

**MCE HOLDINGS BERHAD (1158341-K)**  
(Incorporated In Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
(THE FIGURES HAVE NOT BEEN AUDITED)

	As at 31.10.2016 Unaudited RM'000	As at 31.07.2016 Audited RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	60,907	61,553
Investment property	2,003	2,007
Intangible asset	812	1,084
Deferred tax assets	61	246
	<u>63,783</u>	<u>64,890</u>
<b>Current Assets</b>		
Inventories	15,464	16,635
Trade receivables	23,302	14,250
Other receivables	901	932
Tax recoverable	406	475
Cash and bank balances	9,157	12,835
	<u>49,230</u>	<u>45,127</u>
<b>TOTAL ASSETS</b>	<u>113,013</u>	<u>110,017</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the company</b>		
Share capital	44,405	44,405
Reserves	47,466	46,550
	<u>91,871</u>	<u>90,955</u>
<b>Non-controlling Interests</b>	9	9
<b>Total Equity</b>	<u>91,880</u>	<u>90,964</u>
<b>Non-Current Liabilities</b>		
Borrowings	2,696	3,315
	<u>2,696</u>	<u>3,315</u>
<b>Current Liabilities</b>		
Borrowings	2,323	2,263
Trade payables	10,980	7,757
Other payables	5,134	5,718
	<u>18,437</u>	<u>15,738</u>
<b>Total Liabilities</b>	<u>21,133</u>	<u>19,053</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>113,013</u>	<u>110,017</u>
Net assets per stock unit attributable to ordinary equity holders of the company (RM)	<u>2.0689</u>	<u>2.0483</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 July 2016.

**MCE HOLDINGS BERHAD (1158341-K)**

*(Incorporated in Malaysia)*

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 OCTOBER 2016**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	3 Months Ended		3 Months Ended	
	31-Oct-16	31-Oct-15	31-Oct-16	31-Oct-15
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Revenue	21,233	22,406	21,233	22,406
Cost of sales	<u>(17,478)</u>	<u>(19,234)</u>	<u>(17,478)</u>	<u>(19,234)</u>
Gross profit	3,755	3,172	3,755	3,172
Other income	164	168	164	168
Selling and administrative expenses	(2,575)	(2,899)	(2,575)	(2,899)
Finance costs	<u>(70)</u>	<u>(119)</u>	<u>(70)</u>	<u>(119)</u>
Profit before tax	1,274	322	1,274	322
Taxation	(358)	(179)	(358)	(179)
Profit for the period	<u>916</u>	<u>143</u>	<u>916</u>	<u>143</u>
Other comprehensive income:				
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>916</u>	<u>143</u>	<u>916</u>	<u>143</u>
Profit attributable to:				
Equity holders of the company	916	143	916	143
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>916</u>	<u>143</u>	<u>916</u>	<u>143</u>
Total comprehensive income attributable to:				
Equity holders of the company	916	143	916	143
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>916</u>	<u>143</u>	<u>916</u>	<u>143</u>
Earnings per share attributable to equity holders of the company:				
Basic and diluted (sen)	<u>2.06</u>	<u>0.32</u>	<u>2.06</u>	<u>0.32</u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 July 2016.

**MCE HOLDINGS BERHAD (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 before tax:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	3 Months Ended		3 Months Ended	
	31-Oct-16	31-Oct-15	31-Oct-16	31-Oct-15
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Interest income	(79)	(97)	(79)	(97)
Interest expenses	70	119	70	119
Depreciation	1,164	1,158	1,164	1,158
Amortisation of development costs	272	272	272	272
(Reversal)/provision for warranties	(672)	587	(672)	587
Obsolete inventories written off	34	-	34	-
Loss/ (gain) on foreign exchange				
- realised	50	428	50	428
- unrealised	20	(106)	20	(106)
Plant and equipment written off	-	1	-	1

Save as disclosed above and in the Condensed Consolidated Statement of Comprehensive Income, the other items required by Bursa Malaysia Securities Berhad Main Market Listing Requirements, Chapter 9, Appendix 9B are not applicable to the Group.

**MCE HOLDINGS BERHAD (1158341-K)**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED 31 OCTOBER 2016**  
(The figures have not been audited)

	← Attributable to Equity Holders of the Company →					Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share capital RM'000	Share premium RM'000	Share buy- back reserve RM'000	Foreign Currency Translation RM'000	Retained profits RM'000			
At 1 Aug 2016	44,405	654	352	(22)	45,566	90,955	9	90,964
Other comprehensive income	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	916	916	-	916
Total comprehensive income for the period	-	-	-	-	916	916	-	916
At 31 Oct 2016	<u>44,405</u>	<u>654</u>	<u>352</u>	<u>(22)</u>	<u>46,482</u>	<u>91,871</u>	<u>9</u>	<u>91,880</u>
At 1 Aug 2015	44,405	654	352	(20)	48,332	93,723	(87)	93,636
Other comprehensive income	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	143	143	-	143
Total comprehensive income for the period	-	-	-	-	143	143	-	143
At 31 Oct 2015	<u>44,405</u>	<u>654</u>	<u>352</u>	<u>(20)</u>	<u>48,475</u>	<u>93,866</u>	<u>(87)</u>	<u>93,779</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 July 2016.

