



MMS VENTURES BERHAD
(Company No. 647125-P)

(Incorporated in Malaysia)

**Quarterly Report on Consolidated Results
For The First Quarter Ended 31 March 2016**

(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position

As at 31 March 2016

(The figures have not been audited)

	Note	31.3.16 (Unaudited) RM	31.12.15 (Audited) RM
Property, plant and equipment		9,710,624	9,846,692
Total non-current assets		9,710,624	9,846,692
Inventories		9,850,576	5,068,033
Other investments		2,871,203	2,014,420
Trade receivables		8,477,915	6,865,810
Sundry receivables, deposits and prepayments		404,185	749,362
Tax refundable		33,730	16,100
Fixed deposits with licensed banks		9,517,630	12,498,908
Cash and cash equivalents		4,069,713	4,499,667
Total current assets		35,224,952	31,712,300
Total assets		44,935,576	41,558,992
Equity			
Share capital		16,300,000	16,300,000
Treasury shares		(1,073,235)	(749,545)
Share premium		4,663,468	4,663,468
Unappropriated profits		15,043,289	15,267,574
Total equity attributable to shareholders of the Company		34,933,522	35,481,497
Total equity		34,933,522	35,481,497
Liabilities			
Deferred tax liabilities		470,971	473,519
Total non-current liabilities		470,971	473,519
Trade payables		8,109,014	3,381,181
Sundry payables and accruals		1,363,916	2,165,181
Hire purchase creditors	B10	10,888	18,790
Provision for taxation		47,265	38,824
Total current liabilities		9,531,083	5,603,976
Total liabilities		10,002,054	6,077,495
Total equity and liabilities		44,935,576	41,558,992
Net assets per share (RM) @		0.21	0.22

@ 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 2015 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 2016
(The figures have not been audited)**

	Note	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
		31.3.16 RM	31.3.15 RM	31.3.16 RM	31.3.15 RM
Revenue		3,843,634	7,652,106	3,843,634	7,652,106
Cost of sales		(2,400,683)	(5,605,591)	(2,400,683)	(5,605,591)
Gross profit		1,442,951	2,046,515	1,442,951	2,046,515
Other operating income		244,227	646,950	244,227	646,950
Other operating expenses		(866,089)	(2,607)	(866,089)	(2,607)
Administrative expenses		(1,023,705)	(996,848)	(1,023,705)	(996,848)
(Loss) / Profit from operations		(202,616)	1,694,010	(202,616)	1,694,010
Interest expense		(217)	(788)	(217)	(788)
(Loss) / Profit before taxation		(202,833)	1,693,222	(202,833)	1,693,222
Tax expense	B6	(21,452)	(22,452)	(21,452)	(22,452)
Net (loss) / profit for the period	B1	(224,285)	1,670,770	(224,285)	1,670,770
Attributable to:					
Shareholders of the Company		(224,285)	1,670,770	(224,285)	1,670,770
Minority interests		-	-	-	-
Net (loss) / profit for the period		(224,285)	1,670,770	(224,285)	1,670,770
Earnings per share					
(i) Basic (sen)	B14	(0.1388)	1.0250	(0.1388)	1.0250
(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 2015 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 2016
(The figures have not been audited)

	Share Capital RM	Treasury Shares RM	Non-distributable Share Premium RM	Distributable Retained Profits RM	Total RM
At 1 January 2016	16,300,000	(749,545)	4,663,468	15,267,574	35,481,497
Transactions with owners					
Purchase of treasury shares	-	(323,690)	-	-	(323,690)
Dividend paid	-	-	-	-	-
	-	(323,690)	-	-	(323,690)
Net loss for the period	-	-	-	(224,285)	(224,285)
At 31 March 2016	16,300,000	(1,073,235)	4,663,468	15,043,289	34,933,522
At 1 January 2015	16,300,000	-	4,663,468	10,438,296	31,401,764
Transactions with owners					
Purchase of treasury shares	-	-	-	-	-
Dividend paid	-	-	-	-	-
	-	-	-	-	-
Net profit for the period	-	-	-	1,670,770	1,670,770
At 31 March 2015	16,300,000	-	4,663,468	12,109,066	33,072,534

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2016
(The figures have not been audited)

