Annual Report 2014

ASIA FILE

ASIA FILE CORPORATION BHD. (313192-P)

CONTENTS

Financial Statements

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Tai Yit Chan (MAICSA 7009143)
Ong Tze En (MAICSA 7026537)

REGISTERED OFFICE

Suite 16-1 (Penthouse Upper)
Menara Penang Garden
42A, Jalan Sultan Ahmad Shah
10050 Pulau Pinang
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 Pulau Pinang
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 Maneckshaw
No.200, Victoria Street, 10300 Penang.

CHAIRMAN'S STATEMENT

Dear Shareholders,

The year saw significant progress in the Group's financial performance. Despite facing many industry challenges, the Group continues to go from strength to strength by notching double-digit growth in both turnover and bottom line during the year .

I am pleased to note the Group's continued success in striving forward in its quest to become a global reputable player of the industry. As we all know, the path to success is never smooth sailing, and through sheer hard work and perseverance, we have laid a very strong foundation for the Group to propel forward.

The acquisitions of the various manufacturing facilities in Europe have set the stage for the Group to strengthen its position in this strategic market segment. We are pleased with the excellent progress made in optimizing the operations at these various manufacturing facilities, which have enabled us to become a more efficient and leaner manufacturer and thus enhancing our market competitiveness.

We are committed to become not only a mere supplier, but also a valuable business partner to our customers. With this philosophy in mind, we are deepening our customer engagements to better understand their needs and requirements. The success of the Group in making inroads into the new markets in Europe is a strong testament of the trust gained from its customers. We were delighted with the opportunity to further expand our presence in the new markets, especially in the Europe region and we will continue to aggressively pursue such opportunities.

Our long term objectives are to maintaining our focus on core businesses, optimising all aspects of our operation and thus enhancing the operating margins. We will continue to review our business plans and strategies to ensure their relevance in the face of ever changing landscape of the industry.

For the financial year ended 31 March 2014, the Board is proposing a final single tier dividend of 13.5% subject to obtaining the shareholders' approval in the forthcoming annual general meeting. Coupled with the interim dividend paid of 9% in May 2014, this will bring the total dividend for the year to 22.5%.

In closing, I would like to express my appreciation to our team of employees whose hard work and dedications are critical to the Group's success. I would also like to thank all our business partners for their unwavering support though out the year. It is my sincere hope that Asia File's growth and success stories at a global scale will continue to unfold for many years to come.

Mr Lim Soon Huat *Chairman of the Group*

GROUP STRUCTURE SUBSIDIARIES & % OF SHAREHOLDINGS

ASIA FILE CORPORATION BHD (313192-P)

- ASIA FILE PRODUCTS SDN BHD (100%)
  - PLASTOREG SMIDT GMBH (100%)
- SIN CHUAN MARKETING SDN. BHD (100%)
- FORMOSA TECHNOLOGY SDN. BHD. (100%)
- ABBA MARKETING SDN. BHD. (100%)
- HIGHER KINGS MILL LIMITED (100%)
- PREMIER STATIONERY PTE. LTD (100%)
- PREMIER STATIONERY LIMITED (95%)
- AFP COMPOSITE SDN. BHD (100%)
- LIM & KHOO SDN. BHD (100%)

PRODUCTS OF THE GROUP


1


2

1. Lever Arch Files

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

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


4

3. Markers & Whiteboard Accessories

• Whiteboard / Permanent Markers • Whiteboard Erasers

4. Clipfolders & Box Files

• Box Files • Magazine Box Files / Holders • Clipfolders / Clipboards


5


6

5. Ring Files / Binders

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

6. Magazine Holders

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


7


8

7. Dividers

• Manilla Dividers • Mylar Coated Dividers • Polypropylene Dividers

8. Labels & Paper Products

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

9. Manilla Files & Folders

• Flat Files • Pocket Files • Fold Files


9


10

10. Stationeries

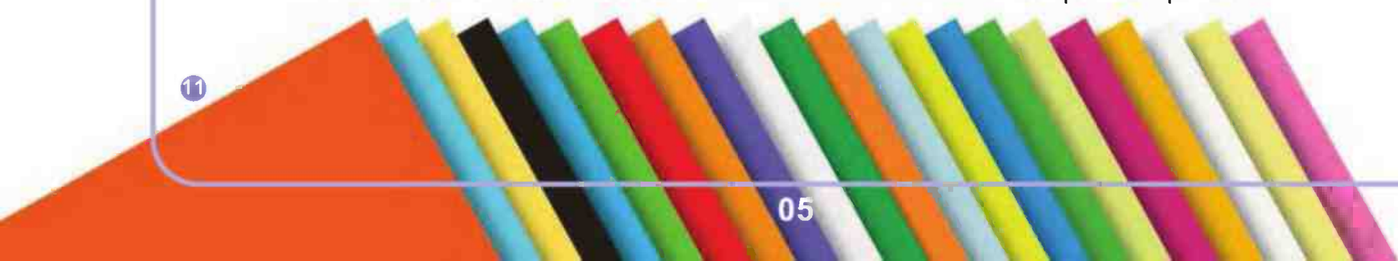
• Staplers • Paper Binders • Binder Clips • Memo Cassettes
• Staples • Parcel Strings • Fasteners • Hole Punchers
• Filing Pockets • Book Jackets

11. Papers & Boards

• Coloured Papers and Cards • Sugar Papers • Kaleidoscope
• White Drawing Cartridge • Speciality Papers

2011 Superbrands Malaysia's Choice

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






1. *Lim Soon Huat,*

age 57, 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 thirty (30) 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 Deputy 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 01 August 2014, he is the registered holder of 1,534,191 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 2014, he attended four (4) Board of Directors' meetings.

2. *Lim Soon Wah,*

age 47, 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 01 August 2014, 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 2014, he attended four (4) Board of Directors' meetings.

3. *Ng Chin Nam,*

age 44, is a Malaysian citizen. He was appointed to the Board on 11 June 2012 as an Independent Non-Executive Director. He is the Chairman of the Audit Committee and Nomination Committee.

Mr Ng is a member of the Chartered Institute of Management Accountants. He has more than 20 years of experience in the fields of accounting, auditing, taxation and corporate finance. He starts his career in 1992 in manufacturing environment. He joined an international audit firm as an audit senior in 1997 after obtaining his professional qualification from Chartered Institute of Management Accountant (CIMA). He left the audit firm as assistant manager in 2000 to join a listed company as finance manager. In 2007, he left to assume role as head of Management Information System (MIS), Human Resource and Finance in another listed company. Mr Ng presently sits on the Board of SMPC Corporation Bhd, Luster Industries Bhd and Niche Capital Emas Holdings Berhad.

During the financial year ended 31 March 2014, he attended four (4) Board of Directors' meetings.

4. *Lam Voon Kean,*

age 62, is a Malaysian citizen. She was appointed to the Board on 11 June 2012 as a Non-Independent Non-Executive Director. Thereafter, she was re-designated as Independent Non-Executive Director on 29 May 2014. She is a member of the Audit Committee and Nomination Committee.

Ms Lam has over 30 years of experience in the fields of accounting, auditing, corporate secretarial and advisory. She began her career with KPMG in 1974 under articleship and subsequently promoted as senior audit manager. She left KPMG in 1994 to join M & C Services Sdn Bhd [now known as Boardroom Corporate Services (Penang) Sdn Bhd after restructuring] as the senior manager and was promoted to managing director until her retirement in 2011. Ms Lam presently sits on the Boards of Globetronics Technology Bhd and RGB International Bhd.

During the financial year ended 31 March 2014, she attended four (4) Board of Directors' meetings.

5. *Nurjannah Binti Ali,*

age 55, is a Malaysian citizen. She was appointed to the Board on 15 April 1999 as an Independent Non-Executive Director. She is a member of the Audit Committee and Nomination Committee.

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 2014, she attended four (4) Board of Directors' meetings.

6. *Lim Soon Hee,*

age 51, is a Malaysian citizen. He was appointed as a Non-Independent Non-Executive Alternate Director on 3 January 1996. On 05 June 2013, he was appointed as alternate director to Mr Lim Soon Wah.

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 01 August 2014, he holds 8.74% of the total shareholding in Prestige Elegance (M) Sdn Bhd, a substantial shareholder of Asia File Corporation Bhd.

Notes:

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.

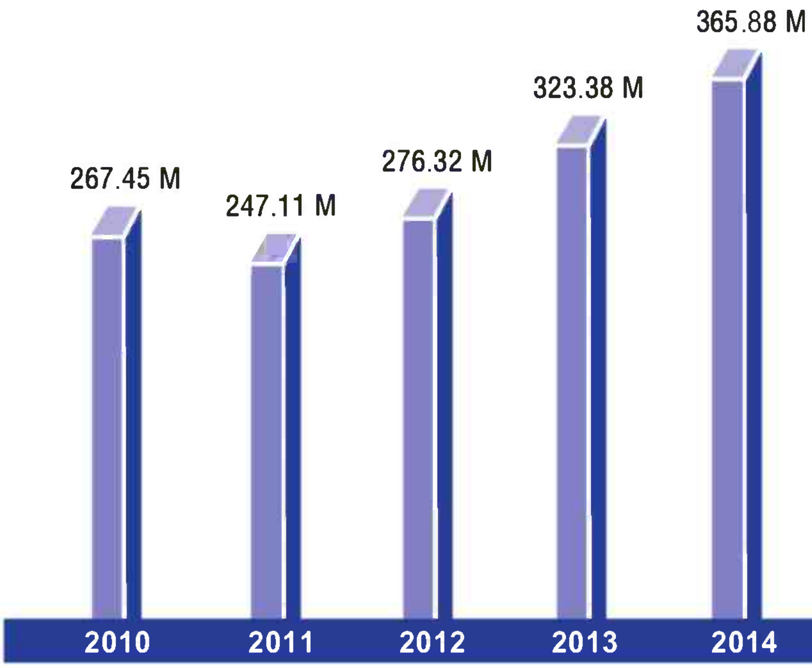
Other than as disclosed in the Directors' Report and Notes to the Financial Statements, there is no other conflict of interest that the directors have with the Company.

Except for Ng Chin Nam, Nurjannah binti Ali and Lam Voon Kean which were disclosed in the Profile of Directors, none of the other directors hold any directorship in any other public listed companies.

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

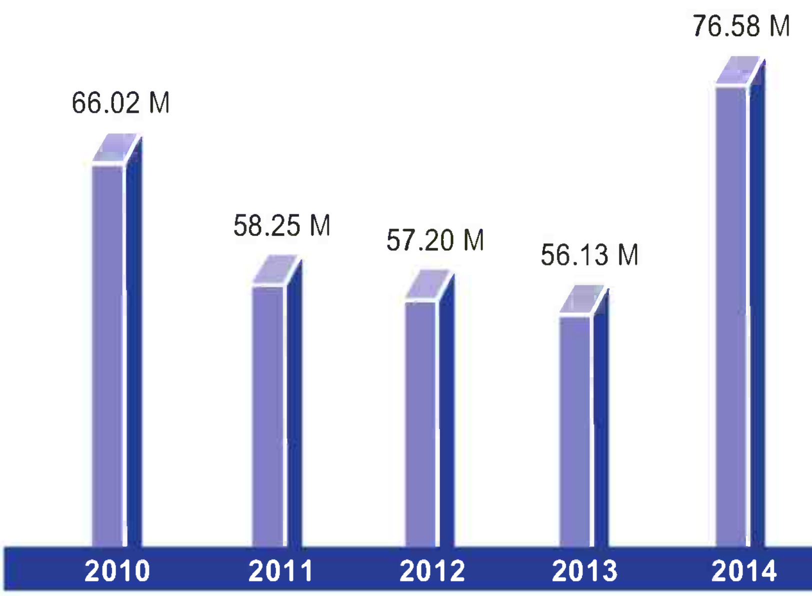
FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

