Asia File Corporation Bhd.

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

and its subsidiaries

Financial statements for the year ended 31 March 2017

Asia File Corporation Bhd.
(Company No. 313192 - P)
(Incorporated in Malaysia)
and its subsidiaries

Directors' report for the year ended 31 March 2017

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 2017.

Principal activities

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

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

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

Results

	Group RM	Company RM
Profit for the year attributable to:		
Owners of the Company	55,921,240	30,146,689
Non-controlling interests	142,696	-
	56,063,936	30,146,689

Reserves and provisions

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

Dividends

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows :

i) In respect of the financial year ended 31 March 2016 as reported in the Directors' Report of that year :

- an interim ordinary dividend of 7 sen per ordinary share totalling RM13,392,236 declared on 27 February 2016 and paid on 28 April 2016; and

- a final ordinary dividend of 9 sen per ordinary share totalling RM17,289,015 declared on 28 May 2016 and paid on 29 September 2016.

ii) In respect of the financial year ended 31 March 2017 :

- an interim ordinary dividend of 3 sen per ordinary share totalling RM5,779,898 declared on 26 November 2016 and paid on 19 January 2017; and

- a second interim ordinary dividend of 4 sen per ordinary share totalling RM7,790,366 declared on 25 February 2017 and paid on 25 May 2017.

The final ordinary dividend recommended by the Directors in respect of the financial year ended 31 March 2017 is 9 sen per ordinary share, subject to the approval of the members at the forthcoming Annual General Meeting.

Directors of the Company

Directors who served during the financial year until the date of this report are :

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

Directors' interests in shares

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

Directors' interests in shares (continued)

	Number of ordinary shares				
	Balance at 1.4.2016	**Bought**	**ESOS Exercised**	**(Sold)**	**Balance at 31.3.2017**
Interest in the Company :					
Dato' Lim Soon Huat					
- own	2,478,705	-	-	-	2,478,705
- others*	4,160,960	-	185,000	-	4,345,960
Lim Soon Wah					
- own	3,983,720	33,000	768,000	(1,800,000)	2,984,720
- others*	243,712	-	-	(33,000)	210,712

	Number of ordinary shares			
	Balance at 1.4.2016	**Bought**	**(Sold)**	**Balance at 31.3.2017**
Interest in the Company :				
Lim Soon Hee				
- own	4,117,996	-	-	4,117,996
Deemed interest in the Company :				
Dato' Lim Soon Huat				
- own	83,738,951	-	-	83,738,951

	Number of options over ordinary shares			
	Balance at 1.4.2016	**Granted**	**(Exercised)**	**Balance at 31.3.2017**
Interest in the Company :				
Dato' Lim Soon Huat				
- own	352,000	-	-	352,000
- others*	217,000	-	(185,000)	32,000
Lim Soon Wah				
- own	974,400	-	(768,000)	206,400
Nurjannah Binti Ali				
- own	64,000	-	-	64,000

* These are shares/options held in the name of the spouse and/or children and are treated as interests of the Director in accordance with the Companies Act.

Directors' interests in shares (continued)

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

Other than as disclosed above, none of the other Directors holding office at 31 March 2017 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 those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements of the Company and its related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 28 to the financial statements.

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

Issue of shares and debentures

During the financial year, the issued and paid-up share capital of the Company was increased from 191,317,860 ordinary shares to 193,710,960 ordinary shares through the issuance of 2,393,100 new ordinary shares for cash arising from the exercise of ESOS as follows :

	Exercise price RM	**Number of ordinary shares**
Exercise of options under ESOS	1.96	530,200
Exercise of options under ESOS	1.94	1,698,580
Exercise of options under ESOS	2.44	164,320

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

Options granted over unissued shares

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

Employees' share option scheme

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

The main features of the Scheme are as follows :

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

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

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

iv) Eligible persons are employees and Directors, who are involved in the day-to-day management and on the payroll of the Group (save for the Non-Executive Directors of the Group) who have been confirmed in the employment of the Group and have been in the employment of the Group for a continuous period of at least six (6) months immediately preceding the date of offer, the date when an offer is made in writing to an employee to participate in the Scheme;

v) No options shall be granted for less than one hundred (100) shares nor :

    (a) not more than fifty percent (50%) of the total number of shares to be issued under the Scheme shall be allotted in aggregate to Directors and Senior Management of the Group; and

    (b) not more than ten percent (10%) of the total number of shares to be issued under the Scheme shall be allotted to any Eligible Director or Employee of the Group who either singly or collectively through persons connected with the Director or Employee, holds twenty percent (20%) or more of the issued and paid-up ordinary share capital of the Company.

Employees' share option scheme (continued)

The maximum allowable allotment does not include additional shares which arise pursuant to the 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;

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 and the exercise price are as follows :

			Number of options over ordinary shares			
Date of offer	**Expiry date**	**Exercise price**	**Balance at 1.4.2016**	**Exercised**	**Lapsed due to resignation**	**Balance at 31.3.2017**
27.4.2007	21.4.2017	1.96	788,200	(530,200)	(115,200)	142,800
20.4.2009	21.4.2017	2.57	472,000	-	-	472,000
3.10.2011	21.4.2017	1.94	2,264,920	(1,698,580)	(42,080)	524,260
27.3.2014	21.4.2017	2.44	413,220	(164,320)	(23,760)	225,140
			3,938,340	(2,393,100)	(181,040)	1,364,200

Indemnity and insurance costs

During the financial year, the total amount of insurance effected for Directors of the Company was RM3,197. There was no indemnity given to Directors or officers of the Company during the financial year.

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 2017 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, KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016), have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 22 to the financial statements.

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

…………………………………..
Dato' Lim Soon Huat
Director

…………………………………..
Lim Soon Wah
Director

Penang,

Date : 14 July 2017

Asia File Corporation Bhd.

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

and its subsidiaries

Consolidated statement of financial position as at 31 March 2017

	Note	2017 RM	2016 RM
Assets			
Property, plant and equipment	3	102,485,668	100,612,629
Prepaid lease payments	4	1,484,079	1,522,952
Investment properties	5	1,387,471	1,428,803
Investment in an associate	7	140,746,644	134,942,581
Intangible assets	8	31,455,081	31,760,000
Deferred tax assets	18	14,396	-
Total non-current assets		277,573,339	270,266,965
Inventories	9	105,939,906	107,958,643
Current tax assets		200,215	30,538
Trade and other receivables	10	69,281,873	82,656,190
Derivative financial assets	11	-	4,207,312
Other investments	12	125,155,624	88,197,069
Cash and cash equivalents	13	72,437,718	75,576,622
Total current assets		373,015,336	358,626,374
Total assets		650,588,675	628,893,339
Equity			
Share capital	14	199,333,534	191,317,860
Treasury shares	15	(1,767)	(916)
Reserves	16	358,210,945	330,274,890
Total equity attributable to owners of the Company		557,542,712	521,591,834
Non-controlling interests		364,614	232,188
Total equity		557,907,326	521,824,022

Consolidated statement of financial position as at 31 March 2017 (continued)

	Note	2017 RM	2016 RM
Liabilities			
Deferred tax liabilities	18	9,609,562	8,927,973
Total non-current liabilities		9,609,562	8,927,973
Bank borrowings	17	29,159,174	28,430,116
Trade and other payables	19	41,910,064	49,863,464
Current tax payables		4,212,183	6,455,528
Dividend payable		7,790,366	13,392,236
Total current liabilities		83,071,787	98,141,344
Total liabilities		92,681,349	107,069,317
Total equity and liabilities		650,588,675	628,893,339

The notes on pages 23 to 98 are an integral part of these financial statements.

