

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

	As at 31.10.2017 Unaudited RM'000	As at 31.07.2017 Audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	59,646	59,758
Investment property	1,987	1,991
Intangible asset	254	350
Deferred tax assets	-	57
	<u>61,887</u>	<u>62,156</u>
Current Assets		
Inventories	13,228	13,730
Trade receivables	12,428	14,515
Other receivables	749	845
Tax recoverable	543	531
Cash and bank balances	20,015	13,009
	<u>46,963</u>	<u>42,630</u>
TOTAL ASSETS	<u>108,850</u>	<u>104,786</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	44,405	44,405
Reserves	47,944	47,144
	<u>92,349</u>	<u>91,549</u>
Non-controlling Interests	-	-
Total Equity	<u>92,349</u>	<u>91,549</u>
Non-Current Liabilities		
Borrowings	219	817
Deferred tax liabilities	191	143
	<u>410</u>	<u>960</u>
Current Liabilities		
Borrowings	2,344	2,313
Trade payables	10,159	5,968
Other payables	3,550	3,901
Tax payables	38	95
Dividend payable	-	-
	<u>16,091</u>	<u>12,277</u>
Total Liabilities	<u>16,501</u>	<u>13,237</u>
TOTAL EQUITY AND LIABILITIES	<u>108,850</u>	<u>104,786</u>
Net assets per stock unit attributable to ordinary equity holders of the company (RM)	<u>2.0797</u>	<u>2.0617</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 July 2017.

MCE HOLDINGS BERHAD (1158341-K)*(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 OCTOBER 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	3 Months Ended		3 Months Ended	
	31-Oct-17	31-Oct-16	31-Oct-17	31-Oct-16
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	17,652	21,233	17,652	21,233
Cost of sales	<u>(14,874)</u>	<u>(17,478)</u>	<u>(14,874)</u>	<u>(17,478)</u>
Gross profit	2,778	3,755	2,778	3,755
Other income	191	164	191	164
Selling and administrative expenses	(1,925)	(2,575)	(1,925)	(2,575)
Finance costs	<u>(95)</u>	<u>(70)</u>	<u>(95)</u>	<u>(70)</u>
Profit before tax	949	1,274	949	1,274
Taxation	(149)	(358)	(149)	(358)
Profit for the period	<u>800</u>	<u>916</u>	<u>800</u>	<u>916</u>
Other comprehensive income/(loss):				
Other comprehensive income/(loss) for the period	-	-	-	-
Total comprehensive income/(loss) for the period	<u>800</u>	<u>916</u>	<u>800</u>	<u>916</u>
Profit/(loss) attributable to:				
Equity holders of the company	800	916	800	916
Non-controlling interests	-	-	-	-
	<u>800</u>	<u>916</u>	<u>800</u>	<u>916</u>
Total comprehensive income/(loss) attributable to:				
Equity holders of the company	800	916	800	916
Non-controlling interests	-	-	-	-
	<u>800</u>	<u>916</u>	<u>800</u>	<u>916</u>
Earnings/(losses) per share attributable to equity holders of the company:				
Basic and diluted (sen)	<u>1.80</u>	<u>2.06</u>	<u>1.80</u>	<u>2.06</u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 July 2017.

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-17	31-Oct-16	31-Oct-17	31-Oct-16
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income	(98)	(79)	(98)	(79)
Interest expenses	94	70	94	70
Depreciation	716	1,164	716	1,164
Amortisation of development costs	95	272	95	272
(Reversal) for warranties	(528)	(672)	(528)	(672)
Obsolete inventories written off	-	34	-	34
Loss/ (gain) on disposal of plant and equipment	9	-	9	-
Loss/ (gain) on foreign exchange				
- realised	47	50	47	50
- unrealised	(99)	20	(99)	20
Plant and equipment written off	3	-	3	-

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 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 2017	44,405	654	352	-	46,138	91,549	-	91,549
Other comprehensive income	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	800	800	-	800
Total comprehensive income for the period	-	-	-	-	800	800	-	800
At 31 Oct 2017	44,405	654	352	-	46,938	92,349	-	92,349
At 1 Aug 2016	44,405	654	352	(22)	45,566	90,955	9	90,964
Other comprehensive income	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	916	916	-	916
Total comprehensive loss for the period	-	-	-	-	916	916	-	916
At 31 Oct 2016	44,405	654	352	(22)	46,482	91,871	9	91,880

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 July 2017.

