

MULTI-CODE ELECTRONICS INDUSTRIES (M) BERHAD (193094-K)
(Incorporated In Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(THE FIGURES HAVE NOT BEEN AUDITED)

	As at 30.04.2016 Unaudited RM'000	As at 31.07.2015 Audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	61,194	62,892
Investment property	2,011	2,023
Intangible asset	1,357	2,173
Deferred tax assets	80	-
	<u>64,642</u>	<u>67,088</u>
Current Assets		
Inventories	18,158	18,284
Trade receivables	18,593	18,205
Other receivables	798	989
Tax recoverable	1,248	619
Cash and bank balances	8,772	13,672
	<u>47,569</u>	<u>51,769</u>
TOTAL ASSETS	<u>112,211</u>	<u>118,857</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	44,405	44,405
Reserves	47,259	49,318
	<u>91,664</u>	<u>93,723</u>
Non-controlling Interests	<u>(87)</u>	<u>(87)</u>
Total Equity	<u>91,577</u>	<u>93,636</u>
Non-Current Liabilities		
Borrowings	3,892	5,579
Deferred tax liabilities	-	364
	<u>3,892</u>	<u>5,943</u>
Current Liabilities		
Borrowings	2,431	3,590
Trade payables	8,398	7,948
Other payables	5,913	7,740
	<u>16,742</u>	<u>19,278</u>
Total Liabilities	<u>20,634</u>	<u>25,221</u>
TOTAL EQUITY AND LIABILITIES	<u>112,211</u>	<u>118,857</u>
Net assets per stock unit attributable to ordinary equity holders of the company	<u>2.0643</u>	<u>2.1106</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 July 2015.

MULTI-CODE ELECTRONICS INDUSTRIES (M) BERHAD (193094-K)*(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 APRIL 2016**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	3 Months Ended		9 Months Ended	
	30-Apr-16	30-Apr-15	30-Apr-16	30-Apr-15
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	15,770	25,321	58,579	69,237
Cost of sales	<u>(14,591)</u>	<u>(21,841)</u>	<u>(53,525)</u>	<u>(61,303)</u>
Gross profit	1,179	3,480	5,054	7,934
Other income	134	157	429	544
Selling and administrative expenses	(2,453)	(2,553)	(7,537)	(7,883)
Finance costs	<u>(90)</u>	<u>(140)</u>	<u>(314)</u>	<u>(453)</u>
Profit/ (loss) before tax	(1,230)	944	(2,368)	142
Taxation	217	(105)	309	(253)
Profit/ (loss) for the period	<u>(1,013)</u>	<u>839</u>	<u>(2,059)</u>	<u>(111)</u>
Other comprehensive income/ (loss):				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation difference from a subsidiary	-	5	-	(8)
Other comprehensive income/ (loss) for the period	<u>-</u>	<u>5</u>	<u>-</u>	<u>(8)</u>
Total comprehensive income/ (loss) for the period	<u>(1,013)</u>	<u>844</u>	<u>(2,059)</u>	<u>(119)</u>
Profit/ (loss) attributable to:				
Equity holders of the company	(1,013)	852	(2,059)	(69)
Non-controlling interests	<u>-</u>	<u>(13)</u>	<u>-</u>	<u>(42)</u>
	<u>(1,013)</u>	<u>839</u>	<u>(2,059)</u>	<u>(111)</u>
Total comprehensive income/ (loss) attributable to:				
Equity holders of the company	(1,013)	857	(2,059)	(77)
Non-controlling interests	<u>-</u>	<u>(13)</u>	<u>-</u>	<u>(42)</u>
	<u>(1,013)</u>	<u>844</u>	<u>(2,059)</u>	<u>(119)</u>
Earnings/ (loss) per share attributable to equity holders of the company:				
Basic and diluted (sen)	<u>(2.28)</u>	<u>1.92</u>	<u>(4.64)</u>	<u>(0.16)</u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 July 2015.

MULTI-CODE ELECTRONICS INDUSTRIES (M) BERHAD (193094-K)
(Incorporated in Malaysia)

NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The following amounts have been charged/ (credited) in arriving at profit/ (loss) before tax:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	3 Months Ended		9 Months Ended	
	30-Apr-16	30-Apr-15	30-Apr-16	30-Apr-15
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income	(59)	(95)	(255)	(363)
Interest expenses	90	140	314	453
Depreciation	1,177	1,156	3,504	3,432
Amortisation of development costs	272	272	816	816
Impairment of golf club membership	1	1	2	2
Provision for warranties	235	609	1,226	1,325
Obsolete inventories written off	-	-	461	-
Gain on disposal of properties	-	(20)	-	(20)
Loss/ (gain) on disposal of plant and equipment	-	8	-	187
Loss/ (gain) on foreign exchange				
- realised	(130)	26	183	48
- unrealised	(15)	(102)	(117)	(89)
Plant and equipment written off	8	41	9	41

Save as disclosed above and in the Condensed Consolidated Statement of Comprehensive Income, the other items required by Bursa Malaysia Securities Berhad Main Market Listing Requirements, Chapter 9, Appendix 9B are not applicable to the Group.

