' base lending rates.

The foreign currency trade loans are denominated in US Dollar and Hong Kong Dollar and are subject to interest at 0.50% (2010 : 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% (2010: 1.05%) per annum over EURIBOR. The unsecured term loans, which are denominated in Ringgit Malaysia, are subject to interest at 0.30% (2010 : 0.30%) per annum above the bank's cost of fund and 0.50% per annum over KLIBOR.

The finance lease liabilities are subject to interest rates ranging from 5.27% to 6.00% (2010 : 5.27% to 6.00%) per annum.

17.2 Securities

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

17. BANK BORROWINGS - GROUP (Cont'd)

17.3 Finance lease liabilities

	Future minimum lease payments 2011 RM	Interest 2011 RM	Present value of minimum lease payments 2011 RM	Future minimum lease payments 2010 RM	Interest 2010 RM	Present value of minimum lease payments 2010 RM
Group						
Less than one year	216,627	11,894	204,733	354,783	26,238	328,545
Between one and five years	127,454	2,483	124,971	352,535	14,748	337,787
	344,081	14,377	329,704	707,318	40,986	666,332

18. 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 2011 RM	Number of options 2011	Weighted average exercise price 2010 RM	Number of options 2010
Outstanding at 1 April	3.14	2,965,370	3.14	3,975,160
Outstanding at 1 April	4.11	872,450	4.11	1,000,000
Exercised during the year	3.14	(621,800)	3.14	(825,790)
Exercised during the year	4.11	(12,500)	4.11	(106,800)
Total exercised during the year		(634,300)		(932,590)
Lapsed due to resignation	3.14	(46,000)	3.14	(184,000)
Lapsed due to resignation	4.11	(37,750)	4.11	(20,750)
Total lapsed during the year		(83,750)		(204,750)
Outstanding at 31 March	3.40	3,119,770	3.36	3,837,820
Exercisable at 31 March		1,310,350		561,850

The outstanding options as at 31 March 2011 have exercise prices of RM3.14 and RM4.11 respectively. The weighted average option life is 5 years.

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

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

	Directors	Executives	Others
2011			
Fair value of share options and assumptions			
Fair value at grant date	RM0.44 and RM0.60	RM0.44 and RM0.60	RM0.46 and RM0.59
2010			
Fair value of share options and assumptions			
Fair value at grant date	RM0.44 and RM0.60	RM0.44 and RM0.59	RM0.46 and RM0.58
Exercise price	RM3.14 and RM4.11		
Expected volatility (weighted average volatility)	19.42% and 22.04%		
Option life (expected weighted average life)	3 to 5 years		
Expected dividends	5.33% to 5.70%		
Risk-free interest rate (based on Malaysian government bonds)	2.82% and 3.45%		

Value of employee services received for issue of share options

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Recognised as staff cost in profit or loss (Note 22)	424,102	665,271	174,398	262,658
Additions to investment in subsidiaries	-	-	249,704	402,613
	424,102	665,271	424,102	665,271

19. REVENUE

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Invoiced value of goods sold less discounts and returns	247,027,561	267,373,122	-	-
Gross dividends receivable				
- subsidiaries	-	-	23,340,000	22,000,000
- associate	-	-	134,715	123,970
Commission income	84,003	72,559	84,003	72,559
Management fees				
- subsidiaries	-	-	2,040,000	1,920,000
	247,111,564	267,445,681	25,598,718	24,116,529

20. PROFIT BEFORE TAX

Profit before tax is arrived at :

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
After charging :				
Auditors' remuneration				
Statutory audit				
- *KPMG*	54,000	54,000	9,000	9,000
- *Other auditors*	110,831	110,465	-	-
Other services				
- *KPMG*	6,000	20,500	6,000	2,500
Bad debts written off	18,720	643,507	-	-
Directors' emoluments				
- Consultancy fee paid to a company in which a Director of a subsidiary has a substantial financial interest	255,668	113,398	-	-
Amortisation of prepaid lease payments (Note 4)	38,875	38,875	-	-
Depreciation				
- property, plant and equipment (Note 3)	9,146,204	9,840,472	-	-
- investment properties (Note 5)	50,598	50,598	-	-
Rental of premises	1,423,424	1,793,932	-	-
Plant and equipment written off	680	-	-	-
Loss on foreign exchange				
- realised	-	-	-	2,230
- unrealised	-	5,305,536	-	-
Interest expense	1,009,002	1,316,678	-	-

