



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

(Incorporated in Malaysia)

**Quarterly Report on Consolidated Results  
For The Third Quarter Ended 30 September 2019**

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Financial Position  
As at 30 September 2019**

	Note	30.9.19 (Unaudited) RM	31.12.18 (Audited) RM
Property, plant and equipment		9,338,173	9,506,122
<b>Total non-current assets</b>		<u>9,338,173</u>	<u>9,506,122</u>
Inventories		10,719,825	8,837,700
Other investments	B8	3,972,158	4,407,476
Trade receivables		13,931,785	14,425,748
Sundry receivables, deposits and prepayments		418,337	2,277,900
Tax refundable		366,498	652,296
Fixed deposits with licensed banks		24,616,279	24,074,405
Cash and cash equivalents		7,500,289	3,223,105
<b>Total current assets</b>		<u>61,525,171</u>	<u>57,898,630</u>
<b>Total assets</b>		<u>70,863,344</u>	<u>67,404,752</u>
<b>Equity</b>			
Share capital		21,717,771	21,649,832
Share option reserve		377,334	-
Treasury shares		(4,757,002)	(4,320,158)
Retained profits		41,414,850	40,429,520
<b>Total equity attributable to shareholders of the Company</b>		<u>58,752,953</u>	<u>57,759,194</u>
<b>Total equity</b>		<u>58,752,953</u>	<u>57,759,194</u>
<b>Liabilities</b>			
Deferred tax liabilities		685,296	692,940
<b>Total non-current liabilities</b>		<u>685,296</u>	<u>692,940</u>
Trade payables		6,874,869	6,566,216
Sundry payables and accruals		2,567,293	2,386,402
Dividend payables		1,982,933	-
<b>Total current liabilities</b>		<u>11,425,095</u>	<u>8,952,618</u>
<b>Total liabilities</b>		<u>12,110,391</u>	<u>9,645,558</u>
<b>Total equity and liabilities</b>		<u>70,863,344</u>	<u>67,404,752</u>
<b>Net assets per share (RM)</b>		0.30	0.29*

\* The weighted average number of ordinary shares for the purpose of the computation of the net assets per share has been adjusted retrospectively to reflect the Company's bonus issue which was completed on 30 October 2018.

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 Third Quarter Ended 30 September 2019  
(The figures have not been audited)**

	Note	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
		30.9.19 RM	30.9.18 RM	30.9.19 RM	30.9.18 RM
<b>Revenue</b>		<b>6,213,809</b>	9,894,198	<b>31,537,132</b>	38,053,942
Cost of sales		<b>(4,510,876)</b>	(7,119,651)	<b>(23,295,001)</b>	(26,449,017)
<b>Gross profit</b>		<b>1,702,933</b>	2,774,547	<b>8,242,131</b>	11,604,925
Other operating income		<b>517,885</b>	418,548	<b>1,367,833</b>	872,061
Administrative expenses		<b>(1,168,923)</b>	(1,282,479)	<b>(3,803,270)</b>	(3,512,080)
<b>Profit before tax</b>		<b>1,051,895</b>	1,910,616	<b>5,806,694</b>	8,964,906
Tax expense	B6	<b>(550,000)</b>	(291,451)	<b>(850,000)</b>	(582,356)
<b>Net profit for the period</b>	B1	<b>501,895</b>	1,619,165	<b>4,956,694</b>	8,382,550
<b>Attributable to:</b>					
Shareholders of the Company		<b>501,895</b>	1,619,165	<b>4,956,694</b>	8,382,550
Minority interests		-	-	-	-
<b>Net profit for the period</b>		<b>501,895</b>	1,619,165	<b>4,956,694</b>	8,382,550
<b>Earnings per share</b>					
(i) Basic (sen)	B14	<b>0.25</b>	0.80	<b>2.49</b>	4.16
(ii) Diluted (sen)		<b>0.25</b>	0.80	<b>2.49</b>	4.16

