

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

| | As at 31.07.2017 Unaudited RM'000 | As at 31.07.2016 Audited RM'000 |
|---|--|--|
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 59,758 | 61,553 |
| Investment property | 1,991 | 2,007 |
| Intangible asset | 350 | 1,084 |
| Deferred tax assets | 57 | 246 |
| | <u>62,156</u> | <u>64,890</u> |
| Current Assets | | |
| Inventories | 13,730 | 16,635 |
| Trade receivables | 14,515 | 14,250 |
| Other receivables | 845 | 932 |
| Tax recoverable | 531 | 475 |
| Cash and bank balances | 13,009 | 12,835 |
| | <u>42,630</u> | <u>45,127</u> |
| TOTAL ASSETS | <u>104,786</u> | <u>110,017</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the company | | |
| Share capital | 44,405 | 44,405 |
| Reserves | 47,144 | 46,550 |
| | <u>91,549</u> | <u>90,955</u> |
| Non-controlling Interests | (0) | 9 |
| Total Equity | <u>91,549</u> | <u>90,964</u> |
| Non-Current Liabilities | | |
| Borrowings | 817 | 3,315 |
| Deferred tax liabilities | 143 | - |
| | <u>960</u> | <u>3,315</u> |
| Current Liabilities | | |
| Borrowings | 2,313 | 2,263 |
| Trade payables | 5,968 | 7,757 |
| Other payables | 3,901 | 5,718 |
| Tax payables | 95 | - |
| Dividend payable | - | - |
| | <u>12,277</u> | <u>15,738</u> |
| Total Liabilities | <u>13,237</u> | <u>19,053</u> |
| TOTAL EQUITY AND LIABILITIES | <u>104,786</u> | <u>110,017</u> |
| Net assets per stock unit attributable to ordinary equity holders of the company (RM) | <u>2.0617</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 JULY 2017**

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTERS | |
|--|---------------------------|--------------------|----------------------------|------------------|
| | 3 Months Ended | | 12 Months Ended | |
| | 31-Jul-17 | 31-Jul-16 | 31-Jul-17 | 31-Jul-16 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| Revenue | 14,301 | 18,322 | 80,165 | 76,901 |
| Cost of sales | <u>(13,215)</u> | <u>(16,486)</u> | <u>(68,908)</u> | <u>(70,011)</u> |
| Gross profit | 1,086 | 1,836 | 11,257 | 6,890 |
| Other income | 112 | 138 | 616 | 567 |
| Selling and administrative expenses | (1,895) | (2,035) | (9,630) | (9,572) |
| Finance costs | <u>(92)</u> | <u>(107)</u> | <u>(275)</u> | <u>(421)</u> |
| (Loss)/ profit before tax | (789) | (168) | 1,968 | (2,536) |
| Taxation | 118 | 35 | (717) | 344 |
| (Loss)/ profit for the period | <u>(671)</u> | <u>(133)</u> | <u>1,251</u> | <u>(2,192)</u> |
| Other comprehensive income/(loss): | | | | |
| Foreign currency translation difference from a subsidiary | - | (2) | - | (2) |
| Other comprehensive income/(loss) for the period | <u>-</u> | <u>(2)</u> | <u>-</u> | <u>(2)</u> |
| Total comprehensive income/(loss) for the period | <u>(671)</u> | <u>(135)</u> | <u>1,251</u> | <u>(2,194)</u> |
| Profit/(loss) attributable to: | | | | |
| Equity holders of the company | (671) | (229) | 1,251 | (2,288) |
| Non-controlling interests | - | 96 | - | 96 |
| | <u>(671)</u> | <u>(133)</u> | <u>1,251</u> | <u>(2,192)</u> |
| Total comprehensive income/(loss) attributable to: | | | | |
| Equity holders of the company | (671) | (231) | 1,251 | (2,290) |
| Non-controlling interests | - | 96 | - | 96 |
| | <u>(671)</u> | <u>(135)</u> | <u>1,251</u> | <u>(2,194)</u> |
| Earnings/(losses) per share attributable to equity holders of the company: | | | | |
| Basic and diluted (sen) | <u>(1.51)</u> | <u>(0.52)</u> | <u>2.82</u> | <u>(5.15)</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 | | 12 Months Ended | |
| | 31-Jul-17 | 31-Jul-16 | 31-Jul-17 | 31-Jul-16 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| Interest income | (73) | (52) | (287) | (307) |
| Interest expenses | 92 | 107 | 274 | 421 |
| Depreciation | 876 | 1,220 | 4,086 | 4,724 |
| Amortisation of development costs | 96 | 272 | 735 | 1,088 |
| Impairment of golf club membership | 1 | - | 2 | 2 |
| Provision/ (reversal) for warranties | 62 | 67 | (454) | 1,293 |
| Obsolete inventories written off | - | - | 606 | 461 |
| Loss/ (gain) on disposal of plant and equipment | - | (1) | 148 | (1) |
| (Gain)/ loss on foreign exchange | | | | |
| - realised | (116) | 27 | 209 | 201 |
| - unrealised | 105 | 115 | 52 | (2) |
| Plant and equipment written off | 3 | 5 | 33 | 17 |

