



MMS VENTURES BERHAD
(Company No. 647125-P)

(Incorporated in Malaysia)

**Quarterly Report on Consolidated Results
For The Third Quarter Ended 30 September 2015**

(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position

As at 30 September 2015

(The figures have not been audited)

	Note	30.9.15 (Unaudited) RM	31.12.14 (Audited) RM
Property, plant and equipment		9,698,134	9,921,884
Total non-current assets		9,698,134	9,921,884
Inventories		6,026,624	7,386,942
Other investments		2,480,962	-
Trade receivables		6,859,580	6,813,466
Sundry receivables, deposits and prepayments		382,723	539,446
Tax refundable		8,684	13,849
Fixed deposits with licensed banks		14,768,219	11,377,186
Cash and cash equivalents		3,692,192	4,337,567
Total current assets		34,218,984	30,468,456
Total assets		43,917,118	40,390,340
Equity			
Share capital		16,300,000	16,300,000
Treasury shares		(491,763)	-
Share premium		4,663,468	4,663,468
Unappropriated profits		14,578,302	10,438,296
Total equity attributable to shareholders of the Company		35,050,007	31,401,764
Total equity		35,050,007	31,401,764
Liabilities			
Hire purchase creditors	B10	-	18,790
Deferred tax liabilities		476,068	483,712
Total non-current liabilities		476,068	502,502
Trade payables		3,569,501	5,776,541
Sundry payables and accruals		3,141,584	2,667,312
Hire purchase creditors	B10	29,561	42,221
Dividend payable		1,622,970	-
Provision for taxation		27,427	-
Total current liabilities		8,391,043	8,486,074
Total liabilities		8,867,111	8,988,576
Total equity and liabilities		43,917,118	40,390,340
Net assets per share (RM) @		0.22	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 Third Quarter Ended 30 September 2015**
(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
		30.9.15 RM	30.9.14 RM	30.9.15 RM	30.9.14 RM
Revenue		7,691,692	16,103,736	26,775,627	32,570,838
Cost of sales		(5,725,747)	(10,788,443)	(18,458,192)	(21,287,834)
Gross profit		1,965,945	5,315,293	8,317,435	11,283,004
Other operating income		1,102,854	403,304	1,947,083	678,719
Other operating expenses		(5,028)	102,038	(5,028)	-
Administrative expenses		(880,903)	(1,105,470)	(2,792,228)	(3,195,592)
Profit from operations		2,182,868	4,715,165	7,467,262	8,766,131
Interest expense		(499)	(465)	(1,930)	(1,682)
Profit before taxation		2,182,369	4,714,700	7,465,332	8,764,449
Tax expense	B6	(16,402)	(13,452)	(72,356)	(32,356)
Net profit for the period	B1	2,165,967	4,701,248	7,392,976	8,732,093
Attributable to:					
Shareholders of the Company		2,165,967	4,701,248	7,392,976	8,732,093
Minority interests		-	-	-	-
Net profit for the period		2,165,967	4,701,248	7,392,976	8,732,093
Earnings per share					
(i) Basic (sen)	B14	1.3303	2.8842	4.5406	5.3571
(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 Third Quarter Ended 30 September 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	-	(491,763)	-		-	(491,763)
Dividend paid / declared	-	-	-		(3,252,970)	(3,252,970)
	-	(491,763)	-		(3,252,970)	(3,744,733)
Net profit for the period	-	-	-		7,392,976	7,392,976
At 30 September 2015	16,300,000	(491,763)	4,663,468		14,578,302	35,050,007
At 1 January 2014	16,300,000	-	4,663,468		1,612,647	22,576,115
Transactions with owners						
Purchase of treasury shares	-	-	-		-	-
Dividend paid	-	-	-		(1,630,000)	(1,630,000)
	-	-	-		(1,630,000)	(1,630,000)
Net profit for the period	-	-	-		8,732,093	8,732,093
At 30 September 2014	16,300,000	-	4,663,468		8,714,740	29,678,208

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 Third Quarter Ended 30 September 2015
(The figures have not been audited)

