



MMS VENTURES BERHAD
(Company No. 647125-P)

(Incorporated in Malaysia)

**Quarterly Report on Consolidated Results
For The First Quarter Ended 31 March 2015**

(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position

As at 31 March 2015

(The figures have not been audited)

	Note	31.3.15 (Unaudited) RM	31.12.14 (Audited) RM
Property, plant and equipment		9,909,746	9,921,884
Total non-current assets		9,909,746	9,921,884
Inventories		8,045,791	7,386,942
Other Investment	B8	505,918	-
Trade receivables		6,208,129	6,813,466
Sundry receivables, deposits and prepayments		492,917	539,446
Tax refundable		7,248	13,849
Fixed deposits with licensed banks		11,701,047	11,377,186
Cash and cash equivalents		4,868,834	4,337,567
Total current assets		31,829,884	30,468,456
Total assets		41,739,630	40,390,340
Equity			
Share capital		16,300,000	16,300,000
Share premium		4,663,468	4,663,468
Unappropriated profits		12,109,066	10,438,296
Total equity attributable to shareholders of the Company		33,072,534	31,401,764
Total equity		33,072,534	31,401,764
Liabilities			
Hire purchase creditors	B10	10,889	18,790
Deferred tax liabilities		481,164	483,712
Total non-current liabilities		492,053	502,502
Trade payables		6,263,116	5,776,541
Sundry payables and accruals		1,872,144	2,667,312
Hire purchase creditors	B10	39,783	42,221
Total current liabilities		8,175,043	8,486,074
Total liabilities		8,667,096	8,988,576
Total equity and liabilities		41,739,630	40,390,340
Net assets per share (RM) @		0.20	0.19

@ based on the number of ordinary shares of 163,000,000 shares

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to these interim financial statements.

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the First Quarter Ended 31 March 2015
(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
		31.3.15 RM	31.3.14 RM	31.3.15 RM	31.3.14 RM
Revenue		7,652,106	5,003,135	7,652,106	5,003,135
Cost of sales		(5,605,591)	(3,382,479)	(5,605,591)	(3,382,479)
Gross profit		2,046,515	1,620,656	2,046,515	1,620,656
Other operating income		646,950	159,873	646,950	159,873
Other operating expenses		(2,607)	-	(2,607)	-
Administrative expenses		(996,848)	(994,664)	(996,848)	(994,664)
Profit from operations		1,694,010	785,865	1,694,010	785,865
Interest expense		(788)	(704)	(788)	(704)
Profit before taxation		1,693,222	785,161	1,693,222	785,161
Tax expense	B6	(22,452)	(9,452)	(22,452)	(9,452)
Net profit for the period	B1	1,670,770	775,709	1,670,770	775,709
Attributable to:					
Shareholders of the Company		1,670,770	775,709	1,670,770	775,709
Minority interests			-		-
Net profit for the period		1,670,770	775,709	1,670,770	775,709
Earnings per share					
(i) Basic (sen)	B14	1.0250	0.4759	1.0250	0.4759
(ii) Diluted (sen)		NA	NA	NA	NA

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to these interim financial statements.

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Condensed Consolidated Statement of Changes in Equity
For the First Quarter Ended 31 March 2015
(The figures have not been audited)

	Share Capital RM	Non-distributable Share Premium RM	Distributable Retained Profits RM	Total RM
At 1 January 2015	16,300,000	4,663,468	10,438,296	31,401,764
Net profit for the period	-	-	1,670,770	1,670,770
At 31 March 2015	<u>16,300,000</u>	<u>4,663,468</u>	<u>12,109,066</u>	<u>33,072,534</u>
At 1 January 2014	16,300,000	4,663,468	1,612,647	22,576,115
Net profit for the period	-	-	775,709	775,709
At 31 March 2014	<u>16,300,000</u>	<u>4,663,468</u>	<u>2,388,356</u>	<u>23,351,824</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to these interim financial statements.

