



MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985-P)

Condensed Consolidated Statement of Comprehensive Income

For The First Quarter Ended 31 March 2019

	Note	1st Quarter Ended		3 Months Ended	
		31-Mar-19 (Unaudited)	31-Mar-18	31-Mar-19 (Unaudited)	31-Mar-18
		RM '000	RM '000	RM '000	RM '000
Revenue	8	35,389	41,874	35,389	41,874
Other income		547	(250)	547	(250)
Changes in inventories of finished goods		2,908	(3,184)	2,908	(3,184)
Finished goods purchased		(29,340)	(28,943)	(29,340)	(28,943)
Depreciation		(297)	(290)	(297)	(290)
Other expenses		(5,254)	(4,734)	(5,254)	(4,734)
Share of Associated Company's Profit		532	-	532	-
Profit from operations		4,485	4,473	4,485	4,473
Finance income		487	554	487	554
Finance costs		(6)	(27)	(6)	(27)
Profit before tax		4,966	5,000	4,966	5,000
Taxation	19	(1,342)	(1,452)	(1,342)	(1,452)
Profit after tax		3,624	3,548	3,624	3,548
Other Comprehensive Income					
Total Comprehensive Income		3,624	3,548	3,624	3,548
Profit Attributable to: Owners of the Parent		3,624	3,548	3,624	3,548
Total Comprehensive Income Attributable to: Owners of the Parent		3,624	3,548	3,624	3,548
Earnings per share attributable to: equity holders of the parent (sen):					
(i) Basic	29	0.34	0.34	0.34	0.34
(ii) Diluted	29	-	-	-	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31st December 2018



MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985P)

Condensed Consolidated Statement of Financial Position As At 31 March 2019

	Note	As At 31-Mar-19 (Unaudited)	As At Preceding Financial Year Ended 31-Dec-18
		RM '000	RM '000
ASSETS			
Non-Current Assets			
Property, plant and equipment		997	1,078
Deferred tax assets		1,543	1,543
Investment Property		40,119	40,244
Investment in associates		22,343	21,811
Intangible Assets		868	830
		<u>65,870</u>	<u>65,506</u>
Current Assets			
Inventories		24,219	31,931
Trade and other receivables		28,420	23,122
Short term fund		-	-
Cash and bank balances		83,289	83,091
		<u>135,928</u>	<u>138,144</u>
TOTAL ASSETS		<u>201,798</u>	<u>203,650</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share Capital	6	130,987	130,987
Share Premium		-	-
Reserves		1,210	1,210
Retained Earnings		62,073	58,449
Total equity		<u>194,270</u>	<u>190,646</u>
Non-current liabilities			
Deferred tax liabilities		-	-
Current Liabilities			
Trade and Other payables		6,240	11,418
Bills payables	25	-	-
Tax Payable		1,288	1,586
Dividend Payable		-	-
		<u>7,528</u>	<u>13,004</u>
Total liabilities		<u>7,528</u>	<u>13,004</u>
TOTAL EQUITY AND LIABILITIES		<u>201,798</u>	<u>203,650</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		0.18	0.18

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31st December 2018



MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985-P)

Condensed Consolidated Cash Flow Statement For The First Quarter Ended 31 March 2019

	Note	3 months ended 31-Mar-19 (Unaudited)	3 months ended 31-Mar-18
		RM '000	RM '000
Operating activities			
Net Profit before tax		4,966	5,000
<u>Adjustment for:</u>			
Depreciation		297	290
Interest expense		6	27
Dividend and Interest income		(487)	(554)
Other items		601	(1,117)
Total adjustments		417	(1,354)
Operating cash flows before changes in working capital		5,383	3,646
<u>Changes in working capital:</u>			
Net change in current assets		2,228	(2,508)
Net change in current liabilities		(5,176)	(1,996)
Total changes in working capital		(2,948)	(4,504)
Cash flows from operations		2,435	(858)
Tax paid		(2,056)	(806)
Interest paid		(6)	(27)
Net cash flows from operating activities		373	(1,691)
Investing activities			
Dividends & Interest received		487	554
Purchase of property, plant and equipment		(130)	(295)
Proceeds from disposal of short term funds		-	-
Investment in associate		(532)	-
Placement of short term fund		-	(59,224)
Net Cash Flows (used in)/ from investing activities		(175)	(58,965)
Financing activities			
Borrowings		-	7,179
Effects of Exchange Rate Changes		-	-
Dividends Paid		-	-
Net cash flows (used in) / from financing activities		-	7,179
Net Changes in Cash & Cash Equivalents		198	(53,477)
Cash & Cash Equivalents at beginning of year		83,091	101,458
Cash & Cash Equivalents at end of 31 Mar 2019		83,289	47,981
Cash and cash equivalents comprise :-			
Cash and bank balances		83,289	47,981
		83,289	47,981

