



MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985-P)

Condensed Consolidated Statement of Comprehensive Income For The Third Quarter Ended 30 September 2019

	Note	3rd Quarter Ended		9 Months Ended	
		30-Sep-19 (Unaudited)	30-Sep-18	30-Sep-19 (Unaudited)	30-Sep-18
		RM '000	RM '000	RM '000	RM '000
Revenue	8	38,447	38,247	106,245	111,087
Other income		266	926	538	1,279
Changes in inventories of finished goods		(4,688)	(4,163)	1,496	(3,159)
Finished goods purchased		(23,793)	(24,308)	(80,371)	(80,725)
Depreciation		(366)	(290)	(970)	(874)
Other expenses		(6,042)	(6,126)	(16,491)	(15,297)
Share of Associated Company's Profit		508		1,516	
Profit from operations		4,332	4,286	11,963	12,311
Finance income		740	295	2,156	1,317
Finance costs		(63)	-	(95)	(44)
Profit before tax		5,009	4,581	14,024	13,584
Taxation	19	(1,162)	(972)	(3,441)	(2,955)
Profit after tax		3,847	3,609	10,583	10,629
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		3,847	3,609	10,583	10,629
Profit Attributable to: Owners of the Parent		3,847	3,609	10,583	10,629
Total Comprehensive Income Attributable to: Owners of the Parent		3,847	3,609	10,583	10,629
Earnings per share attributable to: equity holders of the parent (sen):					
(i) Basic	29	0.36	0.34	1.00	1.01
(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 September 2019**

	Note	As At 30-Sep-19 (Unaudited)	As At Preceding Financial Year Ended 31-Dec-18
		RM '000	RM '000
ASSETS			
Non-Current Assets			
Property, plant and equipment		3,631	1,078
Deferred tax assets		1,543	1,543
Investment Property		39,869	40,244
Investment in associates		23,326	21,811
Intangible Assets		857	830
Operating lease right-of-use assets		2,895	-
		<u>72,121</u>	<u>65,506</u>
Current Assets			
Inventories		23,781	31,931
Trade and other receivables		23,064	23,122
Cash and bank balances		93,673	83,091
		<u>140,518</u>	<u>138,144</u>
TOTAL ASSETS		<u>212,639</u>	<u>203,650</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share Capital	6	130,987	130,987
Reserves		1,210	1,210
Retained Earnings		65,869	58,449
Total equity		<u>198,066</u>	<u>190,646</u>
Non-current liabilities			
Operating lease liabilities		2,546	-
Current Liabilities			
Trade and Other payables		8,629	11,418
Bills payables	25	2,033	-
Tax Payable		1,016	1,586
Operating lease liabilities		349	-
Dividend Payable		-	-
		<u>12,027</u>	<u>13,004</u>
Total liabilities		<u>14,573</u>	<u>13,004</u>
TOTAL EQUITY AND LIABILITIES		<u>212,639</u>	<u>203,650</u>
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 Third Quarter Ended 30 Sept 2019

	Note	9 months ended 30-Sep-19 (Unaudited)	9 months ended 30-Sep-18
		RM '000	RM '000
Operating activities			
Net Profit before tax		14,024	13,584
<u>Adjustment for:</u>			
Depreciation		970	874
Interest expense		95	44
Dividend and Interest income		(2,156)	(1,317)
Other items		(73)	(1,420)
Total adjustments		<u>(1,164)</u>	<u>(1,819)</u>
Operating cash flows before changes in working capital		12,860	11,765
<u>Changes in working capital:</u>			
Net change in current assets		3,851	4,854
Net change in current liabilities		(243)	(991)
Total changes in working capital		<u>3,608</u>	<u>3,863</u>
Cash flows from operations		16,468	15,628
Tax paid		(3,995)	(3,034)
Interest paid		(95)	(44)
Net cash flows from operating activities		12,378	12,550
Investing activities			
Dividends & Interest received		2,156	1,317
Purchase of property, plant and equipment		(3,171)	(299)
Proceeds from disposal of short term funds		-	-
Investment in associate		-	-
Placement of short term fund		-	(75,532)
Net Cash Flows (used in)/ from investing activities		(1,015)	(74,514)
Financing activities			
Borrowings		2,033	(2,493)
Operating lease liability		349	-
Dividends Paid		(3,163)	-
Net cash flows (used in) / from financing activities		(781)	(2,493)
Net Changes in Cash & Cash Equivalents		10,582	(64,457)
Cash & Cash Equivalents at beginning of year		83,091	101,458
Cash & Cash Equivalents at end of 30 Sept 2019		93,673	37,001
Cash and cash equivalents comprise :-			
Cash and bank balances		93,673	37,001
		<u>93,673</u>	<u>37,001</u>

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 Third Quarter Ended 30 Sept 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		
9 Months Period Ended 30 Sept 2019 At 1 January 2019		130,987	-	-	1,210	58,449	190,646
Total Comprehensive Income for the period		-	-	-	-	10,583	10,583
Dividends	7	-	-	-	-	(3,163)	(3,163)
Balance As At 30 Sept 2019 (unaudited)		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>65,869</u>	<u>198,066</u>
9 Months Period Ended 30 Sept 2018 At 1 Jan 2018		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		-	-	-	-	10,629	10,629
Dividends		-	-	-	-	-	-
Balance As At 30 Sept 2018		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>60,559</u>	<u>192,756</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 3rd quarter ended 30 Sept 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 Sept 2019

(a) A first and final single tier dividend of 0.30 sen per share amounting to RM3,162,920 for the financial year ended 31 December 2018 was paid on 16 July 2019.