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Condensed Consolidated Statement of Cash Flows
For the First Quarter Ended 31 March 2015
(The figures have not been audited)

	3 months ended 31 March	
	2015	2014
	RM	RM
Cash flows from operating activities		
Profit before tax	1,693,222	785,161
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	142,115	121,585
Gain on fair value adjustment of other investment	(5,918)	-
Unrealised forex gain	(378,626)	(7,772)
Loss/(Gain) on disposal of plant and equipment	2,607	(33,592)
Interest income	(108,431)	(53,118)
Interest expense	788	704
<i>Operating profit before working capital changes</i>	1,345,757	812,968
<i>Adjustments for working capital changes:-</i>		
Inventories	(658,849)	(1,105,176)
Trade receivables	937,639	(1,711,426)
Sundry receivables, deposits and prepayments	46,529	(236,515)
Trade payables	486,575	855,839
Sundry payables and accruals	(795,168)	1,438,448
<i>Cash generated from operations</i>	1,362,483	54,138
Interest received	108,431	53,118
Income tax paid	(18,399)	(6,789)
<i>Net cash generated from operating activities</i>	1,452,515	100,467
Cash flows from investing activities		
Purchase of plant and equipment	(132,584)	(402,514)
Purchase of other investment	(500,000)	-
Proceeds from disposal of plant and equipment	-	34,000
<i>Net cash used in investing activities</i>	(632,584)	(368,514)
Cash flows from financing activities		
Repayments of hire purchase	(10,339)	(14,638)
Interest paid	(788)	(704)
<i>Net cash used in financing activities</i>	(11,127)	(15,342)
Net increase / (decrease) in cash and cash equivalents	808,804	(283,389)
Effect of exchange rate changes on cash and cash equivalents	46,324	(2,739)
Cash and cash equivalents at the beginning of year	15,714,753	8,742,832
Cash and cash equivalents at the end of period	16,569,881	8,456,704

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to these interim financial statements.

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Notes to the Interim Financial Statements

Part A - Explanatory notes pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134

A1. Basis of preparation

These financial statements are unaudited and have been prepared in accordance with MFRS 134, Interim Financial Reporting in Malaysia and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market.

These interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2014. These explanatory notes attached to the interim financial statements provide an explanation of the 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 December 2014.

These financial statements of the Group and the Company for the financial year ended 31 December 2014 were prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the provisions of the Companies Act 1965 in Malaysia.

A2. Auditors’ report of preceding annual financial statements

The auditors’ report on the financial statements for the financial year ended 31 December 2014 was not qualified.

A3. Seasonal or cyclical factors

The Group’s interim operations are not affected by seasonal or cyclical factors during the current quarter under review.

A4. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter under review.

A5. Changes in estimates

There were no changes in estimates that have had material effect in the current quarter under review.

A6. Debt and equity securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities, share buy-back, share cancellation, shares held as treasury shares and resale of treasury shares for the current quarter under review.

A7. Dividend paid

A second interim single tier dividend of 1 sen per ordinary share of RM0.10 each for year ended 31 December 2014 was paid on 22 April 2015.

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A8. Segment reporting

As the Group's revenue was primarily attributed to the manufacture of automated systems and machinery segment with only insignificant amount contributed by the software development segment, segmental information based on operating segments was not prepared.

Information about geographical areas

	Revenue from external customers by location of customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
3 months ended 31 March 2015			
Malaysia	2,638,415	41,732,382	132,584
America	4,848,731	-	-
Europe	816	-	-
Australia	32,393	-	-
Asia (exclude Malaysia)	131,751	-	-
Consolidated	7,652,106	41,732,382	132,584

	Revenue from external customers by location of customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
3 months ended 31 March 2014			
Malaysia	1,356,686	29,798,692	402,514
America	1,561,070	-	-
Asia (exclude Malaysia)	2,085,379	-	-
Consolidated	5,003,135	29,798,692	402,514

A9. Post balance sheet events

There were no material events after the current quarter under review that require disclosure or adjustment to the unaudited condensed interim financial statements.