20. PROFIT BEFORE TAX (Cont'd)

Profit before tax is arrived at :

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
After charging : (Cont'd)				
Loss on disposal other investments	-	8,900	-	-
and after crediting :				
Interest income	592,933	470,599	55,777	25,199
Gain on disposal of plant and equipment	69,699	28,774	-	-
Rental income	197,625	174,500	-	-
Gain on foreign exchange				
- realised	1,152,465	2,877,509	-	-
- unrealised	892,732	-	-	-
Reversal of impairment loss on doubtful trade receivables	23,737	23,927	-	-
Gain on disposal of other investments	94,902	-	-	-
Gain on disposal of investment in an associate	70,000	-	-	-

21. KEY MANAGEMENT PERSONNEL COMPENSATIONS

The key management personnel compensations are as follows :

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Directors of the Company				
- Fees	259,000	259,000	242,000	242,000
- Remuneration	861,896	757,218	861,896	757,218
Other directors				
- Fees	37,850	39,460	-	-
- Remuneration	1,170,357	1,846,017	-	-
	2,329,103	2,901,695	1,103,896	999,218

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

The estimated monetary value of benefits received by a Director of the Company otherwise than in cash amounted to RM9,900 (2010 : RM9,900).

22. EMPLOYEE INFORMATION

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Staff costs	29,915,444	34,067,370	1,631,260	1,454,266
Share-based payments	424,102	665,271	174,398	262,658
	30,339,546	34,732,641	1,805,658	1,716,924

Included in staff costs of the Group and of the Company is an amount of RM2,417,031 (2010 : RM2,461,482) and RM174,459 (2010 : RM155,409) respectively representing contributions made to the statutory pension funds.

23. INCOME TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Current tax expense				
Malaysian - current	5,539,000	3,555,000	58,000	68,000
- prior year	(742,277)	640	9,951	471
Overseas - current	989,789	2,232,681	-	-
- prior year	166	2,001	-	-
Total current tax	5,786,678	5,790,322	67,951	68,471
Deferred tax expense				
Malaysian - current	1,866,134	2,627,055	-	-
- prior year	(9,273)	(89,905)	-	-
Overseas - current	212,928	-	-	-
Total deferred tax	2,069,789	2,537,150	-	-
Total income tax expense	7,856,467	8,327,472	67,951	68,471

23. INCOME TAX EXPENSE (Cont'd)

Reconciliation of effective income tax expense

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Profit before tax	58,246,386	66,016,658	23,520,237	22,066,633
Less : share of results of equity accounted associates	(7,102,762)	(10,356,038)	-	-
	51,143,624	55,660,620	23,520,237	22,066,633
Tax at Malaysian tax rate 25%	12,785,906	13,915,155	5,880,059	5,516,658
Effect of different tax rates in foreign jurisdictions	(624,777)	(1,223,112)	-	-
Effect of deferred tax assets not recognised	(52,372)	(88,979)	-	-
Non-deductible expenses	713,904	845,653	60,605	88,702
Income not subject to tax	(27,924)	-	-	-
Tax exempt income	(136,625)	(76,185)	(5,882,623)	(5,537,292)
Tax incentives	(4,049,348)	(4,974,284)	-	-
Others	(913)	16,488	(41)	(68)
(Over)/Under provided in prior year	(751,384)	(87,264)	9,951	471
Income tax expense	7,856,467	8,327,472	67,951	68,471

24. 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 owners of the Company of RM50,389,919 (2010 : RM57,689,186) and a weighted average number of ordinary shares outstanding of 114,961,304 (2010 : 114,337,619) calculated as follows :

	2011	**2010**
Issued ordinary shares at 1 April	114,872,630	113,940,040
Effect of shares issued during the year	388,767	563,159
Effect of treasury shares held	(300,093)	(165,580)
Weighted average number of ordinary shares at 31 March	114,961,304	114,337,619

