



Part A – Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”)

1 Basis of Preparation

The unaudited interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The unaudited interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2011. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

The Group has adopted the Malaysian Financial Reporting Standards (“MFRS”) framework issued by the Malaysian Accounting Standards Board (“MASB”) with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia’s existing Financial Reporting Standards (“FRS”) framework with the International Financial Reporting Standards (“IFRS”) framework issued by the International Accounting Standards Board. Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain of the FRSs. The financial effects of convergence to the MFRS framework and any consequential changes in accounting policies as a result of the convergence are discussed in Note 15 Changes in Accounting Policies.

The following MFRS, IC Interpretation and Amendments to MFRSs have been adopted by the Group during the current period:

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to MFRS 1)
Disclosures - Transfers of Financial Assets (Amendments to MFRS 7)
Deferred tax: Recovery of Underlying Assets (Amendments to MFRS 112)

The adoption of the IC Interpretation and Amendments to MFRSs above did not have any financial impact on the Group as they mainly help to clarify the requirements of or provide further explanations to existing MFRS.

The following MFRSs and IC Interpretations have been issued by the MASB and are not yet effective:

Effective for annual periods commencing on or after 1 July 2012
Presentation of Items of Other Comprehensive income (Amendments to MFRS 101)

Effective for annual periods commencing on or after 1 January 2013
MFRS 10 Consolidated Financial Statements
MFRS 11 Joint Arrangements
MFRS 12 Disclosure of Interests in Other Entities
MFRS 13 Fair Value Measurement
MFRS 119 Employee Benefits (as amended in June 2011)
MFRS 127 Separate Financial Statements (as amended by IASB in May 2011)
MFRS 128 Investments in Associates and Joint Ventures (as amended by IASB in May 2011)
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7)



1 Basis of Preparation (Cont'd)

Effective for annual periods commencing on or after 1 January 2014
Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132)

Effective for annual periods commencing on or after 1 January 2015
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)

MFRS 11, MFRS 12, MFRS 128 and IC Interpretation 20 will not have any financial impact to the Group as it is not relevant to the Group's operations.

2 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2011 was not qualified.

3 Comments About Seasonal or Cyclical Factors

There were no material seasonal or cyclical factors affecting the performance of the Group for the financial quarter under review.

4 Unusual Items Due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group during the financial quarter under review.

5 Changes In Estimates

Other than as disclosed in Note 15 Changes in Accounting Policies, there were no material changes in estimates of amounts reported in prior financial years that have a material effect in the current financial quarter under review.

6 Debt and Equity Securities

There were no issuances, cancellations, share buy-backs, resale of shares bought back or repayment of debt and equity securities in the current financial quarter under review.

7 Dividend Paid

There was no dividends payment in the current financial quarter under review.



8 Segmental Information

	Current Year 1st Quarter Ended 31 Mar 2012 RM '000	Current Year-to-date 31 Mar 2012 RM '000	Preceding Year 1st Quarter Ended 31 Mar 2011 (Restated) RM '000	Preceding Year-to-date 31 Mar 2011 (Restated) RM '000
Segment Revenue				
Distribution	26,011	26,011	34,836	34,836
Others	-	-	-	-
Total revenue including inter-segment sales	26,011	26,011	34,836	34,836
Eliminations	(67)	(67)	(150)	(150)
Total Revenue	25,944	25,944	34,686	34,686
Segment Results (Profit before Tax)				
Distribution	3,811	3,811	4,036	4,036
Others	8,184	8,184	(154)	(154)
	11,995	11,995	3,882	3,882
Eliminations	(8,320)	(8,320)	-	-
Total Results	3,675	3,675	3,882	3,882

Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad does not affect the Group except for the following :

Impairment loss/(reversal of impairment loss) on receivables	97	97	187	187
Inventories/(reversal of inventories) written down	(629)	(629)	561	561
Foreign exchange gain/(loss)	18	18	139	139

9 Carrying Amount of Revalued Assets

The valuations of land and buildings have been brought forward as disclosed in Note 15 Changes in Accounting Policies.

10 Material events subsequent to the balance sheet date

There were no material events subsequent to the end of the current quarter that have not been reflected in these condensed financial statements.

11 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial quarter under review.



12 Changes in Contingent Liabilities and Contingent Assets

Contingent Liability – Unsecured :

	31 March 2012 RM'000	31 March 2011 RM'000
Letter of undertaking given to banks for credit facilities granted to subsidiaries in normal course of business	26,605	18,105

13 Capital Commitments

There were no capital commitments during the current financial quarter under review.

