



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

(Incorporated in Malaysia)

**Quarterly Report on Consolidated Results  
For The Fourth Quarter Ended 31 December 2017**

(Incorporated in Malaysia)

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

	Note	31.12.17 (Unaudited) RM	31.12.16 (Audited) RM
Property, plant and equipment		9,230,202	9,483,110
<b>Total non-current assets</b>		9,230,202	9,483,110
Inventories		9,747,621	5,701,663
Other investments	B8	4,413,507	4,743,640
Trade receivables		17,486,691	10,356,255
Sundry receivables, deposits and prepayments		1,460,153	868,126
Tax refundable		58,878	48,382
Fixed deposits with licensed banks		21,427,922	13,244,509
Cash and cash equivalents		7,309,927	4,577,445
<b>Total current assets</b>		61,904,699	39,540,020
<b>Total assets</b>		71,134,901	49,023,130
<b>Equity</b>			
Share capital		20,963,468	16,300,000
Treasury shares		(1,479,991)	(1,158,913)
Share premium		-	4,663,468
Retained profits		38,589,316	21,562,279
<b>Total equity attributable to shareholders of the Company</b>		58,072,793	41,366,834
<b>Total equity</b>		58,072,793	41,366,834
<b>Liabilities</b>			
Deferred tax liabilities		453,133	463,326
<b>Total non-current liabilities</b>		453,133	463,326
Trade payables		7,149,089	4,455,596
Sundry payables and accruals		5,459,886	2,737,374
<b>Total current liabilities</b>		12,608,975	7,192,970
<b>Total liabilities</b>		13,062,108	7,656,296
<b>Total equity and liabilities</b>		71,134,901	49,023,130
<b>Net assets per share (RM) @</b>		0.36	0.25

@ 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.

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**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the Fourth Quarter Ended 31 December 2017  
(The figures have not been audited)**

	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
		31.12.17 RM	31.12.16 RM	31.12.17 RM	31.12.16 RM
<b>Revenue</b>		<b>11,844,193</b>	4,866,280	<b>75,569,118</b>	35,583,749
Cost of sales		(7,829,529)	(2,722,120)	(49,447,586)	(23,984,963)
<b>Gross profit</b>		<b>4,014,664</b>	2,144,160	<b>26,121,532</b>	11,598,786
Other operating income		403,390	1,251,677	1,466,444	2,099,396
Other operating expenses		(449,131)	39,374	(1,092,514)	(35,013)
Administrative expenses		(1,181,079)	(890,268)	(5,284,600)	(4,056,750)
<b>Profit from operations</b>		<b>2,787,844</b>	2,544,943	<b>21,210,862</b>	9,606,419
Interest expense		-	-	-	(366)
<b>Profit before tax</b>		<b>2,787,844</b>	2,544,943	<b>21,210,862</b>	9,606,053
Tax expense	B6	(51,756)	(10,451)	(156,112)	(85,807)
<b>Net profit for the period</b>	B1	<b>2,736,088</b>	2,534,492	<b>21,054,750</b>	9,520,246
<b>Attributable to:</b>					
Shareholders of the Company		2,736,088	2,534,492	21,054,750	9,520,246
Minority interests		-	-	-	-
<b>Net profit for the period</b>		<b>2,736,088</b>	2,534,492	<b>21,054,750</b>	9,520,246
<b>Earnings per share</b>					
(i) Basic (sen)	B14	1.70	1.57	13.07	5.90
(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 2016 and the accompanying explanatory notes attached to these interim financial statements.

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**Condensed Consolidated Statement of Changes in Equity  
For the Fourth Quarter Ended 31 December 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	21,562,279	41,366,834
<b>Transactions with owners</b>					
Transfer pursuant to Companies Act 2016 (Note a)	4,663,468	-	(4,663,468)	-	-
Purchase of treasury shares	-	(321,078)	-	-	(321,078)
Dividends paid	-	-	-	(4,027,713)	(4,027,713)
	4,663,468	(321,078)	(4,663,468)	(4,027,713)	(4,348,791)
Net profit for the period	-	-	-	21,054,750	21,054,750
<b>At 31 December 2017</b>	<b>20,963,468</b>	<b>(1,479,991)</b>	<b>-</b>	<b>38,589,316</b>	<b>58,072,793</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	-	(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	-	-	-	9,520,246	9,520,246
<b>At 31 December 2016</b>	<b>16,300,000</b>	<b>(1,158,913)</b>	<b>4,663,468</b>	<b>21,562,279</b>	<b>41,366,834</b>