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

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share is based on the net profit attributable to the owners of the Company of RM50,389,919 (2010 : RM57,689,186) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows :

	2011	2010
Weighted average number of ordinary shares at 31 March	114,961,304	114,337,619
Effect of dilution of unexercised share options	770,854	1,308,990
Weighted average number of ordinary shares (diluted) at 31 March	115,732,158	115,646,609

25. DIVIDENDS

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

	Sen per share (net of tax)	Total amount RM	Date of payment
2011			
2010 final dividend of 16% less 25% tax on 115,158,130 ordinary shares of RM1 each	12.00	13,818,975	24 December 2010
Interim dividend of 4.8% less 25% tax and 5.5% tax exempt on 115,346,630 ordinary shares of RM 1 each	9.10	10,496,543	27 May 2011
		24,315,518	
2010			
2009 final dividend of 15% less 25% tax on 114,517,780 ordinary shares of RM1 each	11.25	12,883,250	28 December 2009
Interim dividend of 12% less 25% tax on 114,600,530 ordinary shares of RM 1 each	9.00	10,314,048	27 May 2010
		23,197,298	

A final dividend of 16% less 25% tax amounting to RM13,818,975 proposed in the last financial year and approved by members in the Annual General Meeting was paid on 24 December 2010 and accordingly, this amount has been appropriated from the retained earnings in this financial year.

25. DIVIDENDS (Cont'd)

At the forthcoming Annual General Meeting, a final single-tier dividend of 12.5% in respect of the financial year ended 31 March 2011 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 2012.

26. 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 Company and certain Directors of the Group.

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

a) Transactions entered into between the Company and its subsidiaries

	Transactions Amount For The Year Ended 31 March	
	2011 RM	2010 RM
- Dividend income received	23,340,000	22,000,000
- Management fee receivable	2,040,000	1,920,000

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

	Transactions Amount For The Year Ended 31 March	
	2011 RM	2010 RM
- Sales	-	288,000
- Purchases	3,280,000	4,400,000

26. 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	
		2011 RM	2010 RM
Sales	-AESSB	298,000	343,000
	-KSPSB	34,000	40,000
	-DOSB	2,000	3,000
Purchases	-AESSB	26,000	25,000
	-KSPSB	2,000	2,900
	-DOSB	59,000	45,000

d) Transactions with key management personnel :

Key management personnel compensations are disclosed in Note 21 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	
	2011 RM	2010 RM
Group		
Consultancy fee paid to a company in which a Director of a subsidiary has substantial financial interest	255,668	113,398
Rental paid to - a Director of a subsidiary	9,600	9,600

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

Non-trade balances with related parties are disclosed in Notes 9 and 16 to the financial statements.

27. CAPITAL COMMITMENT - GROUP

	2011 RM	2010 RM
Property, plant and equipment		
Contracted but not provided for	5,224,854	6,903,280

28. LEASE COMMITMENT - GROUP

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

	2011 RM'000	2010 RM'000
Less than 1 year	478	1,399
Between 1 and 5 years	4,218	786

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

29. 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 RM96,450,000 (2010 : RM92,700,000) of which RM12,349,995 (2010 : RM19,349,186) was utilised at the end of the reporting period.

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

30. OPERATING SEGMENTS - GROUP

The Group reportable segment mainly consists of manufacturing and trading of stationery products.

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

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

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

30. OPERATING SEGMENTS - GROUP (Cont'd)

Geographical information

In presenting geographical information, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments and deferred tax assets.

	Revenue		Non-current assets	
	2011 RM	2010 RM	2011 RM	2010 RM
Malaysia	39,927,313	38,992,895	55,015,329	57,441,608
Asia (excluding Malaysia)	8,806,265	12,420,060	-	223
Europe	142,555,872	166,776,681	38,814,970	40,315,390
America	41,609,570	36,978,652	-	-
Others	14,212,544	12,277,393	-	-
Consolidated	247,111,564	267,445,681	93,830,299	97,757,221

31. FINANCIAL INSTRUMENTS

Certain comparative figures have not been presented for 31 March 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

31.1 Categories of financial instruments

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

(a) Loans and receivables (L&R);
(b) Fair value through profit or loss (FVTPL):
- Held for trading (HFT); and
(c) Other financial liabilities measured at amortised cost (OL).

