

**MCE HOLDINGS BERHAD (Registration No: 201501033021 (1158341-K))***(Incorporated In Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
(THE FIGURES HAVE NOT BEEN AUDITED)

	<b>As at 31.01.2020 Unaudited RM'000</b>	<b>As at 31.07.2019 Audited RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	88,537	77,161
Investment property	1,317	-
Investment in an associate	1,483	-
Deferred tax assets	615	615
	<u>91,952</u>	<u>77,776</u>
<b>Current Assets</b>		
Inventories	16,596	13,916
Trade receivables	12,095	13,655
Other receivables	1,492	1,391
Tax recoverable	279	273
Cash and bank balances	2,606	2,602
	<u>33,068</u>	<u>31,837</u>
<b>TOTAL ASSETS</b>	<u>125,020</u>	<u>109,613</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the company</b>		
Share capital	44,405	44,405
Reserves	35,458	38,426
	<u>79,863</u>	<u>82,831</u>
<b>Non-controlling Interests</b>	-	-
<b>Total Equity</b>	<u>79,863</u>	<u>82,831</u>
<b>Non-Current Liabilities</b>		
Borrowings	11,483	614
Deferred tax liabilities	114	129
	<u>11,597</u>	<u>743</u>
<b>Current Liabilities</b>		
Borrowings	10,869	7,746
Trade payables	15,129	11,215
Other payables	7,512	6,948
Tax payables	50	130
	<u>33,560</u>	<u>26,039</u>
<b>Total Liabilities</b>	<u>45,157</u>	<u>26,782</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>125,020</u>	<u>109,613</u>
Net assets per stock unit attributable to ordinary equity holders of the company (RM)	<u>1.7985</u>	<u>1.8654</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 July 2019.

**MCE HOLDINGS BERHAD (Registration No: 201501033021 (1158341-K))**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 JANUARY 2020**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTERS</b>	
	<b>3 Months Ended</b>		<b>6 Months Ended</b>	
	<b>31-Jan-20</b>	<b>31-Jan-19</b>	<b>31-Jan-20</b>	<b>31-Jan-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	20,262	18,312	38,079	35,016
Cost of sales	<u>(18,253)</u>	<u>(16,514)</u>	<u>(36,159)</u>	<u>(32,259)</u>
Gross profit/ (loss)	2,009	1,798	1,920	2,757
Other income	405	69	475	175
Selling and administrative expenses	(2,302)	(2,311)	(4,805)	(4,510)
Finance costs	(179)	(13)	(281)	(67)
Share of loss of associate	<u>(113)</u>	<u>-</u>	<u>(257)</u>	<u>-</u>
(Loss)/ profit before tax	(180)	(457)	(2,948)	(1,645)
Taxation	(11)	77	(20)	279
(Loss)/ profit for the period	<u>(191)</u>	<u>(380)</u>	<u>(2,968)</u>	<u>(1,366)</u>
Other comprehensive (loss)/ income:				
Other comprehensive (loss)/ income for the period	-	-	-	-
Total comprehensive (loss)/ income for the period	<u>(191)</u>	<u>(380)</u>	<u>(2,968)</u>	<u>(1,366)</u>
(Loss)/ profit attributable to:				
Equity holders of the company	(191)	(380)	(2,968)	(1,366)
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(191)</u>	<u>(380)</u>	<u>(2,968)</u>	<u>(1,366)</u>
Total comprehensive (loss)/ income attributable to:				
Equity holders of the company	(191)	(380)	(2,968)	(1,366)
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(191)</u>	<u>(380)</u>	<u>(2,968)</u>	<u>(1,366)</u>
(Loss)/ earnings per share attributable to equity holders of the company:				
Basic and diluted (sen)	<u>(0.43)</u>	<u>(0.86)</u>	<u>(6.68)</u>	<u>(3.08)</u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 July 2019.

**MCE HOLDINGS BERHAD (Registration No: 201501033021 (1158341-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:

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTERS</b>	
	<b>3 Months Ended</b>		<b>6 Months Ended</b>	
	<b>31-Jan-20</b>	<b>31-Jan-19</b>	<b>31-Jan-20</b>	<b>31-Jan-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interest income	(16)	(40)	(25)	(139)
Government grant received	(312)	-	(312)	-
Interest expenses	179	13	281	67
Depreciation	980	654	1,835	1,203
Impairment of golf club membership	-	-	1	1
Provision/ (reversal) for warranties	60	228	138	253
Loss/ (gain) on foreign exchange				
- realised	91	(5)	92	61
- unrealised	(122)	(72)	(50)	(91)
Plant and equipment written off	3	1	3	1

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.