As At 30 Sept 2018

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

8 Segmental Information

	3rd Quarter Ended	3rd Quarter Ended	9 Months Ended	9 Months Ended
	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
	RM '000	RM '000	RM '000	RM '000
Segment Revenue				
Distribution	38,447	38,247	106,245	111,087
Others	-	-	-	-
Total revenue including inter-segment sales	38,447	38,247	106,245	111,087
Eliminations	-	-	-	-
Total Revenue	38,447	38,247	106,245	111,087
Segment Results (Profit before Tax)				
	RM '000	RM '000	RM '000	RM '000
Distribution	4,370	4,433	12,047	13,284
Others	140	156	485	324
	4,510	4,589	12,532	13,608
Conso Adjustment	499	(8)	1,492	(24)
Total Results	5,009	4,581	14,024	13,584
Segment Assets				
Distribution			147,967	125,163
Others			201,623	178,335
			349,590	303,498
Eliminations			(136,951)	(101,180)
Total Assets			212,639	202,318
Segment Liabilities				
Distribution			18,638	10,462
Others			26,995	296
			45,633	10,758
Eliminations			(33,606)	(1,196)
Total Liabilities			12,027	9,562



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 Sept 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 Sept 2019 RM'000	As At 31 Dec 2018 RM'000
-Property, plant and equipment	360	3,500
	<hr/>	<hr/>
	360	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's pre-tax profit for the nine months ended 30 Sept 2019 increased marginally by RM0.4 million or 3% to RM14.0 million as compared to the pre-tax profit in the previous year corresponding period of RM13.6 million, contributed mainly by the share of associated company's profit. Revenue decreased by RM4.9 million as compared with previous corresponding period of RM111.1 million due to softer market condition.

The performance of the respective operating segments for the financial quarters ended 30 Sept 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 RM83.4 million, a decrease of 7% compared with the corresponding period last year due to weaker consumer demand. Segmental profit is down by 1% as compared to last year same period as a result of lower revenue.



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 Sept 2019 as compared to the previous year is analysed as follows:- (cont)

Calculator

Calculator revenue of RM18.7 million is 4% higher as compared with the corresponding period last year. In line with the increased in revenue, segmental profit is 3% higher as compared with previous year corresponding period.

Digital Musical Instruments

This segment registered a revenue of RM4.0 million, an increase of 7% over the corresponding period of 2018. Segmental profit is 9% higher as a result of better margins due to better product pricing.

16 Variation of Results against the Immediate Preceding Quarter

For the 3rd quarter ended 30 Sept 2019, the Group's revenue increased by 19% or RM6.0 million to RM38.4 million from RM32.4 million registered in the immediate preceding quarter as a result of increased revenue from timepiece segment. In tandem with the increased in revenue, pre-tax profit is also up by 24% to RM5.0 million.

17 Commentary on Prospects

As we approach the end of 2019 with the presence of slowdown of global demand and domestic demand deeply felt, the Malaysian economy that is relying heavily on domestic demand is anticipated to grow at a slower pace for the remaining of the year. 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

	9 months Ended	9 months Ended
	30 Sept 2019	30 Sept 2018
	RM '000	RM '000
Income Tax	3,441	2,955
Tax expense	<u>3,441</u>	<u>2,955</u>
Profit/(loss) before taxation	<u>14,024</u>	<u>13,584</u>
Tax at statutory rate (24%) (2018:24%)	3,366	3,260
-Deferred Tax (Assets)/ Liabilities	(161)	(484)
-(Over)/Under provision of taxation	(68)	51
-Effects of expenses not deductible for tax purpose	343	149
-Expenses deductible/double deductible for tax purpose	(39)	(21)
Tax expense	<u>3,441</u>	<u>2,955</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

	9 months Ended 30 Sept 2019 RM '000	9 months Ended 30 Sept 2018 RM '000
Interest Income	2,156	1,317
Interest expense	(95)	(44)
Depreciation and amortisation	(970)	(874)
(Allowance)/Reversal of allowance of impairment on trade receivables	(36)	395
(Allowance)/Reversal of allowance of inventories written down	(1,408)	1,025
Gain/(Loss) on foreign exchange	(58)	672

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 30 Sept 2019 RM '000	As at 31 Dec 2018 RM '000
Unquoted investment, at cost	26,657	26,657
Dividend income	(4,847)	(4,847)
Group's share of profit	1,516	-
	<u>23,326</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

	As at 30 Sept 2019 RM'000
Short term borrowings – secured	2,033
Total	<u>2,033</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 3rd quarter ended 30 Sept 2019.
(b) There was no dividend proposed in the 3rd quarter ended 30 Sept 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.

	3rd Quarter Ended	3rd Quarter Ended	9 Months Ended	9 Months Ended
	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
Net profit for the period (RM'000)	3,847	3,609	10,583	10,629
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)	0.36	0.34	1.00	1.01

By order of The Board
Siew Chau Sheang
Finance Director
Kuala Lumpur, 20 November 2019