	Carrying amount RM	L&R/(OL) RM	FVTPL RM
2011			
Financial assets			
Group			
Trade and other receivables, including derivatives	45,722,025	45,054,539	667,486
Cash and cash equivalents	80,862,647	80,862,647	-
	126,584,672	125,917,186	667,486

31. FINANCIAL INSTRUMENTS (Cont'd)

31.1 Categories of financial instruments (Cont'd)

	Carrying amount RM	L&R/(OL) RM	FVTPL RM
2011			
Company			
Trade and other receivables, including derivatives	146,249,350	146,249,350	-
Cash and cash equivalents	4,577,630	4,577,630	-
	150,826,980	150,826,980	-
Group			
Financial liabilities			
Borrowings	(32,085,604)	(32,085,604)	-
Trade and other payables	(36,024,512)	(36,024,512)	-
	(68,110,116)	(68,110,116)	-
Company			
Trade and other payables	(21,402,746)	(21,402,746)	-

31.2 Net gains and losses arising from financial instruments

	Group 2011 RM
Net gain arising on :	
Fair value through profit or loss :	
- held for trading	2,621,752

31.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

31. FINANCIAL INSTRUMENTS (Cont'd)

31.4 Credit risk

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

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an on going basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

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

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

Impairment losses

The ageing of receivables as at the end of the reporting period was :

Group	Gross RM
2011	
Not past due	34,042,819
Past due 0 - 30 days	7,724,224
Past due 31 - 60 days	376,009
Past due 61 - 90 days	264,764
Past due more than 90 days	341,750
	42,749,566
Individually impaired	(164,732)
Collectively impaired	(97,442)
Net trade receivables	42,487,392

31. FINANCIAL INSTRUMENTS (Cont'd)

31.4 Credit risk (Cont'd)

Receivables (Cont'd)

The movements in the allowance for impairment losses of trade receivables during the financial year were :

	2011 RM
At 1 April 2010	302,061
Impairment loss recognised	2,533
Impairment loss reversed	(26,270)
Impairment loss written off	(8,163)
Translation difference	(7,987)
At 31 March 2011	262,174

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

Financial guarantees

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM12,349,945 (2010: RM19,349,186) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

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

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

Inter company balances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

Impairment losses

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

31. FINANCIAL INSTRUMENTS (Cont'd)

31.5 Liquidity risk

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

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

Maturity analysis

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

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM	Under 1 years RM	1 -2 years RM	2 - 3 years RM
2011						
Group						
Non-derivative financial liabilities						
Bank overdrafts	99,995	6.80	99,995	99,995	-	-
Unsecured onshore foreign currency trade loans	16,550,446	0.91	16,550,446	16,550,446	-	-
Terms loans						
RM	12,250,000	3.47 - 3.90	12,843,118	7,349,269	3,144,968	2,348,881
Euro	2,855,459	2.11	2,922,933	1,471,917	1,451,016	-
Finance lease liabilities	329,704	5.27 - 6.00	344,081	216,627	127,454	-
Trade and other payables	36,024,515	-	36,024,515	36,024,515	-	-
	68,110,119		68,785,088	61,712,769	4,723,438	2,348,881

31.6 Market risk

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

31.6.1 Currency risk

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

31. FINANCIAL INSTRUMENTS (Cont'd)

31.6 Market risk (Cont'd)

31.6.1 Currency risk (Cont'd)

Exposure to foreign currency risk

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

	Denominated in			
	USD RM	EURO RM	GBP RM	HKD RM
Group				
2011				
Trade receivables	3,850,262	-	1,696,597	-
Cash and cash equivalents	4,355,005	3,503,374	38,959,958	-
Foreign currency loans	(14,390,451)	-	-	(2,159,995)
Trade and other payables	(2,121,305)	(861)	(459,438)	(2,051,013)
	(8,306,489)	3,502,513	40,197,117	(4,211,008)

Currency risk sensitivity analysis

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

	Profit or loss RM
Group	
2011	
USD	623,023
EURO	(262,688)
GBP	(3,017,124)
HKD	315,826

