



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

Condensed Consolidated Statement of Comprehensive Income
For The Fourth Quarter Ended 31 December 2020

	Note	4th Quarter Ended		12 Months Ended	
		31-Dec-20 (Unaudited)	31-Dec-19	31-Dec-20 (Unaudited)	31-Dec-19
		RM '000	RM '000	RM '000	RM '000
Revenue	8	48,495	43,509	149,179	149,754
Other income		(95)	29	327	570
Changes in inventories of finished goods		(141)	2,338	(13,316)	3,834
Finished goods purchased		(35,850)	(34,603)	(97,432)	(114,974)
Depreciation		(808)	(1,204)	(2,677)	(2,174)
Other expenses		(7,027)	(5,351)	(20,627)	(21,842)
Share of Associated Company's Profit		863	810	2,131	2,326
Profit from operations		5,437	5,528	17,585	17,494
Finance income		687	665	2,141	2,818
Finance costs		45	(110)	(289)	(205)
Profit before tax		6,169	6,083	19,437	20,107
Taxation	19	(1,245)	(1,161)	(5,087)	(4,602)
Profit after tax		4,924	4,922	14,350	15,505
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		4,924	4,922	14,350	15,505
Profit Attributable to: Owners of the Parent		4,924	4,922	14,350	15,505
Total Comprehensive Income Attributable to: Owners of the Parent		4,924	4,922	14,350	15,505
Earnings per share attributable to: equity holders of the parent (sen):					
(i) Basic	29	0.47	0.47	1.36	1.47
(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
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Condensed Consolidated Statement of Financial Position
As At 31 December 2020

	Note	As At 31-Dec-20 (Unaudited)	As At Preceding Financial Year Ended 31-Dec-19
		RM '000	RM '000
ASSETS			
Non-Current Assets			
Property, plant and equipment		3,264	3,875
Deferred tax assets		1,698	1,484
Investment Property		39,243	39,744
Investment in associates		16,574	20,905
Intangible Assets		562	747
Operating lease right-of-use assets		4,701	5,916
		<u>66,042</u>	<u>72,671</u>
Current Assets			
Inventories		23,588	34,881
Trade and other receivables		24,186	23,691
Cash and bank balances		118,979	88,375
		<u>166,753</u>	<u>146,947</u>
TOTAL ASSETS		<u>232,795</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		81,978	70,791
Total equity		<u>214,175</u>	<u>202,988</u>
Non-current liabilities			
Operating lease liabilities		3,709	4,880
Current Liabilities			
Trade and Other payables	25	11,789	9,248
Bills payables		-	-
Tax Payable		1,998	1,396
Operating lease liabilities		1,124	1,106
Dividend Payable		-	-
		<u>14,911</u>	<u>11,750</u>
Total liabilities		<u>18,620</u>	<u>16,630</u>
TOTAL EQUITY AND LIABILITIES		<u>232,795</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
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Condensed Consolidated Cash Flow Statement
For The Fourth Quarter Ended 31 December 2020

	Note	12 months ended 31-Dec-20 (Unaudited)	12 months ended 31-Dec-19
		RM '000	RM '000
Operating activities			
Net Profit before tax		19,437	20,107
<u>Adjustment for:</u>			
Depreciation		2,677	2,174
Interest expense		289	205
Dividend and Interest income		(2,141)	(2,818)
Operating Lease Rental		-	-
Other items		(2,028)	(1,129)
Total adjustments		<u>(1,203)</u>	<u>(1,568)</u>
Operating cash flows before changes in working capital		18,234	18,539
<u>Changes in working capital:</u>			
<i>Net change in current assets</i>		10,745	(6,292)
<i>Net change in current liabilities</i>		2,541	(2,180)
Total changes in working capital		<u>13,286</u>	<u>(8,472)</u>
Cash flows from operations		31,520	10,067
Tax paid		(4,701)	(4,699)
Interest paid		(289)	(124)
Net cash flows from operating activities		26,530	5,244
Investing activities			
Dividends & Interest received		8,603	6,049
Purchase of property, plant and equipment		(214)	(3,701)
Short term funds		-	-
Investment in associate		-	-
Placement of short term fund		-	-
Net Cash Flows (used in)/ from investing activities		8,389	2,348
Financing activities			
Borrowings		-	1,616
Operating lease liability		(1,152)	(761)
Dividends Paid		(3,163)	(3,163)
Net cash flows (used in) / from financing activities		(4,315)	(2,308)
Net Changes in Cash & Cash Equivalents		30,604	5,284
Cash & Cash Equivalents at beginning of year		88,375	83,091
Cash & Cash Equivalents at end of 31 Dec		118,979	88,375
Cash and cash equivalents comprise :-			
Cash and bank balances		118,979	88,375
		<u>118,979</u>	<u>88,375</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 Fourth Quarter Ended 31 December 2020

