

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

	As at 30.04.2020 Unaudited RM'000	As at 31.07.2019 Audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	88,771	77,161
Investment property	1,313	-
Investment in an associate	1,381	-
Deferred tax assets	615	615
	<u>92,080</u>	<u>77,776</u>
Current Assets		
Inventories	19,887	13,916
Trade receivables	10,365	13,655
Other receivables	1,360	1,391
Tax recoverable	418	273
Cash and bank balances	3,333	2,602
	<u>35,363</u>	<u>31,837</u>
TOTAL ASSETS	<u>127,443</u>	<u>109,613</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	44,405	44,405
Reserves	31,928	38,426
	<u>76,333</u>	<u>82,831</u>
Non-controlling Interests	-	-
Total Equity	<u>76,333</u>	<u>82,831</u>
Non-Current Liabilities		
Borrowings	11,272	614
Deferred tax liabilities	107	129
	<u>11,379</u>	<u>743</u>
Current Liabilities		
Borrowings	14,407	7,746
Trade payables	17,098	11,215
Other payables	8,226	6,948
Tax payables	-	130
	<u>39,731</u>	<u>26,039</u>
Total Liabilities	<u>51,110</u>	<u>26,782</u>
TOTAL EQUITY AND LIABILITIES	<u>127,443</u>	<u>109,613</u>
Net assets per stock unit attributable to ordinary equity holders of the company (RM)	<u>1.7190</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 30 APRIL 2020**

	INDIVIDUAL QUARTER 3 Months Ended		CUMULATIVE QUARTERS 9 Months Ended	
	30-Apr-20 RM'000 (Unaudited)	30-Apr-19 RM'000 (Unaudited)	30-Apr-20 RM'000 (Unaudited)	30-Apr-19 RM'000 (Unaudited)
Revenue	11,035	17,597	49,114	52,613
Cost of sales	<u>(11,575)</u>	<u>(17,526)</u>	<u>(47,734)</u>	<u>(49,785)</u>
Gross profit/ (loss)	(540)	71	1,380	2,828
Other income	54	34	529	209
Selling and administrative expenses	(2,673)	(2,287)	(7,478)	(6,797)
Finance costs	(282)	(40)	(563)	(107)
Share of loss of associate	<u>(102)</u>	<u>-</u>	<u>(359)</u>	<u>-</u>
(Loss)/ profit before tax	(3,543)	(2,222)	(6,491)	(3,867)
Taxation	13	647	(7)	926
(Loss)/ profit for the period	<u>(3,530)</u>	<u>(1,575)</u>	<u>(6,498)</u>	<u>(2,941)</u>
Other comprehensive (loss)/ income:				
Other comprehensive (loss)/ income for the period	-	-	-	-
Total comprehensive (loss)/ income for the period	<u>(3,530)</u>	<u>(1,575)</u>	<u>(6,498)</u>	<u>(2,941)</u>
(Loss)/ profit attributable to:				
Equity holders of the company	(3,530)	(1,575)	(6,498)	(2,941)
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(3,530)</u>	<u>(1,575)</u>	<u>(6,498)</u>	<u>(2,941)</u>
Total comprehensive (loss)/ income attributable to:				
Equity holders of the company	(3,530)	(1,575)	(6,498)	(2,941)
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(3,530)</u>	<u>(1,575)</u>	<u>(6,498)</u>	<u>(2,941)</u>
(Loss)/ earnings per share attributable to equity holders of the company:				
Basic and diluted (sen)	<u>-7.95</u>	<u>-3.55</u>	<u>-14.63</u>	<u>-6.62</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.

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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-20	30-Apr-19	30-Apr-20	30-Apr-19
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income	(19)	(27)	(44)	(166)
Government grant received	-	-	(312)	-
Interest expenses	282	40	563	107
Depreciation	1,011	698	2,847	1,901
Impairment of golf club membership	-	-	1	1
Provision/ (reversal) for warranties	29	(182)	167	71
Obsolete inventories written off	-	100	-	100
Loss/ (gain) on foreign exchange				
- realised	15	(76)	107	(15)
- unrealised	305	77	239	(14)
Plant and equipment written off	-	-	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.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 APRIL 2020**

(The figures have not been audited)

