

MCE HOLDINGS BERHAD (1158341-K)*(Incorporated In Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
(THE FIGURES HAVE NOT BEEN AUDITED)

	As at 30.04.2017 Unaudited RM'000	As at 31.07.2016 Audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	60,079	61,553
Investment property	1,995	2,007
Intangible asset	445	1,084
Deferred tax assets	-	246
	<u>62,519</u>	<u>64,890</u>
Current Assets		
Inventories	14,973	16,635
Trade receivables	18,114	14,250
Other receivables	987	932
Tax recoverable	486	475
Cash and bank balances	13,631	12,835
	<u>48,191</u>	<u>45,127</u>
TOTAL ASSETS	<u>110,710</u>	<u>110,017</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	44,405	44,405
Reserves	47,815	46,550
	<u>92,220</u>	<u>90,955</u>
Non-controlling Interests	(0)	9
Total Equity	<u>92,220</u>	<u>90,964</u>
Non-Current Liabilities		
Borrowings	1,406	3,315
Deferred tax liabilities	213	-
	<u>1,619</u>	<u>3,315</u>
Current Liabilities		
Borrowings	2,282	2,263
Trade payables	10,070	7,757
Other payables	3,689	5,718
Tax payables	164	-
Dividend payable	666	-
	<u>16,871</u>	<u>15,738</u>
Total Liabilities	<u>18,491</u>	<u>19,053</u>
TOTAL EQUITY AND LIABILITIES	<u>110,710</u>	<u>110,017</u>
Net assets per stock unit attributable to ordinary equity holders of the company (RM)	<u>2.0768</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 30 APRIL 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	3 Months Ended		9 Months Ended	
	30-Apr-17	30-Apr-16	30-Apr-17	30-Apr-16
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	20,031	15,770	65,864	58,579
Cost of sales	<u>(17,424)</u>	<u>(14,591)</u>	<u>(55,693)</u>	<u>(53,525)</u>
Gross profit	2,607	1,179	10,171	5,054
Other income	181	134	504	429
Selling and administrative expenses	(2,117)	(2,453)	(7,735)	(7,537)
Finance costs	<u>(51)</u>	<u>(90)</u>	<u>(183)</u>	<u>(314)</u>
Profit/(loss) before tax	620	(1,230)	2,757	(2,368)
Taxation	(197)	217	(835)	309
Profit/(loss) for the period	<u>423</u>	<u>(1,013)</u>	<u>1,922</u>	<u>(2,059)</u>
Other comprehensive income/(loss):				
Other comprehensive income/(loss) for the period	-	-	-	-
Total comprehensive income/(loss) for the period	<u>423</u>	<u>(1,013)</u>	<u>1,922</u>	<u>(2,059)</u>
Profit/(loss) attributable to:				
Equity holders of the company	423	(1,013)	1,922	(2,059)
Non-controlling interests	-	-	-	-
	<u>423</u>	<u>(1,013)</u>	<u>1,922</u>	<u>(2,059)</u>
Total comprehensive income/(loss) attributable to:				
Equity holders of the company	423	(1,013)	1,922	(2,059)
Non-controlling interests	-	-	-	-
	<u>423</u>	<u>(1,013)</u>	<u>1,922</u>	<u>(2,059)</u>
Earnings/(losses) per share attributable to equity holders of the company:				
Basic and diluted (sen)	<u>0.95</u>	<u>(2.28)</u>	<u>4.33</u>	<u>(4.64)</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		9 Months Ended	
	30-Apr-17	30-Apr-16	30-Apr-17	30-Apr-16
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income	(68)	(59)	(214)	(255)
Interest expenses	50	90	182	314
Depreciation	850	1,177	3,210	3,504
Amortisation of development costs	95	272	639	816
Impairment of golf club membership	-	1	1	2
Provision/ (reversal) for warranties	236	235	(516)	1,226
Obsolete inventories written off	308	-	606	461
Loss on disposal of plant and equipment	149	-	148	-
(Gain)/ loss on foreign exchange				
- realised	(21)	(130)	325	183
- unrealised	(50)	(15)	(53)	(117)
Plant and equipment written off	0	8	30	9