MULTI-CODE ELECTRONICS INDUSTRIES (M) BERHAD (193094-K)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 APRIL 2016
(The figures have not been audited)

	← Attributable to Equity Holders of the Company →						Non-controlling Interests RM'000	Total Equity RM'000
	← Non-distributable →			← Distributable →				
	Share capital RM'000	Share premium RM'000	Share buy- back reserve RM'000	Foreign Currency Translation RM'000	Retained profits RM'000	Total RM'000		
At 1 Aug 2015	44,405	654	352	(20)	48,332	93,723	(87)	93,636
Loss for the period	-	-	-	-	(2,059)	(2,059)	-	(2,059)
Total comprehensive loss for the period	-	-	-	-	(2,059)	(2,059)	-	(2,059)
At 30 Apr 2016	44,405	654	352	(20)	46,273	91,664	(87)	91,577
At 1 Aug 2014	44,405	654	352	(1)	51,626	97,036	(36)	97,000
Foreign currency translation differences from a subsidiary	-	-	-	(8)	-	(8)	-	(8)
Other comprehensive loss	-	-	-	(8)	-	(8)	-	(8)
Loss for the period	-	-	-	-	(69)	(69)	(42)	(111)
Total comprehensive loss for the period	-	-	-	(8)	(69)	(77)	(42)	(119)
Transactions with owners								
Dividend paid	-	-	-	-	(2,220)	(2,220)	-	(2,220)
At 30 Apr 2015	44,405	654	352	(9)	49,337	94,739	(78)	94,661

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 July 2015.

MULTI-CODE ELECTRONICS INDUSTRIES (M) BERHAD (193094-K)*(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 30 APRIL 2016***(The figures have not been audited)*

	9 months ended 30-Apr-16 RM'000 (Unaudited)	9 months ended 30-Apr-15 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (loss) before taxation	(2,368)	142
Adjustments for :		
Depreciation	3,504	3,432
Amortisation of development costs	816	816
Impairment of golf club membership	2	2
Interest income	(255)	(363)
Interest expense	314	453
Short term accumulated compensated absences	85	193
Obsolete inventories written off	461	-
Gain on disposal of properties	-	(20)
Provision for warranties	1,226	1,325
Loss/ (gain) on disposal of plant and equipment	-	187
Plant and equipment written off	9	41
Unrealised (gain)/ loss on foreign exchange	(117)	(89)
	<hr/>	<hr/>
Operating profit before working capital changes	3,677	6,119
Receivables	(199)	(21)
Inventories	(335)	1,120
Payables	(2,570)	(4,721)
	<hr/>	<hr/>
Cash generated from operations	573	2,497
Tax paid	(764)	(1,314)
Interest paid	(314)	(453)
	<hr/>	<hr/>
Net cash from operating activities	(505)	730
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	255	363
Purchase of property, plant and equipment	(1,803)	(2,609)
Proceeds from disposal of properties	-	1,115
Proceeds from disposal of plant and equipment	-	312
	<hr/>	<hr/>
Net cash used in investing activities	(1,548)	(819)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(2,846)	(2,878)
Dividend paid	-	(2,220)
	<hr/>	<hr/>
Net cash used in financing activities	(2,846)	(5,098)
	<hr/>	<hr/>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,899)	(5,187)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	13,672	18,713
CURRENCY TRANSLATION DIFFERENCE	(1)	(7)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<hr/> <hr/>	<hr/> <hr/>
	8,772	13,519

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 July 2015.

MULTI-CODE ELECTRONICS INDUSTRIES (M) BERHAD (193094-K)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT – 3RD QUARTER ENDED 30 APRIL 2016

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basic of Preparation

This condensed consolidated interim financial statement (Condensed Report) has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Condensed Report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 July 2015. These explanatory notes attached to the Condensed Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 July 2015.