A10. Changes in the composition of the Group

There were no material changes in the composition of the Group for the current quarter under review.

A11. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets as at 31 March 2015 and up to the date of this report.

A12. Capital commitments

As at 31 March 2015, the Group has no capital commitments.

A13. Related party transactions

	Individual Quarter		Cumulative Quarter	
	31.3.15	31.3.14	31.3.15	31.3.14
	RM	RM	RM	RM
Precision tooling charges				
- Micro Carbide Engineering Sdn Bhd	115,434	18,082	115,434	18,082
Rental income received				
- Micro Carbide Engineering Sdn Bhd	67,500	67,500	67,500	67,500

All related party transactions had been entered into in the ordinary course of business and transacted on a negotiated basis.

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PART B - ACE Listing Requirements (Additional information pursuant to Chapter 9, Appendix 9B of the ACE Market Listing Requirements)

B1. Review of performance

	← Quarter ended →					← Period-to-date →		
	31.3.15 RM	31.12.14 RM	Var %	31.3.14 RM	Var %	31.3.15 RM	31.3.14 RM	Var %
Revenue	7,652,106	7,120,627	7	5,003,135	53	7,652,106	5,003,135	53
Cost of sales	(5,605,591)	(4,990,151)	-12	(3,382,479)	-66	(5,605,591)	(3,382,479)	-66
Gross profit	2,046,515	2,130,476	-4	1,620,656	26	2,046,515	1,620,656	26
Other operating income	646,950	702,339	-	159,873	305	646,950	159,873	305
Other operating expenses	(2,607)	-	-	-	-	(2,607)	-	-
Administrative expenses	(996,848)	(1,085,759)	8	(994,664)	-	(996,848)	(994,664)	-
Profit from operations	1,694,010	1,747,056	-3	785,865	116	1,694,010	785,865	116
Interest expense	(788)	(1,047)	-	(704)	-	(788)	(704)	-
Profit before taxation	1,693,222	1,746,009	-	785,161	116	1,693,222	785,161	116
Tax expense	(22,452)	(22,451)	-	(9,452)	-	(22,452)	(9,452)	-
Net profit for the period	1,670,770	1,723,558	-	775,709	115	1,670,770	775,709	115

Comparison with the corresponding period in the previous year

The Group recorded a revenue of RM7.652 million for the current quarter, an increase of 53% (RM2.649 million) as compared to RM5.003 million of the corresponding quarter in the previous year. The higher revenue was mainly due to higher volume of machines sold as a result of good demand from both the LED industry and smart phones/ devices industry.

The higher profit before tax of RM1.693 million for the current quarter, reflecting an increase of 116% (RM0.908 million) against the previous corresponding quarter of RM0.785 was attributable to the increase in revenue as well as a further foreign exchange gain resulted from the strengthening of US Dollar against Ringgit Malaysia during the current quarter.

Corresponding to the increase in profit before tax, net profit after tax surged by 115% (RM0.895 million) to RM1.671 million for the current quarter against the previous corresponding quarter of RM0.776.

Financial period-to-date against preceding year corresponding financial period

The total revenue of the Group of RM7.652 million for the period ended 31 March 2015 increased significantly by 53% (RM2.649 million) as compared to RM5.003 million reported in the previous financial period. The higher revenue was contributed by the higher volume of machines sold to meet the surge in the market demand of smart phones/devices together with the LED related products. This higher revenue was attributed to the Group's ability to penetrate and stay relevant in the niche market of smart phones/devices.

Profit before tax surged by a significant 116% (RM0.908 million) to RM1.693 million from RM0.785 million in the preceding year, mainly attributable to the increase in revenue coupled with the favourable forex gain during the financial period under review.

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B2. Variation of results against preceding quarter

Revenue for the current quarter of RM7.652 million was 7% higher than that recorded in the preceding quarter of RM7.121 million mainly attributed to timing of completion and delivery of customized machines during the quarter. Gross margin recorded was consistent with the nature of machines sold during the quarter.