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 JULY 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 | - | - | - | - | 1,251 | 1,251 | - | 1,251 |
| Total comprehensive income for the period | - | - | - | - | 1,251 | 1,251 | - | 1,251 |
| 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 31 Jul 2017 | 44,405 | 654 | 352 | - | 46,138 | 91,549 | - | 91,549 |
| At 1 Aug 2015 | 44,405 | 654 | 352 | (20) | 48,332 | 93,723 | (87) | 93,636 |
| Foreign currency translation differences from a subsidiary | - | - | - | (2) | - | (2) | - | (2) |
| Other comprehensive income | - | - | - | (2) | - | (2) | - | (2) |
| Loss for the period | - | - | - | - | (2,288) | (2,288) | 96 | (2,192) |
| Total comprehensive loss for the period | - | - | - | (2) | (2,288) | (2,290) | 96 | (2,194) |
| Transactions with owners | | | | | | | | |
| Transaction cost for internal reorganisation | - | - | - | - | (478) | (478) | - | (478) |
| At 31 Jul 2016 | 44,405 | 654 | 352 | (22) | 45,566 | 90,955 | 9 | 90,964 |

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 JULY 2017**

(The figures have not been audited)

| | 12 months ended 31-Jul-17 RM'000 (Unaudited) | 12 months ended 31-Jul-16 RM'000 (Audited) |
|--|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit/(loss) before taxation | 1,968 | (2,536) |
| Adjustments for : | | |
| Depreciation | 4,086 | 4,724 |
| Amortisation of development costs | 735 | 1,088 |
| Impairment of golf club membership | 2 | 2 |
| Interest income | (287) | (307) |
| Interest expense | 274 | 421 |
| Short term accumulated compensated absences | 185 | 119 |
| Obsolete inventories written off | 606 | 461 |
| (Reversal)/provision for warranties | (454) | 1,293 |
| Loss/ (gain) on disposal of plant and equipment | 148 | (1) |
| Plant and equipment written off | 33 | 17 |
| Unrealised loss/ (gain) on foreign exchange | 52 | (2) |
| | <hr/> | <hr/> |
| Operating profit before working capital changes | 7,348 | 5,279 |
| Receivables | (179) | 4,010 |
| Inventories | 2,298 | 1,190 |
| Payables | (3,389) | (3,624) |
| | <hr/> | <hr/> |
| Cash generated from operations | 6,078 | 6,855 |
| Tax paid | (397) | (949) |
| Tax refund | 52 | 827 |
| Interest paid | (274) | (421) |
| | <hr/> | <hr/> |
| Net cash from operating activities | 5,459 | 6,312 |
| | <hr/> | <hr/> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | 287 | 307 |
| Purchase of property, plant and equipment | (2,629) | (3,386) |
| Proceeds from disposal of plant and equipment | 172 | 1 |
| | <hr/> | <hr/> |
| Net cash used in investing activities | (2,170) | (3,078) |
| | <hr/> | <hr/> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of borrowings | (2,449) | (3,591) |
| Dividend paid | (666) | - |
| Restructuring expenditure | - | (478) |
| | <hr/> | <hr/> |
| Net cash used in financing activities | (3,115) | (4,069) |
| | <hr/> | <hr/> |
| NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS | 174 | (835) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | 12,835 | 13,672 |
| CURRENCY TRANSLATION DIFFERENCE | - | (2) |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | <hr/> <hr/> | <hr/> <hr/> |
| | 13,009 | 12,835 |

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 – 4TH QUARTER ENDED 31 JULY 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 31 July 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 |
| Amendments to MFRS 140 | Transfers of Investment Property | 1 January 2018 |

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

NOTES TO THE INTERIM FINANCIAL REPORT – 4TH QUARTER ENDED 31 JULY 2017

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 |
|---|---|---|
| IC Interpretation 22 | Foreign Currency Transactions and Advance Consideration | 1 January 2018 |
| IC Interpretation 23 | Uncertainty over Income Tax Treatments | 1 January 2019 |
| MFRS 16 | Leases | 1 January 2019 |

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 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 July 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 31 July 2017.

