



**MMS VENTURES BERHAD**  
(Company No. 647125-P)

(Incorporated in Malaysia)

**Quarterly Report on Consolidated Results  
For The Second Quarter Ended 30 June 2016**

(Incorporated in Malaysia)

## Condensed Consolidated Statement of Financial Position

As at 30 June 2016

(The figures have not been audited)

	Note	30.6.16 (Unaudited) RM	31.12.15 (Audited) RM
Property, plant and equipment		9,572,181	9,846,692
<b>Total non-current assets</b>		<b>9,572,181</b>	<b>9,846,692</b>
Inventories		6,660,189	5,068,033
Other investments		2,900,049	2,014,420
Trade receivables		18,324,090	6,865,810
Sundry receivables, deposits and prepayments		464,774	749,363
Tax refundable		30,620	16,100
Fixed deposits with licensed banks		10,424,941	12,498,908
Cash and cash equivalents		2,336,916	4,499,667
<b>Total current assets</b>		<b>41,141,579</b>	<b>31,712,301</b>
<b>Total assets</b>		<b>50,713,760</b>	<b>41,558,993</b>
<b>Equity</b>			
Share capital		16,300,000	16,300,000
Treasury shares		(1,121,669)	(749,545)
Share premium		4,663,468	4,663,468
Unappropriated profits		19,141,499	15,267,574
<b>Total equity attributable to shareholders of the Company</b>		<b>38,983,298</b>	<b>35,481,497</b>
<b>Total equity</b>		<b>38,983,298</b>	<b>35,481,497</b>
<b>Liabilities</b>			
Deferred tax liabilities		468,425	473,519
<b>Total non-current liabilities</b>		<b>468,425</b>	<b>473,519</b>
Trade payables		5,934,869	3,379,485
Sundry payables and accruals		5,270,080	2,166,878
Hire purchase creditors	B10	4,382	18,790
Provision for taxation		52,706	38,824
<b>Total current liabilities</b>		<b>11,262,037</b>	<b>5,603,977</b>
<b>Total liabilities</b>		<b>11,730,462</b>	<b>6,077,496</b>
<b>Total equity and liabilities</b>		<b>50,713,760</b>	<b>41,558,993</b>
<b>Net assets per share (RM) @</b>		<b>0.24</b>	<b>0.22</b>

@ 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.

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the Second Quarter Ended 30 June 2016**  
(The figures have not been audited)

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended		6 months ended	
		30.6.16	30.6.15	30.6.16	30.6.15
		RM	RM	RM	RM
<b>Revenue</b>		<b>20,067,997</b>	11,431,829	<b>23,911,632</b>	19,083,935
Cost of sales		<b>(13,824,979)</b>	(7,126,854)	<b>(16,225,663)</b>	(12,732,445)
<b>Gross profit</b>		<b>6,243,018</b>	4,304,975	<b>7,685,969</b>	6,351,490
Other operating income		<b>214,888</b>	215,608	<b>459,115</b>	844,228
Other operating expenses		<b>448,019</b>	-	<b>(418,070)</b>	-
Administrative expenses		<b>(1,176,386)</b>	(914,477)	<b>(2,200,092)</b>	(1,911,325)
<b>Profit from operations</b>		<b>5,729,539</b>	3,606,106	<b>5,526,922</b>	5,284,393
Interest expense		<b>(120)</b>	(643)	<b>(337)</b>	(1,431)
<b>Profit before taxation</b>		<b>5,729,419</b>	3,605,463	<b>5,526,585</b>	5,282,962
Tax expense	B6	<b>(17,452)</b>	(33,452)	<b>(38,904)</b>	(55,904)
<b>Net profit for the period</b>	B1	<b>5,711,967</b>	3,572,011	<b>5,487,681</b>	5,227,058
<b>Attributable to:</b>					
Shareholders of the Company		<b>5,711,967</b>	3,572,011	<b>5,487,681</b>	5,227,058
Minority interests		-	-	-	-
<b>Net profit for the period</b>		<b>5,711,967</b>	3,572,011	<b>5,487,681</b>	5,227,058
<b>Earnings per share</b>					
(i) Basic (sen)	B14	3.54	2.19	3.40	3.21
(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.