Asia File Corporation Bhd.
(Company No. 313192 - P)
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Consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2017

	Note	2017 RM	2016 RM
Revenue	21	350,324,087	389,855,641
Cost of sales		(211,841,408)	(230,380,588)
Gross profit		138,482,679	159,475,053
Distribution costs		(14,055,625)	(13,994,266)
Administrative expenses		(68,176,516)	(71,581,542)
Other operating expenses		(2,414,717)	(3,509,747)
Other operating income		12,184,317	22,009,192
		(72,462,541)	(67,076,363)
Results from operating activities		66,020,138	92,398,690
Share of profits of equity-accounted associate, net of tax		5,183,162	6,434,637
Interest expense		(357,023)	(297,286)
Profit before tax	22	70,846,277	98,536,041
Tax expense	25	(14,782,341)	(21,878,346)
Profit for the year		56,063,936	76,657,695

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2017 (continued)

	Note	2017 RM	2016 RM
Other comprehensive income/(expense), net of tax			
Items that may be reclassified subsequently to profit or loss			
Foreign exchange translation differences for foreign operations		4,402,705	8,470,311
Fair value of available-for-sale financial assets		(782,703)	782,703
		3,620,002	9,253,014
Item that will not be reclassified subsequently to profit or loss			
Share of other comprehensive income of equity-accounted associate		2,453,526	1,129,759
Other comprehensive income for the year, net of tax		6,073,528	10,382,773
Total comprehensive income for the year		62,137,464	87,040,468
Profit attributable to:			
Owners of the Company		55,921,240	76,501,880
Non-controlling interests		142,696	155,815
Profit for the year		56,063,936	76,657,695
Total comprehensive income attributable to :			
Owners of the Company		62,005,038	86,880,851
Non-controlling interests		132,426	159,617
Total comprehensive income for the year		62,137,464	87,040,468
Basic earnings per ordinary share (sen)	26	29.07	40.08
Diluted earnings per ordinary share (sen)	26	28.98	39.67

The notes on pages 23 to 98 are an integral part of these financial statements.

Asia File Corporation Bhd.

(Company No. 313192 - P)
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Consolidated statement of changes in equity for the year ended 31 March 2017

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

Consolidated statement of changes in equity for the year ended 31 March 2017 (continued)

	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	Fair value reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 April 2016	191,317,860	(916)	2,372,295	2,136,147	10,389,798	782,703	314,593,947	521,591,834	232,188	521,824,022
Foreign exchange translation differences for foreign operations	-	-	-	-	4,412,975	-	-	4,412,975	(10,270)	4,402,705
Fair value of available-for-sale financial assets	-	-	-	-	-	(782,703)	-	(782,703)	-	(782,703)
Share of other comprehensive income of equity-accounted associates	-	-	-	-	1,261,400	-	1,192,126	2,453,526	-	2,453,526
Total other comprehensive income/(expense) for the year	-	-	-	-	5,674,375	(782,703)	1,192,126	6,083,798	(10,270)	6,073,528
Profit for the year	-	-	-	-	-	-	55,921,240	55,921,240	142,696	56,063,936
Total comprehensive income/ (expense) for the year	-	-	-	-	5,674,375	(782,703)	57,113,366	62,005,038	132,426	62,137,464
Treasury shares acquired	-	(851)	-	-	-	-	-	(851)	-	(851)
Share-based payments (Note 20)	-	-	-	70,592	-	-	-	70,592	-	70,592
Issue of shares pursuant to ESOS	3,278,835	-	1,456,543	-	-	-	-	4,735,378	-	4,735,378
Dividends (Note 27)	-	-	-	-	-	-	(30,859,279)	(30,859,279)	-	(30,859,279)
Total contribution from/ (distribution to) owners	3,278,835	(851)	1,456,543	70,592	-	-	(30,859,279)	(26,054,160)	-	(26,054,160)
Transfer to share premium for share options exercised	-	-	1,259,979	(1,259,979)	-	-	-	-	-	-
Transfer from share option reserve for options lapsed	-	-	-	(84,269)	-	-	84,269	-	-	-
Transfer in accordance with Section 618(2) of the Companies Act 2016	4,736,839	-	(5,088,817)	-	-	-	351,978	-	-	-
At 31 March 2017	199,333,534	(1,767)	-	862,491	16,064,173	-	341,284,281	557,542,712	364,614	557,907,326

The notes on pages 23 to 98 are an integral part of these financial statements.

Asia File Corporation Bhd.
(Company No. 313192 - P)
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Consolidated statement of cash flows for the year ended 31 March 2017

	Note	2017 RM	2016 RM
Cash flows from operating activities			
Profit before tax		70,846,277	98,536,041
Adjustments for :			
Depreciation			
- Property, plant and equipment	3	9,462,641	10,501,057
- Investment properties	5	41,332	41,332
Amortisation of prepaid lease payments	4	38,873	38,875
Amortisation of intangible assets	8	354,018	386,383
Gain on disposals of property, plant and equipment		(37,666)	(34,034)
Intangible assets written off		40,826	158,197
Interest expense		357,023	297,286
Interest income		(6,463,387)	(1,980,538)
Share of profit of equity-accounted associate, net of tax		(5,183,162)	(6,434,637)
Share-based payments	20	70,592	331,827
Derivative financial assets		4,207,312	(4,005,449)
Property, plant and equipment written off		2,801	26,201
Fair value gain on short term funds		(2,041,434)	-
Fair value loss on equity-linked investments		766,679	-
Operating profit before changes in working capital		72,462,725	97,862,541
Changes in working capital :			
Inventories		3,633,275	60,433
Trade and other receivables		14,241,615	(3,793,894)
Trade and other payables		(8,492,283)	(1,789,635)
Cash generated from operations		81,845,332	92,339,445
Tax paid		(16,666,949)	(19,649,069)
Net cash from operating activities		65,178,383	72,690,376

Consolidated statement of cash flows for the year ended 31 March 2017 (continued)

	Note	2017 RM	2016 RM
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(9,906,676)	(2,852,781)
Purchase of intangible assets	8	-	(626)
Proceeds from disposals of property, plant and equipment		86,914	41,175
Dividend received from associate		1,832,625	1,832,625
Interest received		6,463,387	1,980,538
Increase in other investments		(37,741,258)	(87,414,366)
Fair value gain on short term funds		2,041,434	-
Fair value loss on equity-linked investments		(766,679)	-
Net cash used in investing activities		(37,990,253)	(86,413,435)
Cash flows from financing activities			
Drawdown of short term borrowings, net		729,058	1,811,962
Repayment of term loans		-	(4,662,000)
Proceeds from shares issued under ESOS		4,735,378	2,647,987
Repurchase of treasury shares	15	(851)	(916)
Dividends paid		(36,461,149)	(28,626,619)
Interest paid		(357,023)	(297,286)
Net cash used in financing activities		(31,354,587)	(29,126,872)
Net decrease in cash and cash equivalents		(4,166,457)	(42,849,931)
Cash and cash equivalents at 1 April		75,576,622	116,128,736
Effect of exchange rate fluctuations on cash and cash equivalents		1,027,553	2,297,817
Cash and cash equivalents at 31 March	13	72,437,718	75,576,622

The notes on pages 23 to 98 are an integral part of these financial statements.

Asia File Corporation Bhd.
(Company No. 313192 - P)
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Statement of financial position as at 31 March 2017

	Note	2017 RM	2016 RM
Assets			
Investments in subsidiaries	6	202,187,056	202,116,464
Investment in an associate	7	5,192,167	5,192,167
Total non-current assets		207,379,223	207,308,631
Current tax assets		21,082	-
Other receivables	10	19,665,656	21,769,573
Cash and cash equivalents	13	2,195,651	2,633,983
Total current assets		21,882,389	24,403,556
Total assets		229,261,612	231,712,187
Equity			
Share capital	14	199,333,534	191,317,860
Treasury shares	15	(1,767)	(916)
Reserves	16	21,364,982	25,287,276
Total equity		220,696,749	216,604,220
Liabilities			
Other payables	19	774,497	1,711,581
Current tax payables		-	4,150
Dividend payable		7,790,366	13,392,236
Total current liabilities		8,564,863	15,107,967
Total equity and liabilities		229,261,612	231,712,187

The notes on pages 23 to 98 are an integral part of these financial statements.

Asia File Corporation Bhd.

(Company No. 313192 - P)
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Statement of profit or loss and other comprehensive income for the year ended 31 March 2017

	Note	2017 RM	2016 RM
Revenue	21	32,955,716	21,583,343
Administrative expenses		(2,905,191)	(3,683,712)
Other operating expenses		(67,268)	(167)
Other operating income		189,919	539,474
Results from operating activities		30,173,176	18,438,938
Interest expense		-	(9)
Profit before tax	22	30,173,176	18,438,929
Tax expense	25	(26,487)	(81,201)
Profit for the year representing total comprehensive income for the year		30,146,689	18,357,728

The notes on pages 23 to 98 are an integral part of these financial statements.

Asia File Corporation Bhd.

