



# MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985-P)

## Condensed Consolidated Statement of Comprehensive Income For The First Quarter Ended 31 March 2023

	Note	1st Quarter Ended		3 Months Ended	
		31-Mar-23 (Unaudited)	31-Mar-22	31-Mar-23 (Unaudited)	31-Mar-22
		RM '000	RM '000	RM '000	RM '000
Revenue	8	44,346	42,723	44,346	42,723
Other income		143	320	143	320
Changes in inventories of finished goods		(2,185)	3,610	(2,185)	3,610
Finished goods purchased		(30,239)	(34,386)	(30,239)	(34,386)
Depreciation		(576)	(579)	(576)	(579)
Other expenses		(6,084)	(6,627)	(6,084)	(6,627)
Share of Associated Company's Profit		489	780	489	780
<b>Profit from operations</b>		<b>5,894</b>	<b>5,841</b>	<b>5,894</b>	<b>5,841</b>
Finance income		788	504	788	504
Finance costs		(82)	(82)	(82)	(82)
<b>Profit before tax</b>		<b>6,600</b>	<b>6,263</b>	<b>6,600</b>	<b>6,263</b>
Taxation	19	(1,608)	(1,850)	(1,608)	(1,850)
<b>Profit after tax</b>		<b>4,992</b>	<b>4,413</b>	<b>4,992</b>	<b>4,413</b>
Other Comprehensive Income		-	-	-	-
<b>Total Comprehensive Income</b>		<b>4,992</b>	<b>4,413</b>	<b>4,992</b>	<b>4,413</b>
<b>Profit Attributable to: Owners of the Parent</b>		<b>4,992</b>	<b>4,413</b>	<b>4,992</b>	<b>4,413</b>
<b>Total Comprehensive Income Attributable to: Owners of the Parent</b>		<b>4,992</b>	<b>4,413</b>	<b>4,992</b>	<b>4,413</b>
<b>Earnings per share attributable to: equity holders of the parent (sen):</b>					
(i) Basic	29	0.47	0.42	0.47	0.42
(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 2022



**MARCO HOLDINGS BERHAD**

(Incorporated in Malaysia - 8985P)

**Condensed Consolidated Statement of Financial Position**

**As At 31 March 2023**

	Note	As At 31-Mar-23 (Unaudited)	As At Preceding Financial Year Ended 31-Dec-22
		RM '000	RM '000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		2,210	2,321
Deferred tax assets		1,281	1,244
Investment Property		38,117	38,242
Investment in associates & subsidiaries		21,955	21,466
Intangible Assets		302	335
Operating lease right-of-use assets		2,491	2,795
		<u>66,356</u>	<u>66,403</u>
<b>Current Assets</b>			
Inventories		24,944	27,401
Trade and other receivables		30,395	23,959
Fixed deposits with licensed banks		82,646	103,420
Cash and bank balances		37,142	29,577
		<u>175,127</u>	<u>184,357</u>
<b>TOTAL ASSETS</b>		<b><u>241,483</u></b>	<b><u>250,760</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share Capital	6	130,987	130,987
Reserves		1,210	1,210
Retained Earnings		77,505	93,599
<b>Total equity</b>		<u>209,702</u>	<u>225,796</u>
<b>Non-current liabilities</b>			
Operating lease liabilities		1,254	1,714
<b>Current Liabilities</b>			
Trade and Other payables		20,154	20,877
Bills payables	25	7,955	-
Tax Payable		1,181	1,136
Operating lease liabilities		1,237	1,237
Dividend Payable		-	-
		<u>30,527</u>	<u>23,250</u>
<b>Total liabilities</b>		<u>31,781</u>	<u>24,964</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>241,483</u></b>	<b><u>250,760</u></b>
Net assets per share attributable to ordinary equity holders of the Company (RM)		0.20	0.21

