



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

(Incorporated in Malaysia)

**Quarterly Report on Consolidated Results  
For The First Quarter Ended 31 March 2019**

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Financial Position  
As at 31 March 2019**

	Note	31.3.19 (Unaudited) RM	31.12.18 (Audited) RM
Property, plant and equipment		9,470,814	9,506,122
<b>Total non-current assets</b>		9,470,814	9,506,122
Inventories		14,334,902	8,837,700
Other investments	B8	4,533,681	4,407,476
Trade receivables		18,761,097	14,425,748
Sundry receivables, deposits and prepayments		1,667,096	2,277,900
Tax refundable		902,676	652,296
Fixed deposits with licensed banks		22,282,972	24,074,405
Cash and cash equivalents		1,876,731	3,223,105
<b>Total current assets</b>		64,359,155	57,898,630
<b>Total assets</b>		73,829,969	67,404,752
<b>Equity</b>			
Share capital		21,683,486	21,649,832
Share option reserve		122,296	-
Treasury shares		(4,347,254)	(4,320,158)
Retained profits		42,115,366	40,429,520
<b>Total equity attributable to shareholders of the Company</b>		59,573,894	57,759,194
<b>Total equity</b>		59,573,894	57,759,194
<b>Liabilities</b>			
Deferred tax liabilities		690,392	692,940
<b>Total non-current liabilities</b>		690,392	692,940
Trade payables		11,733,992	6,566,216
Sundry payables and accruals		1,831,691	2,386,402
<b>Total current liabilities</b>		13,565,683	8,952,618
<b>Total liabilities</b>		14,256,075	9,645,558
<b>Total equity and liabilities</b>		73,829,969	67,404,752
<b>Net assets per share (RM) @</b>		0.30	0.29

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 First Quarter Ended 31 March 2019  
(The figures have not been audited)**

	Note	Individual / Cumulative Quarter	
		Current Year Quarter 31.3.19 RM	Preceding Year Corresponding Quarter 31.3.18 RM
<b>Revenue</b>		<b>10,204,381</b>	15,919,035
Cost of sales		(7,443,282)	(10,577,420)
<b>Gross profit</b>		<b>2,761,099</b>	5,341,615
Other operating income / (expenses)		368,777	(285,771)
Administrative expenses		(1,360,578)	(1,046,130)
<b>Profit from operations</b>		<b>1,769,298</b>	4,009,714
Interest expense		-	-
<b>Profit before taxation</b>		<b>1,769,298</b>	4,009,714
Tax expense	B6	(83,452)	(17,452)
<b>Net profit for the period</b>	B1	<b>1,685,846</b>	3,992,262
<b>Attributable to:</b>			
Shareholders of the Company		1,685,846	3,992,262
Minority interests		-	-
<b>Net profit for the period</b>		<b>1,685,846</b>	3,992,262
<b>Earnings per share</b>			
(i) Basic (sen)	B14	<b>0.85</b>	1.98
(ii) Diluted (sen)	B14	<b>0.85</b>	1.98

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to these interim financial statements.

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**Condensed Consolidated Statement of Changes in Equity  
For the First Quarter Ended 31 March 2019  
(The figures have not been audited)**

	<b>Share capital RM</b>	<b>Non-distributable Share option reserve RM</b>	<b>Treasury shares RM</b>	<b>Distributable Retained profits RM</b>	<b>Total RM</b>
<b>At 1 January 2019</b>	21,649,832	-	(4,320,158)	40,429,520	57,759,194
<b>Transactions with owners</b>					
Purchase of treasury shares	-	-	(27,096)	-	(27,096)
Share option vested under ESOS	-	132,942	-	-	132,942
Ordinary shares issued pursuant to exercise of ESOS	33,654	(10,646)	-	-	23,008
	33,654	122,296	(27,096)	-	128,854
Net profit for the period	-	-	-	1,685,846	1,685,846
<b>At 31 March 2019</b>	<b>21,683,486</b>	<b>122,296</b>	<b>(4,347,254)</b>	<b>42,115,366</b>	<b>59,573,894</b>
<b>At 1 January 2018</b>	20,963,468	-	(1,479,991)	38,589,316	58,072,793
Adjustment on adoption of MFRS 9	-	-	-	(92,246)	(92,246)
Adjustment on adoption of MFRS 15	-	-	-	(1,426,497)	(1,426,497)
Adjusted 1 January 2018	20,963,468	-	(1,479,991)	37,070,573	56,554,050
<b>Transactions with owners</b>					
Purchase of treasury shares	-	-	(879,204)	-	(879,204)
Dividend payable	-	-	-	(4,015,388)	(4,015,388)
	-	-	(879,204)	(4,015,388)	(4,894,592)
Net profit for the period	-	-	-	3,992,262	3,992,262
<b>At 31 March 2018</b>	<b>20,963,468</b>	<b>-</b>	<b>(2,359,195)</b>	<b>37,047,447</b>	<b>55,651,720</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 2018 and the accompanying explanatory notes attached to these interim financial statements.

