



MMS VENTURES BERHAD
(Company No. 647125-P)

(Incorporated in Malaysia)

**Quarterly Report on Consolidated Results
For The Second Quarter Ended 30 June 2015**

(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position

As at 30 June 2015

(The figures have not been audited)

	Note	30.6.15 (Unaudited) RM	31.12.14 (Audited) RM
Property, plant and equipment		9,762,935	9,921,884
Total non-current assets		9,762,935	9,921,884
Inventories		6,926,095	7,386,942
Other investments		1,510,896	-
Trade receivables		7,382,589	6,813,466
Sundry receivables, deposits and prepayments		523,207	539,446
Tax refundable		9,309	13,849
Fixed deposits with licensed banks		15,330,714	11,377,186
Cash and cash equivalents		2,200,839	4,337,567
Total current assets		33,883,649	30,468,456
Total assets		43,646,584	40,390,340
Equity			
Share capital		16,300,000	16,300,000
Treasury shares		(221,773)	-
Share premium		4,663,468	4,663,468
Unappropriated profits		14,035,354	10,438,296
Total equity attributable to shareholders of the Company		34,777,049	31,401,764
Total equity		34,777,049	31,401,764
Liabilities			
Hire purchase creditors	B10	-	18,790
Deferred tax liabilities		478,616	483,712
Total non-current liabilities		478,616	502,502
Trade payables		5,643,128	5,776,541
Sundry payables and accruals		2,683,140	2,667,312
Hire purchase creditors	B10	40,189	42,221
Provision for taxation		24,462	-
Total current liabilities		8,390,919	8,486,074
Total liabilities		8,869,535	8,988,576
Total equity and liabilities		43,646,584	40,390,340
Net assets per share (RM) @		0.21	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 Second Quarter Ended 30 June 2015
(The figures have not been audited)

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended	3 months ended	6 months ended	6 months ended
		30.6.15	30.6.14	30.6.15	30.6.14
		RM	RM	RM	RM
Revenue		11,431,829	11,463,967	19,083,935	16,467,102
Cost of sales		(7,126,854)	(7,176,412)	(12,732,445)	(10,499,391)
Gross profit		4,304,975	4,287,555	6,351,490	5,967,711
Other operating income		213,001	115,434	844,228	275,415
Other operating expenses		2,607	(101,930)	-	(102,038)
Administrative expenses		(914,477)	(1,035,959)	(1,911,325)	(2,090,123)
Profit from operations		3,606,106	3,265,100	5,284,393	4,050,965
Interest expense		(643)	(513)	(1,431)	(1,217)
Profit before taxation		3,605,463	3,264,587	5,282,962	4,049,748
Tax expense	B6	(33,452)	(9,452)	(55,904)	(18,904)
Net profit for the period	B1	3,572,011	3,255,135	5,227,058	4,030,844
Attributable to:					
Shareholders of the Company		3,572,011	3,255,135	5,227,058	4,030,844
Minority interests		-	-	-	-
Net profit for the period		3,572,011	3,255,135	5,227,058	4,030,844
Earnings per share					
(i) Basic (sen)	B14	2.1917	1.9970	3.2072	2.4729
(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 Second Quarter Ended 30 June 2015
(The figures have not been audited)

	←	Non-distributable		→	Distributable	
	Share Capital RM	Treasury Shares RM	Share Premium RM		Retained Profits RM	Total RM
At 1 January 2015	16,300,000	-	4,663,468		10,438,296	31,401,764
Transactions with owners						
Purchase of treasury shares	-	(221,773)	-		-	(221,773)
Dividend paid	-	-	-		(1,630,000)	(1,630,000)
	-	(221,773)	-		(1,630,000)	(1,851,773)
Net profit for the period	-	-	-		5,227,058	5,227,058
At 30 June 2015	16,300,000	(221,773)	4,663,468		14,035,354	34,777,049
At 1 January 2014	16,300,000	-	4,663,468		1,612,647	22,576,115
Transactions with owners						
Purchase of treasury shares	-	-	-		-	-
Dividend declared	-	-	-		(1,630,000)	(1,630,000)
	-	-	-		(1,630,000)	(1,630,000)
Net profit for the period	-	-	-		4,030,844	4,030,844
At 30 June 2014	16,300,000	-	4,663,468		4,013,491	24,976,959

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 Second Quarter Ended 30 June 2015
(The figures have not been audited)