TURNOVER



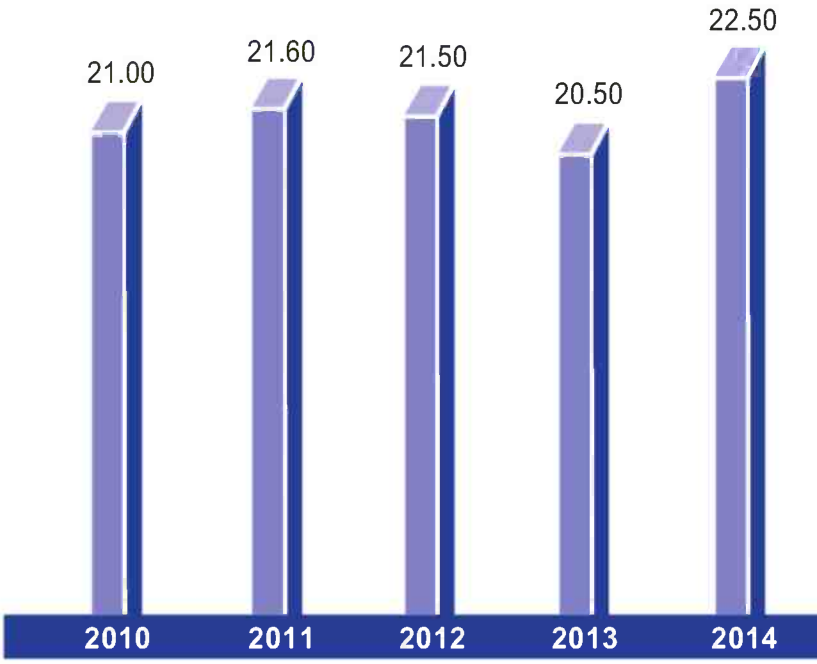
Year	Turnover (RM)
2010	267.45 M
2011	247.11 M
2012	276.32 M
2013	323.38 M
2014	365.88 M

PROFIT BEFORE TAXATION



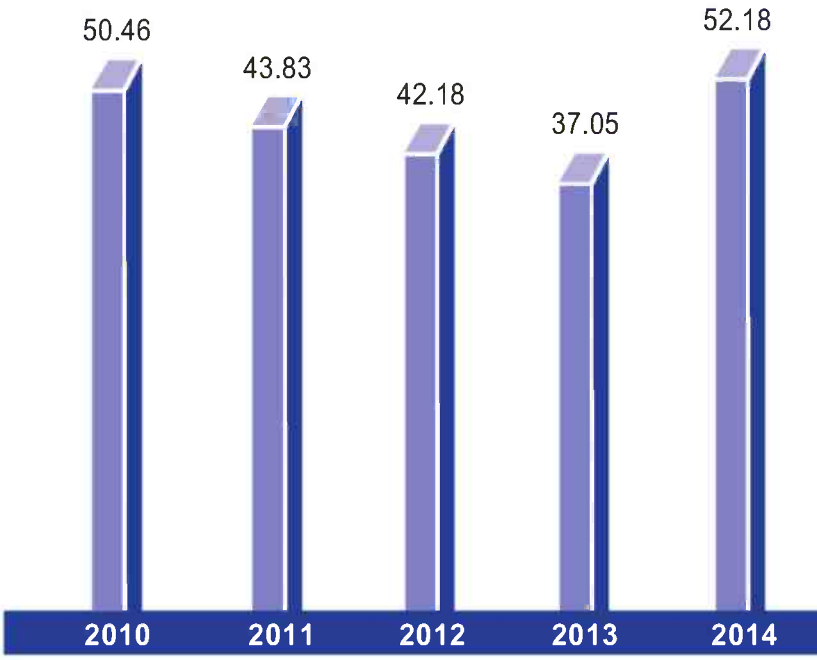
Year	Profit Before Tax (RM)
2010	66.02 M
2011	58.25 M
2012	57.20 M
2013	56.13 M
2014	76.58 M

DIVIDENDS PER ORDINARY SHARE - NET (CENTS)



Year	Dividens Per Ordinary Share-Net (Cents)
2010	21.00
2011	21.60
2012	21.50
2013	20.50
2014	22.50

BASIC EARNINGS PER SHARE (CENTS)



Year	Basic Earnings Per Share (Cents)
2010	50.46
2011	43.83
2012	42.18
2013	37.05
2014	52.18

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, recommendations and best practices set out in the Malaysian Code on Corporate Governance (MCCG) 2012 issued by the Securities Commission Malaysia.

The Board is pleased to provide the following statements on the manner in which the principles and best practises of the MCCG 2012 have been applied across the Group.

1 . Board of Directors

Board Responsibilities

The Board is responsible towards the strategic planning, overseeing the resources and the overall operation of the Group.

The principal roles and responsibilities of the Board in enhancing Board's effectiveness in pursuit of corporate objectives encompass the following specific areas:-

- review and adopt strategic plan;
- oversee the conduct of the Group's businesses;
- identify principal risk areas and ensuring that appropriate risk management system is in place to address the above risks;
- succession planning for senior management staff;
- 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 Balance and Independence

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 in the Profile of Directors section of this Annual Report. The assessment of independence of the Independent Directors is carried out upon appointment, annually and when any new interest or relationship develops.

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.

The Board took note of the recommendation of the Code on the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. The Board is making a recommendation to shareholders that Puan Nurjannah Binti Ali, who has served on the Board for more than nine years, remains as Independent Non-Executive Director.

The Board is of the view that Puan Nurjannah Binti Ali has performed her duties diligently and provided independent views in participating in deliberations and decision making of the Board and Board Committees. The length of her service on the Board does not in any way interfere with her exercise of independent judgement and ability to act in the best interest of the Group.

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 2014.

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

Name of Directors	Attendance
Lim Soon Huat	4/4
Lim Soon Wah	4/4
Ng Chin Nam	4/4
Nurjannah Binti Ali	4/4
Lam Voon Kean	4/4

Board Committees

To ensure the effective discharge of its fiduciary duties and to enhance business and operational efficiency, the Board delegates specific responsibilities to the Audit Committee and Nomination Committee. All committees have written terms of reference. The functions and terms of reference of Board Committees are reviewed from time to time to ensure that they remain relevant. The Board also reviews the minutes of the Board Committees' meetings presented at Board meetings.

The Audit Committee consists exclusively of Independent Non-Executive Directors. The composition, terms of reference and a summary of the activities of the Audit Committee are set out on pages 17 to 19 of this Annual Report.

The Nomination Committee comprises exclusively of Non-Executive Directors, all of whom are independent Directors. The terms of reference, role and functions of the Nomination Committee are set out on pages 20 to 21 of 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 had participated in various programmes and seminars as set out below to enhance their knowledge and expertise:

Type of Training / Seminars Attended	Name of Organiser
➢ Audit Committee Conferences 2014	Malaysian Institute of Accountant
➢ KPMG Penang Tax Summit 2013	KPMG
➢ 2014 Budget Seminar – Key Budget Changes and Their Implications	Malaysian Institute of Accountant
➢ MFRS Convergence – MFRS Requirements, Changes, Updates & New Developments Beyond 2013	Malaysia Institute of Accountants

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.

2. 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 the Directors of the Company during the financial year ended 31 March 2014 are as follows:-

	Fees RM'000	Salaries RM'000	Bonuses RM'000	Benefits in kinds RM'000	Total RM'000
Executive Directors	177	725	356	56	1,314
Non Executive Directors	85	-	-	-	85

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 2014 are, however, summarised into the following bands:-

Range of Remuneration	Executive	Non-Executive
Below RM 50,000	-	4
RM 500,001 to RM 550,000	1	-
RM 750,001 to RM 800,000	1	-

3. 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.

An interactive and dedicated website for the Group can be accessed by the public at large at www.asia-file.com. Board Charter, Annual Report and all the announcements made to Bursa Malaysia Securities Berhad are available to shareholders in the website.

4. Accountability and Audit

Financial Reporting

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

Directors' Responsibility Statement

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

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

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

Internal Control

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

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

Relationship with Auditors

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

5. 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 ensures 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 importance 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 2013, the Group organized a fund raising campaign for the House of Hope in Air Itam, Penang. Staff had voluntarily set aside their time to plan and coordinate for the campaign. The management and staff also contributed cash and other items generously to the needy.

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 sponsored files and stationery in support of community events organized by certain communities or organizations.

Workplace

The Group strives 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 and plant evacuation exercises at its various properties to create awareness and to instil consciousness within its workforce. A talk on "How to survive in fire hazard" was organised during the year to raise awareness among employees on the appropriate way to respond during fire related incidents.

The Group coordinates with health service providers to conduct health check for its employees at the workplace. All employees are encouraged to attend health check-up to facilitate early detection and treatment of any serious illness.

6. 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 RM14,000 was paid to KPMG for non-audit services rendered.

Shares Buy Back

During the year, a total of 200 shares of Asia File Corporation Bhd were purchased and retained as treasury shares pursuant to the Shares Buy Back scheme.

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

	Total Number of Shares Purchased	Highest Price Paid	Lowest Price Paid	Average Price Paid	Total Consideration
		RM	RM	RM	RM
June 2013	100	3.58	3.58	3.58	387.11
November 2013	100	4.22	4.22	4.22	451.13

7. Compliance Statement

The Group has complied with the relevant principles and recommendations of the MCCG 2012 throughout the financial year ended 31 March 2014 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 Balance and Independence on Page 10 to 11 of this Annual Report.

(b) 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.

Composition and Meetings:

Members and details of attendance of Directors at the Audit Committee Meetings of the Company for the financial year ended 31 March 2014 are as follows:

Name of Member	Directorship	No. of Meeting Attended
Ng Chin Nam (Chairman)	Independent Non-Executive Director	4/4
Nurjannah Binti Ali (Member)	Independent Non-Executive Director	4/4
Lam Voon Kean (Member)	Independent Non-Executive Director	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 220,000.

TERMS OF REFERENCE

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 fulfil 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.

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.

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.

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.

TERMS OF REFERENCE

Composition

1. Members
   The members of the Committee shall comprise exclusively of Non-Executive Directors and number at least three (3) in total, a majority of whom being independent.

2. Chairman
   The Chairman of the Committee shall be an Independent Non-executive Director appointed by the Board.

3. Secretary
   The Secretary of the Committee shall be the Company Secretary or any other person so appointed by the Committee from time to time.

Meetings

1. Attendance
   The Executive Directors may be invited to attend meetings as necessary.

2. Frequency of Meetings
   The Committee shall meet at least once a year. Additional meetings may be held as and when necessary.

3. Quorum
   The quorum of the Committee shall be at least two members.

4. Minutes of Meetings
   The minutes of meetings of the Committee shall be circulated to all members of the Board.

Advisers

The Committee is authorised by the Board to appoint professional advisers and to seek appropriate professional advice inside and outside the group as and when it considers this necessary.

Functions and Responsibilities

1. To review the balance of Executive and Non-executive Directors (including Independent Directors) with an aim to achieving a balance of views on the Board.

2. To assess and recommend to the Board all candidates for directorships to be filled by the shareholders or the Board, taking into consideration the candidates':
   - Skills, knowledge, expertise and experience;
   - Professionalism;
   - Integrity; and
   - In the case of candidates for the position of independent non-executive directors, evaluate the candidates' ability to discharge such responsibilities / functions as expected from independent non-executive directors.

3. To consider in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and within the bound of practicability, by any other senior executive or any director or shareholder.

4. To ensure a formal and transparent procedure for the appointment of new directors to the Board.

5. To assess and recommend to the Board, directors to fill the seats on Board Committees.

6. To review the required mix of skills and experience and other qualities, including core competencies, of the members of the Board.

7. To assess the contribution of each individual director, the effectiveness of the Board as a whole and the committees of the Board.

STATEMENT ON RISK MANAGEMENT AND 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 and risk management in the Group (comprising the Company and its subsidiaries) and is pleased to provide the following statement which outlines the nature and scope of risk management and internal control of the Group during the year. The Board has received assurance from the Managing Director and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively. The associated companies of the Group have not been dealt with as part of the Group for the purpose of applying this guidance as the Group does not have management control over its operations.

Board Responsibility

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

The Board recognises 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 recognises 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.

Risk Management

Risk management is embedded in the Group's key processes through its Enterprise Risk Management framework, in line with the Recommendation 6.1 of the Malaysian Code on Corporate Governance 2012. The Board and the Management continuously identify, evaluate and manage significant business risks that may affect the achievement of the Group's business objectives.

Written reports on risk management had been presented to the Audit Committee and the Board on the various potential risks impacting the Group. Reporting procedures and monitoring mechanisms have been established to address the above risks.

Internal Audit Function

Internal Audit Department of the Group reviews and updates the internal control processes with the objective of improving 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 of the Group include:-

- Key internal control checklist by functional areas which sets out the various key processes and controls across functions within the Group.

- Monthly management reports are submitted by Head of Department to the Managing Director to analyse, discuss and resolve pertinent issues affecting the operations of the Group. Financial statistics and operation issues are presented in the management reports.

- The management has introduced the standard operating procedures that set out the guidelines for the various processes of the Group.

- The Group operates within an organizational structure with defined lines of responsibilities and accountability.

- The Executive Directors are actively involved in day-to-day operations of the Group. The performance of the Group is reviewed and monitored by the Executive Directors.

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

This statement is issued in accordance with a resolution of the Board of Directors dated 30 July 2014.

