



MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985-P)

Condensed Consolidated Statement of Comprehensive Income For The Fourth Quarter Ended 31 December 2021

	Note	4th Quarter Ended		12 Months Ended	
		31-Dec-21 (Unaudited)	31-Dec-20	31-Dec-21 (Unaudited)	31-Dec-20
		RM '000	RM '000	RM '000	RM '000
Revenue	8	46,926	44,524	156,689	145,208
Other income		968	10	1,278	432
Changes in inventories of finished goods		(8,061)	1,787	2,133	(11,388)
Finished goods purchased		(26,368)	(38,006)	(117,912)	(99,588)
Depreciation		(547)	(809)	(2,552)	(2,678)
Other expenses		(7,407)	(3,022)	(20,481)	(16,622)
Share of Associated Company's Profit		1,220	865	2,717	2133
Profit from operations		6,731	5,349	21,872	17,497
Finance income		365	687	1,930	2,141
Finance costs		(57)	122	(232)	(212)
Profit before tax		7,039	6,158	23,570	19,426
Taxation	19	(1,887)	(904)	(5,933)	(4,746)
Profit after tax		5,152	5,254	17,637	14,680
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		5,152	5,254	17,637	14,680
Profit Attributable to: Owners of the Parent		5,152	5,254	17,637	14,680
Total Comprehensive Income Attributable to: Owners of the Parent		5,152	5,254	17,637	14,680
Earnings per share attributable to: equity holders of the parent (sen):					
(i) Basic	29	0.49	0.50	1.67	1.39
(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 December 2021

	Note	As At 31-Dec-21 (Unaudited)	As At Preceding Financial Year Ended 31-Dec-20
		RM '000	RM '000
ASSETS			
Non-Current Assets			
Property, plant and equipment		2,715	3,264
Deferred tax assets		1,431	1,717
Investment Property		38,743	39,243
Investment in associates & subsidiaries		19,294	16,576
Intangible Assets		298	562
Operating lease right-of-use assets		3,600	4,800
		<u>66,081</u>	<u>66,162</u>
Current Assets			
Inventories		16,405	23,588
Trade and other receivables		28,216	24,282
Fixed deposits with licensed banks		100,389	78,483
Cash and bank balances		40,455	40,494
		<u>185,465</u>	<u>166,847</u>
TOTAL ASSETS		<u>251,546</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		99,945	82,308
Total equity		<u>232,142</u>	<u>214,505</u>
Non-current liabilities			
Operating lease liabilities		3,327	3,808
Current Liabilities			
Trade and Other payables		13,885	11,744
Bills payables	25	-	-
Tax Payable		1,711	1,831
Operating lease liabilities		481	1,121
Dividend Payable		-	-
		<u>16,077</u>	<u>14,696</u>
Total liabilities		<u>19,404</u>	<u>18,504</u>
TOTAL EQUITY AND LIABILITIES		<u>251,546</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 Fourth Quarter Ended 31 December 2021

	Note	12 months ended 31-Dec-21 (Unaudited)	12 months ended 31-Dec-20
		RM '000	RM '000
Operating activities			
Net Profit before tax		23,570	19,426
<u>Adjustment for:</u>			
Depreciation		2,552	2,678
Interest expense		232	212
Dividend and Interest income		(1,930)	(2,141)
Other items		(3,059)	(1,958)
Total adjustments		<u>(2,205)</u>	<u>(1,209)</u>
Operating cash flows before changes in working capital		21,365	18,217
<u>Changes in working capital:</u>			
<i>Net change in current assets</i>		3,646	8,481
<i>Net change in current liabilities</i>		2,124	2,504
Total changes in working capital		<u>5,770</u>	<u>10,985</u>
Cash flows from operations		27,135	29,202
Tax paid		(5,823)	(4,722)
Interest paid		(232)	(212)
Net cash flows from operating activities		21,080	24,268
Investing activities			
Dividends & Interest received		1,930	7,603
Purchase of property, plant and equipment		(137)	(214)
Short term funds		(21,791)	(12,539)
Investment in associate		-	-
Other Items		-	3,217
Net Cash Flows (used in)/ from investing activities		(19,998)	(1,933)
Financing activities			
Borrowings		-	-
Operating lease liability		(1,121)	(1,109)
Dividends Paid		-	(3,163)
Net cash flows (used in) / from financing activities		(1,121)	(4,272)
Net Changes in Cash & Cash Equivalents		(39)	18,063
Cash & Cash Equivalents at beginning of year		40,494	22,431
Cash & Cash Equivalents at end of 31 Dec		40,455	40,494
Cash and cash equivalents comprise :-			
Cash and bank balances		40,455	40,494
		<u>40,455</u>	<u>40,494</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 Fourth Quarter Ended 31 Dec 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				
12 Months Period Ended 31 December 2021 At 1 January 2021		130,987	-	-	1,210	82,308	214,505	
Total Comprehensive Income for the period		-	-	-	-	17,637	17,637	
Dividends	28	-	-	-	-	-	-	
Balance As At 31 December 2021 (unaudited)		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>99,945</u>	<u>232,142</u>	
12 Months Period Ended 31 December 2020 At 1 Jan 2020		130,987	-	-	1,210	70,791	202,988	
Total Comprehensive Income for the period		-	-	-	-	14,680	14,680	
Dividends	28	-	-	-	-	(3,163)	(3,163)	
Balance As At 31 December 2020		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>82,308</u>	<u>214,505</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 Dec 2021

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

As At 30 Dec 2020

(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 2019 was paid on 8 Oct 2020.



