

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 31.10.2021 Unaudited RM'000	As at 31.07.2021 Audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	64,841	63,816
Right-of-use assets	19,962	20,675
Investment property	1,285	1,290
Investment in an associate	1,160	1,185
Deferred tax assets	615	615
	<u>87,863</u>	<u>87,581</u>
Current Assets		
Inventories	17,783	19,101
Trade receivables	11,057	4,487
Other receivables	1,674	1,516
Tax recoverable	200	177
Short-term investments	24	1,415
Cash and bank balances	3,959	4,491
	<u>34,697</u>	<u>31,187</u>
TOTAL ASSETS	<u>122,560</u>	<u>118,768</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	52,349	46,625
Reserves	30,105	31,804
	<u>82,454</u>	<u>78,429</u>
Non-controlling Interests	-	-
Total Equity	<u>82,454</u>	<u>78,429</u>
Non-Current Liabilities		
Lease liability	968	1,018
Borrowings	12,914	13,381
Deferred tax liabilities	60	73
	<u>13,942</u>	<u>14,472</u>
Current Liabilities		
Lease liability	1,178	1,149
Borrowings	6,095	7,897
Trade payables	11,506	10,472
Other payables	6,493	5,108
Provision for warranties	892	1,241
	<u>26,163</u>	<u>25,867</u>
Total Liabilities	<u>40,106</u>	<u>40,339</u>
TOTAL EQUITY AND LIABILITIES	<u>122,560</u>	<u>118,768</u>
Net assets per stock unit attributable to ordinary equity holders of the company (RM)	<u>1.5346</u>	<u>1.6057</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 July 2021.

MCE HOLDINGS BERHAD (Registration No: 201501033021 (1158341-K))
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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 OCTOBER 2021**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	3 Months Ended		3 Months Ended	
	31-Oct-21	31-Oct-20	31-Oct-21	31-Oct-20
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	16,808	28,896	16,808	28,896
Cost of sales	<u>(16,111)</u>	<u>(24,549)</u>	<u>(16,111)</u>	<u>(24,549)</u>
Gross (loss)/ profit	697	4,347	697	4,347
Other income	61	49	61	49
Selling and administrative expenses	(2,185)	(2,381)	(2,185)	(2,381)
Finance costs	(261)	(258)	(261)	(258)
Share of loss of associate	<u>(25)</u>	<u>(30)</u>	<u>(25)</u>	<u>(30)</u>
(Loss)/ profit before tax	(1,713)	1,727	(1,713)	1,727
Taxation	14	(79)	14	(79)
(Loss)/ profit for the period	<u>(1,699)</u>	<u>1,648</u>	<u>(1,699)</u>	<u>1,648</u>
Other comprehensive (loss)/ income:				
Other comprehensive (loss)/ income for the period	-	-	-	-
Total comprehensive (loss)/ income for the period	<u>(1,699)</u>	<u>1,648</u>	<u>(1,699)</u>	<u>1,648</u>
(Loss)/ profit attributable to:				
Equity holders of the company	<u>(1,699)</u>	<u>1,648</u>	<u>(1,699)</u>	<u>1,648</u>
Total comprehensive (loss)/ income attributable to:				
Equity holders of the company	<u>(1,699)</u>	<u>1,648</u>	<u>(1,699)</u>	<u>1,648</u>
(Loss)/ earnings per share attributable to equity holders of the company:				
Basic and diluted (sen)	<u>(3.26)</u>	<u>3.48</u>	<u>(3.26)</u>	<u>3.48</u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 July 2021.

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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		3 Months Ended	
	31-Oct-21	31-Oct-20	31-Oct-21	31-Oct-20
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income	(16)	(18)	(16)	(18)
Interest expenses	261	258	261	258
Depreciation	1,024	997	1,024	997
Impairment of golf club membership	1	1	-	1
Provision/ (reversal) for warranties	(36)	197	(36)	197
Loss/ (gain) on disposal of plant and equipment	59	-	59	-
Loss/ (gain) on foreign exchange				
- realised	57	44	57	271
- unrealised	(30)	27	(30)	27
Fair value loss/ (gain) on foreign exchange contracts	-	-	-	-
Plant and equipment written off	-	-	-	-

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 OCTOBER 2021**

(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 2021	46,625	1,006	30,798	78,429
Issuance of new share	5,724	-	-	5,724
Other comprehensive income/ (loss)	-	-	-	-
Profit for the period	-	-	(1,699)	(1,699)
Total comprehensive income for the period	-	-	(1,699)	(1,699)
At 31 October 2021	52,349	1,006	29,099	82,454
At 1 Aug 2020	44,405	1,006	31,633	77,044
Issuance of new share	2,220	-	-	2,220
Other comprehensive income/ (loss)	-	-	-	-
(Loss) for the period	-	-	1,648	1,648
Total comprehensive (loss) for the period	-	-	1,648	1,648
At 31 Oct 2020	46,625	1,006	33,281	80,912

