



## **Part A – Explanatory Notes Pursuant to FRS 134**

### **1 Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2007.

### **2 Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007 except for the adoption of the following amendments to Financial Reporting Standards (“FRS”) and Interpretations effective for financial period beginning 1 January 2008:

Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation

IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities

IC Interpretation 2: Members’ Shares in Co-operative Entities and Similar Instruments

IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

IC Interpretation 6: Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

IC Interpretation 7: Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies

IC Interpretation 8: Scope of FRS 2

The amendment to FRS and Interpretations above do not have any significant impact on the financial statements of the Group and the Company

### **3 Auditors’ Report on Preceding Annual Financial Statements**

The auditors’ report on the financial statements for the year ended 31 December 2007 was not qualified.

### **4 Comments About Seasonal or Cyclical Factors**

There were no material seasonal or cyclical factors affecting the performance of the Group for the financial quarter ended 31 December 2008.

### **5 Unusual Items Due to their Nature, Size or Incidence**

There was an impairment loss of RM1 million provided to a piece of long-term leasehold land for a subsidiary company of the Group (refer to note 10). Save for this, there were no other unusual items affecting assets, liabilities, equity, net income or cash flow of the Group during the financial quarter ended 31 December 2008.



**6 Changes In Estimates**

There were no changes in estimates that have had a material effect in the current quarter results.

**7 Debt and Equity Securities**

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities in the current quarter under review.

**8 Dividend Paid**

There was no dividend payment during the financial quarter ended 31 December 2008.

**9 Segmental Information**

	12 months ended	12 months ended
	31 Dec 2008	31 Dec 2007
	RM '000	RM '000
<b>Segment Revenue</b>		
Investment	7,618	3,614
Property Investment	-	-
Distribution of timepiece and Consumer information products	101,372	86,272
Others	-	-
Total revenue including inter-segment sales	<u>108,990</u>	<u>89,886</u>
Eliminations of inter-segment sales	<u>(15,151)</u>	<u>(10,366)</u>
Total Revenue	<u><u>93,839</u></u>	<u><u>79,520</u></u>
<b>Segment Results (Profit before Tax)</b>		
Investment	7,398	3,399
Property Investment	-	-
Distribution of timepiece and Consumer information products	5,820	5,706
Others	874	(63)
	<u>14,092</u>	<u>9,042</u>
Eliminations	<u>(8,492)</u>	<u>(3,614)</u>
Total Results	<u><u>5,600</u></u>	<u><u>5,428</u></u>



**10 Carrying Amount of Revalued Assets**

Land held for development :

	RM'000
<b>At cost:</b>	
Long term leasehold land	39,228
Development expenditure	6,019
As at 1 January 2008	45,247
Impairment losses for the year	(1,000)
As at 31 December 2008	44,247
Representing:	
Long term leasehold land	38,228
Development expenditure	6,019
	44,247

**11 Subsequent Events**

There were no material events subsequent to the end of the current quarter that has not been reflected in these condensed financial statements.

**12 Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current quarter.

**13 Changes in Contingent Liabilities and Contingent Assets**

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2007.

**14 Capital Commitments**

The amount of commitments for the purchase of office equipment not provided for in the financial statements as at 31 December 2008 is as follows:

	RM'000
Approved and contracted for	40
Approved but not contracted for	166
	<hr/>
	206
	=====



#### 15 Related Party Transactions

Group	From 26 June 2008 To 31 Dec 2008  RM'000	Estimated Value Approved under Shareholders' Mandate from 26 June 2008 to the date of next AGM RM'000
Purchase of goods from Marco Marketing Pte. Ltd., a company in which Directors of a subsidiary, Tan Han Chuan and Tan Ching Ching, have interests	1,004	11,500
Sales of goods to Marco Marketing Pte. Ltd., a company in which Directors of a subsidiary, Tan Han Chuan and Tan Ching Ching, have interests	4,267	11,500

#### 16 Subsequent Events

There were no material events subsequent to the end of the current quarter.

