

**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</b>	<b>As at</b>
	<b>31.10.2022</b>	<b>31.07.2022</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	66,886	66,369
Right-of-use assets	16,477	16,579
Investment property	1,267	1,272
Investment in an associate	1,062	1,087
Deferred tax assets	347	415
	<u>86,039</u>	<u>85,722</u>
<b>Current Assets</b>		
Inventories	28,124	25,383
Trade receivables	24,878	25,039
Other receivables	1,625	1,977
Tax recoverable	43	40
Short-term investments	359	2,046
Cash and bank balances	7,295	4,024
	<u>62,324</u>	<u>58,509</u>
<b>TOTAL ASSETS</b>	<u>148,363</u>	<u>144,231</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the company</b>		
Share capital	55,383	55,383
Reserves	43,345	39,846
	<u>98,728</u>	<u>95,229</u>
<b>Non-controlling Interests</b>	-	-
<b>Total Equity</b>	<u>98,728</u>	<u>95,229</u>
<b>Non-Current Liabilities</b>		
Lease liabilities	84	139
Hire purchase payables	579	424
Borrowings	12,777	13,218
Deferred tax liabilities	686	303
	<u>14,126</u>	<u>14,084</u>
<b>Current Liabilities</b>		
Lease liabilities	223	223
Hire purchase payables	607	429
Borrowings	7,279	7,227
Bank overdraft	297	194
Trade payables	18,010	16,768
Other payables	6,781	8,854
Tax payables	768	66
Provision for warranties	1,544	1,157
	<u>35,509</u>	<u>34,918</u>
<b>Total Liabilities</b>	<u>49,635</u>	<u>49,002</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>148,363</u>	<u>144,231</u>
Net assets per stock unit attributable to ordinary equity holders of the company (RM)	<u>1.7579</u>	<u>1.6956</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 July 2022.

**MCE HOLDINGS BERHAD (Registration No: 201501033021 (1158341-K))***(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 OCTOBER 2022**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTERS</b>	
	<b>3 Months Ended</b>		<b>3 Months Ended</b>	
	<b>31-Oct-22</b>	<b>31-Oct-21</b>	<b>31-Oct-22</b>	<b>31-Oct-21</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	38,556	16,808	38,556	16,808
Other income	65	61	65	61
Changes in inventories of finished goods	1,398	(342)	1,398	(342)
Raw material and consumables used	(23,861)	(11,195)	(23,861)	(11,195)
Depreciation and amortisation	(1,113)	(1,025)	(1,113)	(1,025)
Employee benefits	(6,719)	(3,843)	(6,719)	(3,843)
Other operating expenses	(3,366)	(1,891)	(3,366)	(1,891)
Finance costs	(306)	(261)	(306)	(261)
Share of loss of associate	(25)	(25)	(25)	(25)
Profit/ (Loss) before tax	4,629	(1,713)	4,629	(1,713)
Income tax expense	(1,130)	14	(1,130)	14
Profit/ (Loss) for the period	<u>3,499</u>	<u>(1,699)</u>	<u>3,499</u>	<u>(1,699)</u>
Other comprehensive income/ (loss) :				
Other comprehensive income/ (loss) for the period	-	-	-	-
Total comprehensive income/ (loss) for the period	<u>3,499</u>	<u>(1,699)</u>	<u>3,499</u>	<u>(1,699)</u>
Profit/ (Loss) attributable to:				
Equity holders of the company	<u>3,499</u>	<u>(1,699)</u>	<u>3,499</u>	<u>(1,699)</u>
Total comprehensive income/ (Loss) attributable to:				
Equity holders of the company	<u>3,499</u>	<u>(1,699)</u>	<u>3,499</u>	<u>(1,699)</u>
Earnings/ (Loss) per share attributable to equity holders of the company:				
Basic and diluted (sen)	<u>6.23</u>	<u>(3.26)</u>	<u>6.23</u>	<u>(3.26)</u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 July 2022.