Note (a):

*With the introduction of the Companies Act 2016 effective 31 January 2017, the concepts of authorised share capital and par value of share capital have been abolished. Consequently, balance within the share premium account of RM4,663,468 has been transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. Notwithstanding this provision, the Company may utilise its share premium account for purposes stipulated in Section 618(3) of the Companies Act 2016 for a transitional period of 24 months from 31 January 2017. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the member as a result of this transition.*

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.

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

	<b>12 months ended 31 December</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flows from operating activities</b>		
Profit before tax	21,210,862	9,606,053
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	616,370	648,558
Gain on disposal of plant and equipment	(141)	(37,265)
Gain on fair value adjustment of other investments	(175,537)	(39,114)
Unrealised foreign exchange loss / (gain)	327,955	(676,820)
Interest income	(700,844)	(476,643)
Interest expense	-	366
<i>Operating profit before working capital changes</i>	21,278,665	9,025,135
<i>Adjustments for working capital changes:</i>		
Inventories	(4,045,958)	(633,630)
Trade receivables	(7,437,212)	(2,820,517)
Sundry receivables, deposits and prepayments	(592,027)	(118,763)
Trade payables	2,695,007	1,074,996
Sundry payables and accruals	2,722,512	569,655
<i>Cash generated from operations</i>	14,620,987	7,096,876
Interest received	700,844	476,643
Income tax paid	(176,801)	(167,106)
<i>Net cash generated from operating activities</i>	15,145,030	7,406,413
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(363,622)	(284,976)
Proceeds from / (Purchase of) other investments	505,670	(2,690,106)
Proceeds from disposal of plant and equipment	301	37,265
<i>Net cash generated from / (used in) investing activities</i>	142,349	(2,937,817)
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	(321,078)	(409,368)
Repayments of hire purchase	-	(18,790)
Dividends paid	(4,027,713)	(3,225,541)
Interest paid	-	(366)
<i>Net cash used in financing activities</i>	(4,348,791)	(3,654,065)
<b>Net increase in cash and cash equivalents</b>	10,938,588	814,531
<b>Effect of exchange differences in cash and cash equivalents</b>	(22,693)	8,848
<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>	28,737,849	17,821,954

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 following 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 except for the possible impact arising from the adoption of MFRS 9 and 15 which the Management is finalizing.

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**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 were 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 issuances, cancellations, repurchases, resale and repayment of debt and equity securities for the current quarter-to-date under review.

**Treasury shares**

Number of treasury shares held as at 31 December 2017 were as follows:

Balance at 1 January 2017	1,891,500
Add: Purchase of treasury shares	<u>200,000</u>
Balance at 31 December 2017	<u><u>2,091,500</u></u>

**A7. Dividends paid**

The first single tier interim dividend of 1 sen and the special single tier dividend of 0.50 sen per ordinary share totaling RM2,416,628 for the year ended 31 December 2017 was paid on 17 October 2017.

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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

	<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 31 December 2017</b>			
Malaysia	6,227,981	61,845,821	101,073
America	3,950,854	-	-
Asia (exclude Malaysia)	1,665,358	-	-
Consolidated	11,844,193	61,845,821	101,073
<b>3 months ended 31 December 2016</b>			
Malaysia	2,999,418	39,491,638	122,281
America	1,454,589	-	-
Australia	76,241	-	-
Asia (exclude Malaysia)	336,032	-	-
Consolidated	4,866,280	39,491,638	122,281
<b>12 months ended 31 December 2017</b>			
Malaysia	47,017,085	61,845,821	363,622
America	19,715,408	-	-
Australia	62,865	-	-
Asia (exclude Malaysia)	8,773,760	-	-
Consolidated	75,569,118	61,845,821	363,622
<b>12 months ended 31 December 2016</b>			
Malaysia	16,268,711	39,491,638	284,976
America	5,250,962	-	-
Europe	6,495	-	-
Australia	146,626	-	-
Asia (exclude Malaysia)	13,910,955	-	-
Consolidated	35,583,749	39,491,638	284,976



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

**A12. Capital commitments**

As at 31 December 2017, the Group has no material capital commitments that have been contracted for.

