



MMS VENTURES BERHAD
(Company No. 647125-P)

(Incorporated in Malaysia)

**Quarterly Report on Consolidated Results
For The Fourth Quarter Ended 31 December 2016**

(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position
As at 31 December 2016
(The figures have not been audited)

	Note	31.12.16 (Unaudited) RM	31.12.15 (Audited) RM
Property, plant and equipment		9,483,109	9,846,692
Total non-current assets		9,483,109	9,846,692
Inventories		5,701,663	5,068,033
Other investments		4,743,640	2,014,420
Trade receivables		10,356,255	6,865,810
Sundry receivables, deposits and prepayments		868,126	749,363
Tax refundable		48,382	16,100
Fixed deposits with licensed banks		13,244,509	12,498,908
Cash and cash equivalents		4,577,445	4,499,667
Total current assets		39,540,020	31,712,301
Total assets		49,023,129	41,558,993
Equity			
Share capital		16,300,000	16,300,000
Treasury shares		(1,158,913)	(749,545)
Share premium		4,663,468	4,663,468
Unappropriated profits		21,562,278	15,267,574
Total equity attributable to shareholders of the Company		41,366,833	35,481,497
Total equity		41,366,833	35,481,497
Liabilities			
Deferred tax liabilities		463,326	473,519
Total non-current liabilities		463,326	473,519
Trade payables		4,456,437	3,379,485
Sundry payables and accruals		2,736,533	2,166,878
Hire purchase creditors	B10	-	18,790
Provision for taxation		-	38,824
Total current liabilities		7,192,970	5,603,977
Total liabilities		7,656,296	6,077,496
Total equity and liabilities		49,023,129	41,558,993
Net assets per share (RM) @		0.25	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 Fourth Quarter Ended 31 December 2016
(The figures have not been audited)**

	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
		31.12.16 RM	31.12.15 RM	31.12.16 RM	31.12.15 RM
Revenue		4,866,280	4,514,966	35,583,750	31,290,593
Cost of sales		(2,722,120)	(2,701,562)	(23,984,964)	(21,159,754)
Gross profit		2,144,160	1,813,404	11,598,786	10,130,839
Other operating income		1,251,677	106,500	2,099,396	2,053,579
Other operating expenses		39,374	(467,466)	(35,013)	(472,490)
Administrative expenses		(890,268)	(737,361)	(4,056,750)	(3,529,588)
Profit from operations		2,544,943	715,077	9,606,419	8,182,340
Interest expense		-	(355)	(367)	(2,285)
Profit before taxation		2,544,943	714,722	9,606,052	8,180,055
Tax expense	B6	(10,451)	(25,451)	(85,807)	(97,807)
Net profit for the period	B1	2,534,492	689,271	9,520,245	8,082,248
Attributable to:					
Shareholders of the Company		2,534,492	689,271	9,520,245	8,082,248
Minority interests		-	-	-	-
Net profit for the period		2,534,492	689,271	9,520,245	8,082,248
Earnings per share					
(i) Basic (sen)	B14	1.57	0.42	5.90	4.97
(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 Fourth Quarter Ended 31 December 2016
(The figures have not been audited)**

	Share Capital RM	Non-distributable Treasury Shares RM	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	-	(409,368)	-	-	(409,368)
Dividends paid	-	-	-	(3,225,541)	(3,225,541)
	-	(409,368)	-	(3,225,541)	(3,634,909)
Net profit for the period	-	-	-	9,520,245	9,520,245
At 31 December 2016	16,300,000	(1,158,913)	4,663,468	21,562,278	41,366,833
At 1 January 2015	16,300,000	-	4,663,468	10,438,296	31,401,764
Transactions with owners					
Purchase of treasury shares	-	(749,545)	-	-	(749,545)
Dividends paid	-	-	-	(3,252,970)	(3,252,970)
	-	(749,545)	-	(3,252,970)	(4,002,515)
Net profit for the period	-	-	-	8,082,248	8,082,248
At 31 December 2015	16,300,000	(749,545)	4,663,468	15,267,574	35,481,497

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 Fourth Quarter Ended 31 December 2016
(The figures have not been audited)