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

31.6.2 Interest rate risk

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

31. FINANCIAL INSTRUMENTS (Cont'd)

31.6 Market risk (Cont'd)

31.6.2 Interest rate risk (Cont'd)

Risk management objectives, policies and processes for managing the risk

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

Exposure to interest rate risk

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

	2011 RM	2010 RM
Fixed rate instruments		
Financial assets	44,189,964	31,001,226
Financial liabilities	(16,880,150)	(15,309,184)
	27,309,814	15,692,042
Floating rate instruments		
Financial assets	16,173,566	13,684,254
Financial liabilities	(15,205,454)	(25,043,186)
	968,112	(11,358,932)

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

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

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

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

	Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000
Group		
2011		
Floating rate instruments	10	(10)

31. FINANCIAL INSTRUMENTS (Cont'd)

31.7 Fair value of financial instruments

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

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows :

	2011		2010	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Forward currency contracts				
- Assets	667	667	-	-
Finance lease liabilities	329	*329	666	*666

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

* The fair value of these fixed interest financial instruments is determined by discounting the relevant cash flows using current interest rates for similar financial instruments at the end of reporting date. Since the current interest rates do not significantly differ from the intrinsic rate of these financial instruments, the fair value of these financial instruments therefore, closely approximate its carrying amounts at the end of reporting date.

32. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

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

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

33. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

33.1 FRS 139, Financial Instruments: Recognition and Measurement

The adoption of FRS 139 has resulted in several changes to accounting policies relating to recognition and measurement of financial instruments. Significant changes in accounting policies are as follows:

Derivatives

Prior to the adoption of FRS 139, derivative contracts were recognised in the financial statements on settlement date. With the adoption of FRS 139, derivative contacts are now categorised as fair value through profit or loss and measured at their fair values with the gain or loss recognised in profit or loss.

Impairment of trade and other receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

These changes in accounting policies have been made in accordance with the transitional provisions of FRS 139. In accordance to the transitional provisions of FRS 139 for first-time adoption, adjustments arising from re-measuring the financial instruments at the beginning of the financial year were recognised as adjustments of the opening balance of retained earnings or another appropriate reserve. Comparatives are not adjusted.

The adoption of FRS 139 in regards to the impairment of trade and other receivables did not have a significant impact on the financial statements of the Group and no adjustments were necessary arising from re-measuring the financial instruments at the beginning of the financial year to be adjusted against the opening balance of retained earnings or another appropriate reserve.

The effect arising from the adoption of FRS 139 is as follows:

	Retained earnings RM
Group	
At 1 April 2010, as previously stated	189,128,563
Fair value gain on forward foreign currency contracts	7,907
Impairment loss on trade receivables	(67,398)
At 1 April 2010, as restated	189,069,072

33.2 FRS 101, Presentation of Financial Statements (revised)

The Group applies FRS 101 (revised) which became effective as of 1 April 2010. As a result, the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on earnings per share.

34. COMPARATIVE FIGURES

34.1 FRS 101, Presentation of Financial Statements (revised)

Arising from the adoption of FRS 101 (revised), income statements for the year ended 31 March 2010 have been re-presented as statements of comprehensive income. All non-owner changes in equity that were presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are not presented in the statement of changes in equity.

35. MATERIAL LITIGATION

On 23 July 2010, Asia File Products Sdn. Bhd. ("AFP"), a wholly owned subsidiary of the Company was served with a Writ of Seizure and Sales (the "Writ") by Mr Kalidason A/L Ramoo ("the Plaintiff") in relation to his claims of losses and damages amounting to RM217.7 million in respect of a piece of property purchased by AFP for a total purchase consideration of RM4.6 million from KPMG Corporate Services Sdn. Bhd., the receiver of the seller appointed by RHB Bank Berhad.

On 8 September 2010, AFP has been successful in both its applications to strike out the Writ and to set aside the judgement in default of appearance. The Plantiff has subsequently filed a notice of appeal to the Court of Appeal.

36. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the retained earnings of the Group and of the Company as at 31 March 2011, into realised and unrealised profits, pursuant to the directive, is as follows:

	2011	
	Group RM	Company RM
Total retained earnings of the Company and its subsidiaries :		
- realised	185,504,956	15,312,604
- unrealised	(5,843,468)	-
	179,661,488	15,312,604
Total share of retained earnings from associates :		
- realised	16,434,875	-
- unrealised	684,786	-
	196,781,149	15,312,604
Add : Consolidation adjustments	18,384,194	-
Total retained earnings	215,165,343	15,312,604

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

Comparative figures are not required in the first financial year of complying with the disclosure.

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 26 to 88 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 2011 and of their financial performance and cash flows for the year ended on that date.

In the opinion of the Directors, the information set out in Note 36 on Page 89 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

…………………………………..
Lim Soon Huat

…………………………………..
Khoo Khai Hong

Penang,

Date : 29 July 2011

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 26 to 89 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 29 July 2011.

2 9 JUL 2011

…………………….…………..
Goh Phaik Ngoh

Before me :

PESURUHJAYA SUMPAH
No: P. 103
Nama: CHEAH BENG SUN
DJN. AMN. PKT. PJK. PJM. PK.
MALAYSIA
No. 27, Jalan Zainal Abidin
10400 Pulau Pinang

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

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 statements of financial position as at 31 March 2011 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 26 to 88.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entityís 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 2011 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 36 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not part of the financial statements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

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

KPMG
AF 0758
Chartered Accountants

Ng Swee Weng
1414/03/12 (J/PH)
Chartered Accountant

Date : 29 July 2011

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	20	6,829	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	16	10,530	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	17	484	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	16	1,012	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	16	927	April 2000 (*)
6) Lot 1310, Mukim 14, Daerah Seberang Prai Tengah, Penang	Office, Factory cum warehouse	27,688.91	Freehold	20	12,898	March 2004 (*)
7) PT 43263, H.S.(D) 128696 Mukim Petaling, Daerah Petaling, Selangor	Office, Factory cum warehouse	2,023	Freehold	5	2,575	April 2004 (*)
8) Kasseler Landstraße 12 D-37213 Witzenhausen Germany	Office, Factory, Warehouse	11,983	Freehold	38	5,986	January 2008 (*)
9) Zur Furthmühle 4 D-37318 Kirchgandern Germany	Office, Factory, Warehouse	21,840	Freehold	20	12,928	January 2008 (*) March 2009 (*) (Additional Warehouse)

SHAREHOLDINGS STATISTICS - AS AT 8 AUGUST 2011

AUTHORISED SHARE CAPITAL	:	RM500,000,000/=
ISSUED AND FULLY PAID UP CAPITAL	:	RM115,817,930/= *(inclusive 302,800 treasury shares)*
CLASS OF SHARE	:	Ordinary shares of RM1/= each fully paid
VOTING RIGHT	:	On a show of hands – one vote for every shareholder On a poll – one vote for every ordinary share held

BREAKDOWN OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	40	1,361	0.001
100 - 1,000	319	249,088	0.215
1,001 - 10,000	910	3,651,660	3.153
10,001 - 100,000	201	5,485,460	4.736
100,001 - 5,790,895	35	23,486,624	20.279
5,790,896 TO 115,817,930	3	82,943,737	71.616
TOTAL	1,508	115,817,930	100.00

THIRTY LARGEST SHAREHOLDERS AS AT 8 AUGUST 2011

	Name	No. of Shares	% of Issued Share Capital
1.	PRESTIGE ELEGANCE (M) SDN BHD	52,336,837	45.307
2.	PERMODALAN NASIONAL BERHAD	15,466,200	13.389
3.	AMANAHRAYA TRUSTEES BERHAD SKIM AMANAH SAHAM BUMIPUTERA	15,140,700	13.107
4.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HBFS-B CLT 500)	2,899,920	2.510
5.	LIM SIEW LEE	2,576,600	2.231
6.	LOR SWEE YEOW	2,573,748	2.228
7.	LIM SOON WAH	2,479,825	2.147
8.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	2,459,600	2.129
9.	KHOO SAW SIM	1,617,920	1.401
10.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 2)	1,064,680	0.922
11.	LIM SOON HUAT	889,391	0.770
12.	GOH PHAIK NGOH	849,920	0.736
13.	CHEAH SOK IN	714,720	0.619
14.	FOO NIAN CHOU	522,240	0.452
15.	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (UNITLINKED GF)	488,000	0.422
16.	OH HAW KUANG	318,620	0.276
17.	MAYBAN NOMINEES (TEMPATAN) SDN BHD MAYBAN TRUSTEES BHD FOR LIBRA AMANAH SAHAM WANITA (N1401198 0040)	306,800	0.266
18.	BEH PHAIK HOOI	286,080	0.248