	6 months ended 30 June	
	2015	2014
	RM	RM
Cash flows from operating activities		
Profit before tax	5,282,962	4,049,748
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	287,434	255,093
Gain on fair value adjustment of other investments	(10,896)	-
Unrealised forex (gain) / loss	(258,041)	43,162
Loss / (Gain) on disposal of plant and equipment	4,099	(33,892)
Interest income	(225,562)	(106,414)
Interest expense	1,431	1,217
<i>Operating profit before working capital changes</i>	5,081,427	4,208,914
<i>Adjustments for working capital changes:-</i>		
Inventories	460,847	(2,727,194)
Trade receivables	(332,322)	(8,454,741)
Sundry receivables, deposits and prepayments	16,239	(347,512)
Trade payables	(133,413)	3,869,483
Sundry payables and accruals	15,828	5,244,334
<i>Cash generated from operations</i>	5,108,606	1,793,284
Interest received	225,562	106,414
Income tax paid	(31,998)	(12,720)
<i>Net cash generated from operating activities</i>	5,302,170	1,886,978
Cash flows from investing activities		
Purchase of plant and equipment	(132,584)	(490,938)
Purchase of other investments	(1,500,000)	-
Proceeds from disposal of plant and equipment	-	34,000
<i>Net cash used in investing activities</i>	(1,632,584)	(456,938)
Cash flows from financing activities		
Purchase of treasury shares	(221,773)	-
Dividend paid	(1,630,000)	-
Repayments of hire purchase	(20,822)	(29,467)
Interest paid	(1,431)	(1,217)
<i>Net cash used in financing activities</i>	(1,874,026)	(30,684)
Net increase in cash and cash equivalents	1,795,560	1,399,356
Effect of exchange differences in cash and cash equivalents	21,240	(4,352)
Cash and cash equivalents at the beginning of year	15,714,753	8,742,832
Cash and cash equivalents at the end of period	17,531,553	10,137,836

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 for the current quarter-to-date under review, except for the following:

Treasury shares

The treasury shares held as at 30 June 2015 were as follows:

	RM
Balance at 1 January 2015	-
Add: Purchase of treasury shares	300,000
Balance at 30 June 2015	<u>300,000</u>

A7. Dividend paid

The second interim single tier dividend of 1 sen per ordinary share of RM0.10 each for the 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 30 June 2015			
Malaysia	2,415,930	43,637,275	-
America	2,839,232	-	-
Europe	2,773	-	-
Australia	4,497	-	-
Asia (exclude Malaysia)	6,169,397	-	-
Consolidated	<u>11,431,829</u>	<u>43,637,275</u>	<u>-</u>

	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 30 June 2014			
Malaysia	6,148,634	39,862,049	88,424
America	2,775,209	-	-
Europe	100,461	-	-
Australia	20,847	-	-
Asia (exclude Malaysia)	2,418,816	-	-
Consolidated	<u>11,463,967</u>	<u>39,862,049</u>	<u>88,424</u>

	Revenue from external customers by location of customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
6 months ended 30 June 2015			
Malaysia	5,054,345	43,637,275	132,584
America	7,687,963	-	-
Europe	3,589	-	-
Australia	36,890	-	-
Asia (exclude Malaysia)	6,301,148	-	-
Consolidated	<u>19,083,935</u>	<u>43,637,275</u>	<u>132,584</u>

	Revenue from external customers by location of customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
6 months ended 30 June 2014			
Malaysia	7,505,141	39,862,049	490,938
America	4,336,278	-	-
Europe	100,641	-	-
Australia	20,847	-	-
Asia (exclude Malaysia)	4,504,195	-	-
Consolidated	<u>16,467,102</u>	<u>39,862,049</u>	<u>490,938</u>

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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 30 June 2015 and up to the date of this report.

A12. Capital commitments

<u>Approved but not contracted for</u>	30.6.15
	RM
Capital and R&D expenditure	<u>1,500,000</u>

A13. Related party transactions

	Individual Quarter		Cumulative Quarter	
	30.6.15	30.6.14	30.6.15	30.6.14
	RM	RM	RM	RM
Micro Carbide Engineering Sdn Bhd				
- Precision tooling charges	106,862	281,900	222,296	299,982
- Rental income received	81,900	67,500	149,400	135,000

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 →		
	30.6.15 RM	31.3.15 RM	Var %	30.6.14 RM	Var %	30.6.15 RM	30.6.14 RM	Var %
Revenue	11,431,829	7,652,106	49	11,463,967	0.3	19,083,935	16,467,102	16
Cost of sales	(7,126,854)	(5,605,591)	-27	(7,176,412)	-0.7	(12,732,445)	(10,499,391)	-21
Gross profit	4,304,975	2,046,515	110	4,287,555	0.4	6,351,490	5,967,711	6
Other operating income	213,001	646,950	-67	115,434	85	844,228	275,415	207
Other operating expenses	2,607	(2,607)		(101,930)	103	-	(102,038)	
Administrative expenses	(914,477)	(996,848)	8	(1,035,959)	12	(1,911,325)	(2,090,123)	9
Profit from operations	3,606,106	1,694,010	113	3,265,100	10	5,284,393	4,050,965	30
Interest expense	(643)	(788)		(513)		(1,431)	(1,217)	
Profit before taxation	3,605,463	1,693,222	113	3,264,587	10	5,282,962	4,049,748	30
Tax expense	(33,452)	(22,452)		(9,452)		(55,904)	(18,904)	-
Net profit for the period	3,572,011	1,670,770		3,255,135		5,227,058	4,030,844	30

Comparison with the corresponding period in the previous year

The Group recorded a revenue of RM11.432 million for the current quarter, a negligible decrease of 0.3% (RM32K) as compared to RM11.464 million of the corresponding quarter in the previous year resulting from a rather similar trend in sales of machine for the two quarters in comparison.