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

Statement of changes in equity for the year ended 31 March 2017

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

Statement of changes in equity for the year ended 31 March 2017 (continued)

	← 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 2016	191,317,860	(916)	2,020,317	2,165,885	21,101,074	216,604,220
Profit and total comprehensive income for the year	-	-	-	-	30,146,689	30,146,689
Treasury shares acquired	-	(851)	-	-	-	(851)
Share-based payment transactions (Note 20)	-	-	-	70,592	-	70,592
Shares issued pursuant to ESOS	3,278,835	-	1,456,543	-	-	4,735,378
Dividends (Note 27)	-	-	-	-	(30,859,279)	(30,859,279)
Total contribution from/(distribution to) owners of the Company	3,278,835	(851)	1,456,543	70,592	(30,859,279)	(26,054,160)
Transfer to share premium for share options exercised	-	-	1,259,979	(1,259,979)	-	-
Transfer from share option reserve for options lapsed	-	-	-	(84,269)	84,269	-
Transfer in accordance with Section 618(2) of the Companies Act 2016 (Note 14.1)	4,736,839	-	(4,736,839)	-	-	-
At 31 March 2017	199,333,534	(1,767)	-	892,229	20,472,753	220,696,749

The notes on pages 23 to 98 are an integral part of these financial statements.

Asia File Corporation Bhd.

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

Statement of cash flows for the year ended 31 March 2017

	Note	2017 RM	2016 RM
Cash flows from operating activities			
Profit before tax		30,173,176	18,438,929
Adjustments for :			
Dividend income		(30,083,476)	(17,907,842)
Interest income		(164,911)	(232,638)
Share-based payments	20	-	106,023
Fair value gain on short term funds		(894)	-
Operating (loss)/profit before changes in working capital		(76,105)	404,472
Changes in working capital :			
Other receivables	A	2,103,917	10,745,867
Other payables		(937,084)	(1,319,895)
Cash generated from operations		1,090,728	9,830,444
Tax paid		(51,719)	(83,051)
Dividend received		30,083,476	17,907,842
Net cash from operating activities		31,122,485	27,655,235
Cash flows from investing activities			
Interest received		164,911	232,638
Increase in investments in subsidiaries	B	-	(99,998)
Fair value gain on short term funds		894	-
Net cash generated from investing activities		165,805	132,640

Statement of cash flows for the year ended 31 March 2017 (continued)

	Note	2017 RM	2016 RM
Cash flows from financing activities			
Proceeds from shares issued under ESOS		4,735,378	2,647,987
Repurchase of treasury shares	15	(851)	(916)
Dividends paid		(36,461,149)	(28,626,619)
Net cash used in financing activities		(31,726,622)	(25,979,548)
Net (decrease)/increase in cash and cash equivalents		(438,332)	1,808,327
Cash and cash equivalents at 1 April		2,633,983	825,656
Cash and cash equivalents at 31 March	13	2,195,651	2,633,983

NOTES

A. *Changes in other receivables*

Changes in other receivables comprise of :

	2017 RM	2016 RM
Decrease of other receivables during the year, net	2,103,917	153,873,367
Capitalisation of amount due from subsidiaries	-	(143,127,500)
	2,103,917	10,745,867

B. *Increase in investments in subsidiaries*

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

Asia File Corporation Bhd.
(Company No. 313192 - P)
(Incorporated in Malaysia)
and its subsidiaries

Notes to the financial statements

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

Registered office

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

Principal place of business

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

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associate.

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

These financial statements were authorised for issue by the Board of Directors on 14 July 2017.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2017

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

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

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

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

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

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

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations in the respective financial years when the abovementioned standards, amendments or interpretations become effective.

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

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

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

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

(ii) MFRS 9, *Financial Instruments*

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

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

(iii) MFRS 16, *Leases*

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

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

(b) Basis of measurement

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

1. Basis of preparation (continued)

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in Note 5 - Valuation of investment properties, Note 8 - Intangible assets and Note 9 - Inventories.

2. Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

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

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

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

(ii) Business combinations

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

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

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

(iii) Acquisitions of non-controlling interests

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

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

(v) Associates

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

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

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

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

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 remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

(vi) Non-controlling interests

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

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

(vii) Transactions eliminated on consolidation

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

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.

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

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

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

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

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

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

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

(c) Financial instruments

(i) Initial recognition and measurement

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

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

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

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

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

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

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

(b) Loans and receivables

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

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

(c) Available-for-sale financial assets

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

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

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

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

Financial assets (continued)

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

Financial liabilities

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

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

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

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

(iii) Financial guarantee contracts

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

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

(iv) Regular way purchase or sale of financial assets

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

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

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

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

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

(v) Derecognition

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

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

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

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

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

2. Significant accounting policies (continued)

(e) Leased assets

Operating leases

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

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

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

(f) Intangible assets

(i) Goodwill

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

(ii) Other intangible assets

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

(iii) Subsequent expenditure

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

(iv) Amortisation

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

2. Significant accounting policies (continued)

(f) Intangible assets (continued)

(iv) Amortisation (continued)

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

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

- Customer contracts – 7 years

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

(g) Investment property

(i) Investment property carried at cost

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

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

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

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

(ii) Reclassification to/from investment property

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

2. Significant accounting policies (continued)

(g) Investment property (continued)

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

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

(iii) Determination of fair value

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

(h) Impairment

(i) Financial assets

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

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

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

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

2. Significant accounting policies (continued)

(h) Impairment (continued)

(i) Financial assets (continued)

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

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

(ii) Other assets

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

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

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

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

2. Significant accounting policies (continued)

(h) Impairment (continued)

(ii) Other assets (continued)

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

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

(i) Inventories

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

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

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

(j) Cash and cash equivalents

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

2. Significant accounting policies (continued)

(k) Provisions

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

(l) Equity instruments

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

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

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

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

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

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

(m) Borrowing costs

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

2. Significant accounting policies (continued)

(m) Borrowing costs (continued)

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

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

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

(n) Revenue and other income

(i) Goods sold

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

(ii) Rental income

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

(iii) Dividend income

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

2. Significant accounting policies (continued)

(n) Revenue and other income (continued)

(iv) Commission

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

(v) Interest income

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

(o) Income tax

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

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

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

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

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

2. Significant accounting policies (continued)

(o) Income tax (continued)

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

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

(p) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

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

(iii) Share-based payment transactions

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

2. Significant accounting policies (continued)

(p) Employee benefits (continued)

(iii) Share-based payment transactions (continued)

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

(q) Earnings per ordinary share

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

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

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

(r) Operating segments

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

(s) Contingencies

(i) Contingent liabilities

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

2. Significant accounting policies (continued)

(s) Contingencies (continued)

(ii) Contingent assets

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

(t) Fair value measurements

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

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

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

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

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

3. Property, plant and equipment - Group

	Freehold land RM	Buildings RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Asset under construction RM	Total RM
Cost							
At 1 April 2015	14,760,519	80,062,616	154,008,451	16,947,944	8,795,975	180,522	274,756,027
Additions	-	384,007	1,675,087	523,333	270,354	-	2,852,781
Disposals	-	(255,120)	(593,057)	(274,667)	(107,315)	-	(1,230,159)
Write off	-	(26,032)	-	(12,913)	-	-	(38,945)
Reclassification	-	180,522	-	-	-	(180,522)	-
Effect of movements in exchange rates	312,598	3,539,001	6,694,695	1,404,825	400,942	-	12,352,061
At 31 March 2016/1 April 2016	15,073,117	83,884,994	161,785,176	18,588,522	9,359,956	-	288,691,765
Additions	-	598,137	3,024,035	703,411	459,113	5,121,980	9,906,676
Disposals	-	-	(2,581,633)	(77,219)	(523,248)	-	(3,182,100)
Write off	-	-	(228,834)	(22,405)	-	-	(251,239)
Effect of movements in exchange rates	205,892	1,984,530	4,016,330	914,882	221,831	-	7,343,465
At 31 March 2017	15,279,009	86,467,661	166,015,074	20,107,191	9,517,652	5,121,980	302,508,567

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	Asset under construction RM	Total RM
Accumulated depreciation							
At 1 April 2015	-	30,402,730	118,111,030	14,409,536	7,386,860	-	170,310,156
Depreciation for the year	-	2,212,287	6,507,940	885,008	895,822	-	10,501,057
Disposals	-	(255,120)	(593,052)	(272,251)	(102,595)	-	(1,223,018)
Write off	-	(651)	-	(12,093)	-	-	(12,744)
Effect of movements in exchange rates	-	2,017,727	5,029,872	1,166,769	289,317	-	8,503,685
At 31 March 2016/1 April 2016	-	34,376,973	129,055,790	16,176,969	8,469,404	-	188,079,136
Depreciation for the year	-	2,155,045	5,984,599	841,458	481,539	-	9,462,641
Disposals	-	-	(2,581,633)	(77,219)	(473,999)	-	(3,132,851)
Write off	-	-	(226,634)	(21,804)	-	-	(248,438)
Effect of movements in exchange rates	-	1,401,792	3,454,247	802,343	204,029	-	5,862,411
At 31 March 2017	-	37,933,810	135,686,369	17,721,747	8,680,973	-	200,022,899

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	Asset under construction RM	Total RM
Carrying amounts							
At 1 April 2015	14,760,519	49,659,886	35,897,421	2,538,408	1,409,115	180,522	104,445,871
At 31 March 2016/1 April 2016	15,073,117	49,508,021	32,729,386	2,411,553	890,552	-	100,612,629
At 31 March 2017	15,279,009	48,533,851	30,328,705	2,385,444	836,679	5,121,980	102,485,668

3.1 Asset under construction

Included in asset under construction is freehold land with carrying amount of RM2,100,000 (2016 : RM Nil).