**A13. Related party transactions**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31.12.17</b>	<b>31.12.16</b>	<b>31.12.17</b>	<b>31.12.16</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Micro Carbide Engineering Sendirian Berhad				
- Precision tooling charges	<b>104,780</b>	31,255	<b>435,290</b>	69,102
- Rental income received	<b>112,860</b>	89,100	<b>419,760</b>	356,400

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 →		
	31.12.17 RM	30.9.17 RM	Var %	31.12.16 RM	Var %	31.12.17 RM	31.12.16 RM	Var %
<b>Revenue</b>	<b>11,844,193</b>	19,442,172	-39	4,866,280	143	<b>75,569,118</b>	35,583,749	112
Cost of sales	<b>(7,829,529)</b>	(13,065,946)	40	(2,722,120)	-188	<b>(49,447,586)</b>	(23,984,963)	-106
<b>Gross profit</b>	<b>4,014,664</b>	6,376,226	-37	2,144,160	87	<b>26,121,532</b>	11,598,786	125
Other operating income	<b>403,390</b>	295,838	36	1,251,677	-68	<b>1,466,444</b>	2,099,396	-30
Other operating expenses	<b>(449,131)</b>	(226,463)	-98	39,374	-1,241	<b>(1,092,514)</b>	(35,013)	-3,020
Administrative expenses	<b>(1,181,079)</b>	(1,169,005)		(890,268)	-32	<b>(5,284,600)</b>	(4,056,750)	-30
<b>Profit from operations</b>	<b>2,787,844</b>	5,276,596	-47	2,544,943	10	<b>21,210,862</b>	9,606,419	121
Interest expense	-	-		-		-	(366)	
<b>Profit before tax</b>	<b>2,787,844</b>	5,276,596	-47	2,544,943	10	<b>21,210,862</b>	9,606,053	121
Tax expense	<b>(51,756)</b>	(60,452)		(10,451)		<b>(156,112)</b>	(85,807)	
<b>Net profit for the period</b>	<b>2,736,088</b>	5,216,144	-47	2,534,492	8	<b>21,054,750</b>	9,520,246	121

*Comparison with the corresponding period in the previous year*

The Group recorded a revenue of RM11.844 million for the current quarter, a remarkable increase of 143% (RM6.978 million) as compared to RM4.866 million of the corresponding quarter in the previous year. The quarter under review recorded an increase in sales of machines to the manufacturers of smart devices and general lighting segments as well as the OEM and ODM customers. These customers have bumped up their orders during the period so as to meet their production needs arising from the launching of their new products.

Gross profit has remained consistent with the nature of machines sold during the quarter. The decrease in other operating income was attributed to the further losses suffered in forex as the US Dollar weakened against the RM since the beginning of second quarter, which also explained the increase in other operating expenses.

The increase in administrative expenses was mainly due to increase in some overheads in line with increase in operational volume as well as some professional costs incurred in connection with the Group's proposed transfer listing exercise.

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## **B1. Review of performance (Cont'd)**

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

The total revenue of the Group of RM75.569 million for the period ended 31 December 2017 increased by 112% (RM39.985 million) as compared to RM35.584 million reported in the previous financial period. The increase in revenue was bolstered by increase in number of machines sold as well as their selling price.

The decrease in other operating income was attributed to losses suffered in forex despite the increase in interest income earned coupled with the gain from fair value adjustment of other investments.

The increase in other operating expenses were attributed to the losses suffered in forex as the US Dollar weakened against the RM since the beginning of second quarter.

The increase in administrative expenses was mainly due to increase in some indirect overheads in line with operational volume increased coupled with some professional costs incurred in connection with the Group's proposed transfer listing exercise.

