



MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985-P)

Condensed Consolidated Statement of Comprehensive Income For The Fourth Quarter Ended 31 December 2022

	Note	4th Quarter Ended		12 Months Ended	
		31-Dec-22 (Unaudited)	31-Dec-21	31-Dec-22 (Unaudited)	31-Dec-21
		RM '000	RM '000	RM '000	RM '000
Revenue	8	44,442	45,036	179,202	154,799
Other income		97	808	809	1,118
Changes in inventories of finished goods		3,979	(19,004)	10,552	(8,810)
Finished goods purchased		(36,430)	(15,434)	(142,588)	(106,978)
Depreciation		(979)	(598)	(2,401)	(2,603)
Other expenses		(6,064)	(5,366)	(24,568)	(18,441)
Share of Associated Company's Profit		389	849	2,575	2,346
Profit from operations		5,434	6,291	23,581	21,431
Finance income		575	375	2,381	1,940
Finance costs		(2)	(9)	(154)	(184)
Profit before tax		6,007	6,657	25,808	23,187
Taxation	19	(116)	(1,187)	(5,501)	(5,233)
Profit after tax		5,891	5,470	20,307	17,954
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		5,891	5,470	20,307	17,954
Profit Attributable to: Owners of the Parent		5,891	5,470	20,307	17,954
Total Comprehensive Income Attributable to: Owners of the Parent		5,891	5,470	20,307	17,954
Earnings per share attributable to: equity holders of the parent (sen):					
(i) Basic	29	0.56	0.52	1.93	1.70
(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 December 2022

	Note	As At 31-Dec-22 (Unaudited)	As At Preceding Financial Year Ended 31-Dec-21
		RM '000	RM '000
ASSETS			
Non-Current Assets			
Property, plant and equipment		2,313	2,715
Deferred tax assets		1,433	1,433
Investment Property		38,242	38,743
Investment in associates & subsidiaries		21,497	18,922
Intangible Assets		342	298
Operating lease right-of-use assets		3,065	3,647
		<u>66,892</u>	<u>65,758</u>
Current Assets			
Inventories		27,401	16,405
Trade and other receivables		24,157	28,228
Fixed deposits with licensed banks		108,923	94,978
Cash and bank balances		24,068	45,866
		<u>184,549</u>	<u>185,477</u>
TOTAL ASSETS		<u>251,441</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		73,125	100,262
Total equity		<u>205,322</u>	<u>232,459</u>
Non-current liabilities			
Operating lease liabilities		1,404	2,661
Current Liabilities			
Trade and Other payables		17,887	13,533
Bills payables	25	-	-
Tax Payable		4,592	1,435
Operating lease liabilities		1,150	1,147
Dividend Payable		21,086	-
		<u>44,715</u>	<u>16,115</u>
Total liabilities		<u>46,119</u>	<u>18,776</u>
TOTAL EQUITY AND LIABILITIES		<u>251,441</u>	<u>251,235</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		0.19	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 Fourth Quarter Ended 31 December 2022

	Note	12 months ended 31-Dec-22 (Unaudited)	12 months ended 31-Dec-21
		RM '000	RM '000
Operating activities			
Net Profit before tax		25,808	23,187
<u>Adjustment for:</u>			
Depreciation		2,401	2,603
Interest expense		154	184
Dividend and Interest income		(2,381)	(1,940)
Other items		(2,857)	(2,643)
Total adjustments		<u>(2,683)</u>	<u>(1,796)</u>
Operating cash flows before changes in working capital		23,125	21,391
<u>Changes in working capital:</u>			
Net change in current assets		(6,686)	2,722
Net change in current liabilities		4,355	1,777
Total changes in working capital		<u>(2,331)</u>	<u>4,499</u>
Cash flows from operations		20,794	25,890
Tax paid		(2,318)	(5,417)
Interest paid		(154)	(184)
Net cash flows from operating activities		18,322	20,289
Investing activities			
Dividends & Interest received		2,381	1,940
Purchase of property, plant and equipment		(344)	(136)
Short term funds		(14,696)	(16,495)
Investment in associate		-	-
Other Items		-	895
Net Cash Flows (used in)/ from investing activities		(12,659)	(13,796)
Financing activities			
Borrowings		-	-
Operating lease liability		(1,103)	(1,121)
Dividends Paid		(26,358)	-
Net cash flows (used in) / from financing activities		(27,461)	(1,121)
Net Changes in Cash & Cash Equivalents		(21,798)	5,372
Cash & Cash Equivalents at beginning of year		45,866	40,494
Cash & Cash Equivalents at end of 31 Dec		24,068	45,866
Cash and cash equivalents comprise :-			
Cash and bank balances		24,068	45,866
		<u>24,068</u>	<u>45,866</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 Fourth Quarter Ended 31 December 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		
12 Months Period Ended 31 Dec 2022 (unaudited) At 1 January		130,987	-	-	1,210	100,262	232,459
Total Comprehensive Income for the period		-	-	-	-	20,307	20,307
Dividends	28	-	-	-	-	(47,444)	(47,444)
Balance As At 31 December 2022		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>73,125</u>	<u>205,322</u>
12 Months Period Ended 31 December 2021 At 1 January		130,987	-	-	1,210	82,308	214,505
Total Comprehensive Income for the period		-	-	-	-	17,954	17,954
Dividends	28	-	-	-	-	-	-
Balance As At 31 December 2021		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>100,262</u>	<u>232,459</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 December 2022

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

(b) First interim single tier dividend of 2.0 sen per share amounting to RM21,086,0137 in respect of the financial year ended 31 December 2022 was paid on 20 December 2022.

