



MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985-P)

Condensed Consolidated Statement of Comprehensive Income For The Third Quarter Ended 30 September 2022

	Note	3rd Quarter Ended		9 Months Ended	
		30-Sep-22 (Unaudited)	30-Sep-21	30-Sep-22 (Unaudited)	30-Sep-21
		RM '000	RM '000	RM '000	RM '000
Revenue	8	47,786	34,705	134,760	109,763
Other income		180	84	712	310
Changes in inventories of finished goods		7,065	(2,150)	6,573	10,194
Finished goods purchased		(42,450)	(24,331)	(106,158)	(91,544)
Depreciation		(811)	(726)	(1,422)	(2,005)
Other expenses		(6,441)	(2,713)	(18,504)	(13,075)
Share of Associated Company's Profit		322	416	2,186	1,497
Profit from operations		5,651	5,285	18,147	15,140
Finance income		710	483	1,806	1,565
Finance costs		(56)	(81)	(152)	(175)
Profit before tax		6,305	5,687	19,801	16,530
Taxation	19	(1,544)	(1,617)	(5,385)	(4,046)
Profit after tax		4,761	4,070	14,416	12,484
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		4,761	4,070	14,416	12,484
Profit Attributable to: Owners of the Parent		4,761	4,070	14,416	12,484
Total Comprehensive Income Attributable to: Owners of the Parent		4,761	4,070	14,416	12,484
Earnings per share attributable to: equity holders of the parent (sen):					
(i) Basic	29	0.45	0.39	1.37	1.18
(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 September 2022**

	Note	As At 30-Sep-22 (Unaudited)	As At Preceding Financial Year Ended 31-Dec-21
		RM '000	RM '000
ASSETS			
Non-Current Assets			
Property, plant and equipment		2,418	2,715
Deferred tax assets		1,433	1,433
Investment Property		38,368	38,743
Investment in associates & subsidiaries		21,108	18,922
Intangible Assets		337	298
Operating lease right-of-use assets		3,214	3,647
		<u>66,878</u>	<u>65,758</u>
Current Assets			
Inventories		23,438	16,405
Trade and other receivables		28,672	28,228
Fixed deposits with licensed banks		122,089	94,978
Cash and bank balances		26,132	45,866
		<u>200,331</u>	<u>185,477</u>
TOTAL ASSETS		<u>267,209</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		88,321	100,262
Total equity		<u>220,518</u>	<u>232,459</u>
Non-current liabilities			
Operating lease liabilities		1,476	2,661
Current Liabilities			
Trade and Other payables		19,857	13,533
Bills payables	25	-	-
Tax Payable		3,122	1,435
Operating lease liabilities		1,150	1,147
Dividend Payable		21,086	-
		<u>45,215</u>	<u>16,115</u>
Total liabilities		<u>46,691</u>	<u>18,776</u>
TOTAL EQUITY AND LIABILITIES		<u>267,209</u>	<u>251,235</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		0.21	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 Third Quarter Ended 30 September 2022

	Note	9 months ended 30-Sep-22 (Unaudited)	9 months ended 30-Sep-21
		RM '000	RM '000
Operating activities			
Net Profit before tax		19,801	16,530
<u>Adjustment for:</u>			
Depreciation		1,422	2,005
Interest expense		152	175
Dividend and Interest income		(1,806)	(1,565)
Other items		(2,694)	(1,330)
Total adjustments		<u>(2,926)</u>	<u>(715)</u>
Operating cash flows before changes in working capital		16,875	15,815
<u>Changes in working capital:</u>			
<i>Net change in current assets</i>		(7,013)	6,620
<i>Net change in current liabilities</i>		6,327	(2,032)
Total changes in working capital		<u>(686)</u>	<u>4,588</u>
Cash flows from operations		16,189	20,403
Tax paid		(3,672)	(2,254)
Interest paid		(152)	(175)
Net cash flows from operating activities		12,365	17,974
Investing activities			
Dividends & Interest received		1,806	1,565
Purchase of property, plant and equipment		(273)	(61)
Short term funds		(27,517)	(21,468)
Investment in associate		-	-
Other Items		-	-
Net Cash Flows (used in)/ from investing activities		(25,984)	(19,964)
Financing activities			
Borrowings		-	-
Operating lease liability		(843)	(1,011)
Dividends Paid		(5,272)	-
Net cash flows (used in) / from financing activities		(6,115)	(1,011)
Net Changes in Cash & Cash Equivalents		(19,734)	(3,001)
Cash & Cash Equivalents at beginning of year		45,866	40,494
Cash & Cash Equivalents at end of 30 Sept		26,132	37,493
Cash and cash equivalents comprise :-			
Cash and bank balances		26,132	37,493
		<u>26,132</u>	<u>37,493</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 Third Quarter Ended 30 September 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		
9 Months Period Ended 30 Sept 2022 (unaudited) At 1 January		130,987	-	-	1,210	100,262	232,459
Total Comprehensive Income for the period		-	-	-	-	14,416	14,416
Dividends	28	-	-	-	-	(26,357)	(26,357)
Balance As At 30 September 2022		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>88,321</u>	<u>220,518</u>
9 Months Period Ended 30 September 2021 At 1 January		130,987	-	-	1,210	82,308	214,505
Total Comprehensive Income for the period		-	-	-	-	12,484	12,484
Dividends	28	-	-	-	-	-	-
Balance As At 30 September 2021		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>94,792</u>	<u>226,989</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 September 2022

(a) A first and final single tier dividend of 0.5 sen per share amounting to RM5,271,534.22 for the financial year ended 31 December 2021 was paid on 15 July 2022.