	←	Attributable to Equity Holders of the Company	← Distributable →	→
		Non- distributable		
	Share capital RM'000	Capital reserve RM'000	Retained profits RM'000	Total RM'000
At 1 Aug 2019	44,405	1,006	37,420	82,831
Other comprehensive income/ (loss)	-	-	-	-
(Loss)/ profit for the period	-	-	(6,498)	(6,498)
Total comprehensive (loss) for the period	-	-	(6,498)	(6,498)
At 30 APRIL 2020	44,405	1,006	30,922	76,333
At 1 Aug 2018	44,405	1,006	44,231	89,642
Other comprehensive income/ (loss)	-	-	-	-
(Loss)/ profit for the period	-	-	(2,941)	(2,941)
Total comprehensive (loss) for the period	-	-	(2,941)	(2,941)
At 30 APRIL 2019	44,405	1,006	41,290	86,701

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))
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 30 APRIL 2020

(The figures have not been audited)

	9 months ended	9 months ended
	30-Apr-20	30-Apr-19
	RM'000	RM'000
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(6,491)	(3,867)
Adjustments for :		
Depreciation	2,847	1,901
Impairment of golf club membership	1	1
Share of loss of associate	359	-
Interest income	(44)	(166)
Interest expense	563	107
Short term accumulated compensated absences	(46)	225
Obsolete inventories written off	-	100
Provision/ (reversal) for warranties	167	71
Plant and equipment written off	3	1
Unrealised (gain)/ loss on foreign exchange	239	(14)
Government grant income	(312)	-
	(2,714)	(1,641)
Operating (loss)/ profit before working capital changes	(2,714)	(1,641)
Receivables	3,319	(2,013)
Inventories	(5,971)	(2,291)
Payables	5,844	931
	478	(5,014)
Cash generated from/ (used in) operations	478	(5,014)
Tax paid	(310)	(396)
Tax refund	6	-
Interest paid	(563)	(107)
	(389)	(5,517)
Net cash from/ (used in) operating activities	(389)	(5,517)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	44	166
Purchase of property, plant and equipment	(14,431)	(4,393)
Acquisition of an associate	(783)	-
Government grant received	312	-
	(14,858)	(4,227)
Net cash used in investing activities	(14,858)	(4,227)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of other short term borrowings	(45,779)	(1,106)
Drawdown of other short term bank borrowings	51,963	4,817
Repayment of hire purchase obligations	(676)	-
Drawdown of term loan	11,500	-
Repayment of term loan	(101)	-
	16,907	3,711
Net cash from/ (used in) financing activities	16,907	3,711
NET DECREASE IN CASH AND CASH EQUIVALENTS	1,660	(6,033)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,673	11,725
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	3,333	5,692
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	3,333	5,692
Bank overdraft (included under short term borrowings)	-	-
	3,333	5,692

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

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NOTES TO THE INTERIM FINANCIAL REPORT – 3rd QUARTER ENDED 30 APRIL 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 30 April 2020:

MFRS, Amendments to MFRS and IC Interpretation	Effective for annual periods beginning on or after
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

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NOTES TO THE INTERIM FINANCIAL REPORT – 3rd QUARTER ENDED 30 APRIL 2020

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
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 30 April 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 30 April 2020.

A8. Dividends Paid

No dividend has been paid during the financial period ended 30 April 2020.

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NOTES TO THE INTERIM FINANCIAL REPORT – 3rd QUARTER ENDED 30 APRIL 2020

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A9. Segmental Reporting

The Group is organized into 2 main reportable segments as follows: -

- Automotive parts - involved in manufacturing and trading of automotive parts.
- Healthcare services - involved in providing health care services.
(The healthcare services have yet to commence business)

The segmental information are as follows: -

<u>3 months ended 30 April 2020</u>	Automotive Parts	Healthcare Services	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
Revenue	11,035	-	-	11,035
<u>Results</u>				
Segment results	(2,911)	(35)	-	(2,946)
Interest expenses				(282)
Share of loss of an associate				(102)
Unallocated expenses				(213)
(Loss) before taxation				<u>(3,543)</u>

<u>Cumulative 9 months ended 30 April 2020</u>	Automotive Parts	Healthcare Services	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
Revenue	49,114	-	-	49,114
<u>Results</u>				
Segment results	(4,950)	(107)	-	(5,057)
Interest expenses				(563)
Share of loss of an associate				(359)
Unallocated expenses				(512)
(Loss) before taxation				<u>(6,491)</u>

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NOTES TO THE INTERIM FINANCIAL REPORT – 3rd QUARTER ENDED 30 APRIL 2020

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A9. Segmental Reporting (Cont'd)

<u>Assets & liabilities as at 30 April 2020</u>	Automotive Parts	Healthcare Services	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000

Assets & liabilities

Segmental assets	129,130	33,712	(36,814)	126,028
Unallocated assets				1,415
Consolidated total assets				<u>127,443</u>

Segmental liabilities	50,150	5,257	(7,055)	48,352
Unallocated liabilities				2,758
Consolidated total liabilities				<u>51,110</u>

Other information

Capital expenditure	15,772	-	-	15,772
Depreciation and amortisation	2,847	-	-	2,847

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 during the current financial period under review.