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Changes in Equity**  
**For the Second Quarter Ended 30 June 2016**  
(The figures have not been audited)

	<b>Share Capital RM</b>	<b>Non-distributable Treasury Shares RM</b>	<b>Share Premium RM</b>	<b>Distributable Retained Profits RM</b>	<b>Total RM</b>
<b>At 1 January 2016</b>	16,300,000	(749,545)	4,663,468	15,267,574	35,481,497
<b>Transactions with owners</b>					
Purchase of treasury shares	-	(372,124)	-	-	(372,124)
Dividend paid	-	-	-	(1,613,756)	(1,613,756)
	-	(372,124)	-	(1,613,756)	(1,985,880)
Net profit for the period	-	-	-	5,487,681	5,487,681
<b>At 30 June 2016</b>	<b>16,300,000</b>	<b>(1,121,669)</b>	<b>4,663,468</b>	<b>19,141,499</b>	<b>38,983,298</b>
<b>At 1 January 2015</b>	16,300,000	-	4,663,468	10,438,296	31,401,764
<b>Transactions with owners</b>					
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
<b>At 30 June 2015</b>	<b>16,300,000</b>	<b>(221,773)</b>	<b>4,663,468</b>	<b>14,035,354</b>	<b>34,777,049</b>

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.

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows**  
**For the Second Quarter Ended 30 June 2016**  
(The figures have not been audited)

	<b>6 months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flows from operating activities</b>		
Profit before tax	5,526,585	5,282,962
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	340,181	287,434
Loss / (Gain) on fair value adjustment of other investments	211,195	(10,896)
Unrealised foreign exchange gain	(134,326)	(258,041)
(Gain) / Loss on disposal of plant and equipment	(30,660)	4,099
Interest income	(250,256)	(225,562)
Interest expense	337	1,431
<i>Operating profit before working capital changes</i>	5,663,056	5,081,427
<i>Adjustments for working capital changes:-</i>		
Inventories	(1,592,156)	460,847
Trade receivables	(11,290,156)	(332,322)
Sundry receivables, deposits and prepayments	284,589	16,239
Trade payables	2,555,384	(133,413)
Sundry payables and accruals	3,103,202	15,828
<i>Cash (used in) / generated from operations</i>	(1,276,081)	5,108,606
Interest received	250,256	225,562
Income tax paid	(44,636)	(31,998)
<i>Net cash (used in) / generated from operating activities</i>	(1,070,461)	5,302,170
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(65,670)	(132,584)
Purchase of other investments	(1,096,824)	(1,500,000)
Proceeds from disposal of plant and equipment	30,660	-
<i>Net cash used in investing activities</i>	(1,131,834)	(1,632,584)
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	(372,124)	(221,773)
Repayments of hire purchase	(14,408)	(20,822)
Dividend paid	(1,613,756)	(1,630,000)
Interest paid	(337)	(1,431)
<i>Net cash used in financing activities</i>	(2,000,625)	(1,874,026)
<b>Net (decrease) / increase in cash and cash equivalents</b>	(4,202,920)	1,795,560
<b>Effect of exchange differences in cash and cash equivalents</b>	(33,798)	21,240
<b>Cash and cash equivalents at the beginning of year</b>	16,998,575	15,714,753
<b>Cash and cash equivalents at the end of year</b>	12,761,857	17,531,553

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.

## 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 30 June 2016 were as follows:

Balance at 1 January 2016	1,106,600
Add: Purchase of treasury shares	714,900
Balance at 30 June 2016	<u>1,821,500</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.

(Incorporated in Malaysia)

## 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

	<b>Revenue from external customers by location of customers RM</b>	<b>Segment assets by location of assets RM</b>	<b>Capital expenditure by location of assets RM</b>
<b>3 months ended 30 June 2016</b>			
Malaysia	8,784,319	50,683,140	33,048
America	389,763	-	-
Europe	-	-	-
Australia	9,856	-	-
Asia (exclude Malaysia)	10,884,059	-	-
Consolidated	<u>20,067,997</u>	<u>50,683,140</u>	<u>33,048</u>

	<b>Revenue from external customers by location of customers RM</b>	<b>Segment assets by location of assets RM</b>	<b>Capital expenditure by location of assets RM</b>
<b>3 months ended 30 June 2015</b>			
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>

