



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

(Incorporated in Malaysia)

**Quarterly Report on Consolidated Results  
For The First Quarter Ended 31 March 2017**

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Financial Position**  
**As at 31 March 2017**  
**(The figures have not been audited)**

	Note	31.3.17 (Unaudited) RM	31.12.16 (Audited) RM
Property, plant and equipment		9,434,528	9,483,109
<b>Total non-current assets</b>		<b>9,434,528</b>	<b>9,483,109</b>
Inventories		10,443,045	5,701,663
Other investments	B8	3,874,268	4,743,640
Trade receivables		16,206,685	10,356,255
Sundry receivables, deposits and prepayments		1,436,432	868,126
Tax refundable		50,455	48,382
Fixed deposits with licensed banks		15,262,848	13,244,509
Cash and cash equivalents		4,952,296	4,577,445
<b>Total current assets</b>		<b>52,226,029</b>	<b>39,540,020</b>
<b>Total assets</b>		<b>61,660,557</b>	<b>49,023,129</b>
<b>Equity</b>			
Share capital		16,300,000	16,300,000
Treasury shares		(1,158,913)	(1,158,913)
Share premium		4,663,468	4,663,468
Unappropriated profits		24,054,708	21,562,278
<b>Total equity attributable to shareholders of the Company</b>		<b>43,859,263</b>	<b>41,366,833</b>
<b>Total equity</b>		<b>43,859,263</b>	<b>41,366,833</b>
<b>Liabilities</b>			
Deferred tax liabilities		460,778	463,326
<b>Total non-current liabilities</b>		<b>460,778</b>	<b>463,326</b>
Trade payables		11,789,715	4,455,596
Sundry payables and accruals		3,939,716	2,737,374
Dividend payable		1,611,085	-
<b>Total current liabilities</b>		<b>17,340,516</b>	<b>7,192,970</b>
<b>Total liabilities</b>		<b>17,801,294</b>	<b>7,656,296</b>
<b>Total equity and liabilities</b>		<b>61,660,557</b>	<b>49,023,129</b>
<b>Net assets per share (RM) @</b>		<b>0.27</b>	<b>0.25</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 2016 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 First Quarter Ended 31 March 2017  
(The figures have not been audited)**

	Note	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
		31.3.17 RM	31.3.16 RM	31.3.17 RM	31.3.16 RM
<b>Revenue</b>		<b>14,905,063</b>	3,843,634	<b>14,905,063</b>	3,843,634
Cost of sales		<b>(9,807,115)</b>	(2,400,683)	<b>(9,807,115)</b>	(2,400,683)
<b>Gross profit</b>		<b>5,097,948</b>	1,442,951	<b>5,097,948</b>	1,442,951
Other operating income		<b>461,441</b>	244,227	<b>461,441</b>	244,227
Other operating expenses		<b>(162,134)</b>	(866,089)	<b>(162,134)</b>	(866,089)
Administrative expenses		<b>(1,268,288)</b>	(1,023,705)	<b>(1,268,288)</b>	(1,023,705)
<b>Profit/(Loss) from operations</b>		<b>4,128,967</b>	(202,616)	<b>4,128,967</b>	(202,616)
Interest expense		-	(217)	-	(217)
<b>Profit/(Loss) before taxation</b>		<b>4,128,967</b>	(202,833)	<b>4,128,967</b>	(202,833)
Tax expense	B6	<b>(25,452)</b>	(21,452)	<b>(25,452)</b>	(21,452)
<b>Net profit/(loss) for the period</b>	B1	<b>4,103,515</b>	(224,285)	<b>4,103,515</b>	(224,285)
<b>Attributable to:</b>					
Shareholders of the Company		<b>4,103,515</b>	(224,285)	<b>4,103,515</b>	(224,285)
Minority interests		-	-	-	-
<b>Net profit/(loss) for the period</b>		<b>4,103,515</b>	(224,285)	<b>4,103,515</b>	(224,285)
<b>Earnings per share</b>					
(i) Basic (sen)	B14	2.55	(0.14)	2.55	(0.14)
(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 2016 and the accompanying explanatory notes attached to these interim financial statements.