### Part B – Explanatory Notes Pursuant to Appendix 9B Of the Listing Requirements of BMSB

#### 17 Performance Review

The Group's revenue for the current financial year ended 31 Dec 2008 of RM93,839,463 was 18% higher as compared to RM79,520,142 registered in 2007. Increased in revenue was due to the increase in sales volume from both its local and Indochina region as a result of stronger brand image of the brands carried by the Group, coupled by geographical spread of the Group's businesses.

The Group's pre-tax profit for the year ended 31 Dec 2008 of RM5,600,116 was 3% higher than that of the previous year of RM5,427,574. There was an impairment loss of RM1m provided in the 4<sup>th</sup> quarter of 2008 on a piece of long-term leasehold land for a subsidiary of the Group. Otherwise, increase in pre-tax profit should be in line with the increase in revenue.

#### 18 Comment on Material Change in Profit Before Taxation

Profit before taxation for the current quarter ended 31 Dec 2008 of RM673,155 was 60% lower as compared to RM1,673,764 registered in the immediate preceding quarter ended 30 Sept 2008. The much lower current quarter's profit was due to impairment loss of RM1 million provided on a piece of long-term leasehold land for a subsidiary of the Group, coupled by Group businesses that have shown sign of slowdown only towards the end of 2008 amidst slowing economy.



**19 Commentary on Prospects**

The outlook of Malaysian economy has been increasingly affected by the global downturn in the wake of the current global financial crisis and economic uncertainties. As global financial crisis continues to unfold, the Group's performance is expected to moderate in view of the tougher market conditions. The Board of Directors however believes that despite an imminent slowdown, the longer-term prospects of the Group will remain positive.

**20 Profit Forecast and Profit Guarantee**

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

**21 Taxation**

	12 months ended	12 months ended
	31/12/2008 RM '000	31/12/2007 RM '000
Current income tax:		
Malaysian income tax	1,876	1,617
Overprovision in prior years	(185)	(229)
	1,691	1,388
Deferred tax:		
Relating to origination and reversal of temporary differences	(78)	66
Relating to changes in tax rates	38	53
Overprovision in prior years	(417)	(101)
	(457)	18
	1,234	1,406
Profit/(loss) before taxation	5,600	5,428
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	1,456	1,465
Tax effects of the first RM500,000 taxable income at 20% (2007: 20%)	(30)	(35)
Deferred tax recognised at different tax rates	38	52
Income not subject to tax	(7)	(4)
Expenses not deductible for tax purposes	357	270
Utilisation of previous unrecognised tax losses	(28)	(12)
Deferred tax assets not recognised in respect of current year's tax losses	108	17
Expenses double deducted for tax purposes	(58)	(18)
Overprovision of deferred tax in prior years	(417)	(101)
(Over)/underprovision of tax expense in prior years	(185)	(229)
Income tax expense for the year	1,234	1,406



**22 Taxation (contd.)**

The effective tax rates for the current quarters was lower than the statutory tax rate principally due to certain expenses which could be deducted for tax purpose.

**23 Sale of Unquoted Investments and/or Properties**

There were no disposals of unquoted investments and properties in the financial quarter ended 31 Dec 2008.

**23 Quoted Securities**

(a) There were no purchase and disposal of quoted securities in the financial quarter ended 31 Dec 2008.

(b) There were no investments in quoted securities in the financial quarter ended 31 Dec 2008.

**24 Corporate Proposal**

There were no corporate proposals announced but not completed.

**25 Group Borrowings and Debt Securities**

	As at 31.12.2008 RM'000
Short term borrowings – secured	3,038
Total	<u>3,038</u>

**26 Off Balance Sheet Financial Instruments**

There were no financial instruments with off balance sheet risk as at the latest practicable date, which is not earlier than 7 days from date of issue of this quarterly report.

**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 Dividend Payable**

The Board of Directors recommend a first and final dividend of 5% less 25% tax for the financial year ended 31 December 2008.