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 Third Quarter Ended 30 September 2019**  
(The figures have not been audited)

	Share Capital RM	Non-distributable Share Option Reserve RM	Treasury Shares RM	Distributable Retained Profits RM	Total RM
<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	-	-	(436,844)	-	(436,844)
Share option vested under ESOS	-	398,826	-	-	398,826
Ordinary shares issued pursuant to exercise of ESOS	67,939	(21,492)	-	-	46,447
Dividend payable	-	-	-	(3,971,364)	(3,971,364)
	67,939	377,334	(436,844)	(3,971,364)	(3,962,935)
Net profit for the period	-	-	-	4,956,694	4,956,694
<b>At 30 September 2019</b>	<b>21,717,771</b>	<b>377,334</b>	<b>(4,757,002)</b>	<b>41,414,850</b>	<b>58,752,953</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	-	-	(2,758,139)	-	(2,758,139)
Disposal of treasury shares	-	-	938,257	-	938,257
Gain from disposal of treasury shares	686,364	-	-	-	686,364
Dividend payable	-	-	-	(5,615,422)	(5,615,422)
	686,364	-	(1,819,882)	(5,615,422)	(6,748,940)
Net profit for the period	-	-	-	8,382,550	8,382,550
<b>At 30 September 2018</b>	<b>21,649,832</b>	<b>-</b>	<b>(3,299,873)</b>	<b>39,837,701</b>	<b>58,187,660</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 Third Quarter Ended 30 September 2019  
(The figures have not been audited)**

	<b>9 months ended 30 September</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flows from operating activities</b>		
Profit before tax	5,806,694	8,964,906
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	536,100	448,328
(Gain) / Loss on fair value adjustment of other investments	(64,682)	306,490
Share options vested under ESOS	398,826	-
Unrealised foreign exchange gain	(25,821)	(194,926)
Loss on disposal of plant and equipment	369	292
Impairment of receivables	71,609	(42,252)
Interest income	(659,674)	(574,764)
<i>Operating profit before working capital changes</i>	6,063,421	8,908,074
<i>Adjustments for working capital changes:</i>		
Inventories	(1,882,125)	3,199,853
Trade receivables	463,291	3,758,453
Sundry receivables, deposits and prepayments	1,859,563	243,080
Trade payables	308,653	(4,054,743)
Sundry payables and accruals	180,891	(4,849,050)
<i>Cash generated from operations</i>	6,993,694	7,205,667
Interest received	659,674	574,764
Income tax paid	(571,846)	(76,282)
<i>Net cash generated from operating activities</i>	7,081,522	7,704,149
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(369,920)	(768,551)
Proceeds from / (Purchase of) other investments	500,000	(735,525)
Proceeds from disposal of plant and equipment	1,400	-
<i>Net cash generated from / (used in) investing activities</i>	131,480	(1,504,076)
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	(436,844)	(1,133,518)
Proceeds from issuance of ordinary shares pursuant to exercise of ESOS	46,447	-
Dividends paid	(1,988,431)	(4,015,388)
<i>Net cash used in financing activities</i>	(2,378,828)	(5,148,906)
<b>Net increase in cash and cash equivalents</b>	4,834,174	1,051,167
<b>Effect of exchange differences in cash and cash equivalents</b>	(15,116)	14,384
<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>	32,116,568	29,803,400

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.

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## 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 issuances, 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 2019 were as follows:

Balance at 1 January 2019	4,898,875
Add: Purchase of treasury shares	622,400
Balance at 30 September 2019	<u>5,521,275</u>

#### **A7. Dividend paid**

The first interim single tier dividend of 1 sen per ordinary share for the year ending 31 December 2019 totalling RM1,982,933 was paid on 18 October 2019.