	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 2020 At 1 January 2020		130,987	-	-	1,210	70,791	202,988	
Total Comprehensive Income for the period		-	-	-	-	14,350	14,350	
Dividends	28	-	-	-	-	(3,163)	(3,163)	
Balance As At 30 Dec 2020 (unaudited)		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>81,978</u>	<u>214,175</u>	
12 Months Period Ended 31 Dec 2019 At 1 Jan 2019		130,987	-	-	1,210	58,449	190,646	
Total Comprehensive Income for the period		-	-	-	-	15,505	15,505	
Dividends	28	-	-	-	-	(3,163)	(3,163)	
Balance As At 31 Dec 2019		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>70,791</u>	<u>202,988</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 31 Dec 2020

(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 2019 was paid on 8 Oct 2020.

As At 31 Dec 2019

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



8 Segmental Information

	4th Quarter Ended 31 Dec 2020 RM '000	4th Quarter Ended 31 Dec 2019 RM '000	12 Months Ended 31 Dec 2020 RM '000	12 Months Ended 31 Dec 2019 RM '000
Segment Revenue				
Distribution	48,495	43,509	149,179	149,754
Others	-	-	-	-
Total revenue including Inter-segment sales	48,495	43,509	149,179	149,754
Eliminations	-	-	-	-
Total Revenue	48,495	43,509	149,179	149,754
Segment Results (Profit before Tax)				
	RM '000	RM '000	RM '000	RM '000
Distribution	5,334	5,109	17,737	17,156
Others	(20)	3,398	6,064	3,883
	5,314	8,507	23,801	21,039
Conso Adjustment	855	(2,424)	(4,364)	(932)
Total Results	6,169	6,083	19,437	20,107
Segment Assets				
			12 Months Ended 31 Dec 2020 RM'000	12 Months Ended 31 Dec 2019 RM'000
Distribution			162,115	120,872
Others			209,560	204,623
			371,675	325,495
Eliminations			(138,880)	(105,877)
Total Assets			232,795	219,618
Segment Liabilities				
Distribution			25,507	16,461
Others			21,852	27,089
			47,359	43,550
Eliminations			(28,739)	(26,920)
Total Liabilities			18,620	16,630

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

There were no changes in the contingent liabilities and contingent assets of the Group for the financial quarter under review.

13 Capital Commitments

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

	31 Dec 2020 RM'000	31 Dec 2019 RM'000
-Property, plant and equipment Contracted but not provided for in the financial statements	Nil	73
	<hr/>	<hr/>
	Nil	73

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 RM149.2 million, a marginal drop of RM0.6 million compared to RM149.8 million registered in 2019. Revenue was at par with 2019 due to concerted promotional activities throughout the year despite the 6 weeks of Movement Control Order (“MCO”) imposed by the Government, that caused the closed down of retail outlets dealing with non-essential goods. Group’s pre-tax profit correspondingly declined by RM0.7 million or 3% to RM19.4 million compared to RM20.1 million recorded in 2019 as a result of lower margin from most of the product groups.