14 Related Party Transactions

Transactions with a company connected to Directors	From 30 June 2011 To Date of Next AGM RM'000	Estimated Value Approved under Shareholders' Mandate from 30 June 2011 to the date of next AGM RM'000
Purchase of goods by Marco Marketing Pte. Ltd. From Marco Corporation (M) Sdn Bhd	3,761	11,000
Purchase of goods by Marco Marketing Pte. Ltd. From Marco Heritage (M) Sdn Bhd	110	1,000
Sales of goods by Marco Marketing Pte. Ltd. to Marco Corporation (M) Sdn Bhd	668	2,000

15 Changes in Accounting Policies

(a) Transition to the MFRS Framework

These unaudited interim financial statements are for part of the period covered by the Group's first annual financial statements prepared under the MFRS framework. Accordingly, the Group has applied MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards in their transition to the MFRS framework on 1 January 2012. The MFRS did not result in any financial impact to the Group other than the financial impact arising from the change in accounting policy on investment properties, as the accounting policies adopted under the previous FRS framework were already in line with the requirements of the MFRS framework.

This change in accounting policy has been accounted for retrospectively and has resulted in Land Held for Development being classified as "Investment Property" at the date of transition in the Statement of Financial Position using cost model. Subsequent to change in accounting policies, the lands are amortized over the remaining leasehold period. This has resulted in the restate of the Retained Earnings and a decrease in the Investment Property value. A summary of the financial impact of the change in accounting policies on the financial statements of the Group are as follows:



15 Changes in Accounting Policies (cont'd)
(a) Transition to the MFRS Framework (cont'd)

Statement of Financial Position	31 December 2011 RM'000	1 January 2011 RM'000
<u>Investment Property</u>		
As previously stated	44,247	44,247
Effect of change in accounting policy	(500)	-
As restated	<u>43,747</u>	<u>44,247</u>
<u>Retained Earnings</u>		
As previously stated	(3,894)	(3,770)
Effect of change in accounting policy	(500)	-
	<u>(4,394)</u>	<u>(3,770)</u>

Statement of Comprehensive Income

**1st Qtr Ended
31 March 2011
RM'000**

As previously stated	2,989
Effect of change in accounting policy	(125)
As restated	<u>2,864</u>

(b) Financial Impact of Changes in Accounting Policies

In the preparation of the Group's opening MFRS statements of financial position, the amounts previously reported in accordance with the previous FRS framework have been adjusted for the financial effects of the adoption of the MFRS framework. A reconciliation of these changes is summarized in the following tables:

i) Reconciliation of Statement of Financial Position

Group	Under the FRS Framework RM'000	Effect of the Transition to MFRSs MFRS 139 RM'000	Under the MFRS Framework RM'000
As at 1 January 2011			
Investment Property	44,247	-	44,247
	<hr/>		
As at 31 December 2011			
Investment Property	44,247	(500)	43,747



15 Changes in Accounting Policies (cont'd)

(b) Financial Impact of Changes in Accounting Policies (cont'd)

ii) Reconciliation of Statement of Comprehensive Income

Group 1st Qtr Ended March 2011	Under the MFRS Framework RM'000
Profit for the period in accordance with FRS framework	2,989
Effect of the transition to MFRS-Increase in Amortisation	(125)
Profit for the period in accordance with MFRS framework	<u>2,864</u>

iii) Reconciliation of Statement of Changes in Equity

Group As at 1 January 2011	Under the FRS Framework RM'000	Effect of the Transition to MFRSs MFRS 139 RM'000	Under the MFRS Framework RM'000
Total Comprehensive Income for the Period	2,989	-	<u>2,989</u>

Group As at 31 March 2011	Under the FRS Framework RM'000	Effect of the Transition to MFRSs MFRS 139 RM'000	Under the MFRS Framework RM'000
Total Comprehensive Income for the Period	2,989	(125)	<u>2,864</u>

Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

16 Review of the Group Results for the Quarter Ended 31 March 2012

During the quarter under review, the Group recorded revenue of RM25.9 million or a drop of 25% from RM34.7 million registered in the quarter ended 31 March 2011 due to lower revenue contribution from both its local and Indochina regions' distribution segment. The Group registered a pre-tax profit of RM3.7 million from its distribution segment or a 5% drop compared to RM3.9 million in the corresponding period of 2011. Revenue from the Group was affected by its timepiece business due to disruption of certain product supply as a result of the floods in Thailand that started at the end of 2011, impact on its bottom line was being cushioned by its local consumer information product business.