Financial Statements

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2014.

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	60,527,155	85,346,474
Non-controlling interests	23,389	-
	60,550,544	85,346,474

Reserves and provisions

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

Dividends

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

i) an interim single-tier dividend of 8% on 115,847,030 ordinary shares of RM1 each totalling RM9,267,762 in respect of the financial year ended 31 March 2013 on 28 May 2013;

Dividends (continued)

ii) a final single-tier dividend of 12.5% on 116,108,030 ordinary shares of RM1 each totalling RM14,513,504 in respect of the financial year ended 31 March 2013 on 24 December 2013; and

iii) an interim single-tier dividend of 9% on 117,453,800 ordinary shares of RM1 each totalling RM10,570,842 in respect of the financial year ended 31 March 2014 on 23 May 2014.

A final single-tier dividend of 13.5% has been recommended by the Directors in respect of the financial year ended 31 March 2014, subject to the approval of the members at the forthcoming Annual General Meeting.

Directors of the Company

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

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

Directors' interests in shares

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

	Number of ordinary shares of RM1 each				
	Balance at 1.4.2013	**Bought**	**ESOS exercised**	**(Sold)**	**Balance at 31.3.2014**
Interest in the Company :					
Lim Soon Huat					
- own	929,191	-	100,000	-	1,029,191
- others *	2,636,600	-	20,000	-	2,656,600
Lim Soon Wah					
- own	2,489,825	-	-	-	2,489,825
- others *	152,320	-	-	-	152,320

Directors' interests in shares (continued)

	Number of ordinary shares of RM1 each				
	Balance at 1.4.2013	Bought	ESOS exercised	(Sold)	Balance at 31.3.2014
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 Director in accordance with Section 134(12)(c) of the Companies Act, 1965.

	Number of options over ordinary shares of RM1 each			
	Balance at 1.4.2013	Granted	(Exercised)	Balance at 31.3.2014
Interest in the Company				
Lim Soon Huat				
- own	825,000	-	(100,000)	725,000
Lim Soon Wah				
- own	609,000	-	-	609,000
Nurjannah Binti Ali				
- own	40,000	-	-	40,000

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

Other than as disclosed above, none of the other Directors holding office at 31 March 2014 had any interest in the ordinary shares and options over the shares of the Company and of its related corporations during the financial year.

Directors' benefits

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

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

Issue of shares and debentures

During the financial year, the issued and paid-up share capital of the Company was increased from RM116,246,830 to RM116,732,830 through the issuance of 486,000 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	146,350
Exercise of options under ESOS	3.10	339,650

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

Options granted over unissued shares

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

Employees' share option scheme

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

The main features of the Scheme are as follows :

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

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

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

iv) Eligible persons are employees and 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 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;

Employees' share option scheme (continued)

vii) The options granted do not confer any dividend or other distribution declared to the shareholders as at a date which precedes the date of exercise of the option and will be subject to all the provisions of the Articles of Association of the Company; and

viii) In the event of any alteration in the capital structure of the Company during the option period, whether by way of capitalisation of profits or reserves, rights issues, reduction of capital, subdivision, consolidation of shares or otherwise (excluding the purchase by the Company of its own shares) howsoever taking places, such corresponding alterations (if any) shall be made in the number of shares relating to the unexercised options and option price.

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

		Number of options over ordinary shares of RM1 each				
Date of offer	**Exercise price**	**Balance at 1.4.2013**	**Granted**	**Exercised**	**Lapsed due to resignation**	**Balance at 31.3.2014**
27.4.2007	3.14	1,557,570	-	(146,350)	(26,000)	1,385,220
20.4.2009	4.11	787,000	-	-	(27,000)	760,000
3.10.2011	3.10	3,459,100	-	(339,650)	(91,000)	3,028,450
27.3.2014	3.90	-	487,000	-	-	487,000

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this report the names of option holders who were granted less than 15,000 options during the financial year. This information has been separately filed with the Companies Commission of Malaysia.

The names of the option holders who have been granted options to subscribe for 15,000 or more ordinary shares of RM1 each during the financial year are as follows :

Name of option holder	Grant date	Exercise price RM	Number of options over ordinary shares of RM1 each
Lim Sok Kean	27.3.2014	3.90	20,000
Loh Yee Yiva	27.3.2014	3.90	30,000
Ng Poi Chin	27.3.2014	3.90	20,000
Ooi Hong Sing	27.3.2014	3.90	15,000
Tan Ching Ching	27.3.2014	3.90	24,000
Ui Jia Heng	27.3.2014	3.90	20,000
Chiang Kok Nearn	27.3.2014	3.90	40,000
Ooi Kok Boon	27.3.2014	3.90	24,000
Sea Choon Kuang	27.3.2014	3.90	20,000
Beh Phaik Hooi	27.3.2014	3.90	40,000

Other statutory information

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

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

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

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

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 March 2014 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

……………………………………….
Lim Soon Wah

Penang,

Date : 30 July 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014

	Note	2014 RM	2013 RM
Assets			
Property, plant and equipment	3	110,872,970	101,984,833
Prepaid lease payments	4	1,600,702	1,639,577
Investment properties	5	1,511,467	1,858,570
Investment in an associate	7	125,969,425	117,982,444
Intangible assets	8	33,283,242	30,234,456
Total non-current assets		273,237,806	253,699,880
Trade and other receivables	9	80,764,272	61,502,364
Inventories	10	103,998,503	101,154,347
Current tax assets		246,842	10,030
Derivative financial asset	11	163,261	-
Cash and cash equivalents	12	78,154,943	42,348,270
Total current assets		263,327,821	205,015,011
Total assets		536,565,627	458,714,891
Equity			
Share capital	13	116,732,830	116,246,830
Treasury shares	14	(1,844,658)	(1,843,820)
Reserves	15	320,894,809	270,644,502
Total equity attributable to owners of the Company		435,782,981	385,047,512
Non-controlling interests		30,722	90,461
Total equity		435,813,703	385,137,973

	Note	2014 RM	2013 RM
Liabilities			
Deferred tax liabilities	16	8,583,782	7,383,287
Bank borrowings	18	4,714,500	-
Total non-current liabilities		13,298,282	7,383,287
Trade and other payables	17	52,993,041	34,636,672
Bank borrowings	18	19,089,138	18,067,262
Current tax payables		4,800,621	4,221,935
Dividend payable		10,570,842	9,267,762
Total current liabilities		87,453,642	66,193,631
Total liabilities		100,751,924	73,576,918
Total equity and liabilities		536,565,627	458,714,891

The notes on pages 49 to 120 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014 RM	2013 RM
Revenue	20	365,879,239	323,384,372
Cost of sales		(227,404,523)	(198,788,839)
Gross profit		138,474,716	124,595,533
Distribution costs		(16,117,408)	(14,295,233)
Administrative expenses		(63,958,398)	(55,862,810)
Other operating expenses		(659,261)	(3,910,154)
Other operating income		9,959,951	2,171,570
		(70,775,116)	(71,896,627)
Results from operating activities		67,699,600	52,698,906
Share of profits of equity-accounted associate, net of tax		9,128,272	3,834,000
Finance costs		(247,274)	(406,901)
Profit before tax	21	76,580,598	56,126,005
Income tax expense	24	(16,030,054)	(12,885,600)
Profit for the year		60,550,544	43,240,405

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014 RM	2013 RM
Other comprehensive income/(expense), net of tax			
Item that may be reclassified subsequently to profit or loss			
Foreign exchange translation differences for foreign operations		12,065,061	(2,606,494)
Item that will not be reclassified subsequently to profit or loss			
Share of other comprehensive income/(expenses) of equity-accounted associate		653,752	(973,218)
Other comprehensive income/(expense) for the year, net of tax		12,718,813	(3,579,712)
Total comprehensive income for the year		73,269,357	39,660,693
Profit attributable to:			
Owners of the Company		60,527,155	42,891,330
Non-controlling interests		23,389	349,075
Profit for the year		60,550,544	43,240,405
Total comprehensive income/(expenses) attributable to :			
Owners of the Company		73,288,334	39,570,232
Non-controlling interests		(18,977)	90,461
Total comprehensive income for the year		73,269,357	39,660,693
Basic earnings per ordinary share (sen)	25	52.18	37.05
Diluted earnings per ordinary share (sen)	25	51.63	36.86

The notes on pages 49 to 120 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2014

	Attributable to owners of the Company								
	Non-distributable					Distributable			
	Share capital RM	Treasury shares RM	Share premium RM	Share option reserve RM	Translation reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 April 2012	116,025,730	(1,843,042)	17,678,517	2,320,811	(2,370,759)	237,147,019	368,958,276	-	368,958,276
Foreign exchange translation differences for foreign operations	-	-	-	-	(2,347,880)	-	(2,347,880)	(258,614)	(2,606,494)
Share of other comprehensive income/(expenses) of equity-accounted associates	-	-	-	-	61,171	(1,034,389)	(973,218)	-	(973,218)
Total other comprehensive income for the year	-	-	-	-	(2,286,709)	(1,034,389)	(3,321,098)	(258,614)	(3,579,712)
Profit for the year	-	-	-	-	-	42,891,330	42,891,330	349,075	43,240,405
Total comprehensive income for the year	-	-	-	-	(2,286,709)	41,856,941	39,570,232	90,461	39,660,693
Treasury shares acquired	-	(778)	-	-	-	-	(778)	-	(778)
Share-based payments (Note 19)	-	-	-	720,014	-	-	720,014	-	720,014
Issue of shares pursuant to ESOS	221,100	-	470,974	-	-	-	692,074	-	692,074
Dividends (Note 26)	-	-	-	-	-	(24,901,131)	(24,901,131)	-	(24,901,131)
Total contribution from/ (distribution to) owners	221,100	(778)	470,974	720,014	-	(24,901,131)	(23,489,821)	-	(23,489,821)
Post-acquisition reserves - associate	-	-	66,987	(58,162)	-	-	8,825	-	8,825
Transfer to share premium for share options exercised	-	-	115,755	(115,755)	-	-	-	-	-
Transfer from share option reserve for options lapsed	-	-	-	(23,373)	-	23,373	-	-	-
At 31 March 2013	116,246,830	(1,843,820)	18,332,233	2,843,535	(4,657,468)	254,126,202	385,047,512	90,461	385,137,973

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2014 (CONT'D)

	Attributable to owners of the Company								
	Non-distributable					Distributable			
	Share capital RM	Treasury shares RM	Share premium RM	Share option reserve RM	Translation reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 April 2013	116,246,830	(1,843,820)	18,332,233	2,843,535	(4,657,468)	254,126,202	385,047,512	90,461	385,137,973
Foreign exchange translation differences for foreign operations	-	-	-	-	12,107,427	-	12,107,427	(42,366)	12,065,061
Share of other comprehensive income of equity-accounted associates	-	-	-	-	277,752	376,000	653,752	-	653,752
Total other comprehensive income for the year	-	-	-	-	12,385,179	376,000	12,761,179	(42,366)	12,718,813
Profit for the year	-	-	-	-	-	60,527,155	60,527,155	23,389	60,550,544
Total comprehensive income for the year	-	-	-	-	12,385,179	60,903,155	73,288,334	(18,977)	73,269,357
Treasury shares acquired	-	(838)	-	-	-	-	(838)	-	(838)
Share-based payments (Note 19)	-	-	-	1,064,298	-	-	1,064,298	-	1,064,298
Issue of shares pursuant to ESOS	486,000	-	1,026,454	-	-	-	1,512,454	-	1,512,454
Dividends (Note 26)	-	-	-	-	-	(25,084,346)	(25,084,346)	-	(25,084,346)
Total contribution from/(distribution to) owners	486,000	(838)	1,026,454	1,064,298	-	(25,084,346)	(22,508,432)	-	(22,508,432)
Effect arising from changes in composition - associate	-	-	-	-	-	(90,000)	(90,000)	-	(90,000)
Post-acquisition reserves - associate	-	-	36,445	(31,640)	-	-	4,805	-	4,805
Transfer to share premium for share options exercised	-	-	327,263	(327,263)	-	-	-	-	-
Transfer from share option reserve for options lapsed	-	-	-	(70,869)	-	70,869	-	-	-
Change in ownership interest in subsidiary	-	-	-	-	(240,673)	281,435	40,762	(40,762)	-
At 31 March 2014	116,732,830	(1,844,658)	19,722,395	3,478,061	7,487,038	290,207,315	435,782,981	30,722	435,813,703