As At 30 September 2021

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



8 Segmental Information

	3rd Quarter Ended 30 Sept 2022 RM '000	3rd Quarter Ended 30 Sept 2021 RM '000	9 Months Ended 30 Sept 2022 RM '000	9 Months Ended 30 Sept 2021 RM '000
Segment Revenue				
Distribution	47,786	34,705	134,760	109,763
Others	-	-	-	-
Total revenue including Inter-segment sales	47,786	34,705	134,760	109,763
Eliminations	-	-	-	-
Total Revenue	47,786	34,705	134,760	109,763
Segment Results (Profit before Tax)				
	RM '000	RM '000	RM '000	RM '000
Distribution	6,059	5,450	17,859	15,370
Others	16,702	(171)	16,550	(313)
	22,761	5,279	34,409	15,057
Conso Adjustment	(16,456)	408	(14,608)	1,473
Total Results	6,305	5,687	19,801	16,530
Segment Assets				
			9 Months Ended 30 Sept 2022 RM'000	12 Months Ended 31 Dec 2021 RM'000
Distribution			198,109	162,589
Others			227,506	209,449
			425,615	372,038
Eliminations			(158,406)	(120,803)
Total Assets			267,209	251,235
Segment Liabilities				
Distribution			32,553	18,686
Others			50,110	90
			82,663	18,776
Eliminations			(35,972)	-
Total Liabilities			46,691	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 September 2022, the Group registered revenue of RM134.8 million, a 23% increase from RM109.8 million in the same period last year. This improved performance was driven by positive growth from all segments of the Group's businesses. In tandem with the growth in revenue, the Group registered Profit before Tax (PBT) of RM19.8 million, an increase of RM3.3 million or 20% from RM16.5 million registered in the previous corresponding period.

The performance of the respective operating segments for the financial period ended 30 September 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 RM101.6 million, an increase of RM13 million or 15% compared with same period last year. Revenue growth was mainly driven by the full lifting of movement restrictions earlier in the year coupled by higher consumer spending subsequent to the returning of the festive celebration after a 2-year break. The increase in revenue led to a corresponding 27% increase in segmental profit.

Calculator

Calculator revenue of RM28 million was RM11.3 million or 68% 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 96%.

Digital Musical Instruments

Segmental revenue of RM5.2 million was RM0.8 million or 18% increase from last year's comparative quarters. Launching of the new digital piano and effective redemption campaigns had driven the segmental growth. Consequently, segmental profit improved by 5%.



16 Comparison of Results against the Immediate Preceding Quarter

For the third quarter ended 30 September 2022, the Group registered a revenue of RM47.8 million, 8% higher compared to the second quarter of 2022. Increase in the third quarter revenue was largely due to higher sales in all business segments of the Group. Profit before tax was lower at RM6.3 million compared to RM7.2 million registered in the immediate preceding quarter mainly due to higher import prices and unfavourable exchange rates.

17 Commentary on Prospects

We are currently in a challenging and volatile global and domestic environment defined by rising inflation and interest rates with the Malaysian Ringgit having depreciated to its weakest point against the USD. Our Group will remain focused in driving the business growth and continue to enhance operational efficiencies to moderate the impact of external cost headwind and remain optimistic in delivering positive results as we move into the final quarter of the year.

18 Profit Forecast and Profit Guarantee

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

19 Taxation

	Quarters Ended 30 Sept 2022 RM '000	Quarters Ended 30 Sept 2021 RM '000
Income Tax	5,385	4,046
Tax expense	<u>5,385</u>	<u>4,046</u>
Profit/(loss) before taxation	<u>19,801</u>	<u>16,530</u>
Tax at statutory rate (24%) (2021:24%)	4,752	3,967
-Deferred Tax (Assets)/ Liabilities	731	(386)
-(Over)/Under provision of taxation	452	72
-Share of associated company's tax	(691)	(473)
-Effects of expenses not deductible for tax purpose	169	971
-Expenses deductible/double deductible for tax purpose	(28)	(105)
Tax expense	<u>5,385</u>	<u>4,046</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

	3 rd Quarter Ended 30 Sept 2022 RM '000	3 rd Quarter Ended 30 Sept 2021 RM '000
Profit for the period is arrived at after charging:		
Interest expense	152	175
Depreciation and amortisation	1,422	2,005
Allowance of impairment on trade receivables	64	297
Allowance of inventories written down	-	-
Unrealised loss/Loss on foreign exchange	-	-
and after crediting:		
Interest Income	1,806	1,565
Gain on foreign exchange	682	587
Reversal of allowance of impairment on trade receivables	-	-
Reversal of allowance of inventories written down	556	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 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	8,991	6,805
	<u>21,108</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 30 Sept 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 30 September 2022

- (a) For the third quarter, the Board of Directors has declared an interim single-tier dividend of 2 sen per ordinary share in respect of the financial year ending 31 December 2022, amounting to RM21,086,137 and to be paid on 20 December 2022. The entitlement date for the dividend payment is 2 December 2022.

As At 30 September 2021

- (b) No dividend was proposed in the third 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.

	3 rd Quarter Ended	3 rd Quarter Ended	9 Months Ended	9 Months Ended
	30 Sept 2022	30 Sept 2021	30 Sept 2022	30 Sept 2021
Net profit for the period (RM'000)	4,761	4,070	14,416	12,484
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)	0.45	0.39	1.37	1.18

By order of The Board
Siew Cheau Sheang
Finance Director
Kuala Lumpur, 16 November 2022