17 Variation of Results Against the Immediate Preceding Quarter

The current quarter revenue of RM25.9 million was 23% lower than the immediate preceding quarter of RM33.7 million. Profit before taxation for the current quarter ended 31 March 2012 of RM3.7 million was 31% lower as compared with the RM5.4 million registered in the immediate preceding quarter. Lower profit before taxation was as a result of lower revenue from the Group's timepiece business due to Thailand's floods; immediate preceding quarter recorded a higher profit before tax as a result of higher sales and better margin from this product group.



18 Commentary on Prospects

The still unresolved euro zone sovereign debt crisis and restrained growth prospects in the US will continue to plague growth in the global economy in 2012, with the country's economy continues to depend on domestic demand to drive GDP growth against a backdrop of bleak economic developments overseas. Portion of the business which was affected by Thailand's flood is expected to be on track when production slowly resume in the second quarter of 2012. Based on the still favourable economic outlook for Malaysia, the Board is confident that the performance of the Group will remain positive in 2012.

19 Profit Forecast and Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

20 Taxation

	Year Ended 31 Mar 2012 RM '000	Year Ended 31 Mar 2011 RM '000
Income Tax	861	1,018
Tax expense	<u>861</u>	<u>1,018</u>
Profit/(loss) before taxation	<u>3,675</u>	<u>3,882</u>
Tax at statutory rate (25%) (2011:25%)	919	971
-Deferred Tax (Assets)/ Liabilities	73	49
-(Over)/Under provision of taxation	-	(17)
-Effects of expenses not deductible for tax purpose	46	43
-Expenses deducted/double deducted for tax purpose	(177)	(28)
Tax expense	<u>861</u>	<u>1,018</u>

The effective tax rates for the current quarter was lower than the statutory tax rate principally due to certain expenses which could be deducted for tax purpose.

21 Unquoted Investments and/or Properties

There were no acquisitions or disposals of unquoted investments and properties during the financial quarter under review.

22 Quoted Securities

There were no acquisitions or disposals of quoted securities during the financial quarter under review.

23 Corporate Proposal

There were no corporate proposals announced but not completed.

24 Group Borrowings and Debt Securities

	As at 31 March 2012 RM'000
Short term borrowings – secured	<u>8,902</u>
Total	<u>8,902</u>



25 Financial Instruments with Off Balance Sheet Risk

As at 31 March 2012, there was no financial instrument with off Balance Sheet risk which has been entered into by the Group.

26 Realised and Unrealised Profits or Losses of the Group

Total retained profits of the Company and its subsidiaries :	31 Mar 2012 RM'000	31 Dec 2011 RM'000
Realised	25,801	28,319
Unrealised	711	1,179
Less : Consolidated adjustments	(33,892)	(33,892)
Total Group retained profits as per consolidated accounts	(7,380)	(4,394)

27 Changes in Material Litigation

The Group does not have any material litigation, which would materially and adversely affect the financial position of the Group.

28 Dividend Proposed

(a) (i) A single-tier interim dividend of 8%, amounting to RM5,798,673 in total, computed based on outstanding issued and paid-up capital as at 31 March 2012, has been declared by the directors.

(ii) Amount per share of RM0.10 each : 0.8 sen;

(iii) Entitlement date : 4 June 2012;

(iv) Payment date : 18 June 2012.

(b) No dividend had been paid for the previous financial quarter ended 31 March 2011.

29 Earning Per Share

(a) Basic

Basic earnings per share amounts are calculated by dividing the net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

	Current Year 1st Quarter Ended 31 Mar 2012	Current Year-to-date 31 Mar 2012	Preceding Year 1st Quarter Ended 31 Mar 2011 (Restated)	Preceding Year-to-date 31 Mar 2011 (Restated)
Net profit for the period (RM'000)	2,814	2,814	2,864	2,864
Weighted average number of ordinary shares in issue ('000)	716,115	716,115	712,354	712,354
Basic earnings per share (sen)	0.39	0.39	0.40	0.40



29 Earning Per Share (Cont'd)

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary shares, i.e. warrants.

	Current Year 1 st Quarter Ended 31 Mar 2012	Current Year-to-date 31 Mar 2012	Preceding Year 1 st Quarter Ended 31 Mar 2011 (Restated)	Preceding Year-to-date 31 Mar 2011 (Restated)
Net profit for the period (RM'000)	2,814	2,814	2,864	2,864
Weighted average number of ordinary shares in issue ('000)	716,115	716,115	712,354	712,354
Effects of dilution: Warrants ('000)	130,545	130,545	123,381	123,381
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	846,660	846,660	835,735	835,735
Diluted earnings per share (sen)	0.33	0.33	0.34	0.34

30 Authorisation for Issue

The condensed financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 May 2012.

By order of The Board

Siew Cheau Sheang
Financial Controller

Kuala Lumpur
Date : 21 May 2012