A2. Significant Accounting Policies

The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31 July 2015, except for the adoption of the following MFRSs, amendments to MFRSs and IC Interpretations (“IC Int”) during the current financial period:

MFRS, Amendments to MFRS and IC Interpretation	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2012-2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138	1 January 2016
Clarification of Acceptable Methods of Depreciation and Amortisation	
Amendments to MFRS 116 and MFRS 141	1 January 2016
Agriculture: Bearer Plants	
Amendments to MFRS 10 and MFRS 128	1 January 2016
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	
Amendments to MFRS 11	1 January 2016
Accounting for Acquisitions of Interests in Joint Operations	
Amendments to MFRS 127	1 January 2016
Equity Method in Separate Financial Statements	
Amendments to MFRS 101	1 January 2016
Disclosure Initiatives	
Amendments to MFRS 10, MFRS 12 and MFRS 128	1 January 2016
Investment Entities: Applying the Consolidation Exception	

MULTI-CODE ELECTRONICS INDUSTRIES (M) BERHAD (193094-K)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT – 3RD QUARTER ENDED 30 APRIL 2016

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A2. Significant Accounting Policies (Cont'd)

MFRS, Amendments to MFRS and IC Interpretation		Effective for annual periods beginning on or after
MFRS 14	Regulatory Deferral Accounts	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 9	Financial Instruments	1 January 2018

The adoption of the above pronouncements did not have any financial impact to the Group.

The Group has not early adopted any new or revised standards, amendments or IC Interpretations which are applicable to the Group that have been issued by the MASB but are not yet effective for the Group's current financial year ending 31 July 2016.

A3. Disclosure of Audit Report Qualification

The auditors' report of the Group's most recent audited financial statements for the financial year ended 31 July 2015 did not contain any qualification.

A4. Seasonal or Cyclical Factors Affecting Operations

The principal business operations of the Group are not significantly affected by any seasonal or cyclical factors.

A5. Unusual Items Affecting the Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the financial period ended 30 April 2016.

A6. Material Changes in Estimates

There were no changes in estimates that have a material effect in the current quarter.

A7. Changes in Debt and Equity Securities

There were no issuance and repayment of debt securities, share buy back, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period ended 30 April 2016.

A8. Dividends Paid

No dividend has been paid during the financial period ended 30 April 2016.

MULTI-CODE ELECTRONICS INDUSTRIES (M) BERHAD (193094-K)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT – 3RD QUARTER ENDED 30 APRIL 2016

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A9. Segmental Reporting

No segmental information has been prepared as the Group is primarily engaged in manufacturing activities. The other activities of the Group are not significant.

No segmental information is provided on a geographical basis as the Group's activities are conducted primarily in Malaysia.

A10. Material Events Subsequent to the end of the Reporting Period

There were no material events subsequent to the end of the current financial period that have not been reflected in the interim financial reports for the said period as at the date of this report.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group in current quarter.

A12. Contingent Liabilities and Contingent Assets

The Group has no contingent liabilities and assets as at 30 April 2016.

MULTI-CODE ELECTRONICS INDUSTRIES (M) BERHAD (193094-K)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT – 3RD QUARTER ENDED 30 APRIL 2016

PART B – ADDITIONAL EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 Review of Performance

Comparison to preceding year corresponding quarter

For the third quarter ended 30 April 2016, the Group achieved consolidated revenue of RM15.77 million which was approximately 37.72% lower than the preceding year corresponding quarter. The decrease in revenue was mainly due to low demand for Original Equipment Manufacturer (OEM) products in the current quarter. The Group recorded a loss after tax of RM1.01 million for the current quarter as compared to a profit after tax of RM0.84 million in the preceding year corresponding quarter mainly due to lower revenue for current quarter.

B2 Material Changes in Profit before Taxation for the Current Quarter with Immediate Preceding Quarter

	Current Quarter 30 Apr 2016 RM'000	Preceding Quarter 31 Jan 2016 RM'000
Revenue	15,770	20,403
Pre-tax loss before non-controlling interests	(1,230)	(1,460)

For the current quarter, the Group achieved revenue of RM15.77 million, representing a decrease of 22.71% as compared to the preceding quarter ended 31 January 2016. The decrease was attributable to lower demand for OEM products in the current quarter. The Group recorded a pre-tax loss before non-controlling interests of RM1.23 million for the quarter under review as compared to RM1.46 million for the preceding quarter as a result of lower revenue.

B3 Prospects Commentary

The Group is facing a slowdown in demand from its OEM customers amid operating in an increasing costs environment due to weakening Ringgit Malaysia.

The Group will continue its efforts to mitigate the increasing costs. The Board is cautious of the challenging operating conditions of the automotive sector.

B4 Variance of Actual Profit from Forecast Profit & Shortfall on Profit Guarantee

There is no profit forecast prepared for public release and no profit guarantee provided by the Group for the current financial period.

MULTI-CODE ELECTRONICS INDUSTRIES (M) BERHAD (193094-K)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT – 3RD QUARTER ENDED 30 APRIL 2016

PART B – ADDITIONAL EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B5 Taxation

	3 months ended		9 months ended	
	30.04.16	30.04.15	30.04.16	30.04.15
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- current year	6	71	135	152
- Under/(over) provision in prior years	1	14	1	(52)
	7	85	136	100
Deferred tax	(224)	20	(445)	153
Tax expense/ (income)	(217)	105	(309)	253

The tax income for the current quarter arose from the tax loss position.