4. Prepaid lease payments - Group

	Unexpired period less than 50 years RM
Cost	
At 1 April 2015/31 March 2016/1 April 2016/31 March 2017	2,294,116
Amortisation	
At 1 April 2015	732,289
Amortisation for the year	38,875
At 31 March 2016/1 April 2016	771,164
Amortisation for the year	38,873
At 31 March 2017	810,037
Carrying amounts	
At 1 April 2015	1,561,827
At 31 March 2016/1 April 2016	1,522,952
At 31 March 2017	1,484,079

5. Investment properties - Group

	RM
Buildings	
Cost	
At 1 April 2015/31 March 2016/1 April 2016/31 March 2017	2,066,583

5. Investment properties - Group (continued)

	RM
Accumulated depreciation	
At 1 April 2015	596,448
Depreciation for the year	41,332
At 31 March 2016/1 April 2016	637,780
Depreciation for the year	41,332
At 31 March 2017	679,112
Carrying amounts	
At 1 April 2015	1,470,135
At 31 March 2016/1 April 2016	1,428,803
At 31 March 2017	1,387,471

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

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

	2017 RM	2016 RM
Rental income	244,625	228,000
Direct operating expenses - income generating investment properties	15,583	15,583

Fair value information

The fair value of the investment properties as at 31 March 2017 was 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 (2016 : RM4,000,000).

5. Investment properties - Group (continued)

Fair value information (continued)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment properties**.** The valuation technique used in determination of fair value within Level 3 is as follows:

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison approach: This approach entails comparing the property with similar properties that were listed for sale within the same locality or other comparable localities.	Price per square foot (RM139)	The estimated fair value would increase (decrease) if the price per square foot is higher (lower).

Valuation processes applied by the Group for Level 3 fair value

The fair value of investment properties is based on estimates of market value by Directors by comparing the Group's investment properties with similar properties that were listed for sale within the same locality or other comparable localities. The fair value of the Company's investment property and changes in Level 3 fair values are analysed by management annually.

6. Investments in subsidiaries - Company

	2017 RM	2016 RM
Unquoted shares, at cost	198,068,043	198,068,043
Add: Share-based payment allocated to subsidiaries	4,119,013	4,048,421
	202,187,056	202,116,464

6. Investments in subsidiaries - Company (continued)

Details of the subsidiaries are as follows :

Name of subsidiary	Effective ownership interest 2017	Effective ownership interest 2016	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
Premier Stationery Limited *	95%	95%	United Kingdom	Import and distribution of stationery products
Premier Stationery Pte. Ltd. *	100%	100%	Singapore	Trading of stationery products
Higher Kings Mill Limited *	100%	100%	United Kingdom	Manufacture and sale of coloured paper and boards for filing, educational and other specialty markets

6. Investments in subsidiaries - Company (continued)

Details of the subsidiaries are as follows (continued) :

Name of subsidiary	Effective ownership interest 2017	Effective ownership interest 2016	Country of incorporation	Principal activities
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 member firms of KPMG International

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

7. Investment in an associate

	2017 RM	2016 RM
Group		
At cost		
Quoted shares in Malaysia	47,041,909	47,041,909
Share of post acquisition reserves and results	93,704,735	87,900,672
	140,746,644	134,942,581
Market value of quoted shares	100,794,375	125,229,375
Company		
At cost		
Quoted shares in Malaysia	5,192,167	5,192,167
Market value of quoted shares	10,331,310	12,835,870

7. Investment in an associate (continued)

Details of the associate are as follows :

Name of associate	Effective ownership interest 2017 %	Effective ownership interest 2016 %	Country of incorporation	Principal activity
Muda Holdings Berhad	20.03	20.03	Malaysia	Investment holding

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

	2017 RM'000	2016 RM'000
Muda Holdings Berhad		
Summarised financial information		
As at 31 March		
Non-current assets	887,015	843,543
Current assets	564,971	517,239
Non-current liabilities	(153,191)	(145,518)
Current liabilities	(570,956)	(518,559)
Non-controlling interests	(25,147)	(23,001)
Net assets	702,692	673,704
Year ended 31 March		
Profit from continuing operations	25,877	32,125
Other comprehensive income	12,242	5,642
Total comprehensive income	38,119	37,767
Included in the total comprehensive income is :		
Revenue	1,243,974	1,157,888

7. Investment in an associate (continued)

	2017 RM'000	2016 RM'000
Reconciliation of net assets to carrying amount **As at 31 March**		
Group's share of net assets representing the carrying amount of the associate in the statement of financial position	140,747	134,943
Group's share of results **Year ended 31 March**		
Group's share of profit or loss from continuing operations	5,183	6,435
Group's share of other comprehensive income	2,454	1,130
Group's share of total comprehensive income	7,637	7,565
Other information		
Dividends received	1,833	1,833

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

8. Intangible assets - Group

	Goodwill RM	Customer contracts RM	Total RM
Group			
Cost			
At 1 April 2015	30,234,456	2,412,663	32,647,119
Addition	-	626	626
Write off	-	(194,607)	(194,607)
Effect of movements in exchange rates	-	390,182	390,182
At 31 March 2016/1 April 2016	30,234,456	2,608,864	32,843,320
Write off	-	(52,259)	(52,259)
Effect of movements in exchange rates	-	164,523	164,523
At 31 March 2017	30,234,456	2,721,128	32,955,584

8. Intangible assets - Group (continued)

	Goodwill RM	Customer contracts RM	Total RM
Group			
Amortisation			
At 1 April 2015	-	548,854	548,854
Amortisation for the year	-	386,383	386,383
Write off	-	(36,410)	(36,410)
Effect of movements in exchange rates	-	184,493	184,493
At 31 March 2016/1 April 2016	-	1,083,320	1,083,320
Amortisation for the year	-	354,018	354,018
Write off	-	(11,433)	(11,433)
Effect of movements in exchange rates	-	74,598	74,598
At 31 March 2017	-	1,500,503	1,500,503
Carrying amounts			
At 1 April 2015	30,234,456	1,863,809	32,098,265
At 31 March 2016/1 April 2016	30,234,456	1,525,544	31,760,000
At 31 March 2017	30,234,456	1,220,625	31,455,081

Goodwill has been allocated to the Group's cash-generating units ("CGU") identified in a foreign subsidiary company's operations acquired in the previous year. The aggregate carrying amount of goodwill allocated was RM30.2 million (2016: 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 applied of approximately 9%. Discount rates used are based on the pre-tax weighted average cost of capital plus an appropriate risk premium, where applicable, at the assessment of the respective CGU. Cash flow projections are based on five years financial budgets.

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

9. Inventories - Group

	2017 RM	2016 RM
Raw materials	63,792,256	62,161,815
Work-in-progress	4,808,118	3,918,194
Manufactured inventories	37,339,532	41,878,634
	105,939,906	107,958,643

10. Trade and other receivables

	Note	2017 RM	2016 RM
Group			
Trade			
Trade receivables	10.1	59,980,760	73,495,871
Non-trade			
Other receivables		6,528,017	6,207,359
Deposits		504,167	575,606
Prepayments		2,268,929	2,377,354
		9,301,113	9,160,319
		69,281,873	82,656,190
Company			
Non-trade			
Amount due from subsidiaries	10.2	19,663,347	21,750,279
Other receivables		2,309	19,294
		19,665,656	21,769,573

10.1 Trade receivables

The Group's normal credit terms for trade receivables range from 30 to 90 days (2016: 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 RM53,882 (2016 : RM48,547) which are subject to the normal credit terms.

