



MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985-P)

Condensed Consolidated Statement of Comprehensive Income For The Second Quarter Ended 30 June 2024

	Note	2nd Quarter Ended		6 Months Ended	
		30-Jun-24 (Unaudited)	30-Jun-23	30-Jun-24 (Unaudited)	30-Jun-23
		RM '000	RM '000	RM '000	RM '000
Revenue	8	48,228	38,515	95,919	82,861
Other income		197	101	1,785	244
Changes in inventories of finished goods		1,335	626	624	(1,559)
Finished goods purchased		(37,007)	(29,655)	(70,679)	(59,894)
Depreciation		(372)	(569)	(2,411)	(1,145)
Other expenses		(7,223)	(4,010)	(15,584)	(10,094)
Share of Associated Company's Profit		-	626	-	1115
Profit from operations		5,158	5,634	9,654	11,528
Finance income		582	836	1,118	1,624
Finance costs		(127)	(151)	(151)	(233)
Profit before tax		5,613	6,319	10,621	12,919
Taxation	19	(1,550)	(1,611)	(2,912)	(3,219)
Profit after tax		4,063	4,708	7,709	9,700
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		4,063	4,708	7,709	9,700
Profit Attributable to: Owners of the Parent		4,063	4,708	7,709	9,700
Total Comprehensive Income Attributable to: Owners of the Parent		4,063	4,708	7,709	9,700
Earnings per share attributable to: equity holders of the parent (sen):					
(i) Basic	29	0.39	0.45	0.73	0.92
(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 2023



MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985P)

Condensed Consolidated Statement of Financial Position

As At 30 June 2024

	Note	As At 30-Jun-24 (Unaudited)	As At Preceding Financial Year Ended 31-Dec-23
		RM '000	RM '000
ASSETS			
Non-Current Assets			
Property, plant and equipment		2,928	3,345
Deferred tax assets		1,851	1,851
Investment Property		38,891	39,142
Intangible Assets		13,544	13,400
Operating lease right-of-use assets		4,039	5,689
		<u>61,253</u>	<u>63,427</u>
Current Assets			
Inventories		46,837	55,662
Trade and other receivables		31,893	15,707
Fixed deposits with licensed banks		56,319	53,481
Cash and bank balances		31,168	35,767
		<u>166,217</u>	<u>160,617</u>
TOTAL ASSETS		<u>227,470</u>	<u>224,044</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		74,980	67,271
Total equity		<u>207,177</u>	<u>199,468</u>
Non-current liabilities			
Operating lease liabilities		990	1,962
Current Liabilities			
Trade and Other payables		14,686	17,261
Bills payables	25	-	-
Tax Payable		1,371	1,392
Operating lease liabilities		3,246	3,961
Dividend Payable		-	-
		<u>19,303</u>	<u>22,614</u>
Total liabilities		<u>20,293</u>	<u>24,576</u>
TOTAL EQUITY AND LIABILITIES		<u>227,470</u>	<u>224,044</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		0.20	0.19

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31st December 2023



MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985-P)

Condensed Consolidated Cash Flow Statement For The Second Quarter Ended 30 June 2024