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Changes in Equity  
For the First Quarter Ended 31 March 2017  
(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 2017</b>	16,300,000	(1,158,913)	4,663,468	21,562,278	41,366,833
<b>Transactions with owners</b>					
Purchase of treasury shares	-	-	-	-	-
Dividend payable	-	-	-	(1,611,085)	(1,611,085)
	-	-	-	(1,611,085)	(1,611,085)
Net profit for the period	-	-	-	4,103,515	4,103,515
<b>At 31 March 2017</b>	<u>16,300,000</u>	<u>(1,158,913)</u>	<u>4,663,468</u>	<u>24,054,708</u>	<u>43,859,263</u>
<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	-	(323,690)	-	-	(323,690)
Dividend payable	-	-	-	(1,613,756)	(1,613,756)
	-	(323,690)	-	(1,613,756)	(1,937,446)
Net loss for the period	-	-	-	(224,285)	(224,285)
<b>At 31 March 2016</b>	<u>16,300,000</u>	<u>(1,073,235)</u>	<u>4,663,468</u>	<u>13,429,533</u>	<u>33,319,766</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to these interim financial statements.

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows**  
**For the First Quarter Ended 31 March 2017**  
**(The figures have not been audited)**

	<b>3 months ended 31 March</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flows from operating activities</b>		
Profit / (Loss) before tax	4,128,967	(202,833)
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	151,413	168,690
(Gain)/Loss on fair value adjustment of other investments	(205,162)	142,042
Unrealised foreign exchange (gain) / loss	(230,393)	453,660
Gain on disposal of plant and equipment	(300)	(30,660)
Interest income	(166,837)	(124,467)
Interest expense	-	217
<i>Operating profit before working capital changes</i>	3,677,688	406,649
<i>Adjustments for working capital changes:-</i>		
Inventories	(4,741,382)	(4,782,543)
Trade receivables	(5,616,910)	(2,006,014)
Sundry receivables, deposits and prepayments	(568,306)	345,178
Trade payables	7,334,119	4,729,529
Sundry payables and accruals	1,202,342	(802,962)
<i>Cash generated from / (used in) operations</i>	1,287,551	(2,110,163)
Interest received	166,837	124,467
Income tax paid	(30,073)	(33,189)
<i>Net cash generated from / (used in) operating activities</i>	1,424,315	(2,018,885)
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(102,832)	(32,622)
Proceeds from/(Purchase of) other investments	1,074,534	(998,825)
Proceeds from disposal of plant and equipment	300	30,660
<i>Net cash generated from / (used in) investing activities</i>	972,002	(1,000,787)
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	-	(323,690)
Repayments of hire purchase	-	(7,902)
Interest paid	-	(217)
<i>Net cash used in financing activities</i>	-	(331,809)
<b>Net increase / (decrease) in cash and cash equivalents</b>	2,396,317	(3,351,481)
<b>Effect of exchange differences in cash and cash equivalents</b>	(3,127)	(59,751)
<b>Cash and cash equivalents at the beginning of year</b>	17,821,954	16,998,575
<b>Cash and cash equivalents at the end of year</b>	20,215,144	13,587,343

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 interim 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 2016. 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 2016.

These financial statements of the Group and the Company for the financial year ended 31 December 2016 were prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”). The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent annual financial statements for the year 31 December 2016, except for the adoption of the Standards, Amendments and Annual Improvement to Standards effective as of 1 January 2017.

#### Effective for annual periods commencing on or after 1 January 2017

*Amendments to MFRS 12 Annual Improvements to MFRS Standards 2014 - 2016 Cycle*

*Amendments to MFRS 107 Disclosure Initiative*

*Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses*

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

The followings Standards and Amendment to Standards have been issued by the MASB but are not yet effective by the Group.

#### Effective for annual periods commencing on or after 1 January 2018

*Amendments to MFRS 1 Annual Improvements to MFRS Standards 2014 - 2016 Cycle*

*MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)*

*MFRS 15 Revenue from Contracts with Customers*

*Clarifications to MFRS 15*

*Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions*

*Amendments to MFRS 128 Annual Improvements to MFRS Standards 2014 - 2016 Cycle*

*Amendments to MFRS 140 Transfers of Investment Property*

*IC Interpretation 22 Foreign Currency Transactions and Advance Consideration*

#### Effective for annual periods commencing on or after 1 January 2019

*MFRS 16 Leases*

#### Issued but not yet effective

*Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an investor and its Associates or Joint Venture*

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group upon their initial application.