10. Trade and other receivables (continued)

10.2 Amount due from subsidiaries

The current non-trade receivables due from subsidiaries are unsecured, interest-free and repayable on demand other than an amount of RM450,242 (2016: RM3,665,369) due from a subsidiary which carries interest at 4.5% (2016: 4.5%) per annum.

11. Derivative financial assets - Group

	2017		2016	
	Nominal value RM	Assets RM	Nominal value RM	Assets RM
Derivative held for trading at fair value through profit or loss - Forward exchange contracts	-	-	33,268,545	4,207,312

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

12. Other investments - Group

	Note	2017 RM	2016 RM
Available-for-sale financial assets :			
Short term funds	12.1	32,521,032	84,613,409
Investments in dual currency structured products		-	3,583,660
		32,521,032	88,197,069
Financial assets at fair value through profit or loss :			
Investments in dual currency structured product		38,401,271	-
Equity-linked investments		54,233,321	-
		92,634,592	-
		125,155,624	88,197,069

12. Other investments - Group (continued)

	Note	2017 RM	2016 RM
Market value of financial assets		125,155,624	88,197,069

12.1 Short term funds

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

13. Cash and cash equivalents

	Note	2017 RM	2016 RM
Group			
Short term deposits with licensed banks		4,720,000	-
Short term funds	13.1	7,565,603	15,579,538
Cash and bank balances		60,152,115	59,997,084
		72,437,718	75,576,622
Company			
Short term funds	13.1	762,216	1,920,398
Cash and bank balances		1,433,435	713,585
		2,195,651	2,633,983

13.1 Short term funds

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

14. Share capital - Group/Company

	2017		2016	
	Amount RM	**Number of shares**	**Amount RM**	**Number of shares**
Ordinary shares, issued and fully paid :				
Balance at 1 April	191,317,860	191,317,860	189,990,240	189,990,240
Issued under ESOS, for cash at :				
RM1.96 per share	934,091	530,200	285,720	285,720
RM2.57 per share	-	-	32,000	32,000
RM1.94 per share	2,180,424	1,698,580	916,840	916,840
RM2.44 per share	164,320	164,320	93,060	93,060
	3,278,835	2,393,100	1,327,620	1,327,620
Transfer from share premium in accordance with Section 618(2) of the Companies Act 2016 (Note 14.1)	4,736,839	-	-	-
Balance at 31 March	199,333,534	193,710,960	191,317,860	191,317,860

14.1 In accordance with Section 618(2) of Companies Act 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has twenty-four months upon the commencement of Companies Act 2016 on 31 January 2017 to utilise the credit.

14.2 Included in share capital is share premium amounting to RM4,736,839 that is available to be utilised in accordance with Section 618(3) of Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74).

15. Treasury shares - Group/Company

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

During the financial year, the Company repurchased 200 (2016 : 200) of its issued share capital from the open market at an average price of RM3.95 (2016 : RM4.27) per share. The total consideration paid was RM851 (2016 : RM916) including transaction costs of RM62 (2016 : RM62). The repurchase transactions were financed by internally generated funds. The shares repurchased are retained as treasury shares.

As at 31 March 2017, the ordinary shares held as treasury shares were 400 (2016: 200). The number of outstanding ordinary shares in issue and fully paid-up after deducting the treasury shares held is 193,710,560 (2016 : 191,317,660). Treasury shares held have no rights to voting, dividends and participation in other distribution.

16. Reserves

	2017 RM	2016 RM
Group		
Non-distributable :		
Translation reserve	16,064,173	10,389,798
Fair value reserve	-	782,703
Share premium on ordinary shares		
Balance at 1 April	2,372,295	351,978
Issue of shares at :		
- RM1.96 per share	105,101	274,291
- RM2.57 per share	-	50,240
- RM1.94 per share	1,114,821	861,830
- RM2.44 per share	236,621	134,006
Share options exercised	1,259,979	699,950
Transfer to share capital in accordance with Section 618(2) of the Companies Act 2016 (Note 14.1)	(4,736,839)	-
Transfer to retained earnings	(351,978)	-
Balance at 31 March	-	2,372,295
Share option reserve	862,491	2,136,147
Distributable :		
Retained earnings	341,284,281	314,593,947
	358,210,945	330,274,890

16. Reserves (continued)

	2017 RM	2016 RM
Company		
Non-distributable :		
Share premium on ordinary shares		
Balance at 1 April	2,020,317	-
Issue of shares at :		
- RM1.96 per share	105,101	274,291
- RM2.57 per share	-	50,240
- RM1.94 per share	1,114,821	861,830
- RM2.44 per share	236,621	134,006
Share options exercised	1,259,979	699,950
Transfer to share capital in accordance with Section 618(2) of the Companies Act 2016 (Note 14.1)	(4,736,839)	-
Balance at 31 March	-	2,020,317
Non-distributable :		
Share option reserve	892,229	2,165,885
Distributable :		
Retained earnings	20,472,753	21,101,074
	21,364,982	25,287,276

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

17. Bank borrowings - Group

	2017 RM	2016 RM
Unsecured		
Foreign currency trade loans	29,159,174	28,430,116

17.1 Interest rates

The foreign currency trade loans are denominated in US Dollar and are subject to interest at rates ranging from 1.38% - 1.95% (2016 : 0.65% - 1.52%) per annum.

18. Deferred tax assets/(liabilities) - Group

Recognised deferred tax assets/(liabilities)

Deferred tax assets/(liabilities) are attributable to the following :

	Assets		Liabilities		Net	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Property, plant and equipment						
- revaluation	-	-	(879,464)	(879,464)	(879,464)	(879,464)
- capital allowances	14,396	-	(7,310,640)	(7,417,756)	(7,296,244)	(7,417,756)
- fair value adjustment	-	-	(1,820,474)	(1,820,474)	(1,820,474)	(1,820,474)
Provisions	-	-	401,016	1,189,721	401,016	1,189,721
	14,396	-	(9,609,562)	(8,927,973)	(9,595,166)	(8,927,973)

Movement in temporary difference during the year

Group	**At 1.4.2015 RM**	**Recognised in profit or loss (Note 25) RM**	**Translation difference RM**	**At 31.3.2016/ 1.4.2016 RM**	**Recognised in profit or loss (Note 25) RM**	**Translation difference RM**	**At 31.3.2017 RM**
Property, plant and equipment							
- revaluation	(879,464)	-	-	(879,464)	-	-	(879,464)
- capital allowance	(6,693,664)	(544,395)	(179,697)	(7,417,756)	263,782	(142,270)	(7,296,244)
- fair value adjustment	(1,820,474)	-	-	(1,820,474)	-	-	(1,820,474)
Provisions	1,099,301	90,420	-	1,189,721	(788,705)	-	401,016
	(8,294,301)	(453,975)	(179,697)	(8,927,973)	(524,923)	(142,270)	(9,595,166)

19. Trade and other payables

	Note	2017 RM	2016 RM
Group			
Trade			
Trade payables	19.1	21,935,324	25,731,105
Non-trade			
Other payables		8,193,459	7,885,712
Accrued expenses		11,781,281	16,246,647
		19,974,740	24,132,359
		41,910,064	49,863,464
Company			
Non-trade			
Other payables		477,175	1,417,447
Accrued expenses		297,322	294,134
		774,497	1,711,581

19.1 Trade payables

The Group's normal credit terms for trade payables range from 30 to 90 days (2016 : 30 to 90 days). Trade payables include amount due to companies related to the associates of the Group of RM855,732 (2016: RM608,758) which are subject to the normal credit terms.

20. Employee benefits - Group/Company

Share Option Plan

The Group offers vested share options over ordinary shares to Non-Executive Directors, 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 2017 RM	Number of options 2017	Weighted average exercise price 2016 RM	Number of options 2016
Outstanding at 1 April	1.96	788,200	1.96	1,073,920
Outstanding at 1 April	2.57	472,000	2.57	504,000
Outstanding at 1 April	1.94	2,264,920	1.94	3,333,920
Outstanding at 1 April	2.44	413,220	2.44	661,120
		3,938,340		5,572,960
Exercised during the year	1.96	(530,200)	1.96	(285,720)
Exercised during the year	2.57	-	2.57	(32,000)
Exercised during the year	1.94	(1,698,580)	1.94	(916,840)
Exercised during the year	2.44	(164,320)	2.44	(93,060)
Total exercised during the year		(2,393,100)		(1,327,620)
Lapsed due to resignation	1.96	(115,200)	1.96	-
Lapsed due to resignation	2.57	-	2.57	-
Lapsed due to resignation	1.94	(42,080)	1.94	(152,160)
Lapsed due to resignation	2.44	(23,760)	2.44	(154,840)
Total lapsed due to resignation		(181,040)		(307,000)
Outstanding at 31 March	2.24	1,364,200	2.07	3,938,340
Exercisable at 31 March		1,364,200		3,756,760

The outstanding options as at 31 March 2017 and 2016 have exercise prices of RM1.96, RM2.57, RM1.94 and RM2.44 respectively. The weighted average option life is less than 1 year (2016 : 1 year).