	Note	6 months ended 30-Jun-24 (Unaudited)	6 months ended 30-Jun-23
		RM '000	RM '000
Operating activities			
Net Profit before tax		10,621	12,919
<u>Adjustment for:</u>			
Depreciation		2,411	1,145
Interest expense		151	233
Dividend and Interest income		(1,118)	(1,624)
Other items		(74)	(962)
Total adjustments		<u>1,370</u>	<u>(1,208)</u>
Operating cash flows before changes in working capital		11,991	11,711
<u>Changes in working capital:</u>			
<i>Net change in current assets</i>		(7,271)	3,155
<i>Net change in current liabilities</i>		(2,574)	(2,560)
Total changes in working capital		<u>(9,845)</u>	<u>595</u>
Cash flows from operations		2,146	12,306
Tax paid		(2,951)	(2,769)
Interest paid		(151)	(233)
Net cash flows from operating activities		<u>(956)</u>	<u>9,304</u>
Investing activities			
Dividends & Interest received		1,118	1,624
Purchase of property, plant and equipment		(238)	(34)
Short term funds		(2,837)	15,616
Investment in associate		-	-
Other Items		-	-
Net Cash Flows (used in)/ from investing activities		<u>(1,957)</u>	<u>17,206</u>
Financing activities			
Borrowings		-	-
Operating lease liability		(1,686)	(620)
Dividends Paid		-	(21,086)
Net cash flows (used in) / from financing activities		<u>(1,686)</u>	<u>(21,706)</u>
Net Changes in Cash & Cash Equivalents		(4,599)	4,804
Cash & Cash Equivalents at beginning of year		35,767	29,577
Cash & Cash Equivalents at end of 30 June		<u>31,168</u>	<u>34,381</u>
Cash and cash equivalents comprise :-			
Cash and bank balances		<u>31,168</u>	<u>34,381</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 2023



MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985-P)

**Condensed Consolidated Statement of Changes In Equity
For The Second Quarter Ended 30 June 2024**

	Note	Attributable to Equity Holders of the Parent					Retained Profits RM '000	Total Equity RM '000
		Share Capital RM '000	Non-Distributable			Revaluation Reserve RM '000		
			Share Premium RM '000	Fair Value Changes Reserve RM '000				
6 Months Period Ended 30 June 2024 (unaudited) At 1 January		130,987	-	-	1,210	67,271	199,468	
Total Comprehensive Income for the period		-	-	-	-	7,709	7,709	
Dividends	28	-	-	-	-	-	-	
Balance As At 30 June		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>74,980</u>	<u>207,177</u>	
6 Months Period Ended 30 June 2023 At 1 Jan		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		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>82,213</u>	<u>214,410</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 2023



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 2023.

2 Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the audited annual financial statements for the financial year ended 31 December 2023 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 2024

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

As At 30 June 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.



8 Segmental Information

	2nd Quarter Ended 30 June 2024 RM '000	2nd Quarter Ended 30 June 2023 RM '000	6 Months Ended 30 June 2024 RM '000	6 Months Ended 30 June 2023 RM '000
Segment Revenue				
Distribution	48,228	38,515	95,919	82,861
Others	-	--	-	-
Total revenue including Inter-segment sales	48,228	38,515	95,919	82,861
Eliminations	-	--	-	-
Total Revenue	48,228	38,515	95,919	82,861
Segment Results (Profit before Tax)				
	RM '000	RM '000	RM '000	RM '000
Distribution	5,476	5,393	10,402	11,512
Others	145	309	235	309
	5,621	5,702	10,637	11,821
Conso Adjustment	(8)	617	(16)	1,098
Total Results	5,613	6,319	10,621	12,919
Segment Assets				
			6 Months Ended 30 June 2024 RM'000	12 Months Ended 31 Dec 2023 RM'000
Distribution			202,967	205,051
Others			242,297	241,229
			445,264	446,480
Eliminations			(217,794)	(222,436)
Total Assets			227,470	224,044
Segment Liabilities				
Distribution			27,269	24,477
Others			60,735	59,490
			88,004	63,967
Eliminations			(67,711)	(59,391)
Total Liabilities			20,293	24,576

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 June 2024, the Group registered revenue of RM95.9 million, an increase of RM13.0 million or 16% compared with RM82.9 million in the corresponding period in the previous year. The sales growth was mainly attributed to the Timepiece segment, following the complete acquisition of Time Galerie (M) Sdn Bhd (TGSB). Despite the increase in sales, the Group experienced a decline in Profit Before Tax (PBT) of RM2.3 million, or 18%, to RM10.6 million from RM12.9 million in the same period last year. The decrease in PBT was primarily due to higher cost of goods and operational expenses as a result of depreciation of the Ringgit. Additionally, profit margins were pressured by soft and subdued market conditions resulting from weakened consumer demand.