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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

	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 30 September 2019</b>			
Malaysia	2,506,136	9,338,173	127,044
America	603,265	-	-
Asia (excludes Malaysia)	3,016,632	-	-
Europe	87,776	-	-
Consolidated	6,213,809	9,338,173	127,044
<b>3 months ended 30 September 2018</b>			
Malaysia	3,853,848	9,550,133	640,061
America	5,675,379	-	-
Asia (excludes Malaysia)	326,163	-	-
Europe	38,808	-	-
Consolidated	9,894,198	9,550,133	640,061
<b>9 months ended 30 September 2019</b>			
Malaysia	15,075,683	9,338,173	369,920
America	1,028,539	-	-
Asia (excludes Malaysia)	15,275,313	-	-
Europe	99,610	-	-
Australia	57,987	-	-
Consolidated	31,537,132	9,338,173	369,920
<b>9 months ended 30 September 2018</b>			
Malaysia	15,031,055	9,550,133	768,551
America	17,156,341	-	-
Asia (excludes Malaysia)	5,550,980	-	-
Europe	292,465	-	-
Australia	23,101	-	-
Consolidated	38,053,942	9,550,133	768,551

#### 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.



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**A11. Contingent liabilities and contingent assets**

There were no contingent liabilities or contingent assets as at 30 September 2019 and up to the date of this report.

**A12. Capital commitments**

Property, plant and equipment	<b>30.9.19</b>
	<b>RM</b>
Approved and contracted for	<u><u>-</u></u>

**A13. Related party transactions**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.9.19</b>	30.9.18	<b>30.9.19</b>	30.9.18
	<b>RM</b>	RM	<b>RM</b>	RM
Micro Carbide Engineering Sdn Bhd				
- Precision tooling charges	<b>17,850</b>	58,060	<b>96,900</b>	301,110
- Rental income received	<b>118,500</b>	112,860	<b>347,980</b>	338,580

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

**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 →		
	30.9.19 RM	30.6.19 RM	Var %	30.9.18 RM	Var %	30.9.19 RM	30.9.18 RM	Var %
<b>Revenue</b>	<b>6,213,809</b>	15,118,941	-59	9,894,198	37	<b>31,537,132</b>	38,053,942	-17
Cost of sales	<b>(4,510,876)</b>	(11,340,843)	60	(7,119,651)	36	<b>(23,295,001)</b>	(26,449,017)	12
<b>Gross profit</b>	<b>1,702,933</b>	3,778,098	-55	2,774,547	-39	<b>8,242,131</b>	11,604,925	-29
Other operating income	<b>517,885</b>	481,171	8	418,548	24	<b>1,367,833</b>	872,061	57
Administrative expenses	<b>(1,168,923)</b>	(1,273,768)	-	(1,282,479)	9	<b>(3,803,270)</b>	(3,512,080)	-8
<b>Profit before tax</b>	<b>1,051,895</b>	2,985,501	-65	1,910,616	-45	<b>5,806,694</b>	8,964,906	-35
Tax expense	<b>(550,000)</b>	(216,548)		(291,451)		<b>(850,000)</b>	(582,356)	
<b>Net profit for the period</b>	<b>501,895</b>	2,768,953		1,619,165		<b>4,956,694</b>	8,382,550	

***Comparison with the corresponding period in the previous year***

The Group recorded a revenue of RM6.214 million for the current quarter, a decrease of 37% as compared to RM9.894 million of the corresponding quarter in the previous year due to the decline in orders received from the smart device customers during the current period. There was no major fluctuation noted in the gross margin.

The increase in other operating income in the current quarter was attributed to the realised forex gain as compared to the corresponding year quarter.

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

The Group recorded a revenue of RM31.537 million for the period-to-date, a decrease of 17% as compared to RM38.054 million reported in the previous financial period due to the overall decrease in volume of machines sold to the smart devices segment. The decrease in gross margin was mainly due to decrease in revenue while certain operating costs remained fixed.

