



MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985-P)

Condensed Consolidated Statement of Comprehensive Income For The First Quarter Ended 31 March 2021

	Note	1st Quarter Ended		3 Months Ended	
		31-Mar-21 (Unaudited)	31-Mar-20	31-Mar-21 (Unaudited)	31-Mar-20
		RM '000	RM '000	RM '000	RM '000
Revenue	8	39,742	30,478	39,742	30,478
Other income		103	172	103	172
Changes in inventories of finished goods		420	311	420	311
Finished goods purchased		(29,358)	(23,733)	(29,358)	(23,733)
Depreciation		(650)	(693)	(650)	(693)
Other expenses		(5,921)	(3,836)	(5,921)	(3,836)
Share of Associated Company's Profit		616	310	616	310
Profit from operations		4,952	3,009	4,952	3,009
Finance income		638	582	638	582
Finance costs		(42)	(35)	(42)	(35)
Profit before tax		5,548	3,556	5,548	3,556
Taxation	19	(1,451)	(1,063)	(1,451)	(1,063)
Profit after tax		4,097	2,493	4,097	2,493
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		4,097	2,493	4,097	2,493
Profit Attributable to: Owners of the Parent		4,097	2,493	4,097	2,493
Total Comprehensive Income Attributable to: Owners of the Parent		4,097	2,493	4,097	2,493
Earnings per share attributable to: equity holders of the parent (sen):					
(i) Basic	29	0.39	0.24	0.39	0.24
(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 2020



MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985P)

Condensed Consolidated Statement of Financial Position As At 31 March 2021

	Note	As At 31-Mar-21 (Unaudited)	As At Preceding Financial Year Ended 31-Dec-20
		RM '000	RM '000
ASSETS			
Non-Current Assets			
Property, plant and equipment		3,109	3,264
Deferred tax assets		1,698	1,717
Investment Property		39,118	39,243
Investment in associates & subsidiaries		17,192	16,576
Intangible Assets		478	562
Operating lease right-of-use assets		4,429	4,800
		<u>66,024</u>	<u>66,162</u>
Current Assets			
Inventories		14,462	23,588
Trade and other receivables		28,745	24,282
Fixed deposits with licensed banks		80,040	78,483
Cash and bank balances		46,882	40,494
		<u>170,129</u>	<u>166,847</u>
TOTAL ASSETS		<u>236,153</u>	<u>233,009</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		86,405	82,308
Total equity		<u>218,602</u>	<u>214,505</u>
Non-current liabilities			
Operating lease liabilities		3,437	3,808
Current Liabilities			
Trade and Other payables		10,769	11,744
Bills payables	25	-	-
Tax Payable		2,221	1,831
Operating lease liabilities		1,124	1,121
Dividend Payable		-	-
		<u>14,114</u>	<u>14,696</u>
Total liabilities		<u>17,551</u>	<u>18,504</u>
TOTAL EQUITY AND LIABILITIES		<u>236,153</u>	<u>233,009</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		0.21	0.20

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31st December 2020



MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985-P)

Condensed Consolidated Cash Flow Statement For The First Quarter Ended 31 March 2021

	Note	3 months ended 31-Mar-21 (Unaudited)	3 months ended 31-Mar-20
		RM '000	RM '000
Operating activities			
Net Profit before tax		5,548	3,556
<u>Adjustment for:</u>			
Depreciation		650	693
Interest expense		42	35
Dividend and Interest income		(638)	(582)
Other items		(778)	(57)
Total adjustments		<u>(724)</u>	<u>89</u>
Operating cash flows before changes in working capital		4,824	3,645
<u>Changes in working capital:</u>			
Net change in current assets		5,078	6,080
Net change in current liabilities		<u>(1,021)</u>	<u>(2,609)</u>
Total changes in working capital		<u>4,057</u>	<u>3,471</u>
Cash flows from operations		8,881	7,116
Tax paid		(778)	(1,739)
Interest paid		(42)	(35)
Net cash flows from operating activities		8,061	5,342
Investing activities			
Dividends & Interest received		638	582
Purchase of property, plant and equipment		(13)	(11)
Short term funds		(1,931)	-
Investment in associate		-	-
Other Items		-	-
Net Cash Flows (used in)/ from investing activities		(1,306)	571
Financing activities			
Borrowings		-	-
Operating lease liability		(367)	-
Dividends Paid		-	-
Net cash flows (used in) / from financing activities		(367)	-
Net Changes in Cash & Cash Equivalents		6,388	5,913
Cash & Cash Equivalents at beginning of year		40,494	22,431
Cash & Cash Equivalents at end of 31 March		46,882	28,344
Cash and cash equivalents comprise :-			
Cash and bank balances		<u>46,882</u>	<u>28,344</u>
		46,882	28,344

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statement for the year ended 31st December 2020



MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985-P)

**Condensed Consolidated Statement of Changes In Equity
For The First Quarter Ended 31 March 2021**

	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		
3 Months Period Ended 31 March 2021 At 1 January 2021		130,987	-	-	1,210	82,308	214,505
Total Comprehensive Income for the period		-	-	-	-	4,097	4,097
Dividends	28	-	-	-	-	-	-
Balance As At 31 Mar 2021 (unaudited)		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>86,405</u>	<u>218,602</u>
3 Months Period Ended 31 March 2020 At 1 Jan 2020		130,987	-	-	1,210	70,791	202,988
Total Comprehensive Income for the period		-	-	-	-	2,493	2,493
Dividends	28	-	-	-	-	-	-
Balance As At 31 March 2020		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>73,284</u>	<u>205,481</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 2020



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 Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2020.

