



MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985-P)

Condensed Consolidated Statement of Comprehensive Income For The Third Quarter Ended 30 September 2021

	Note	3rd Quarter Ended		9 Months Ended	
		30-Sep-21 (Unaudited)	30-Sep-20	30-Sep-21 (Unaudited)	30-Sep-20
		RM '000	RM '000	RM '000	RM '000
Revenue	8	34,705	44,327	109,763	100,684
Other income		84	70	310	422
Changes in inventories of finished goods		(2,150)	(11,046)	10,194	(13,175)
Finished goods purchased		(24,331)	(21,697)	(91,544)	(61,582)
Depreciation		(726)	(585)	(2,005)	(1,869)
Other expenses		(2,713)	(5,557)	(13,075)	(13,600)
Share of Associated Company's Profit		416	583	1,497	1268
Profit from operations		5,285	6,095	15,140	12,148
Finance income		483	279	1,565	1,454
Finance costs		(81)	(118)	(175)	(334)
Profit before tax		5,687	6,256	16,530	13,268
Taxation	19	(1,617)	(1,798)	(4,046)	(3,842)
Profit after tax		4,070	4,458	12,484	9,426
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		4,070	4,458	12,484	9,426
Profit Attributable to: Owners of the Parent		4,070	4,458	12,484	9,426
Total Comprehensive Income Attributable to: Owners of the Parent		4,070	4,458	12,484	9,426
Earnings per share attributable to: equity holders of the parent (sen):					
(i) Basic	29	0.39	0.42	1.18	0.89
(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 September 2021**

	Note	As At 30-Sep-21 (Unaudited)	As At Preceding Financial Year Ended 31-Dec-20
		RM '000	RM '000
ASSETS			
Non-Current Assets			
Property, plant and equipment		2,855	3,264
Deferred tax assets		1,698	1,717
Investment Property		38,868	39,243
Investment in associates & subsidiaries		18,073	16,576
Intangible Assets		318	562
Operating lease right-of-use assets		3,786	4,800
		<u>65,598</u>	<u>66,162</u>
Current Assets			
Inventories		24,283	23,588
Trade and other receivables		16,923	24,282
Fixed deposits with licensed banks		100,065	78,483
Cash and bank balances		37,493	40,494
		<u>178,764</u>	<u>166,847</u>
TOTAL ASSETS		<u>244,362</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		94,792	82,308
Total equity		<u>226,989</u>	<u>214,505</u>
Non-current liabilities			
Operating lease liabilities		3,437	3,808
Current Liabilities			
Trade and Other payables		9,713	11,744
Bills payables	25	-	-
Tax Payable		3,742	1,831
Operating lease liabilities		481	1,121
Dividend Payable		-	-
		<u>13,936</u>	<u>14,696</u>
Total liabilities		<u>17,373</u>	<u>18,504</u>
TOTAL EQUITY AND LIABILITIES		<u>244,362</u>	<u>233,009</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		0.22	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 Third Quarter Ended 30 September 2021

	Note	9 months ended 30-Sep-21 (Unaudited)	9 months ended 30-Sep-20
		RM '000	RM '000
Operating activities			
Net Profit before tax		16,530	13,268
<u>Adjustment for:</u>			
Depreciation		2,005	1,869
Interest expense		175	334
Dividend and Interest income		(1,565)	(1,454)
Other items		(1,330)	(1,171)
Total adjustments		<u>(715)</u>	<u>(422)</u>
Operating cash flows before changes in working capital		15,815	12,846
<u>Changes in working capital:</u>			
Net change in current assets		6,620	15,014
Net change in current liabilities		<u>(2,032)</u>	<u>(1,251)</u>
Total changes in working capital		<u>4,588</u>	<u>13,763</u>
Cash flows from operations		20,403	26,609
Tax paid		(2,254)	(1,788)
Interest paid		(175)	(334)
Net cash flows from operating activities		17,974	24,487
Investing activities			
Dividends & Interest received		1,565	7,916
Purchase of property, plant and equipment		(61)	(134)
Short term funds		(21,468)	-
Investment in associate		-	-
Other Items		-	-
Net Cash Flows (used in)/ from investing activities		(19,964)	7,782
Financing activities			
Borrowings		-	-
Operating lease liability		(1,011)	(837)
Dividends Paid		-	-
Net cash flows (used in) / from financing activities		(1,011)	(837)
Net Changes in Cash & Cash Equivalents		(3,001)	31,432
Cash & Cash Equivalents at beginning of year		40,494	22,431
Cash & Cash Equivalents at end of 30 Sept		37,493	53,863
Cash and cash equivalents comprise :-			
Cash and bank balances		37,493	53,863
		<u>37,493</u>	<u>53,863</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 Third Quarter Ended 30 Sept 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		
9 Months Period Ended 30 Sept 2021 At 1 January 2021		130,987	-	-	1,210	82,308	214,505
Total Comprehensive Income for the period		-	-	-	-	12,484	12,484
Dividends	28	-	-	-	-	-	-
Balance As At 30 Sept 2021 (unaudited)		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>94,792</u>	<u>226,989</u>
9 Months Period Ended 30 Sept 2020 At 1 Jan 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		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>77,054</u>	<u>209,251</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 Sept 2021