**MCE HOLDINGS BERHAD (1158341-K)***(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE QUARTER ENDED 31 OCTOBER 2016***(The figures have not been audited)*

	3 months ended 31-Oct-16 RM'000 (Unaudited)	3 months ended 31-Oct-15 RM'000 (Audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,274	322
Adjustments for :		
Depreciation	1,164	1,158
Amortisation of development costs	272	272
Interest income	(79)	(97)
Interest expense	70	119
Short-term accumulated-compensated absences	131	86
Obsolete inventories written off	34	-
(Reversal)/provision for warranties	(672)	587
Plant and equipment written off	-	1
Unrealised (gain)/ loss on foreign exchange	20	(106)
	<hr/>	<hr/>
Operating profit before working capital changes	2,214	2,342
Receivables	(9,021)	(247)
Inventories	1,137	606
Payables	3,160	1,736
	<hr/>	<hr/>
Cash generated from operations	(2,510)	4,437
Tax paid	(104)	(217)
Interest paid	(70)	(119)
	<hr/>	<hr/>
Net cash (used in)/ from operating activities	(2,684)	4,101
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	79	97
Purchase of property, plant and equipment	(514)	(381)
Proceeds from disposal of plant and equipment	-	38
	<hr/>	<hr/>
Net cash used in investing activities	(435)	(246)
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(559)	(935)
	<hr/>	<hr/>
Net cash used in financing activities	(559)	(935)
	<hr/>	<hr/>
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>	(3,678)	2,920
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	12,835	13,672
<b>CURRENCY TRANSLATION DIFFERENCE</b>	-	4
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<hr/> <hr/>	<hr/> <hr/>
	9,157	16,596

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 July 2016.

**MCE HOLDINGS BERHAD (1158341-K)**  
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL REPORT – 1ST QUARTER ENDED 31 OCTOBER 2016**

**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 2016. 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 2016.

**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 MCE Holdings for the year ended 31 July 2016.

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 2016:

MFRS, Amendments to MFRS and IC Interpretation	Effective for annual periods beginning on or after
Amendments to MFRS 107 Disclosure Initiative	1 January 2017
Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
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
Amendments to MFRS 15 Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15 Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’	1 January 2018
Amendments to MFRS 2 Classification and measurement of Share-based Payment transactions	1 January 2018
MFRS 16 Leases	1 January 2019

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

**MCE HOLDINGS BERHAD (1158341-K)**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL REPORT – 1ST QUARTER ENDED 31 OCTOBER 2016**

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

**A3. Disclosure of Audit Report Qualification**

The auditors' report of MCE Holdings Group's most recent audited financial statements for the financial year ended 31 July 2016 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 2016.

**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 buy back, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period ended 31 October 2016.

**A8. Dividends Paid**

No dividend has been paid during the financial period ended 31 October 2016.

**MCE HOLDINGS BERHAD (1158341-K)**  
**(Incorporated in Malaysia)**

NOTES TO THE INTERIM FINANCIAL REPORT – 1ST QUARTER ENDED 31 OCTOBER 2016

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

**A9. Segmental Reporting**

The Group is organised 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 has yet to commence business)

The segmental information for the period ended 31 October 2016 are as follows:

	Automotive Parts	Healthcare Services	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
<b><u>Revenue</u></b>				
External sales	21,233	-	-	21,233
Inter-segmental sales	4,215	-	(4,215)	-
<b>Total Revenue</b>	<b>25,448</b>	<b>-</b>	<b>(4,215)</b>	<b>21,233</b>
<b><u>Results</u></b>				
Segment results	1,549	(93)	(10)	1,446
Interest expenses				(70)
Unallocated expenses				(102)
<b>Profit before taxation</b>				<b>1,274</b>
<b><u>Assets &amp; liabilities</u></b>				
Segmental assets	113,862	32,664	(33,530)	112,996
Unallocated assets				17
<b>Consolidated total assets</b>				<b>113,013</b>
Segmental liabilities	20,858	3,543	(3,530)	20,871
Unallocated liabilities				262
<b>Consolidated total liabilities</b>				<b>21,133</b>
<b><u>Other information</u></b>				
Capital expenditure	106	408	-	514
Depreciation and amortisation	1,433	3	-	1,436

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



**MCE HOLDINGS BERHAD (1158341-K)**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL REPORT – 1ST QUARTER ENDED 31 OCTOBER 2016**

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

**A10. Material Events Subsequent to the end of the Reporting Period**

There were no material events subsequent to the end of the current financial period that have not been reflected in the interim financial reports for the said period as at the date of this report.

**A11. Changes in the Composition of the Group**

There was no changes in the composition of the Group during the period under review.