The notes on pages 49 to 120 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014 RM	2013 RM
Cash flows from operating activities			
Profit before tax		76,580,598	56,126,005
Adjustments for :			
Depreciation			
- Property, plant and equipment	3	11,020,447	10,852,626
- Investment properties	5	41,332	50,598
Amortisation of prepaid lease payments	4	38,875	38,877
Amortisation of intangible asset	8	235,075	-
Gain on disposal			
- Property, plant and equipment		(268,770)	(10,316)
- Investment properties		(348,331)	-
Interest expense		247,274	406,901
Interest income		(524,537)	(497,464)
Share of profit of equity-accounted associate, net of tax		(9,128,272)	(3,834,000)
Share-based payments	19	1,064,298	720,014
Derivative financial asset	11	(163,261)	-
Operating profit before changes in working capital		78,794,728	63,853,241
Changes in working capital :			
Inventories		4,836,886	(8,248,457)
Trade and other receivables		(12,608,315)	596,974
Trade and other payables		8,317,064	(6,083,435)
Cash generated from operations		79,340,363	50,118,323
Income tax paid		(14,782,443)	(11,282,216)
Net cash from operating activities		64,557,920	38,836,107

	Note	2014 RM	2013 RM
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(14,880,250)	(24,592,168)
Purchase of intangible assets	8	(3,283,312)	-
Proceeds from disposal			
- Property, plant and equipment		767,139	86,787
- Investment properties		654,102	-
Acquisition of investment in an associate		(118,245)	(320,997)
Dividend received from associate		1,828,095	1,518,400
Interest received		524,537	497,464
Net cash used in investing activities		(14,507,934)	(22,810,514)
Cash flows from financing activities			
Drawdown of term loan		6,735,000	-
Short term borrowings, net		1,991,419	(724,568)
Repayments of term loans		(2,923,500)	(4,328,153)
Repayments of finance lease liabilities		-	(116,051)
Proceeds from shares issued under ESOS		1,512,454	692,074
Repurchase of treasury shares	14	(838)	(778)
Dividends paid		(23,781,266)	(24,883,459)
Interest paid		(220,808)	(406,901)
Net cash used in financing activities		(16,687,539)	(29,767,836)
Net increase/(decrease) in cash and cash equivalents		33,362,447	(13,742,243)
Cash and cash equivalents at 1 April		42,248,773	57,046,808
Effect of exchange rate fluctuations on cash and cash equivalents		2,510,769	(1,055,792)
Cash and cash equivalents at 31 March		78,121,989	42,248,773

NOTE

Cash and cash equivalents

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

	Note	2014 RM	2013 RM
Short term deposits with licensed banks	12	22,463,799	21,542,872
Cash and bank balances	12	55,691,144	20,805,398
Bank overdrafts	18	(32,954)	(99,497)
		78,121,989	42,248,773

The notes on pages 49 to 120 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014

	Note	2014 RM	2013 RM
Assets			
Investments in subsidiaries	6	58,178,974	48,760,941
Investment in an associate	7	5,192,167	5,073,921
Total non-current assets		63,371,141	53,834,862
Trade and other receivables	9	168,543,673	137,847,300
Current tax assets		7,868	5,072
Cash and cash equivalents	12	2,562,565	161,755
Total current assets		171,114,106	138,014,127
Total assets		234,485,247	191,848,989
Equity			
Share capital	13	116,732,830	116,246,830
Treasury shares	14	(1,844,658)	(1,843,820)
Reserves	15	104,176,170	41,823,290
Total equity		219,064,342	156,226,300
Liabilities			
Trade and other payables	17	4,850,063	26,354,927
Dividend payable		10,570,842	9,267,762
Total current liabilities		15,420,905	35,622,689
Total equity and liabilities		234,485,247	191,848,989

The notes on pages 49 to 120 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014 RM	2013 RM
Revenue	20	86,829,579	28,173,027
Administrative expenses		(2,748,876)	(2,622,111)
Other operating expenses		(3,330)	(294,393)
Other operating income		1,390,171	586,280
Results from operating activities		85,467,544	25,842,803
Finance costs		(2)	(18)
Profit before tax	21	85,467,542	25,842,785
Income tax expense	24	(121,068)	(84,772)
Profit for the year representing total comprehensive income for the year		85,346,474	25,758,013

The notes on pages 49 to 120 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2014

	← Non-distributable			→	Distributable	
	Share capital RM	Treasury shares RM	Share premium RM	Share option reserve RM	Retained earnings RM	Total equity RM
At 1 April 2012	116,025,730	(1,843,042)	17,429,971	2,260,747	20,084,702	153,958,108
Profit and total comprehensive income for the year	-	-	-	-	25,758,013	25,758,013
Treasury shares acquired	-	(778)	-	-	-	(778)
Share-based payment transaction (Note 19)	-	-	-	720,014	-	720,014
Shares issued pursuant to ESOS	221,100	-	470,974	-	-	692,074
Dividends (Note 26)	-	-	-	-	(24,901,131)	(24,901,131)
Total contribution from/(distribution to) owners of the Company	221,100	(778)	470,974	720,014	(24,901,131)	(23,489,821)
Transfer to share premium for share options exercised	-	-	115,755	(115,755)	-	-
Transfer from share option reserve for options lapsed	-	-	-	(23,373)	23,373	-
At 31 March 2013	116,246,830	(1,843,820)	18,016,700	2,841,633	20,964,957	156,226,300

	Non-distributable				Distributable	
	Share capital RM	Treasury shares RM	Share premium RM	Share option reserve RM	Retained earnings RM	Total equity RM
At 1 April 2013	116,246,830	(1,843,820)	18,016,700	2,841,633	20,964,957	156,226,300
Profit and total comprehensive income for the year	-	-	-	-	85,346,474	85,346,474
Treasury shares acquired	-	(838)	-	-	-	(838)
Share-based payment transactions (Note 19)	-	-	-	1,064,298	-	1,064,298
Shares issued pursuant to ESOS	486,000	-	1,026,454	-	-	1,512,454
Dividends (Note 26)	-	-	-	-	(25,084,346)	(25,084,346)
Total contribution from/(distribution to) owners of the Company	486,000	(838)	1,026,454	1,064,298	(25,084,346)	(22,508,432)
Transfer to share premium for share options exercised	-	-	327,263	(327,263)	-	-
Transfer from share option reserve for options lapsed	-	-	-	(70,869)	70,869	-
At 31 March 2014	116,732,830	(1,844,658)	19,370,417	3,507,799	81,297,954	219,064,342

The notes on pages 49 to 120 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014 RM	2013 RM
Cash flows from operating activities			
Profit before tax		85,467,542	25,842,785
Adjustments for :			
Dividend income		(84,183,312)	(25,896,753)
Interest income		(332,865)	(550,895)
Share-based payments	19	334,265	474,968
Operating profit/(loss) before changes in working capital		1,285,630	(129,895)
Changes in working capital :			
Other receivables		(30,696,373)	(9,309,802)
Other payables		(21,504,864)	3,950,274
Cash used in operations		(50,915,607)	(5,489,423)
Income tax paid		(123,864)	(82,701)
Dividend received		84,183,312	25,896,753
Net cash from operating activities		33,143,841	20,324,629
Cash flows from investing activities			
Interest received		332,865	550,895
Acquisition of investment in subsidiaries		(8,688,000)	-
Acquisition of investment in an associate		(118,246)	(320,997)
Net cash (used in)/from investing activities		(8,473,381)	229,898

	Note	2014 RM	2013 RM
Cash flows from financing activities			
Proceeds from shares issued under ESOS		1,512,454	692,074
Repurchase of treasury shares	14	(838)	(778)
Dividends paid		(23,781,266)	(24,883,459)
Net cash used in financing activities		(22,269,650)	(24,192,163)
Net increase/(decrease) in cash and cash equivalents		2,400,810	(3,637,636)
Cash and cash equivalents at 1 April		161,755	3,799,391
Cash and cash equivalents at 31 March	12	2,562,565	161,755

The notes on pages 49 to 120 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 16-1 (Penthouse Upper)
Menara Penang Garden
42A, Jalan Sultan Ahmad Shah
10050 Penang

Principal place of business

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

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associate.

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.

These financial statements were authorised for issue by the Board of Directors on 30 July 2014.

1. Basis of preparation

(a) Statement of compliance

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

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, Impairment of Assets - *Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, Financial Instruments : Recognition and Measurement - *Novation of Derivatives and Continuation of Hedge Accounting* *
- IC Interpretation 21, *Levies* *

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)* #
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions* #
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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

- MFRS 14, *Regulatory Deferral Accounts***
- Amendments to MFRS 116 and MFRS 138, *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 11, *Accounting for Acquisitions of Interests in Joint Operations***
- Amendments to MFRS 7, Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures

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

- from the annual period beginning on 1 April 2014 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014, except for those indicated with "*" which are not applicable to the Group and to the Company.

- from the annual period beginning on 1 April 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014, except for those indicated with "#" which are not applicable to the Group and to the Company.

- from the annual period beginning 1 April 2016 for those accounting standards, interpretations or amendments that are effective for annual periods beginning on or after 1 January 2016, except for those marked with "**" which are not applicable to the Group and the Company.

The initial application of the abovementioned standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior periods financial statements of the Group and of the Company upon their first adoption.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

1. Basis of preparation (continued)

(d) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any 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 Note 5 - Valuation of investment properties and Note 8 – Intangible assets

2. Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

The Group adopted MFRS 10, *Consolidated Financial Statements* in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, 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.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider de facto power in its assessment of control.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 10. The adoption of MFRS 10 has no significant impact to the financial statements of the Group. Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

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

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

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

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

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

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

(iii) Acquisitions of non-controlling interests

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

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) Loss of control

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

(v) Associates

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

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

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

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

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Associates (continued)

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

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

(vi) Non-controlling interests

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

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

(vii) Transactions eliminated on consolidation

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

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

2. Significant accounting policies (continued)

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

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

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

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

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

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

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

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

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

(c) Financial instruments

(i) Initial recognition and measurement

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

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

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

(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.

2. Significant accounting policies (continued)

(c) Financial Instruments (continued)

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

Financial assets (continued)

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

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

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

(b) Loans and receivables

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

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

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

Financial liabilities

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

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

Derivatives that are linked to and must be settled by delivery of 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.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Financial guarantee contracts

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

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

(iv) Regular way purchase or sale of financial assets

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

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

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

(v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or 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.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(v) Derecognition (continued)

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 any accumulated depreciation and any accumulated impairment losses.

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

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

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date.

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

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

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

2. Significant accounting policies (continued)

(e) Leased assets

(i) Finance lease

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

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

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating leases

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

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

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

2. Significant accounting policies (continued)

(f) Intangible assets

(i) Goodwill

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

(ii) Other intangible assets

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

(iii) Subsequent expenditure

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

(iv) Amortisation

Amortisation is based on the cost of an asset less its residual value.

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

Other intangible assets are amortised from the date that they are available for use.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

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

- Customer contracts – 7 years

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

2. Significant accounting policies (continued)

(g) Investment property

(i) Investment property carried at cost

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

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

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

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

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(iii) Determination of fair value

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

2. Significant accounting policies (continued)

(h) Impairment

(i) Financial assets

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

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

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

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

(ii) Other assets

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

2. Significant accounting policies (continued)

(h) Impairment (continued)

(ii) Other assets (continued)

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

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

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

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

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

2. Significant accounting policies (continued)

(i) Inventories

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

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

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

The fair value of inventories acquired in a business combination is determined based on the 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.

(j) Cash and cash equivalents

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

(k) Provisions

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

Contingent liabilities

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

2. Significant accounting policies (continued)

(l) Equity instruments

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

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase of share capital (treasury shares)

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

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

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

(m) Borrowing costs

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

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

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

2. Significant accounting policies (continued)

(m) Borrowing costs (continued)

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

(n) Revenue and other income

(i) Goods sold

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

(ii) Rental income

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

(iii) Dividend income

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

(iv) Commission

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

2. Significant accounting policies (continued)

(n) Revenue and other income (continued)

(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, they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

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.

(vi) Interest income

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

(o) Income tax

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

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

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

2. Significant accounting policies (continued)

(o) Income tax (continued)

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

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

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

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

(p) Employee benefits

(i) Short-term employee benefits

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

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

(ii) Share-based payment transactions

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

2. Significant accounting policies (continued)

(p) Employee benefits (continued)

(ii) Share-based payment transactions (continued)

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

(q) Earnings per ordinary share

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

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

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

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. 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 to assess its performance, and for which discrete financial information is available.

(s) Fair value measurement

From 1 April 2013, the Group adopted MFRS 13, *Fair Value Measurement* which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

2. Significant accounting policies (continued)

(s) Fair value measurement (continued)

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

In accordance with the transitional provision of MFRS 13, the Group applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of MFRS 13 has not significantly affected the measurements of the Group's assets or liabilities other than the additional disclosures.

