



MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985-P)

Condensed Consolidated Statement of Comprehensive Income For The Fourth Quarter Ended 31 December 2019

	Note	4th Quarter Ended		12 Months Ended	
		31-Dec-19 (Unaudited)	31-Dec-18	31-Dec-19 (Unaudited)	31-Dec-18
		RM '000	RM '000	RM '000	RM '000
Revenue	8	43,325	40,253	149,570	151,340
Other income		(32)	994	506	2,273
Changes in inventories of finished goods		12,405	955	13,901	(2,204)
Finished goods purchased		(44,482)	(30,105)	(124,853)	(110,830)
Depreciation		(1,204)	(304)	(2,174)	(1,178)
Other expenses		(5,499)	(6,957)	(21,990)	(22,253)
Share of Associated Company's Profit		816	-	2,332	-
Profit from operations		5,329	4,836	17,292	17,148
Finance income		665	98	2,821	1,415
Finance costs		(40)	(20)	(135)	(64)
Profit before tax		5,954	4,914	19,978	18,499
Taxation	19	(1,030)	(1,753)	(4,471)	(4,708)
Profit after tax		4,924	3,161	15,507	13,791
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		4,924	3,161	15,507	13,791
Profit Attributable to: Owners of the Parent		4,924	3,161	15,507	13,791
Total Comprehensive Income Attributable to: Owners of the Parent		4,924	3,161	15,507	13,791
Earnings per share attributable to: equity holders of the parent (sen):					
(i) Basic	29	0.47	0.30	1.47	1.30
(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 December 2019

	Note	As At 31-Dec-19 (Unaudited)	As At Preceding Financial Year Ended 31-Dec-18
		RM '000	RM '000
ASSETS			
Non-Current Assets			
Property, plant and equipment		3,875	1,078
Deferred tax assets		1,484	1,543
Investment Property		39,744	40,244
Investment in associates		20,911	21,811
Intangible Assets		748	830
Operating lease right-of-use assets		5,916	-
		<u>72,678</u>	<u>65,506</u>
Current Assets			
Inventories		34,881	31,931
Trade and other receivables		21,717	23,122
Cash and bank balances		88,375	83,091
		<u>144,973</u>	<u>138,144</u>
TOTAL ASSETS		<u>217,651</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		70,793	58,449
Total equity		<u>202,990</u>	<u>190,646</u>
Non-current liabilities			
Operating lease liabilities		4,880	-
Current Liabilities			
Trade and Other payables		7,294	11,418
Bills payables	25	-	-
Tax Payable		1,381	1,586
Operating lease liabilities		1,106	-
Dividend Payable		-	-
		<u>9,781</u>	<u>13,004</u>
Total liabilities		<u>14,661</u>	<u>13,004</u>
TOTAL EQUITY AND LIABILITIES		<u>217,651</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 Fourth Quarter Ended 31 Dec 2019

	Note	12 months ended 31-Dec-19 (Unaudited)	12 months ended 31-Dec-18
		RM '000	RM '000
Operating activities			
Net Profit before tax		19,978	18,499
<u>Adjustment for:</u>			
Depreciation		2,174	1,178
Interest expense		122	64
Lease liability interest		13	-
Dividend and Interest income		(2,821)	(1,415)
Other items		(921)	(1,963)
Total adjustments		<u>(1,433)</u>	<u>(2,136)</u>
Operating cash flows before changes in working capital		18,545	16,363
<u>Changes in working capital:</u>			
<i>Net change in current assets</i>		(9,627)	109
<i>Net change in current liabilities</i>		2,616	1,568
Total changes in working capital		<u>(7,011)</u>	<u>1,677</u>
Cash flows from operations		11,534	18,040
Tax paid		(4,549)	(3,816)
Interest paid		(135)	(64)
Net cash flows from operating activities		6,850	14,160
Investing activities			
Dividends & Interest received		6,052	7,499
Purchase of property, plant and equipment		(3,701)	(417)
Short term funds		-	(405)
Investment in associate		-	(31,504)
Other Items		-	66
Net Cash Flows (used in)/ from investing activities		2,351	(24,761)
Financing activities			
Borrowings		-	(2,493)
Operating lease liability principal repayment		(754)	-
Dividends Paid		(3,163)	(5,272)
Net cash flows (used in) / from financing activities		(3,917)	(7,765)
Net Changes in Cash & Cash Equivalents		5,284	(18,366)
Cash & Cash Equivalents at beginning of year		83,091	101,458
Cash & Cash Equivalents at end of 31 Dec 2019		88,375	83,091
Cash and cash equivalents comprise :-			
Cash and bank balances		88,375	83,091
		<u>88,375</u>	<u>83,091</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 Fourth Quarter Ended 31 December 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		
12 Months Period Ended 31 Dec 2019 At 1 January 2019		130,987	-	-	1,210	58,449	190,646
Total Comprehensive Income for the period		-	-	-	-	15,507	15,507
Dividends	28	-	-	-	-	(3,163)	(3,163)
Balance As At 31 Dec 2019 (unaudited)		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>70,793</u>	<u>202,990</u>
12 Months Period Ended 31 Dec 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		-	-	-	-	13,791	13,791
Dividends	28	-	-	-	-	(5,272)	(5,272)
Balance As At 31 Dec 2018		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>58,449</u>	<u>190,646</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 4th quarter ended 31 Dec 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 Dec 2019