	3 months ended 31 March	
	2016	2015
	RM	RM
Cash flows from operating activities		
(Loss) / Profit before tax	(202,833)	1,693,222
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	168,690	142,115
Loss / (Gain) on fair value adjustment of other investments	142,042	(15,722)
Unrealised foreign exchange loss / (gain)	453,660	(378,626)
(Gain) / Loss on disposal of plant and equipment	(30,660)	2,607
Interest income	(124,467)	(108,431)
Interest expense	217	788
<i>Operating profit before working capital changes</i>	406,649	1,335,953
<i>Adjustments for working capital changes:-</i>		
Inventories	(4,782,543)	(658,849)
Trade receivables	(2,006,014)	937,639
Sundry receivables, deposits and prepayments	345,178	46,529
Trade payables	4,729,529	486,575
Sundry payables and accruals	(802,962)	(795,168)
<i>Cash (used in) / generated from operations</i>	(2,110,163)	1,352,679
Interest received	124,467	108,431
Income tax paid	(33,189)	(18,399)
<i>Net cash (used in) / generated from operating activities</i>	(2,018,885)	1,442,711
Cash flows from investing activities		
Purchase of plant and equipment	(32,622)	(132,584)
Purchase of other investments	(998,825)	(490,196)
Proceeds from disposal of plant and equipment	30,660	-
<i>Net cash used in investing activities</i>	(1,000,787)	(622,780)
Cash flows from financing activities		
Purchase of treasury shares	(323,690)	-
Repayments of hire purchase	(7,902)	(10,339)
Interest paid	(217)	(788)
<i>Net cash used in financing activities</i>	(331,809)	(11,127)
Net (decrease) / increase in cash and cash equivalents	(3,351,481)	808,804
Effect of exchange differences in cash and cash equivalents	(59,751)	46,324
Cash and cash equivalents at the beginning of year	16,998,575	15,714,753
Cash and cash equivalents at the end of year	13,587,343	16,569,881

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2015. 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 2015.

These financial statements of the Group and the Company for the financial year ended 31 December 2015 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 2015 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 31 March 2016 were as follows:

Balance at 1 January 2016	1,106,600
Add: Purchase of treasury shares	617,800
Balance at 31 March 2016	<u>1,724,400</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 2015 was paid on 15 April 2016.

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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 2016			
Malaysia	2,870,399	44,901,846	32,622
America	807,188	-	-
Europe	5,476	-	-
Australia	50,292	-	-
Asia (exclude Malaysia)	110,279	-	-
Consolidated	3,843,634	44,901,846	32,622

	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

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 2016 and up to the date of this report.

A12. Capital commitments

<u>Approved but not contracted for</u>	31.3.16
	RM
Capital and R&D expenditure	1,000,000

A13. Related party transactions

	Individual Quarter		Cumulative Quarter	
	31.3.16 RM	31.3.15 RM	31.3.16 RM	31.3.15 RM
Micro Carbide Engineering Sdn Bhd				
- Precision tooling charges	21,484	115,434	21,484	115,434
- Rental income received	89,100	67,500	89,100	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 →		
	31.3.16 RM	31.12.15 RM	Var %	31.3.15 RM	Var %	31.3.16 RM	31.3.15 RM	Var %
Revenue	3,843,634	4,514,966	-15	7,652,106	-50	3,843,634	7,652,106	-50
Cost of sales	(2,400,683)	(2,701,562)	11	(5,605,591)	-57	(2,400,683)	(5,605,591)	-57
Gross profit	1,442,951	1,813,404	-20	2,046,515	-29	1,442,951	2,046,515	-29
Other operating income	244,227	106,500	129	646,950	-62	244,227	646,950	-62
Other operating expenses	(866,089)	(467,466)	-85	(2,607)	-331	(866,089)	(2,607)	-331
Administrative expenses	(1,023,705)	(737,361)	-39	(996,848)	-3	(1,023,705)	(996,848)	-3
(Loss) / Profit from operations	(202,616)	715,077	-128	1,694,010	-112	(202,616)	1,694,010	-112
Interest expense	(217)	(355)		(788)		(217)	(788)	
(Loss) / Profit before taxation	(202,833)	714,722	-128	1,693,222	-112	(202,833)	1,693,222	-112
Tax expense	(21,452)	(25,451)		(22,452)		(21,452)	(22,452)	
Net (loss) / profit for the period	(224,285)	689,271		1,670,770		(224,285)	1,670,770	

Comparison with the corresponding period in the previous year

The Group recorded a revenue of RM3.844 million for the current quarter, a decrease of 50% (RM3.808 million) as compared to RM7.652 million of the corresponding quarter in the previous year. The quarter under review recorded a decrease in sales of machines to the manufacturers of both LED and Semiconductor industries. The effect of cautious spending in their capital expenditure by these manufacturers in the past few months due to the uncertain global economic condition has spilt over to the first quarter of current year and reflected as a general phenomenon within the industry.