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 30 APRIL 2017**

(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	-	-	-	-	1,922	1,922	-	1,922
Total comprehensive income for the period	-	-	-	-	1,922	1,922	-	1,922
Dividends to shareholders	-	-	-	-	(666)	(666)	-	(666)
Total transactions with owners of the Group	-	-	-	-	(666)	(666)	-	(666)
Derecognition of translation reserve upon deconsolidation of subsidiary company	-	-	-	22	(22)	-	-	-
Derecognition of minority interest upon deconsolidation of subsidiary company	-	-	-	-	9	9	(9)	-
At 30 Apr 2017	44,405	654	352	-	46,809	92,220	-	92,220
At 1 Aug 2015	44,405	654	352	(20)	48,332	93,723	(87)	93,636
Loss for the period	-	-	-	-	(2,059)	(2,059)	-	(2,059)
Total comprehensive loss for the period	-	-	-	-	(2,059)	(2,059)	-	(2,059)
At 30 Apr 2016	44,405	654	352	(20)	46,273	91,664	(87)	91,577

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 30 APRIL 2017**

(The figures have not been audited)

	9 months ended 30-Apr-17 RM'000 (Unaudited)	9 months ended 30-Apr-16 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	2,757	(2,368)
Adjustments for :		
Depreciation	3,210	3,504
Amortisation of development costs	639	816
Impairment of golf club membership	1	2
Interest income	(214)	(255)
Interest expense	182	314
Short term accumulated compensated absences	182	85
Obsolete inventories written off	606	461
(Reversal)/provision for warranties	(516)	1,226
Loss on disposal of plant and equipment	148	-
Plant and equipment written off	30	9
Unrealised (gain) on foreign exchange	(53)	(117)
	<hr/>	<hr/>
Operating profit before working capital changes	6,974	3,677
Receivables	(3,920)	(199)
Inventories	1,056	(335)
Payables	670	(2,570)
	<hr/>	<hr/>
Cash generated from operations	4,780	573
Tax paid	(222)	(764)
Interest paid	(182)	(314)
	<hr/>	<hr/>
Net cash from/ (used in) operating activities	4,376	(505)
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	214	255
Purchase of property, plant and equipment	(2,075)	(1,803)
Proceeds from disposal of plant and equipment	172	-
	<hr/>	<hr/>
Net cash used in investing activities	(1,689)	(1,548)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(1,891)	(2,846)
	<hr/>	<hr/>
Net cash used in financing activities	(1,891)	(2,846)
	<hr/>	<hr/>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	796	(4,899)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	12,835	13,672
CURRENCY TRANSLATION DIFFERENCE	-	(1)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<hr/> <hr/>	<hr/> <hr/>
	13,631	8,772

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 – 3RD QUARTER ENDED 30 APRIL 2017

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 the Group 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 30 April 2017:

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 – 3RD QUARTER ENDED 30 APRIL 2017

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

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 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 30 April 2017.

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 30 April 2017.

A8. Dividends Paid

No dividend has been paid during the financial period ended 30 April 2017.

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

NOTES TO THE INTERIM FINANCIAL REPORT – 3RD QUARTER ENDED 30 APRIL 2017

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A9. Segmental Reporting (Cont'd)

<u>Assets & liabilities as at 30 April 2017</u>	Automotive Parts	Healthcare Services	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000

Assets & liabilities

Segmental assets	111,943	33,424	(34,691)	110,676
Unallocated assets				34
Consolidated total assets				<u>110,710</u>
Segmental liabilities	18,673	4,463	(5,541)	17,595
Unallocated liabilities				896
Consolidated total liabilities				<u>18,491</u>

Other information

Capital expenditure	897	1,178	-	2,075
Depreciation and amortisation	3,843	7	-	3,850

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 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 30 April 2017.

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

NOTES TO THE INTERIM FINANCIAL REPORT – 3RD QUARTER ENDED 30 APRIL 2017

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

B1 Review of Performance

Comparison to preceding year corresponding quarter

For the third quarter ended 30 April 2017, the Group achieved consolidated revenue of RM20.03 million which was approximately 27.02% higher than the preceding year corresponding quarter. The increase in revenue was mainly due to high demand for Original Equipment Manufacturer (OEM) products in the current quarter. The Group recorded a profit after tax of RM0.4 million for the current quarter as compared to a loss after tax of RM1.01 million in the preceding year corresponding quarter mainly due to higher revenue in current quarter.

