

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

	As at 31.07.2018 Unaudited RM'000	As at 31.07.2017 Audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	62,920	59,758
Investment property	1,974	1,991
Intangible asset	-	350
Deferred tax assets	615	57
	<u>65,509</u>	<u>62,156</u>
Current Assets		
Inventories	12,297	13,730
Trade receivables	11,564	14,515
Other receivables	1,023	845
Tax recoverable	316	531
Cash and bank balances	11,725	13,009
	<u>36,925</u>	<u>42,630</u>
TOTAL ASSETS	<u>102,434</u>	<u>104,786</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	44,405	44,405
Reserves	45,237	47,144
	<u>89,642</u>	<u>91,549</u>
Non-controlling Interests	-	-
Total Equity	<u>89,642</u>	<u>91,549</u>
Non-Current Liabilities		
Borrowings	109	817
Deferred tax liabilities	123	143
	<u>232</u>	<u>960</u>
Current Liabilities		
Borrowings	1,003	2,313
Trade payables	8,368	5,968
Other payables	3,189	3,901
Tax payables	-	95
	<u>12,560</u>	<u>12,277</u>
Total Liabilities	<u>12,792</u>	<u>13,237</u>
TOTAL EQUITY AND LIABILITIES	<u>102,434</u>	<u>104,786</u>
Net assets per stock unit attributable to ordinary equity holders of the company (RM)	<u>2.0187</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 JULY 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	3 Months Ended		12 Months Ended	
	31-Jul-18	31-Jul-17	31-Jul-18	31-Jul-17
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenue	14,059	14,301	62,540	80,165
Cost of sales	<u>(13,257)</u>	<u>(13,215)</u>	<u>(56,953)</u>	<u>(68,908)</u>
Gross profit	802	1,086	5,587	11,257
Other income	149	112	641	616
Selling and administrative expenses	(2,140)	(1,895)	(8,034)	(9,631)
Finance costs	<u>(34)</u>	<u>(92)</u>	<u>(292)</u>	<u>(274)</u>
(Loss)/ profit before tax	(1,223)	(789)	(2,098)	1,968
Taxation	229	118	191	(717)
(Loss)/ profit for the period	<u>(994)</u>	<u>(671)</u>	<u>(1,907)</u>	<u>1,251</u>
Other comprehensive (loss)/ income:				
Other comprehensive (loss)/ income for the period	-	-	-	-
Total comprehensive (loss)/ income for the period	<u>(994)</u>	<u>(671)</u>	<u>(1,907)</u>	<u>1,251</u>
(Loss)/ profit attributable to:				
Equity holders of the company	(994)	(671)	(1,907)	1,251
Non-controlling interests	-	-	-	-
	<u>(994)</u>	<u>(671)</u>	<u>(1,907)</u>	<u>1,251</u>
Total comprehensive (loss)/ income attributable to:				
Equity holders of the company	(994)	(671)	(1,907)	1,251
Non-controlling interests	-	-	-	-
	<u>(994)</u>	<u>(671)</u>	<u>(1,907)</u>	<u>1,251</u>
(Loss)/ earnings per share attributable to equity holders of the company:				
Basic and diluted (sen)	<u>(2.24)</u>	<u>(1.51)</u>	<u>(4.29)</u>	<u>2.82</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/ (loss) before tax:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	3 Months Ended		12 Months Ended	
	31-Jul-18	31-Jul-17	31-Jul-18	31-Jul-17
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Interest income	(110)	(73)	(424)	(287)
Interest expenses	34	92	292	274
Depreciation	737	876	2,884	4,086
Amortisation of development costs	64	96	350	735
Impairment of golf club membership	1	1	2	2
Impairment of other receivable	4	-	4	-
Provision/ (reversal) for warranties	41	62	(550)	(454)
Obsolete inventories written off	1	-	468	606
Loss/ (gain) on disposal of plant and equipment	-	-	16	148
Loss/ (gain) on foreign exchange				
- realised	10	(116)	(145)	209
- unrealised	34	105	(15)	52
Plant and equipment written off	11	3	14	33