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 OCTOBER 2021

(The figures have not been audited)

	3 months ended 31-Oct-21 RM'000 (Unaudited)	3 months ended 31-Oct-20 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,713)	1,727
Adjustments for :		
Depreciation	1,024	997
Impairment of golf club membership	1	1
Share of loss of associate	25	30
Interest income	(16)	(18)
Interest expense	261	258
Short term accumulated compensated absences	108	151
Obsolete inventories written off	-	-
Inventories written down to net realisable value	-	-
Provision/ (reversal) for warranties	(36)	197
Loss on disposal of plant and equipment	59	-
Unrealised (gain)/ loss on foreign exchange	(30)	27
Fair value gain on short-term investments	-	-
Government grant income	-	-
	(317)	3,370
Operating profit / (loss) before working capital changes		
Receivables	(6,729)	(4,962)
Inventories	1,319	(2,251)
Payables	2,029	6,292
	(3,698)	2,449
Cash generated from/ (used in) operations		
Tax paid	(23)	(28)
Tax refund	-	250
Interest paid	(261)	(258)
	(3,982)	2,413
Net cash generated from/ (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	16	18
Purchase of property, plant and equipment	(1,210)	(85)
Proceeds from disposal of plant and equipment	152	-
	(1,042)	(67)
Net cash generated from/ (used in) investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from issuance of ordinary share	5,724	2,220
Repayment of bankers' acceptance	(3,600)	(16,814)
Drawdown of bankers' acceptance	1,800	12,853
Repayment of hire purchase obligations	(354)	(310)
Drawdown of term loan	-	4,000
Repayment of term loan	(469)	(140)
	3,101	1,809
Net cash generated from/ (used in) financing activities		
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(1,923)	4,155
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	5,906	4,422
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	3,983	8,577
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	3,959	2,645
Short-term investments	24	5,932
	3,983	8,577

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 July 2021.

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NOTES TO THE INTERIM FINANCIAL REPORT – 1st QUARTER ENDED 31 OCTOBER 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 2021. 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 2021.

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 2021.

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 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 October 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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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 2021 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 October 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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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 October 2021.

A8. Dividends Paid

No dividend has been paid during the financial period ended 31 October 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 October 2021</u>	Automotive Parts RM'000	Healthcare Services RM'000	Elimination RM'000	Consolidated RM'000
<u>Revenue</u>				
Revenue	16,808	-	-	16,808
<u>Results</u>				
Segment results	(1,162)	(34)	-	(1,196)
Interest expenses				(261)
Share of loss of an associate				(25)
Unallocated expenses				(231)
Loss before taxation				<u>(1,713)</u>

<u>Cumulative 3 months ended 31 October 2021</u>	Automotive Parts RM'000	Healthcare Services RM'000	Elimination RM'000	Consolidated RM'000
<u>Revenue</u>				
Revenue	16,808	-	-	16,808
<u>Results</u>				
Segment results	(1,162)	(34)	-	(1,196)
Interest expenses				(261)
Share of loss of an associate				(25)
Unallocated expenses				(231)
Loss before taxation				<u>(1,713)</u>

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NOTES TO THE INTERIM FINANCIAL REPORT – 1st QUARTER ENDED 31 OCTOBER 2021

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A9. Segmental Reporting (Cont'd)

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

Assets & liabilities

Segmental assets	125,459	33,720	(43,586)	115,593
Unallocated assets				6,967
Consolidated total assets				<u>122,560</u>

Segmental liabilities	46,104	5,981	(13,586)	38,499
Unallocated liabilities				1,607
Consolidated total liabilities				<u>40,106</u>

Other information

Capital expenditure	1,210	-	-	1,210
Depreciation and amortisation	1,024	-	-	1,024

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.

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PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A11. Changes in the Composition of the Group

There were changes in the composition of the Group during current quarter under review, the Group had incorporated the following subsidiaries:

- 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.

