

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 31.07.2021 Unaudited RM'000	As at 31.07.2020 Audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	63,816	65,474
Right-of-use assets	20,675	19,941
Investment property	1,290	1,308
Investment in an associate	1,185	393
Deferred tax assets	615	615
	<u>87,581</u>	<u>87,731</u>
Current Assets		
Inventories	19,101	14,752
Trade receivables	4,487	11,685
Other receivables	1,516	1,335
Tax recoverable	177	390
Cash and bank balances	5,906	4,422
	<u>31,187</u>	<u>32,584</u>
TOTAL ASSETS	<u>118,768</u>	<u>120,315</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	46,625	44,405
Reserves	31,804	32,639
	<u>78,429</u>	<u>77,044</u>
Non-controlling Interests	-	-
Total Equity	<u>78,429</u>	<u>77,044</u>
Non-Current Liabilities		
Lease liability	893	1,003
Borrowings	13,381	10,063
Deferred tax liabilities	73	84
	<u>14,347</u>	<u>11,150</u>
Current Liabilities		
Lease liability	1,274	1,011
Borrowings	7,897	12,382
Trade payables	10,472	14,117
Other payables	6,349	4,605
Tax payables	-	6
	<u>25,992</u>	<u>32,121</u>
Total Liabilities	<u>40,339</u>	<u>43,271</u>
TOTAL EQUITY AND LIABILITIES	<u>118,768</u>	<u>120,315</u>
Net assets per stock unit attributable to ordinary equity holders of the company (RM)	<u>1.6057</u>	<u>1.7350</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 July 2020.

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 JULY 2021**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	3 Months Ended		12 Months Ended	
	31-Jul-21	31-Jul-20	31-Jul-21	31-Jul-20
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	6,018	25,698	84,825	74,812
Cost of sales	(8,066)	(23,050)	(76,345)	(70,784)
Gross (loss)/ profit	(2,048)	2,648	8,480	4,028
Other income	69	531	272	1,060
Selling and administrative expenses	(1,693)	(2,099)	(8,377)	(9,577)
Finance costs	(207)	(338)	(971)	(901)
Share of loss of associate	(24)	(31)	(165)	(390)
(Loss)/ profit before tax	(3,903)	711	(761)	(5,780)
Taxation	82	(1)	(74)	(7)
(Loss)/ profit for the period	(3,821)	710	(835)	(5,787)
Other comprehensive (loss)/ income:				
Other comprehensive (loss)/ income for the period	-	-	-	-
Total comprehensive (loss)/ income for the period	(3,821)	710	(835)	(5,787)
(Loss)/ profit attributable to:				
Equity holders of the company	(3,821)	710	(835)	(5,787)
Total comprehensive (loss)/ income attributable to:				
Equity holders of the company	(3,821)	710	(835)	(5,787)
(Loss)/ earnings per share attributable to equity holders of the company:				
Basic and diluted (sen)	(7.82)	1.60	(1.71)	(13.03)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 July 2020.

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NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	3 Months Ended		12 Months Ended	
	31-Jul-21	31-Jul-20	31-Jul-21	31-Jul-20
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income	(23)	(12)	(96)	(56)
Government grant received	-	-	-	(312)
Interest expenses	208	338	972	901
Depreciation	1,095	1,467	4,231	3,981
Impairment of golf club membership	1	-	2	2
Provision/ (reversal) for warranties	47	36	1,554	203
Obsolete inventories written off	-	-	-	-
Loss/ (gain) on foreign exchange				
- realised	96	164	318	271
- unrealised	136	(183)	142	72
Plant and equipment written off	-	-	-	3

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 31 JULY 2021**

(The figures have not been audited)

	← Attributable to Equity Holders of the Company → Non-distributable ← Distributable →			
	Share capital RM'000	Capital reserve RM'000	Retained profits RM'000	Total RM'000
At 1 Aug 2020	44,405	1,006	31,633	77,044
Issuance of new share	2,220	-	-	2,220
Other comprehensive income/ (loss)	-	-	-	-
Profit for the period	-	-	(835)	(835)
Total comprehensive income for the period	-	-	(835)	(835)
At 31 Jul 2021	46,625	1,006	30,798	78,429
At 1 Aug 2019	44,405	1,006	37,420	82,831
Other comprehensive income/ (loss)	-	-	-	-
(Loss) for the period	-	-	(5,787)	(5,787)
Total comprehensive (loss) for the period	-	-	(5,787)	(5,787)
At 31 Jul 2020	44,405	1,006	31,633	77,044

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 July 2020.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 31 JULY 2021
(The figures have not been audited)