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 2018**

(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/ (loss)	-	-	-	-	-	-	-	-
(Loss)/ profit for the period	-	-	-	-	(1,907)	(1,907)	-	(1,907)
Total comprehensive (loss) for the period	-	-	-	-	(1,907)	(1,907)	-	(1,907)
At 31 July 2018	44,405	654	352	-	44,231	89,642	-	89,642
At 1 Aug 2016	44,405	654	352	(22)	45,566	90,955	9	90,964
Other comprehensive income/ (loss)	-	-	-	-	-	-	-	-
Profit/ (loss) 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 non-controlling interest upon deconsolidation of subsidiary company	-	-	-	-	9	9	(9)	-
At 31 July 2017	44,405	654	352	-	46,138	91,549	-	91,549

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 JULY 2018**

(The figures have not been audited)

	12 months ended 31-Jul-18 RM'000 (Unaudited)	12 months ended 31-Jul-17 RM'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/ profit before taxation	(2,098)	1,968
Adjustments for :		
Depreciation	2,884	4,086
Amortisation of development costs	350	735
Impairment of golf club membership	2	2
Interest income	(424)	(287)
Interest expense	292	274
Short term accumulated compensated absences	106	185
Obsolete inventories written off	468	606
(Reversal)/ provision for warranties	(550)	(454)
Loss on disposal of plant and equipment	16	148
Plant and equipment written off	14	33
Unrealised (gain)/ loss on foreign exchange	(15)	52
Impairment of other receivable	4	-
	<hr/>	<hr/>
Operating profit before working capital changes	1,049	7,348
Receivables	2,767	(179)
Inventories	964	2,298
Payables	2,147	(3,389)
	<hr/>	<hr/>
Cash generated from operations	6,927	6,078
Tax paid	(535)	(397)
Tax refund	268	52
Interest paid	(292)	(274)
	<hr/>	<hr/>
Net cash from operating activities	6,368	5,459
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	424	287
Purchase of property, plant and equipment	(5,880)	(2,629)
Proceeds from disposal of plant and equipment	21	172
	<hr/>	<hr/>
Net cash used in investing activities	(5,435)	(2,170)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(2,217)	(2,449)
Dividend paid	-	(666)
	<hr/>	<hr/>
Net cash used in financing activities	(2,217)	(3,115)
	<hr/>	<hr/>
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(1,284)	174
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	13,009	12,835
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<hr/> <hr/>	<hr/> <hr/>
	11,725	13,009

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 – 4TH QUARTER ENDED 31 JULY 2018

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 July 2018:

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)
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NOTES TO THE INTERIM FINANCIAL REPORT – 4TH QUARTER ENDED 31 JULY 2018

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
Annual Improvements to MFRS Standards 2015-2017 Cycles		1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020

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 July 2018.

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 buyback, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period ended 31 July 2018.

MCE HOLDINGS BERHAD (1158341-K)
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NOTES TO THE INTERIM FINANCIAL REPORT – 4TH QUARTER ENDED 31 JULY 2018

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A8. Dividends Paid

No dividend has been paid during the financial period ended 31 July 2018.

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 2018</u>	Automotive Parts	Healthcare Services	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000

Revenue

	14,059	-	-	14,059
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Results

Segment results	(1,037)	(41)	-	(1,078)
Interest expenses				(34)
Unallocated expenses				(111)
(Loss) before taxation				(1,223)

<u>Cumulative 12 months ended 31 July 2018</u>	Automotive Parts	Healthcare Services	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000

Revenue

	62,540	-	-	62,540
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Results

Segment results	(1,163)	(177)	-	(1,340)
Interest expenses				(292)
Unallocated expenses				(466)
(Loss) before taxation				(2,098)

MCE HOLDINGS BERHAD (1158341-K)
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NOTES TO THE INTERIM FINANCIAL REPORT – 4TH QUARTER ENDED 31 JULY 2018

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A9. Segmental Reporting (Cont'd)

<u>Assets & liabilities as at 31 July 2018</u>	Automotive Parts	Healthcare Services	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000

Assets & liabilities

Segmental assets	103,493	33,737	(35,027)	102,203
Unallocated assets				231
Consolidated total assets				<u>102,434</u>
Segmental liabilities	12,653	5,034	(5,027)	12,660
Unallocated liabilities				132
Consolidated total liabilities				<u>12,792</u>

Other information

Capital expenditure	5,777	350	(47)	6,080
Depreciation and amortisation	3,232	2	-	3,234

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 2018.