	9 months ended 30 September	
	2015	2014
	RM	RM
Cash flows from operating activities		
Profit before tax	7,465,332	8,764,449
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	447,480	397,231
Gain on fair value adjustment of other investments	(2,897)	-
Unrealised foreign exchange gain	(493,518)	(331,349)
Loss / (Gain) on disposal of plant and equipment	5,028	(40,672)
Interest income	(342,166)	(176,853)
Interest expense	1,930	1,682
<i>Operating profit before working capital changes</i>	7,081,189	8,614,488
<i>Adjustments for working capital changes:-</i>		
Inventories	1,360,318	(3,815,955)
Trade receivables	392,512	(9,395,172)
Sundry receivables, deposits and prepayments	156,723	(328,099)
Trade payables	(2,207,040)	6,147,252
Sundry payables and accruals	474,272	4,247,437
<i>Cash generated from operations</i>	7,257,974	5,469,951
Interest received	342,166	176,853
Income tax paid	(47,408)	(31,589)
<i>Net cash generated from operating activities</i>	7,552,732	5,615,215
Cash flows from investing activities		
Purchase of plant and equipment	(228,758)	(798,122)
Purchase of other investments	(2,478,065)	-
Proceeds from disposal of plant and equipment	-	42,000
<i>Net cash used in investing activities</i>	(2,706,823)	(756,122)
Cash flows from financing activities		
Purchase of treasury shares	(491,763)	-
Dividend paid	(1,630,000)	(1,630,000)
(Repayments) / Drawdown of hire purchase, net	(31,450)	10,699
Interest paid	(1,930)	(1,682)
<i>Net cash used in financing activities</i>	(2,155,143)	(1,620,983)
Net increase in cash and cash equivalents	2,690,766	3,238,110
Effect of exchange differences in cash and cash equivalents	54,892	65,373
Cash and cash equivalents at the beginning of period	15,714,753	8,742,832
Cash and cash equivalents at the end of period	18,460,411	12,046,315

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.

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

Number of treasury shares held as at 30 September 2015 were as follows:

Balance at 1 January 2015	-
Add: Purchase of treasury shares	703,000
Balance at 30 September 2015	<u>703,000</u>

A7. Dividend paid

The first interim single tier dividend of 1 sen per ordinary share of RM0.10 each for the year ending 31 December 2015 was paid on 16 October 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 September 2015			
Malaysia	2,191,673	43,908,434	96,174
America	5,077,340	-	-
Europe	11,730	-	-
Australia	9,639	-	-
Asia (exclude Malaysia)	401,310	-	-
Consolidated	<u>7,691,692</u>	<u>43,908,434</u>	<u>96,174</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 September 2014			
Malaysia	8,542,568	44,248,919	307,184
America	5,001,153	-	-
Europe	199,606	-	-
Australia	13,070	-	-
Asia (exclude Malaysia)	2,347,339	-	-
Consolidated	<u>16,103,736</u>	<u>44,248,919</u>	<u>307,184</u>

	Revenue from external customers by location of customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
9 months ended 30 September 2015			
Malaysia	7,246,018	43,908,434	228,758
America	12,765,303	-	-
Europe	15,319	-	-
Australia	46,530	-	-
Asia (exclude Malaysia)	6,702,457	-	-
Consolidated	<u>26,775,627</u>	<u>43,908,434</u>	<u>228,758</u>

	Revenue from external customers by location of customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
9 months ended 30 September 2014			
Malaysia	16,047,709	44,248,919	798,122
America	9,337,431	-	-
Europe	300,247	-	-
Australia	33,917	-	-
Asia (exclude Malaysia)	6,851,534	-	-
Consolidated	<u>32,570,838</u>	<u>44,248,919</u>	<u>798,122</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 September 2015 and up to the date of this report.

A12. Capital commitments

<u>Approved but not contracted for</u>	30.9.15
	RM
Capital and R&D expenditure	<u>1,500,000</u>

A13. Related party transactions

	Individual Quarter		Cumulative Quarter	
	30.9.15	30.9.14	30.9.15	30.9.14
	RM	RM	RM	RM
Micro Carbide Engineering Sdn Bhd				
- Precision tooling charges	20,346	251,937	242,642	551,919
- Rental income received	89,100	67,500	238,500	202,500

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 →		
	30.9.15 RM	30.6.15 RM	Var %	30.9.14 RM	Var %	30.9.15 RM	30.9.14 RM	Var %
Revenue	7,691,692	11,431,829	-33	16,103,736	-52	26,775,627	32,570,838	-18
Cost of sales	(5,725,747)	(7,126,854)	20	(10,788,443)	47	(18,458,192)	(21,287,834)	13
Gross profit	1,965,945	4,304,975	-54	5,315,293	-63	8,317,435	11,283,004	-26
Other operating income	1,102,854	213,001	418	403,304	173	1,947,083	678,719	187
Other operating expenses	(5,028)	2,607		102,038		(5,028)	-	
Administrative expenses	(880,903)	(914,477)	4	(1,105,470)	20	(2,792,228)	(3,195,592)	13
Profit from operations	2,182,868	3,606,106	-39	4,715,165	-54	7,467,262	8,766,131	-15
Interest expense	(499)	(643)		(465)		(1,930)	(1,682)	
Profit before taxation	2,182,369	3,605,463	-39	4,714,700	-54	7,465,332	8,764,449	-15
Tax expense	(16,402)	(33,452)		(13,452)		(72,356)	(32,356)	-
Net profit for the period	2,165,967	3,572,011		4,701,248		7,392,976	8,732,093	

Comparison with the corresponding period in the previous year

The Group recorded a revenue of RM7.692 million for the current quarter, a decrease of 52% (RM8.412 million) as compared to RM16.104 million of the corresponding quarter in the previous year. The quarter under review saw an increase in sales of machine to the OEM/ODM industry. However, the overall revenue registered a decline due to the decrease in the demand from smart devices industry. Demand for smart devices has been soft as demonstrated by the consumers' sentiments in the past few months in view of the little changes / improvements in features and applications offered by their manufacturers, coupled with the uncertain global economic conditions.