**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>3 Months Ended</b>	
	<b>31-Oct-22</b>	<b>31-Oct-21</b>	<b>31-Oct-22</b>	<b>31-Oct-21</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	(26)	(16)	(26)	(16)
Interest expenses	306	261	306	261
Depreciation	1,113	1,024	1,113	1,024
Amortisation of golf club membership	-	1	-	1
Provision for warranties	698	(36)	698	(36)
Loss on disposal of plant and equipment	4	59	4	59
Loss/ (gain) on foreign exchange				
- realised	193	57	193	57
- unrealised	1	(30)	1	(30)

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 OCTOBER 2022**

(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 2022</b>	55,383	1,006	38,840	95,229
Issuance of new share	-	-	-	-
Other comprehensive income	-	-	-	-
Profit for the period	-	-	3,499	3,499
Total comprehensive income for the period	-	-	3,499	3,499
<b>At 31 October 2022</b>	<b>55,383</b>	<b>1,006</b>	<b>42,339</b>	<b>98,728</b>
<b>At 1 Aug 2021</b>	46,625	1,006	30,798	78,429
Issuance of new share	5,724	-	-	5,724
Other comprehensive profit	-	-	-	-
Profit for the period	-	-	(1,699)	(1,699)
Total comprehensive profit for the period	-	-	(1,699)	(1,699)
<b>At 31 October 2021</b>	<b>52,349</b>	<b>1,006</b>	<b>29,099</b>	<b>82,454</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 2022.

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

*(Incorporated in Malaysia)*

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE QUARTER ENDED 31 OCTOBER 2022**

(The figures have not been audited)

	<b>3 months ended 31-Oct-22 RM'000 (Unaudited)</b>	<b>3 months ended 31-Oct-21 RM'000 (Unaudited)</b>
<b>CASH FLOWS (FOR)/ FROM OPERATING ACTIVITIES</b>		
Profit/ (Loss) before tax	4,629	(1,713)
Adjustments for :		
Depreciation	1,113	1,024
Other interest expense	303	257
Interest expense on lease liabilities	3	4
Amortisation of golf club membership	-	1
Share of loss of associate	25	25
Interest income	(13)	(11)
Interest income received on short-term investments	(13)	(5)
Short term accumulated compensated absences	167	108
Provision/ (reversal) for warranties	698	(36)
Loss on disposal of plant and equipment	4	59
Unrealised loss on foreign exchange	1	(30)
	<hr/>	<hr/>
Operating profit before working capital changes	6,917	(317)
Receivables	512	(6,729)
Inventories	(2,741)	1,319
Payables	(1,309)	2,029
	<hr/>	<hr/>
Cash generated from/ (used in) operations	3,379	(3,698)
Tax paid	(72)	(23)
Tax refund	92	-
Interest paid	(306)	(261)
	<hr/>	<hr/>
Net cash generated from/ (used in) operating activities	3,093	(3,982)
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Interest income	13	11
Interest income received on short-term investments	13	5
Purchase of property, plant and equipment	(1,008)	(1,210)
Placement of short-term investment	B12 1,687	1,391
Proceeds from disposal of plant and equipment	14	152
	<hr/>	<hr/>
Net cash generated from investing activities	B12 719	349
<b>CASH FLOWS FROM/ (FOR) FINANCING ACTIVITIES</b>		
Proceed from issuance of ordinary share	-	5,724
Repayment of bankers' acceptance	(11,734)	(3,600)
Drawdown of bankers' acceptance	11,786	1,800
Repayment of hire purchase obligations	(200)	(309)
Repayment of lease liabilities	(55)	(45)
Drawdown of term loan	-	-
Repayment of term loan	(441)	(469)
	<hr/>	<hr/>
Net cash generated (used in)/ from financing activities	(644)	3,101
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	B12 3,168	(532)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>		
	B12 3,830	4,491
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		
	B12 <u>6,998</u>	<u>3,959</u>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash and bank balances	7,295	3,959
Bank overdraft	(297)	-
	<u>6,998</u>	<u>3,959</u>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 July 2022.

**MCE HOLDINGS BERHAD**  
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**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL REPORT – 1<sup>st</sup> QUARTER ENDED 31 OCTOBER 2022**

**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 2022. 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 2022.

**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 2022.

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: Reference to the Conceptual Framework (effective from 1 January 2022)
- Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use (effective from 1 January 2022)
- Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract (effective from 1 January 2022)
- Annual Improvements to MFRS Standards 2018-2020 (effective from 1 January 2022)

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 2022:

<b>MFRS, Amendments to MFRS and IC Interpretation</b>	<b>Effective for annual periods beginning on or after</b>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023

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**NOTES TO THE INTERIM FINANCIAL REPORT – 1<sup>st</sup> QUARTER ENDED 31 OCTOBER 2022**

**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 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 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 2022 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 2022.

