



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

(Incorporated in Malaysia)

**Quarterly Report on Consolidated Results  
For The Third Quarter Ended 30 September 2016**

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Financial Position**  
**As at 30 September 2016**  
**(The figures have not been audited)**

	Note	30.9.16 (Unaudited) RM	31.12.15 (Audited) RM
Property, plant and equipment		9,517,779	9,846,692
<b>Total non-current assets</b>		<u>9,517,779</u>	<u>9,846,692</u>
Inventories		3,999,198	5,068,033
Other investments		3,053,369	2,014,420
Trade receivables		10,306,626	6,865,810
Sundry receivables, deposits and prepayments		321,888	749,363
Tax refundable		-	16,100
Fixed deposits with licensed banks		13,539,113	12,498,908
Cash and cash equivalents		5,827,643	4,499,667
<b>Total current assets</b>		<u>37,047,837</u>	<u>31,712,301</u>
<b>Total assets</b>		<u>46,565,616</u>	<u>41,558,993</u>
<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		19,027,786	15,267,574
<b>Total equity attributable to shareholders of the Company</b>		<u>38,869,585</u>	<u>35,481,497</u>
<b>Total equity</b>		<u>38,869,585</u>	<u>35,481,497</u>
<b>Liabilities</b>			
Deferred tax liabilities		465,875	473,519
<b>Total non-current liabilities</b>		<u>465,875</u>	<u>473,519</u>
Trade payables		1,878,457	3,379,485
Sundry payables and accruals		3,736,024	2,166,878
Hire purchase creditors	B10	-	18,790
Dividend payable		1,611,785	-
Provision for taxation		3,890	38,824
<b>Total current liabilities</b>		<u>7,230,156</u>	<u>5,603,977</u>
<b>Total liabilities</b>		<u>7,696,031</u>	<u>6,077,496</u>
<b>Total equity and liabilities</b>		<u>46,565,616</u>	<u>41,558,993</u>
<b>Net assets per share (RM) @</b>		0.24	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.

(Incorporated in Malaysia)

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

	Note	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
		30.9.16 RM	30.9.15 RM	30.9.16 RM	30.9.15 RM
<b>Revenue</b>		<b>6,805,838</b>	7,691,692	<b>30,717,470</b>	26,775,627
Cost of sales		<b>(5,037,180)</b>	(5,725,747)	<b>(21,262,843)</b>	(18,458,192)
<b>Gross profit</b>		<b>1,768,658</b>	1,965,945	<b>9,454,627</b>	8,317,435
Other operating income		<b>388,604</b>	1,102,854	<b>847,719</b>	1,947,083
Other operating expenses		<b>343,682</b>	(5,028)	<b>(74,388)</b>	(5,028)
Administrative expenses		<b>(966,390)</b>	(880,903)	<b>(3,166,482)</b>	(2,792,228)
<b>Profit from operations</b>		<b>1,534,554</b>	2,182,868	<b>7,061,476</b>	7,467,262
Interest expense		<b>(30)</b>	(499)	<b>(367)</b>	(1,930)
<b>Profit before taxation</b>		<b>1,534,524</b>	2,182,369	<b>7,061,109</b>	7,465,332
Tax expense	B6	<b>(36,452)</b>	(16,402)	<b>(75,356)</b>	(72,356)
<b>Net profit for the period</b>	B1	<b>1,498,072</b>	2,165,967	<b>6,985,753</b>	7,392,976
<b>Attributable to:</b>					
Shareholders of the Company		<b>1,498,072</b>	2,165,967	<b>6,985,753</b>	7,392,976
Minority interests		-	-	-	-
<b>Net profit for the period</b>		<b>1,498,072</b>	2,165,967	<b>6,985,753</b>	7,392,976
<b>Earnings per share</b>					
(i) Basic (sen)	B14	<b>0.93</b>	1.33	<b>4.33</b>	4.54
(ii) Diluted (sen)		<b>NA</b>	NA	<b>NA</b>	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 Third Quarter Ended 30 September 2016  
(The figures have not been audited)**

	Share Capital RM	Non-distributable Treasury Shares RM	Share Premium RM	Distributable Retained Profits RM	Total RM
<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 / declared	-	-	-	(3,225,541)	(3,225,541)
	-	(372,124)	-	(3,225,541)	(3,597,665)
Net profit for the period	-	-	-	6,985,753	6,985,753
<b>At 30 September 2016</b>	<b>16,300,000</b>	<b>(1,121,669)</b>	<b>4,663,468</b>	<b>19,027,786</b>	<b>38,869,585</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	-	(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
<b>At 30 September 2015</b>	<b>16,300,000</b>	<b>(491,763)</b>	<b>4,663,468</b>	<b>14,578,302</b>	<b>35,050,007</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 Third Quarter Ended 30 September 2016**  
(The figures have not been audited)