In tandem with the decline in revenue, gross profit also decreased by 63% as compared to the corresponding quarter in the previous year. The significant increase in other operating income was mainly due to increase in interest income coupled with the favourable gain from foreign currency exchange following a sharp appreciation of the USD against RM.

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

The total revenue of the Group of RM26.776 million for the period ended 30 September 2015 decreased by 18% (RM5.795 million) as compared to RM32.571 million reported in the previous financial period. The lower revenue was due to the lower volume of machines sold to meet the market demand of smart devices during the period which has off-setted the increase in demand from the OEM/ODM sectors.

The surge in other operating income was attributable to the increase in interest income coupled with the stronger forex gain since a significant portion of the Group's sales was denominated in the strong US Currency.

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B2. Variation of results against preceding quarter

Revenue for the current quarter of RM7.692 million was 33% lower than that recorded in the preceding quarter of RM11.432 million mainly attributed to a sharper decline in demand from the smart devices industry despite an increase in the sales of machines to the OEM/ODM industry during the quarter. Gross margin recorded was consistent with the nature of machines sold during the quarter.

The current quarter saw a higher other operating income contributed by a further strengthening in the exchange rate of the US Currency against the Ringgit.

B3. Current year prospects

Despite the soft demand experienced from the smart devices sector in the past few months, the Directors foresee ample rooms for expansion in the Group's market shares for other LED related industry especially the automotive sector. Besides, talks about smart devices' manufacturers coming out with new products for their end consumers are expected to materialise.

Notwithstanding all these challenges, the Board of Directors expects the performance of the year to be profitable.

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	
	30.9.15 RM	30.9.14 RM	30.9.15 RM	30.9.14 RM
Profit before tax	2,182,369	4,714,700	7,465,332	8,764,449
Taxation at Malaysian statutory tax rate of 25%	545,592	1,178,675	1,866,333	2,191,112
Non-deductible expenses	54,281	(26,257)	72,390	19,145
Losses not available for set-off	6,390	9,727	26,493	30,508
Pioneer income	3,312	(102,863)	(19,270)	(249,644)
Crystallisation of deferred tax liability	(2,548)	(2,548)	(7,644)	(7,644)
Utilisation of tax allowances	27,001	(613,271)	(727,035)	(1,251,362)
Unrecognised deferred tax assets	(617,626)	(430,011)	(1,138,911)	(699,759)
Tax expense	16,402	13,452	72,356	32,356

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 investments during the period ended 30 September 2015 is as follows:

	RM
Balance at 1 January 2015	-
Purchase during the period	2,478,065
Add: Gain on fair value adjustment	2,897
Balance at 30 September 2015	2,480,962

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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 30.9.15 RM	Preceding year 31.12.14 RM
Hire Purchase	-	18,790
Non-current liabilities	29,561	42,221
Current liabilities	<u>29,561</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

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	
	30.9.15	30.9.14	30.9.15	30.9.14
	RM	RM	RM	RM
Net profit after tax and minority interests (RM)	2,165,967	4,701,248	7,392,976	8,732,093
Weighted average number of ordinary shares in issue	162,818,703	163,000,000	162,818,703	163,000,000
Basic earnings per share (sen)	1.3303	2.8842	4.5406	5.3571

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 September 2015 and 31 December 2014 is analysed as follows:

	Current quarter 30.9.15 RM	Preceding year 31.12.14 RM
Total unappropriated profits of the Group		
- realised profit	14,084,784	9,994,396
- unrealised profit	493,518	443,900
Total Group unappropriated profits as per consolidated financial statements	<u>14,578,302</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		Cumulative Quarter	
	3 months ended		9 months ended	
	30.9.15	30.9.14	30.9.15	30.9.14
	RM	RM	RM	RM
Depreciation	160,046	142,138	447,480	397,231
Loss / (Gain) on fair value adjustment of other investments	7,999		(2,897)	-
Foreign exchange (gain) / loss - realised	(698,538)	13,888	(871,202)	72,656
- unrealised	(235,477)	(374,511)	(493,518)	(331,349)
Interest expense	499	465	1,930	1,682
Interest income	(116,604)	(70,439)	(342,166)	(176,853)
Loss / (Gain) from disposal of plant and equipment	929	(6,780)	5,028	(40,672)

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 24 November 2015.