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**Condensed Consolidated Statement of Cash Flows  
For the First Quarter Ended 31 March 2019  
(The figures have not been audited)**

	<b>3 months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flows from operating activities</b>		
Profit before tax	1,769,298	4,009,714
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	212,844	144,847
(Gain) / Loss on fair value adjustment of other investments	(126,205)	142,140
Share options vested under ESOS	132,942	-
Unrealised foreign exchange loss	100,309	408,801
Loss on disposal of plant and equipment	-	292
Impairment of receivables	71,609	33,280
Interest income	(236,806)	(166,900)
<i>Operating profit before working capital changes</i>	1,923,991	4,572,174
<i>Adjustments for working capital changes:</i>		
Inventories	(5,497,202)	1,325,252
Trade receivables	(4,508,216)	(711,825)
Sundry receivables, deposits and prepayments	610,804	(138,390)
Trade payables	5,167,776	(1,316,970)
Sundry payables and accruals	(554,711)	(5,214,617)
<i>Cash used in operations</i>	(2,857,558)	(1,484,376)
Interest received	236,806	166,900
Income tax paid	(336,380)	(12,617)
<i>Net cash used in operating activities</i>	(2,957,132)	(1,330,093)
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(177,536)	(45,457)
Proceeds from other investments	-	1,046,394
<i>Net cash (used in) / generated from investing activities</i>	(177,536)	1,000,937
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	(27,096)	(879,204)
Proceeds from issuance of ordinary shares pursuant to exercise of ESOS	23,008	-
<i>Net cash used in financing activities</i>	(4,088)	(879,204)
<b>Net decrease in cash and cash equivalents</b>	(3,138,756)	(1,208,360)
<b>Effect of exchange differences in cash and cash equivalents</b>	949	(22,240)
<b>Cash and cash equivalents at the beginning of year</b>	27,297,510	28,737,849
<b>Cash and cash equivalents at the end of year</b>	24,159,703	27,507,249

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 Main Market.

These interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2018. 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 2018.

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 31 December 2018.

The adoption of new and revised MFRSs and IC Interpretations that came into effect for accounting periods beginning on or after 1 January 2019 and are relevant as below, did not have any significant impact to the unaudited consolidated financial statements upon their initial application:

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments - Prepayments Features with Negative Compensation*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendments, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures*

#### A2. Auditors’ report of preceding annual financial statements

The auditors’ report on the financial statements for the financial year ended 31 December 2018 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.

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#### 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 2019 were as follows:

Balance at 1 January 2019	4,898,875
Add: Purchases	40,000
Balance at 31 March 2019	<u>4,938,875</u>

#### A7. Dividend paid

The second interim single tier dividend of 1 sen per ordinary share for the year ended 31 December 2018 totalling RM1,988,431 was paid on 17 April 2019.

#### 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	Non-current assets by location of assets RM	Capital expenditure by location of assets RM
<b>3 months ended 31 March 2019</b>			
Malaysia	3,988,107	9,470,814	177,536
America	157,253	-	-
Asia (excludes Malaysia)	5,995,492	-	-
Australia	57,987		
Europe	5,542	-	-
Consolidated	<u>10,204,381</u>	<u>9,470,814</u>	<u>177,536</u>
<b>3 months ended 31 March 2018</b>			
Malaysia	8,725,425	9,130,520	45,457
America	5,321,298	-	-
Asia (excludes Malaysia)	1,872,312	-	-
Consolidated	<u>15,919,035</u>	<u>9,130,520</u>	<u>45,457</u>

#### 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.

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**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 2019 and up to the date of this report.

**A12. Capital commitments**

Property, plant and equipment	<b>31.3.19</b>
	<b>RM</b>
Approved but not contracted for	<u>50,000</u>

**A13. Related party transactions**

	<b>Individual / Cumulative</b>	
	<b>Quarter</b>	
	<b>31.3.19</b>	31.3.18
	<b>RM</b>	RM
Micro Carbide Engineering Sendirian Berhad		
- Precision tooling charges	<b>14,150</b>	108,440
- Rental income received	<b>112,860</b>	112,860

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 - Explanatory notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad for the Main Market**