Gross profit has remained consistent with the nature of machines sold during the quarter. The decrease in other operating income and increase in other operating expenses were caused by the forex loss arising from the weakened US Dollar against the RM between the time sales were booked and when they were realised.

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

The total revenue of the Group of RM3.844 million for the period ended 31 March 2016 decreased by 50% (RM3.808 million) as compared to RM7.652 million reported in the previous financial period. The lower revenue was due to lower volume of machines sold as the whole global market for the segment has remained rather sluggish during the first quarter period.

The decrease in other operating income and increase in other operating expenses were attributed to the weakened forex rate for the US Dollar against the RM during the quarter since a significant portion of the Group's sales was denominated in the US Currency.

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B2. Variation of results against preceding quarter

Revenue for the current quarter of RM3.844 million was 15% lower than that recorded in the preceding quarter of RM4.515 million mainly attributed to a decline in demand for machines for the quarter coupled with some technical changes made to certain customized machines that affected the timing of delivery. Gross margin recorded was consistent with the nature of machines sold during the quarter.

The current quarter saw a higher other operating expenses mainly due to greater fluctuations in the exchange rate of US Dollar against RM as compared to the preceding quarter.

B3. Current year prospects

Our continuous and relentless marketing effort has finally paid off. Even-though our first quarter's result was weak, the Directors are confident that the prospect for the rest of the current financial year will remain good and profitable. A few weeks before the end of last quarter, the Group has secured a good number of orders from customers for various types of machines which should augur well for the Group.

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 year quarter and the preceding year quarter

Reconciliation of effective tax expense:

	Current year quarter 31.3.16 RM	Preceding year quarter 31.3.15 RM
(Loss) / Profit before tax	(202,833)	1,693,222
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	(48,680)	423,306
Non-deductible expenses	4,500	22,992
Losses not available for set-off	21,958	9,468
Pioneer income	(69,604)	(16,268)
Crystallisation of deferred tax liability	(2,548)	(2,548)
Utilisation of tax allowances	-	(298,962)
Unrecognised deferred tax assets	115,826	(115,536)
Tax expense	<u>21,452</u>	<u>22,452</u>

B7. Unquoted investments and properties

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

B8. Quoted investments

A summary of the movement of quoted investments during the period ended 31 March 2016 is as follows:

	RM
Balance at 1 January 2016	2,014,420
Add: Purchases	998,825
Less: Disposals	-
Less : Loss on fair value adjustment	(142,042)
Balance at 31 March 2016	<u>2,871,203</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 31.3.16 RM	Preceding year 31.12.15 RM
Hire Purchase	-	-
Non-current liabilities	10,888	18,790
Current liabilities	<u>10,888</u>	<u>18,790</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	
	31.3.16	31.3.15	31.3.16	31.3.15
	RM	RM	RM	RM
Net (loss) / profit after tax and minority interests (RM)	(224,285)	1,670,770	(224,285)	1,670,770
Weighted average number of ordinary shares in issue	161,614,500	163,000,000	161,614,500	163,000,000
Basic earnings per share (sen)	(0.1388)	1.0250	(0.1388)	1.0250

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 31 March 2016 and 31 December 2015 are analysed as follows:

	Current quarter 31.3.16 RM	Preceding year 31.12.15 RM
Total unappropriated profits of the Group		
- realised profit	25,107,132	24,648,816
- unrealised loss	(924,631)	(242,030)
	<u>24,182,501</u>	<u>24,406,786</u>
Less : Consolidated adjustments	(9,139,212)	(9,139,212)
Total Group unappropriated profits as per consolidated financial statements	<u>15,043,289</u>	<u>15,267,574</u>

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B16. Profit before tax

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

	Current quarter 31.3.16 RM	Preceding year quarter 31.3.15 RM
Depreciation	168,690	142,115
Loss / (Gain) on fair value adjustment of other investments	142,042	(15,722)
Foreign exchange loss / (gain) - realised	270,387	(76,671)
- unrealised	453,660	(378,626)
Interest income	(124,467)	(108,431)
Interest expense	217	788
Rental income	(89,100)	(67,500)
(Gain) / Loss from disposal of plant and equipment	(30,660)	2,607

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 26 May 2016.