



# MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985-P)

## Condensed Consolidated Statement of Comprehensive Income For The Second Quarter Ended 30 June 2021

	Note	2nd Quarter Ended		6 Months Ended	
		30-Jun-21 (Unaudited)	30-Jun-20	30-Jun-21 (Unaudited)	30-Jun-20
		RM '000	RM '000	RM '000	RM '000
Revenue	8	35,316	25,879	75,058	56,357
Other income		-			
		123	180	226	352
Changes in inventories of finished goods		11,924	(2,440)	12,344	(2,129)
Finished goods purchased		(37,855)	(16,152)	(67,213)	(39,885)
Depreciation		(629)	(591)	(1,279)	(1,284)
Other expenses		(4,441)	(4,207)	(10,362)	(8,043)
Share of Associated Company's Profit		465	375	1,081	685
<b>Profit from operations</b>		<b>4,903</b>	<b>3,044</b>	<b>9,855</b>	<b>6,053</b>
Finance income		444	593	1,082	1,175
Finance costs		(52)	(181)	(94)	(216)
<b>Profit before tax</b>		<b>5,295</b>	<b>3,456</b>	<b>10,843</b>	<b>7,012</b>
Taxation	19	(978)	(981)	(2,429)	(2,044)
<b>Profit after tax</b>		<b>4,317</b>	<b>2,475</b>	<b>8,414</b>	<b>4,968</b>
Other Comprehensive Income		-	-	-	-
<b>Total Comprehensive Income</b>		<b>4,317</b>	<b>2,475</b>	<b>8,414</b>	<b>4,968</b>
<b>Profit Attributable to: Owners of the Parent</b>		<b>4,317</b>	<b>2,475</b>	<b>8,414</b>	<b>4,968</b>
<b>Total Comprehensive Income Attributable to: Owners of the Parent</b>		<b>4,317</b>	<b>2,475</b>	<b>8,414</b>	<b>4,968</b>
<b>Earnings per share attributable to: equity holders of the parent (sen):</b>					
(i) Basic	29	0.39	0.23	0.80	0.47
(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 2020



# MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985P)

## Condensed Consolidated Statement of Financial Position As At 30 June 2021

	Note	As At 30-Jun-21 (Unaudited)	As At Preceding Financial Year Ended 31-Dec-20
		RM '000	RM '000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		2,981	3,264
Deferred tax assets		1,698	1,717
Investment Property		38,993	39,243
Investment in associates & subsidiaries		17,657	16,576
Intangible Assets		395	562
Operating lease right-of-use assets		4,155	4,800
		<u>65,879</u>	<u>66,162</u>
<b>Current Assets</b>			
Inventories		26,561	23,588
Trade and other receivables		23,904	24,282
Fixed deposits with licensed banks		100,092	78,483
Cash and bank balances		25,663	40,494
		<u>176,220</u>	<u>166,847</u>
<b>TOTAL ASSETS</b>		<b><u>242,099</u></b>	<b><u>233,009</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share Capital	6	130,987	130,987
Reserves		1,210	1,210
Retained Earnings		90,722	82,308
<b>Total equity</b>		<u>222,919</u>	<u>214,505</u>
<b>Non-current liabilities</b>			
Operating lease liabilities		3,437	3,808
<b>Current Liabilities</b>			
Trade and Other payables		13,503	11,744
Bills payables	25	-	-
Tax Payable		1,390	1,831
Operating lease liabilities		850	1,121
Dividend Payable		-	-
		<u>15,743</u>	<u>14,696</u>
<b>Total liabilities</b>		<u>19,180</u>	<u>18,504</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>242,099</u></b>	<b><u>233,009</u></b>
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 Second Quarter Ended 30 June 2021