**B1. Review of performance**

	← Quarter ended →					← Period-to-date →		
	31.3.19 RM	31.12.18 RM	Var %	31.3.18 RM	Var %	31.3.19 RM	31.3.18 RM	Var %
<b>Revenue</b>	<b>10,204,381</b>	9,788,896	4	15,919,035	-36	<b>10,204,381</b>	15,919,035	-36
Cost of sales	<b>(7,443,282)</b>	(7,063,103)	-5	(10,577,420)	30	<b>(7,443,282)</b>	(10,577,420)	30
<b>Gross profit</b>	<b>2,761,099</b>	2,725,793	1	5,341,615	-48	<b>2,761,099</b>	5,341,615	-48
Other operating income / (expenses)	<b>368,777</b>	(92,289)	500	(285,771)	229	<b>368,777</b>	(285,771)	229
Administrative expenses	<b>(1,360,578)</b>	(1,643,233)	17	(1,046,130)	-30	<b>(1,360,578)</b>	(1,046,130)	-30
<b>Profit before tax</b>	<b>1,769,298</b>	990,271	78	4,009,714	-56	<b>1,769,298</b>	4,009,714	-56
Tax expense	<b>(83,452)</b>	(398,451)		(17,452)		<b>(83,452)</b>	(17,452)	
<b>Net profit for the period</b>	<b>1,685,846</b>	591,820		3,992,262		<b>1,685,846</b>	3,992,262	

*Comparison with the corresponding period in the previous year*

The Group recorded a revenue of RM10.204 million for the current quarter, a decrease of 36% as compared to RM15.919 million of the corresponding quarter in the previous year due to a decline in orders received from the smart devices customers during the current period. Gross profit was consistent with the nature of machines sold during the quarter.

The increase in other operating income was attributed to the decrease in forex loss as compared to the corresponding year quarter due to the strengthened USD against the RM. The increase in administrative expenses were due to increase in some employee-related costs as well as the share-based payment arising from the granting of employees' share options during the current quarter.

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

The Group recorded a slight increase in the revenue for current quarter of RM10.204 million as compared to that of the preceding quarter of RM9.789 million.

Other operating income increased in the current quarter mainly due to lower unrealised loss from other investments as compared with the preceding quarter. The higher administrative expenses incurred in the preceding quarter as compared to the current quarter were due to the professional fees arising from the corporate exercises taking place during the financial year 2018.

**B3. Current year prospects**

The continuing trade stand-off between the US and China does not only create much uncertainties among the global players but also affects the capital spending of most companies in various industries.

Under the circumstances, the Board is cautiously optimistic that the Company will be able to achieve a satisfactory set of results for the remaining quarters of the year.

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**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 / Cumulative Quarter</b>	
	<b>31.3.19</b>	31.3.18
	<b>RM</b>	RM
<b>Profit before tax</b>	1,769,298	4,009,714
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	424,632	962,331
Non-deductible expenses	4,255	33,994
Pioneer income	(392,155)	(811,390)
Crystallisation of deferred tax liability	(2,548)	(2,548)
Unrecognised deferred tax assets	49,268	(164,935)
Tax expense	83,452	17,452

**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 March 2019 is as follows:

	RM
Balance at 1 January 2019	4,407,476
Add: Gain on fair value adjustment	126,205
Balance at 31 March 2019	4,533,681

**B9. Status of corporate proposal announced**

On 28 January 2019, the Board of Directors announced that the Company offered 3,500,000 options to its eligible Directors and employees under the Employees' Share Option Scheme at an exercise price of RM 0.719 per option.

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

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### 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 after tax and minority interests for the period by weighted average number of ordinary shares in issue during the period.

	<b>Individual / Cumulative Quarter</b>	
	<b>31.3.19</b>	31.3.18
	<b>RM</b>	RM
Net profit after tax and minority interests (RM)	1,685,846	3,992,262
Weighted average number of ordinary shares in issue	198,812,898	201,448,573
Basic earnings per share (sen)	0.85	1.98

#### b) Diluted EPS

Diluted EPS is calculated by dividing the net profit after tax and minority interests for the period by weighted average number of ordinary shares in issue during the period after adjusting for the dilutive effects of the employees' share options exercised.

	<b>Individual / Cumulative Quarter</b>	
	<b>31.3.19</b>	31.3.18
	<b>RM</b>	RM
Net profit after tax and minority interests (RM)	1,685,846	3,992,262
Effect of share options - ESOS	6,400	-
Weighted average number of ordinary shares in issue (diluted)	198,819,298	201,448,573
Diluted earnings per share (sen)	0.85	1.98

### B15. Profit before tax

	<b>Individual / Cumulative Quarter</b>	
	<b>31.3.19</b>	31.3.18
	<b>RM</b>	RM
Depreciation of property, plant and equipment	212,844	144,847
(Gain) / Loss on fair value adjustment of other investments	(126,205)	142,140
Foreign exchange loss- realised	6,844	51,397
- unrealised	100,309	408,801
Impairment of receivables	71,609	33,280
Share options vested under ESOS	132,942	-
Interest income	(236,806)	(166,900)
Rental income	(112,860)	(112,860)
Loss on disposal of plant and equipment	-	292

### 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 29 May 2019.