



MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985-P)

Condensed Consolidated Statement of Comprehensive Income For The Second Quarter Ended 30 June 2022

	Note	2nd Quarter Ended		6 Months Ended	
		30-Jun-22 (Unaudited)	30-Jun-21	30-Jun-22 (Unaudited)	30-Jun-21
		RM '000	RM '000	RM '000	RM '000
Revenue	8	44,251	35,316	86,974	75,058
Other income		212	123	532	226
Changes in inventories of finished goods		(4,102)	11,924	(492)	12,344
Finished goods purchased		(29,322)	(37,855)	(63,708)	(67,213)
Depreciation		(583)	(629)	(937)	(1,279)
Other expenses		(4,885)	(4,441)	(11,737)	(10,362)
Share of Associated Company's Profit		1,084	465	1,864	1,081
Profit from operations		6,655	4,903	12,496	9,855
Finance income		592	444	1,096	1,082
Finance costs		(14)	(52)	(96)	(94)
Profit before tax		7,233	5,295	13,496	10,843
Taxation	19	(1,566)	(978)	(3,416)	(2,429)
Profit after tax		5,667	4,317	10,080	8,414
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		5,667	4,317	10,080	8,414
Profit Attributable to: Owners of the Parent		5,667	4,317	10,080	8,414
Total Comprehensive Income Attributable to: Owners of the Parent		5,667	4,317	10,080	8,414
Earnings per share attributable to: equity holders of the parent (sen):					
(i) Basic	29	0.54	0.39	0.96	0.80
(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 30 June 2022

	Note	As At 30-Jun-22 (Unaudited)	As At Preceding Financial Year Ended 31-Dec-21
		RM '000	RM '000
ASSETS			
Non-Current Assets			
Property, plant and equipment		2,515	2,715
Deferred tax assets		1,433	1,433
Investment Property		38,493	38,743
Investment in associates & subsidiaries		20,787	18,922
Intangible Assets		268	298
Operating lease right-of-use assets		2,945	3,647
		<u>66,441</u>	<u>65,758</u>
Current Assets			
Inventories		15,849	16,405
Trade and other receivables		30,217	28,228
Fixed deposits with licensed banks		121,399	94,978
Cash and bank balances		30,194	45,866
		<u>197,659</u>	<u>185,477</u>
TOTAL ASSETS		<u>264,100</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		105,071	100,262
Total equity		<u>237,268</u>	<u>232,459</u>
Non-current liabilities			
Operating lease liabilities		2,109	2,661
Current Liabilities			
Trade and Other payables		15,806	13,533
Bills payables	25	-	-
Tax Payable		2,474	1,435
Operating lease liabilities		1,172	1,147
Dividend Payable		5,271	-
		<u>24,723</u>	<u>16,115</u>
Total liabilities		<u>26,832</u>	<u>18,776</u>
TOTAL EQUITY AND LIABILITIES		<u>264,100</u>	<u>251,235</u>
		-	-
Net assets per share attributable to ordinary equity holders of the Company (RM)		0.23	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 Second Quarter Ended 30 June 2022

	Note	6 months ended 30-Jun-22 (Unaudited)	6 months ended 30-Jun-21
		RM '000	RM '000
Operating activities			
Net Profit before tax		13,496	10,843
<u>Adjustment for:</u>			
Depreciation		937	1,279
Interest expense		96	94
Dividend and Interest income		(1,096)	(1,082)
Other items		(1,874)	(1,344)
Total adjustments		<u>(1,937)</u>	<u>(1,053)</u>
Operating cash flows before changes in working capital		11,559	9,790
<u>Changes in working capital:</u>			
<i>Net change in current assets</i>		(1,469)	(2,321)
<i>Net change in current liabilities</i>		2,273	1,758
Total changes in working capital		<u>804</u>	<u>(563)</u>
Cash flows from operations		12,363	9,227
Tax paid		(2,350)	(2,875)
Interest paid		(96)	(94)
Net cash flows from operating activities		9,917	6,258
Investing activities			
Dividends & Interest received		1,096	1,082
Purchase of property, plant and equipment		(120)	(30)
Short term funds		(25,929)	(21,499)
Investment in associate		-	-
Other Items		-	-
Net Cash Flows (used in)/ from investing activities		(24,953)	(20,447)
Financing activities			
Borrowings		-	-
Operating lease liability		(636)	(642)
Dividends Paid		-	-
Net cash flows (used in) / from financing activities		(636)	(642)
Net Changes in Cash & Cash Equivalents		(15,672)	(14,831)
Cash & Cash Equivalents at beginning of year		45,866	40,494
Cash & Cash Equivalents at end of 30 June		30,194	25,663
Cash and cash equivalents comprise :-			
Cash and bank balances		30,194	25,663
		<u>30,194</u>	<u>25,663</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 Second Quarter Ended 30 June 2022**

	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				
6 Months Period Ended 30 June 2022 (unaudited) At 1 January		130,987	-	-	1,210	100,262	232,459	
Total Comprehensive Income for the period		-	-	-	-	10,080	10,080	
Dividends	28	-	-	-	-	(5,271)	(5,271)	
Balance As At 30 June 2022		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>105,071</u>	<u>237,268</u>	
6 Months Period Ended 30 June 2021 At 1 January		130,987	-	-	1,210	82,308	214,505	
Total Comprehensive Income for the period		-	-	-	-	8,414	8,414	
Dividends	28	-	-	-	-	-	-	
Balance As At 30 June 2021		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>90,722</u>	<u>222,919</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 30 June 2022

