



# MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985-P)

## Condensed Consolidated Statement of Comprehensive Income

For The Second Quarter Ended 30 June 2019

	Note	2nd Quarter Ended		6 Months Ended	
		30-Jun-19 (Unaudited)	30-Jun-18	30-Jun-19 (Unaudited)	30-Jun-18
		<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
Revenue	8	32,409	30,966	67,798	72,840
Other income		(275)	603	272	353
Changes in inventories of finished goods		3,276	4,188	6,184	1,004
Finished goods purchased		(27,238)	(27,474)	(56,578)	(56,417)
Depreciation		(307)	(294)	(604)	(584)
Other expenses		(5,211)	(4,437)	(10,449)	(9,171)
Share of Associated Company's Profit		476		1,008	
<b>Profit from operations</b>		<b>3,130</b>	<b>3,552</b>	<b>7,631</b>	<b>8,025</b>
Finance income		929	468	1,416	1,022
Finance costs		(10)	(17)	(32)	(44)
<b>Profit before tax</b>		<b>4,049</b>	<b>4,003</b>	<b>9,015</b>	<b>9,003</b>
Taxation	19	(937)	(531)	(2,279)	(1,983)
<b>Profit after tax</b>		<b>3,112</b>	<b>3,472</b>	<b>6,736</b>	<b>7,020</b>
Other Comprehensive Income		-	-	-	-
<b>Total Comprehensive Income</b>		<b>3,112</b>	<b>3,472</b>	<b>6,736</b>	<b>7,020</b>
<b>Profit Attributable to: Owners of the Parent</b>		<b>3,112</b>	<b>3,472</b>	<b>6,736</b>	<b>7,020</b>
<b>Total Comprehensive Income Attributable to: Owners of the Parent</b>		<b>3,112</b>	<b>3,472</b>	<b>6,736</b>	<b>7,020</b>
<b>Earnings per share attributable to: equity holders of the parent (sen):</b>					
(i) Basic	29	0.34	0.33	0.64	0.67
(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 30 June 2019

	Note	As At 30-Jun-19 (Unaudited)	As At Preceding Financial Year Ended 31-Dec-18
		RM '000	RM '000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		1,156	1,078
Deferred tax assets		1,543	1,543
Investment Property		39,994	40,244
Investment in associates		22,818	21,811
Intangible Assets		910	830
Operating lease right-of-use assets		3,068	-
		<u>69,489</u>	<u>65,506</u>
<b>Current Assets</b>			
Inventories		26,912	31,931
Trade and other receivables		23,099	23,122
Short term fund		-	-
Cash and bank balances		95,269	83,091
		<u>145,280</u>	<u>138,144</u>
<b>TOTAL ASSETS</b>		<b><u>214,769</u></b>	<b><u>203,650</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share Capital	6	130,987	130,987
Share Premium		-	-
Reserves		1,210	1,210
Retained Earnings		65,185	58,449
<b>Total equity</b>		<u>197,382</u>	<u>190,646</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		-	-
Operating lease liabilities		2,546	-
<b>Current Liabilities</b>			
Trade and Other payables		7,897	11,418
Bills payables	25	4,156	-
Tax Payable		2,266	1,586
Operating lease liabilities		522	-
Dividend Payable		-	-
		<u>14,841</u>	<u>13,004</u>
<b>Total liabilities</b>		<u>17,387</u>	<u>13,004</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>214,769</u></b>	<b><u>203,650</u></b>
Net assets per share attributable to ordinary equity holders of the Company (RM)		0.19	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 Second Quarter Ended 30 June 2019