As At 31 December 2021

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



8 Segmental Information

	4th Quarter Ended 31 Dec 2022 RM '000	4th Quarter Ended 31 Dec 2021 RM '000	12 Months Ended 31 Dec 2022 RM '000	12 Months Ended 31 Dec 2021 RM '000
Segment Revenue				
Distribution	44,442	45,036	179,202	154,799
Others	-	-	-	-
Total revenue including Inter-segment sales	44,442	45,036	179,202	154,799
Eliminations	-	-	-	-
Total Revenue	44,442	45,036	179,202	154,799
Segment Results (Profit before Tax)				
	RM '000	RM '000	RM '000	RM '000
Distribution	5,605	8,288	23,464	23,658
Others	21,083	(35)	37,633	(348)
	26,688	8,253	61,097	23,310
Conso Adjustment	(20,681)	(1,596)	(35,289)	(123)
Total Results	6,007	6,657	25,808	23,187
Segment Assets				
			12 Months Ended 31 Dec 2022 RM'000	12 Months Ended 31 Dec 2021 RM'000
Distribution			165,215	162,589
Others			210,839	209,449
			376,054	372,038
Eliminations			(124,613)	(120,803)
Total Assets			251,441	251,235
Segment Liabilities				
Distribution			31,972	18,686
Others			33,477	90
			65,449	18,776
Eliminations			(19,330)	-
Total Liabilities			46,119	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 Year-to-date vs Previous Year-to-date

For the financial year ended 31 December 2022, the Group registered a revenue of RM179.2 million, a 16% increase from RM154.8 million compared to 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 RM25.8 million, an increase of RM2.6 million or 11% from RM23.2 million registered in 2021.

The performance of the respective operating segments for the financial year ended 31 December 2022 compared with 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 RM136.8 million, registering a positive growth of RM11 million or 9% compared to previous 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 return of the festive celebration. The increase in revenue led to a corresponding 12% increase in segmental profit.

Calculator

Calculator revenue of RM35.7 million was RM12.6 million or 55% higher compared to previous year. Back to school sales subsequent to the reopening of schools nationwide had contributed to the growth in revenue. In tandem with the increase in revenue, segmental profit improved by 68%.

Digital Musical Instruments

Segmental revenue of RM6.7 million was RM0.8 million or 14% higher compared to previous year. 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 fourth quarter ended 31 December 2022, the Group registered a revenue of RM44.4 million, 7% lower as compared to RM47.8m in the third quarter of 2022. Lower current quarter revenue was largely due to weak consumer sentiment as a result of elevated cost of living brought about by sustained inflationary pressure and strong US Dollar. Consequently, profit before tax was also marginally lower at RM6.0 million compared to RM6.3 million registered in the immediate preceding quarter.

17 Commentary on Prospects

Looking ahead, the Malaysian economy is expected to expand at a slower pace in view of the challenging global and domestic environment defined by rising inflation and interest rates. Our Group will remain focused on driving the business growth and continue to enhance operational efficiencies to moderate the impact of external cost headwinds, we remain optimistic in delivering positive results.

18 Profit Forecast and Profit Guarantee

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

19 Taxation

	For the Year Ended 31 Dec 2022 RM '000	For the Year Ended 31 Dec 2021 RM '000
Income Tax	5,501	5,233
Tax expense	<u>5,501</u>	<u>5,233</u>
Profit/(loss) before taxation	<u>25,808</u>	<u>23,187</u>
Tax at statutory rate (24%) (2021:24%)	6,194	5,565
-Deferred Tax (Assets)/ Liabilities	(885)	21
-(Over)/Under provision of taxation	547	(89)
-Share of associated company's tax	(813)	(563)
-Effects of expenses not deductible for tax purpose	496	299
-Expenses deductible/double deductible for tax purpose	(38)	-
Tax expense	<u>5,501</u>	<u>5,233</u>

The effective tax rates for the current year was lower than the statutory tax rate principally due to deferred tax assets.



20 Notes to Condensed Consolidated Income Statement

	4 th Quarter Ended 31 Dec 2022 RM '000	4 th Quarter Ended 31 Dec 2021 RM '000
Profit for the period is arrived at after charging:		
Interest expense	154	184
Depreciation and amortisation	2,401	2,603
Allowance of impairment on trade receivables	258	-
Allowance of inventories written down	-	-
Unrealised loss/Loss on foreign exchange	-	-
and after crediting:		
Interest Income	2,381	1,940
Gain on foreign exchange	820	825
Reversal of allowance of impairment on trade receivables	-	48
Reversal of allowance of inventories written down	523	341

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 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	9,380	6,805
	<u>21,497</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 Dec 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 December 2022

(a) For the fourth quarter, the Board of Directors have declared a second interim single-tier dividend of 2 sen per ordinary share in respect of the year ending 31 December 2022, amounting to RM21,086,137 and to be paid on 24 March 2023. The entitlement date for the dividend payment is 10 March 2023.

As At 31 December 2021

(b) 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 dividend was paid on 15 July 2022.

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.

	4 th Quarter Ended	4 th Quarter Ended	12 Months Ended	12 Months Ended
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Net profit for the period (RM'000)	5,891	5,470	20,307	17,954
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)	0.56	0.52	1.93	1.70

By order of The Board
Siew Cheau Sheang
Finance Director
Kuala Lumpur, 22 February 2023