A12. Contingent Liabilities and Contingent Assets

The Group has no material contingent liabilities and assets as at 30 April 2020.

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NOTES TO THE INTERIM FINANCIAL REPORT – 3rd QUARTER ENDED 30 APRIL 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 third quarter ended 30 April 2020, the Group achieved consolidated revenue of RM11.04 million which was approximately 37.29% lower than the preceding year corresponding quarter.

The business operations of the Group and its customers for a major part of the financial quarter ended 30 April 2020 (i.e. 18 March 2020 to 30 April 2020) were severely disrupted by the Movement Controlled Order (“MCO”) enforced by Malaysia Government to address the Covid-19 pandemic.

During the MCO period, the operations of our factories and our customers were severely affected with no revenue generated while the fixed overhead and other general and administrative expenses recurred on monthly basis resulting the Group recorded a loss after tax of RM3.53 million for the current quarter as compared to RM2.22 million in the preceding year corresponding quarter mainly.

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

	Current Quarter 30 Apr 2020 RM'000	Preceding Quarter 31 Jan 2020 RM'000
Revenue	11,035	20,262
Pre-tax (loss)/ profit before non-controlling interests	(3,530)	(180)
Pre-tax (loss) margin	(31.99%)	(0.88%)

For the current quarter, the Group achieved revenue of RM11.04 million, representing a decrease of 45.54% as compared to the preceding quarter ended 31 January 2020. The decrease was attributable to lower demand for OEM products in the current quarter due to the non-production period during MCO. The Group recorded a pre-tax loss before non-controlling interests (“NCI”) of RM3.53 million for the quarter under review as compared to RM0.18 million for the preceding quarter. Pre-tax loss margin has increased from 0.88% to 31.99% as compared to the preceding quarter due to lower revenue generated and general and administrative expenses recurred on monthly basis such as staff costs, straight line depreciation, monthly rental charges and subscription fees, interest on loan borrowings.

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NOTES TO THE INTERIM FINANCIAL REPORT – 3rd QUARTER ENDED 30 APRIL 2020

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

B3 Prospects Commentary

The Covid-19 pandemic outbreak has given rise to more challenges for the automotive industry for the year 2020. The Total Industry Volume (TIV) projected for 2020 has been revised downwards from 607,000 to 400,000 due to this pandemic (Source: Malaysian Automotive Association). Despite the impact of Covid-19 and MCO, there is a growing demand for passenger cars as certain consumers are concerned on the risk they may be exposed while taking public transport. In addition to these measures introduced by the Government and car makers such as giving full waiver on the sales tax for local-assembled vehicles and attractive rebates to car buyers is expected to bring some positive influence to automotive sector.

Malaysia is currently in the Recovery MCO (“RMCO”) stage running from 10 Jun 2020 to 31 August 2020. The Group notes the stimulus measures introduced by the Government to spur and aid the economic recovery. The success of these stimulus measures to sustain consumers’ confidence and purchasing power cannot be determined at this stage. However, the Group is generally cautious about its outlook and will continue to intensify its effort to improve operational efficiency and cost cutting measures.

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		Cumulative Quarter	
	3 months ended		9 months ended	
	30.04.20	30.04.19	30.04.20	30.04.19
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- current year	-	79	36	362
- (Over)/ under provision in prior years	(6)	(2)	(6)	(2)
	(6)	77	30	360
Deferred tax	(7)	(724)	(23)	(1,286)
Tax (income)/ expense	(13)	(647)	7	(926)

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.

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NOTES TO THE INTERIM FINANCIAL REPORT – 3rd QUARTER ENDED 30 APRIL 2020

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 2020:

	<u>RM'000</u>
(a) Secured borrowings	25,679
Unsecured borrowings	-
	<u>25,679</u>
(b) Short term	
- hire purchase payable	901
- bankers' acceptances	12,457
- bank overdraft	-
- term loan	1,049
	<u>14,407</u>
Long term	
- hire purchase payable	922
- term loan	10,350
	<u>11,272</u>
Total borrowings	<u>25,679</u>

All the above borrowings are denominated in Ringgit Malaysia.

