



MARCO HOLDINGS BERHAD
(Incorporated in Malaysia - 196901000631 (8985-P))

Condensed Consolidated Statement of Comprehensive Income
For The Third Quarter Ended 30 September 2020

	Note	3rd Quarter Ended		9 Months Ended	
		30-Sep-20 (Unaudited)	30-Sep-19	30-Sep-20 (Unaudited)	30-Sep-19
		RM '000	RM '000	RM '000	RM '000
Revenue	8	44,327	38,447	100,684	106,245
Other income		70	266	422	538
Changes in inventories of finished goods		(11,046)	(4,688)	(13,175)	1,496
Finished goods purchased		(21,697)	(23,793)	(61,582)	(80,371)
Depreciation		(585)	(366)	(1,869)	(970)
Other expenses		(5,557)	(6,042)	(13,600)	(16,491)
Share of Associated Company's Profit		583	508	1,268	1516
Profit from operations		6,095	4,332	12,148	11,963
Finance income		279	740	1,454	2,156
Finance costs		(118)	(63)	(334)	(95)
Profit before tax		6,256	5,009	13,268	14,024
Taxation	19	(1,798)	(1,162)	(3,842)	(3,441)
Profit after tax		4,458	3,847	9,426	10,583
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		4,458	3,847	9,426	10,583
Profit Attributable to: Owners of the Parent		4,458	3,847	9,426	10,583
Total Comprehensive Income Attributable to: Owners of the Parent		4,458	3,847	9,426	10,583
Earnings per share attributable to: equity holders of the parent (sen):					
(i) Basic	29	0.42	0.36	0.89	1.00
(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 2019



MARCO HOLDINGS BERHAD
(Incorporated in Malaysia - 196901000631 (8985P))

Condensed Consolidated Statement of Financial Position
As At 30 September 2020

	Note	As At 30-Sep-20 (Unaudited)	As At Preceding Financial Year Ended 31-Dec-19
		RM '000	RM '000
ASSETS			
Non-Current Assets			
Property, plant and equipment		3,422	3,875
Deferred tax assets		1,484	1,484
Investment Property		39,368	39,744
Investment in associates		15,711	20,905
Intangible Assets		620	747
Operating lease right-of-use assets		5,024	5,916
		<u>65,629</u>	<u>72,671</u>
Current Assets			
Inventories		13,881	34,881
Trade and other receivables		29,638	23,691
Cash and bank balances		119,807	88,375
		<u>163,326</u>	<u>146,947</u>
TOTAL ASSETS		<u>228,955</u>	<u>219,618</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		77,054	70,791
Total equity		<u>209,251</u>	<u>202,988</u>
Non-current liabilities			
Operating lease liabilities		4,022	4,880
Current Liabilities			
Trade and Other payables		11,160	9,248
Bills payables	25	-	-
Tax Payable		3,450	1,396
Operating lease liabilities		1,072	1,106
Dividend Payable		-	-
		<u>15,682</u>	<u>11,750</u>
Total liabilities		<u>19,704</u>	<u>16,630</u>
TOTAL EQUITY AND LIABILITIES		<u>228,955</u>	<u>219,618</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		0.20	0.19

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31st December 2019



MARCO HOLDINGS BERHAD
(Incorporated in Malaysia - 196901000631 (8985-P))

Condensed Consolidated Cash Flow Statement
For The Third Quarter Ended 30 September 2020

	Note	9 months ended 30-Sep-20 (Unaudited)	9 months ended 30-Sep-19
		RM '000	RM '000
Operating activities			
Net Profit before tax		13,268	14,024
<u>Adjustment for:</u>			
Depreciation		1,869	970
Interest expense		334	95
Dividend and Interest income		(1,454)	(2,156)
Operating Lease Rental		-	-
Other items		(1,171)	(73)
Total adjustments		<u>(422)</u>	<u>(1,164)</u>
Operating cash flows before changes in working capital		12,846	12,860
<u>Changes in working capital:</u>			
<i>Net change in current assets</i>		15,014	3,851
<i>Net change in current liabilities</i>		<u>(1,251)</u>	<u>(243)</u>
Total changes in working capital		<u>13,763</u>	<u>3,608</u>
Cash flows from operations		26,609	16,468
Tax paid		(1,788)	(3,995)
Interest paid		(334)	(95)
Net cash flows from operating activities		24,487	12,378
Investing activities			
Dividends & Interest received		7,916	2,156
Purchase of property, plant and equipment		(134)	(3,171)
Short term funds		-	-
Investment in associate		-	-
Placement of short term fund		-	-
Net Cash Flows (used in)/ from investing activities		7,782	(1,015)
Financing activities			
Borrowings		-	2,033
Operating lease liability		(837)	349
Dividends Paid		-	(3,163)
Net cash flows (used in) / from financing activities		(837)	(781)
Net Changes in Cash & Cash Equivalents		31,432	10,582
Cash & Cash Equivalents at beginning of year		88,375	83,091
Cash & Cash Equivalents at end of 30 Sept 2020		119,807	93,673
Cash and cash equivalents comprise :-			
Cash and bank balances		119,807	93,673
		<u>119,807</u>	<u>93,673</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 2019