	<b>Revenue from external customers by location of customers RM</b>	<b>Segment assets by location of assets RM</b>	<b>Capital expenditure by location of assets RM</b>
<b>6 months ended 30 June 2016</b>			
Malaysia	11,654,717	50,683,140	65,670
America	1,196,953	-	-
Europe	5,476	-	-
Australia	60,148	-	-
Asia (exclude Malaysia)	10,994,338	-	-
Consolidated	<u>23,911,632</u>	<u>50,683,140</u>	<u>65,670</u>

	<b>Revenue from external customers by location of customers RM</b>	<b>Segment assets by location of assets RM</b>	<b>Capital expenditure by location of assets RM</b>
<b>6 months ended 30 June 2015</b>			
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>

(Incorporated in Malaysia)

#### **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 2016 and up to the date of this report.

#### **A12. Capital commitments**

	<b>30.6.16</b>
	<b>RM</b>
<b>Approved but not contracted for</b>	
R&D expenditure	<u>500,000</u>
<b>Contracted but not provided for</b>	
Fixed assets	<u>30,000</u>

#### **A13. Related party transactions**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.6.16</b>	<b>30.6.15</b>	<b>30.6.16</b>	<b>30.6.15</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Micro Carbide Engineering Sdn Bhd				
- Precision tooling charges	<b>9,955</b>	106,862	<b>31,439</b>	222,296
- Rental income received	<b>89,100</b>	81,900	<b>178,200</b>	149,400

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



(Incorporated in Malaysia)

**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 →		
	30.6.16 RM	31.03.16 RM	Var %	30.6.15 RM	Var %	30.6.16 RM	30.6.15 RM	Var %
<b>Revenue</b>	<b>20,067,997</b>	3,843,634	422	11,431,829	76	<b>23,911,632</b>	19,083,935	25
Cost of sales	<b>(13,824,979)</b>	(2,400,683)	-476	(7,126,854)	-94	<b>(16,225,663)</b>	(12,732,445)	-27
<b>Gross profit</b>	<b>6,243,018</b>	1,442,951	333	4,304,975	45	<b>7,685,969</b>	6,351,490	21
Other operating income	<b>214,888</b>	244,227	-12	215,608		<b>459,115</b>	844,228	-46
Other operating expenses	<b>448,019</b>	(866,089)	152	-		<b>(418,070)</b>	-	
Administrative expenses	<b>(1,176,386)</b>	(1,023,705)	-15	(914,477)	-29	<b>(2,200,092)</b>	(1,911,325)	-15
<b>Profit from operations</b>	<b>5,729,539</b>	(202,616)	2,928	3,606,106	59	<b>5,526,922</b>	5,284,393	5
Interest expense	<b>(120)</b>	(217)		(643)		<b>(337)</b>	(1,431)	
<b>Profit before taxation</b>	<b>5,729,419</b>	(202,833)	2,925	3,605,463	59	<b>5,526,585</b>	5,282,962	5
Tax expense	<b>(17,452)</b>	(21,452)		(33,452)		<b>(38,904)</b>	(55,904)	
<b>Net profit for the period</b>	<b>5,711,967</b>	(224,285)		3,572,011		<b>5,487,681</b>	5,227,058	

*Comparison with the corresponding period in the previous year*

The Group recorded a revenue of RM20.068 million for the current quarter, an increase of 76% (RM8.636 million) as compared to RM11.432 million of the corresponding quarter in the previous year. The quarter under review marked a significant increase in revenue which came mainly from an increase in sales of machines to the LED manufacturers especially those from the smart devices and automotive industry. Newly acquired customers during the quarter have also contributed to this remarkable increase during the quarter.

Gross profit has remained consistent with the nature of machines sold during the quarter. Other operating expenses were mainly due to the slight recovery of forex losses as the US Dollar strengthened slightly against the RM during the second quarter.

Increase in administrative expenses was in line with the increase in cost due to some inflationary factors.

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

The total revenue of the Group of RM23.912 million for the period ended 30 June 2016 increased by 25% (RM4.828 million) as compared to RM19.084 million reported in the previous financial period. The higher revenue was due to the higher volume of machines sold to the smart devices as well as automotive industry as the Group has been successful in capturing a bigger slice of the market share.

The decrease in other operating income and increase in other operating expenses were attributed to the fair value adjustments made on other investments as well as the weakened forex rate for the US Dollar against the RM during the first half of the current year as compared to the first half of last year.

