



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

Condensed Consolidated Statement of Comprehensive Income
For The Third Quarter Ended 30 Sept 2023

	Note	3rd Quarter Ended		9 Months Ended	
		30-Sep-23 (Unaudited)	30-Sep-22	30-Sep-23 (Unaudited)	30-Sep-22
		RM '000	RM '000	RM '000	RM '000
Revenue	8	36,398	47,786	119,259	134,760
Other income		-	-	-	-
Changes in inventories of finished goods		107	180	351	712
Finished goods purchased		(1,666)	7,065	(3,225)	6,573
Depreciation		(27,859)	(42,450)	(87,753)	(106,158)
Other expenses		(568)	(811)	(1,713)	(1,422)
Share of Associated Company's Profit		(1,698)	(6,441)	(11,792)	(18,504)
Profit from operations		477	322	1,592	2,186
		5,191	5,651	16,719	18,147
Finance income		757	710	2,381	1,806
Finance costs		(78)	(56)	(311)	(152)
Profit before tax		5,870	6,305	18,789	19,801
Taxation	19	(1,329)	(1,544)	(4,548)	(5,385)
Profit after tax		4,541	4,761	14,241	14,416
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		4,541	4,761	14,241	14,416
Profit Attributable to: Owners of the Parent		4,541	4,761	14,241	14,416
Total Comprehensive Income Attributable to: Owners of the Parent		4,541	4,761	14,241	14,416
Earnings per share attributable to: equity holders of the parent (sen):					
(i) Basic	29	0.43	0.45	1.35	1.37
(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 Sept 2023**

	Note	As At 30-Sep-23 (Unaudited)	As At Preceding Financial Year Ended 31-Dec-22
		RM '000	RM '000
ASSETS			
Non-Current Assets			
Property, plant and equipment		2,030	2,321
Deferred tax assets		1,244	1,244
Investment Property		37,867	38,242
Investment in associates & subsidiaries		23,057	21,466
Intangible Assets		251	335
Operating lease right-of-use assets		1,883	2,795
		<u>66,332</u>	<u>66,403</u>
Current Assets			
Inventories		24,267	27,401
Trade and other receivables		20,870	23,959
Fixed deposits with licensed banks		73,122	103,420
Cash and bank balances		33,712	29,577
		<u>151,971</u>	<u>184,357</u>
TOTAL ASSETS		<u>218,303</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		65,667	93,599
Total equity		<u>197,864</u>	<u>225,796</u>
Non-current liabilities			
Operating lease liabilities		728	1,714
Current Liabilities			
Trade and Other payables		18,184	20,877
Bills payables	25	-	-
Tax Payable		239	1,136
Operating lease liabilities		1,288	1,237
Dividend Payable		-	-
		<u>19,711</u>	<u>23,250</u>
Total liabilities		<u>20,439</u>	<u>24,964</u>
TOTAL EQUITY AND LIABILITIES		<u>218,303</u>	<u>250,760</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		0.19	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 Third Quarter Ended 30 Sept 2023

	Note	9 months ended 30-Sep-23 (Unaudited)	9 months ended 30-Sep-22
		RM '000	RM '000
Operating activities			
Net Profit before tax		18,789	19,801
<u>Adjustment for:</u>			
Depreciation		1,713	1,422
Interest expense		311	152
Dividend and Interest income		(2,381)	(1,806)
Other items		(1,845)	(2,694)
Total adjustments		<u>(2,202)</u>	<u>(2,926)</u>
Operating cash flows before changes in working capital		16,587	16,875
<u>Changes in working capital:</u>			
Net change in current assets		6,285	(7,013)
Net change in current liabilities		(2,693)	6,327
Total changes in working capital		<u>3,592</u>	<u>(686)</u>
Cash flows from operations		20,179	16,189
Tax paid		(5,254)	(3,672)
Interest paid		(311)	(152)
Net cash flows from operating activities		14,614	12,365
Investing activities			
Dividends & Interest received		2,381	1,806
Purchase of property, plant and equipment		(50)	(273)
Short term funds		30,298	(27,517)
Investment in associate		-	-
Other Items		-	-
Net Cash Flows (used in)/ from investing activities		32,629	(25,984)
Financing activities			
Borrowings		-	-
Operating lease liability		(935)	(843)
Dividends Paid		(42,173)	(5,272)
Net cash flows (used in) / from financing activities		(43,108)	(6,115)
Net Changes in Cash & Cash Equivalents		4,135	(19,734)
Cash & Cash Equivalents at beginning of year		29,577	45,866
Cash & Cash Equivalents at end of 30 Sept		33,712	26,132
Cash and cash equivalents comprise :-			
Cash and bank balances		<u>33,712</u>	<u>26,132</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 Third Quarter Ended 30 Sept 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		
9 Months Period Ended 30 Sept 2023 (unaudited) At 1 January		130,987	-	-	1,210	93,599	225,796
Total Comprehensive Income for the period		-	-	-	-	14,241	14,241
Dividends	28	-	-	-	-	(42,173)	(42,173)
Balance As At 30 September 2023		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>65,667</u>	<u>197,864</u>
9 Months Period Ended 30 Sept 2022 At 1 January		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 September 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 Sep 2023

(a) 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 2023 was paid on 29 August 2023.

(b) 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 Sep 2022

(c) 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.