8 Segmental Information

	4th Quarter Ended 31 Dec 2021 RM '000	4th Quarter Ended 31 Dec 2020 RM '000	12 Months Ended 31 Dec 2021 RM '000	12 Months Ended 31 Dec 2020 RM '000
Segment Revenue				
Distribution	46,926	44,524	156,689	145,208
Others	-	-	-	-
Total revenue including Inter-segment sales	46,926	44,524	156,689	145,208
Eliminations	-	-	-	-
Total Revenue	46,926	44,524	156,689	145,208
Segment Results (Profit before Tax)				
	RM '000	RM '000	RM '000	RM '000
Distribution	5,879	5,320	21,250	17,723
Others	(52)	(19)	(365)	6,065
	5,827	5,301	20,885	23,788
Conso Adjustment	1,212	857	2,685	(4,362)
Total Results	7,039	6,158	23,570	19,426
Segment Assets				
			12 Months Ended 31 Dec 2021 RM'000	12 Months Ended 31 Dec 2020 RM'000
Distribution			178,583	141,220
Others			210,386	202,028
			388,969	343,248
Eliminations			(137,423)	(110,239)
Total Assets			251,546	233,009
Segment Liabilities				
Distribution			26,377	18,429
Others			22,996	21,733
			49,373	40,162
Eliminations			(29,969)	(21,658)
Total Liabilities			19,404	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 year ended 31 Dec 2021, the Group registered a revenue of RM156.7 million, an increase of RM11.5 million or 8% compared with RM145.2 million in the previous year. This improved performance was attributable to positive growth across most of the Group's businesses. In tandem with the growth in revenue, the Group registered Profit before Tax (PBT) of RM23.6 million, an increase of RM4.2 million or 22% from RM19.4 million registered a year ago.

The performance of the respective operating segments for the financial year ended 31 Dec 2021 compared to the previous year is analysed as follows:-

Timepiece

The result in this segment includes all timepiece brands carried by the Group. The Group registered a revenue of RM127.7 million, an increase of RM9.0 million or 8% compared to previous year. Increased revenue coupled with better margin have resulted in 10% increase in the segment profit compared to 2020.

Calculator

Calculator revenue of RM23.1 million was RM2.5 million or 12% higher compared to previous year. Closing period for schools nationwide due to MCO during 2021 was shorter than 2020; on top of that, assessments and examinations for various national higher education programmes were delayed to March 2021 from the originally scheduled in November 2020. These had contributed to the growth in revenue. In tandem with the increase in revenue, segment profit improved by 21%.

Digital Musical Instruments

This segment registered revenue of RM5.9 million for the year under review and was on par with that of 2020. Work from home (WFH) and online self-learning has provided a steady demand for Digital Musical Instruments throughout the pandemic period. In line with stable revenue, this segment achieved similar profit to that registered in 2020.

16 Comparison of Results against the Immediate Preceding Quarter

For the 4th quarter ended 31 Dec 2021, the Group registered revenue of RM46.9 million, 35% higher compared to RM34.7 million registered in the immediate preceding quarter. The increase in fourth quarter revenue was largely due to the gradual re-opening of the country's economies after the various level of lockdown throughout the third quarter of 2021. Higher revenue had also resulted in increase of PBT to RM7.0 million or 23% from RM5.7 million registered in the third quarter of 2021.



17 Commentary on Prospects

Malaysia's consumer and business sentiments have generally improved this year with government aggressively rolling out the booster dose as well as vaccination programme for children following the successful National COVID-19 Immunisation Programme ("NIP") in 2021. However, rising inflation and bank moratorium that expired at the end of last year will likely impact on consumers' purchasing power going forward. Despite the challenges, our Group aims to maintain the momentum of our businesses in 2022 by actively enhancing the operational efficiency, expanding our offerings and keeping pace with the demand-driven market.

18 Profit Forecast and Profit Guarantee

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

19 Taxation

	Quarters Ended 31 Dec 2021 RM '000	Quarters Ended 31 Dec 2020 RM '000
Income Tax	5,933	4,746
Tax expense	5,933	4,746
Profit/(loss) before taxation	23,570	19,426
Tax at statutory rate (24%) (2020:24%)	5,657	4,662
-Deferred Tax (Assets)/ Liabilities	321	(134)
-(Over)/Under provision of taxation	59	362
-Share of associated company's tax	(347)	(761)
-Effects of expenses not deductible for tax purpose	279	686
-Expenses deductible/double deductible for tax purpose	(36)	(69)
Tax expense	5,933	4,746

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

20 Notes to Condensed Consolidated Income Statement

	4 th Quarter Ended 31 Dec 2021 RM '000	4 th Quarter Ended 31 Dec 2020 RM '000
Profit for the period is arrived at after charging:		
Interest expense	232	212
Depreciation and amortisation	2,552	2,678
Allowance of impairment on trade receivables	-	44
Allowance of inventories written down	-	-
Unrealised loss/Loss on foreign exchange	-	127
and after crediting:		
Interest Income	1,930	2,141
Gain on foreign exchange	825	364
Reversal of allowance of impairment on trade receivables	48	-
Reversal of allowance of inventories written down	293	17



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 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	7,177	4,459
	<u>19,294</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 31 Dec 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

As At 31 Dec 2021

(a) The Board has recommended a first and final dividend of 0.50 sen per ordinary share on 1,054,306,850 ordinary shares in respect of the financial year ended 31 December 2021. The proposed dividend is subject to shareholders approval at the forthcoming annual general meeting.

As At 31 Dec 2020

(b) No dividend was proposed in the final quarter of 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 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Net profit for the period (RM'000)	5,152	5,254	17,637	14,680
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)	0.49	0.50	1.67	1.39

By order of The Board
Siew Cheau Sheang
Finance Director
Kuala Lumpur, 23 February 2022