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

	Current Quarter 30 April 2017 RM'000	Preceding Quarter 31 Jan 2017 RM'000
Revenue	20,031	24,600
Pre-tax profit before non-controlling interests	620	863

For the current quarter, the Group achieved revenue of RM20.03 million, representing a decrease of 18.57% as compared to the preceding quarter ended 31 January 2017. The decrease was attributable to lower demand for OEM products in the current quarter. The Group recorded a pre-tax profit before non-controlling interests (“NCI”) of RM0.62 million for the quarter under review as compared to RM0.86 million for the preceding quarter as a result of lower demand for OEM products 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”). The recently announced joint venture between DRB-Hicom and Zhejiang Geely Holding Group Co., Ltd (“Geely”) in respect of the Group’s key customer, Proton Holdings Berhad (“Proton”) will enable Proton to leverage on Geely’s advance technology and extensive business network to strengthen its manufacturing system, capacity and distribution network. This is expected to enhance Proton’s market position and also its presence in the regional market. MCE Group as Proton’s existing vendor may further gain the market advantage and may leverage on Proton’s future endeavor to penetrate a wider global market.

In order to maintain the competitiveness in the local and global automotive market, the Group will continue its efforts to updates and enhance its’ product technology and also 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 and will continue to scout for new business vigorously in both domestic and global market.

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

NOTES TO THE INTERIM FINANCIAL REPORT – 3RD QUARTER ENDED 30 APRIL 2017

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

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

	3 months ended		9 months ended	
	30.04.17	30.04.16	30.04.17	30.04.16
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- current year	121	6	398	135
- (Over)/ under provision in prior years	(22)	1	(22)	1
	99	7	376	136
Deferred tax	98	(224)	459	(445)
Tax expense/ (income)	197	(217)	835	(309)

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 30 April 2017:

	<u>RM'000</u>
(a) Secured borrowings	3,688
Unsecured borrowings	-
	<u>3,688</u>
(b) Short term	
- term loans (secured)	2,178
- hire purchase payable	104
	<u>2,282</u>
Long term	
- term loans (secured)	1,326
- hire purchase payable	80
	<u>1,406</u>
Total borrowings	<u>3,688</u>

All the above borrowings are denominated in Ringgit Malaysia.

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

NOTES TO THE INTERIM FINANCIAL REPORT – 3RD QUARTER ENDED 30 APRIL 2017

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

B8 Financial Instruments

The Group 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 30 April 2017.

B9 Changes in Material Litigation

There were no pending material litigation as at 20 June 2017 being a date not earlier than 7 days from the date of this quarterly report.

B10 Dividends

(a) Details of the dividend approved and declared by the Board of Directors is as follows:

	30.04.2017
Dividend for financial year	31 July 2017
Amount per share (single-tier)	1.5 sen
Approved and declared on	29 March 2017
Entitlement to dividends based on	
Record of Depositors as at	28 April 2017
Date payable	12 May 2017

(b) Total dividend for current financial period: 1.5 sen per share under single-tier system (2016: NIL).

B11 Earnings per Share

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

	3 months ended		9 months ended	
	30.04.2017	30.04.2016	30.04.2017	30.04.2016
Profit/(loss) for the period attributable to ordinary equity holders of the company (RM'000)	423	(1,013)	1,922	(2,059)
Weighted average number of ordinary shares in issue (RM'000)	44,405	44,405	44,405	44,405
Basic and diluted earnings/(loss) per share (sen)	0.95	(2.28)	4.33	(4.64)

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

NOTES TO THE INTERIM FINANCIAL REPORT – 3RD QUARTER ENDED 30 APRIL 2017

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

B12 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 30.04.2017	As at 30.04.2016
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	49,466	49,542
- Unrealised	(1,571)	(2,506)
	<u>47,895</u>	<u>47,036</u>
Less: Consolidation adjustments	(1,086)	(763)
Total group retained profits	<u>46,809</u>	<u>46,273</u>

B13 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 co-operation 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.

B14 Authorised for issue

The interim financial statements were authorised by the Board of Directors in accordance with the resolution of the Directors on 23 June 2017.

By Order of the Board,

Lee Wee Hee (MAICSA 0773340)
Pow Juliet (MAICSA 7020821)
Company Secretaries
Johor Bahru
Date: 23 June 2017
c.c. Securities Commission