A12. Contingent Liabilities and Contingent Assets

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

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NOTES TO THE INTERIM FINANCIAL REPORT – 1st QUARTER ENDED 31 OCTOBER 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 first quarter ended 31 October 2021, the Group achieved consolidated revenue of RM16.808 million which was approximately 41.83% 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 October 2021 (i.e. whole month of August 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 lower 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 RM1.699 million for the current quarter as compared to profit after tax of RM1.648 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 October 2021 RM'000	Preceding Quarter 31 July 2021 RM'000
Revenue	16,808	6,018
Pre-tax (loss)/ profit	(1,713)	(3,903)
Pre-tax (loss)/ profit margin	(10.19%)	(64.86%)

For the current quarter, the Group achieved revenue of RM16.808 million, representing increase of 179.30% as compared to the preceding quarter ended 31 July 2021. The increase was attributable to the Group had gradually resumed operations in end of August 2021 from the Full Movement Control Order imposed by Malaysian government since 1 June 2021. The Group recorded a pre-tax loss of RM1.713 million for the quarter under review as compared to pre-tax loss of RM3.903 million for the preceding quarter. Pre-tax loss margin has decreased from 64.86% to 10.19% as compared to the preceding quarter due to no operations for two months in last quarter while the overhead and general administrative expenses remained for both quarters.

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

B3 Prospects Commentary

Malaysia is generally in Phase 4 of the National Recovery Plan with easing of Covid-19 restrictions, 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, automotive industry is expected to experience a recovery in the coming financial year 31st July 2022.

The Board remains vigilant but cautious in facing challenges from escalating raw material prices, disruptions to the supply chain, shortage of electronic components and manpower 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 include 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.

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		12 months ended	
	31.10.21	31.10.20	31.10.21	31.10.20
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- current year	-	(15)	-	(15)
- Over provision in prior years	-	-	-	-
	-	(15)	-	(15)
Deferred tax:				
- current year	(14)	94	(14)	94
- Under provision in prior years	-	-	-	-
Tax expense	(14)	79	(14)	79

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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 new ordinary shares (“Placement Shares”), representing approximately 20% of the total number of issued shares of the Company.

The Placement Shares had been issued in three (3) tranches as follows:-

- a) On 9 September 2021, the Company had completed the First Tranche of Private Placement of 4,884,000 new ordinary shares, representing approximately 10% of the total number of issued shares of the Company, at an issue price of RM1.1720 each, for a total cash consideration of RM5,724,048.00.
- b) On 12 November 2021, the Company had completed the Second Tranche of Private Placement of 1,456,500 new ordinary shares, representing approximately 3% of the total number of issued shares of the Company, at an issue price of RM1.2960 each, for a total cash consideration of RM1,887,624.00.
- c) On 16 December 2021, the Company had completed the Third Tranche of Private Placement of 976,900 new ordinary shares, representing approximately 2% of the total number of issued shares of the Company, at an issue price of RM1.1740 each, for a total cash consideration of RM1,146,880.60.

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 October 2021:

	RM'000
(a) Secured borrowings	20,683
Unsecured borrowings	472
	21,155
(b) Short term	
- lease liability	1,178
- term loan	4,295
- banker acceptance	1,800
	7,273
Long term	
- lease liability	968
- term loan	12,914
	13,882
Total borrowings	21,155

All the above borrowings are denominated in Ringgit Malaysia.

The Group has no outstanding derivative financial instruments as at 31 October 2021.

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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 October 2021.

B9 Changes in Material Litigation

There was no pending material litigation as at 21 December 2021 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 (Q4-FY2021: Nil).

B11 Earnings per Share

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

	3 months ended		3 months ended	
	31.10.2021	31.10.2020	31.10.2021	31.10.2020
(Loss)/ profit for the period attributable to ordinary equity holders of the company (RM'000)	(1,699)	1,648	(1,699)	1,648
Number of ordinary shares in issue ('000)	52,101	47,365	52,101	47,365
Basic and diluted earnings/ (loss) per share (sen)	(3.26)	3.48	(3.26)	3.48

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NOTES TO THE INTERIM FINANCIAL REPORT – 1st QUARTER ENDED 31 OCTOBER 2021

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 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.

- 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.

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

NOTES TO THE INTERIM FINANCIAL REPORT – 1st QUARTER ENDED 31 OCTOBER 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:

	31.10.2021	31.07.2021
Trade debtors turnover days	61	19
Trade creditors turnover days	66	50
Working capital ratio	1.33	1.20
Debt-to-capital ratio	0.21	0.22

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

Trade creditor turnover days has increased from 50 days to 66 days as a result of increased in purchases towards quarter end. The Group’s closing inventories has decreased from RM19.1mil to RM17.8mil as compared to the preceding quarter due to increase in customers’ demand for OEM products after Full Movement Control Order ended August 2021.

The Group’s working capital ratio and debt-to-capital ratio are 1.33 and 0.21 as compared to the preceding quarter 1.20 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 22 December 2021.

By Order of the Board,

Lee Wee Hee (MAICSA 0773340)
SSM Practicing Certificate No. 201908004010
Company Secretary
Johor Bahru
Date: 22 December 2021