In tandem with the revenue, gross profit of RM4.305 million for the current quarter was consistent with gross profit reported for the corresponding quarter in the previous year. The hike in other operating income was attributable to increase in interest income, gain from foreign exchange and gain arising from fair value adjustment on other investments. The decline in other operating expenses was attributed to gain from the strengthening of USD exchange rate against RM in the current quarter recorded under other operating income.

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

The total revenue of the Group of RM19.084 million for the period ended 30 June 2015 increased by 16% (RM2.617 million) as compared to RM16.467 million reported in the previous financial period. The higher revenue was contributed by the higher volume of machines sold to meet the market demand of LED related products from the automotive industry during the period.

The hike in other operating income was attributable to increase in interest income and gain arising from fair value adjustment on other investments. The decline in other operating expenses was attributed to gain from the strengthening USD exchange rate against RM during the financial period under review.

Profit before tax increased by 30% (RM1.233 million) to RM5.283 million from RM4.050 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 RM11.432 million was 49% higher than that recorded in the preceding quarter of RM7.652 million mainly attributed to increase in demand for LED related products from the automotive industry during the quarter. Gross margin recorded was consistent with the nature of machines sold during the quarter.

The preceding quarter saw a higher other operating income as realisation of forex gain resulted from the strengthening of USD against the RM was greater in that quarter since most receivables denominated in USD were booked in at much lower rates before the drastic hike. No major fluctuations were noted in current quarter's administrative expenses as compared to preceding quarter.

B3. Current year prospects

A few years ago the Company switched its business strategy and direction from one of building assembly and test equipments for the Semiconductor industry to one that focused on the Smart Devices and Automotive for LED market. This decision has paid off as shown by the results of the past few years.

Given the continued strength and demand of the market the Board expects the Company to be profitable for the rest of the year.

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:

	Individual Quarter		Cumulative Quarter	
	30.6.15 RM	30.6.14 RM	30.6.15 RM	30.6.14 RM
Profit before tax	3,605,463	3,264,587	5,282,962	4,049,748
Taxation at Malaysian statutory tax rate of 25%	901,366	816,147	1,320,741	1,012,437
Non-deductible expenses	(4,941)	18,696	18,058	45,401
Losses not available for set-off	10,636	8,504	20,104	20,782
Pioneer income	(6,314)	(81,345)	(22,582)	(146,781)
Crystallisation of deferred tax liability	(2,548)	(2,548)	(5,096)	(5,096)
Utilisation of tax allowances	(458,998)	(573,793)	(754,036)	(638,091)
Unrecognised deferred tax assets	(405,749)	(176,209)	(521,285)	(269,748)
Tax expense	<u>33,452</u>	<u>9,452</u>	<u>55,904</u>	<u>18,904</u>

B7. Unquoted investments and properties

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

B8. Quoted investments

A summary of the movement of quoted investment during the period ended 30 June 2015 is as follows:

	RM
Balance at 1 January 2015	-
Purchase during the period	1,500,000
Add: Gain on fair value adjustment	10,896
Balance at 30 June 2015	<u>1,510,896</u>

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B9. Status of corporate proposal announced

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

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 30.6.15 RM	Preceding quarter 31.12.14 RM
Hire Purchase	-	18,790
Non-current liabilities	40,189	42,221
Current liabilities	<u>40,189</u>	<u>61,011</u>

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. Dividend declared

The Board of Directors declared a first interim single tier dividend of 1 sen per ordinary share of RM0.10 each for year ending 31 December 2015. Entitlement to dividend is based on Record of Depositors as at 18 September 2015, payable on 16 October 2015.

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	
	30.6.15 RM	30.6.14 RM	30.6.15 RM	30.6.14 RM
Net profit after tax and minority interests (RM)	3,572,011	3,255,135	5,227,058	4,030,844
Weighted average number of ordinary shares in issue	162,980,939	163,000,000	162,980,939	163,000,000
Basic earnings per share (sen)	2.1917	1.9970	3.2072	2.4729

b) **Diluted EPS**

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

B15. Realised and Unrealised Profit Disclosure

The unappropriated profits as at 30 June 2015 and 31 December 2014 is analysed as follows:

	Current quarter 30.6.15 RM	Preceding quarter 31.12.14 RM
Total unappropriated profits of the Group		
- realised profit	13,777,313	9,994,396
- unrealised profit	<u>258,041</u>	<u>443,900</u>
Total Group unappropriated profits as per consolidated financial statements	<u>14,035,354</u>	<u>10,438,296</u>

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B16. Profit before tax

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

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.6.15	30.6.14	30.6.15	30.6.14
	RM	RM	RM	RM
Depreciation	145,319	133,508	287,434	255,093
Gain on fair value adjustment of other investments	(4,978)	-	(10,896)	-
Foreign exchange loss / (gain) - realised	(95,993)	56,358	(172,664)	58,768
- unrealised	120,585	50,934	(258,041)	43,162
Interest expense	643	513	1,431	1,217
Interest income	(117,131)	(53,296)	(225,562)	(106,414)
Loss / (Gain) from disposal of plant and equipment	1,492	(500)	4,099	(33,892)

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 21 August 2015.