



MARCO HOLDINGS BERHAD

(Incorporated in Malaysia - 8985-P)

Condensed Consolidated Statement of Comprehensive Income For The Third Quarter Ended 30 Sept 2024

	Note	3rd Quarter Ended		9 Months Ended	
		30-Sep-24 (Unaudited)	30-Sep-23	30-Sep-24 (Unaudited)	30-Sep-23
		RM '000	RM '000	RM '000	RM '000
Revenue	8	44,112	36,398	140,031	119,259
Other income		1,105	107	2,890	351
Changes in inventories of finished goods		(1,817)	(1,666)	(1,193)	(3,225)
Finished goods purchased		(31,210)	(27,859)	(101,889)	(87,753)
Depreciation		(1,270)	(568)	(3,681)	(1,713)
Other expenses		(6,489)	(1,698)	(22,073)	(11,792)
Share of Associated Company's Profit		-	477	-	1592
Profit from operations		4,431	5,191	14,085	16,719
Finance income		155	757	1,273	2,381
Finance costs		(114)	(78)	(265)	(311)
Profit before tax		4,472	5,870	15,093	18,789
Taxation	19	(1,272)	(1,329)	(4,184)	(4,548)
Profit after tax		3,200	4,541	10,909	14,241
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		3,200	4,541	10,909	14,241
Profit Attributable to: Owners of the Parent		3,200	4,541	10,909	14,241
Total Comprehensive Income Attributable to: Owners of the Parent		3,200	4,541	10,909	14,241
Earnings per share attributable to: equity holders of the parent (sen):					
(i) Basic	29	0.30	0.43	1.03	1.35
(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 September 2024

	Note	As At 30-Sep-24 (Unaudited)	As At Preceding Financial Year Ended 31-Dec-23
		RM '000	RM '000
ASSETS			
Non-Current Assets			
Property, plant and equipment		2,857	3,345
Deferred tax assets		1,851	1,851
Investment Property		38,766	39,142
Intangible Assets		13,513	13,400
Operating lease right-of-use assets		3,054	5,689
		<u>60,041</u>	<u>63,427</u>
Current Assets			
Inventories		47,405	55,662
Trade and other receivables		18,765	15,707
Fixed deposits with licensed banks		33,824	53,481
Cash and bank balances		46,398	35,767
		<u>146,392</u>	<u>160,617</u>
TOTAL ASSETS		<u>206,433</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		57,094	67,271
Total equity		<u>189,291</u>	<u>199,468</u>
Non-current liabilities			
Operating lease liabilities		992	1,962
Current Liabilities			
Trade and Other payables		12,857	17,261
Bills payables	25	-	-
Tax Payable		399	1,392
Operating lease liabilities		2,894	3,961
Dividend Payable		-	-
		<u>16,150</u>	<u>22,614</u>
Total liabilities		<u>17,142</u>	<u>24,576</u>
TOTAL EQUITY AND LIABILITIES		<u>206,433</u>	<u>224,044</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		0.18	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 Third Quarter Ended 30 September 2024

	Note	9 months ended 30-Sep-24 (Unaudited)	9 months ended 30-Sep-23
		RM '000	RM '000
Operating activities			
Net Profit before tax		15,093	18,789
<u>Adjustment for:</u>			
Depreciation		3,681	1,713
Interest expense		265	311
Dividend and Interest income		(1,273)	(2,381)
Other items		(185)	(1,845)
Total adjustments		<u>2,488</u>	<u>(2,202)</u>
Operating cash flows before changes in working capital		17,581	16,587
<u>Changes in working capital:</u>			
Net change in current assets		5,441	6,285
Net change in current liabilities		(4,404)	(2,693)
Total changes in working capital		<u>1,037</u>	<u>3,592</u>
Cash flows from operations		18,618	20,179
Tax paid		(5,225)	(5,254)
Interest paid		(265)	(311)
Net cash flows from operating activities		13,128	14,614
Investing activities			
Dividends & Interest received		1,273	2,381
Purchase of property, plant and equipment		(304)	(50)
Short term funds		19,657	30,298
Investment in associate		-	-
Other Items		-	-
Net Cash Flows (used in)/ from investing activities		20,626	32,629
Financing activities			
Borrowings		-	-
Operating lease liability		(2,037)	(935)
Dividends Paid		(21,086)	(42,173)
Net cash flows (used in) / from financing activities		(23,123)	(43,108)
Net Changes in Cash & Cash Equivalents		10,631	4,135
Cash & Cash Equivalents at beginning of year		35,767	29,577
Cash & Cash Equivalents at end of 30 Sept		46,398	33,712
Cash and cash equivalents comprise :-			
Cash and bank balances		<u>46,398</u>	<u>33,712</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 Third Quarter Ended 30 Sept 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				
9 Months Period Ended 30 Sept 2024 (unaudited) At 1 January		130,987	-	-	1,210	67,271	199,468	
Total Comprehensive Income for the period		-	-	-	-	10,909	10,909	
Dividends	28	-	-	-	-	(21,086)	(21,086)	
Balance As At 30 Sept		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>57,094</u>	<u>189,291</u>	
9 Months Period Ended 30 Sept 2023 At 1 Jan		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 Sept		<u>130,987</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>65,667</u>	<u>197,864</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 Sept 2024

(a) Second 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 23 July 2024.

As At 30 Sep 2023

(b) 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.

