



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

Condensed Consolidated Statement of Comprehensive Income
For The Second Quarter Ended 30 June 2023

	Note	2nd Quarter Ended		6 Months Ended	
		30-Jun-23 (Unaudited)	30-Jun-22	30-Jun-23 (Unaudited)	30-Jun-22
		RM '000	RM '000	RM '000	RM '000
Revenue	8	38,515	44,251	82,861	86,974
Other income		101	212	244	532
Changes in inventories of finished goods		626	(4,102)	(1,559)	(492)
Finished goods purchased		(29,655)	(29,322)	(59,894)	(63,708)
Depreciation		(569)	(583)	(1,145)	(937)
Other expenses		(4,010)	(4,885)	(10,094)	(11,737)
Share of Associated Company's Profit		626	1,084	1,115	1,864
Profit from operations		5,634	6,655	11,528	12,496
Finance income		836	592	1,624	1,096
Finance costs		(151)	(14)	(233)	(96)
Profit before tax		6,319	7,233	12,919	13,496
Taxation	19	(1,611)	(1,566)	(3,219)	(3,416)
Profit after tax		4,708	5,667	9,700	10,080
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		4,708	5,667	9,700	10,080
Profit Attributable to: Owners of the Parent		4,708	5,667	9,700	10,080
Total Comprehensive Income Attributable to: Owners of the Parent		4,708	5,667	9,700	10,080
Earnings per share attributable to: equity holders of the parent (sen):					
(i) Basic	29	0.45	0.54	0.92	0.96
(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 30 June 2023

	Note	As At 30-Jun-23 (Unaudited)	As At Preceding Financial Year Ended 31-Dec-22
		RM '000	RM '000
ASSETS			
Non-Current Assets			
Property, plant and equipment		2,130	2,321
Deferred tax assets		1,244	1,244
Investment Property		37,992	38,242
Investment in associates & subsidiaries		22,580	21,466
Intangible Assets		273	335
Operating lease right-of-use assets		2,187	2,795
		<u>66,406</u>	<u>66,403</u>
Current Assets			
Inventories		25,594	27,401
Trade and other receivables		22,526	23,959
Fixed deposits with licensed banks		87,804	103,420
Cash and bank balances		34,381	29,577
		<u>170,305</u>	<u>184,357</u>
TOTAL ASSETS		<u>236,711</u>	<u>250,760</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		82,213	93,599
Total equity		<u>214,410</u>	<u>225,796</u>
Non-current liabilities			
Operating lease liabilities		1,078	1,714
Current Liabilities			
Trade and Other payables		18,577	20,877
Bills payables	25	-	-
Tax Payable		1,394	1,136
Operating lease liabilities		1,252	1,237
Dividend Payable		-	-
		<u>21,223</u>	<u>23,250</u>
Total liabilities		<u>22,301</u>	<u>24,964</u>
TOTAL EQUITY AND LIABILITIES		<u>236,711</u>	<u>250,760</u>
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 Second Quarter Ended 30 June 2023

	Note	6 months ended 30-Jun-23 (Unaudited)	6 months ended 30-Jun-22
		RM '000	RM '000
Operating activities			
Net Profit before tax		12,919	13,496
<u>Adjustment for:</u>			
Depreciation		1,145	937
Interest expense		233	96
Dividend and Interest income		(1,624)	(1,096)
Other items		(962)	(1,874)
Total adjustments		<u>(1,208)</u>	<u>(1,937)</u>
Operating cash flows before changes in working capital		11,711	11,559
<u>Changes in working capital:</u>			
Net change in current assets		3,155	(1,469)
Net change in current liabilities		(2,560)	2,273
Total changes in working capital		<u>595</u>	<u>804</u>
Cash flows from operations		12,306	12,363
Tax paid		(2,769)	(2,350)
Interest paid		(233)	(96)
Net cash flows from operating activities		9,304	9,917
Investing activities			
Dividends & Interest received		1,624	1,096
Purchase of property, plant and equipment		(34)	(120)
Short term funds		15,616	(25,929)
Investment in associate		-	-
Other Items		-	-
Net Cash Flows (used in)/ from investing activities		17,206	(24,953)
Financing activities			
Borrowings		-	-
Operating lease liability		(620)	(636)
Dividends Paid		(21,086)	-
Net cash flows (used in) / from financing activities		(21,706)	(636)
Net Changes in Cash & Cash Equivalents		4,804	(15,672)
Cash & Cash Equivalents at beginning of year		29,577	45,866
Cash & Cash Equivalents at end of 30 June		34,381	30,194
Cash and cash equivalents comprise :-			
Cash and bank balances		<u>34,381</u>	<u>30,194</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 Second Quarter Ended 30 June 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		
6 Months Period Ended 30 June 2023 (unaudited) At 1 January		130,987	-	-	1,210	93,599	225,796
Total Comprehensive Income for the period		-	-	-	-	9,700	9,700
Dividends	28	-	-	-	-	(21,086)	(21,086)
Balance As At 30 June 2023		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>82,213</u>	<u>214,410</u>
6 Months Period Ended 30 June 2022 At 1 Jan		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>

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 30 June 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 2023.