**MCE HOLDINGS BERHAD (Registration No: 201501033021 (1158341-K))**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31 JANUARY 2020**

(The figures have not been audited)

	← Attributable to Equity Holders of the Company →			
	Share capital RM'000	Non- distributable Capital reserve RM'000	Retained profits RM'000	Total RM'000
<b>At 1 Aug 2019</b>	44,405	1,006	37,420	82,831
Other comprehensive income/ (loss)	-	-	-	-
(Loss)/ profit for the period	-	-	(2,968)	(2,968)
Total comprehensive (loss) for the period	-	-	(2,968)	(2,968)
<b>At 31 Jan 2020</b>	<b>44,405</b>	<b>1,006</b>	<b>34,452</b>	<b>79,863</b>
<b>At 1 Aug 2018</b>	44,405	1,006	44,231	89,642
Other comprehensive income/ (loss)	-	-	-	-
(Loss)/ profit for the period	-	-	(1,366)	(1,366)
Total comprehensive (loss) for the period	-	-	(1,366)	(1,366)
<b>At 31 Jan 2019</b>	<b>44,405</b>	<b>1,006</b>	<b>42,865</b>	<b>88,276</b>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 July 2019.

**MCE HOLDINGS BERHAD (Registration No: 201501033021 (1158341-K))***(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE QUARTER ENDED 31 JANUARY 2020***(The figures have not been audited)*

	<b>6 months ended 31-Jan-20 RM'000 (Unaudited)</b>	<b>6 months ended 31-Jan-19 RM'000 (Unaudited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(2,948)	(1,645)
Adjustments for :		
Depreciation	1,835	1,203
Impairment of golf club membership	1	1
Share of loss of associate	257	-
Interest income	(25)	(139)
Interest expense	281	67
Short term accumulated compensated absences	354	172
Provision/ (reversal) for warranties	138	253
Plant and equipment written off	3	1
Unrealised (gain)/ loss on foreign exchange	(50)	(91)
Government grant income	(312)	-
	<hr/>	<hr/>
Operating (loss)/ profit before working capital changes	(466)	(178)
Receivables	1,458	(1,434)
Inventories	(2,681)	(2,772)
Payables	3,079	991
	<hr/>	<hr/>
Cash generated from/ (used in) operations	1,390	(3,393)
Tax paid	(121)	(281)
Interest paid	(280)	(67)
	<hr/>	<hr/>
Net cash from/ (used in) operating activities	989	(3,741)
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	25	139
Purchase of property, plant and equipment	(13,191)	(1,985)
Acquisition of an associate	(783)	-
Government grant received	312	-
	<hr/>	<hr/>
Net cash used in investing activities	(13,637)	(1,846)
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of other short term borrowings	(36,847)	(486)
Drawdown of other short term bank borrowings	38,402	-
Repayment of hire purchase obligations	(1,370)	-
Drawdown of term loan	11,500	-
	<hr/>	<hr/>
Net cash from/ (used in) financing activities	11,685	(486)
	<hr/>	<hr/>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(963)	(6,073)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	2,602	11,725
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<hr/> <hr/>	<hr/> <hr/>
	1,639	5,652
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash and bank balances	2,606	5,652
Bank overdraft (included under short term borrowings)	(967)	-
	<hr/> <hr/>	<hr/> <hr/>
	1,639	5,652

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 July 2019.

**MCE HOLDINGS BERHAD**  
**Registration No: 201501033021 (1158341-K)**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL REPORT – 2<sup>nd</sup> QUARTER ENDED 31 JANUARY 2020**

**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A1. Basis 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 MCE Holdings Berhad (‘The Group’) for the financial year ended 31 July 2019. 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 2019.

**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 of the Group for the year ended 31 July 2019.

The adoption of the following new MFRSs, Amendments to MFRSs and IC Interpretation that came into effect and did not have any significant impact on the unaudited consolidated financial statements upon their initial application.