B3. Current year's prospect

Barring unforeseen circumstances, the Board is optimistic on the prospect of the Group for the financial year ending 31 December 2015.

B4. Board of Directors' opinion on revenue / profit estimate / forecast / projection / internal targets

Not applicable as the Group did not announce or disclose in any public document any revenue or profit estimate, forecast, projection or internal targets.

B5. Profit forecast

Not applicable as the Group did not announce or disclose in a public document any profit forecast or profit guarantee.

B6. Breakdown of tax charge and explanation of variance between the effective and statutory tax rate for the current quarter and the financial period-to-date

Reconciliation of effective tax expense:

	Current year quarter 31.3.15 RM	Preceding year quarter 31.3.14 RM
Profit before tax	1,693,222	785,161
Taxation at Malaysian statutory tax rate of 25%	423,306	196,290
Non-deductible expenses	22,992	26,703
Losses not available for set-off	9,468	12,278
Pioneer income	(16,268)	(65,436)
Crystallisation of deferred tax liability	(2,548)	(2,548)
Unrecognised deferred tax assets	(115,536)	(93,539)
Utilisation of other tax allowances	(298,962)	(64,296)
Tax expense	<u>22,452</u>	<u>9,452</u>

B7. Unquoted investments and properties

There were no sales of unquoted investments and/or properties for the current quarter under review.

B8. Quoted investment

A summary of the movement of quoted investment during the period ended 31 March 2015 is as follows:

	RM
Balance at 1 January 2015	-
Purchase during the period	500,000
Add: Gain on fair value adjustment	5,918
Balance at 31 March 2015	<u>505,918</u>

B9. Status of corporate proposal announced

There is no corporate proposal announced but not completed as at the date of this report.

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B10. Group's borrowings and debt securities

The Group's borrowings are secured by a charge over the leased assets, denominated in Ringgit Malaysia and classified as follows:

	Current year quarter 31.3.15 RM	Preceding quarter 31.12.14 RM
<u>Hire Purchase</u>		
Non-current liabilities	10,889	18,790
Current liabilities	39,783	42,221
	50,672	61,011

B11. Off balance sheet financial instruments

There were no off balance sheet financial instruments as at the date of this report.

B12. Material litigation

There are no material litigations pending as at the date of this report.

B13. Dividends proposed or declared

No dividend was proposed or declared by the Company during the current quarter under review.

B14. Earnings per share (EPS)

a) Basic EPS

Basic EPS is calculated by dividing the net profit after tax and minority interests for the period by number of ordinary shares in issue during the period.

	Individual Quarter		Cumulative Quarter	
	31.3.15 RM	31.3.14 RM	31.3.15 RM	31.3.14 RM
Net profit after tax and minority interests (RM)	1,670,770	775,709	1,670,770	775,709
Weighted average number of ordinary shares in issue	163,000,000	163,000,000	163,000,000	163,000,000
Basic earnings per share (sen)	1.0250	0.4759	1.0250	0.4759

b) Diluted EPS

The Group does not have any convertible securities and accordingly diluted EPS is not applicable.

B15. Realised and Unrealised (Profit) / Losses Disclosure

The unappropriated profits as at 31 March 2015 and 31 December 2014 is analysed as follows:

	Current quarter 31.3.15 RM	Preceding quarter 31.12.14 RM
Total unappropriated profits of the Group		
- realised profit	11,730,440	9,994,396
- unrealised profit	378,626	443,900
Total Group unappropriated profits as per consolidated financial statements	12,109,066	10,438,296

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B16. Profit before tax

The following items have been included in arriving at profit before tax:

	Individual quarter 31.3.15 RM	Preceding year quarter 31.3.14 RM
Depreciation	142,115	121,585
Gain on fair value adjustment of other investment	(5,918)	-
Foreign exchange (gain)/loss - realised	(76,671)	2,410
- unrealised	(378,626)	(7,772)
Interest expense	788	704
Interest income	(108,431)	(53,118)
Loss/(Gain) from disposal of plant and equipment	2,607	(33,592)

B17. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 May 2015.