MCE HOLDINGS BERHAD (1158341-K)*(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 31 OCTOBER 2017**

(The figures have not been audited)

	3 months ended 31-Oct-17 RM'000 (Unaudited)	3 months ended 31-Oct-16 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	949	1,274
Adjustments for :		
Depreciation	716	1,164
Amortisation of development costs	95	272
Impairment of golf club membership	-	-
Interest income	(98)	(79)
Interest expense	94	70
Short term accumulated compensated absences	94	131
Obsolete inventories written off	-	34
(Reversal)/provision for warranties	(528)	(672)
Loss on disposal of plant and equipment	9	-
Plant and equipment written off	3	-
Unrealised (gain)/ loss on foreign exchange	(99)	20
	<hr/>	<hr/>
Operating profit before working capital changes	1,235	2,214
Receivables	2,183	(9,021)
Inventories	501	1,137
Payables	4,374	3,160
	<hr/>	<hr/>
Cash generated from/ (used in) operations	8,293	(2,510)
Tax paid	(114)	(104)
Tax refund	1	-
Interest paid	(94)	(70)
	<hr/>	<hr/>
Net cash from/ (used in) operating activities	8,086	(2,684)
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	98	79
Purchase of property, plant and equipment	(619)	(514)
Proceeds from disposal of plant and equipment	7	-
	<hr/>	<hr/>
Net cash used in investing activities	(514)	(435)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(566)	(559)
Dividend paid	-	-
Restructuring expenditure	-	-
	<hr/>	<hr/>
Net cash used in financing activities	(566)	(559)
	<hr/>	<hr/>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	7,006	(3,678)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	13,009	12,835
CURRENCY TRANSLATION DIFFERENCE	-	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<hr/> <hr/>	<hr/> <hr/>
	20,015	9,157

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 July 2017.

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

NOTES TO THE INTERIM FINANCIAL REPORT – 1ST QUARTER ENDED 31 OCTOBER 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 2017. 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 2017.

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 2017.

The adoption of the following MFRSs and Amendments to MFRSs that came into effect on 1 August 2017 did not have any significant impact on the unaudited consolidated financial statements upon their initial application.

- Amendments to MFRS 107 Disclosure Initiative (effective from 1 January 2017)
- Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses (effective from 1 January 2017)

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 2017:

MFRS, Amendments to MFRS and IC Interpretation		Effective for annual periods beginning on or after
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

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

NOTES TO THE INTERIM FINANCIAL REPORT – 1ST QUARTER ENDED 31 OCTOBER 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
Amendments to MFRS 140 Transfers of Investment Property	1 January 2018
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 2017 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 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 October 2017.

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

NOTES TO THE INTERIM FINANCIAL REPORT – 1ST QUARTER ENDED 31 OCTOBER 2017

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A8. Dividends Paid

No dividend has been paid during the financial period ended 31 October 2017.

