



MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985-P)

Condensed Consolidated Statement of Comprehensive Income For The First Quarter Ended 31 March 2022

	Note	1st Quarter Ended		3 Months Ended	
		31-Mar-22 (Unaudited)	31-Mar-21	31-Mar-22 (Unaudited)	31-Mar-21
		RM '000	RM '000	RM '000	RM '000
Revenue	8	42,723	39,742	42,723	39,742
Other income		320	103	320	103
Changes in inventories of finished goods		3,610	420	3,610	420
Finished goods purchased		(34,386)	(29,358)	(34,386)	(29,358)
Depreciation		(579)	(650)	(579)	(650)
Other expenses		(6,627)	(5,921)	(6,627)	(5,921)
Share of Associated Company's Profit		780	616	780	616
Profit from operations		5,841	4,952	5,841	4,952
Finance income		504	638	504	638
Finance costs		(82)	(42)	(82)	(42)
Profit before tax		6,263	5,548	6,263	5,548
Taxation	19	(1,850)	(1,451)	(1,850)	(1,451)
Profit after tax		4,413	4,097	4,413	4,097
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		4,413	4,097	4,413	4,097
Profit Attributable to: Owners of the Parent		4,413	4,097	4,413	4,097
Total Comprehensive Income Attributable to: Owners of the Parent		4,413	4,097	4,413	4,097
Earnings per share attributable to: equity holders of the parent (sen):					
(i) Basic	29	0.42	0.39	0.42	0.39
(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 2021



MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985P)

Condensed Consolidated Statement of Financial Position

As At 31 March 2022

	Note	As At 31-Mar-22 (Unaudited)	As At Preceding Financial Year Ended 31-Dec-21
		RM '000	RM '000
ASSETS			
Non-Current Assets			
Property, plant and equipment		2,572	2,715
Deferred tax assets		1,450	1,433
Investment Property		38,618	38,743
Investment in associates & subsidiaries		19,702	18,922
Intangible Assets		270	298
Operating lease right-of-use assets		3,319	3,647
		<u>65,931</u>	<u>65,758</u>
Current Assets			
Inventories		19,931	16,405
Trade and other receivables		27,879	28,228
Fixed deposits with licensed banks		95,423	94,978
Cash and bank balances		45,574	45,866
		<u>188,807</u>	<u>185,477</u>
TOTAL ASSETS		<u>254,738</u>	<u>251,235</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		104,675	100,262
Total equity		<u>236,872</u>	<u>232,459</u>
Non-current liabilities			
Operating lease liabilities		2,597	2,661
Current Liabilities			
Trade and Other payables		12,335	13,533
Bills payables	25	-	-
Tax Payable		2,083	1,435
Operating lease liabilities		851	1,147
Dividend Payable		-	-
		<u>15,269</u>	<u>16,115</u>
Total liabilities		<u>17,866</u>	<u>18,776</u>
TOTAL EQUITY AND LIABILITIES		<u>254,738</u>	<u>251,235</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		0.22	0.22

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31st December 2021



MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985-P)

Condensed Consolidated Cash Flow Statement For The First Quarter Ended 31 March 2022

	Note	3 months ended 31-Mar-22 (Unaudited)	3 months ended 31-Mar-21
		RM '000	RM '000
Operating activities			
Net Profit before tax		6,263	5,548
<u>Adjustment for:</u>			
Depreciation		579	650
Interest expense		82	42
Dividend and Interest income		(504)	(638)
Other items		(791)	(778)
Total adjustments		<u>(634)</u>	<u>(724)</u>
Operating cash flows before changes in working capital		5,629	4,824
<u>Changes in working capital:</u>			
Net change in current assets		(3,213)	5,078
Net change in current liabilities		<u>(1,198)</u>	<u>(1,021)</u>
Total changes in working capital		<u>(4,411)</u>	<u>4,057</u>
Cash flows from operations		1,218	8,881
Tax paid		(1,188)	(778)
Interest paid		(82)	(42)
Net cash flows from operating activities		<u>(52)</u>	<u>8,061</u>
Investing activities			
Dividends & Interest received		504	638
Purchase of property, plant and equipment		(4)	(13)
Short term funds		(380)	(1,931)
Investment in associate		-	-
Other Items		-	-
Net Cash Flows (used in)/ from investing activities		<u>120</u>	<u>(1,306)</u>
Financing activities			
Borrowings		-	-
Operating lease liability		(360)	(367)
Dividends Paid		-	-
Net cash flows (used in) / from financing activities		<u>(360)</u>	<u>(367)</u>
Net Changes in Cash & Cash Equivalents		(292)	6,388
Cash & Cash Equivalents at beginning of year		45,866	40,494
Cash & Cash Equivalents at end of 31 March		<u>45,574</u>	<u>46,882</u>
Cash and cash equivalents comprise :-			
Cash and bank balances		<u>45,574</u>	<u>46,882</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 2021



MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985-P)

**Condensed Consolidated Statement of Changes In Equity
For The First Quarter Ended 31 March 2022**

	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 2022 (unaudited) At 1 January		130,987	-	-	1,210	100,262	232,459
Total Comprehensive Income for the period		-	-	-	-	4,413	4,413
Dividends	28	-	-	-	-	-	-
Balance As At 31 March		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>104,675</u>	<u>236,872</u>
3 Months Period Ended 31 March 2021 At 1 Jan		130,987	-	-	1,210	82,308	214,505
Total Comprehensive Income for the period		-	-	-	-	4,097	4,097
Dividends	28	-	-	-	-	-	-
Balance As At 31 March		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>86,405</u>	<u>218,602</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 2021



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 2021.