During the year, 2,393,100 (2016 : 1,327,620) share options were exercised. The weighted average share price for the year was RM3.86 (2016 : RM4.10).

20. 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
2017/2016			
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
Fair value after adjusted for bonus issue			
- 27.4.2007	0.28	0.28	0.28
- 20.4.2009	0.38	0.38	0.38
- 3.10.2011	0.48	0.48	0.48
- 27.3.2014	1.79	1.79	1.79

Exercise price :	
- at grant date	RM3.14, RM4.11, RM3.10 and RM3.90
- after adjustment for bonus issue	RM1.96, RM2.57, RM1.94 and RM2.44
Expected volatility (weighted average volatility)	19.42%, 22.04%, 31.50% and 20%
Option life (expected weighted average life)	3 to 5 years
Expected dividends	5.5% to 6.46%
Risk-free interest rate (based on Malaysian government bonds)	2.82% to 3.45%

20. Employee benefits - Group/Company (continued)

Value of employee services received for issue of share options

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Recognised as staff cost in profit or loss (Note 24)	70,592	331,827	-	106,023
Additions to investments in subsidiaries	-	-	70,592	225,804
	70,592	331,827	70,592	331,827

21. Revenue

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Invoiced value of goods sold less discounts and returns	350,218,809	389,765,395	-	-
Gross dividends receivable				
- subsidiaries	-	-	29,895,634	17,720,000
- associate	-	-	187,842	187,842
Commission income	105,278	90,246	105,278	90,246
Management fees				
- subsidiaries	-	-	2,766,962	3,585,255
	350,324,087	389,855,641	32,955,716	21,583,343

22. Profit before tax

Profit before tax is arrived at :

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
After charging :				
Auditors' remuneration				
- Audit fee				
KPMG Malaysia				
- Current year	90,000	78,000	18,000	15,000
- Prior year	4,000	2,000	-	-
Overseas affiliate of KPMG Malaysia	113,280	106,560	-	-
Other auditors	146,284	141,343	-	-
- Non-audit fees				
KPMG Malaysia				
- Current year	14,000	15,500	17,000	14,000
- Prior year	-	1,500	-	-
Overseas affiliate of KPMG Malaysia	22,858	23,192	-	-
Consultancy fee paid to a company in which a Director of a subsidiary has a substantial financial interest	398,600	441,714	-	-
Amortisation of prepaid lease payments (Note 4)	38,873	38,875	-	-
Amortisation of intangible assets (Note 8)	354,018	386,383	-	-
Depreciation				
- property, plant and equipment (Note 3)	9,462,641	10,501,057	-	-
- investment properties (Note 5)	41,332	41,332	-	-
Rental of premises	1,558,870	2,091,010	-	-
Loss on foreign exchange				
- realised	1,287,609	-	59,266	-
- unrealised	1,264,189	1,308,078	7,611	-
Interest expense	357,023	297,286	-	-
Property, plant and equipment written off	2,801	26,201	-	-
Bad debts written off	13,623	2,136	-	-
Intangible assets written off	40,826	158,197	-	-
Fair value loss on equity-linked investments	766,679	-	-	-

22. Profit before tax (continued)

Profit before tax is arrived at (continued) :

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
and after crediting :				
Interest income				
- subsidiary	-	-	99,379	232,068
- financial institutions	6,463,387	1,980,538	65,532	570
Gain on disposals of property, plant and equipment	37,666	34,034	-	-
Fair value gain on short term funds	2,041,434	-	894	-
Rental income on premises	250,385	233,160	-	-
Reversal of impairment loss on trade receivables	18,384	44,084	-	-
Gain on foreign exchange				
- realised	-	13,571,652	-	203,438
- unrealised	-	-	-	90,002

23. Key management personnel compensations

The key management personnel compensations are as follows :

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Directors of the Company				
- Fees	271,000	265,500	256,000	246,000
- Remuneration	1,415,354	1,943,318	1,415,354	1,943,318
Other Directors				
- Fees	51,810	52,430	-	-
- Remuneration	2,178,795	2,673,540	-	-
	3,916,959	4,934,788	1,671,354	2,189,318

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.

23. Key management personnel compensations (continued)

The estimated monetary value of benefits received by Directors of the Company and other Directors otherwise than in cash amounted to RM38,291 (2016 : RM56,000) and RM241,248 (2016 : RM234,420) respectively.

24. Employee information

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Staff costs	61,930,774	68,193,207	2,479,268	3,149,402
Share-based payments	70,592	331,827	-	106,023
	62,001,366	68,525,034	2,479,268	3,255,425

Included in staff costs of the Group and of the Company is an amount of RM3,682,628 (2016 : RM3,836,705) and RM266,104 (2016 : RM338,634) respectively representing contributions made to the statutory pension funds.

25. Tax expense

Recognised in profit or loss

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Current tax expense				
Malaysian - current year	10,596,237	18,043,712	26,237	79,712
- prior year	14,243	(4,964)	250	1,489
Overseas - current year	3,644,258	3,185,752	-	-
- prior year	2,680	199,871	-	-
Total current tax	14,257,418	21,424,371	26,487	81,201
Deferred tax expense				
Malaysian - current year	(219,420)	(49,242)	-	-
- prior year	5,000	8,242	-	-
Overseas - current year	739,343	494,975	-	-
Total deferred tax	524,923	453,975	-	-
Total tax expense	14,782,341	21,878,346	26,487	81,201

25. Tax expense (continued)

Reconciliation of tax expense

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Profit before tax	70,846,277	98,536,041	30,173,176	18,438,929
Less : share of results of equity-accounted associate	(5,183,162)	(6,434,637)	-	-
	65,663,115	92,101,404	30,173,176	18,438,929
Tax at Malaysian tax rate of 24%	15,759,148	22,104,337	7,241,562	4,425,343
Effect of different tax rates in foreign jurisdictions	(256,097)	(449,760)	-	-
Effect of utilisation of tax losses not previously recognised	(66,480)	(63,021)	-	-
Non-deductible expenses	494,720	1,142,361	44,945	80,548
Income not subject to tax	(751,379)	(577,172)	(7,265,780)	(4,429,226)
Tax incentives	(403,974)	(292,507)	-	-
Effect of changes in tax rate*	-	(118,904)	-	-
Others	(15,520)	(70,137)	5,510	3,047
Under provided in prior year	21,923	203,149	250	1,489
	14,782,341	21,878,346	26,487	81,201

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

26. Earnings per ordinary share - Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the profit attributable to the owners of the Company of RM55,921,240 (2016 : RM76,501,880) and a weighted average number of ordinary shares outstanding of RM192,381,339 (2016 : 190,894,948) calculated as follows :

	2017	**2016**
Issued ordinary shares at 1 April	191,317,860	189,990,240
Effect of shares issued during the year	1,063,812	904,833
Effect of treasury shares held	(333)	(125)
Weighted average number of ordinary shares at 31 March	192,381,339	190,894,948

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share is based on the profit attributable to the owners of the Company of RM55,921,240 (2016 : RM76,501,880) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows :

	2017	**2016**
Weighted average number of ordinary shares at 31 March	192,381,339	190,894,948
Effect of dilution of unexercised share options	572,172	1,949,365
Weighted average number of ordinary shares (diluted) at 31 March	192,953,511	192,844,313

27. Dividends

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

	Sen per share	Total amount RM	Date of payment
2017			
2016 final dividend on 192,100,160 ordinary shares	9.0	17,289,015	29 September 2016
2017 interim dividend on 192,663,280 ordinary shares	3.0	5,779,898	19 January 2017
2017 second interim dividend on 194,759,160 ordinary shares	4.0	7,790,366	25 May 2017
		30,859,279	
2016			
2015 final dividend on 191,010,680 ordinary shares	9.0	17,190,961	17 December 2015
2016 interim dividend on 191,317,660 ordinary shares	7.0	13,392,236	28 April 2016
		30,583,197	

A final dividend of 9 sen per ordinary share amounting to RM17,289,015 proposed in the last financial year and approved by the members in the last Annual General Meeting was paid on 29 September 2016 and accordingly, this amount has been appropriated from the retained earnings in this financial year.