B6 Status of Corporate Proposals

On 29 September 2015, the Company had entered into a conditional scheme agreement with MCE Holdings Berhad (“Newco”) to implement a proposed internal reorganisation under Section 176 of the requirements of the Companies Act, 1965 comprising the following proposals:

- a) proposed exchange of the entire 44,404,700 issued and fully paid-up ordinary shares of RM1.00 each in the Company (“MCE Share”) with 44,404,700 new ordinary shares of RM1.00 each in Newco (“Newco Share”) on the basis of one (1) Newco Share for every one (1) existing MCE Share held as at an entitlement date to be determined and announced by the Board of the Company; and
- b) proposed assumption of the listing status of the Company by Newco and the admission of Newco to and withdrawal of the Company from Official List of Bursa Malaysia Securities Berhad (“Bursa Securities”) with the listing of and quotation for new Newco Shares on the Main Market of Bursa Securities.

The Scheme of Arrangement pertaining to the Proposed Internal Reorganisation had been approved by the shareholders of MCE on 26 February 2016. On 24 May 2016, the High Court of Malaya had granted MCE an order approving and sanctioning the scheme pursuant to Section 176 of the Companies Act, 1965 (“Court order”);

The trading in the shares of MCE has been suspended with effect from 16 June 2016 with the Entitlement Date fixed on 23 June 2016 to facilitate the implementation of the aforesaid Share Exchange.

MULTI-CODE ELECTRONICS INDUSTRIES (M) BERHAD (193094-K)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT – 3RD QUARTER ENDED 30 APRIL 2016

PART B – ADDITIONAL EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B7 Group Borrowings and Debt Securities

Group borrowings as at 30 April 2016:

	<u>RM'000</u>
(a) Secured borrowings	6,323
Unsecured borrowings	-
	6,323
(b) Short term	
- term loans (secured)	2,233
- hire purchase payable	198
	2,431
Long term	
- term loans (secured)	3,523
- hire purchase payable	369
	3,892
Total borrowings	6,323

All the above borrowings are denominated in Ringgit Malaysia.

B8 Financial Instruments

The Group has entered into some forward foreign exchange currencies contracts to hedge its exposure to fluctuations in foreign currency arising from purchases.

The Group has no outstanding derivative financial instruments as at 30 April 2016.

B9 Dividends

No dividend is recommended for the current quarter (30 April 2015: Nil).

B10 Earnings/ (loss) per Share

The basic and diluted earnings/ (loss) per share are calculated as follows:

	3 months ended		9 months ended	
	30.04.2016	30.04.2015	30.04.2016	30.04.2015
Profit/ (loss) for the period attributable to ordinary equity holders of the company (RM'000)	(1,013)	852	(2,059)	(69)
Weighted average number of ordinary shares in issue (RM'000)	44,405	44,405	44,405	44,405
Basic and diluted earnings/ (loss) per share (sen)	(2.28)	1.92	(4.64)	(0.16)

MULTI-CODE ELECTRONICS INDUSTRIES (M) BERHAD (193094-K)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT – 3RD QUARTER ENDED 30 APRIL 2016

PART B – ADDITIONAL EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B11 Disclosure of Realised and Unrealised Profits

The breakdown of the retained profits of the Group into realised and unrealised profits is as follows:

	As at 30.04.2016	As at 30.04.2015
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	49,542	53,704
- Unrealised	(2,506)	(3,385)
	<u>47,036</u>	<u>50,319</u>
Less: Consolidation adjustments	(763)	(982)
Total group retained profits	<u>46,273</u>	<u>49,337</u>

B12 Memorandum of Understanding (“MOU”)

The Company had entered into a Memorandum of Understanding (“MOU”) with PT GARUDA MULTI INVESTAMA (“GMI”) on 22 September 2015 for the purpose of setting forth a framework for the consultation and exchange of information and technology. The cooperation in the current stage shall focus on the development, production, marketing and supply of the Company’s existing products for automobile manufacturers located in Indonesia and if so desired and mutually agreed by both parties be extended to other electronic and mechatronic parts and systems.

Save for the above, there were no further developments to-date.

B13 Authorised for issue

The interim financial statements were authorised by the Board of Directors in accordance with the resolution of the Directors on 22 June 2016.

By Order of the Board,

Lee Wee Hee (MAICSA 0773340)
Pow Juliet (MAICSA 7020821)
Company Secretaries
Johor Bahru
Date: 22 June 2016
c.c. Securities Commission