(Incorporated in Malaysia)

**A2. Auditors' report of preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 31 December 2016 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 2017 were as follows:

Balance at 1 January 2017	1,891,500
Add: Purchase of treasury shares	-
Balance at 31 March 2017	<u>1,891,500</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 2016 was paid on 14 April 2017.

(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 31 March 2017</b>			
Malaysia	7,175,302	61,610,102	102,832
America	3,037,986	-	-
Asia (exclude Malaysia)	4,691,775	-	-
Consolidated	14,905,063	61,610,102	102,832
<b>3 months ended 31 March 2016</b>			
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

## 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 2017 and up to the date of this report.

## A12. Capital commitments

Approved but not contracted for	<b>31.3.17</b>
	<b>RM</b>
Property, plant and equipment	120,000

## A13. Related party transactions

	Individual Quarter		Cumulative Quarter	
	31.3.17	31.3.16	31.3.17	31.3.16
	RM	RM	RM	RM
Micro Carbide Engineering Sdn Bhd				
- Precision tooling charges	<b>41,650</b>	21,484	<b>41,650</b>	<b>21,484</b>
- Rental income received	<b>89,100</b>	89,100	<b>89,100</b>	<b>89,100</b>

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 →		
	31.3.17 RM	31.12.16 RM	Var %	31.3.16 RM	Var %	31.3.17 RM	31.3.16 RM	Var %
<b>Revenue</b>	<b>14,905,063</b>	4,866,280	206	3,843,634	288	<b>14,905,063</b>	3,843,634	288
Cost of sales	<b>(9,807,115)</b>	(2,722,120)	-260	(2,400,683)	-309	<b>(9,807,115)</b>	(2,400,683)	-309
<b>Gross profit</b>	<b>5,097,948</b>	2,144,160	138	1,442,951	253	<b>5,097,948</b>	1,442,951	253
Other operating income	<b>461,441</b>	1,251,677	-63	244,227	89	<b>461,441</b>	244,227	89
Other operating expenses	<b>(162,134)</b>	39,374	-512	(866,089)	81	<b>(162,134)</b>	(866,089)	81
Administrative expenses	<b>(1,268,288)</b>	(890,268)	-42	(1,023,705)	-24	<b>(1,268,288)</b>	(1,023,705)	-24
<b>Profit/(Loss) from operations</b>	<b>4,128,967</b>	2,544,943	62	(202,616)	2,138	<b>4,128,967</b>	(202,616)	2,138
Interest expense	-	-		(217)		-	(217)	
<b>Profit/(Loss) before taxation</b>	<b>4,128,967</b>	2,544,943	62	(202,833)	2,136	<b>4,128,967</b>	(202,833)	2,136
Tax expense	<b>(25,452)</b>	(10,451)		(21,452)		<b>(25,452)</b>	(21,452)	
<b>Net profit/(loss) for the period</b>	<b>4,103,515</b>	2,534,492		(224,285)		<b>4,103,515</b>	(224,285)	

*Comparison with the corresponding period in the previous year*

The Group recorded a revenue of RM14.905 million for the current quarter, a remarkable increase of 288% (RM11.061 million) as compared to RM3.844 million of the corresponding quarter in the previous year. The quarter under review recorded a surge in sales of machines to the manufacturers of both smart devices and automotive industries in meeting their production needs.

Gross profit has remained consistent with the nature of machines sold during the quarter. The increase in other operating income was attributed to the fair value adjustment of other investments during the period. The decrease in other operating expenses was due to decrease in forex losses as the US Dollar strengthened against the RM during the period.

The increase in administrative expenses was mainly due to increase in some staff-related costs as operational volume increased.

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

The total revenue of the Group of RM14.905 million for the period ended 31 March 2017 increased by 288% (RM11.061 million) as compared to RM3.844 million reported in the previous financial period. The surge in revenue was due to higher volume of machines sold as the whole global market for the smart devices and automotive segments ramped up their production in anticipation of their end products' launching.