At the forthcoming Annual General Meeting, a final dividend of 9 sen per ordinary share in respect of the financial year ended 31 March 2017 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 2018.

28. Related parties - Group/Company

Identity of related parties

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

The Group has related party relationships with the following :

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

ii) Companies in which a Director, Dato' Lim Soon Huat and his close family members collectively have controlling interests - Asia Educational Supplies Sdn. Bhd. ("AESSB"), Dynamic Office Sdn. Bhd. ("DOSB") and Dynamic Consulting & Engineering Sdn. Bhd. ("DCESB").

iii) Company in which a Director of a subsidiary, Mr. R.C. Martin, has substantial financial interests - Christopher Martin Ltd.

iv) Key management personnel of the Group

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

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Notes 10 and 19.

Group

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

	2017 RM	**2016 RM**
- Purchases	2,199,377	2,382,411

28. Related parties - Group/Company (continued)

Significant related party transactions (continued)

Group

b) 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 :

		2017 RM	2016 RM
Sales	- AESSB	232,766	271,711
	- DOSB	1,880	1,310
Purchases	- AESSB	45,003	36,780
	- DOSB	94,333	71,891
	- DCESB	12,980	-

c) Transactions with key management personnel :

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

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

	2017 RM	2016 RM
Consultancy fee paid to a company in which a Director of a subsidiary has substantial financial interest	398,600	441,714
Rental paid to a Director of a subsidiary	9,600	9,600

Company

a) Transactions entered into between the Company and its subsidiaries

	2017 RM	2016 RM
- Dividend income received	29,895,634	17,720,000
- Management fee receivable	2,766,962	3,585,255

29. Capital commitment - Group

	2017 RM	2016 RM
Property, plant and equipment		
Contracted but not provided for	6,027,857	28,000

30. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows :

	2017 RM'000	2016 RM'000
Less than 1 year	1,456	1,487
Between 1 and 5 years	2,911	4,462
	4,367	5,949

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

31. Contingent liabilities - Company

i) *Corporate guarantee - Unsecured*

The Company has given corporate guarantees to certain financial institutions for banking facilities granted to its subsidiaries for RM125,597,000 (2016 : RM133,222,000) of which RM29,159,174 (2016 : RM28,430,116) were utilised at the end of the reporting period.

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

iii) The Company has given corporate guarantee of RM11,040,000 (2016 : RM11,280,000) to a supplier of its subsidiary, Higher Kings Mill Limited.

32. Operating segments - Group

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

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

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

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

Geographical information

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

	Revenue		**Non-current assets**	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Malaysia	33,621,908	36,200,200	53,209,833	50,046,596
Asia (excluding Malaysia)	9,475,679	13,048,163	-	264
Europe	277,203,229	298,105,337	83,602,466	85,277,524
America	11,842,791	23,086,196	-	-
Others	18,180,480	19,415,745	-	-
Consolidated	350,324,087	389,855,641	136,812,299	135,324,384

Major customer

A major customer of the Group, with revenue equal or more than 10% of the Group's total revenue, contributes approximately RM56,743,753 (2016 : RM57,608,469) of the Group's total revenue.

33. Financial instruments

33.1 Categories of financial instruments

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

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

	Carrying amount RM	L&R RM	FVTPL RM	AFS RM
Group				
Financial assets				
2017				
Trade and other receivables	67,012,944	67,012,944	-	-
Other investments	125,155,624	-	92,634,592	32,521,032
Cash and cash equivalents	72,437,718	72,437,718	-	-
	264,606,286	139,450,662	92,634,592	32,521,032
2016				
Trade and other receivables	79,703,230	79,703,230	-	-
Derivative financial assets	4,207,312	-	4,207,312	-
Other investments	88,197,069	-	-	88,197,069
Cash and cash equivalents	75,576,622	75,576,622	-	-
	247,684,233	155,279,852	4,207,312	88,197,069

33. Financial instruments (continued)

33.1 Categories of financial instruments (continued)

	Carrying amount RM	L&R RM
Company		
Financial assets		
2017		
Other receivables	19,665,656	19,665,656
Cash and cash equivalents	2,195,651	2,195,651
	21,861,307	21,861,307
2016		
Other receivables	21,769,573	21,769,573
Cash and cash equivalents	2,633,983	2,633,983
	24,403,556	24,403,556

	Carrying amount RM	FL RM
Group		
Financial liabilities		
2017		
Bank borrowings	(29,159,174)	(29,159,174)
Trade and other payables	(41,910,064)	(41,910,064)
	(71,069,238)	(71,069,238)
2016		
Bank borrowings	(28,430,116)	(28,430,116)
Trade and other payables	(49,863,464)	(49,863,464)
	(78,293,580)	(78,293,580)

33. Financial instruments (continued)

33.1 Categories of financial instruments (continued)

	Carrying amount RM	FL RM
Company		
Financial liabilities		
2017		
Other payables	(774,497)	(774,497)
2016		
Other payables	(1,711,581)	(1,711,581)

33.2 Net gains and losses arising from financial instruments

	2017 RM	2016 RM
Group		
Net gains/(losses) arising on :		
Loans and receivables	(1,855,418)	10,078,748
Fair value through profit or loss	3,887,966	4,207,312
Available-for-sale financial assets :		
- recognised in other comprehensive income	-	782,703
- reclassified from equity to profit or loss	(782,703)	-
- recognised in profit or loss	3,158,557	-
	2,375,854	782,703
Financial liabilities measured at amortised cost	(357,023)	(297,286)
	4,051,379	14,771,477
Company		
Net gains arising on :		
Loans and receivables	98,928	526,078

33. Financial instruments (continued)

33.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

33.4 Credit risk

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

Receivables

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

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

33. Financial instruments (continued)

33.4 Credit risk (continued)

Receivables (continued)

Impairment losses

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

	Gross RM	Individual impairment RM	Collective impairment RM	Net RM
Group				
2017				
Not past due	49,825,598	(37,640)	(33,081)	49,754,877
Past due 1 - 30 days	9,487,396	-	-	9,487,396
Past due 31 - 60 days	634,400	-	-	634,400
Past due 61 - 90 days	62,949	-	-	62,949
Past due more than 90 days	554,596	(409,131)	(104,327)	41,138
Net trade receivables	60,564,939	(446,771)	(137,408)	59,980,760
2016				
Not past due	44,735,880	(29,571)	(39,979)	44,666,330
Past due 1 - 30 days	17,737,325	-	-	17,737,325
Past due 31 - 60 days	9,859,126	-	-	9,859,126
Past due 61 - 90 days	970,571	-	-	970,571
Past due more than 90 days	765,858	(371,378)	(131,961)	262,519
Net trade receivables	74,068,760	(400,949)	(171,940)	73,495,871

33. Financial instruments (continued)

33.4 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

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

	2017 RM	2016 RM
At 1 April	572,889	563,842
Impairment loss recognised	16,508	20,644
Impairment loss reversed	(34,892)	(64,728)
Translation difference	29,674	53,131
At 31 March	584,179	572,889

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

Financial guarantees

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM29,159,174 (2016: RM28,430,116) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

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

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

33. Financial instruments (continued)

33.4 Credit risk (continued)

Inter company balances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

Impairment losses

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

33.5 Liquidity risk

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

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

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

33. Financial instruments (continued)

33.5 Liquidity risk (continued)

Maturity analysis

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

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2017							
Group							
Non-derivative financial liabilities							
Unsecured foreign currency trade loans	29,159,174	1.38 - 1.95	29,217,075	29,217,075	-	-	-
Trade and other payables	41,910,064	-	41,910,064	41,910,064	-	-	-
	71,069,238		71,127,139	71,127,139	-	-	-

33. Financial instruments (continued)

33.5 Liquidity risk (continued)

Maturity analysis (continued)

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

33. Financial instruments (continued)

33.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2017							
Company							
Non-derivative financial liabilities							
Other payables	774,497	-	774,497	774,497	-	-	-
Corporate guarantee	-	-	136,637,000	136,637,000	-	-	-
	774,497		137,411,497	137,411,497	-	-	-
2016							
Company							
Non-derivative financial liabilities							
Other payables	1,711,581	-	1,711,581	1,711,581	-	-	-
Corporate guarantee	-	-	144,502,000	144,502,000	-	-	-
	1,711,581		146,213,581	146,213,581	-	-	-

33. Financial instruments (continued)

33.6 Market risk

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

33.6.1 Currency risk

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

Risk management objectives, policies and processes for managing the risk

The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period.