	12 months ended 31 December	
	2016	2015
	RM	RM
Cash flows from operating activities		
Profit before tax	9,606,052	8,180,055
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	648,558	605,710
Gain on disposal of plant and equipment	(37,265)	(4)
Plant and equipment written off	-	5,028
Gain on fair value adjustment of other investments	(74,127)	(19,317)
Gain on disposal of other investments	(61,768)	(135,341)
Unrealised foreign exchange gain	(676,820)	(231,489)
Inventories written off	-	467,466
Reversal of impairment loss on trade receivables	-	(39,050)
Interest income	(476,643)	(495,142)
Interest expense	367	2,285
<i>Operating profit before working capital changes</i>	<u>8,928,354</u>	<u>8,340,201</u>
<i>Adjustments for working capital changes:-</i>		
Inventories	(633,630)	1,851,443
Trade receivables	(2,820,517)	218,137
Sundry receivables, deposits and prepayments	(118,763)	(209,916)
Trade payables	1,074,996	(2,398,367)
Sundry payables and accruals	569,655	(502,131)
<i>Cash generated from operations</i>	<u>7,000,095</u>	<u>7,299,367</u>
Interest received	476,643	495,142
Income tax paid	(167,106)	(71,427)
<i>Net cash generated from operating activities</i>	<u>7,309,632</u>	<u>7,723,082</u>
Cash flows from investing activities		
Purchase of plant and equipment	(284,975)	(535,542)
Purchase of other investments	(3,041,940)	(3,976,303)
Proceeds from disposal of plant and equipment	37,265	-
Proceeds from disposal of other investments	448,615	2,116,541
<i>Net cash used in investing activities</i>	<u>(2,841,035)</u>	<u>(2,395,304)</u>
Cash flows from financing activities		
Purchase of treasury shares	(409,368)	(749,545)
Repayments of hire purchase	(18,790)	(42,221)
Dividends paid	(3,225,541)	(3,252,970)
Interest paid	(367)	(2,285)
<i>Net cash used in financing activities</i>	<u>(3,654,066)</u>	<u>(4,047,021)</u>
Net increase in cash and cash equivalents	<u>814,531</u>	<u>1,280,757</u>
Effect of exchange differences in cash and cash equivalents	8,848	3,065
Cash and cash equivalents at the beginning of year	<u>16,998,575</u>	<u>15,714,753</u>
Cash and cash equivalents at the end of period	<u><u>17,821,954</u></u>	<u><u>16,998,575</u></u>

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 31 December 2016 were as follows:

Balance at 1 January 2016	1,106,600
Add: Purchase of treasury shares	784,900
Balance at 31 December 2016	<u>1,891,500</u>

A7. Dividend paid

The first interim single tier dividend of 1 sen per ordinary share of RM0.10 each for the year ended 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
3 months ended 31 December 2016			
Malaysia	2,999,418	48,974,747	122,281
America	1,454,589	-	-
Australia	76,241	-	-
Asia (exclude Malaysia)	336,032	-	-
Consolidated	4,866,280	48,974,747	122,281

	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 December 2015			
Malaysia	1,233,923	41,542,893	306,784
America	2,845,623	-	-
Europe	250,983	-	-
Australia	263	-	-
Asia (exclude Malaysia)	184,174	-	-
Consolidated	4,514,966	41,542,893	306,784

	Revenue from external customers by location of customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
12 months ended 31 December 2016			
Malaysia	16,268,711	48,974,747	284,975
America	5,250,962	-	-
Europe	6,495	-	-
Australia	146,626	-	-
Asia (exclude Malaysia)	13,910,956	-	-
Consolidated	35,583,750	48,974,747	284,975

	Revenue from external customers by location of customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
12 months ended 31 December 2015			
Malaysia	8,479,941	41,542,893	535,542
America	15,610,927	-	-
Europe	266,302	-	-
Australia	46,792	-	-
Asia (exclude Malaysia)	6,886,631	-	-
Consolidated	31,290,593	41,542,893	535,542

(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 31 December 2016 and up to the date of this report.

A12. Capital commitments

	31.12.16
	RM
Contracted and not provided for	
Fixed assets	<u>13,100</u>

A13. Related party transactions

	Individual Quarter		Cumulative Quarter	
	31.12.16	31.12.15	31.12.16	31.12.15
	RM	RM	RM	RM
Micro Carbide Engineering Sdn Bhd				
- Precision tooling charges	31,255	24,860	69,102	267,502
- Rental income received	89,100	89,100	356,400	327,600

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

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 →				
	31.12.16 RM	30.09.16 RM	Var %	31.12.15 RM	Var %	31.12.16 RM	31.12.15 RM	Var %
Revenue	4,866,280	6,805,838	-28	4,514,966	8	35,583,750	31,290,593	14
Cost of sales	(2,722,120)	(5,037,180)	46	(2,701,562)	-0.8	(23,984,964)	(21,159,754)	-14
Gross profit	2,144,160	1,768,658	21	1,813,404	18	11,598,786	10,130,839	14
Other operating income	1,251,677	388,604	222	106,500	1,075	2,099,396	2,053,579	2
Other operating expenses	39,374	343,682	-89	(467,466)	108	(35,013)	(472,490)	93
Administrative expenses	(890,268)	(966,390)	8	(737,361)	-21	(4,056,750)	(3,529,588)	-15
Profit from operations	2,544,943	1,534,554	66	715,077	256	9,606,419	8,182,340	17
Interest expense	-	(30)		(355)		(367)	(2,285)	
Profit before taxation	2,544,943	1,534,524	66	714,722	256	9,606,052	8,180,055	17
Tax expense	(10,451)	(36,452)		(25,451)		(85,807)	(97,807)	
Net profit for the period	2,534,492	1,498,072		689,271		9,520,245	8,082,248	