- MFRS 16 Leases (effective from 1 January 2019)
- IC Interpretation 23 Uncertainty over Income Tax Treatments (effective from 1 January 2019)
- Amendments to MFRS 9 Prepayment Features with Negative Compensation (effective from 1 January 2019)
- Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures (effective from 1 January 2019)
- Annual improvements to MFRS Standards 2015 – 2017 Cycles (effective from 1 (effective from 1 January 2019)

The Group has not early adopted the following 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 period ended 31 January 2020:

<b>MFRS, Amendments to MFRS and IC Interpretation</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020

**MCE HOLDINGS BERHAD**  
**Registration No: 201501033021 (1158341-K)**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL REPORT – 2<sup>nd</sup> QUARTER ENDED 31 JANUARY 2020**

**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A2. Significant Accounting Policies (Cont'd)**

<b>MFRS, Amendments to MFRS and IC Interpretation</b>		<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

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

**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 2019 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 31 January 2020.

**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 buyback, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period ended 31 January 2020.

**A8. Dividends Paid**

No dividend has been paid during the financial period ended 31 January 2020.



**MCE HOLDINGS BERHAD**  
**Registration No: 201501033021 (1158341-K)**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL REPORT – 2<sup>nd</sup> QUARTER ENDED 31 JANUARY 2020**

**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A9. Segmental Reporting (Cont'd)**

<u>Assets &amp; liabilities as at 31 January 2020</u>	Automotive Parts	Healthcare Services	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000

**Assets & liabilities**

Segmental assets	126,354	33,694	(36,553)	123,495
Unallocated assets				1,525
Consolidated total assets				<u>125,020</u>

Segmental liabilities	43,952	5,205	(6,553)	42,604
Unallocated liabilities				2,553
Consolidated total liabilities				<u>45,157</u>

**Other information**

Capital expenditure	14,532	-	-	14,532
Depreciation and amortisation	1,835	-	-	1,835

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

**MCE HOLDINGS BERHAD**  
**Registration No: 201501033021 (1158341-K)**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL REPORT – 2<sup>nd</sup> QUARTER ENDED 31 JANUARY 2020**

**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**

**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 during the current financial period under review.

**A12. Contingent Liabilities and Contingent Assets**

The Group has no material contingent liabilities and assets as at 31 January 2020.

**MCE HOLDINGS BERHAD**  
**Registration No: 201501033021 (1158341-K)**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL REPORT – 2<sup>nd</sup> QUARTER ENDED 31 JANUARY 2020**

**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 first quarter ended 31 January 2020, the Group achieved consolidated revenue of RM20.26 million which was approximately 10.65% higher than the preceding year corresponding quarter. The increase in revenue was mainly due to high demand for Original Equipment Manufacturer (“OEM”) products in the current quarter. The Group recorded a loss after tax of RM0.2 million for the current quarter as compared to RM0.4 million in the preceding year corresponding quarter mainly due to higher revenue generated and government grant received in current quarter.

**B2 Material Changes in Profit/ (Loss) before Taxation for the Current Quarter with Immediate Preceding Quarter**

	<b>Current Quarter 31 Jan 2020 RM'000</b>	<b>Preceding Quarter 31 Oct 2019 RM'000</b>
Revenue	20,262	17,817
Pre-tax (loss)/ profit before non-controlling interests	(180)	(2,768)

For the current quarter, the Group achieved revenue of RM20.26 million, representing an increase of 13.72% as compared to the preceding quarter ended 31 October 2019. The increase was attributable to higher demand for OEM products in the current quarter. The Group recorded a pre-tax loss before non-controlling interests (“NCI”) of RM0.18 million for the quarter under review as compared to RM2.77 million for the preceding quarter.

**B3 Prospects Commentary**

The Group is concerned with regards to the ongoing developments in the Covid-19 disease outbreak worldwide which has resulted in unprecedented measures being taken by respective governments to deal with the outbreak. The massive disruptions and uncertainties presently unfolding, which has seen deterioration and collapse in the global financial markets, fluctuations, volatility and weakening in the ringgit's exchange rates, warnings on impending recession and deterioration in market consumer sentiments, will adversely impact the Malaysian economy and in turn the Group's performance.