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 30 April 2020.

B9 Changes in Material Litigation

There was no pending material litigation as at 29 June 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 (Q3-FY2020: Nil).

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NOTES TO THE INTERIM FINANCIAL REPORT – 3rd QUARTER ENDED 30 APRIL 2020

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

B11 Earnings per Share

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

	3 months ended		9 months ended	
	30.04.2020	30.04.2019	30.04.2020	30.04.2019
(Loss)/ profit for the period attributable to ordinary equity holders of the company (RM'000)	(3,530)	(1,575)	(6,498)	(2,941)
Number of ordinary shares in issue ('000)	44,405	44,405	44,405	44,405
Basic and diluted (loss)/ earnings per share (sen)	(7.95)	(3.55)	(14.63)	(6.62)

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.

- b) JOUKU TECHNOLOGY CO., LTD (“JUOKU”) on 22 April 2020 with an intention of setting forth a framework for the consultation and exchange of information and technology. The parties have agreed to enter into a definitive agreement to development, manufacture and market automotive lighting system in the territory of Malaysia using the technology and technical assistance provided by JUOKU from Taiwan. The automobile parts included (but are not limited to) in this cooperation are Fog Lamp, Day Time Running Lamp, Brake Lamp and other lamps under consent of both parties. This MOU shall remain in force for duration of one (1) year and shall automatically be extended on a yearly basis.

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NOTES TO THE INTERIM FINANCIAL REPORT – 3rd QUARTER ENDED 30 APRIL 2020

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

- c) MALAYSIA AUTOMOTIVE ROBOTICS AND IoT INSTITUTE (“MARii”) on 9 June 2020 to collaborate on the development of Malaysian Intelligent Transport System (ITS) and other automotive technological systems that is in line with the National Automotive Policy 2020. The major elements in such collaboration include the development of various technological components that enable autonomous driving and other advanced driving capabilities for automotive and non-automotive application e.g. agricultural and consumer sector. The technological components involved are camera, sensor, Light Detection and Ranging (LIDAR), Radio Detection and Ranging (RADAR), recorder, and other electronic and mechatronic components tat make up of Advanced Driver Assistance System (ADAS), automatic parking, and all kind of autonomous technology module and system. Other than the autonomous driving system, the collaboration also covers the development of various automotive technological systems and components that include functional switches, electronic control modules, digital meter cluster, and other components that are deemed crucial and strategic in the promotion of local industrial technological enhancement.

The MOU will be beneficial and will enhance the Group’s position and standing in the Industry and enable the Group to play a leading role as the preferred vendor for these technological components to be developed which is in the best interest of the Group.

B13 Authorized for issue

The interim financial statements were authorized by the Board of Directors in accordance with the resolution of the Directors on 29 June 2020.

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NOTES TO THE INTERIM FINANCIAL REPORT – 3rd QUARTER ENDED 30 APRIL 2020

PART C – DISCLOSURE OF COVID-19 RELATED IMPACTS PURSUANT TO 9.03 OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

C1 Impact on the group’s cash-flows, liquidity, financial position and financial performance

Group’s business operation had suspended from the period 18th March 2020 to 30 April 2020. The following summarize key financial performance ratio of the group:

	30.04.2020	31.01.2020
Trade debtors turnover days	58	58
Trade creditors turnover days	98	77
Working capital ratio	0.89	0.99
Debt-to-capital ratio	0.29	0.25

Trade debtor turnover days remain as per preceding quarter. The Group suffer slower cash inflows from debtors for the overdue payments as the Group has no revenue for the Malaysia’s MCO period.

Trade creditor turnover days has increased from 77 days to 98 days as compared to the preceding quarter due to no cash inflows from debtors and incoming oversea purchases of raw materials at the quarter. As a result, the group’s closing inventories had increased from RM17mil to RM20mil as compared to the preceding quarter.

The Group’s working capital ratio and debt-to-capital ratio are 0.89 and 0.29 as compared to the preceding quarter. The group is able to fulfil its financial obligations to meet the operating expenditure and has sufficient working capital to sustain the business in the foreseeable future.

By Order of the Board,

Lee Wee Hee (MAICSA 0773340)
Company Secretary
Johor Bahru
Date: 29 June 2020