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statement for the year ended 31st December 2018



MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985-P)

**Condensed Consolidated Statement of Changes In Equity
For The First Quarter Ended 31 March 2019**

	Note	Attributable to Equity Holders of the Parent					Total Equity RM '000
		Share Capital RM '000	Non-Distributable			Retained Profits RM '000	
			Share Premium RM '000	Fair Value Changes Reserve RM '000	Revaluation Reserve RM '000		
3 Months Period Ended 31 Mar 2019 At 1 January 2019		130,987	-	-	1,210	58,449	190,646
Total Comprehensive Income for the period		-	-	-	-	3,624	3,624
Dividends	28	-	-	-	-	-	-
Balance As At 31 Mar 2019 (unaudited)		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>62,073</u>	<u>194,270</u>
3 Months Period Ended 31 Mar 2018 At 1 Jan 2018		130,987	-	-	1,210	49,434	181,631
-As previously stated	1	-	-	-	-	496	496
-Effect of changes in accounting policies At 1 January 2018, as restated		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>49,930</u>	<u>182,127</u>
Total Comprehensive Income for the period		-	-	-	-	3,548	3,548
Dividends	28	-	-	-	-	-	-
Balance As At 31 March 2018		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>53,478</u>	<u>185,675</u>

**The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited
Financial Statements for the year ended 31st December 2018**



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

1 Basis of Preparation

The unaudited condensed interim financial statements for the 1ST quarter ended 31 Mar 2019 have been prepared under the historical cost convention except for the financial asset which is stated at fair value through profit or loss ("FVTPL").

The unaudited condensed 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 condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2018. The explanatory notes attached to the unaudited condensed 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 2018.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 December 2018, except as disclosed below:

MFRS 16 Leases - MFRS 16 ‘Leases’ supersedes MFRS 117 ‘Leases’ and its related interpretations. MFRS 16 introduces a single accounting model for a lessee and eliminates the classification of leases by the lessee as either finance leases (on-balance sheet) or operating leases (off-balance sheet). The adoption of this standard did not have any financial impact on the current quarter under review.

2 Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the audited annual financial statements for the financial year ended 31 December 2018 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

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 of shares, share buy-backs and repayment of debt and equity securities by the Group.



7 Dividend Paid

As At 31 Mar 2019

(a) There was no dividend payment in the financial quarter under review.

As At 31 Mar 2018

(b) There was no dividend payment in the financial quarter under review.

8 Segmental Information

	1st Quarter Ended	1st Quarter Ended	3 Months Ended	3 Months Ended
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
	RM '000	RM '000	RM '000	RM '000
Segment Revenue				
Distribution	35,564	41,874	35,564	41,874
Others	(175)	-	(175)	-
Total revenue including inter-segment sales	35,389	41,874	35,389	41,874
Eliminations	-	-	-	-
Total Revenue	35,389	41,874	35,389	41,874
Segment Results (Profit before Tax)				
	RM '000	RM '000	RM '000	RM '000
Distribution	4,420	5,079	4,420	5,079
Others	22	(71)	22	(71)
	4,442	5,008	4,442	5,008
Conso Adjustment	524	(8)	524	(8)
Total Results	4,966	5,000	4,966	5,000
Segment Assets				
Distribution			135,752	128,014
Others			204,496	178,058
			340,248	306,072
Eliminations			(138,450)	(101,394)
Total Assets			201,798	204,678
Segment Liabilities				
Distribution			14,509	20,029
Others			27,154	300
			41,663	20,329
Eliminations			(34,135)	(1,426)
Total Liabilities			7,528	18,903



9 Carrying Amount of Revalued Assets

The valuations of land and buildings have been brought forward unchanged.

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 was no changes in the composition of the Group for the financial quarter under review.

12 Changes in Contingent Liabilities and Contingent Assets

Contingent Liability – Unsecured:	31 Mar 2019 RM'000	31 Dec 2018 RM'000
-Letter of undertaking given to banks for credit facilities granted to subsidiaries in normal course of business	26,605	26,605
	<u>26,605</u>	<u>26,605</u>

13 Capital Commitments

Capital commitments outstanding not provided for in the interim financial statements are as follows:

	31 Mar 2019 RM'000	31 Dec 2018 RM'000
-Property, plant and equipment	1,005	3,500
	<u>1,005</u>	<u>3,500</u>

14 Related Party Transactions

There were no related party transactions during the current financial quarter under review.

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

15 Review of the Group Performance for Current Year-to-date vs Previous Year-to-date

The Group registered a pre-tax profit of RM4.97 million for the first quarter ended 31 March 2019, which was a modest decrease of 0.6% than the previous year corresponding quarter of RM5.0 million despite a 15% drop in revenue. Revenue decreased by RM6.5 million or 15% as compared to the previous corresponding period of RM41.9 million due to softer market condition.