As At 30 June 2022

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



8 Segmental Information

	2st Quarter Ended 30 June 2023 RM '000	2st Quarter Ended 30 June 2022 RM '000	6 Months Ended 30 June 2023 RM '000	6 Months Ended 30 June 2022 RM '000
Segment Revenue				
Distribution	38,515	44,251	82,861	86,974
Others	-	-	-	-
Total revenue including Inter-segment sales	38,515	44,251	82,861	86,974
Eliminations	-	-	-	-
Total Revenue	38,515	44,251	82,861	86,974
Segment Results (Profit before Tax)				
	RM '000	RM '000	RM '000	RM '000
Distribution	5,393	6,217	11,512	11,800
Others	309	(60)	309	(152)
	5,702	6,157	11,821	11,648
Conso Adjustment	617	1,076	1,098	1,848
Total Results	6,319	7,233	12,919	13,496
Segment Assets				
			6 Months Ended 30 June 2023 RM'000	12 Months Ended 31 Dec 2022 RM'000
Distribution			191,610	166,310
Others			224,906	202,744
			416,516	369,054
Eliminations			(179,805)	(118,294)
Total Assets			236,711	250,760
Segment Liabilities				
Distribution			50,448	24,863
Others			47,443	12,400
			97,891	37,263
Eliminations			(75,590)	(12,299)
Total Liabilities			22,301	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 the current financial period vs previous corresponding financial period

For the financial period ended 30 June 2023, the Group registered revenue of RM82.9 million, a decrease of RM4.1 million or 5% compared with RM87.0 million in the previous corresponding financial period. This decline in performance was largely caused by negative growth in the timepiece segment of the Group's business. In tandem with the decline in revenue, the Group registered a Profit before Tax (PBT) of RM12.9 million, a marginal decrease of RM0.6 million or 4% from RM13.5 million registered in the previous year's corresponding financial period.

The performance of the respective operating segments for the financial period ended 30 June 2023 compared with the previous year corresponding financial period is analysed as follows:-

Timepiece

The results in this segment encompass all timepiece products offered by the Group. For the financial period ended 30 June 2023, the Group recorded a revenue of RM56.7 million, represented a decrease of RM6.6 million or 11% compared to the corresponding period last year. The decline in revenue was due to economic uncertainty and higher inflation, which led to a drop in demand. As a result, the segmental profit also declined by 26%, primarily due to rising purchase costs.

Calculator

The revenue from this segment was RM23.8 million, an increase of RM3.8 million or 19% compared to the corresponding period in the previous year. This growth in revenue was mainly driven by sales promotions and targeted marketing campaigns, which resulted in stronger demand. Aligned with the increased revenue, the segmental profit also experienced a significant improvement of 40%.

Digital Musical Instruments

The revenue generated by this segment was RM2.4 million, a decrease of RM1.3 million or 35% compared to the corresponding period in the previous year. The decline in sales was due to elevated inflation, leading to reduced spending power and decreased demand for pianos. Consequently, the segment's profit declined 57% compared to the corresponding period in 2022.

16 Comparison of Current Quarter Results against the Immediate Preceding Quarter

In the second quarter ended on June 30, 2023, the Group recorded a revenue of RM38.5 million, a 13% decrease compared to the RM44.3 million recorded in the immediate preceding quarter. The decline in revenue during the second quarter was primarily attributed to a decrease in sales of timepiece products. Correspondingly, the Group recorded a profit before tax of RM6.3 million, a 5% decrease compared to the RM6.6 million registered in the first quarter of 2023.



17 Commentary on Prospects

The retail industry in Malaysia is expected to slow down due to declining consumer consumption. The weakened consumer sentiment could largely arise from the anticipation of ongoing inflationary pressures and high interest rates. Our Group remains committed to addressing the upcoming challenges and enhancing strategies to drive 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 30 June 2023 RM '000	Quarter Ended 30 June 2022 RM '000
Income Tax	3,219	3,416
Tax expense	3,219	3,416
Profit/(loss) before taxation	12,919	13,496
Tax at statutory rate (24%) (2022:24%)	3,101	3,239
-Deferred Tax (Assets)/ Liabilities	9	368
-(Over)/Under provision of taxation	169	307
-Share of associated company's tax	(289)	(590)
-Effects of expenses not deductible for tax purposes	247	112
-Expenses deductible/double deductible for tax purposes	(18)	(20)
Tax expense	3,219	3,416

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

	2 nd Quarter Ended 30 June 2023 RM '000	2 nd Quarter Ended 30 June 2022 RM '000
Profit for the period is arrived at after charging:		
Interest expense	233	96
Depreciation and amortisation	1,145	937
Allowance of impairment on trade receivables	-	6
Allowance of inventories written down	304	3
Unrealised loss/Loss on foreign exchange	-	-
and after crediting:		
Interest Income	1,624	1,096
Gain on foreign exchange	264	267
Reversal of allowance of impairment on trade receivables	260	-
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 30 June 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	10,463	9,349
	<u>22,580</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 30 June 2023 RM'000	As at 31 Dec 2022 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

(a) As At 30 June 2023

No dividend was proposed in the second quarter of 2023.

(b) As At 30 June 2022

No dividend was proposed in the second 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.

	2st Quarter Ended	2st Quarter Ended	6 Months Ended	6 Months Ended
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Net profit for the period (RM'000)	4,708	5,667	9,700	10,080
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	0.54	0.92	0.96

By order of The Board
Siew Cheau Sheang
Finance Director
Kuala Lumpur, 23 August 2023