The extent of the impact on the Group's performance and operations for the remaining two quarters of the financial year ended 31st July 2020 cannot be determined at this stage as much will depend on the extent and duration together with the measures implemented by the relevant health authorities to reign in the ongoing Covid-19 outbreak as well as any stimulus measures implemented by the Malaysian Government.

The Group is generally cautious about its outlook and is keeping a close watch and bracing itself, and will take and implement measures to insulate itself to weather this global calamity to the best of its ability.

**MCE HOLDINGS BERHAD**  
**Registration No: 201501033021 (1158341-K)**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL REPORT – 2<sup>nd</sup> QUARTER ENDED 31 JANUARY 2020**

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

**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.

**B5 Taxation**

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.01.20	31.01.19	31.01.20	31.01.19
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- current year	15	151	36	283
- (Over)/ under provision in prior years	-	-	-	-
	15	151	36	283
Deferred tax	(4)	(228)	(16)	(562)
Tax (income)/ expense	11	(77)	20	(279)

Even though the Group incurred losses during the financial year, the income tax provision is in relation to the profit generated by a subsidiary.

**B6 Status of Corporate Proposals**

There were no corporate proposals announced by the Company as at the date of issue of this quarterly report.

**B7 Group Borrowings and Debt Securities**

Group borrowings as at 31 January 2020:

	<u>RM'000</u>
(a) Secured borrowings	22,352
Unsecured borrowings	-
	<u>22,352</u>
(b) Short term	
- hire purchase payable	924
- bankers' acceptances	7,828
- bank overdraft	967
- term loan	1,150
	<u>10,869</u>
Long term	
- hire purchase payable	1,133
- term loan	10,350
	<u>11,483</u>
Total borrowings	<u>22,352</u>

All the above borrowings are denominated in Ringgit Malaysia.

**MCE HOLDINGS BERHAD**  
**Registration No: 201501033021 (1158341-K)**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL REPORT – 2<sup>nd</sup> QUARTER ENDED 31 JANUARY 2020**

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

**B8 Financial Instruments**

The Group enters into 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 31 January 2020.

**B9 Changes in Material Litigation**

There was no pending material litigation as at 23 March 2020 being a date not earlier than 7 days from the date of this quarterly report.

**B10 Dividends**

No dividend is recommended for the current quarter (Q2-FY2020: Nil).

**B11 Earnings per Share**

The basic and diluted earnings per share are calculated as follows:

	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>31.01.2020</b>	<b>31.01.2019</b>	<b>31.01.2020</b>	<b>31.01.2019</b>
(Loss)/ profit for the period attributable to ordinary equity holders of the company (RM'000)	(191)	(380)	(2,968)	(1,366)
Number of ordinary shares in issue ('000)	44,405	44,405	44,405	44,405
Basic and diluted (loss)/ earnings per share (sen)	(0.43)	(0.86)	(6.68)	(3.08)

**MCE HOLDINGS BERHAD**  
**Registration No: 201501033021 (1158341-K)**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL REPORT – 2<sup>nd</sup> QUARTER ENDED 31 JANUARY 2020**

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

**B12 Memorandum of Understanding (“MOU”)**

- i) The Group had entered into Memorandum of Understanding (“MOU”) with the following strategic partner with the intention to enhance its’ product technology, penetrate into global market and expand its’ existing product range:
  - a) SUZHOU PRACHTIG ELECTRONIC MATERIAL CO., LTD (“PRACHTIG”) on 8 October 2018 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 localization of automotive plastic parts and value added processes (hereinafter referred to as “Products”) in order to develop, produce, market and supply the Products in Malaysia and Association of Southeast Asia Nations countries and if so desired and mutually agreed by both parties to further extend the collaboration into an equity joint venture and other electronic and mechatronic parts.

On 28 November 2018, the Company entered into joint venture agreement with PRACHTIG and currently in the process of implementing the equity and capital structure of the joint venture company.

There were no further development to-date.

**B13 Authorized for issue**

The interim financial statements were authorized by the Board of Directors in accordance with the resolution of the Directors on 26 March 2020.

By Order of the Board,

Lee Wee Hee (MAICSA 0773340)  
Company Secretary  
Johor Bahru  
Date: 26 March 2020