	Note	6 months ended 30-Jun-21 (Unaudited)	6 months ended 30-Jun-20
		RM '000	RM '000
<b>Operating activities</b>			
Net Profit before tax		10,843	7,012
<u>Adjustment for:</u>			
Depreciation		1,279	1,284
Interest expense		94	216
Dividend and Interest income		(1,082)	(1,175)
Other items		(1,344)	(87)
Total adjustments		<u>(1,053)</u>	<u>238</u>
<b>Operating cash flows before changes in working capital</b>		<b>9,790</b>	<b>7,250</b>
<u>Changes in working capital:</u>			
Net change in current assets		(2,321)	5,283
Net change in current liabilities		1,758	(2,147)
Total changes in working capital		<u>(563)</u>	<u>3,136</u>
<b>Cash flows from operations</b>		<b>9,227</b>	<b>10,386</b>
Tax paid		(2,875)	(1,555)
Interest paid		(94)	(216)
<b>Net cash flows from operating activities</b>		<b>6,258</b>	<b>8,615</b>
<b>Investing activities</b>			
Dividends & Interest received		1,082	1,175
Purchase of property, plant and equipment		(30)	(16)
Short term funds		(21,499)	-
Investment in associate		-	-
Other Items		-	-
<b>Net Cash Flows (used in)/ from investing activities</b>		<b>(20,447)</b>	<b>1,159</b>
<b>Financing activities</b>			
Borrowings		-	-
Operating lease liability		(642)	(858)
Dividends Paid		-	-
<b>Net cash flows (used in) / from financing activities</b>		<b>(642)</b>	<b>(858)</b>
<b>Net Changes in Cash &amp; Cash Equivalents</b>		<b>(14,831)</b>	<b>8,916</b>
<b>Cash &amp; Cash Equivalents at beginning of year</b>		<b>40,494</b>	<b>88,375</b>
<b>Cash &amp; Cash Equivalents at end of 30 June</b>		<b>25,663</b>	<b>97,291</b>
Cash and cash equivalents comprise :-			
Cash and bank balances		25,663	97,291
		<u>25,663</u>	<u>97,291</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 2020



**MARCO HOLDINGS BERHAD**

(Incorporated in Malaysia - 8985-P)

**Condensed Consolidated Statement of Changes In Equity  
For The Second Quarter Ended 30 June 2021**

	Note	Attributable to Equity Holders of the Parent					Retained Profits RM '000	Total Equity RM '000
		Share Capital RM '000	Non-Distributable			Revaluation Reserve RM '000		
			Share Premium RM '000	Fair Value Changes Reserve RM '000				
<b>6 Months Period Ended 30 June 2021 At 1 January 2021</b>		130,987	-	-	1,210	82,308	214,505	
Total Comprehensive Income for the period		-	-	-	-	8,414	8,414	
Dividends	28	-	-	-	-	-	-	
<b>Balance As At 30 June 2021 (unaudited)</b>		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>90,722</u>	<u>222,919</u>	
<b>6 Months Period Ended 30 June 2020 At 1 Jan 2020</b>		130,987	-	-	1,210	70,791	202,988	
Total Comprehensive Income for the period		-	-	-	-	4,968	4,968	
Dividends	28	-	-	-	-	-	-	
<b>Balance As At 30 June 2020</b>		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>75,759</u>	<u>207,956</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 30 June 2021

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

#### As At 30 June 2020

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



**8 Segmental Information**

	<b>2<sup>nd</sup> Quarter Ended 30 June 2021 RM '000</b>	<b>2<sup>nd</sup> Quarter Ended 30 June 2020 RM '000</b>	<b>6 Months Ended 30 June 2021 RM '000</b>	<b>6 Months Ended 30 June 2020 RM '000</b>
<b>Segment Revenue</b>				
Distribution	35,316	25,879	75,058	56,357
Others	-	-	-	-
Total revenue including Inter-segment sales	35,316	25,879	75,058	56,357
Eliminations	-	-	-	-
Total Revenue	35,316	25,879	75,058	56,357
<b>Segment Results (Profit before Tax)</b>				
	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
Distribution	5,052	3,024	9,920	6,184
Others	(214)	65	(142)	159
	4,838	3,089	9,778	6,343
Conso Adjustment	457	367	1,065	669
Total Results	5,295	3,456	10,843	7,012
<b>Segment Assets</b>				
			<b>6 Months Ended 30 June 2021 RM'000</b>	<b>12 Months Ended 31 Dec 2020 RM'000</b>
Distribution			170,456	141,220
Others			210,376	202,028
			380,832	343,248
Eliminations			(138,733)	(110,239)
Total Assets			242,099	233,009
<b>Segment Liabilities</b>				
Distribution			22,713	18,429
Others			22,677	21,733
			45,390	40,162
Eliminations			(29,647)	(21,658)
Total Liabilities			15,743	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 financial period ended 30 June 2021, the Group registered a revenue of RM75.1 million, an increase of RM18.7 million or 33% compared to previous corresponding period of RM56.4 million. Revenue for previous year's corresponding period were gravely affected by the implementation of the Movement Control Order (MCO) that took effect from 18 March until 12 May 2020, followed by a conditional MCO until 9 June 2020. The Group registered Profit before Tax (PBT) of RM10.8 million for the period ended June 2021, an increase of RM3.8 million or 54% compared to RM7.0 million registered in the corresponding period of 2020 primarily due to higher revenue and better margin.