The performance of the respective operating segments for the financial period ended 31 Dec 2020 compared to 2019 are analysed as follows:-

Timepiece

The result in this segment includes all timepiece brands carried by the Group. The Group registered a revenue of RM122.7 million, an increase of 5% over 2019. Segmental profit was 22% higher than 2019, contributed by improved revenue and also write back of provision of slow moving inventory.

Calculator

The Group’s calculator segment was impacted by COVID-19’s restrictions that continued into quarter 4. Calculator revenue of RM20.6 million was 24% lower compared to last year. The decline in revenue was mainly due to the prolong closure of schools, colleges and universities during various levels of MCO throughout the year. As a result, segmental profit has dropped by 31% compared to 2019.

Digital Musical Instruments

With the increase of stay home demand that resulted in higher online sales coupled with aggressive promotions to promote online self-learning, this segment registered a revenue of RM5.9 million, an increase of 9% over 2019. Segmental profit was 43% higher as a result of increase in revenue and also write back of provision of slow moving inventory.



16 Variation of Results against the Immediate Preceding Quarter

For the 4th quarter ended 31 Dec 2020, Group's revenue increased by 9% or RM4.2 million to RM48.5 million from RM44.3 million registered in the immediate preceding quarter, revenue increased as a result of new models released and concerted promotion effort. However, pre-tax profit declined marginally to RM6.2 million from RM6.3 million registered in the immediate preceding quarter mainly due to increase in promotional expenses.

17 Commentary on Prospects

The recent reimposition of lockdowns by Malaysian Government as a result of the escalation of COVID-19 pandemic cases could hamper the economic recovery. The retail market is expected to remain challenging in the near term given the uncertainties on the timing of the market recovery. Our Group expect tougher operating conditions going forward as the market will take some time to recover to pre-MCO level. In light of this, our Group will continue to focus on the digital platforms such as e-commerce and social media to expand the revenue base, we will also remain vigilant in cost management to deliver the results.

18 Profit Forecast and Profit Guarantee

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

19 Taxation

	Quarters Ended 31 Dec 2020 RM '000	Quarters Ended 31 Dec 2019 RM '000
Income Tax	5,087	4,602
Tax expense	5,087	4,602
Profit/(loss) before taxation	19,437	20,107
Tax at statutory rate (24%) (2019:24%)	4,665	4,826
-Deferred Tax (Assets)/ Liabilities	(47)	9
-(Over)/Under provision of taxation	589	27
-Share of associated company's tax	(761)	(559)
-Effects of expenses not deductible for tax purpose	680	338
-Expenses deductible/double deductible for tax purpose	(39)	(39)
Tax expense	5,087	4,602

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



20 Notes to Condensed Consolidated Income Statement

	Quarters Ended 31 Dec 2020 RM '000	Quarters Ended 31 Dec 2019 RM '000
Profit for the period is arrived at after charging:		
Interest expense	289	151
Depreciation and amortisation	2,677	2,174
Allowance of impairment on trade receivables	44	-
Allowance of inventories written down	-	1,137
Loss on foreign exchange	-	65
and after crediting:		
Interest Income	2,141	2,818
Gain on foreign exchange	237	-
Reversal of loss allowance for receivables	-	51
Reversal of allowance for inventories written down	16	-

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 2020 RM '000	As at 31 Dec 2019 RM '000
Unquoted investment, at cost	26,657	26,657
Dividend income	(14,540)	(8,078)
Share of post-acquisition profit	4,457	2,326
	<u>16,574</u>	<u>20,905</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 2020 RM'000	As at 31 Dec 2019 RM'000
Short term borrowings – secured	-	-
Total	<u>-</u>	<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 2020

(a) There was no dividend proposed in the 4th quarter ended 31 Dec 2020.

As At 31 Dec 2019

(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 2019. The dividend was paid on 8 Oct 2020.

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 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Net profit for the period (RM'000)	4,924	4,922	14,350	15,505
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	0.47	1.36	1.47

By order of The Board
Siew Cheau Sheang
Finance Director
Kuala Lumpur, 24 February 2021