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

As At 30 June 2021

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



8 Segmental Information

	2nd Quarter Ended 30 June 2022 RM '000	2nd Quarter Ended 30 June 2021 RM '000	6 Months Ended 30 June 2022 RM '000	6 Months Ended 30 June 2021 RM '000
Segment Revenue				
Distribution	44,251	35,316	86,974	75,058
Others	-	-	-	-
Total revenue including Inter-segment sales	44,251	35,316	86,974	75,058
Eliminations	-	-	-	-
Total Revenue	44,251	35,316	86,974	75,058
Segment Results (Profit before Tax)				
	RM '000	RM '000	RM '000	RM '000
Distribution	6,217	5,052	11,800	9,920
Others	(60)	(214)	(152)	(142)
	6,157	4,838	11,648	9,778
Conso Adjustment	1,076	457	1,848	1,065
Total Results	7,233	5,295	13,496	10,843
Segment Assets				
			6 Months Ended 30 June 2022 RM'000	12 Months Ended 31 Dec 2021 RM'000
Distribution			189,944	162,589
Others			216,006	209,449
			405,950	372,038
Eliminations			(141,850)	(120,803)
Total Assets			264,100	251,235
Segment Liabilities				
Distribution			28,521	18,686
Others			34,185	90
			62,706	18,776
Eliminations			(35,874)	-
Total Liabilities			26,832	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 30 June 2022, the Group registered revenue of RM87.0 million, an increase of RM12 million or 16% compared with RM75.0 million in the previous corresponding period. 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 RM13.5 million, an increase of RM2.7 million or 25% from RM10.8 million registered in the previous corresponding period.

The performance of the respective operating segments for the financial period ended 30 June 2022 compared with previous year 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 RM63.3 million, an increase of RM3.6 million or 6% compared with previous year's corresponding period. Reopening of economy and returning of the festive celebration after a 2-year break had contributed to the increase in revenue. The increased revenue had provided a commensurate increase in segmental profit by 12%.

Calculator

Calculator revenue of RM20 million was RM7.6 million or 61% higher compared to previous year's corresponding period. Back to school sales subsequent to reopening of schools nationwide had contributed to the growth in revenue compared with similar period last year. In tandem with the increase in revenue, segmental profit improved by 94%.

Digital Musical Instruments

This segment revenue of RM3.7 million was RM0.8 million or 27% higher compared to RM2.9 million registered in the previous year's corresponding period. Attractive trade campaigns in the second quarter had driven the segment growth. In line with stable revenue, segmental profit improved by 10% compared to corresponding period in 2021.

16 Comparison of Results against the Immediate Preceding Quarter

For the second quarter ended 30 June 2022, the Group registered a revenue of RM44.3 million, 4% higher compared to RM42.7 million registered in the immediate preceding quarter. Increase in the second quarter revenue was largely due to higher sales in all business segments of the Group. In tandem with the increase in revenue, profit before tax of RM7.2 million was also 14% higher compared to RM6.3 million registered in the immediate preceding quarter.



17 Commentary on Prospects

Heightened geopolitical uncertainty is impacting the pace of Malaysia's economy recovery. The prospects for economic recovery are being clouded by a number of uncertainties such as inflationary pressure, declining purchasing power, weaker Ringgit and emergence of a new Covid-19 variant to name a few. All these have impacted both businesses and consumer sentiment. Our Group will continue to strive to face the challenges and enhance our strategies to drive the business growth.

18 Profit Forecast and Profit Guarantee

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

19 Taxation

	Quarters Ended 30 June 2022 RM '000	Quarters Ended 30 June 2021 RM '000
Income Tax	3,416	2,429
Tax expense	<u>3,416</u>	<u>2,429</u>
Profit/(loss) before taxation	<u>13,496</u>	<u>10,843</u>
Tax at statutory rate (24%) (2021:24%)	3,239	2,602
-Deferred Tax (Assets)/ Liabilities	368	(74)
-(Over)/Under provision of taxation	307	87
-Share of associated company's tax	(590)	(310)
-Effects of expenses not deductible for tax purpose	112	140
-Expenses deductible/double deductible for tax purpose	(20)	(16)
Tax expense	<u>3,416</u>	<u>2,429</u>

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

	2 nd Quarter Ended 30 June 2022 RM '000	2 nd Quarter Ended 30 June 2021 RM '000
Profit for the period is arrived at after charging:		
Interest expense	96	94
Depreciation and amortisation	937	1,279
Allowance of impairment on trade receivables	6	-
Allowance of inventories written down	3	-
Unrealised loss/Loss on foreign exchange	-	-
and after crediting:		
Interest Income	1,096	1,082
Gain on foreign exchange	267	478
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 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	8,670	6,805
	20,787	18,922

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 2022 RM'000	As at 31 Dec 2021 RM'000
Short term borrowings – secured	-	-
Total	-	-

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 30 June 2022

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

As At 30 June 2021

(b) No dividend was proposed in the second 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.

	2nd Quarter Ended	2nd Quarter Ended	6 Months Ended	6 Months Ended
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Net profit for the period (RM'000)	5,667	4,317	10,080	8,414
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)	0.54	0.39	0.96	0.80

By order of The Board
Siew Cheau Sheang
Finance Director
Kuala Lumpur, 19 August 2022