A8. Dividends Paid

An interim single tier dividend of 1.5 sen per ordinary share in respect of the financial year ended 31 July 2017, amounting to RM666,070 was paid on 12 May 2017.

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

NOTES TO THE INTERIM FINANCIAL REPORT – 4TH QUARTER ENDED 31 JULY 2017

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A9. Segmental Reporting

The Group is organized into 2 main reportable segments as follows: -

- Automotive parts - involved in manufacturing and trading of automotive parts.
- Healthcare services - involved in providing health care services.
(The healthcare services have yet to commence business)

The segmental information are as follows: -

| <u>3 months ended 31 July 2017</u> | Automotive Parts | Healthcare Services | Elimination | Consolidated |
|--|---------------------|------------------------|-------------|--------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Revenue</u> | | | | |
| Revenue | 14,301 | - | - | 14,301 |
| <u>Results</u> | | | | |
| Segment results | 174 | (81) | (701) | (608) |
| Interest expenses | | | | (92) |
| Unallocated expenses | | | | (89) |
| (Loss) before taxation | | | | (789) |

| <u>12 months ended 31 July 2017</u> | Automotive Parts | Healthcare Services | Elimination | Consolidated |
|---|---------------------|------------------------|-------------|--------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Revenue</u> | | | | |
| Revenue | 80,165 | - | - | 80,165 |
| <u>Results</u> | | | | |
| Segment results | 3,675 | (333) | (698) | 2,644 |
| Interest expenses | | | | (274) |
| Unallocated expenses | | | | (402) |
| Profit/ (loss) before taxation | | | | 1,968 |

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

NOTES TO THE INTERIM FINANCIAL REPORT – 4TH QUARTER ENDED 31 JULY 2017

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A9. Segmental Reporting (Cont'd)

| <u>Assets & liabilities as at 31 July 2017</u> | Automotive Parts | Healthcare Services | Elimination | Consolidated |
|--|------------------|---------------------|-------------|--------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |

Assets & liabilities

| | | | | |
|--------------------------------|---------|--------|----------|----------------|
| Segmental assets | 105,683 | 33,454 | (34,551) | 104,586 |
| Unallocated assets | | | | 200 |
| Consolidated total assets | | | | <u>104,786</u> |
| Segmental liabilities | 13,580 | 4,573 | (5,217) | 12,936 |
| Unallocated liabilities | | | | 301 |
| Consolidated total liabilities | | | | <u>13,237</u> |

Other information

| | | | | |
|-------------------------------|-------|-------|---|-------|
| Capital expenditure | 1,456 | 1,173 | - | 2,629 |
| Depreciation and amortisation | 4,811 | 10 | - | 4,821 |

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 period under review.

A12. Contingent Liabilities and Contingent Assets

The Group has no material contingent liabilities and assets as at 31 July 2017.

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

NOTES TO THE INTERIM FINANCIAL REPORT – 4TH QUARTER ENDED 31 JULY 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 fourth quarter ended 31 July 2017, the Group achieved consolidated revenue of RM14.30 million which was approximately 21.95% lower than the preceding year corresponding quarter. The decrease in revenue was mainly due to lower demand for Original Equipment Manufacturer (OEM) products in the current quarter. The Group recorded a loss after tax of RM0.7 million for the current quarter as compared to RM0.1 million in the preceding year corresponding quarter mainly due to lower revenue in current quarter.

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

| | Current Quarter 31 July 2017 RM'000 | Preceding Quarter 30 April 2017 RM'000 |
|---|--|---|
| Revenue | 14,301 | 20,031 |
| Pre-tax (loss)/ profit before non-controlling interests | (789) | 620 |

For the current quarter, the Group achieved revenue of RM14.30 million, representing a decrease of 28.61% as compared to the preceding quarter ended 30 April 2017. The decrease was attributable to lower demand for OEM products in the current quarter. The Group recorded a pre-tax loss before non-controlling interests (“NCI”) of RM0.79 million for the quarter under review as compared to a pre-tax profit before NCI of RM0.62 million for the preceding quarter as a result of lower demand for OEM products for current quarter and increased in operating cost especially cost of imported materials due to weakening of Ringgit Malaysia.

B3 Prospects Commentary

The Group experienced slowdown in demand from its OEM customers arising from cautious stance taken by OEMs amidst soft market conditions.