THIRTY LARGEST SHAREHOLDERS AS AT 8 AUGUST 2011 (Cont'd)

	Name	No. of Shares	% of Issued Share Capital
19.	PM NOMINEES (TEMPATAN) SDN BHD PCB ASSET MANAGEMENT SDN BHD FOR MUI CONTINENTAL INSURANCE BERHAD	250,000	0.216
20.	CARTABAN NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR FIDELITY LOW-PRICED STOCK FUND	250,000	0.216
21.	BEH PHAIK HOOI	224,400	0.194
22.	WEE KEW SING	186,600	0.162
23.	LUCY KHOO	184,320	0.160
24.	CITIGROUP NOMINEES (ASING) SDN BHD CB SPORE GW FOR FIRTH ASIAN SMALLER COMPANIES FUND	163,600	0.142
25.	OH PHAIK WEE	156,800	0.136
26.	FELINA LEE SIEW IM	152,320	0.132
27.	LIM SIEW EAN	150,000	0.130
28.	MAYBAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR SJ ASSET MANAGEMENT SDN BHD	144,000	0.125
29.	ONG SIEW SEE	140,800	0.122
30.	HSBC NOMINEES (ASING) SDN BHD BNYM SA/NV FOR HEREFORD FUNDS FIRTH ASIAN VALUE FUND	133,400	0.115
	TOTAL	105,128,041	91.01

SUBSTANTIAL SHAREHOLDERS AS AT 8 AUGUST 2011

- As per Register of Substantial Shareholders as at 8 August 2011

	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^	46.708
2.	Lim Soon Huat	889,391	52,336,837^	46.077
3.	Prestige Elegance (M) Sdn Bhd	52,336,837	-	45.307
4.	NTAsian Discovery Master Fund	6,811,520	-	5.897
5.	AmanahRaya Trustees Berhad -Skim Amanah Saham Bumiputra	15,140,700	-	13.107
6.	Permodalan Nasional Berhad	15,466,200	-	13.389
7.	Yayasan Pelaburan Bumiputra	-	15,466,200*	13.389

^ *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 8 AUGUST 2011

- As per Register of Directors' Shareholdings as at 8 August 2011

Name of Director	Ordinary shares of RM1/=each		% of Issued Share Capital (exclude treasury shares)	No. of Unexercised ESOS Options
	Direct Interest	Deemed Interest		
The Company				
Lim Soon Huat	889,391	54,961,437^	48.349	425,000
Ooi Ean Chin	28,000	19,520*	0.041	12,000
Khoo Khai Hong	93,200	-	0.081	16,800
Nurjannah Binti Ali	-	-	-	40,000
Lim Soon Wah	2,489,825	152,320**	2.287	369,000
Lim Soon Hee (Alternate to Khoo Khai Hong)	-	-	-	-

^ *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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth 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 Wednesday, 28 September 2011 at 10.00 a.m. for the following purposes:-

1. To receive the Audited Financial Statements for the year ended 31 March 2011 and the Reports of Directors and Auditors thereon — Please refer to Note 2

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) Nurjannah Binti Ali — Ordinary Resolution 3

4. To approve a Final single tier dividend of 12.5% for the year ended 31 March 2011. — Ordinary Resolution 4

5. To approve Directors' Fees of RM242,000.00 for the year ended 31 March 2011 — 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 Companyí 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 RM15.31 million and RM16.09 million respectively as at 31 March 2011 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 2011 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.

DIVIDEND ANNOUNCEMENT (Cont'd)

The dividends, if approved will be paid on 27 December 2011 to depositors registered in the Records of Depositors at the close of business on 1 December 2011.