**The performance of the respective operating segments for the financial period ended 30 June 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 RM60.0 million, an increase of RM14.9 million or 33% compared to corresponding period last year. Increased revenue coupled by better margin has resulted in 102% increase in the segmental profit compared to corresponding period of 2020.

#### *Calculator*

Calculator revenue of RM12.2 million is RM3.3 million or 37% higher compared to corresponding period last year. Our Group managed to catch up with Calculator sales when schools and universities were reopened on 3 April 2021, before they were being ordered to close again on 3 May 2021. In tandem with the increase in revenue, segmental profit improved by 54%.

#### *Digital Musical Instruments*

This segment registered a revenue of RM2.9 million, an increase of 21% over the corresponding period of 2020. Work from home (WFH) and online self-learning had contributed to increase in demand of Digital Musical Instruments. Segmental profit is 39% higher as a result of increased revenue.

### 16 Comparison of Results against the Immediate Preceding Quarter

For the 2<sup>nd</sup> quarter ended 30 June 2021, the Group registered revenue of RM35.3 million, 11% lower compared to RM39.7 million registered in the first quarter of 2021. Due to increasing infections of COVID-19 cases, the Malaysian Government reimposed various levels of MCO in various states in the second quarter of 2021, followed by a nationwide total lockdown from 1 June 2021, all these had restricted the non-essential business activities and affected our Group's second quarter's revenue. Correspondingly, PBT of RM5.3 million was 4% lower compared to RM5.5 million registered in the first quarter of 2021 primarily due to lower revenue.



### 17 Commentary on Prospects

The persistent high daily Covid-19 new cases in Malaysia and the resultant re-imposition of a series of new lockdowns have aggravated the retail sector to a great extent as consumers stayed home and retail outlets remained shut. Our Group being in the retail industry, expects the operating environment to be tough with the uncertainties in the Covid-19 developments and lockdown restrictions. We will remain focused in our digital agenda in driving productivity and to improve our revenue base, and remain cautiously 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 30 June 2021 RM '000	Quarter Ended 30 June 2020 RM '000
Income Tax	2,429	2,044
Tax expense	2,429	2,044
Profit/(loss) before taxation	10,843	7,012
Tax at statutory rate (24%) (2020:24%)	2,602	1,683
-Deferred Tax (Assets)/ Liabilities	(74)	267
-(Over)/Under provision of taxation	87	165
-Share of associated company's tax	(310)	(315)
-Effects of expenses not deductible for tax purpose	140	258
-Expenses deductible/double deductible for tax purpose	(16)	(14)
Tax expense	2,429	2,044

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

### 20 Notes to Condensed Consolidated Income Statement

	2 <sup>nd</sup> Quarter Ended 30 June 2021 RM '000	2 <sup>nd</sup> Quarter Ended 30 June 2020 RM '000
<b>Profit for the period is arrived at after charging:</b>		
Interest expense	94	216
Depreciation and amortisation	1,279	1,284
Allowance of impairment on trade receivables	-	258
Allowance of inventories written down	-	339
Loss on foreign exchange	-	-
<b>and after crediting:</b>		
Interest Income	1,082	1,175
Gain on foreign exchange	478	115
Reversal of allowance of impairment on trade receivables	1	-
Reversal of allowance of inventories written down	262	-





**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 June 2021 RM '000	As at 31 Dec 2020 RM '000
Unquoted investment, at cost	26,657	26,657
Dividend income	(14,540)	(14,540)
Share of post-acquisition profit	5,540	4,459
	<u>17,657</u>	<u>16,576</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 June 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 2<sup>nd</sup> quarter ended 30 June 2021.

(b) No dividend is proposed in the 2<sup>nd</sup> quarter ended 30 June 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.

	<b>2<sup>nd</sup> Quarter Ended</b>	<b>2<sup>nd</sup> Quarter Ended</b>	<b>6 Months Ended</b>	<b>6 Months Ended</b>
	<b>30 June 2021</b>	<b>30 June 2020</b>	<b>30 June 2021</b>	<b>30 June 2020</b>
Net profit for the period (RM'000)	4,317	2,475	8,414	4,968
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	0.23	0.80	0.47

By order of The Board  
Siew Cheau Sheang  
Finance Director  
Kuala Lumpur, 27 August 2021