**A12. Contingent Liabilities and Contingent Assets**

The Group has no contingent liabilities and assets as at 31 October 2016.

---

**MCE HOLDINGS BERHAD (1158341-K)**  
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT – 1ST QUARTER ENDED 31 OCTOBER 2016

**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 2016, the Group achieved consolidated revenue of RM21.23 million which was approximately 5.24% lower than the preceding year corresponding quarter. The decrease in revenue was mainly due to low demand for Original Equipment Manufacturer (OEM) products in the current quarter. The Group recorded a profit after tax of RM0.92 million for the current quarter as compared to RM0.14 million in the preceding year corresponding quarter mainly due to lower operational cost for current quarter.

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

	Current Quarter 31 Oct 2016 RM'000	Preceding Quarter 31 Jul 2016 RM'000
Revenue	21,233	18,322
Pre-tax profit/(loss) before non-controlling interests	1,274	(166)

For the current quarter, the Group achieved revenue of RM21.23 million, representing an increase of 15.89% as compared to the preceding quarter ended 31 July 2016. The increase was attributable to higher demand for OEM products in the current quarter. The Group recorded a pre-tax profit before non-controlling interests (“NCI”) of RM1.27 million for the quarter under review as compared to a pre-tax loss before NCI of RM0.17 million for the preceding quarter as a result of higher revenue and lower operational cost for current quarter.

**B3 Prospects Commentary**

The Group continues to face the slowdown in demand from its OEM customers in tandem with the slowdown in overall domestic Total Industry Volume (“TIV”). However, the recent launches of new models by the two national car makers are expected to contribute positively to the Group.

The Group will continue its efforts to mitigate increasing costs through its various cost reduction initiatives among which covering improvements of production processes and productivity. The Board is cautious of the challenging operating conditions of the automotive sector.

**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.

**MCE HOLDINGS BERHAD (1158341-K)**  
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT – 1ST QUARTER ENDED 31 OCTOBER 2016

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

**B5 Taxation**

	3 months ended		3 months ended	
	31.10.16	31.10.15	31.10.16	31.10.15
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- current year	173	229	173	229
- Under/(over) provision in prior years	-	-	-	-
	173	229	173	229
Deferred tax	185	(50)	185	(50)
Tax expense/ (income)	358	179	358	179

The effective tax rate for the current quarter is higher than the statutory rate mainly due to certain expenses are not deductible for income tax purpose.

**B6 Status of Corporate Proposals**

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

**B7 Group Borrowings and Debt Securities**  
Group borrowings as at 31 October 2016:

	RM'000
(a) Secured borrowings	5,019
Unsecured borrowings	-
	<u>5,019</u>
(b) Short term	
- term loans (secured)	2,121
- hire purchase payable	202
	<u>2,323</u>
Long term	
- term loans (secured)	2,430
- hire purchase payable	266
	<u>2,696</u>
Total borrowings	<u>5,019</u>

All the above borrowings are denominated in Ringgit Malaysia.

**B8 Financial Instruments**

The Group does enter 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 2016.

**MCE HOLDINGS BERHAD (1158341-K)**  
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT – 1ST QUARTER ENDED 31 OCTOBER 2016

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

**B9 Dividends**

No dividend is recommended for the current quarter (31 Oct 2015: Nil).

**B10 Earnings per Share**

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

	3 months ended		3 months ended	
	31.10.2016	31.10.2015	31.10.2016	31.10.2015
Profit for the period attributable to ordinary equity holders of the company (RM'000)	916	143	916	143
Weighted average number of ordinary shares in issue (RM'000)	44,405	44,405	44,405	44,405
Basic and diluted earnings per share (sen)	2.06	0.32	2.06	0.32

**B11 Disclosure of Realised and Unrealised Profits**

The breakdown of the retained profits of the Group into realised and unrealised profits is as follows:

	As at	As at
	31.10.2016	31.10.2015
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	49,028	52,456
- Unrealised	(1,458)	(3,231)
	47,570	49,225
Less: Consolidation adjustments	(1,088)	(750)
<b>Total group retained profits</b>	<b>46,482</b>	<b>48,475</b>

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

The Company had entered into a Memorandum of Understanding (“MOU”) with PT GARUDA MULTI INVESTAMA (“GMI”) on 22 September 2015 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 development, production, marketing and supply of the Company’s existing products for automobile manufacturers located in Indonesia and if so desired and mutually agreed by both parties be extended to other electronic and mechatronic parts and systems.

There were no further developments to-date.

**MCE HOLDINGS BERHAD (1158341-K)**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL REPORT – 1ST QUARTER ENDED 31 OCTOBER  
2016**

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

**B13 Authorised for issue**

The interim financial statements were authorised by the Board of Directors in accordance with the resolution of the Directors on 20 December 2016.

---

By Order of the Board,

Lee Wee Hee (MAICSA 0773340)  
Pow Juliet (MAICSA 7020821)  
Company Secretaries  
Johor Bahru  
Date: 20 December 2016  
c.c. Securities Commission