3. Property, plant and equipment - Group

	Freehold land RM	Buildings RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Under construction RM	Total RM
Cost							
At 1 April 2012	8,760,754	67,043,948	134,530,062	14,855,052	7,417,208	535,141	233,142,165
Additions	6,065,522	7,635,399	9,161,552	868,693	516,002	345,000	24,592,168
Disposals	-	-	(1,423,758)	(3,065)	(291,398)	-	(1,718,221)
Reclassification	-	-	197,909	-	-	(197,909)	-
Effect of movements in exchange rates	(65,001)	(948,996)	(1,738,796)	(360,899)	(105,452)	(6,025)	(3,225,169)
At 31 March 2013/1 April 2013	14,761,275	73,730,351	140,726,969	15,359,781	7,536,360	676,207	252,790,943
Additions	259,845	4,204,112	8,585,513	988,614	842,166	-	14,880,250
Disposals	(160,000)	-	(2,462,733)	(178,637)	(41,800)	(331,235)	(3,174,405)
Reclassification	-	-	345,000	-	-	(345,000)	-
Effect of movements in exchange rates	379,132	5,235,721	8,433,550	1,679,644	488,703	28	16,216,778
At 31 March 2014	15,240,252	83,170,184	155,628,299	17,849,402	8,825,429	-	280,713,566

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

	Freehold land RM	Buildings RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Under construction RM	Total RM
Accumulated depreciation							
At 1 April 2012	-	24,605,572	102,139,479	11,941,320	5,267,101	-	143,953,472
Depreciation for the year	-	1,746,890	7,154,933	1,115,938	834,865	-	10,852,626
Disposals	-	-	(1,347,303)	(3,061)	(291,386)	-	(1,641,750)
Effect of movements in exchange rates	-	(537,206)	(1,429,260)	(308,670)	(83,102)	-	(2,358,238)
At 31 March 2013/1 April 2013	-	25,815,256	106,517,849	12,745,527	5,727,478	-	150,806,110
Depreciation for the year	-	2,085,190	7,107,276	1,023,186	804,795	-	11,020,447
Disposals	-	-	(2,458,424)	(175,812)	(41,800)	-	(2,676,036)
Effect of movements in exchange rates	-	2,501,561	6,391,764	1,433,625	363,125	-	10,690,075
At 31 March 2014	-	30,402,007	117,558,465	15,026,526	6,853,598	-	169,840,596
Carrying amounts							
At 31 March 2013/1 April 2013	14,761,275	47,915,095	34,209,120	2,614,254	1,808,882	676,207	101,984,833
At 31 March 2014	15,240,252	52,768,177	38,069,834	2,822,876	1,971,831	-	110,872,970

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

Security

Certain freehold land of the Group with carrying amount of RM8,082,000 (2013 : RM Nil) are pledged to a financial institution as security for borrowings as disclosed in Note 18 to the financial statements.

4. Prepaid lease payments - Group

	Unexpired period less than 50 years RM
Cost	
At 1 April 2012/31 March 2013/31 March 2014	2,294,116
Amortisation	
At 1 April 2012	615,662
Amortisation for the year	38,877
At 31 March 2013/1 April 2013	654,539
Amortisation for the year	38,875
At 31 March 2014	693,414
Carrying amounts	
At 31 March 2013/1 April 2013	1,639,577
At 31 March 2014	1,600,702

5. Investment properties - Group

Buildings	**RM**
Cost	
At 1 April 2012/31 March 2013	2,529,874
At 1 April 2013	2,529,874
Disposal	(463,291)
At 31 March 2014	2,066,583
Accumulated depreciation	
At 1 April 2012	620,706
Depreciation for the year	50,598
At 31 March 2013/1 April 2013	671,304
Depreciation for the year	41,332
Disposal	(157,520)
At 31 March 2014	555,116
Carrying amounts	
At 31 March 2013/1 April 2013	1,858,570
At 31 March 2014	1,511,467

The fair value of the investment properties as at 31 March 2014 is categorised as level 3 of the fair value hierarchy. Based on the Directors' estimation using the latest available market information and recent experience and knowledge in the location and category property being valued, the fair value of the investment properties of the Group is approximately RM4,000,000 (2013 : RM2,750,000).

Estimation uncertainty and key assumptions

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

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

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

5. Investment properties – Group (continued)

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

	2014 RM	2013 RM
Rental income	141,020	229,825
Direct operating expenses		
- income generating investment properties	15,856	15,856

6. Investments in subsidiaries - Company

	2014 RM	2013 RM
Unquoted shares, at cost	54,840,545	46,152,545
Add: Share-based payment allocated to subsidiaries	3,338,429	2,608,396
	58,178,974	48,760,941

Details of the subsidiaries are as follows :

Name of subsidiary	Effective ownership interest 2014	Effective ownership interest 2013	Country of incorporation	Principal activities
Asia File Products Sdn. Bhd.	100%	100%	Malaysia	Manufacture and sale of stationery products
Sin Chuan Marketing Sdn. Bhd.	100%	100%	Malaysia	Trading of stationery products
Lim & Khoo Sdn. Bhd.	100%	100%	Malaysia	Investment holding
Formosa Technology Sdn. Bhd.	100%	100%	Malaysia	Dormant
ABBA Marketing Sdn. Bhd.	100%	100%	Malaysia	Trading of stationery products, graphic designing and desktop publishing
AFP Composite Sdn. Bhd.	100%	100%	Malaysia	Manufacture and supply of plastic related products and filing products

6. Investments in subsidiaries – Company (continued)

Name of subsidiary	Effective ownership interest 2014	2013	Country of incorporation	Principal activities
Premier Stationery Limited *	95%	75%	United Kingdom	Import and distribution of stationery products
Premier Stationery Pte. Ltd. *	100%	100%	Singapore	Trading of stationery products
Higher Kings Mill Limited *	100%	100%	United Kingdom	Manufacture and sale of coloured paper and boards for filing, educational and other specialty markets.
Subsidiary of Asia File Products Sdn. Bhd.				
Plastoreg Smidt GmbH #	100%	100%	Germany	Manufacture and distribution of stationery products

* Not audited by member firms of KPMG International

\# Audited by an overseas affiliate of KPMG Malaysia during the financial year ended 31 March 2014 and a non-KPMG firm in previous years

During the financial year, a subsidiary of the Company, Premier Stationery Limited ("PSL"), increased its paid up capital by way of issuance of 400,000 new ordinary shares and 1,200,000 non-redeemable preference shares to the Company. Consequently, the Company's equity interest in PSL increased from 75% to 95%.

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

7. Investment in an associate

	2014 RM	2013 RM
Group		
At cost		
Quoted shares in Malaysia	47,041,909	46,923,664
Share of post acquisition reserves and results	78,927,516	71,058,780
	125,969,425	117,982,444
Market value of quoted shares	103,849,000	43,265,000

7. Investment in an associate (continued)

Company	**2014 RM**	**2013 RM**
At cost		
Quoted shares in Malaysia	5,192,167	5,073,921
Market value of quoted shares	10,644,000	4,338,000

Details of the associate are as follows :

Name of associate	**Effective ownership interest 2014 %**	**Effective ownership interest 2013 %**	**Country of incorporation**	**Principal activity**
Muda Holdings Berhad	20.03	20.06	Malaysia	Investment holding

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

	Muda Holdings Berhad RM'000
Group	
2014	
Summarised financial information	
As at 31 March	
Non-current assets	830,190
Current assets	459,383
Non-current liabilities	(160,417)
Current liabilities	(481,730)
Non-controlling interests	(18,524)
Net assets	628,902
Year ended at 31 March	
Profit from continuing operations	45,573
Other comprehensive income	3,265
Total comprehensive income	48,838
Reconciliation of net assets to carrying amount	
As at 31 March	
Carrying amount in the statement of financial position	125,969

7. Investment in an associate (continued)

	Muda Holdings Berhad RM'000
Group	
2014	
Group's share of results	
Year ended 31 March	
Group's share of profit or loss from continuing operations	9,128
Group's share of other comprehensive income	654
Group's share of total comprehensive income	9,782
Other information	
Dividends received	1,828,095
2013	
Summarised financial information	
As at 31 March	
Non-current assets	771,291
Current assets	462,469
Non-current liabilities	(166,574)
Current liabilities	(446,543)
Non-controlling interest	(32,497)
Net assets	588,146
Year ended at 31 March	
Profit from continuing operations	19,113
Other comprehensive income	(4,852)
Total comprehensive income	14,261
Reconciliation of net assets to carrying amount	
As at 31 March	
Carrying amount in the statement of financial position	117,982

7. Investment in an associate (continued)

	Muda Holdings Berhad RM'000
Group	
2013	
Group's share of results	
Year ended 31 March	
Group's share of profit or loss from continuing operations	3,834
Group's share of other comprehensive income	(973)
Group's share of total comprehensive income	2,861
Other information	
Dividends received	1,518,400

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

8. Intangible assets

	Goodwill RM	Customer contracts RM	Total RM
Group			
Cost			
At 1 April 2012/31 March 2013/ 1 April 2013	30,234,456	-	30,234,456
Additions	-	3,283,312	3,283,312
At 31 March 2014	30,234,456	3,283,312	33,517,768
Amortisation			
At 1 April 2012/31 March 2013/1 April 2013	-	-	-
Amortisation for the year	-	235,075	235,075
Effect of movements in exchange rates	-	(549)	(549)
At 31 March 2014	-	234,526	234,526
Carrying amounts			
At 31 March 2013/1 April 2013	30,234,456	-	30,234,456
At 31 March 2014	30,234,456	3,048,786	33,283,242

8. Intangible assets

Goodwill has been allocated to the Group's cash-generating units ("CGU") identified in the foreign subsidiary company's operations acquired in the previous year. The aggregate carrying amount of goodwill allocated was RM30.2 million (2013: 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 year financial budgets.

Management believes that any reasonably possible change in the key assumptions 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

	Note	2014 RM	2013 RM
Group			
Trade			
Trade receivables	9.1	72,145,358	56,182,991
Non-trade			
Other receivables		2,811,669	2,582,844
Deposits		557,798	346,926
Prepayments		5,249,447	2,389,603
		8,618,914	5,319,373
		80,764,272	61,502,364
Company			
Non-trade			
Amount due from subsidiaries	9.2	168,487,704	137,769,119
Other receivables		55,969	78,181
		168,543,673	137,847,300

9. Trade and other receivables (continued)

9.1 Trade receivables

The Group's normal credit terms for trade receivables range from 30 to 90 days (2013 : 30 to 90 days).

Included in trade receivables are amounts due from companies in which a Director and his family members collectively have controlling interests of RM144,052 (2013 : RM127,057), respectively which are subject to the normal credit terms.

9.2 Amount due from subsidiaries

The current non-trade receivables due from subsidiaries are unsecured, interest-free and repayable on demand other than an amount of RM8,393,564 (2013: RM6,846,885) due from a subsidiary which carries interest at 4.5% (2013: 4.5%) per annum.

10. Inventories - Group

	2014 RM	2013 RM
Raw materials	49,476,152	53,117,745
Work-in-progress	8,287,369	7,867,129
Manufactured inventories	46,234,982	40,169,473
	103,998,503	101,154,347

11. Derivative financial asset

	Nominal value RM	2014 RM	2013 RM
Derivative held for trading at fair value through profit or loss			
- Forward exchange contracts	9,597,444	163,261	-

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

12. Cash and cash equivalents

	2014 RM	2013 RM
Group		
Short term deposits with licensed banks	22,463,799	21,542,872
Cash and bank balances	55,691,144	20,805,398
	78,154,943	42,348,270
Company		
Short term deposits with licensed banks	521,103	113,913
Cash and bank balances	2,041,462	47,842
	2,562,565	161,755

13. Share capital - Group/Company

	2014		2013	
	Amount RM'000	Number of shares ('000)	Amount RM'000	Number of shares ('000)
Ordinary shares of RM1 each				
Authorised :	500,000	500,000	500,000	500,000
Issued and fully paid :				
Balance at 1 April	116,246,830	116,246,830	116,025,730	116,025,730
Issued under ESOS, for cash at :				
- RM3.14 per share	146,350	146,350	166,600	166,600
- RM3.10 per share	339,650	339,650	54,500	54,500
	486,000	486,000	221,100	221,100
Balance at 31 March	116,732,830	116,732,830	116,246,830	116,246,830

14. Treasury shares - Group/Company

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

During the financial year, the Company repurchased 200 (2013 : 200) of its issued share capital from the open market at an average price of RM3.90 (2013 : RM3.60) per share. The total consideration paid was RM838 (2013 : RM778) including transaction costs of RM58 (2013 : RM58). The repurchase transactions were financed by internally generated funds. The shares repurchased are retained as treasury shares.