MARCO HOLDINGS BERHAD
(Incorporated in Malaysia - 196901000631 (8985-P))

Condensed Consolidated Statement of Changes In Equity
For The Third Quarter Ended 30 September 2020

	Note	<-----Attributable to Equity Holders of the Parent----->			
		Share Capital	Revaluation Reserve	Retained Profits	Total Equity
		RM '000	RM '000	RM '000	RM '000
9 Months Period Ended 30 Sept 2020 At 1 January 2020		130,987	1,210	70,791	202,988
Total Comprehensive Income for the period		-	-	9,426	9,426
Dividends	28	-	-	(3,163)	(3,163)
Balance As At 30 Sept 2020 (unaudited)		<u>130,987</u>	<u>1,210</u>	<u>77,054</u>	<u>209,251</u>
9 Months Period Ended 30 Sept 2019 At 1 Jan 2019		130,987	1,210	58,449	190,646
Total Comprehensive Income for the period		-	-	10,583	10,583
Dividends	28	-	-	(3,163)	(3,163)
Balance As At 30 Sept 2019		<u>130,987</u>	<u>1,210</u>	<u>65,869</u>	<u>198,066</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 2019



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

1 Basis of Preparation

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 paragraph 9.22 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 2019. 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 2019.

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 2019, except as disclosed below:

The Group has adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January 2020. The adoption of these new and revised MFRSs and IC Interpretations have not resulted in any material impact on the financial statements of the Group.

2 Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the audited annual financial statements for the financial year ended 31 December 2019 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 flows 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 Dividends Paid

As At 30 Sept 2020

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

As At 30 Sept 2019

(b) 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.



8 Segmental Information

	3rd Quarter Ended 30 Sept 2020 RM '000	3rd Quarter Ended 30 Sept 2019 RM '000	9 Months Ended 30 Sept 2020 RM '000	9 Months Ended 30 Sept 2019 RM '000
Segment Revenue				
Distribution	44,327	38,447	100,684	106,245
Others	-	-	-	-
Total revenue including Inter-segment sales	44,327	38,447	100,684	106,245
Eliminations	-	-	-	-
Total Revenue	44,327	38,447	100,684	106,245
Segment Results (Profit before Tax)				
	RM '000	RM '000	RM '000	RM '000
Distribution	6,219	4,370	12,403	12,047
Others	5,925	140	6,084	485
	12,144	4,510	18,487	12,532
Conso Adjustment	(5,888)	499	(5,219)	1,492
Total Results	6,256	5,009	13,268	14,024
Segment Assets				
			9 Months Ended 30 Sept 2020 RM'000	9 Months Ended 30 Sept 2019 RM'000
Distribution			155,714	147,967
Others			212,843	201,623
			368,557	349,590
Eliminations			(139,602)	(136,951)
Total Assets			228,955	212,639
Segment Liabilities				
Distribution			19,313	18,638
Others			24,975	26,995
			44,288	45,633
Eliminations			(28,606)	(33,606)
Total Liabilities			15,682	12,027

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 are no material events that have not been reflected in the financial quarter under review.

11 Changes in the Composition of the Group

There were 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:	30 Sept 2020 RM'000	30 Sept 2019 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 expenditure commitments outstanding not provided for in the interim financial statements are as follows:

	30 Sept 2020 RM'000	30 Sept 2019 RM'000
-Property, plant and equipment Contracted but not provided for in the financial statements	Nil	360
	<u>Nil</u>	<u>360</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 revenue of RM100.7 million, a decrease of RM5.5 million or 5% compared to previous corresponding period of RM106.2 million. Decreased in revenue was mainly due to adverse impact of Covid-19 pandemic outbreak and Movement Control Order (“MCO”) that closed down the retail outlets dealing with non-essential goods. Group’s pre-tax profit correspondingly declined by RM0.7 million or 5% to RM13.3 million compared to previous corresponding period of RM14.0 million as a result of lower sales volume as well as lower margin from most of the product groups.