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

As At 30 Sept 2020

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



8 Segmental Information

	3rd Quarter Ended 30 Sept 2021 RM '000	3rd Quarter Ended 30 Sept 2020 RM '000	9 Months Ended 30 Sept 2021 RM '000	9 Months Ended 30 Sept 2020 RM '000
Segment Revenue				
Distribution	34,705	44,327	109,763	100,684
Others	-	-	-	-
Total revenue including Inter-segment sales	34,705	44,327	109,763	100,684
Eliminations	-	-	-	-
Total Revenue	34,705	44,327	109,763	100,684
Segment Results (Profit before Tax)				
	RM '000	RM '000	RM '000	RM '000
Distribution	5,450	6,219	15,370	12,403
Others	(171)	5,925	(313)	6,084
	5,279	12,144	15,057	18,487
Conso Adjustment	408	(5,888)	1,473	(5,219)
Total Results	5,687	6,256	16,530	13,268
Segment Assets				
			9 Months Ended 30 Sept 2021 RM'000	12 Months Ended 31 Dec 2020 RM'000
Distribution			172,539	141,220
Others			210,289	202,028
			382,828	343,248
Eliminations			(138,466)	(110,239)
Total Assets			244,362	233,009
Segment Liabilities				
Distribution			24,341	18,429
Others			22,832	21,733
			47,173	40,162
Eliminations			(29,800)	(21,658)
Total Liabilities			17,373	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 Sept 2021, the Group registered a revenue of RM109.8 million, an increase of RM9.1 million or 9% compared to previous corresponding period of RM100.7 million. The Group registered Profit before Tax (PBT) of RM16.5 million for the period ended Sept 2021, an increase of RM3.2 million or 24% compared to RM13.3 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 Sept 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 RM88.6 million, an increase of RM6.5 million or 8% compared to corresponding period last year. Increased revenue coupled with better margin have resulted in 30% increase in the segmental profit compared to corresponding period of 2020.

Calculator

Calculator revenue of RM16.7 million is RM2.1 million or 14% higher compared to corresponding period last year. Despite numerous Movement Control Order (MCO) and varying phases of National Recovery Plan (NRP) imposed by the Malaysian Government nationwide, our Group managed to achieve growth in sales revenue. In tandem with the increase in revenue, segmental profit improved by 23%.

Digital Musical Instruments

This segment registered a revenue of RM4.4 million, an increase of 10% over the corresponding period of 2020. Work from home (WFH) and online self-learning has contributed to increase in demand of Digital Musical Instruments. Segmental profit is 18% higher as a result of increased revenue.

16 Comparison of Results against the Immediate Preceding Quarter

For the 3rd quarter ended 30 Sept 2021, the Group registered revenue of RM34.7 million, 2% lower compared to RM35.3 million registered in the immediate preceding quarter. The decrease in third quarter revenue is largely due to the two weeks Total Lockdown imposed by the Malaysian Government beginning of June followed by various level of NRP from 15 of June that only allowed essential economic and social services to operate. However, lower operating cost has resulted in increase of PBT to RM5.7 million from RM5.3 million registered in the second quarter of 2021.



17 Commentary on Prospects

With rising vaccination rate and falling COVID-19 new infection numbers in the country in recent weeks, the improving situation proves that Malaysia and the people are ready to enter the endemic phase. Restrictions on interstate travel are being lifted gradually and more of our country economies are reopened in October 2021. In light of this, 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

	Quarter Ended 30 Sept 2021 RM '000	Quarter Ended 30 Sept 2020 RM '000
Income Tax	4,046	3,842
Tax expense	<u>4,046</u>	<u>3,842</u>
Profit/(loss) before taxation	<u>16,530</u>	<u>13,268</u>
Tax at statutory rate (24%) (2020:24%)	3,967	3,184
-Deferred Tax (Assets)/ Liabilities	(386)	389
-(Over)/Under provision of taxation	72	170
-Share of associated company's tax	(473)	(401)
-Effects of expenses not deductible for tax purpose	971	500
-Expenses deductible/double deductible for tax purpose	(105)	-
Tax expense	<u>4,046</u>	<u>3,842</u>

The effective tax rates for the current quarter was higher than the statutory tax rate principally due to certain expense which could not be deducted for tax purpose.

20 Notes to Condensed Consolidated Income Statement

	3 rd Quarter Ended 30 Sept 2021 RM '000	3 rd Quarter Ended 30 Sept 2020 RM '000
Profit for the period is arrived at after charging:		
Interest expense	175	334
Depreciation and amortisation	2,005	1,869
Allowance of impairment on trade receivables	297	14
Allowance of inventories written down	-	27
Loss on foreign exchange	-	-
and after crediting:		
Interest Income	1,565	1,454
Gain on foreign exchange	587	629
Reversal of allowance of impairment on trade receivables	-	-
Reversal of allowance of inventories written down	132	-



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 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	5,956	4,459
	<u>18,073</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 Sept 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 3rd quarter ended 30 Sept 2021.

(b) No dividend is proposed in the 3rd quarter ended 30 Sept 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.

	3rd Quarter Ended	3rd Quarter Ended	9 Months Ended	9 Months Ended
	30 Sept 2021	30 Sept 2020	30 Sept 2021	30 Sept 2020
Net profit for the period (RM'000)	4,070	4,458	12,484	9,426
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	0.42	1.18	0.89

By order of The Board
Siew Cheau Sheang
Finance Director
Kuala Lumpur, 17 November 2021