The performance of the respective operating segments for the financial period ended 30 June 2024 compared with previous year corresponding quarters is analysed as follows:-

Timepiece

The results in this segment include all timepiece products offered by the Group. The Group recorded a revenue of RM70.5 million, an increase of RM13.8 million or 25% compared to the same period last year. This growth was largely due to contributions from TGSB following the acquisition. However, the segment's profit declined by 27% as result of lower margin.

Calculators

Revenue from this segment amounted to RM23.1 million, a marginal decline of 2.9% compared to the corresponding period last year. The revenue from calculators was supported by the inelastic demand for school-related products. Segmental profit also decreased by 6%, influenced by the same factors that impacted the Timepiece segment.

Digital Musical Instruments

The revenue generated by this segment amounted to RM2.3 million, a decrease of RM0.1 million or 5% compared to the same period last year. This decline was due to slow demand for digital musical instruments, as poor consumer sentiment towards non-essential items prevailed amid rising living expenses. However, the segment's profit increased by 18% compared to the same period in 2023 as a result of reduction in operating costs.



16 Comparison of Results against the Immediate Preceding Quarter

In the second quarter ended 30 June 2024, the Group registered revenue of RM48.2 million, a marginal 1% increase compared to RM47.7 million in the immediate preceding quarter. The growth was largely driven by the sales of timepieces. Correspondingly, the Group recorded a profit before tax of RM5.6 million, a 12% increase compared to the RM5.0 million in the first quarter of 2024.

17 Commentary on Prospects

Global economic growth is uneven across regions and sectors, and is expected to slow in 2024, primarily due to inflation, tighter monetary policies, and geopolitical tensions. The Malaysian retail market is projected to see marginal growth for the remainder of this year, though challenges such as inflation and supply chain disruptions may temper gains. Changes in consumer demand towards lower-priced items amid the rising cost of living, combined with the higher cost of doing business due to increased service tax and supply disruptions, will remain challenges for our Group. We will continue to adapt to shifting consumer preferences to capitalize on evolving market dynamics.

18 Profit Forecast and Profit Guarantee

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

19 Taxation

	Quarter Ended 30 June 2024 RM '000	Quarter Ended 30 June 2023 RM '000
Income Tax	2,912	3,219
Tax expense	2,912	3,219
Profit/(loss) before taxation	10,621	12,919
Tax at statutory rate (24%) (2023:24%)	2,549	3,101
-Deferred Tax (Assets)/ Liabilities	19	9
-(Over)/Under provision of taxation	113	169
-Share of associated company's tax	-	(289)
-Effects of expenses not deductible for tax purpose	253	247
-Expenses deductible/double deductible for tax purpose	(22)	(18)
Tax expense	2,912	3,219

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 2024 RM '000	2 nd Quarter Ended 30 June 2023 RM '000
Profit for the period is arrived at after charging:		
Interest expense	151	233
Depreciation and amortisation	2,411	1,145
Allowance of impairment on trade receivables	15	-
Allowance of inventories written down	-	304
Unrealised loss/Loss on foreign exchange	-	-
and after crediting:		
Interest Income	1,118	1,624
Gain on foreign exchange	92	264
Reversal of allowance of impairment on trade receivables	-	260
Reversal of allowance of inventories written down	88	-

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 2024 RM '000	As at 31 Dec 2023 RM '000
-	-
-	-
=====	

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 2024 RM'000	As at 30 June 2023 RM'000
Short term borrowings – secured	-	-
Total	-	-

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 June 2024

(a) No dividend was proposed in the second quarter of 2024.

As At 30 June 2023

(b) No dividend was proposed in the second quarter of 2023.

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.

	2nd Quarter Ended	2nd Quarter Ended	6 Months Ended	6 Months Ended
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Net profit for the period (RM'000)	4,063	4,708	7,709	9,700
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)	0.39	0.45	0.73	0.92

By order of The Board
Siew Cheau Sheang
Finance Director
Kuala Lumpur, 16 August 2024