The increase in other operating income was attributed to the fair value adjustment of other investments whilst the decrease in other operating expenses was due to decrease in losses arising from the forex as US Dollar strengthened against the RM during the period.

The increase in administrative expenses was mainly due to increase in some staff-related costs as operational volume increased.

(Incorporated in Malaysia)

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

Revenue for the current quarter of RM14.905 million was 206% higher than that recorded in the preceding quarter of RM4.866 million mainly attributed to a surge in demand for machines during the period. Gross margin recorded was consistent with the nature of machines sold during the quarter.

The preceding quarter saw a higher other operating income due to higher forex gain following greater fluctuations in the exchange rate of US Dollar against RM as compared to the current quarter. The increase in administrative expenses was mainly due to increase in some staff-related costs as operational volume increased during the period.

## **B3. Current year prospects**

Based on the global demand for the LED products, the Board of Directors anticipates results for the remaining quarters to remain 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 year quarter and the preceding year quarter**

Reconciliation of effective tax expense:

	<b>Current year quarter 31.3.17 RM</b>	<b>Preceding year quarter 31.3.16 RM</b>
<b>Profit/(Loss) before tax</b>	4,128,967	(202,833)
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	990,952	(48,680)
Non-deductible expenses	4,529	4,500
Losses not available for set-off	5,666	21,958
Pioneer income	(909,951)	(69,604)
Crystallisation of deferred tax liability	(2,548)	(2,548)
Unrecognised deferred tax assets	(63,196)	115,826
Tax expense	25,452	21,452

## **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 March 2017 is as follows:

	<b>RM</b>
Balance at 1 January 2017	4,743,640
Add: Purchases	-
Add: Dividend reinvest	10,666
Less: Disposals	(1,074,534)
Add : Gain on fair value adjustment	194,496
Balance at 31 March 2017	<u>3,874,268</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 were secured by a charge over the leased assets, denominated in Ringgit Malaysia and classified as follows:

	<b>Current year quarter 31.3.17 RM</b>	<b>Preceding year 31.12.16 RM</b>
<u>Hire Purchase</u>	-	-
Non-current liabilities	-	10,888
Current liabilities	-	10,888
	<u>-</u>	<u>10,888</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 / (loss) after tax and minority interests for the period by number of ordinary shares in issue during the period.

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31.3.17</b>	<b>31.3.16</b>	<b>31.3.17</b>	<b>31.3.16</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Net profit / (loss) after tax and minority interests (RM)	4,103,515	(224,285)	4,103,515	(224,285)
Weighted average number of ordinary shares in issue	161,108,500	161,614,500	161,108,500	161,614,500
Basic earnings per share (sen)	2.55	(0.14)	2.55	(0.14)

### b) Diluted EPS

The Group does not have any convertible securities and accordingly diluted EPS is not applicable.

(Incorporated in Malaysia)

### B15. Realised and Unrealised Profit Disclosure

The unappropriated profits as at 31 March 2017 and 31 December 2016 are analysed as follows:

	<b>Current quarter 31.3.17 RM</b>	<b>Preceding year 31.12.16 RM</b>
Total unappropriated profits of the Group		
- realised profit	34,830,228	30,487,996
- unrealised (loss) / gain	(25,223)	213,494
	<u>34,805,005</u>	<u>30,701,490</u>
Less : Consolidated adjustments	(9,139,212)	(9,139,212)
Total Group unappropriated profits as per consolidated financial statements	<u>25,665,793</u>	<u>21,562,278</u>

### B16. Profit / (Loss) before tax

The following items have been included in arriving at profit / (loss) before tax:

	<b>Current quarter 31.3.17 RM</b>	<b>Preceding year quarter 31.3.16 RM</b>
Depreciation of property, plant and equipment	151,413	168,690
(Gain) / Loss on fair value adjustment of other investments	(205,162)	142,042
Foreign exchange loss / (gain) - realised	392,527	270,387
- unrealised	(230,393)	453,660
Interest income	(166,837)	(124,467)
Interest expense	-	217
Rental income	(89,100)	(89,100)
Gain from disposal of plant and equipment	(300)	(30,660)

### 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 29 May 2017.