	12 months ended	12 months ended
	31-Jul-21	31-Jul-20
	RM'000	RM'000
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(761)	(5,780)
Adjustments for :		
Depreciation	4,231	3,981
Impairment of golf club membership	2	2
Share of loss of associate	165	390
Interest income	(96)	(56)
Interest expense	972	901
Short term accumulated compensated absences	24	9
Obsolete inventories written off	-	-
Inventories written down to net realisable value	-	-
Provision/ (reversal) for warranties	1,554	203
Loss on disposal of plant and equipment	-	-
Right-of-use assets written off	-	3
Unrealised loss on foreign exchange	142	72
Fair value gain on short-term investments	-	-
Government grant income	-	(312)
	<hr/>	<hr/>
Operating profit / (loss) before working capital changes	6,233	(587)
Receivables	7,015	2,023
Inventories	(4,349)	(836)
Payables	(3,622)	334
	<hr/>	<hr/>
Cash generated from operations	5,277	934
Tax paid	(129)	(316)
Tax refund	250	24
Interest paid	(972)	(901)
	<hr/>	<hr/>
Net cash from/ (used in) operating activities	4,426	(259)
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	96	56
Purchase of property, plant and equipment	(1,799)	(11,936)
Acquisition of an associate	(957)	(783)
Government grant received	-	312
	<hr/>	<hr/>
Net cash (used in) investing activities	(2,660)	(12,351)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from issuance of ordinary share	2,220	-
Repayment of bankers' acceptance	(60,367)	(52,952)
Drawdown of bankers' acceptance	55,175	57,871
Repayment of hire purchase obligations	(1,335)	(771)
Drawdown of term loan	5,385	11,500
Repayment of term loan	(1,360)	(289)
	<hr/>	<hr/>
Net cash (used in)/ from financing activities	(282)	15,359
	<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,484	2,749
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	4,422	1,673
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<hr/> <hr/>	<hr/> <hr/>
	5,906	4,422
	<hr/> <hr/>	<hr/> <hr/>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	5,906	4,422
Bank overdraft (included under short term borrowings)	-	-
	<hr/> <hr/>	<hr/> <hr/>
	5,906	4,422

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 July 2020.

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NOTES TO THE INTERIM FINANCIAL REPORT – 4th QUARTER ENDED 31 JULY 2021

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 2020. 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 2020.

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 2020.

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.

- Amendments to MFRS 3: Definition of a Business (effective from 1 January 2020)
- Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9
- Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform (effective from 1 January 2020)
- Amendments to MFRS 16: COVID-19-Related Rent Concessions (effective from 1 June 2020)
- Amendments to MFRS 101 and MFRS 108: Definition of Material (effective from 1 January 2020)
- Amendments to References to the Conceptual Framework in MFRS Standards (effective from 1 January 2020)

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 July 2021:

MFRS, Amendments to MFRS and IC Interpretation	Effective for annual periods beginning on or after
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 17 Insurance Contracts	1 January 2023

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NOTES TO THE INTERIM FINANCIAL REPORT – 4th QUARTER ENDED 31 JULY 2021

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 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 10 and MFRS 128	Deferred until further notice
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	

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 2020 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 July 2021.

A6. Material Changes in Estimates

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

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NOTES TO THE INTERIM FINANCIAL REPORT – 4th QUARTER ENDED 31 JULY 2021

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

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 July 2021.

A8. Dividends Paid

No dividend has been paid during the financial period ended 31 July 2021.

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 31 July 2021</u>	Automotive Parts	Healthcare Services	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
Revenue	6,018	-	-	6,018
<u>Results</u>				
Segment results	(3,509)	(34)	-	(3,543)
Interest expenses				(208)
Share of loss of an associate				(24)
Unallocated expenses				(128)
Loss before taxation				<u>(3,903)</u>

<u>Cumulative 12 months ended 31 July 2021</u>	Automotive Parts	Healthcare Services	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
Revenue	84,825	-	-	84,825
<u>Results</u>				
Segment results	1,103	(138)	-	965
Interest expenses				(972)
Share of loss of an associate				(165)
Unallocated expenses				(589)
Loss before taxation				<u>(761)</u>

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NOTES TO THE INTERIM FINANCIAL REPORT – 4th QUARTER ENDED 31 JULY 2021

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A9. Segmental Reporting (Cont'd)

<u>Assets & liabilities as at 31 July 2021</u>	Automotive Parts	Healthcare Services	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000

Assets & liabilities

Segmental assets	121,464	33,709	(38,412)	116,761
Unallocated assets				2,007
Consolidated total assets				<u>118,768</u>

Segmental liabilities	40,779	5,876	(8,412)	38,243
Unallocated liabilities				2,096
Consolidated total liabilities				<u>40,339</u>

Other information

Capital expenditure	1,799	-	-	1,799
Depreciation and amortisation	4,231	-	-	4,231

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 quarter under review. Subsequent to the end of the quarter under review, the Group had incorporated the following subsidiary:

- a) MCE Ventures Sdn Bhd, a wholly owned subsidiary had on 3rd August 2021 incorporated a new wholly owned subsidiary under the name, GEM Technologies Sdn Bhd.
- b) Multi-Code Electronics Industries (M) Berhad, a wholly owned subsidiary had on 22nd September 2021 incorporated a new wholly owned subsidiary under the name, MCE EV Solutions Sdn Bhd.