	<b>9 months ended 30 September</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flows from operating activities</b>		
Profit before tax	7,061,109	7,465,332
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	491,607	447,480
Loss / (Gain) on fair value adjustment of other investments	74,389	(2,897)
Unrealised foreign exchange gain	(397,280)	(493,518)
(Gain) / Loss on disposal of plant and equipment	(45,764)	5,028
Interest income	(351,781)	(342,166)
Interest expense	367	1,930
<i>Operating profit before working capital changes</i>	6,832,647	7,081,189
<i>Adjustments for working capital changes:-</i>		
Inventories	1,068,835	1,360,318
Trade receivables	(3,124,706)	392,512
Sundry receivables, deposits and prepayments	427,475	156,723
Trade payables	(1,501,028)	(2,207,040)
Sundry payables and accruals	1,569,146	474,272
<i>Cash generated from operations</i>	5,272,369	7,257,974
Interest received	351,781	342,166
Income tax paid	(101,834)	(47,408)
<i>Net cash generated from operating activities</i>	5,522,316	7,552,732
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(162,694)	(228,758)
Purchase of other investments	(1,113,338)	(2,478,065)
Proceeds from disposal of plant and equipment	45,764	-
<i>Net cash used in investing activities</i>	(1,230,268)	(2,706,823)
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	(372,124)	(491,763)
Repayments of hire purchase	(18,790)	(31,450)
Dividend paid	(1,613,756)	(1,630,000)
Interest paid	(367)	(1,930)
<i>Net cash used in financing activities</i>	(2,005,037)	(2,155,143)
<b>Net increase in cash and cash equivalents</b>	2,287,011	2,690,766
<b>Effect of exchange differences in cash and cash equivalents</b>	81,170	54,892
<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 period</b>	19,366,756	18,460,411

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.

(Incorporated in Malaysia)

## 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 September 2016 were as follows:

Balance at 1 January 2016	749,545
Add: Purchase of treasury shares	372,124
Balance at 30 September 2016	<u>1,121,669</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 2016 was paid on 17 October 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

	Revenue from external customers by location of customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
<b>3 months ended 30 September 2016</b>			
Malaysia	1,614,576	46,565,616	97,024
America	2,599,421	-	-
Europe	1,019	-	-
Australia	10,236	-	-
Asia (exclude Malaysia)	2,580,586	-	-
Consolidated	6,805,838	46,565,616	97,024

	Revenue from external customers by location of customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
<b>3 months ended 30 September 2015</b>			
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	7,691,692	43,908,434	96,174

	Revenue from external customers by location of customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
<b>9 months ended 30 September 2016</b>			
Malaysia	13,269,294	46,565,616	162,694
America	3,796,373	-	-
Europe	6,495	-	-
Australia	70,384	-	-
Asia (exclude Malaysia)	13,574,924	-	-
Consolidated	30,717,470	46,565,616	162,694

	Revenue from external customers by location of customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
<b>9 months ended 30 September 2015</b>			
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	26,775,627	43,908,434	228,758

(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 September 2016 and up to the date of this report.

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

	<b>30.9.16</b>
	<b>RM</b>
<b>Approved and contracted for</b>	
R&D expenditure	<u>500,000</u>
<b>Contracted and provided for</b>	
Fixed assets	<u>60,000</u>

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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.9.16</b>	<b>30.9.15</b>	<b>30.9.16</b>	<b>30.9.15</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Micro Carbide Engineering Sdn Bhd				
- Precision tooling charges	<b>6,408</b>	106,862	<b>37,847</b>	222,296
- Rental income received	<b>89,100</b>	81,900	<b>267,300</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 →		
	30.9.16 RM	30.06.16 RM	Var %	30.9.15 RM	Var %	30.9.16 RM	30.9.15 RM	Var %
<b>Revenue</b>	<b>6,805,838</b>	20,067,997	-66	7,691,692	-12	<b>30,717,470</b>	26,775,627	15
Cost of sales	<b>(5,037,180)</b>	(13,824,979)	64	(5,725,747)	12	<b>(21,262,843)</b>	(18,458,192)	-15
<b>Gross profit</b>	<b>1,768,658</b>	6,243,018	-72	1,965,945	-10	<b>9,454,627</b>	8,317,435	14
Other operating income	<b>388,604</b>	214,888	81	1,102,854	-65	<b>847,719</b>	1,947,083	-56
Other operating expenses	<b>343,682</b>	448,019	-23	(5,028)	69	<b>(74,388)</b>	(5,028)	
Administrative expenses	<b>(966,390)</b>	(1,176,386)	18	(880,903)	-10	<b>(3,166,482)</b>	(2,792,228)	-13
<b>Profit from operations</b>	<b>1,534,554</b>	5,729,539	-73	2,182,868	-30	<b>7,061,476</b>	7,467,262	-5
Interest expense	<b>(30)</b>	(120)		(499)		<b>(367)</b>	(1,930)	
<b>Profit before taxation</b>	<b>1,534,524</b>	5,729,419	-73	2,182,369	-30	<b>7,061,109</b>	7,465,332	-5
Tax expense	<b>(36,452)</b>	(17,452)		(16,402)		<b>(75,356)</b>	(72,356)	
<b>Net profit for the period</b>	<b>1,498,072</b>	5,711,967		2,165,967		<b>6,985,753</b>	7,392,976	