2 Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the audited annual financial statements for the financial year ended 31 December 2020 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 Mar 2021

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

As At 31 Mar 2020

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



8 Segmental Information

	1st Quarter Ended 31 Mar 2021 RM '000	1st Quarter Ended 31 Mar 2020 RM '000	3 Months Ended 31 Mar 2021 RM '000	3 Months Ended 31 Mar 2020 RM '000
Segment Revenue				
Distribution	39,742	30,478	39,742	30,478
Others	-	-	-	-
Total revenue including Inter-segment sales	39,742	30,478	39,742	30,478
Eliminations	-	-	-	-
Total Revenue	39,742	30,478	39,742	30,478
Segment Results (Profit before Tax)				
	RM '000	RM '000	RM '000	RM '000
Distribution	4,868	3,160	4,868	3,160
Others	72	94	72	94
	4,940	3,254	4,940	3,254
Conso Adjustment	608	302	608	302
Total Results	5,548	3,556	5,548	3,556
Segment Assets				
			3 Months Ended 31 March 2021	12 Months Ended 31 Dec 2020
Distribution			164,680	141,220
Others			210,512	202,028
			375,192	343,248
Eliminations			(139,039)	(110,239)
Total Assets			236,153	233,009
Segment Liabilities				
Distribution			24,530	18,429
Others			22,530	21,733
			47,060	40,162
Eliminations			(29,509)	(21,658)
Total Liabilities			17,551	18,504

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 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

There were no capital expenditure commitments outstanding not provided for in the interim financial statements.

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

For the first quarter ended 31 March 2021, the Group registered a revenue of RM39.7 million, an increase of RM9.3 million or 30% compared to previous corresponding period of RM30.5 million. Revenue for previous year's corresponding quarter were gravely affected by the implementation of the Movement Control Order (MCO) that took effect from 18 March onwards. The Group registered Profit Before Tax (PBT) of RM5.5 million for the quarter, an increase of RM2 million or 56% compared to first quarter ended 31 March 2020 primarily due to higher revenue and better margin.

The performance of the respective operating segments for the financial period ended 31 March 2021 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 RM31.0 million, an increase of RM9.1 million or 42% compared to corresponding quarter last year. Increased revenue coupled by better margin has resulted in 190% increase in the segmental profit compared to corresponding quarter of 2020.

Calculator

Calculator revenue of RM7.2 million was 5% lower compared to corresponding quarter last year. Calculator revenue declined as schools and universities remain closed in the early part of this year in response to a surge of COVID-19 cases. However, segmental profit improved by 68% mainly due to lower expenses.

Digital Musical Instruments

This segment registered a revenue of RM1.5 million, an increase of 47% over the corresponding quarter of 2020. Work from home (WFH) and online self-learning had contributed to increase in demand of Digital Musical Instruments. Segmental profit was 114% higher mainly due to increased revenue.

16 Variation of Results against the Immediate Preceding Quarter

For the 1st quarter ended 31 March 2021, the Group registered revenue of RM39.7 million, 10.7% lower compared to the fourth quarter of 2020. Re-imposition of various levels of MCO, restricted celebration of festival and the banning of interstate travel due to increasing infections of COVID-19 cases had affected this quarter's revenue. PBT was lower at RM5.5 million or 11% compared to RM6.2 million in the fourth quarter of 2020 primarily due to lower revenue.



17 Commentary on Prospects

The pace of Malaysia's economic recovery hinges on the speed and effectiveness of the Covid-19 vaccination rollouts. Our efforts of digitalization and investing early has enable us to capture the evolving consumer spending behavior thus far. Going forward, our Group will continue to accelerate our digital agenda to provide a seamless and differentiating customer experience to improve our revenue base, and we remain optimistic in delivering 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

	Quarter Ended 31 Mar 2021 RM '000	Quarter Ended 31 Mar 2020 RM '000
Income Tax	1,451	1,063
Tax expense	1,451	1,063
Profit/(loss) before taxation	5,548	3,556
Tax at statutory rate (24%) (2020:24%)	1,332	853
-Deferred Tax (Assets)/ Liabilities	561	51
-(Over)/Under provision of taxation	(507)	39
-Share of associated company's tax	(195)	(98)
-Effects of expenses not deductible for tax purpose	298	224
-Expenses deductible/double deductible for tax purpose	(38)	(6)
Tax expense	1,451	1,063

The effective tax rates for the current quarter was higher than the statutory tax rate principally due to under provision of deferred tax liabilities.

20 Notes to Condensed Consolidated Income Statement

	1 st Quarter Ended 31 Mar 2021 RM '000	1 st Quarter Ended 31 Mar 2020 RM '000
Profit for the period is arrived at after charging:		
Interest expense	42	35
Depreciation and amortisation	650	693
Allowance of impairment on trade receivables	-	62
Allowance of inventories written down	-	192
Loss on foreign exchange	-	-
and after crediting:		
Interest Income	638	582
Gain on foreign exchange	319	238
Reversal of allowance of impairment on trade receivables	48	
Reversal of allowance of inventories written down	114	



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 Mar 2021 RM '000	As at 31 Dec 2020 RM '000
Unquoted investment, at cost	26,657,400	26,657,400
Dividend income	(14,540,400)	(14,540,400)
Share of post-acquisition profit	5,074,849	4,458,971
	<u>17,191,849</u>	<u>16,575,971</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 Mar 2021 RM'000	As at 31 Dec 2020 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

(a) No dividend is proposed in the 1st quarter ended 31 March 2021.

(b) No dividend is proposed in the 1st quarter ended 31 March 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.

	1st Quarter Ended	1st Quarter Ended	3 Months Ended	3 Months Ended
	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
Net profit for the period (RM'000)	4,097	2,493	4,097	2,493
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)	0.39	0.24	0.39	0.24

By order of The Board
Siew Cheau Sheang
Finance Director
Kuala Lumpur, 20 May 2021