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NOTES TO THE INTERIM FINANCIAL REPORT – 4th QUARTER ENDED 31 JULY 2021

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A12. Contingent Liabilities and Contingent Assets

The Group has no material contingent liabilities and assets as at 31 July 2021.

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NOTES TO THE INTERIM FINANCIAL REPORT – 4th QUARTER ENDED 31 JULY 2021

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 fourth quarter ended 31 July 2021, the Group achieved consolidated revenue of RM6.018 million which was approximately 76.58% 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 31 July 2021 (i.e. 1 June 2021 to 31 July 2021) were severely disrupted by the Full Movement Controlled Order (“FMCO”) enforced by Malaysia Government to address the Covid-19 pandemic.

During the FMCO period, the operations of our factories and our customers were severely impacted 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 RM3.821 million for the current quarter as compared to profit after tax of RM0.71 million in the preceding year corresponding quarter mainly.

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

	Current Quarter 31 July 2021 RM'000	Preceding Quarter 30 April 2021 RM'000
Revenue	6,018	25,848
Pre-tax (loss)/ profit	(3,903)	371
Pre-tax (loss)/ profit margin	(64.86%)	1.44%

For the current quarter, the Group achieved revenue of RM6.018 million, representing decrease of 76.72% as compared to the preceding quarter ended 30 April 2021. The decrease was attributable to Malaysia government imposed on Full Movement Control Order from 1st June 2021 which the Group only able to operate for a month. The Group recorded a pre-tax loss of RM3.903 million for the quarter under review as compared to pre-tax profit of RM371k for the preceding quarter. Pre-tax profit margin has decreased from 1.44% to 64.86% as compared to the preceding quarter due to no operations for two months in current quarter while the overhead and general administrative expenses remained.

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NOTES TO THE INTERIM FINANCIAL REPORT – 4th QUARTER ENDED 31 JULY 2021

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

B3 Prospects Commentary

The operating environment is expected to remain difficult with prolonged challenges due to the ongoing Covid-19 pandemic. Escalating raw material prices, disruptions to the supply chain, shortage of electronic components, and the uncertainties caused by disruptions arising from the Covid-19 pandemic has dented business and consumer confidence.

The Board remains vigilant but cautious in facing these challenges and will continue to strive to navigate through these difficult times by constantly monitoring the situation and taking appropriate measures and strategies to safeguard and insulate its operations and business.

These strategies implemented includes strengthening and implementing key initiatives to optimize its costs and enhancing its existing business network, seeking out new collaborations and business opportunities to grow and broaden its product mix and earning base as well as adapting its operations to the expected new norm of living with the Covid-19 virus going forward.

Barring unforeseen circumstances, and depending on the success of the measures taken by the Malaysian Government to manage the Covid-19 pandemic and assist the local economy, economic activity is expected to pick up in the coming financial year 31st July 2022. The Board is confident of emerging stronger with a firmer footing with orders from national car manufacturers remaining strong and on the back of continued new project contracts secured, expected new car models to be launched by its customers as well as new product diversification in collaboration with joint-venture partners entered into which will contribute positively to the Group's revenue and performance going forward.

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

	RM'000	RM'000	RM'000	RM'000
Income tax:				
- current year	22	23	96	59
- Over provision in prior years	(15)	(1)	(11)	(7)
	7	22	85	52
Deferred tax:				
- current year	(93)	(23)	(15)	(45)
- Under provision in prior years	4	-	4	-
Tax expense	(82)	(1)	74	7

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NOTES TO THE INTERIM FINANCIAL REPORT – 4th QUARTER ENDED 31 JULY 2021

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

B6 Status of Corporate Proposals

On 9 July 2021, Bursa securities approved the listing and quotation of up to 9,769,000 placement shares, representing approximately 20% of the total number of issued shares of the Company.

The Company completed a private placement of shares, involving the issuance of 4,884,000 new shares, representing approximately 10% of the total number of issued shares of the Company, at the issue price of RM1.17 each, on 8 September 2021 with the listing and quotation of the new shares on Bursa Malaysia Securities Berhad.

There were no other corporate proposals not announced or outstanding as at the date of this report.