As at 31 March 2014, a total of 400,000 (2013 : 399,800) ordinary shares were held as treasury shares. The number of outstanding ordinary shares of RM1 each in issue and fully paid-up after deducting the treasury shares held is 116,332,830 (2013 : 115,847,030). Treasury shares held have no rights to voting, dividends and participation in other distribution.

15. Reserves

	2014 RM	2013 RM
Group		
Non-distributable :		
Translation reserve	7,487,038	(4,657,468)
Share premium on ordinary shares		
Balance at 1 April	18,332,233	17,678,517
Issue of shares at :		
- RM3.14 per share	313,189	356,524
- RM3.10 per share	713,265	114,450
Share options exercised	327,263	115,755
Associate	36,445	66,987
Balance at 31 March	19,722,395	18,332,233
Share option reserve	3,478,061	2,843,535
Distributable :		
Retained earnings	290,207,315	254,126,202
	320,894,809	270,644,502

15. Reserves (continued)

	2014 RM	2013 RM
Company		
Non-distributable :		
Share premium on ordinary shares		
Balance at 1 April	18,016,700	17,429,971
Issue of shares at :		
- RM3.14 per share	313,189	356,524
- RM3.10 per share	713,265	114,450
Share options exercised	327,263	115,755
Balance at 31 March	19,370,417	18,016,700
Share option reserve	3,507,799	2,841,633
Distributable :		
Retained earnings	81,297,954	20,964,957
	104,176,170	41,823,290

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

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

16. Deferred tax liabilities - Group

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following :

	2014 RM	2013 RM
Property, plant and equipment		
- revaluation	879,464	879,464
- capital allowances	6,592,329	5,113,349
- fair value adjustment	1,820,474	1,820,474
Provisions	(708,485)	(430,000)
	8,583,782	7,383,287

16. Deferred tax liabilities - Group (continued)

Movement in temporary difference during the year

	At 1.4.2012 RM	Recognised in profit or loss (Note 24) RM	Translation difference RM	At 31.3.2013/ 1.4.2013 RM	Recognised in profit or loss (Note 24) RM	Translation difference RM	At 31.3.2014 RM
Group							
Property, plant and equipment							
- revaluation	879,464	-	-	879,464	-	-	879,464
- capital allowance	4,953,764	175,822	(16,237)	5,113,349	1,291,042	187,938	6,592,329
- fair value adjustment	1,820,474	-	-	1,820,474	-	-	1,820,474
Provisions	(349,639)	(80,361)	-	(430,000)	(278,485)	-	(708,485)
	7,304,063	95,461	(16,237)	7,383,287	1,012,557	187,938	8,583,782

16. Deferred tax liabilities - Group (continued)

Unrecognised deferred tax asset

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

	2014 RM	2013 RM
Tax losses carry-forward of a foreign subsidiary	230,000	310,000

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

17. Trade and other payables

	Note	2014 RM	2013 RM
Group			
Trade			
Trade payables	17.1	29,936,724	19,065,980
Non-trade			
Other payables		9,354,410	5,091,321
Accrued expenses		13,701,907	10,479,371
		23,056,317	15,570,692
		52,993,041	34,636,672
Company			
Non-trade			
Amount due to subsidiaries	17.2	488,129	25,976,034
Other payables		3,981,840	109,743
Accrued expenses		380,094	269,150
		4,850,063	26,354,927

17.1 Trade payables

The Group's normal credit terms for trade payables range from 30 to 90 days (2013 : 30 to 90 days). Trade payables include amount due to companies related to the associates of the Group of RM894,546 (2013: RM521,061) which are subject to the normal credit terms.

17. Trade and other payables (continued)

17.2 Amount due to subsidiaries

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

18. Bank borrowings - Group

	2014 RM	2013 RM
Current		
Secured		
Term loan	1,347,000	-
Unsecured		
Term loans	-	2,250,000
Foreign currency trade loans	17,709,184	15,717,765
Bank overdrafts	32,954	99,497
	19,089,138	18,067,262
Non-current		
Secured		
Term loan	4,714,500	-
	4,714,500	-

18.1 Interest rates

The bank overdrafts are subject to interest at 1.75% (2013 : 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 0.5% (2013 : 0.50%) per annum above the bank's cost of funds.

The secured term loan, which is denominated in Euro, is subject to interest at 0.6% (2013: 1.05%) per annum over Euro Interbank Offered Rate ("EURIBOR"). The unsecured term loans, which were denominated in Ringgit Malaysia, were subject to interest at 0.50% per annum over Kuala Lumpur Interbank Offered Rate ("KLIBOR").

18.2 Securities

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

19. Employee benefits - Group/Company

Share Option Plan

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

	Weighted average exercise price 2014 RM	Number of options 2014	Weighted average exercise price 2013 RM	Number of options 2013
Outstanding at 1 April	3.14	1,557,570	3.14	1,742,970
Outstanding at 1 April	4.11	787,000	4.11	787,000
Outstanding at 1 April	3.10	3,459,100	3.10	3,628,600
		5,803,670		6,158,570
Granted during the year	3.90	487,000	-	-
Exercised during the year	3.14	(146,350)	3.14	(166,600)
Exercised during the year	4.11	-	4.11	-
Exercised during the year	3.10	(339,650)	3.10	(54,500)
Total exercised during the year		(486,000)		(221,100)
Lapsed due to resignation	3.14	(26,000)	3.14	(18,800)
Lapsed due to resignation	4.11	(27,000)	4.11	-
Lapsed due to resignation	3.10	(91,000)	3.10	(115,000)
Total lapsed during the year		(144,000)		(133,800)
Outstanding at 31 March	3.31	5,660,670	3.25	5,803,670
Exercisable at 31 March		3,288,270		3,161,420

The outstanding options as at 31 March 2014 have exercise prices of RM3.14, RM4.11, RM3.10 and RM3.90 respectively. The weighted average option life is 3 years.

19. Employee benefits - Group/Company (continued)

Share Option Plan (continued)

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

	Directors RM	Executives RM	Others RM
2014			
Fair value of share options and assumptions			
Fair value at grant date			
- 27.4.2007	0.44	0.44	0.44
- 20.4.2009	0.60	0.60	0.60
- 3.10.2011	0.77	0.77	0.77
- 27.3.2014	2.86	2.86	2.86
2013			
Fair value of share options and assumptions			
Fair value at grant date			
- 27.4.2007	0.44	0.44	0.44
- 20.4.2009	0.60	0.60	0.60
- 3.10.2011	0.77	0.77	0.77

Exercise price	RM3.14, RM4.11, RM3.10 and RM3.90
Expected volatility (weighted average volatility)	19.42%, 22.04%, 31.50% and 20%
Option life (expected weighted average life)	3 to 5 years
Expected dividends	5.5% to 6.46%
Risk-free interest rate (based on Malaysian government bonds)	2.82% to 3.45%

Value of employee services received for issue of share options

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Recognised as staff cost in profit or loss (Note 23)	1,064,298	720,014	334,265	474,968
Additions to investment in subsidiaries	-	-	730,033	245,046
	1,064,298	720,014	1,064,298	720,014

20. Revenue

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Invoiced value of goods sold less discounts and returns	365,798,092	323,301,158	-	-
Gross dividends receivable				
- subsidiaries	-	-	84,000,000	25,749,000
- associate	-	-	183,312	147,753
Commission income	81,147	83,214	81,147	83,214
Management fees				
- subsidiaries	-	-	2,565,120	2,193,060
	365,879,239	323,384,372	86,829,579	28,173,027

21. Profit before tax

Profit before tax is arrived at :

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
After charging :				
Auditors' remuneration				
- Audit fee				
KPMG Malaysia				
- Current year	87,000	80,000	17,000	23,000
- Prior year	(1,000)	7,000	-	3,000
Overseas affiliate of KPMG Malaysia	107,311	-	-	-
Other auditors	111,189	193,153	-	-
- Non-audit fees				
KPMG Malaysia	14,000	12,843	14,000	12,843
Overseas affiliate of KPMG Malaysia	21,720	34,600	21,720	34,600
Bad debts written off	-	8,459	-	-

21. Profit before tax (continued)

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Consultancy fee paid to a company in which a Director of a subsidiary has a substantial financial interest	296,980	277,532	-	-
Amortisation of prepaid lease payments (Note 4)	38,875	38,877	-	-
Amortisation of intangible assets (Note 8)	235,075	-	-	-
Depreciation				
- property, plant and equipment (Note 3)	11,020,447	10,852,626	-	-
- investment properties (Note 5)	41,332	50,598	-	-
Rental of premises	1,284,570	1,116,727	-	-
Loss on foreign exchange				
- realised	-	-	-	-
- unrealised	-	2,868,345	-	292,391
Interest expense	247,274	406,901	2	18
Impairment loss on trade receivables (net)	138,016	81,974	-	-
and after crediting :				
Interest income				
- subsidiary	-	-	313,386	535,179
- financial institutions	524,537	497,464	19,479	15,716
Gain on disposal				
- plant and equipment	268,770	10,316	-	-
- investment properties	348,331	-	-	-
Rental income on premises	141,020	229,825	-	-
Gain on foreign exchange				
- realised	5,902,336	244,818	124,770	33,145
- unrealised	1,583,660	-	916,381	-

22. Key management personnel compensations

The key management personnel compensations are as follows :

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Directors of the Company				
- Fees	261,500	259,000	242,000	242,000
- Remuneration	1,080,606	944,430	1,080,606	944,430
Other Directors				
- Fees	47,780	39,440	-	-
- Remuneration	2,194,288	1,897,912	-	-
	3,584,174	3,140,782	1,322,606	1,186,430

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

The estimated monetary value of benefits received by Directors of the Company otherwise than in cash amounted to RM56,000 (2013 : RM56,000).

23. Employee information

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Staff costs	58,443,232	52,272,183	1,960,019	1,751,870
Share-based payments	1,064,298	720,014	334,265	474,968
	59,507,530	52,992,197	2,294,284	2,226,838

Included in staff costs of the Group and of the Company is an amount of RM3,218,694 (2013 : RM2,887,604) and RM212,085 (2013 : RM190,857) respectively representing contributions made to the statutory pension funds.

24. Income tax expense

Recognised in profit or loss

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Current tax expense				
Malaysian - current	12,954,000	11,487,000	81,000	43,000
- prior year	37,121	(731,853)	6,430	6,860
Overseas - current	2,060,179	2,042,315	33,638	34,912
- prior year	(33,803)	(7,323)	-	-
Total current tax	15,017,497	12,790,139	121,068	84,772
Deferred tax expense				
Malaysian - current	329,000	(782,651)	-	-
- prior year	-	181,854	-	-
Overseas - current	683,557	696,258	-	-
Total deferred tax	1,012,557	95,461	-	-
Total income tax expense	16,030,054	12,885,600	121,068	84,772

Reconciliation of effective income tax expense

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Profit before tax	76,580,598	56,126,005	85,467,542	25,842,785
Less : share of results of equity-accounted associates	(9,128,272)	(3,834,000)	-	-
	67,452,326	52,292,005	85,467,542	25,842,785

24. Income tax expense (continued)

Reconciliation of effective income tax expense (continued)

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Tax at Malaysian tax rate of 25%	16,863,082	13,073,001	21,366,886	6,460,696
Effect of different tax rates in foreign jurisdictions	(916,262)	187,236	(44,709)	(52,368)
Effect of utilisation of tax losses not previously recognised	(79,805)	(277,195)	-	-
Non-deductible expenses	1,556,074	1,116,116	104,109	287,228
Income not subject to tax	(484,702)	(89,073)	(260,579)	-
Tax exempt income	(31,353)	(310,444)	(21,050,698)	(6,626,599)
Tax incentives	(795,346)	(237,905)	-	-
Others	(84,952)	(18,814)	(371)	8,955
Under/(Over) provided in prior year	3,318	(557,322)	6,430	6,860
Income tax expense	16,030,054	12,885,600	121,068	84,772

25. Earnings per ordinary share - Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the profit attributable to the owners of the Company of RM60,527,155 (2013 : RM42,891,330) and a weighted average number of ordinary shares outstanding of 116,003,529 (2013 : 115,753,080) calculated as follows :

	2014	2013
Issued ordinary shares at 1 April	116,246,830	116,025,730
Effect of shares issued during the year	156,624	127,066
Effect of treasury shares held	(399,925)	(399,716)
Weighted average number of ordinary shares at 31 March	116,003,529	115,753,080

25. Earnings per ordinary share - Group

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 RM60,527,155 (2013 : RM42,891,330) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows :

	2014	**2013**
Weighted average number of ordinary shares at 31 March	116,003,529	115,753,080
Effect of dilution of unexercised share options	1,235,980	625,497
Weighted average number of ordinary shares (diluted) at 31 March	117,239,509	116,378,577

26. Dividends

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

	Sen per share	**Total amount RM**	**Date of payment**
2014			
2013 final single-tier dividend of 12.5% on 116,108,030 ordinary shares of RM1 each	12.5	14,513,504	24 December 2013
Interim single-tier dividend of 9% on 117,453,800 ordinary shares of RM1 each	9.0	10,570,842	23 May 2014
		25,084,346	
2013			
2012 final single-tier dividend of 13.5% on 115,802,730 ordinary shares of RM1 each	13.5	15,633,369	27 December 2012
Interim single-tier dividend of 8% on 115,847,030 ordinary shares of RM1 each	8.0	9,267,762	28 May 2013
		24,901,131	

26. Dividends (continued)

A final single tier dividend of 12.50% amounting to RM14,513,504 proposed in the last financial year and approved by the members in the last Annual General Meeting was paid on 24 December 2013 and accordingly, this amount has been appropriated from the retained earnings in this financial year.