## 29 Earning Per Share

### (a) 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>Current Quarter</b>	<b>Current Year- To-Date</b>
	<b>31/12/2008</b>	<b>31/12/2008</b>
	<b>RM '000</b>	<b>RM '000</b>
Net profit for the period (RM'000)	829	4,366
Weighted average number of ordinary shares in issue ('000)	712,354	712,354
Basic earnings per share (sen)	0.12	0.61

### (b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary shares, i.e. warrants.

	<b>Current Quarter</b>	<b>Current Year- To-Date</b>
	<b>31/12/2008</b>	<b>31/12/2008</b>
	<b>RM '000</b>	<b>RM '000</b>
Net profit for the period (RM'000)	829	4,366
Weighted average number of ordinary shares in issue ('000)	712,354	712,354
Effects of dilution: Warrants	26,022	26,022
Adjusted weighted average number of ordinary shares in issue and issuable	738,376	738,376
Diluted earnings per share (sen)	0.11	0.59



**30 Authorisation for Issue**

The condensed financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 February 2009.

By order of The Board

Siew Cheau Sheang  
Finance and Administration Manager

Kuala Lumpur  
Date : 23 February 2009





# MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985-P)

## Condensed Consolidated Income Statement For The Year Ended 31 December 2008

(The figures have not been audited)

	Note	Individual Quarter		Cumulative Quarter	
		Current Year 4th Quarter 31-Dec-08	Preceding Year Corresponding Quarter 31-Dec-07	Current Year To-Date 31-Dec-08	Preceding Year Corresponding Year-To-Date 31-Dec-07
		RM '000	RM '000	RM '000	RM '000
Revenue	9	27,604	23,083	93,839	79,520
Other income		374	463	1,340	1,677
Changes in inventories of finished goods		3,171	2,120	1,254	(2,322)
Finished goods purchased		(27,199)	(21,469)	(81,987)	(66,293)
Depreciation		(50)	(76)	(195)	(300)
Other expenses		(3,207)	(2,367)	(8,541)	(6,741)
Finance costs		(20)	(30)	(110)	(113)
<b>Profit before tax</b>		<b>673</b>	<b>1,724</b>	<b>5,600</b>	<b>5,428</b>
Income tax expense	21	156	(501)	(1,234)	(1,406)
<b>Profit for the period</b>		<b>829</b>	<b>1,223</b>	<b>4,366</b>	<b>4,022</b>
<b>Attributable to:</b>					
Equity holders of the parent		829	1,223	4,366	4,022
Minority interest		-	-	-	-
		<b>829</b>	<b>1,223</b>	<b>4,366</b>	<b>4,022</b>
<b>Earnings per share attributable to equity holders of the parent (sen):</b>					
(i) Basic	29	<u>0.12</u>	<u>0.17</u>	<u>0.61</u>	<u>0.56</u>
(ii) Diluted	29	<u>0.11</u>	<u>0.14</u>	<u>0.59</u>	<u>0.44</u>

The condensed consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2007 and the attached accompanying explanatory notes.

**MARCO HOLDINGS BERHAD**

(Incorporated in Malaysia - 8985-P)

**Additional Information**

(The figures have not been audited)

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year 4th Quarter 31-Dec-08	Preceding Year Corresponding Quarter 31-Dec-07	Current Year To-Date 31-Dec-08	Preceding Year Corresponding Year-To-Date 31-Dec-07
		RM '000	RM '000	RM '000	RM '000
1 (a)	Profit / (Loss) from operations	693	1,754	5,710	5,541
2 (b)	Gross interest income	280	235	1,008	835
3 (c)	Gross interest expense	(20)	(30)	(110)	(113)



**MARCO HOLDINGS BERHAD**  
(Incorporated in Malaysia - 8985-P)

**Condensed Consolidated Balance Sheet**  
**As at 31 December 2008**  
(The figures have not been audited)

	Note	As At 31-Dec-08	As At 31-Dec-07
		RM '000	RM '000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		205	246
Deferred tax assets		1,049	677
Land Held for Development	10	44,247	45,247
Intangible Assets		198	263
		<u>45,699</u>	<u>46,433</u>
<b>Current Assets</b>			
Inventories		6,830	5,902
Trade receivables		3,508	3,529
Other receivables		7,085	6,844
Short term placements		27,930	28,774
Cash and bank balances		4,217	4,629
Tax Recoverable		1,001	-
		<u>50,571</u>	<u>49,678</u>
<b>TOTAL ASSETS</b>		<b><u>96,270</u></b>	<b><u>96,111</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share Capital	7	71,235	71,235
Share Premium		25,556	25,556
Revaluation Reserve		1,210	1,210
Accumulated losses		(12,723)	(14,453)
<b>Total equity</b>		<u>85,278</u>	<u>83,548</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		1,001	85
<b>Current Liabilities</b>			
Trade payables		348	379
Other payables		6,014	7,231
Bills payables	25	3,038	4,203
Tax Payable		591	665
		<u>9,991</u>	<u>12,478</u>
<b>Total liabilities</b>		<u>10,992</u>	<u>12,563</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>96,270</u></b>	<b><u>96,111</u></b>
Net assets per share (RM)		0.12	0.12