MCE HOLDINGS BERHAD (1158341-K)
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NOTES TO THE INTERIM FINANCIAL REPORT – 4TH QUARTER ENDED 31 JULY 2018

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 2018, the Group achieved consolidated revenue of RM14.06 million which was approximately 1.69% slight 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 RM0.99 million for the current quarter as compared to RM0.67 million in the preceding year corresponding quarter mainly due to lower revenue in current quarter.

B2 Material Changes in Profit/ (Loss) before Taxation for the Current Quarter with Immediate Preceding Quarter

	Current Quarter 31 Jul 2018 RM’000	Preceding Quarter 30 Apr 2018 RM’000
Revenue	14,059	13,864
Pre-tax (loss)/ profit before non-controlling interests	(1,223)	(1,621)

For the current quarter, the Group achieved revenue of RM14.06 million, representing a increase of 1.41% as compared to the preceding quarter ended 30 April 2018. The increase was attributable to higher demand for OEM products in the current quarter. The Group recorded a pre-tax loss before non-controlling interests (“NCI”) of RM1.2 million for the quarter under review as compared to RM1.6 million for the preceding quarter.

B3 Prospects Commentary

The uncertainties and impact on the Malaysian economy arising from the changes in the ruling government, volatility of the exchange rate due to the current trade war between US and China, re-introduced of Sales and Service Tax and the expected increase of minimum wages in year 2019 are expected to provide the main challenges in the automotive industry.

The Group will continue to increase its effort to maintain its competitiveness in the local and global automotive market by enhancing its product technology by upgrading its existing production facilities 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 capitalize on operational synergies.

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

NOTES TO THE INTERIM FINANCIAL REPORT – 4TH QUARTER ENDED 31 JULY 2018

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	
	31.07.18	31.07.17	31.07.18	31.07.17
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- current year	137	9	404	406
- (Over)/ under provision in prior years	-	-	(17)	(22)
	137	9	387	384
Deferred tax	(366)	(127)	(578)	333
Tax (income)/ expense	(229)	(118)	(191)	717

The effective tax rate of the Group for the current quarter and financial year to date were lower than the statutory tax rate mainly due to increase in the availability of certain tax benefits, such as capital allowance and 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 July 2018:

	<u>RM'000</u>
(a) Secured borrowings	991
Unsecured borrowings	121
	<u>1,112</u>
(b) Short term	
- term loans (secured)	763
- hire purchase payable	119
- banker's acceptance	121
	<u>1,003</u>
Long term	
- term loans (secured)	-
- hire purchase payable	109
	<u>109</u>
Total borrowings	<u>1,112</u>

All the above borrowings are denominated in Ringgit Malaysia.

MCE HOLDINGS BERHAD (1158341-K)
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NOTES TO THE INTERIM FINANCIAL REPORT – 4TH QUARTER ENDED 31 JULY 2018

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

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 July 2018.

B9 Changes in Material Litigation

There was no pending material litigation as at 21 September 2018 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 (Q4-FY2017: Nil).

B11 Earnings per Share

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

	3 months ended		12 months ended	
	31.07.2018	31.07.2017	31.07.2018	31.07.2017
(Loss)/ profit for the period attributable to ordinary equity holders of the company (RM'000)	(994)	(671)	(1,907)	1,251
Weighted average number of ordinary shares in issue ('000)	44,405	44,405	44,405	44,405
Basic and diluted (loss)/ earnings per share (sen)	(2.24)	(1.51)	(4.29)	2.82

MCE HOLDINGS BERHAD (1158341-K)
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NOTES TO THE INTERIM FINANCIAL REPORT – 4TH QUARTER ENDED 31 JULY 2018

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

B12 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.

B13 Authorized for issue

The interim financial statements were authorized by the Board of Directors in accordance with the resolution of the Directors on 24 September 2018.

By Order of the Board,

Lee Wee Hee (MAICSA 0773340)
Company Secretary
Johor Bahru
Date: 24 September 2018