2 Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the audited annual financial statements for the financial year ended 31 December 2021 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 2022

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

As At 30 Mar 2021

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



8 Segmental Information

	1st Quarter Ended 31 Mar 2022 RM '000	1st Quarter Ended 31 Mar 2021 RM '000	3 Months Ended 31 Mar 2022 RM '000	3 Months Ended 31 Mar 2021 RM '000
Segment Revenue				
Distribution	42,723	39,742	42,723	39,742
Others	-	-	-	-
Total revenue including Inter-segment sales	42,723	39,742	42,723	39,742
Eliminations	-	-	-	-
Total Revenue	42,723	39,742	42,723	39,742
Segment Results (Profit before Tax)				
	RM '000	RM '000	RM '000	RM '000
Distribution	5,583	4,868	5,583	4,868
Others	(92)	72	(92)	72
	5,491	4,940	5,491	4,940
Conso Adjustment	772	608	772	608
Total Results	6,263	5,548	6,263	5,548
Segment Assets				
			3 Months Ended 31 Mar 2022 RM'000	12 Months Ended 31 Dec 2021 RM'000
Distribution			181,546	162,589
Others			210,525	209,449
			392,071	372,038
Eliminations			(137,333)	(120,803)
Total Assets			254,738	251,235
Segment Liabilities				
Distribution			24,828	18,686
Others			23,318	90
			48,146	18,776
Eliminations			(30,280)	-
Total Liabilities			17,866	18,776

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 Quarter-to-date vs Previous Quarter-to-date

For the financial period ended 31 Mar 2022, the Group registered revenue of RM42.7 million, an increase of RM3 million or 8% compared with RM39.7 million in the previous corresponding quarter. This improved performance was attributable to positive growth in all segments of the Group's businesses. In tandem with the growth in revenue, the Group registered Profit before Tax (PBT) of RM6.3 million, an increase of RM0.8 million or 14% from RM5.5 million registered in the previous corresponding quarter.

The performance of the respective operating segments for the financial period ended 31 March 2022 compared with previous year corresponding quarter is analysed as follows:-

Timepiece

The result in this segment includes all timepiece brands carried by the Group. The Group registered a revenue of RM32 million, an increase of RM1.0 million or 3% compared to previous year corresponding period. Increased revenue coupled with better margin have resulted in 7% increase in the segment profit.

Calculator

Calculator revenue of RM9 million was RM1.8 million or 25% higher compared to previous year corresponding quarter. All educational institutions that implement the national curriculum resumed on Jan 9th this year. This had contributed to the growth in revenue compared with similar period last year where schools were closed due to MCO. In tandem with the increase in revenue, segment profit improved by 39%.

Digital Musical Instruments

This segment revenue of RM1.7 million was RM0.2 million or 13% higher compared to previous year corresponding period. Increasing use of digital piano in learning and teaching following the outbreak of the COVID-19 pandemic coupled with the launched of the new CDP-S and PX-S portable series, had driven the segment growth. In line with stable revenue, segment profit improved by 11% compared to corresponding period in 2021.

16 Comparison of Results against the Immediate Preceding Quarter

For the 1st quarter ended 31 Mar 2022, the Group registered revenue of RM42.7 million, 5% lower compared to RM45.0 million registered in the immediate preceding quarter. Decrease in the first quarter revenue was largely due to lower sales of Timepiece. Profit before tax of RM6.3 million was also 6% lower compared to RM6.7 million registered in the 4th quarter of 2021.



17 Commentary on Prospects

While the Malaysia's economy is moving from economic recovery last year to an expansion phase this year, the geopolitical tension propelled by Russian-Ukraine war is impacting the economic growth. The conflict adds fuel to the already high inflation, damaging consumer sentiment and purchasing power. Our Group will strive to face the challenges ahead and enhance the strategies to drive the future business growth.

18 Profit Forecast and Profit Guarantee

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

19 Taxation

	Quarters Ended 31 Mar 2022 RM '000	Quarters Ended 31 Mar 2021 RM '000
Income Tax	1,850	1,451
Tax expense	1,850	1,451
Profit/(loss) before taxation	6,263	5,548
Tax at statutory rate (24%) (2021:24%)	1,503	1,332
-Deferred Tax (Assets)/ Liabilities	332	561
-(Over)/Under provision of taxation	217	(507)
-Share of associated company's tax	(247)	(195)
-Effects of expenses not deductible for tax purpose	55	298
-Expenses deductible/double deductible for tax purpose	(10)	(38)
Tax expense	1,850	1,451

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

20 Notes to Condensed Consolidated Income Statement

	1 st Quarter Ended 31 Mar 2022 RM '000	1 st Quarter Ended 31 Mar 2021 RM '000
Profit for the period is arrived at after charging:		
Interest expense	82	42
Depreciation and amortisation	579	650
Allowance of impairment on trade receivables	7	-
Allowance of inventories written down	-	-
Unrealised loss/Loss on foreign exchange	-	-
and after crediting:		
Interest Income	504	638
Gain on foreign exchange	166	319
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 March 2022 RM '000	As at 31 Dec 2021 RM '000
Unquoted investment, at cost	26,657	26,657
Dividend income	(14,540)	(14,540)
Share of post-acquisition profit	7,585	6,805
	<u>19,702</u>	<u>18,922</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 March 2022 RM'000	As at 31 Dec 2021 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 March 2022

(a) No dividend was proposed in the first quarter of 2022.

As At 31 March 2021

(b) No dividend was proposed in the first quarter of 2021.



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 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
Net profit for the period (RM'000)	4,413	4,097	4,413	4,097
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)	0.42	0.39	0.42	0.39

By order of The Board
Siew Cheau Sheang
Finance Director
Kuala Lumpur, 20 May 2022