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

Revenue for the current quarter of RM11.844 million was 39% lower than that recorded in the preceding quarter of RM19.442 million as orders for machines received from the customers for current quarter were lower than that of the preceding quarter. Gross margin recorded was consistent with the nature of machines sold during the quarter.

The increase in other operating expenses were mainly attributed to forex losses as the US Dollar weakened further against the RM during the quarter.

## **B3. Commentary on prospects**

In a rapidly changing tech sector, new products would come into market place and this will present new opportunities for the Group. Among the many products, we are exploring sensor and IOT related products while smart devices, automotive and general lighting remain our main stay.

## **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.

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**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	
	31.12.17	31.12.16	31.12.17	31.12.16
	RM	RM	RM	RM
<b>Profit before tax</b>	2,787,844	2,544,943	21,210,862	9,606,053
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	669,083	610,786	5,090,607	2,305,500
Non-deductible expenses	427,532	44,349	628,088	189,757
Non-taxable income	-	-	(80,286)	(263,800)
Pioneer income	(446,179)	(396,364)	(4,049,182)	(1,921,900)
Utilisation of tax allowances	(616,028)	-	(778,925)	-
Crystallisation of deferred tax liability	(2,548)	(2,548)	(10,193)	(10,193)
Unrecognised deferred tax assets	19,896	(245,772)	(643,997)	(213,557)
<b>Tax expense</b>	<u>51,756</u>	<u>10,451</u>	<u>156,112</u>	<u>85,807</u>

The Group has been granted a 10-year 100% tax exemption from Pioneer Status for its LED products from the relevant authority.

**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 December 2017 is as follows:

	RM
Balance at 1 January 2017	4,743,640
Add: Purchases	1,000,000
Add: Dividend reinvest	111,720
Less: Disposals	(1,505,670)
Add : Gain on fair value adjustments	63,817
<b>Balance at 31 December 2017</b>	<u>4,413,507</u>

**B9. Status of corporate proposal announced**

The Group had on 28 August 2017 made announcements in relation to the following:

- (i) proposed transfer of the listing of and quotation for the entire issued share capital of the Company from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad (“Proposed Transfer”); and
- (ii) proposed amendments to the Constitution of the Company to facilitate the implementation of the Proposed Transfer

Save for the above, there were no corporate proposals announced but not completed as at the date of this report.

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**B10. Group's borrowings and debt securities**

There were no borrowings and debt securities as at the date of this report.

**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 were no material litigations pending as at the date of this report.

**B13. Dividend declared**

The Board of Directors has declared a second interim single tier dividend of 1 sen per ordinary share and a special single tier dividend of 1.50 sen per ordinary share for the year ended 31 December 2017.

The entitlement date and payment date are on 20 March 2018 and 17 April 2018 respectively.

**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.

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31.12.17</b>	<b>31.12.16</b>	<b>31.12.17</b>	<b>31.12.16</b>
Net profit after tax and minority interests (RM)	<b>2,736,088</b>	2,534,492	<b>21,054,750</b>	9,520,246
Weighted average number of ordinary shares in issue	<b>161,090,692</b>	161,289,148	<b>161,090,692</b>	161,289,148
Basic earnings per share (sen)	<b>1.70</b>	1.57	<b>13.07</b>	5.90

b) **Diluted EPS**

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

**B15. Profit before tax**

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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>	<b>3 months ended</b>	<b>12 months ended</b>	<b>12 months ended</b>
	<b>31.12.17</b>	<b>31.12.16</b>	<b>31.12.17</b>	<b>31.12.16</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Depreciation of property, plant and equipment	152,118	156,951	616,370	648,558
Gain on fair value adjustment of other investments	(51,990)	(113,503)	(175,537)	(39,114)
Foreign exchange loss / (gain) - realised	246,677	(10,334)	755,399	(407,614)
- unrealised	193,294	(279,540)	327,955	(676,820)
Interest expense	-	-	-	366
Interest income	(226,034)	(124,862)	(700,844)	(476,643)
Rental income	(112,860)	(89,100)	(419,760)	(356,400)
Gain on disposal of plant and equipment	-	-	(141)	(37,265)

**B16. 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 27 February 2018.