*Comparison with the corresponding period in the previous year*

The Group recorded a revenue of RM6.806 million for the current quarter, a decrease of 12% (RM886K) as compared to RM7.692 million of the corresponding quarter in the previous year. The quarter under review marked a decrease in revenue as the Group secured lower orders from its customers as a result of decrease in demand from their end customers.

Gross margin has remained consistent with the nature of machines sold during the quarter. Other operating income decreased mainly due to the much lower forex gains as the US Dollar weakened against the RM during the third quarter as compared to the corresponding quarter last year.

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

The total revenue of the Group of RM30.717 million for the period ended 30 September 2016 increased by 15% (RM3.942 million) as compared to RM26.776 million reported in the previous year's financial period. The higher revenue was contributed by the remarkably high volume of machines sold during the second quarter to the smart devices as well as automotive industry.

Gross margin has remained consistent with the nature of machines sold during the financial period. The decrease in other operating income was due to the much lower forex gains as a result of the weakened forex rate for the US Dollar against RM during the financial period. The increase in other operating expenses was mainly due to the fair value adjustments made on other investments.

(Incorporated in Malaysia)

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

Revenue for the current quarter of RM6.806 million was 66% lower than that recorded in the preceding quarter of RM20.068 million, mainly due to decrease in demand for machines as manufacturers' demand from their end customers has also decreased.

Gross margin has remained consistent with the nature of machines sold during the quarter.

The recovery shown in other operating income as well as expenses was mainly resulted from the strengthening of US Dollar exchange rate against the RM during the quarter as compared to the preceding 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>30.9.16</b>	<b>30.9.15</b>	<b>30.9.16</b>	<b>30.9.15</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Profit before tax</b>	1,534,525	2,182,369	7,061,109	7,465,332
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	368,286	545,592	1,694,666	1,866,333
Non-deductible expenses	79,133	54,281	121,973	72,390
Losses not available for set-off	-	6,390	-	26,493
Pioneer income	(202,026)	3,312	(1,524,196)	(19,270)
Crystallisation of deferred tax liability	(2,548)	(2,548)	(7,644)	(7,644)
Unrecognised deferred tax assets	(206,393)	(590,625)	(209,443)	(1,865,946)
<b>Tax expense</b>	<b>36,452</b>	<b>16,402</b>	<b>75,356</b>	<b>72,356</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 September 2016 is as follows:

	<b>RM</b>
Balance at 1 January 2016	2,014,420
Add: Purchases	1,113,338
Less: Disposals	-
Less : Loss on fair value adjustment	(74,389)
Balance at 30 September 2016	<u>3,053,369</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 30.9.16 RM</b>	<b>Preceding year 31.12.15 RM</b>
<u>Hire Purchase</u>		
Non-current liabilities	-	-
Current liabilities	-	18,790
	<u>-</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.

(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	
	30.9.16	30.9.15	30.9.16	30.9.15
	RM	RM	RM	RM
Net profit after tax and minority interests (RM)	1,498,072	2,165,967	6,985,753	7,392,976
Weighted average number of ordinary shares in issue	161,332,334	162,818,703	161,332,334	162,818,703
Basic earnings per share (sen)	0.93	1.33	4.33	4.54

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 2016 and 31 December 2015 are analysed as follows:

	Current quarter 30.9.16 RM	Preceding year 31.12.15 RM
Total unappropriated profits of the Group		
- realised profit	28,235,593	24,648,816
- unrealised loss	(68,595)	(242,030)
	<u>28,166,998</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>19,027,786</u>	<u>15,267,574</u>

#### B16. Profit before tax

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

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.9.16	30.9.15	30.9.16	30.9.15
	RM	RM	RM	RM
Depreciation	151,426	160,046	491,607	447,480
Loss / (Gain) on fair value adjustment of other investments	(136,806)	7,999	74,389	(2,897)
Foreign exchange loss / (gain) - realised	(110,282)	(698,538)	214,406	(871,202)
- unrealised	(262,954)	(235,477)	(397,280)	(493,518)
Interest expense	30	499	367	1,930
Interest income	(101,525)	(116,604)	(351,781)	(342,166)
Loss / (Gain) from disposal of plant and equipment	(15,104)	929	(45,764)	5,028

#### 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 November 2016.