The increase in other operating income was mainly attributed to the unrealised gain in fair value adjustments of other investments as well as the forex gain during the current period.

The increase in administrative expenses was mainly due to the increase in some employee-related costs as well as the share-based payment arising from the granting of ESOS during the current financial period.

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

Revenue for the current quarter of RM6.214 million recorded a 59% decrease mainly due to the decline in orders secured as compared to the preceding quarter of RM15.119 million. No significant fluctuation in gross margin was noted in the current quarter as compared to the preceding quarter.

The increase in other operating income was mainly due to higher interest income for the current quarter as compared to the preceding quarter.

## **B3. Current year prospects**

Going forward the Company expects to be able to convert some of our recent enquiries into orders. The Board is of the view that the performance of the Group for the rest of the year would be 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>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.9.19</b>	<b>30.9.18</b>	<b>30.9.19</b>	<b>30.9.18</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Profit before tax</b>	1,051,895	1,910,616	5,806,694	8,964,906
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	252,455	458,548	1,393,607	2,151,577
Non-deductible expenses	3,048	45,375	127,304	164,818
Losses not available for set-off	3,500	10,163	19,548	21,163
Pioneer income	293,545	(240,416)	(682,815)	(1,408,988)
Crystallisation of deferred tax liability	(2,548)	(2,548)	(7,644)	(7,644)
Unrecognised deferred tax assets	-	20,329	-	(338,570)
<b>Tax expense</b>	<b>550,000</b>	<b>291,451</b>	<b>850,000</b>	<b>582,356</b>

## **B7. Unquoted investments and properties**

There were no sales of unquoted investments and/or properties for the current quarter under review.

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### **B8. Quoted investments**

A summary of the movement of quoted investments during the period ended 30 September 2019 is as follows:

	<b>RM</b>
Balance at 1 January 2019	4,407,476
Less: Disposals	(500,000)
Add: Gain on fair value adjustments	64,682
Balance at 30 September 2019	<u>3,972,158</u>

### **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 are no borrowings and debt securities as at the date of this report.

### **B11. Off balance sheet financial instruments**

There are 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.

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#### **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 Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.9.19</b>	30.9.18	<b>30.9.19</b>	30.9.18
	<b>RM</b>	RM	<b>RM</b>	RM
Net profit after tax and minority interests (RM)	501,895	1,619,165	4,956,694	8,382,550
Weighted average number of ordinary shares in issue	198,680,613	201,658,495	198,680,613	201,658,495
Basic earnings per share (sen)	0.25	0.80	2.49	4.16

##### **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 Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.9.19</b>	30.9.18	<b>30.9.19</b>	30.9.18
	<b>RM</b>	RM	<b>RM</b>	RM
Net profit after tax and minority interests (RM)	501,895	1,619,165	4,956,694	8,382,550
Effect of share options - ESOS	42,667	-	42,667	-
Weighted average number of ordinary shares in issue (diluted)	198,723,280	201,658,495	198,723,280	201,658,495
Basic earnings per share (sen)	0.25	0.80	2.49	4.16

#### **B15. Profit before tax**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>	30.9.18	<b>9 months ended</b>	30.9.18
	<b>30.9.19</b>	RM	<b>30.9.19</b>	RM
	<b>RM</b>	RM	<b>RM</b>	RM
Depreciation of property, plant and equipment	163,047	159,081	536,100	448,328
(Gain) / Loss on fair value adjustment of other investments	102,724	12,095	(64,682)	306,490
Share options vested under ESOS	132,942	-	398,826	-
Foreign exchange loss / (gain) - realised	(242,591)	(230,803)	(219,242)	28,979
- unrealised	9,341	78,826	(25,821)	(194,926)
Interest income	(218,884)	(178,801)	(659,674)	(574,764)
Rental income	(118,500)	(112,860)	(347,980)	(338,580)
Loss on disposal of plant and equipment	769	-	369	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 26 November 2019.