BY ORDER OF THE BOARD

LAM VOON KEAN (MIA 4793)
Company Secretary
Penang, 6 September 2011

Notes :

1. Appointment of proxy

a. 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.

b. 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.

c. 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.

d. 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.

2. Explanatory Notes on Ordinary Business

Agenda 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders of the Company and hence, Agenda 1 is not put forward for voting.

3. Explanatory Notes on Special Business

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

As at the date of this Notice, no new shares in the Company were issued pursuant to this mandate granted to the Directors at the last Annual General Meeting held on 27 September 2010 and which will lapse at the conclusion of this Seventeenth 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.

3. Explanatory Notes on Special Business (Cont'd)

b. The Ordinary Resolution No. 8, if passed will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the issued and paid up share capital of the Company. This authority will, unless revoked or varied by the Company in general meeting, expires at the next Annual General Meeting of the Company.

Statement Accompanying Notice of Annual General Meeting :
(Pursuant to Paragraph 8.27(2) of the Bursa Malaysia Securities Bhd Main Market Listing Requirements)

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

ASIA FILE CORPORATION BHD (313192P)

PROXY FORM

CDS Account No.	
No. of Shares Held	

I/We.. NRIC or Company No. ....
(Full Name in Block Letters)

of...
(Address)

being a member/members of the above named Company, hereby appoint

.... NRIC No. ....
(Full Name in Block Letters)

of...
(Address)

or failing him, ... NRIC No. ....
(Full Name in Block Letters)

of...
(Address)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our Proxy to vote for me/us and on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held at Merbah I Room, Hotel Equatorial, No. I Jalan Bukit Jambul, 11900 Penang on Wednesday, 28 September 2011 at 10.00 a.m. and at any adjournment thereof in the manner indicated below:-

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 this .... day of September, 2011

....
Signature/Common Seal of Shareholder

Notes:

1. A member may appoint up to 2 proxies to attend on the same occasion. A proxy may but need not be a Member of the Company and a Member may appoint any person to be his proxy. If a Member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

2. Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

3. If the appointor is a corporation, the proxy form must be executed under the seal or under the hand of its officer or attorney duly authorised in writing.

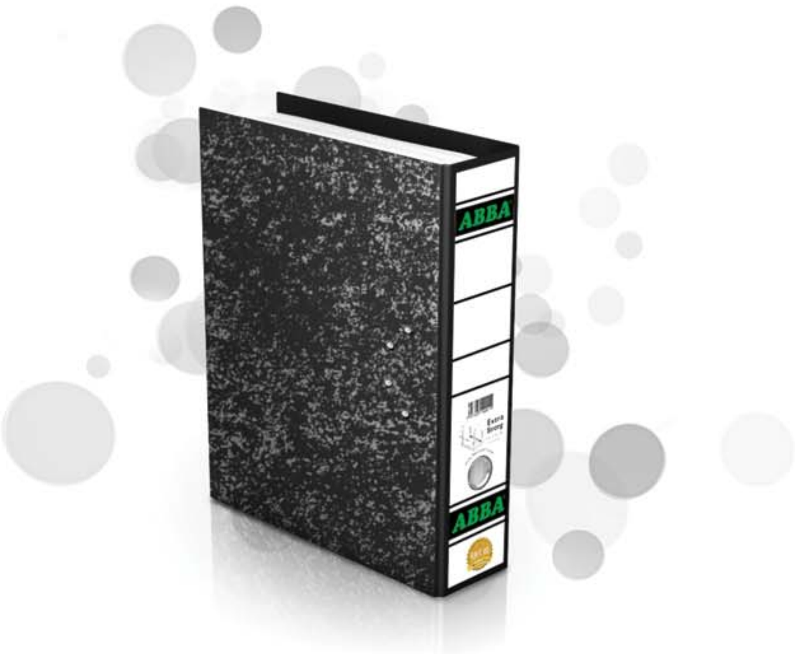
4. To be valid, the proxy form must be deposited at the Company's Registered Office at Suite 2-1, 2nd Floor, Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty-eight (48) hours before the time appointed for holding the meeting.

Fold Along This Line

AFFIX
POSTAGE
STAMP

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

Fold Along This Line



ASIA FILE CORPORATION BHD.

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