**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 – 1<sup>st</sup> QUARTER ENDED 31 OCTOBER 2022**

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

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

Cumulative 3 months  
ended 31 October  
2022

Automotive Parts	Healthcare Services	Elimination	Consolidated
RM'000	RM'000	RM'000	RM'000

**Revenue**

Revenue	38,556	-	-	38,556
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**Results**

Segment results	5,076	(35)	-	5,041
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Interest expenses				(306)
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Share of loss of an associate				(25)
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Unallocated expenses				(81)
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Profit before taxation				4,629
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Cumulative 3 months  
ended 31 October  
2021

Automotive Parts	Healthcare Services	Elimination	Consolidated
RM'000	RM'000	RM'000	RM'000

**Revenue**

Revenue	16,808	-	-	16,808
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**Results**

Segment results	(1,162)	(34)	-	(1,196)
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Interest expenses				(261)
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Share of loss of an associate				(25)
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Unallocated expenses				(231)
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Loss before taxation				(1,713)
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**NOTES TO THE INTERIM FINANCIAL REPORT – 1<sup>st</sup> QUARTER ENDED 31 OCTOBER 2022**

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

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

<u>Assets &amp; liabilities as at 31 October 2022</u>	Automotive Parts	Healthcare Services	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000

**Assets & liabilities**

Segmental assets	152,502	33,716	(47,476)	138,742
Unallocated assets				9,621
Consolidated total assets				<u>148,363</u>

Segmental liabilities	58,392	6,398	(17,475)	47,315
Unallocated liabilities				2,320
Consolidated total liabilities				<u>49,635</u>

**Other information**

Capital expenditure	1,008	-	-	1,008
Depreciation and amortisation	1,113	-	-	1,113

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 31 October 2022.

**MCE HOLDINGS BERHAD**  
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**NOTES TO THE INTERIM FINANCIAL REPORT – 1<sup>st</sup> QUARTER ENDED 31 OCTOBER 2022**

**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 2022, the Group achieved consolidated revenue of RM38.556 million which was approximately 129.39% higher than the preceding year corresponding quarter.

At the preceding year corresponding quarter ended, the business operations of the Group were severely disrupted by the Full Movement Controlled Order (“FMCO”) i.e. 1 June 2021 to end August 2021) enforced by Malaysia Government to address the Covid-19 pandemic.

The Group recorded a profit after tax of RM3.499 million for the current quarter as compared to loss after tax of RM1.699 million in the preceding year corresponding quarter mainly due to only two months revenue generated while the fixed overhead and other general and administrative expenses recurred on monthly basis in the preceding year corresponding quarter.

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

	<b>Current Quarter 31 October 2022 RM'000</b>	<b>Preceding Quarter 31 July 2022 RM'000</b>
Revenue	38,556	34,326
Pre-tax profit	4,629	4,153
Pre-tax profit margin	12.01%	12.10%

For the current quarter, the Group achieved revenue of RM38,556 million, representing increase of 12.32% as compared to the preceding quarter ended 31 July 2022. The increase was attributable to higher demand from car maker to clear the sales backlog before the end of SST exemption by 31 March 2023. The Group recorded a pre-tax profit of RM4.629 million for the quarter under review as compared to pre-tax profit of RM4.153 million for the preceding quarter. Pre-tax profit margin has slight decreased from 12.10% to 12.01% as compared to the preceding quarter.

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**NOTES TO THE INTERIM FINANCIAL REPORT – 1<sup>st</sup> QUARTER ENDED 31 OCTOBER 2022**

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

**B3 Prospects Commentary**

Malaysia’s automotive industry is experiencing encouraging momentum with the Total Industry Volume (“TIV”) for the first 10 months of year 2022 increasing by 50% to 577,902 units. Malaysia Automotive Association had on 21 July 2022 revised its TIV forecast for 2022 from 600,000 units to 630,000 units following the pent-up demand on new car sales in first half of year 2022 as the vehicle sales are expected to increase for the remaining months of 2022 and Q1 of 2023 as car makers will rush to deliver cars before the vehicle registration deadline by 31 March 2023 for the purpose of SST exemption.