In order to maintain the competitiveness in the local and global automotive market, the Group will continue its efforts to update and enhance its product technology and also mitigate increasing costs through its various cost reduction initiatives which includes improvement of production processes and productivity. Besides, the Group is also looking for strategic partners to expand its product range to broaden its existing customer base.

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

NOTES TO THE INTERIM FINANCIAL REPORT – 4TH QUARTER ENDED 31 JULY 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 | | 12 months ended | |
|--|----------------|-------------|-----------------|--------------|
| | 31.07.17 | 31.07.16 | 31.07.17 | 31.07.16 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Income tax: | | | | |
| - current year | 9 | 131 | 406 | 266 |
| - (Over)/ under provision in prior years | - | - | (22) | 1 |
| | 9 | 131 | 384 | 267 |
| Deferred tax | (127) | (166) | 333 | (611) |
| Tax (income)/ expense | (118) | (35) | 717 | (344) |

The effective tax rate of the Group for the current quarter is lower than the statutory tax rate mainly due to utilization of capital allowance and unabsorbed business losses.

The effective tax rate for the year is higher than the statutory tax rate mainly due to certain expenses not deductible for income tax purposes.

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 July 2017:

| | |
|-------------------------|---------------------|
| | <u>RM'000</u> |
| (a) Secured borrowings | 3,130 |
| Unsecured borrowings | - |
| | <u>3,130</u> |
| (b) Short term | |
| - term loans (secured) | 2,208 |
| - hire purchase payable | 105 |
| | <u>2,313</u> |
| Long term | |
| - term loans (secured) | 763 |
| - hire purchase payable | 54 |
| | <u>817</u> |
| Total borrowings | <u>3,130</u> |

All the above borrowings are denominated in Ringgit Malaysia.

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

NOTES TO THE INTERIM FINANCIAL REPORT – 4TH QUARTER ENDED 31 JULY 2017

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

B8 Financial Instruments

The Group entered into forward foreign exchange currencies contracts to hedge its exposure to fluctuations in foreign currency arising from purchases.

The Group has no outstanding derivative financial instruments as at 31 July 2017.

B9 Changes in Material Litigation

There was no pending material litigation as at 22 September 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:

| | 31.07.2017 |
|-----------------------------------|---------------|
| 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 paid | 12 May 2017 |

(b) Total dividend paid for current financial year: 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 | | 12 months ended | |
|--|-----------------------|-------------------|------------------------|-------------------|
| | 31.07.2017 | 31.07.2016 | 31.07.2017 | 31.07.2016 |
| Profit/(loss) for the period attributable to ordinary equity holders of the company (RM'000) | (671) | (229) | 1,251 | (2,288) |
| 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) | (1.51) | (0.52) | 2.82 | (5.15) |

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

NOTES TO THE INTERIM FINANCIAL REPORT – 4TH QUARTER ENDED 31 JULY 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 31.07.2017 | As at 31.07.2016 |
|---|-----------------------------|-----------------------------|
| | RM'000 | RM'000 |
| Total retained profits of the Company and its subsidiaries: | | |
| - Realised | 48,722 | 48,734 |
| - Unrealised | (1,495) | (2,090) |
| | 47,227 | 46,644 |
| Less: Consolidation adjustments | (1,089) | (1,078) |
| Total group retained profits | 46,138 | 45,566 |

B13 Memorandum of Understanding (“MOU”)

The Group had entered into Memorandum of Understanding (“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) 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.

- b) SANDHAR TECHNOLOGIES LTD. (“SANDHAR”) on 3 January 2017 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 MCE’s existing range of products for automobile manufacturers located in India and if so desired and mutually agreed by both parties to extend to other electronic and mechatronic parts and systems.

There were no further developments to-date.

- c) E-LEAD ELECTRONIC CO., LTD (“E-LEAD”) on 19 September 2017 with an intention to enter into an equity joint venture, setting forth a framework for the consultation and exchange of information and technology. The cooperation in the current stage shall focus on the development, manufacture and marketing of automobile parts in Malaysia using the technology and technical assistance provided by E-Lead.

There were no further developments to-date.

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

NOTES TO THE INTERIM FINANCIAL REPORT – 4TH QUARTER ENDED 31 JULY 2017

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

B14 Authorized for issue

The interim financial statements were authorized by the Board of Directors in accordance with the resolution of the Directors on 28 September 2017.

By Order of the Board,

Lee Wee Hee (MAICSA 0773340)
Pow Juliet (MAICSA 7020821)
Company Secretaries
Johor Bahru
Date: 28 September 2017