(Incorporated in Malaysia)

## **B2. Variation of results against preceding quarter**

Revenue for the current quarter of RM20.068 million was 422% higher than that recorded in the preceding quarter of RM3.844 million, mainly attributed to a surge in demand for machines for the quarter as manufacturers bumped up their production to meet demand from their end consumers for the coming seasons.

Most prominent is the increase in the profit before taxation which jumped a phenomenal 2925% from a loss of RM 203K in the previous quarter to a profit of RM 5.7 million in the current reporting quarter. Gross margin recorded was consistent with the nature of machines sold during the quarter.

The recovery shown in other operating expenses was resulted from the strengthening of US Dollar exchange rate against the RM at the end of second quarter as compared to the more weakened rate at the end of preceding first quarter.

## **B3. Current year prospects**

Barring any unforeseen circumstances, the Board of Directors expects the Group to remain 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 year quarter and the preceding year quarter**

Reconciliation of effective tax expense:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.6.16</b>	<b>30.6.15</b>	<b>30.6.16</b>	<b>30.6.15</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Profit before tax</b>	5,729,419	3,605,463	5,526,585	5,282,962
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	1,375,061	901,366	1,326,380	1,320,741
Non-deductible expenses	38,338	(4,941)	42,839	18,058
Losses not available for set-off	(19,558)	10,636	2,400	20,104
Pioneer income	(1,254,965)	(465,312)	(1,324,569)	(776,618)
Crystallisation of deferred tax liability	(2,548)	(2,548)	(5,096)	(5,096)
Unrecognised deferred tax assets	(118,876)	(405,749)	(3,050)	(521,285)
<b>Tax expense</b>	<b>17,452</b>	<b>33,452</b>	<b>38,904</b>	<b>55,904</b>

## **B7. Unquoted investments and properties**

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

(Incorporated in Malaysia)

### **B8. Quoted investments**

A summary of the movement of quoted investments during the period ended 30 June 2016 is as follows:

	<b>RM</b>
Balance at 1 January 2016	2,014,420
Add: Purchases	1,096,824
Less: Disposals	-
Less : Loss on fair value adjustment	(211,195)
Balance at 30 June 2016	<u>2,900,049</u>

### **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:

	<b>Current year quarter 30.6.16 RM</b>	<b>Preceding year 31.12.15 RM</b>
<u>Hire Purchase</u>		
Non-current liabilities	-	-
Current liabilities	4,382	18,790
	<u>4,382</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**

The Board of Directors has declared a first interim single tier dividend of 1 sen per ordinary share of RM0.10 each for year ending 31 December 2016. Entitlement to dividend is based on Record of Depositors as at 19 September 2016, payable on 17 October 2016.

(Incorporated in Malaysia)

#### 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	
	30.6.16	30.6.15	30.6.16	30.6.15
	RM	RM	RM	RM
Net profit after tax and minority interests (RM)	5,711,967	3,572,011	5,487,681	5,227,058
Weighted average number of ordinary shares in issue	161,408,591	162,980,939	161,408,591	162,980,939
Basic earnings per share (sen)	3.54	2.19	3.40	3.21

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 2016 and 31 December 2015 are analysed as follows:

	Current quarter 30.6.16 RM	Preceding year 31.12.15 RM
Total unappropriated profits of the Group		
- realised profit	28,614,810	24,648,816
- unrealised loss	(334,099)	(242,030)
	<u>28,280,711</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>19,141,499</u>	<u>15,267,574</u>

#### B16. Profit before tax

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

	Individual Quarter		Cumulative Quarter	
	3 months ended 30.6.16	3 months ended 30.6.15	6 months ended 30.6.16	6 months ended 30.6.15
	RM	RM	RM	RM
Depreciation	171,491	145,319	340,181	287,434
Loss / (Gain) on fair value adjustment of other investments	69,153	(4,978)	211,195	(10,896)
Foreign exchange loss / (gain) - realised	54,301	(95,993)	324,688	(172,664)
- unrealised	(587,986)	120,585	(134,326)	(258,041)
Interest expense	120	643	337	1,431
Interest income	(125,789)	(117,131)	(250,256)	(225,562)
Loss / (Gain) from disposal of plant and equipment	-	1,492	(30,660)	4,099

#### 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 16 August 2016.