8 Segmental Information

	3rd Quarter Ended 30 Sep 2023 RM '000	3rd Quarter Ended 30 Sep 2022 RM '000	9 Months Ended 30 Sep 2023 RM '000	9 Months Ended 30 Sep 2022 RM '000
Segment Revenue				
Distribution	36,398	47,786	119,259	134,760
Others	-	-	-	-
Total revenue including Inter-segment sales	36,398	47,786	119,259	134,760
Eliminations	-	-	-	-
Total Revenue	36,398	47,786	119,259	134,760
Segment Results (Profit before Tax)				
	RM '000	RM '000	RM '000	RM '000
Distribution	5,249	6,059	16,761	17,859
Others	21,212	16,702	21,521	16,550
	26,461	22,761	38,282	34,409
Conso Adjustment	(20,591)	(16,456)	(19,493)	(14,608)
Total Results	5,870	6,305	18,789	19,801
Segment Assets				
			9 Months Ended 30 Sep 2023 RM'000	12 Months Ended 31 Dec 2022 RM'000
Distribution			151,562	166,310
Others			204,065	202,744
			355,627	369,054
Eliminations			(137,324)	(118,294)
Total Assets			218,303	250,760
Segment Liabilities				
Distribution			27,514	24,863
Others			26,502	12,400
			54,016	37,263
Eliminations			(33,577)	(12,299)
Total Liabilities			20,439	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 September 2023, the Group registered revenue of RM119.3 million, a decrease of RM15.5 million or 11% compared with RM134.8 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 RM18.8 million, a marginal decrease of RM1.0 million or 5% from RM19.8 million registered in the previous year's corresponding financial period.

The performance of the respective operating segments for the financial period ended 30 September 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 ending on September 30, 2023, the Group recorded revenue of RM81.8 million, a decrease of RM19.8 million or 19% compared to the corresponding period last year. Persistent high inflation is eroding real incomes, leading to a rising cost of living and weakened spending power. The depreciation of the Ringgit has also added significant costs to our products. Consequently, the segmental profit declined by 35%.

Calculator

The revenue from this segment was RM33.6 million, an increase of RM5.6 million or 20% compared to the corresponding period in the previous year. This growth in revenue was primarily driven by ongoing sales promotions and targeted marketing campaigns, as well as the inelastic demand for school-related businesses. Aligned with the increased revenue, the segmental profit also improved by 24%.

Digital Musical Instruments

The revenue generated by this segment was RM3.8 million, a decrease of RM1.4 million or 27% compared to the corresponding period in the previous year. The decline in sales was attributed to elevated inflation, resulting in reduced spending power, with demand shifting towards lower-priced pianos rather than those in the mid-high price range. Nevertheless, the segment's profit remained relatively constant compared to the corresponding period in 2022.



16 Comparison of Current Quarter Results against the Immediate Preceding Quarter

In the third quarter ended on September 30, 2023, the Group recorded revenue of RM36.4 million, representing a 5% decrease compared to the RM38.5 million recorded in the immediate preceding quarter. The decline in revenue during the third quarter was primarily attributed to a decrease in sales of timepiece products. Correspondingly, the Group recorded a profit before tax of RM5.9 million, reflecting a 6% decrease compared to the RM6.3 million registered in the second quarter of 2023.

17 Commentary on Prospects

As evident from the downward revision of the forecast annual growth rate for the retail industry in 2023, Malaysia's retail sector is anticipated to experience a slowdown. This is attributed to weakened spending power caused by price increases in basic necessities and consumer goods, coupled with the depreciation of the Ringgit. Nevertheless, our Group remains committed to addressing these ongoing challenges and enhancing strategies to foster 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 Sep 2023 RM '000	Quarter Ended 30 Sep 2022 RM '000
Income Tax	4,548	5,385
Tax expense	4,548	5,385
Profit/(loss) before taxation	18,789	19,801
Tax at statutory rate (24%) (2022:24%)	4,509	4,752
-Deferred Tax (Assets)/ Liabilities	(84)	731
-(Over)/Under provision of taxation	212	452
-Share of associated company's tax	(440)	(691)
-Effects of expenses not deductible for tax purposes	379	169
-Expenses deductible/double deductible for tax purposes	(28)	(28)
Tax expense	4,548	5,385

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

	3 rd Quarter Ended 30 Sep 2023 RM '000	3 rd Quarter Ended 30 Sep 2022 RM '000
Profit for the period is arrived at after charging:		
Interest expense	311	152
Depreciation and amortisation	1,713	1,422
Allowance of impairment on trade receivables	-	64
Allowance of inventories written down	-	-
Unrealised loss/Loss on foreign exchange	-	-
and after crediting:		
Interest Income	2,381	1,806
Gain on foreign exchange	330	682
Reversal of allowance of impairment on trade receivables	245	-
Reversal of allowance of inventories written down	9	556

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 Sep 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	10,940	9,349
	<u>23,057</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 Sep 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 September 2023

No dividend was proposed in the third quarter of 2023.

(b) As At 30 September 2022

The Board of Directors had declared an interim single-tier dividend of 2 sen per ordinary share on 1,054,306,850 ordinary shares in respect of the financial year ended 31 December 2022, amounting to RM21,086,137. The dividend was paid on 20 December 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.

	3rd Quarter Ended	3rd Quarter Ended	9 Months Ended	9 Months Ended
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022
Net profit for the period (RM'000)	4,541	4,761	14,241	14,416
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)	0.43	0.45	1.35	1.37

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