Exposure to foreign currency risk

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

	Denominated in		
	USD RM	**EUR RM**	**GBP RM**
Group			
2017			
Trade and other receivables	3,367,393	3,374,291	977,463
Other investments	-	2,762,375	35,638,896
Cash and cash equivalents	1,368,972	10,487,133	18,626,600
Foreign currency trade loans	(29,159,174)	-	-
Trade and other payables	(1,275,508)	(15,201)	(146,746)
	(25,698,317)	16,608,598	55,096,213

33. Financial instruments (continued)

33.6 Market risk (continued)

33.6.1 Currency risk (continued)

Exposure to foreign currency risk (continued)

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

Currency risk sensitivity analysis

A 10% (2016 : 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	
	2017	**2016**
	RM'000	**RM'000**
Group		
USD	1,953	1,515
EUR	(1,262)	(1,000)
GBP	(4,187)	(1,826)

A 10% (2016 : 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

33. Financial instruments (continued)

33.6 Market risk (continued)

33.6.2 Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

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

Exposure to interest rate risk

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

	2017 RM	2016 RM
Fixed rate instruments		
Financial assets	92,634,592	3,583,660
Financial liabilities	(29,159,174)	(28,430,116)
	63,475,418	(24,846,456)
Floating rate instruments		
Financial assets	40,086,635	100,192,947

33. Financial instruments (continued)

33.6 Market risk (continued)

33.6.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

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

(b) Cash flow sensitivity analysis for variable rate instruments

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

	Profit or loss	
	100 bp increase RM'000	**100 bp decrease RM'000**
Group		
2017		
Floating rate instruments	305	(305)
2016		
Floating rate instruments	761	(761)

33. Financial instruments (continued)

33.6 Market risk (continued)

33.6.3 Other price risk

Equity price risk arises from the Group's equity-linked investments. The return of the investments is affected by the movement of the equity price of the underlying asset. The relationship between the equity price and return to the Group is shown as follows.

At any observation dates as specified in the contracts :

Scenario A – If the equity price of the underlying asset increases more than 5% to 8% of the initial reference price, the investments will be terminated. The Group will receive the initial invested amount and any outstanding relevant coupon at rates ranging from 9.06% to 10.50% per annum, or

Scenario B – If the equity price of the underlying asset increases less than 5% to 8% or decreases less than 25% of the initial reference price, the investments will be observed until the maturity date and the Group will receive the initial invested amount and any outstanding relevant coupon at rates ranging from 9.06% to 10.50% per annum, or

Scenario C – If the equity price of the underlying asset decreases more than 25% of the initial reference price, the investments will be observed until the maturity date. At maturity date, if the final reference price is higher than the initial reference price, the Group will receive the initial invested amount and any outstanding relevant coupon at rates ranging from 9.06% to 10.50% per annum, or

Scenario D – If the equity price of the underlying asset decreases more than 25% of the initial reference price, the investments will be observed until the maturity date. At maturity date, if the final reference price is lower than the initial reference price, the Group will receive the "Shares Amount" or cash equivalent amount and any outstanding relevant coupon at rates ranging from 9.06% to 10.50% per annum.

The Shares Amount is a number of shares of the underlying asset calculated as follows : Initial invested amount / (Initial reference price x Exchange rate)

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity-linked investments on a portfolio basis. Material investments are managed on an individual basis and all decisions are approved by Directors.

33. Financial instruments (continued)

33.6 Market risk (continued)

33.6.3 Other price risk (continued)

Equity price risk sensitivity analysis

The Group's equity-linked investments move in correlation with the equity price of the underlying asset of the investments as shown in below analysis. This analysis assumes that all other variables remain constant.

At any observation dates as specified in the contracts :

Scenario	Impact to profit or loss
A	The Group will receive monthly coupon of RM447,000 up to the relevant coupon payment date where early termination occurs.
B	The Group will receive a total coupon of RM2,745,000 up to the maturity date.
C	The Group will receive a total coupon of RM2,745,000 up to the maturity date.
D	The Group will receive a total coupon of RM2,745,000 up to maturity date and a loss will be incurred as a result of lower final reference price as compared to initial reference price. A 10% (2016: Nil) lower in final reference price against the initial reference price at the maturity date would have decreased equity and post-tax profit or loss by RM4,180,000 (2016: RM Nil) for investments classified as fair value through profit or loss.

33.7 Fair value information

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

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

33. Financial instruments (continued)

33.7 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	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										
2017										
Financial assets										
Available-for-sale financial assets	-	32,521	-	32,521	-	-	-	-	32,521	32,521
Financial assets at fair value through profit or loss	-	92,635	-	92,635	-	-	-	-	92,635	92,635
	-	125,156	-	125,156	-	-	-	-	125,156	125,156
2016										
Financial assets										
Available-for-sale financial assets	-	88,197	-	88,197	-	-	-	-	88,197	88,197
Forward exchange contracts	-	4,207	-	4,207	-	-	-	-	4,207	4,207
	-	92,404	-	92,404	-	-	-	-	92,404	92,404

33. Financial instruments (continued)

33.7 Fair value information (continued)

Policy on transfer between levels

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

Level 1 fair value

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

Level 2 fair value

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

Derivatives

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

Equity-linked investments

The fair value of equity-linked investments is estimated based on standard option pricing model by taking into consideration the general level of interest rates, the market price/level of underlying reference assets, the volatility in the price/level of underlying reference assets, the level of foreign exchange rates, the level of expected future and realised dividends and the time to maturity of the investment.

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 (2016 : no transfer in either directions).

Level 3 fair value

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

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

34. Capital management

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

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

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

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Total retained earnings :				
- realised	289,309,848	266,945,771	20,480,364	21,011,072
- unrealised	(11,626,034)	(10,236,051)	(7,611)	90,002
	277,683,814	256,709,720	20,472,753	21,101,074
Share of retained earnings of an associate				
- realised	42,814,925	37,778,993	-	-
- unrealised	969,838	1,463,107	-	-
	321,468,577	295,951,820	20,472,753	21,101,074
Add : Consolidation adjustments	19,815,704	18,642,127	-	-
Total retained earnings at 31 March	341,284,281	314,593,947	20,472,753	21,101,074

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

Asia File Corporation Bhd.
(Company No. 313192 - P)
(Incorporated in Malaysia)
and its subsidiaries

Statement by Directors pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 9 to 97 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2017 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 35 on page 98 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

…………………………………..
Dato' Lim Soon Huat
Director

…………………………………..
Lim Soon Wah
Director

Penang,

Date : 14 July 2017

Asia File Corporation Bhd.
(Company No. 313192 - P)
(Incorporated in Malaysia)
and its subsidiaries

Statutory declaration pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Goh Phaik Ngoh**, the officer primarily responsible for the financial management of Asia File Corporation Bhd., do solemnly and sincerely declare that the financial statements set out on pages 9 to 98 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **Goh Phaik Ngoh**, NRIC : 681017-07-5508, at Georgetown in the State of Penang on 14 July 2017.

…………………….…………..
Goh Phaik Ngoh

Before me :

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

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

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Asia File Corporation Bhd., which comprise the statements of financial position as at 31 March 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 9 to 97.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017, and of their financial performance and their 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 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of inventories

Refer to Notes 2(i) and 9 to the financial statements.

The key audit matter

The Group's inventories amounted to RM105,939,906 as at 31 March 2017 in the statement of financial position. We have identified the valuation of inventories as a key audit matter because the amount is significant to the Group and the judgement made by the Group in determining the amount to be written down involved estimates which can be inherently uncertain.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- Attended physical inventory count as at year end and observed whether there were inventories that may be slow moving or obsolete;
- Compared sales values subsequent to the financial year for a sample of inventory lines to test whether these exceeded carrying amount of inventories at year end;
- Tested the accuracy of the last transaction date of inventory based on the inventory listing; and
- Assessed the Group's process in identifying and writing down slow moving and obsolete inventories.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

Other Reporting Responsibilities

The supplementary information set out in Note 35 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
LLP0010081-LCA & AF 0758
Chartered Accountants

Ooi Kok Seng
Approval Number: 02432/05/2019 J
Chartered Accountant

Penang

Date : 14 July 2017