At the forthcoming Annual General Meeting, a final single-tier dividend of 13.5% in respect of the financial year ended 31 March 2014 will be proposed for members' approval. These financial statements do not reflect this final dividend which, when approved by the members, will be accounted for as an appropriation of retained earnings from shareholders' funds in the financial year ending 31 March 2015.

27. Related parties - Group/Company

Identity of related parties

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

The Group has related party relationships with the following:

i) Subsidiaries and associates of the Company as disclosed in the financial statements.

ii) Companies in which a Director, Mr. Lim Soon Huat and his close family members collectively have controlling interests - 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 - Dynamic Office Sdn. Bhd. ("DOSB")

iv) Company in which a Director of a subsidiary, Mr. R.C. Martin, has substantial financial interests - 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 subsidiaries.

27. Related parties - Group/Company (continued)

Significant related party transaction

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 2014 RM	2013 RM
- Dividend income received	84,000,000	25,749,000
- Management fee receivable	2,565,120	2,193,060

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

	Transactions amount for the year ended 31 March 2014 RM	2013 RM
- Purchases	3,750,889	2,457,118

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

		Transactions amount for the year ended 31 March 2014 RM	2013 RM
Sales	- AESSB	281,000	238,000
	- KSPSB	7,000	17,000
	- DOSB	1,000	4,000
Purchases	- AESSB	25,000	26,000
	- KSPSB	-	600
	- DOSB	64,000	71,000

d) Transactions with key management personnel :

Key management personnel compensations are disclosed in Note 22 to the financial statements.

27. Related parties - Group/Company (continued)

Significant related party transaction (continued)

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

	Transactions amount for the year ended 31 March	
	2014	**2013**
	RM	**RM**
Group		
Consultancy fee paid to a company in which a Director of a subsidiary has substantial financial interest	359,729	277,532
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 17 to the financial statements.

28. Capital commitment - Group

	2014	**2013**
	RM	**RM**
Property, plant and equipment		
Contracted but not provided for	429,000	-

29. Lease commitment - Group

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

	2014	**2013**
	RM'000	**RM'000**
Less than 1 year	1,444	1,169
Between 1 and 5 years	722	1,871

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

30. Contingent liabilities - Company

i) *Corporate guarantee - Unsecured*

The Company has given corporate guarantees to certain financial institutions for banking facilities granted to its subsidiaries for RM113,470,000 (2013 : RM76,450,000) of which RM17,742,138 (2013 : RM18,067,262) 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.

iii) The Company has given corporate guarantee of RM9,800,000 to a supplier of its subsidiary, Higher Kings Mill Limited.

31. Operating segments - Group

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

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

Operating segments are components in which separate financial information is available that is evaluated regularly by the 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, coloured paper and boards as its sole operating segment.

Performance is measured based on revenue derived from the various products sold and consolidated profit before income tax of the Group as included in the internal management reports that are reviewed by the 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.

Geographical information

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

31. Operating segments - Group (continued)

Geographical information (continued)

	Revenue		Non-current assets	
	2014 RM	2013 RM	2014 RM	2013 RM
Malaysia	38,505,806	40,001,507	55,509,934	56,670,782
Asia (excluding Malaysia)	9,972,976	7,832,384	2,867	4,020
Europe	277,820,695	228,337,613	91,755,580	79,042,634
America	24,757,122	30,948,489	-	-
Others	14,822,640	16,264,379	-	-
Consolidated	365,879,239	323,384,372	147,268,381	135,717,436

32. Financial instruments

32.1 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) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM	L&R RM	FVTPL RM
Group			
Financial assets			
2014			
Trade and other receivables	74,957,027	74,957,027	-
Derivative financial assets	163,261	-	163,261
Cash and cash equivalents	78,154,943	78,154,943	-
	153,275,231	153,111,970	163,261
2013			
Trade and other receivables	58,765,835	58,765,835	-
Cash and cash equivalents	42,348,270	42,348,270	-
	101,114,105	101,114,105	-

32. Financial instruments (continued)

32.1 Categories of financial instruments (continued)

	Carrying amount RM	L&R RM	FVTPL RM
Company			
Financial assets			
2014			
Trade and other receivables, including derivatives	168,543,673	168,543,673	-
Cash and cash equivalents	2,562,565	2,562,565	-
	171,106,238	171,106,238	-
2013			
Trade and other receivables, including derivatives	137,847,300	137,847,300	-
Cash and cash equivalents	161,755	161,755	-
	138,009,055	138,009,055	-

	Carrying amount RM	FL RM
Group		
Financial liabilities		
2014		
Bank borrowings	(23,803,638)	(23,803,638)
Trade and other payables	(52,993,041)	(52,993,041)
	(76,796,679)	(76,796,679)
2013		
Bank borrowings	(18,067,262)	(18,067,262)
Trade and other payables	(34,636,672)	(34,636,672)
	(52,703,934)	(52,703,934)

32. Financial instruments (continued)

32.1 Categories of financial instruments (continued)

	Carrying amount RM	FL RM
Company		
Financial liabilities		
2014		
Trade and other payables	(4,850,063)	(4,850,063)
2013		
Trade and other payables	(26,354,927)	(26,354,927)

32.2 Net gains and losses arising from financial instruments

	Group	
	2014 RM	2013 RM
Net gains/(losses) arising on :		
Fair value through profit or loss :		
- held for trading	163,261	-
Loans and receivables	7,872,517	(2,216,496)
Financial liabilities measured at amortised cost	(247,274)	(406,901)
	7,788,504	(2,623,397)

	Company	
	2014 RM	2013 RM
Net gains/(losses) arising on :		
Loans and receivables	1,374,016	291,649
Financial liabilities measured at amortised cost	(2)	(18)
	1,374,014	291,631

32.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

32. Financial instruments (continued)

32.4 Credit risk

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

Receivables

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

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

Impairment losses

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

Group	RM
2014	
Not past due	54,720,797
Past due 1 - 30 days	14,499,734
Past due 31 - 60 days	2,275,952
Past due 61 - 90 days	894,776
Past due more than 90 days	354,145
Gross trade receivables	72,745,404
Individually impaired	(418,951)
Collectively impaired	(181,095)
Net trade receivables	72,145,358

32. Financial instruments (continued)

32.4 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

Group	RM
2013	
Not past due	41,468,671
Past due 1 - 30 days	12,670,718
Past due 31 - 60 days	1,478,958
Past due 61 - 90 days	445,375
Past due more than 90 days	524,039
Gross trade receivables	56,587,761
Individually impaired	(121,392)
Collectively impaired	(283,378)
Net trade receivables	56,182,991

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

	2014 RM	2013 RM
At 1 April	404,770	321,979
Impairment loss recognised	180,113	233,455
Impairment loss reversed	(42,097)	(151,481)
Impairment loss written off	33,383	-
Translation difference	23,877	817
At 31 March	600,046	404,770

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.

32. Financial instruments (continued)

32.4 Credit risk (continued)

Financial guarantees (continued)

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM17,742,138 (2013: RM18,067,262) 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.

32.5 Liquidity risk

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

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

32. Financial instruments (continued)

32.5 Liquidity risk (continued)

Maturity analysis

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

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2014							
Group							
Non-derivative financial liabilities							
Bank overdrafts	32,954	7.10	32,954	32,954	-	-	-
Unsecured foreign currency trade loans	17,709,184	0.75 - 1.08	17,735,663	17,735,663	-	-	-
Term loans	6,061,500	0.913	6,194,908	1,398,447	1,386,072	3,410,389	-
Trade and other payables	52,993,041		52,993,041	52,993,041	-	-	-
	76,796,679		76,956,566	72,160,105	1,386,072	3,410,389	-

32. Financial instruments (continued)

32.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 3 years RM
2013						
Group						
Non-derivative financial liabilities						
Bank overdrafts	99,497	7.10	99,497	99,497	-	-
Unsecured foreign currency trade loans	15,717,765	0.77 - 1.21	15,766,660	15,766,660	-	-
Term loans	2,250,000	3.86	2,250,000	2,250,000	-	-
Trade and other payables	34,636,672	-	34,636,672	34,636,672	-	-
	52,703,934		52,752,829	52,752,829	-	-

The maturity profile of the Company's financial liabilities as at the end of the reporting period comprise trade and other payables which are due under one year and included in the Company's statement of financial position.

32. Financial instruments (continued)

32.6 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.

32.6.1 Currency risk

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

Risk management objectives, policies and processes for managing the risk

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

32. Financial instruments (continued)

32.6 Market risk (continued)

32.6.1 Currency risk (continued)

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	EUR RM	GBP RM	HKD RM	CHF RM	PLN RM
Group						
2014						
Trade receivables	6,929,866	767,014	12,559,851	-	328,898	40,218
Cash and cash equivalents	10,375,203	10,932,583	8,074,743	-	-	-
Foreign currency trade loans	(15,113,764)	-	-	(2,595,420)	-	-
Foreign currency term loans	-	(6,061,500)	-	-	-	-
Trade and other payables	(3,376,620)	(46,179)	(2,108,682)	-	-	-
	(1,185,315)	5,591,918	18,525,912	(2,595,420)	328,898	40,218

32. Financial instruments (continued)

32.6 Market risk (continued)

32.6.1 Currency risk (continued)

Exposure to foreign currency risk (continued)

	USD RM	EUR RM	GBP RM	HKD RM	SEK RM
Group					
2013					
Trade receivables	5,069,777	1,847,201	1,213,419	-	58,140
Cash and cash equivalents	1,524,244	7,852,299	14,015,913	-	-
Foreign currency trade loans	(13,246,268)	-	-	(2,471,497)	-
Trade and other payables	(975,296)	(272,865)	(917,583)	-	-
	(7,627,543)	9,426,635	14,311,749	(2,471,497)	58,140

32. Financial instruments (continued)

32.6 Market risk (continued)

32.6.1 Currency risk (continued)

Currency risk sensitivity analysis

A 10% (2013 : 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact on forecast sales and purchases. There is no impact to equity arising from exposure to currency risk.

	Profit or loss	
	2014	**2013**
	RM	**RM**
Group		
USD	88,899	572,066
EUR	(419,394)	(706,998)
GBP	(1,389,444)	(1,073,381)
HKD	194,657	185,362
SEK	-	(4,360)
CHF	(24,667)	-
PLN	(3,016)	-

A 10% (2013 : 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

32.6.2 Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

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

32. Financial instruments (continued)

32.6 Market risk (continued)

32.6.2 Interest rate risk (continued)

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 :

	2014 RM	2013 RM
Fixed rate instruments		
Financial assets	20,407,713	19,610,572
Financial liabilities	(17,709,184)	(15,717,765)
	2,698,529	3,892,807
Floating rate instruments		
Financial assets	2,056,086	1,932,300
Financial liabilities	(6,094,454)	(2,349,497)
	(4,038,368)	(417,197)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

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

(b) Cash flow sensitivity analysis for variable rate instruments

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

32. Financial instruments (continued)

32.6 Market risk (continued)

32.6.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis (continued)

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

	Profit or loss	
	100 bp increase RM'000	**100 bp decrease RM'000**
Group		
2014		
Floating rate instruments	(40)	40
2013		
Floating rate instruments	(4)	4

32.7 Fair value information

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

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

32. Financial instruments (continued)

32.7 Fair value of financial instruments (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Group										
2014										
Financial assets										
Forward exchange contracts	-	163	-	163	-	-	-	-	163	163
Financial liabilities										
Foreign currency term loans	-	-	-	-	-	-	6,062	6,062	6,062	6,062

32. Financial instruments (continued)

32.7 Fair value of financial instruments (continued)

Policy on transfer between levels

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

Level 1 fair value

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

Level 2 fair value

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

Derivatives

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

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2013 : no transfer in either directions).