Comparison with the corresponding period in the previous year

The Group recorded a revenue of RM4.866 million for the current quarter, an increase of 8% (RM351K) as compared to RM4.515 million of the corresponding quarter in the previous year. The quarter under review marked an increase in revenue as the Group secured higher orders from its customers as a result of increase in demand from their end customers.

Gross margin has remained consistent with the nature of machines sold during the quarter. The gain shown under other operating income was mainly due to the much higher forex gains as the US Dollar strengthened further against the RM during the fourth quarter as compared to the corresponding quarter last year. Other operating expenses were higher in the previous year mainly due to some write-off of research parts.

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

The total revenue of the Group of RM35.584 million for the period ended 31 December 2016 increased by 14% (RM4.293 million) as compared to RM31.291 million reported in the previous year's financial period. The higher revenue was contributed by the higher volume of machines sold during the fourth 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 other operating expenses made in the preceding year were mainly due to the write-off of some research parts.

(Incorporated in Malaysia)

B2. Variation of results against preceding quarter

Revenue for the current quarter of RM4.866 million was 28% lower than that recorded in the preceding quarter of RM6.806 million, mainly due to decrease in demand for machines during the current quarter

The increase in gross margin for the current quarter as compared to the preceding quarter was mainly contributed by the recovery of inventory parts previously written off.

The increase in other operating income 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's results to be good for the coming 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:

	Individual Quarter		Cumulative Quarter	
	31.12.16 RM	31.12.15 RM	31.12.16 RM	31.12.15 RM
Profit before tax	2,544,943	714,722	9,606,052	8,180,055
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	610,786	178,681	2,305,452	2,045,014
Non-deductible expenses	44,349	(27,156)	166,323	45,234
Losses not available for set-off	-	7,720	-	34,213
Pioneer income	(396,364)	10,515	(1,920,560)	(8,755)
Crystallisation of deferred tax liability	(2,548)	(2,548)	(10,193)	(10,193)
Utilisation of tax allowances	-	(167,399)	-	(894,433)
Unrecognised deferred tax assets	(245,772)	25,638	(455,215)	(1,113,273)
Tax expense	<u>10,451</u>	<u>25,451</u>	<u>85,807</u>	<u>97,807</u>

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 31 December 2016 is as follows:

	RM
Balance at 1 January 2016	2,014,420
Add: Purchases	3,041,940
Less: Disposals	(386,847)
Add : Gain on fair value adjustment	74,127
Balance at 31 December 2016	<u>4,743,640</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:

	Current year quarter 31.12.16 RM	Preceding year 31.12.15 RM
<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

The Board of Directors declared a second interim single tier dividend of 1 sen per ordinary share of RM0.10 each for year ended 31 December 2016, payable on 14 April 2017. Entitlement to dividend would be based on Record of Depositors as at 17 March 2017.

(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	
	31.12.16	31.12.15	31.12.16	31.12.15
	RM	RM	RM	RM
Net profit after tax and minority interests (RM)	2,534,492	689,271	9,520,245	8,082,248
Weighted average number of ordinary shares in issue	161,289,148	162,650,560	161,289,148	162,650,560
Basic earnings per share (sen)	1.57	0.42	5.90	4.97

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 December 2016 and 31 December 2015 are analysed as follows:

	Current quarter 31.12.16 RM	Preceding year 31.12.15 RM
Total unappropriated profits of the Group		
- realised profit	30,487,996	24,648,816
- unrealised gain / (loss)	213,494	(242,030)
	<u>30,701,490</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>21,562,278</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 12 months ended	
	31.12.16 RM	31.12.15 RM	31.12.16 RM	31.12.15 RM
Depreciation	156,951	158,230	648,558	605,710
Gain on fair value adjustment of other investments	(148,516)	(16,240)	(74,127)	(19,317)
Foreign exchange loss / (gain) - realised	(10,334)	6,927	(407,614)	(864,275)
- unrealised	(279,540)	262,029	(676,820)	(231,489)
Interest expense	-	355	367	2,285
Interest income	(124,862)	(152,976)	(476,643)	(495,142)
Gain on disposal of plant and equipment	-	-	(45,764)	(4)
Plant and equipment written off	-	-	-	5,028
Inventories written off	-	467,466	-	467,466

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 February 2017.