B7 Group Borrowings and Debt Securities

Group borrowings as at 31 July 2021:

	<u>RM'000</u>
(a) Secured borrowings	22,972
Unsecured borrowings	473
	<u>23,445</u>
(b) Short term	
- lease liability	1,274
- term loan	7,897
	<u>9,171</u>
Long term	
- lease liability	893
- term loan	13,381
	<u>14,274</u>
Total borrowings	<u>23,445</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 31 July 2021.

B9 Changes in Material Litigation

There was no pending material litigation as at 27 September 2021 being a date not earlier than 7 days from the date of this quarterly report.

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NOTES TO THE INTERIM FINANCIAL REPORT – 4th QUARTER ENDED 31 JULY 2021

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

B10 Dividends

No dividend is recommended for the current quarter (Q3-FY2021: Nil).

B11 Earnings per Share

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

	3 months ended		12 months ended	
	31.07.2021	31.07.2020	31.07.2021	31.07.2020
(Loss)/ profit for the period attributable to ordinary equity holders of the company (RM'000)	(3,821)	710	(835)	(5,787)
Number of ordinary shares in issue ('000)	48,845	44,405	48,845	44,405
Basic and diluted earnings/ (loss) per share (sen)	(7.82)	1.60	(1.71)	(13.03)

B12 Memorandum of Understanding (“MOU”)

i) The Group had entered into Memorandum of Understandings (“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) 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.

As at the date of this report, there were no further development to-date.

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NOTES TO THE INTERIM FINANCIAL REPORT – 4th QUARTER ENDED 31 JULY 2021

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

- b) SOUNDING AUDIO INDUSTRIAL LIMITED (“SA”) on 16 June 2021 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 on the development, production, marketing and supply of automotive in-vehicle infotainment system for the automotive industries located in Malaysia using the technology and technical assistance provided by SA from China. This MOU shall remain in force for duration of one (1) year and shall automatically be extended on a yearly basis.

As at the date of this report, there were no further development to-date.

- c) CHANGCHUN HENGTUO MOULD CO. LTD. (“HENGTUO”) on 1 July 2021 for the purpose of consultation cooperation and collaboration to establish an equity Joint Venture (“JV”) to develop, manufacture and market washer system for automotive industry. The consultation cooperation and collaboration for the purpose of establishing an equity joint venture to develop, manufacture and market washer system for automotive industry (hereinafter referred to as “the Products”) shall commence with Proton SX11RA (X50) model in the agreed territory including Malaysia and Association of Southeast Asian Nations (“ASEAN”) using and leveraging on the technology, experience and technical assistance provided by HENGTUO.

On 25 August 2021, the Company entered into joint venture agreement with HENGTUO.

As at the date of this report, a wholly owned subsidiary company is ready for use as a vehicle for the joint venture business.

- d) CHONGQING BEIDOU JIEAN NEO-ENERGY TECHNOLOGY LTD. (“BDJA”) on 20 September 2021 for the purpose of consultation cooperation and collaboration to establish an equity Joint Venture (“JV”) to act as a centre for research, dissemination and incubator to facilitate and accelerate the local usage and product development capabilities for Electrical and Hydrogen motorcycles. Besides, the JV also intend to design, develop, manufacture and assemble 2 wheeler electric motorcycle and other form of E-mobility, battery pack system including battery management system and its required software and complete solution for the electric motorcycle charging station in the agreed territory including Malaysia and Association of Southeast Asian Nations (“ASEAN”) using and leveraging on the technology, experience and technical assistance provided by BDKA.

As at the date of this report, there were no further development to-date.

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

NOTES TO THE INTERIM FINANCIAL REPORT – 4th QUARTER ENDED 31 JULY 2021

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

The following summarize key financial performance of the Group:

	31.07.2021	30.04.2021
Trade debtors turnover days	19	49
Trade creditors turnover days	50	50
Working capital ratio	1.20	1.29
Debt-to-capital ratio	0.22	0.22

Trade debtor turnover days decreased from preceding quarter due to the decreased in sales from debtors in this quarter.

Trade creditor turnover days has remained at 50 days. The Group’s closing inventories has increased from RM17.4mil to RM19.1.mil as compared to the preceding quarter due to Full Movement Control Order imposed at current quarter. The Group continue to receive incoming materials while no sales was generated during FMCO.

The Group’s working capital ratio and debt-to-capital ratio are 1.20 and 0.22 as compared to the preceding quarter 1.29 and 0.22. 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.

C2 Authorized for issue

The interim financial statements were authorized by the Board of Directors in accordance with the resolution of the Directors on 27 September 2021.

By Order of the Board,

Lee Wee Hee (MAICSA 0773340)
SSM Practicing Certificate No. 201908004010
Company Secretary
Johor Bahru
Date: 27 September 2021