The performance of the respective operating segments for the financial year ended 31 March 2019 as compared to the previous year is analysed as follows:-

Timepiece

The result in this segment includes all timepiece brands carried by the Group. The Group registered a revenue of RM25.6 million, a 22% decrease as compared with the corresponding quarter last year due to weaker consumer demand. Lower margin as well as the effect of Sales and Service Tax has resulted in the easing of segment profit by 11%.



15 Review of the Group Performance for Current Year-to-date vs Previous Year-to-date

The performance of the respective operating segments for the financial year ended 31 March 2019 as compared to the previous year is analysed as follows:- (cont)

Calculator

Calculator revenue of RM8.6 million was 13% higher as compared with the corresponding quarter last year. In line with the increase in sales, segment profit was 12% higher than the corresponding quarter of 2018.

Digital Musical Instruments

This segment registered a revenue of RM1.2 million, a 24% increase over the corresponding quarter of 2018. Segmental profit was 470% higher as a results of better margins due to better product pricing.

16 Variation of Results against the Immediate Preceding Quarter

For the 1st quarter ended 31 March 2019, the Group's revenue decreased by 12% or RM4.9 million to RM35.4 million from RM40.3 million registered in the immediate preceding quarter. However, pre-tax profit was up by 1% to RM4.97 million mainly due to the share of an associate company's profit.

17 Commentary on Prospects

The growth of Malaysian economy this year hinges on various internal and external factors such as severity of trade war between The United States and China, global financial stability, crude oil and commodity prices and consumer sentiments. The domestic economy continues to be tough as evident from the reduction of overnight policy rate to three percent by Bank Negara recently. Our Group will continue to focus on bringing effective marketing programs to the market and brand building activities to provide value for money proposition to our consumers.

18 Profit Forecast and Profit Guarantee

There were no profit forecast or profit guarantee issued by the Group.

19 Taxation

	Quarter Ended 31 Mar 2019 RM '000	Quarter Ended 31 Mar 2018 RM '000
Income Tax	1,342	1,452
Tax expense	<u>1,342</u>	<u>1,452</u>
Profit/(loss) before taxation	<u>4,966</u>	<u>5,000</u>
Tax at statutory rate (24%) (2018:24%)	1,192	1,200
-Deferred Tax (Assets)/ Liabilities	91	(115)
-(Over)/Under provision of taxation	(46)	124
-Effects of expenses not deductible for tax purpose	132	249
-Expenses deductible/double deductible for tax purpose	(27)	(6)
Tax expense	<u>1,342</u>	<u>1,452</u>

The effective tax rates for the current quarter was higher than the statutory tax rate principally due to certain expenses that could not be deducted for tax purpose.



20 Notes to Condensed Consolidated Income Statement

	1st Quarter Ended 31 Mar 2019 RM '000	1st Quarter Ended 31 Mar 2018 RM '000
Interest Income	487	554
Interest expense	6	27
Depreciation and amortisation	297	290
Allowance of impairment on trade receivables	43	496
Allowance/(Reversal of allowance)of inventories written down	558	(359)
Gain/(Loss) on foreign exchange	(88)	226

21 Unquoted Investments and/or Properties

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

22 Investment in an associate

	As at 31 Mar 2019 RM '000	As at 31 Dec 2018 RM '000
Unquoted investment, at cost	26,657,400	26,657,400
Dividend income	(4,846,800)	(4,846,800)
Group's share of profit	532,498	-
	<u>22,343,098</u>	<u>21,810,600</u>

23 Quoted Securities

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

24 Corporate Proposal

There were no corporate proposals announced but not completed.

25 Group Borrowings and Debt Securities

	As at 31 Mar 2019 RM'000
Short term borrowings – secured	-
Total	<u>-</u>

26 Financial Instruments with Off Balance Sheet Risk

There was no financial instrument with off Balance Sheet risk which has been entered into by the Group during the financial quarter under review.

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 Dividends

(a) There was no dividend proposed in the 1st quarter ended 31 March 2019.

(b) There was no dividend proposed in the 1st quarter ended 31 March 2018.



29 Earnings Per Share

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.

	1st Quarter Ended	1st Quarter Ended	3 Months Ended	3 Months Ended
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
Net profit for the period (RM'000)	3,624	3,548	3,624	3,548
Weighted average number of ordinary shares in issue ('000)	1,054,307	1,054,307	1,054,307	1,054,307
Basic earnings per share (sen)	0.34	0.34	0.34	0.34

By order of The Board
Siew Cheau Sheang
Finance Director
Kuala Lumpur, 27 May 2019