A9. Segmental Reporting

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

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

The segmental information are as follows: -

<u>3 months ended 31 October 2017</u>	Automotive Parts	Healthcare Services	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000

Revenue

Revenue	17,652	-	-	17,652
---------	--------	---	---	--------

Results

Segment results	1,215	(67)	-	1,148
Interest expenses				(94)
Unallocated expenses				(105)
Profit before taxation				949

<u>Cumulative 3 months ended 31 October 2017</u>	Automotive Parts	Healthcare Services	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000

Revenue

Revenue	17,652	-	-	17,652
---------	--------	---	---	--------

Results

Segment results	1,215	(67)	-	1,148
Interest expenses				(94)
Unallocated expenses				(105)
Profit before taxation				949

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

NOTES TO THE INTERIM FINANCIAL REPORT – 1ST QUARTER ENDED 31 OCTOBER 2017

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A9. Segmental Reporting (Cont'd)

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

Assets & liabilities

Segmental assets	109,162	33,715	(34,884)	107,993
Unallocated assets				857
Consolidated total assets				<u>108,850</u>

Segmental liabilities	16,117	4,901	(4,884)	16,134
Unallocated liabilities				367
Consolidated total liabilities				<u>16,501</u>

Other information

Capital expenditure	316	303	-	619
Depreciation and amortisation	809	2	-	811

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 October 2017.

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

NOTES TO THE INTERIM FINANCIAL REPORT – 1ST QUARTER ENDED 31 OCTOBER 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 first quarter ended 31 October 2017, the Group achieved consolidated revenue of RM17.65 million which was approximately 16.87% 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 profit after tax of RM0.8 million for the current quarter as compared to RM0.92 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 Oct 2017 RM'000	Preceding Quarter 31 Jul 2017 RM'000
Revenue	17,652	14,301
Pre-tax profit/ (loss) before non-controlling interests	949	(789)

For the current quarter, the Group achieved revenue of RM17.65 million, representing an increase of 23.43% as compared to the preceding quarter ended 31 July 2017. 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 RM0.95 million for the quarter under review as compared to a pre-tax loss before NCI of RM0.79 million for the preceding quarter as a result of higher demand for OEM products.

B3 Prospects Commentary

In order to maintain its 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 together with realignment of its supply chain. The Group is also looking for strategic partners to expand its product range to broaden its existing customer base and capitalized on operational synergies.

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

NOTES TO THE INTERIM FINANCIAL REPORT – 1ST QUARTER ENDED 31 OCTOBER 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		3 months ended	
	31.10.17	31.10.16	31.10.17	31.10.16
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- current year	49	173	49	173
- (Over)/ under provision in prior years	(5)	-	(5)	-
	44	173	44	173
Deferred tax	105	185	105	185
Tax (income)/ expense	149	358	149	358

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.

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 2017:

	<u>RM'000</u>
(a) Secured borrowings	2,563
Unsecured borrowings	-
	<u>2,563</u>
(b) Short term	
- term loans (secured)	2,238
- hire purchase payable	106
	<u>2,344</u>
Long term	
- term loans (secured)	192
- hire purchase payable	27
	<u>219</u>
Total borrowings	<u>2,563</u>

All the above borrowings are denominated in Ringgit Malaysia.

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

NOTES TO THE INTERIM FINANCIAL REPORT – 1ST QUARTER ENDED 31 OCTOBER 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 October 2017.

B9 Changes in Material Litigation

There was no pending material litigation as at 13 December 2017 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 (31 Oct 2016: Nil).

B11 Earnings per Share

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

	3 months ended		3 months ended	
	31.10.2017	31.10.2016	31.10.2017	31.10.2016
Profit for the period attributable to ordinary equity holders of the company (RM'000)	800	916	800	916
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)	1.80	2.06	1.80	2.06

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

NOTES TO THE INTERIM FINANCIAL REPORT – 1ST QUARTER ENDED 31 OCTOBER 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 31.10.2017	As at 31.10.2016
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	48,193	49,028
- Unrealised	(722)	(1,458)
	47,471	47,570
Less: Consolidation adjustments	(533)	(1,088)
Total group retained profits	46,938	46,482

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 Group’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 the Group’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 – 1ST QUARTER ENDED 31 OCTOBER
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 20 December 2017.

By Order of the Board,

Lee Wee Hee (MAICSA 0773340)
Pow Juliet (MAICSA 7020821)
Company Secretaries
Johor Bahru
Date: 20 December 2017