The performance of the respective operating segments for the financial period ended 30 Sept 2020 compared to the previous corresponding period is analysed as follows:-

Timepiece

The result in this segment includes all timepiece brands carried by the Group. The Group registered a revenue of RM82.1 million, a decrease of 2% compared to corresponding period last year due to Covid-19 pandemic outbreak. However, segmental profit was 24% higher than corresponding period of 2019 due to write back of provision of slow moving inventory.

Calculator

Calculator revenue of RM14.6 million was 22% lower compared to corresponding period of last year. Lower revenue was mainly due to closure of school segment during MCO. Segmental profit has dropped by 38% compared to corresponding period of 2019 as a result of lower revenue.

Digital Musical Instruments

This segment registered a revenue of RM4.0 million, an increase of 1% over the corresponding period of 2019. Segmental profit was 69% higher as a result of write back of provision of slow moving inventory.



16 Variation of Results against the Immediate Preceding Quarter

For the 3rd quarter ended 30 Sept 2020, Group's revenue increased by 71% or RM18.4 million to RM44.3 million from RM25.9 million registered in the immediate preceding quarter, revenue increased as a result of new models released and concerted promotion effort. In tandem with the increase in revenue, pre-tax profit had also increased by RM2.8 million or 80% to RM6.3 million.

17 Commentary on Prospects

The ongoing Covid-19 pandemic outbreak and the containment measures have posed an unprecedented challenge to the global economy. Our Group, being in the retail industry, is being adversely affected by this pandemic. In view of the extension of the current partial lockdown due to the rising Covid-19 cases, our Group will continue with our planned measures to face the challenges ahead. We remain optimistic to deliver positive results against this background of adversities.

18 Profit Forecast and Profit Guarantee

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

19 Taxation

	Quarters Ended 30 Sept 2020 RM '000	Quarters Ended 30 Sept 2019 RM '000
Income Tax	3,842	3,441
Tax expense	<u>3,842</u>	<u>3,441</u>
Profit/(loss) before taxation	<u>13,268</u>	<u>14,024</u>
Tax at statutory rate (24%) (2019:24%)	3,184	3,366
-Deferred Tax (Assets)/ Liabilities	389	(161)
-(Over)/Under provision of taxation	170	(68)
-Share of associated company's tax	(401)	(489)
-Effects of expenses not deductible for tax purpose	500	343
-Expenses deductible/double deductible for tax purpose	-	(39)
Tax expense	<u>3,842</u>	<u>3,441</u>

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



20 Notes to Condensed Consolidated Income Statement

	3 rd Quarter Ended 30 Sept 2020 RM '000	3 rd Quarter Ended 30 Sept 2019 RM '000
Profit for the period is arrived at after charging:		
Interest expense	334	95
Depreciation and amortisation	1,869	970
Allowance of impairment on trade receivables	14	36
Allowance of inventories written down	27	1,408
Loss on foreign exchange	-	58
and after crediting:		
Interest Income	1,454	2,156
Gain on foreign exchange	629	-

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 2020 RM '000	As at 30 Sept 2019 RM '000
Unquoted investment, at cost	26,657	26,657
Dividend income	(14,540)	(4,847)
Share of post-acquisition profit	3,594	1,516
	<u>15,711</u>	<u>23,326</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 2020 RM'000	As at 30 Sept 2019 RM'000
Short term borrowings – secured	-	2,033
Total	<u>-</u>	<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 2020.

(b) There was no dividend proposed in the 3rd quarter ended 30 Sept 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.

	3rd Quarter Ended	3rd Quarter Ended	9 Months Ended	9 Months Ended
	30 Sept 2020	30 Sept 2019	30 Sept 2020	30 Sept 2019
Net profit for the period (RM'000)	4,458	3,847	9,426	10,583
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)	0.42	0.36	0.89	1.00

By order of The Board
Siew Cheau Sheang
Finance Director
Kuala Lumpur, 18 November 2020