**The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31st December 2022**



## MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985-P)

### Condensed Consolidated Cash Flow Statement For The First Quarter Ended 31 March 2023

	Note	3 months ended 31-Mar-23 (Unaudited)	3 months ended 31-Mar-22
		RM '000	RM '000
<b>Operating activities</b>			
Net Profit before tax		6,600	6,263
<u>Adjustment for:</u>			
Depreciation		576	579
Interest expense		82	82
Dividend and Interest income		(788)	(504)
Other items		(467)	(791)
Total adjustments		<u>(597)</u>	<u>(634)</u>
<b>Operating cash flows before changes in working capital</b>		<b>6,003</b>	<b>5,629</b>
<u>Changes in working capital:</u>			
<i>Net change in current assets</i>		(4,193)	(3,213)
<i>Net change in current liabilities</i>		<u>(723)</u>	<u>(1,198)</u>
Total changes in working capital		<u>(4,916)</u>	<u>(4,411)</u>
<b>Cash flows from operations</b>		<b>1,087</b>	<b>1,218</b>
Tax paid		(1,407)	(1,188)
Interest paid		(82)	(82)
<b>Net cash flows from operating activities</b>		<b><u>(402)</u></b>	<b><u>(52)</u></b>
<b>Investing activities</b>			
Dividends & Interest received		788	504
Purchase of property, plant and equipment		(3)	(4)
Short term funds		20,773	(380)
Investment in associate		-	-
Other Items		-	-
<b>Net Cash Flows (used in)/ from investing activities</b>		<b><u>21,558</u></b>	<b><u>120</u></b>
<b>Financing activities</b>			
Borrowings		7,955	-
Operating lease liability		(460)	(360)
Dividends Paid		(21,086)	-
<b>Net cash flows (used in) / from financing activities</b>		<b><u>(13,591)</u></b>	<b><u>(360)</u></b>
<b>Net Changes in Cash &amp; Cash Equivalents</b>		<b>7,565</b>	<b>(292)</b>
<b>Cash &amp; Cash Equivalents at beginning of year</b>		<b>29,577</b>	<b>45,866</b>
<b>Cash &amp; Cash Equivalents at end of 31 March</b>		<b><u>37,142</u></b>	<b><u>45,574</u></b>
Cash and cash equivalents comprise :-			
Cash and bank balances		<u>37,142</u>	<u>45,574</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 2022



**MARCO HOLDINGS BERHAD**

(Incorporated in Malaysia - 8985-P)

**Condensed Consolidated Statement of Changes In Equity  
For The First Quarter Ended 31 March 2023**

	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		
<b>3 Months Period Ended 31 March 2023 (unaudited) At 1 January</b>		130,987	-	-	1,210	93,599	225,796
Total Comprehensive Income for the period		-	-	-	-	4,992	4,992
Dividends	28	-	-	-	-	(21,086)	(21,086)
<b>Balance As At 31 March</b>		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>77,505</u>	<u>209,702</u>
<b>3 Months Period Ended 31 March 2022 At 1 Jan</b>		130,987	-	-	1,210	100,262	232,459
Total Comprehensive Income for the period		-	-	-	-	4,413	4,413
Dividends	28	-	-	-	-	-	-
<b>Balance As At 31 March</b>		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>104,675</u>	<u>236,872</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 2022**



**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 2022.

**2 Auditors’ Report on Preceding Annual Financial Statements**

The auditors’ report on the audited annual financial statements for the financial year ended 31 December 2022 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 2023**

(a) Second interim single-tier dividend of 2.0 sen per ordinary share amounting to RM21,086,137 in respect of the financial year ended 31 December 2022 was paid on 24 March 2022.

**As At 31 Mar 2022**

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



**8 Segmental Information**

	<b>1<sup>st</sup> Quarter Ended 31 Mar 2023 RM '000</b>	<b>1<sup>st</sup> Quarter Ended 31 Mar 2022 RM '000</b>	<b>3 Months Ended 31 Mar 2023 RM '000</b>	<b>3 Months Ended 31 Mar 2022 RM '000</b>
<b>Segment Revenue</b>				
Distribution	44,346	42,723	44,346	42,723
Others	-	-	-	-
Total revenue including Inter-segment sales	44,346	42,723	44,346	42,723
Eliminations	-	-	-	-
Total Revenue	44,346	42,723	44,346	42,723
<b>Segment Results (Profit before Tax)</b>				
	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
Distribution	6,120	5,583	6,120	5,583
Others	(1)	(92)	(1)	(92)
	6,119	5,491	6,119	5,491
Conso Adjustment	481	772	481	772
Total Results	6,600	6,263	6,600	6,263
<b>Segment Assets</b>				
			<b>3 Months Ended 31 Mar 2023 RM'000</b>	<b>12 Months Ended 31 Dec 2022 RM'000</b>
Distribution			176,167	166,310
Others			210,864	202,744
			387,031	369,054
Eliminations			(145,548)	(118,294)
Total Assets			241,483	250,760
<b>Segment Liabilities</b>				
Distribution			38,844	24,863
Others			33,653	12,400
			72,497	37,263
Eliminations			(40,716)	(12,299)
Total Liabilities			31,781	24,964

**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 2023, the Group registered revenue of RM44.3 million, a marginal increase of RM1.6 million or 4% compared with RM42.7 million in the previous corresponding quarter. This improved performance was attributable to positive growth in the calculator segment of the Group's business. In tandem with the growth in revenue, the Group registered Profit before Tax (PBT) of RM6.6 million, an increase of RM0.3 million or 5% from RM6.3 million registered in the previous year's corresponding quarter.