The condensed consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2007 and the attached accompanying explanatory notes.



**MARCO HOLDINGS BERHAD**  
(Incorporated in Malaysia - 8985-P)

**Condensed Consolidated Cash Flow Statements  
For the Year Ended 31 December 2008**

(The figures have not been audited)

	Note	12 months ended 31-Dec-08	12 months ended 31-Dec-07
		RM '000	RM '000
Net Profit before tax		5,600	5,428
Adjustment for non-cash items :-			
Depreciation		195	225
Interest expense		110	113
Interest income		(1,008)	(835)
Other non-cash items		564	(64)
Impairment of assets held for sale	10	1,000	-
Operating profit before changes in working capital		6,461	4,867
Changes in working capital:			
<i>Net change in current assets</i>		(1,712)	(703)
<i>Net change in current liabilities</i>		(5,450)	212
Borrowings		3,038	4,203
Cash generated from operations		2,337	8,579
Tax paid		(1,766)	(1,107)
Interest paid		(110)	(113)
<b>Net cash generated from operations</b>		<b>461</b>	<b>7,359</b>
<b>Cash Flow from Investing Activities</b>			
Dividends & Interest received		1,008	835
Purchase of property, plant and equipment		(89)	(13)
Proceeds from disposal of property, plant and equipment		-	-
Rights Issue Expenses		-	-
		919	822
<b>Cash Flow from Financing Activity</b>			
Decreased in Fixed Deposits pledged to Bank		-	-
Proceeds from issuance of shares		-	-
Rights Issue Expenses		-	-
Repayment of Short Term Borrowings		-	-
Dividend Paid		(2,636)	(2,600)
		(2,636)	(2,600)
Net Changes in Cash & Cash Equivalents		(1,256)	5,581
Cash & Cash Equivalents at beginning of year		33,403	27,822
<b>Cash &amp; Cash Equivalents at end of the year</b>		<b>32,147</b>	<b>33,403</b>
Cash and cash equivalents comprise :-			
Fixed deposits		27,930	28,774
Cash and bank balances		4,217	4,629
Less : Fixed Deposits pledged to bank		-	-
Bank overdraft		-	-
		32,147	33,403

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statement for the year ended 31st December 2007 and the attached accompanying explanatory notes.



# MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985-P)

## Condensed Consolidated Statement of Changes in Equity

for the Year Ended 31 December 2008

(The figures have not been audited)

	Note	Attributable to Equity Holders of the Parent				Total Equity
		Share Capital	Share Premium	Revaluation Reserve	Accumulated Losses	
		RM '000	RM '000	RM '000	RM '000	RM '000
<b>Balance as at 1 January 2007</b>		71,235	25,556	449	(15,875)	81,365
Profit for the period		-	-	-	4,022	4,022
Change in tax rate				761	-	761
Dividend		-	-	-	(2,600)	(2,600)
<b>At 31 December 2007</b>		<u>71,235</u>	<u>25,556</u>	<u>1,210</u>	<u>(14,453)</u>	<u>83,548</u>
<b>At 1 January 2008</b>		71,235	25,556	1,210	(14,453)	83,548
Profit for the period		-	-	-	4,366	4,366
Dividend		-	-	-	(2,636)	(2,636)
<b>At 31 December 2008</b>		<u><u>71,235</u></u>	<u><u>25,556</u></u>	<u><u>1,210</u></u>	<u><u>(12,723)</u></u>	<u><u>85,278</u></u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2007 and the attached accompanying explanatory notes.