	Note	6 months ended 30-Jun-19 (Unaudited)	6 months ended 30-Jun-18
		RM '000	RM '000
<b>Operating activities</b>			
Net Profit before tax		9,015	9,003
<u>Adjustment for:</u>			
Depreciation		604	584
Interest expense		32	44
Dividend and Interest income		(1,416)	(1,022)
Operating Lease Rental		172	
Other items		1,215	(808)
Total adjustments		607	(1,202)
<b>Operating cash flows before changes in working capital</b>		<b>9,622</b>	<b>7,801</b>
<u>Changes in working capital:</u>			
<i>Net change in current assets</i>		3,836	7,163
<i>Net change in current liabilities</i>		(3,520)	(1,142)
Total changes in working capital		316	6,021
<b>Cash flows from operations</b>		<b>9,938</b>	<b>13,822</b>
Tax paid		(1,608)	(1,332)
Interest paid		(32)	(44)
<b>Net cash flows from operating activities</b>		<b>8,298</b>	<b>12,446</b>
<b>Investing activities</b>			
Dividends & Interest received		1,416	1,022
Purchase of property, plant and equipment		(512)	(296)
Proceeds from disposal of short term funds		-	-
Investment in associate		(1,008)	-
Placement of short term fund		-	(78,737)
<b>Net Cash Flows (used in)/ from investing activities</b>		<b>(104)</b>	<b>(78,011)</b>
<b>Financing activities</b>			
Borrowings		4,156	(2,493)
Operating lease liability		(172)	-
Dividends Paid		-	-
<b>Net cash flows (used in) / from financing activities</b>		<b>3,984</b>	<b>(2,493)</b>
<b>Net Changes in Cash &amp; Cash Equivalents</b>		<b>12,178</b>	<b>(68,058)</b>
<b>Cash &amp; Cash Equivalents at beginning of year</b>		<b>83,091</b>	<b>101,458</b>
<b>Cash &amp; Cash Equivalents at end of 30 June 2019</b>		<b>95,269</b>	<b>33,400</b>
Cash and cash equivalents comprise :-			
Cash and bank balances		95,269	33,400
		<b>95,269</b>	<b>33,400</b>

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 Second Quarter Ended 30 June 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		
<b>6 Months Period Ended 30 June 2019 At 1 January 2019</b>		130,987	-	-	1,210	58,449	190,646
Total Comprehensive Income for the period		-	-	-	-	6,736	6,736
Dividends	28	-	-	-	-	-	-
<b>Balance As At 30 June 2019 (unaudited)</b>		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>65,185</u>	<u>197,382</u>
<b>6 Months Period Ended 30 June 2018 At 1 Jan 2018</b>		130,987	-	-	1,210	49,434	181,631
-As previously stated		-	-	-	-	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		-	-	-	-	7,020	7,020
Dividends	28	-	-	-	-	-	-
<b>Balance As At 30 June 2018</b>		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>56,950</u>	<u>189,147</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 2<sup>nd</sup> quarter ended 30 June 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 30 June 2019**

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

**As At 30 June 2018**

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

**8 Segmental Information**

	<b>2<sup>nd</sup> Quarter Ended</b>	<b>2<sup>nd</sup> Quarter Ended</b>	<b>6 Months Ended</b>	<b>6 Months Ended</b>
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
<b>Segment Revenue</b>				
Distribution	32,234	30,966	67,798	72,840
Others	175	-	-	-
Total revenue including inter-segment sales	32,409	30,966	67,798	72,840
Eliminations	-	-	-	-
Total Revenue	32,409	30,966	67,798	72,840
<b>Segment Results (Profit before Tax)</b>				
	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
Distribution	3,257	3,772	7,677	8,851
Others	323	239	345	168
	3,580	4,011	8,022	9,019
Conso Adjustment	469	(8)	993	(16)
Total Results	4,049	4,003	9,015	9,003
<b>Segment Assets</b>				
Distribution			147,841	121,352
Others			204,642	178,168
			352,483	299,520
Eliminations			(137,714)	(100,746)
Total Assets			214,769	198,774
<b>Segment Liabilities</b>				
Distribution			21,717	10,608
Others			26,991	286
			48,708	10,894
Eliminations			(33,867)	(771)
Total Liabilities			14,841	10,123



**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:	As At 30 June 2019 RM'000	As At 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
	<hr/>	<hr/>
	26,605	26,605

**13 Capital Commitments**

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

	As At 30 June 2019 RM'000	As At 31 Dec 2018 RM'000
-Property, plant and equipment	744	3,500
	<hr/>	<hr/>
	744	3,500

**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 RM9.01 million for the first two quarters ended 30 June 2019, which is at par with the previous year corresponding quarters of RM9.0 million despite a 7% drop in revenue. Revenue decreased by RM5 million or 7% compared to the previous corresponding period of RM72.8 million due to softer market condition.