### The performance of the respective operating segments for the financial period ended 31 March 2023 compared with previous year corresponding quarter is analysed as follows:-

#### *Timepiece*

The results in this segment encompass all timepiece products offered by the Group. In the first quarter, the Group recorded a revenue of RM29 million, which represents a decrease of RM3 million or 9% compared to the corresponding period last year. The decline in revenue was largely due to sluggish consumer demand caused by high inflation. Consequently, the segmental profit also experienced a decline of 24%, primarily due to increased input costs.

#### *Calculator*

The revenue from this segment amounted to RM14.1 million, indicating an increase of RM5.1 million or 57% compared to the corresponding quarter of the previous year. This growth in revenue was attributed to the anticipated stronger and more stable demand, as well as fewer disruptions in our supply chains during the post-pandemic period. Additionally, the timely commencement of school academic sessions further contributed to the revenue growth. In line with the increased revenue, the segmental profit also experienced a notable improvement of 36%.

#### *Digital Musical Instruments*

The revenue generated by this segment amounted to RM1.2 million, a decrease of RM0.5 million or 29% compared to the corresponding period of the previous year. The decline in sales was due to slow demand for pianos, which is a consequence of poor consumer sentiment resulting from high inflation. As a result, the segment's profit declined by 48% compared to the corresponding period in 2022.



## 16 Comparison of Results against the Immediate Preceding Quarter

In the first quarter ended on March 31, 2023, the Group achieved a revenue of RM44.3 million, reflecting a 2% increase compared to the RM43.5 million recorded in the immediately preceding quarter. The growth in revenue during the first quarter was attributed mainly to elevated sales of calculators. Correspondingly, the Group recorded a profit before tax of RM6.6 million, reflecting a 5% increase compared to the RM6.3 million registered in the fourth quarter of 2022.

## 17 Commentary on Prospects

Malaysia's economy has been facing significant growth challenges due to a continued weakening global growth outlook, coupled with rising inflationary pressure and high-interest rates. These factors have impacted households' spending and affected businesses. 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

	Quarter Ended 31 Mar 2023 RM '000	Quarter Ended 31 Mar 2022 RM '000
Income Tax	1,608	1,850
Tax expense	<u>1,608</u>	<u>1,850</u>
Profit/(loss) before taxation	<u>6,600</u>	<u>6,263</u>
Tax at statutory rate (24%) (2022:24%)	1,584	1,503
-Deferred Tax (Assets)/ Liabilities	(43)	332
-(Over)/Under provision of taxation	113	217
-Share of associated company's tax	(155)	(247)
-Effects of expenses not deductible for tax purpose	118	55
-Expenses deductible/double deductible for tax purpose	(9)	(10)
Tax expense	<u>1,608</u>	<u>1,850</u>

The effective tax rates for the current quarter was higher than the statutory tax rate principally due to expenses that were not deductible for tax purposes.





## 20 Notes to Condensed Consolidated Income Statement

	1 <sup>st</sup> Quarter Ended 31 Mar 2023 RM '000	1 <sup>st</sup> Quarter Ended 31 Mar 2022 RM '000
<b>Profit for the period is arrived at after charging:</b>		
Interest expense	82	82
Depreciation and amortisation	576	579
Allowance of impairment on trade receivables	-	7
Allowance of inventories written down	252	-
Unrealised loss/Loss on foreign exchange	-	-
<b>and after crediting:</b>		
Interest Income	788	504
Gain on foreign exchange	77	166
Reversal of allowance of impairment on trade receivables	229	-
Reversal of allowance of inventories written down	-	-

## 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 2023 RM '000	As at 31 Dec 2022 RM '000
Unquoted investment, at cost	26,657	26,657
Dividend income	(14,540)	(14,540)
Share of post-acquisition profit	9,838	9,349
	<u>21,955</u>	<u>21,466</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 2023 RM'000	As at 31 Dec 2022 RM'000
Short term borrowings – secured	7,955	-
Total	<u>7,955</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 2023

(a) During the first quarter, the Board of Directors declared a second interim single-tier dividend of 2 sen per ordinary share for the financial year ended on December 31, 2022. The total dividend amounted to RM21,086,137 and was paid on March 24, 2023.

### (b) As At 31 March 2022

No dividend was proposed in the first quarter of 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.

	1 <sup>st</sup> Quarter Ended	1 <sup>st</sup> Quarter Ended	3 Months Ended	3 Months Ended
	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
Net profit for the period (RM'000)	4,992	4,413	4,992	4,413
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)	0.47	0.42	0.47	0.42

By order of The Board  
Siew Cheau Sheang  
Finance Director  
Kuala Lumpur, 24 May 2023