(c) 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

	3rd Quarter Ended 30 Sept 2024 RM '000	3rd Quarter Ended 30 Sept 2023 RM '000	9 Months Ended 30 Sept 2024 RM '000	9 Months Ended 30 Sept 2023 RM '000
Segment Revenue				
Distribution	44,112	36,398	140,031	119,259
Others	-	-	-	-
Total revenue including Inter-segment sales	44,112	36,398	140,031	119,259
Eliminations	-	-	-	-
Total Revenue	44,112	36,398	140,031	119,259
Segment Results (Profit before Tax)				
	RM '000	RM '000	RM '000	RM '000
Distribution	4,548	5,249	14,950	16,761
Others	20,993	21,212	21,228	21,521
	25,541	26,461	36,178	38,282
Conso Adjustment	(21,069)	(20,591)	(21,085)	(19,493)
Total Results	4,472	5,870	15,093	18,789
Segment Assets				
			9 Months Ended 30 Sept 2024 RM'000	12 Months Ended 31 Dec 2023 RM'000
Distribution			181,982	205,051
Others			232,258	241,229
			414,240	446,480
Eliminations			(207,807)	(222,436)
Total Assets			206,433	224,044
Segment Liabilities				
Distribution			24,082	24,477
Others			50,777	59,490
			74,859	63,967
Eliminations			(57,717)	(59,391)
Total Liabilities			17,142	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 Sept 2024, the Group registered revenue of RM140.0 million, an increase of RM20.7 million or 17% compared to RM119.3 million in the corresponding period in the previous year. The growth was mainly driven by the Timepiece segment, following the acquisition of Time Galerie (M) Sdn Bhd (TGSB). Despite the revenue growth, the Group's Profit Before Tax (PBT) decreased by RM3.7 million or 20%, to RM15.1 million from RM18.8 million in the same period last year. This decline in PBT was primarily due to higher costs of goods and increased operational expenses. Additionally, profit margins were impacted by soft market conditions, subdued consumer demand as well as shift in consumer preferences toward lower-priced items amid rising living costs.

The performance of the respective operating segments for the financial period ended 30 September 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 RM104.0 million, an increase of RM22.2 million or 27% compared to the same period last year. This growth was largely due to contributions from acquisition of TGSB. However, the segment's profit declined by 15% as a result of lower margin and higher operational costs.

Calculators

Revenue from this segment amounted to RM32.2 million, a marginal decline of 4% 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 8%, influenced by the same factors that impacted the Timepiece segment.

Digital Musical Instruments

The segment generated RM3.8 million in revenue, maintaining the same level as the corresponding period last year. This sustained performance was supported by targeted marketing and promotional activities for selected models. However, segmental profit declined by 9% due to increased operating costs.



16 Comparison of Results against the Immediate Preceding Quarter

For the third quarter ended 30 September 2024, the Group reported revenue of RM44.1 million, an 8% decrease from RM48.2 million in the immediate preceding quarter, largely due to a reduction in timepiece sales. Consequently, the Group recorded a profit before tax (PBT) of RM4.5 million, a 20% decline from RM5.6 million in the second quarter of 2024. This reduction in PBT was due to lower profit margins and increased operational expenses.

17 Commentary on Prospects

Global economic growth remains uneven and is projected to slow in the remaining of 2024 due to inflation, tighter monetary policies, and geopolitical tensions. Malaysia's retail sector faces challenges from rising costs of doing business, inflation, and supply chain disruptions. Additionally, shifts in consumer demand toward lower-priced items, driven by the rising cost of living will continue to impact profitability. Agility in adapting to consumer preferences and cost management will be essential as we prepare for 2025.

18 Profit Forecast and Profit Guarantee

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

19 Taxation

	Quarter Ended 30 Sept 2024 RM '000	Quarter Ended 30 Sept 2023 RM '000
Income Tax	4,184	4,548
Tax expense	<u>4,184</u>	<u>4,548</u>
Profit/(loss) before taxation	<u>15,093</u>	<u>18,789</u>
Tax at statutory rate (24%) (2023:24%)	3,622	4,509
-Deferred Tax (Assets)/ Liabilities	(43)	(84)
-(Over)/Under provision of taxation	257	212
-Share of associated company's tax	-	(440)
-Effects of expenses not deductible for tax purpose	380	379
-Expenses deductible/double deductible for tax purpose	(32)	(28)
Tax expense	<u>4,184</u>	<u>4,548</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

	3 rd Quarter Ended 30 Sept 2024 RM '000	3 rd Quarter Ended 30 Sept 2023 RM '000
Profit for the period is arrived at after charging:		
Interest expense	265	311
Depreciation and amortisation	3,681	1,713
Allowance of impairment on trade receivables	11	-
Allowance of inventories written down	-	-
Unrealised loss/Loss on foreign exchange	-	-
and after crediting:		
Interest Income	1,273	2,381
Gain on foreign exchange	592	330
Reversal of allowance of impairment on trade receivables	-	245
Reversal of allowance of inventories written down	205	9

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 Sept 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 Sept 2024 RM'000	As at 30 Sept 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 September 2024

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

As At 30 September 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.

	3rd Quarter Ended	3rd Quarter Ended	9 Months Ended	9 Months Ended
	30 Sept 2024	30 Sept 2023	30 Sept 2024	30 Sept 2023
Net profit for the period (RM'000)	3,200	4,541	10,909	14,241
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)	0.30	0.43	1.03	1.35

By order of The Board
Siew Cheau Sheang
Finance Director
Kuala Lumpur, 20 November 2024