**The performance of the respective operating segments for the financial quarters ended 30 June 2019 as compared to the previous year corresponding quarters is analysed as follows:-**

*Timepiece*

The result in this segment includes all timepiece brands carried by the Group. The Group registered a revenue of RM51.7 million, a decrease of 12% compared with the corresponding period of last year due to weaker consumer demand. The effect of Sales and Service Tax and provision of slow moving stock has resulted in the easing of segmental profit by 8%.



**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 30 June 2019 as compared to the previous year is analysed as follows:- (cont)

*Calculator*

Calculator revenue of RM13.4 million was 23% higher compared with the corresponding period of last year. In line with the increased in revenue, segmental profit was 3% higher compared with previous year's corresponding quarters.

*Digital Musical Instruments*

This segment registered a revenue of RM2.7 million, an increase of 13% over the corresponding period of 2018. Segmental profit was 22% higher as a result of better margins due to better product pricing.

**16 Variation of Results against the Immediate Preceding Quarter**

For the 2<sup>nd</sup> quarter ended 30 June 2019, the Group's revenue decreased by 8% or RM3.0 million to RM32.4 million from RM35.4 million registered in the immediate preceding quarter as a result of softer market condition. Pre-tax profit was also down by 18% to RM4.05 million.

**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, slowdown in China's economy and consumer sentiments. With all these challenges, the domestic economy may likely to slow down. 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**

	<b>6 months Ended</b>	<b>6 months Ended</b>
	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>RM '000</b>	<b>RM '000</b>
Income Tax	2,279	1,983
Tax expense	<u>2,279</u>	<u>1,983</u>
Profit/(loss) before taxation	<u>9,015</u>	<u>9,003</u>
Tax at statutory rate (24%) (2018:24%)	2,164	2,161
-Deferred Tax (Assets)/ Liabilities	(38)	(147)
-(Over)/Under provision of taxation	(40)	27
-Effects of expenses not deductible for tax purpose	220	28
-Expenses deductible/double deductible for tax purpose	(27)	(86)
Tax expense	<u>2,279</u>	<u>1,983</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

	<b>6 months Ended 30 June 2019 RM '000</b>	<b>6 months Ended 30 June 2018 RM '000</b>
Interest Income	1,416	1,022
Interest expense	(32)	(44)
Depreciation and amortisation	(604)	(584)
(Allowance)/Reversal of allowance of impairment on trade receivables	(44)	903
(Allowance)/Reversal of allowance of inventories written down	(1,171)	(93)
Gain/(Loss) on foreign exchange	(21)	510

## 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

	<b>As at 30 June 2019 RM '000</b>	<b>As at 31 Dec 2018 RM '000</b>
Unquoted investment, at cost	26,657	26,657
Dividend income	(4,847)	(4,847)
Group's share of profit	1,008	-
	<u>22,818</u>	<u>21,810</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

	<b>As at 30 June 2019 RM'000</b>
Short term borrowings – secured	4,156
Total	<u>4,156</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 2<sup>nd</sup> quarter ended 30 June 2019.
- (b) There was no dividend proposed in the 2<sup>nd</sup> quarter ended 30 June 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.

	<b>2<sup>nd</sup> Quarter Ended</b>	<b>2<sup>nd</sup> Quarter Ended</b>	<b>6 Months Ended</b>	<b>6 Months Ended</b>
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
Net profit for the period (RM'000)	3,112	3,472	6,736	7,020
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	0.33	0.64	0.67

By order of The Board  
Siew Cheau Sheang  
Finance Director  
Kuala Lumpur, 21 Aug 2019