Level 3 fair value

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

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

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. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenant and regulatory requirement.

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

33. Supplementary information on the breakdown of realised and unrealised profits or losses

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Total retained earnings :				
- Realised	247,901,415	226,427,613	80,381,573	21,257,348
- Unrealised	(6,836,861)	(10,251,632)	916,381	(292,391)
	241,064,554	216,175,981	81,297,954	20,964,957
Share of retained earnings of jointly controlled entity				
- realised	31,387,651	26,139,087	-	-
- unrealised	2,072,520	1,721,773	-	-
	274,524,725	244,036,841	81,297,954	20,964,957
Add : Consolidation adjustments	15,682,590	10,089,361	-	-
Total retained earnings at 31 March	290,207,315	254,126,202	81,297,954	20,964,957

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.

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 34 to 119 are drawn up in accordance with Malaysian Financial Reporting Standards, International 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 2014 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 33 on Page 120 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

……………………………………..
Lim Soon Wah

Penang,

Date : 30 July 2014

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 34 to 120 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 30 July 2014.

....

Goh Phaik Ngoh

Before me :

Chan Kam Chee (No. P120)
Pesuruhjaya Sumpah
(Commissioner for Oaths)
Penang

PESURUHJAYA SUMPAH
No: P 120
Nama: CHAN KAM CHEE
MALAYSIA

92-B Lebuh Gereja
10200 Pulau Pinang

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 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 34 to 119.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 33 on page 120 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

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

KPMG
AF 0758
Chartered Accountants

Ooi Kok Seng
2432/05/15 (J)
Chartered Accountant

Date : 30 July 2014

Penang

LIST OF PROPERTIES OWNED BY THE GROUP

LOCATION	DESCRIPTION	LAND ARED (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	23	6,561	June 1994
2) P.T. No 1870 (Plot 16) Hilir Sungai Kelung 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	19	9,691	June 1994 (Land) June 1995 (*) (First Building) March 2000 (*) (Second Building)
3) 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	19	936	April 2000 (*)
4) 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	19	858	April 2000 (*)
5) Lot 1310, Mukim 14, Daerah Seberang Prai Tengah, Penang	Office, Factory cum warehouse	27,688.91	Freehold	23	12,175	March 2004 (*)
6) PT 43263, H.S.(D) 128696 Mukim Petaling, Daerah Petaling, Selangor	Office, Factory cum warehouse	2,023	Freehold	8	2,483	April 2004 (*)
7) Kasseler Landstraße 12 D-37213 Witzenhausen Germany	Office, Factory warehouse	11,983	Freehold	41	5,361	January 2008 (*)
8) Zur Furthmühle 4 D-37318 Kirchgandern Germany	Office, Factory warehouse	21,840	Freehold	23	12,356	January 2008 (*) March 2009 (*) (Additional Warehouse)
9) Cullompton, Devon EX 15 1Q3 United Kingdom	Office, Factory warehouse	52,609	Freehold	-	8,104	September 2011 (*) March 2013 (*) (Additional Warehouse)
10) Ashton Road Denton, Manchester M34 3LR United Kingdom	Office, Factory warehouse	18,000	Freehold	-	4,249	April 2012 (*)
11) Lot 1309, Mukim 14, Daerah Seberang Prai Tengah, Penang	Office, Factory cum warehouse	30,495	Freehold	23	8,247	December 2012 (*) (Land) March 2014 (Building)

SHAREHOLDINGS STATISTICS AS AT 1 AUGUST 2014

AUTHORISED SHARE CAPITAL	:	RM500,000,000
ISSUED AND FULLY PAID UP CAPITAL	:	RM118,160,650 *(inclusive of 400,100 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	38	1,114	0.00
100 - 1,000	259	183,796	0.16
1,001 - 10,000	740	3,026,180	2.56
10,001 - 100,000	193	5,545,339	4.69
100,001 - 5,908,031	35	26,460,484	22.39
5,908,031 TO 118,160,650	2	82,943,737	70.20
TOTAL	1,267	118,160,650	100.00

THIRTY LARGEST SHAREHOLDERS AS AT 01 AUGUST 2014

No	Name	No. of Shares	% of Issued Share Capital
1	PRESTIGE ELEGANCE (M) SDN BHD	52,336,837	44.443
2	AMANAHRAYA TRUSTEES BERHAD SKIM AMANAH SAHAM BUMIPUTERA	30,606,900	25.991
3	CARTABAN NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR FIDELITY LOW-PRICED STOCK FUND (PRIN ALLSEC SUB)	2,800,000	2.378
4	LIM SIEW LEE	2,576,600	2.188
5	LOR SWEE YEOW	2,573,748	2.186
6	LIM SOON WAH	2,479,825	2.106
7	HSBC NOMINEES (ASING) SDN BHD HSBC-FS FOR NTASIAN DISCOVERY MASTER FUND	2,304,720	1.957
8	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	2,237,400	1.900
9	KHOO SAW SIM	1,617,920	1.374
10	LIM SOON HUAT	1,534,191	1.303
11	GOH PHAIK NGOH	849,920	0.722
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (LIFE NON-PAR FD)	700,500	0.595
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (SHAREHLDR'S FD)	651,600	0.553
14	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL-CAP FUND	615,500	0.523
15	FOO NIAN CHOU	522,240	0.443
16	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSMY FOCUS	521,000	0.442
17	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 2)	462,080	0.392
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (BALANCE FUND)	450,000	0.382
19	TEOH CHIN CHIA	441,400	0.375
20	LUCY KHOO	295,600	0.251
21	BEH PHAIK HOOI	285,880	0.243
22	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	200,000	0.170
23	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHIAM ENG KUANG @ CHIAM YOONG WANG (PB)	184,000	0.156
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BEH PHAIK HOOI	161,500	0.137
25	FELINA LEE SIEW IM	152,320	0.129
26	OH HAW KUANG	142,620	0.121
27	ONG SIEW SEE	140,800	0.120
28	CHAN SOOK CHIN	125,200	0.106
29	WEE KEW SING	120,300	0.102
30	OOI HOOI KIAN	119,420	0.101
		180,210,021	91.889

SUBSTANTIAL SHAREHOLDERS

- As per Register of Substantial Shareholders as at 1 August 2014

	Name of Substantial Shareholders	Ordinary shares of RM1/= each Direct Interest	 Deemed Interest	% of Issued Share Capital *(exclude treasury shares)*
1.	Datin Khoo Saw Sim	1,617,920	52,336,837^	45.817
2.	Lim Soon Huat	1,534,191	52,336,837^	45.746
3.	Prestige Elegance (M) Sdn Bhd	52,336,837	-	44.443
4.	NTAsian Discovery Master Fund	6,811,520	-	5.784
5.	AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputra	30,606,900	-	25.991

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

DIRECTORS' SHAREHOLDINGS

- As per Register of Directors' Shareholdings as at 1 August 2014

Name of Director	Ordinary shares of RM1/= each Direct Interest	 Deemed Interest	% of Issued Share Capital *(exclude treasury shares)*	No. of unexercised ESOS options
The Company				
Lim Soon Huat	1,534,191	55,023,437^	48.028	220,000
Nurjannah Binti Ali	-	-	-	40,000
Lim Soon Wah	2,489,825	152,320*	2.244	609,000
Lam Voon Kean	-	-	-	-
Ng Chin Nam	-	-	-	-
Lim Soon Hee (Alternate to Lim Soon Wah)	-	-	-	-

^ *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 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 Twentieth 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 Monday, 29 September 2014 at 10.00 a.m. for the following purposes:

Agenda

As Ordinary Business:

1. To receive the Audited Financial Statements for the year ended 31 March 2014 and the Reports of Directors and Auditors thereon.

2. To re-elect the following Directors who retire pursuant to Article 80 of the Company's Articles of Association.
   i. Mr Lim Soon Wah — Ordinary Resolution 1
   ii. Mr Ng Chin Nam — Ordinary Resolution 2

3. To approve a final single tier dividend of 13.5% for the year ended 31 March 2014. — Ordinary Resolution 3

4. To approve Directors' Fees of RM242,000.00 for the year ended 31 March 2014. — Ordinary Resolution 4

5. To re-appoint Messrs. KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. — Ordinary Resolution 5

As Special Business:
To consider, and if thought fit, to pass the following Resolutions, with or without modification:

6. **Power to issue shares pursuant to Section 132D, Companies Act, 1965** — Ordinary Resolution 6

   "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."

7. **Proposed Renewal of Share Buy-back** — Ordinary Resolution 7

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

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

a) The maximum number of ordinary shares which may be purchased and/or held by the Company shall be ten per centum (10%) of the issued and paid-up ordinary share capital of the Company for the time being ("Asia File Shares");

b) The maximum fund to be allocated by the Company for the purpose of purchasing Asia File Shares shall not exceed the retained profits and share premium account of the Company which stood at RM81.30 million and RM19.37 million respectively as at 31 March 2014 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 **Continuation in office as an Independent Director** Ordinary Resolution 8

"THAT Puan Nurjannah Binti Ali be retained as Independent Director of the Company, in accordance with the Malaysian Code on Corporate Governance 2012 until the conclusion of the next Annual General Meeting."

9. 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 28 November 2014 in respect of ordinary transfers; and

(b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

The dividends, if approved will be paid on 26 December 2014 to depositors registered in the Records of Depositors at the close of business on 28 November 2014.

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)
ONG TZE-EN (MAICSA 7026537)
Joint Company Secretaries
Penang, 5 September 2014

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 Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(c) Where a Member of the Company is an exempt authorised nominee which hold ordinary shares in the Company for multiple beneficial owner in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

(d) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.

(e) For a proxy to be valid, the Proxy Form duly completed must be deposited at the Registered Office of the Company at Suite 16-1 (Penthouse Upper), Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

(f) In respect of deposited securities, only a Depositor whose name appears on the Record of Depositors on 22 September 2014 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy to attend and/or vote in his/her behalf.

2. Explanatory Notes on Special Business

(a) **Resolution 6: Power to issue shares pursuant to Section 132D, Companies Act, 1965**

The proposed Ordinary Resolution 6 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 30 September 2013 and which will lapse at the conclusion of this Twentieth 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.

(b) **Resolution 7: Proposed Renewal od Share Buy-back**

The Ordinary Resolution No. 7, 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.

(c) **Resolution 8: Continuation in office as an Independent Director**

The Ordinary Resolution No. 8, if passed, will allow Puan Nurjannah Binti Ali to be retained and continue acting as Independent Director to fulfill the requirements of Paragraph 3.04 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements and in line with Recommendation 3.2 of the Malaysian Code on Corporate Governance 2012. Full details of the Board's justifications and recommendation for the retention of Puan Nurjannah Binti Ali are set out under the Corporate Governance Statement in the Company's 2014 Annual Report.

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

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

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ASIA FILE CORPORATION BHD. (313192-P)

PROXY FORM

CDS Account No.	
No. of Shares Held	

I/We ____

(Full Name in Block Letters)

of ____

(Address)

being a member/members of the above Company appoint ______________________________

(Full Name in Block Letters)

of ____

(Address)

or failing him, ____

(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 Twentieth Annual General Meeting of the Company to be held at Merbah 1 Room, Hotel Equatorial, No. 1 Jalan Bukit Jambul, 11900 Penang on Monday, 29 September 2014 at 10.00 a.m. and at any adjournment thereof in the manner indicated below:

Ordinary Resolution	1	2	3	4	5	6	7	8
FOR								
AGAINST								

(Please indicate with an "X" in the appropriate space 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, 2014

____
Signature of Shareholder

____
Common Seal to be affixed here if Shareholder is a Corporation

Notes:

Appointment of proxy

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 Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

3. Where a Member of the Company is an exempt authorised nominee which hold ordinary shares in the Company for multiple beneficial owner in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

   An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.

5. For a proxy to be valid, the Proxy Form duly completed must be deposited at the Registered Office of the Company at Suite 16-1 (Penthouse Upper), Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

6. In respect of deposited securities, only a Depositor whose name appears on the Record of Depositors on 22 September 2014 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy to attend and/or vote in his/her behalf.

Please fold across the lines and close

STAMP

To: The Company Secretaries
Asia File Corporation Bhd.

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

Please fold across the lines and close

Annual Report 2014

ASIA FILE CORPORATION BHD. 313192-P
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