The Group take encouragement from the improvement of the TIV but remains vigilant in facing higher operating cost which arise from escalating raw material prices, unfavorable fluctuation of foreign exchange rate and increase in labour cost. The Group will continue to monitor the situation and take 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.

In order to pursue and stay competitive in future automotive landscape, the Group are exploring strategies for teaming up with a car infotainment company, to plan to supply in-vehicle infotainment (“IVI”) and smart cockpit system that has the advanced multimedia entertainment function and the connectivity feature, to carry out connected mobility function which is one of the main features offered by many electric vehicles.

With our current strategic focus on products such as IVI and cameras, our product mapping provides strategic positioning for us to ‘future proof’ our business.

**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		3 months ended	
	31.10.22	31.10.21	31.10.22	31.10.21
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- current year	771	-	771	-
- (Over) provision in prior years	(92)	-	(92)	-
	679	-	679	-
Deferred tax:				
- current year	451	(14)	451	(14)
<b>Tax expense</b>	1,130	(14)	1,130	(14)

**B6 Status of Corporate Proposals**

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

**MCE HOLDINGS BERHAD**  
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**NOTES TO THE INTERIM FINANCIAL REPORT – 1<sup>st</sup> QUARTER ENDED 31 OCTOBER 2022**

**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 31 October 2022:

		<u>RM'000</u>
(a)	Secured borrowings	21,539
	Unsecured borrowings	307
		<u>21,846</u>
(b)	Short term	
	- lease liabilities	223
	- hire purchase payables	607
	- term loan	1,839
	- banker acceptance	5,440
	- bank overdraft	297
		<u>8,406</u>
	Long term	
	- lease liabilities	84
	- hire purchase payables	579
	- term loan	12,777
		<u>13,440</u>
	Total borrowings	<u>21,846</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 October 2022.

**B9 Changes in Material Litigation**

There was no pending material litigation as at 16 December 2022 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 (Q1-FY2023: Nil).

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**NOTES TO THE INTERIM FINANCIAL REPORT – 1<sup>st</sup> QUARTER ENDED 31 OCTOBER 2022**

**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		3 months ended	
	31.10.2022	31.10.2021	31.10.2022	31.10.2021
Profit/ (loss) for the period attributable to ordinary equity holders of the company (RM'000)	3,499	(1,699)	3,499	(1,699)
Number of ordinary shares in issue ('000)	56,163	52,101	56,163	52,101
Basic and diluted earnings/ (loss) per share (sen)	6.23	(3.26)	6.23	(3.26)

**B12 Changes in Presentation of Condensed Consolidated Statement of Comprehensive Income**

The Cost of Sales and Selling & Administrative Expenses presented in the preceding year corresponding quarter are restated according to their nature to align with audited financial statement of MCE Holdings Berhad for the financial year ended 31 July 2022.

The following figures have been reclassified to conform with the presentation of the current quarter: -

	31.10.2021 RM'000	31.10.2021 RM'000 (Restated)
Consolidated Statement of Comprehensive Income (Extract):-		
Cost of sales	(16,111)	-
Gross profit	697	-
Selling and administrative expenses	(2,185)	-
Changes in inventories of finished goods	-	(342)
Raw material and consumables used	-	(11,195)
Depreciation and amortisation	-	(1,025)
Employee benefits	-	(3,843)
Other operating expenses	-	(1,891)
Condensed Consolidated Statements of Cash Flows (Extract):-		
Interest income	(16)	(11)
Interest income received on short-term investments	-	(5)
Other interest expense	261	257
Interest expense on lease liabilities	-	4
Placement of short-term investment	-	1,391
Net cash (used in)/ generated from investing activities	(3,982)	349
Repayment of hire purchase obligations	(354)	(309)
Repayment of lease liabilities	-	(45)
Net decrease in cash and cash equivalents	(1,923)	(532)
Cash and cash equivalents at beginning of the period	5,906	4,491
Cash and cash equivalents at end of the period	3,983	3,959

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

**NOTES TO THE INTERIM FINANCIAL REPORT – 1<sup>st</sup> QUARTER ENDED 31 OCTOBER 2022**

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

**B13 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.

**B14 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 2022.

By Order of the Board,

Lee Wee Hee (MAICSA 0773340)  
SSM Practicing Certificate No. 201908004010  
Company Secretary  
Johor Bahru  
Date: 22 December 2022