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

As At 31 Dec 2018

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

8 Segmental Information

	4th Quarter Ended	4th Quarter Ended	12 Months Ended	12 Months Ended
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	RM '000	RM '000	RM '000	RM '000
Segment Revenue				
Distribution	43,325	40,253	149,570	151,340
Others	-	3,380	-	3,380
Total revenue including inter-segment sales	43,325	43,633	149,570	154,720
Eliminations	-	(3,380)	-	(3,380)
Total Revenue	43,325	40,253	149,570	151,340
Segment Results (Profit before Tax)				
	RM '000	RM '000	RM '000	RM '000
Distribution	5,020	5,142	17,067	18,426
Others	3,357	4,628	3,842	4,952
	8,377	9,770	20,909	23,378
Conso Adjustment	(2,423)	(4,856)	(931)	(4,879)
Total Results	5,954	4,914	19,978	18,499
Segment Assets				
Distribution			150,522	131,126
Others			202,932	177,462
			353,454	308,588
Eliminations			(135,803)	(104,938)
Total Assets			217,651	203,650
Segment Liabilities				
Distribution			19,559	12,920
Others			25,135	26,741
			44,694	39,661
Eliminations			(30,033)	(26,657)
Total Liabilities			14,661	13,004



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 31 Dec 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 31 Dec 2019 RM'000	As At 31 Dec 2018 RM'000
-Property, plant and equipment	-	3,500
	<hr/>	<hr/>
	-	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 RM20.0 million for the year ended 31 Dec 2019, an increase of RM1.5 million or 8% compared to the pre-tax profit in the previous year of RM18.5 million, contributed mainly by the share of associated company's profit. Revenue decreased by RM1.7 million or 1% to RM149.6 million compared to RM151.3 million registered in 2018 due to softer market condition.

The performance of the respective operating segments for the financial year ended 31 Dec 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 RM117.0 million, a decrease of 2% compared with last year due to softer market condition. However segmental profit is up by 2% as a result of better margin on certain product group.



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

Calculator

Calculator revenue of RM27.1 million is 2% higher compared to last year. In line with the increased in revenue, segmental profit is also 2% higher.

Digital Musical Instruments

This segment registered a revenue of RM5.4 million, an increase of 2% from 2018. Segmental profit is 90% higher as a result of better margins due to better product pricing.

16 Variation of Results against the Immediate Preceding Quarter

For the 4th quarter ended 31 Dec 2019, the Group's revenue increased by 13% or RM4.9 million to RM43.3 million from RM38.4 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 19% to RM6 million.

17 Commentary on Prospects

The prospect of the global economy look increasingly uncertain with the outbreak of the novel coronavirus (Covid-19) in China. On the local front, Malaysia's private consumption growth will be affected given that tourist expenditures will likely decline in 2020, coupled with weak 4Q19 GDP growth of 3.6% which is the lowest in 41 quarters since 3Q09, this will naturally weigh on the economy as private consumption alone accounts for more than 50% of the economy. Our Group, being in the retail industry, expects the operating environment to be affected in view of the current situation. Nevertheless, by focusing on promotional strategies and operation efficiency, we are optimistic that we will continue to contribute positively to the Group's profit.

18 Profit Forecast and Profit Guarantee

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

19 Taxation

	12 months Ended 31 Dec 2019 RM '000	12 months Ended 31 Dec 2018 RM '000
Income Tax	4,471	4,708
Tax expense	<u>4,471</u>	<u>4,708</u>
Profit/(loss) before taxation	<u>19,978</u>	<u>18,499</u>
Tax at statutory rate (24%) (2018:24%)	4,795	4,440
-Deferred Tax (Assets)/ Liabilities	252	255
-(Over)/Under provision of taxation	(228)	113
-Share of associated company's tax	(493)	-
-Effects of expenses not deductible for tax purpose	271	302
-Expenses deductible/double deductible for tax purpose	(126)	(402)
Tax expense	<u>4,471</u>	<u>4,708</u>

The effective tax rates for the current quarter was lower than the statutory tax rate principally due to effect on share of associated company's tax.



20 Notes to Condensed Consolidated Income Statement

	12 months Ended 31 Dec 2019 RM '000	12 months Ended 31 Dec 2018 RM '000
Interest Income	(2,821)	(2,247)
Interest expense	135	64
Depreciation and amortisation	2,174	1,178
Allowance/(Reversal) of allowance of impairment on trade receivables	(51)	(82)
Allowance/(Reversal) of allowance of inventories written down	1,318	(1,216)
(Gain)/Loss on foreign exchange	146	(807)

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 Dec 2019 RM '000	As at 31 Dec 2018 RM '000
Unquoted investment, at cost	26,657	26,657
Dividend income	(8,078)	(4,847)
Group's share of profit	2,332	-
	<u>20,911</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 31 Dec 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

As At 31 Dec 2019

(a) The Board has recommended a first and final dividend of 0.30 sen per ordinary share on 1,054,306,850 ordinary shares in respect of the financial year ended 31 December 2019. The proposed dividend is subject to shareholders approval at the forthcoming annual general meeting.

As At 31 Dec 2018

(b) The Board has recommended a first and final dividend of 0.30 sen per ordinary share on 1,054,306,850 ordinary shares in respect of the financial year ended 31 December 2018. The dividend amounting to RM3,162,920 was paid on 16 July 2019.

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.

	4th Quarter Ended	4th Quarter Ended	12 Months Ended	12 Months Ended
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Net profit for the period (RM'000)	4,924	3,161	15,507	13,791
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)	0.47	0.30	1.47	1.30

By order of The Board
Siew Cheau Sheang
Finance Director
Kuala Lumpur, 26 February 2020