



MMS VENTURES BERHAD
Registration No. 200401008621 (647125-P)

(Incorporated in Malaysia)

**Quarterly Report on Consolidated Results
For The First Quarter Ended 31 March 2020**

**Condensed Consolidated Statement of Financial Position
As at 31 March 2020**

	Note	31.3.2020 (Unaudited) RM	31.12.2019 (Audited) RM
Property, plant and equipment		6,149,449	5,993,185
Right-of-use asset		3,201,773	3,220,643
Total non-current assets		9,351,222	9,213,828
Inventories		9,305,538	9,562,028
Other investments	B8	6,643,164	6,211,062
Trade receivables		15,891,839	12,167,002
Sundry receivables, deposits and prepayments		307,152	843,378
Tax refundable		1,241,511	556,704
Fixed deposits with licensed banks		18,539,932	24,523,834
Cash and cash equivalents		5,218,927	6,282,687
Total current assets		57,148,063	60,146,695
Total assets		66,499,285	69,360,523
Equity			
Share capital		21,837,245	21,717,771
Share options reserve		558,248	472,805
Treasury shares		(5,159,229)	(4,896,320)
Retained profits		42,469,602	44,037,156
Total equity attributable to shareholders of the Company		59,705,866	61,331,412
Total equity		59,705,866	61,331,412
Liabilities			
Deferred tax liabilities		858,203	860,751
Total non-current liabilities		858,203	860,751
Trade payables		2,899,796	4,044,848
Sundry payables and accruals		827,896	2,731,912
Contract liability		229,800	391,600
Dividend payable		1,977,724	-
Total current liabilities		5,935,216	7,168,360
Total liabilities		6,793,419	8,029,111
Total equity and liabilities		66,499,285	69,360,523
Net assets per share (RM)		0.30	0.31

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the First Quarter Ended 31 March 2020
(The figures have not been audited)**

	Note	Individual / Cumulative Quarter Current Year Quarter 31.3.2020 RM	Preceding Year Quarter 31.3.2019 RM
Revenue		6,368,691	10,204,381
Cost of sales		(5,069,145)	(7,443,282)
Gross profit		1,299,546	2,761,099
Other operating income		227,627	368,777
Administrative expenses		(1,119,551)	(1,360,578)
Profit before tax		407,622	1,769,298
Tax income / (expense)	B6	2,548	(83,452)
Net profit for the period	B1	410,170	1,685,846
Attributable to:			
Shareholders of the Company		410,170	1,685,846
Minority interests		-	-
Net profit for the period		410,170	1,685,846
Earnings per share			
(i) Basic (sen)	B14	0.21	0.85
(ii) Diluted (sen)		0.21	0.85

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

Condensed Consolidated Statement of Changes in Equity
For the First Quarter Ended 31 March 2020
(The figures have not been audited)

	Share Capital RM	Non-distributable Share Options Reserve RM	Treasury Shares RM	Distributable Retained Profits RM	Total RM
At 1 January 2020	21,717,771	472,805	(4,896,320)	44,037,156	61,331,412
Transactions with owners					
Purchase of treasury shares	-	-	(262,909)	-	(262,909)
Share option vested under ESOS	-	123,238	-	-	123,238
Ordinary shares issued pursuant to exercise of ESOS	119,474	(37,795)	-	-	81,679
Dividend payable	-	-	-	(1,977,724)	(1,977,724)
	119,474	85,443	(262,909)	(1,977,724)	(2,035,716)
Net profit for the period	-	-	-	410,170	410,170
At 31 March 2020	21,837,245	558,248	(5,159,229)	42,469,602	59,705,866
At 1 January 2019	21,649,832	-	(4,320,158)	40,429,520	57,759,194
Transactions with owners					
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
At 31 March 2019	21,683,486	122,296	(4,347,254)	42,115,366	59,573,894

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

Condensed Consolidated Statement of Cash Flows
For the First Quarter Ended 31 March 2020
(The figures have not been audited)

	3 months ended 31 March	
	2020	2019
	RM	RM
Cash flows from operating activities		
Profit before tax	407,622	1,769,298
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	148,963	193,974
Depreciation of right-of-use asset	18,870	18,870
Gain on disposal of property, plant and equipment	(14,625)	-
Loss / (Gain) on fair value adjustment of other investments	567,898	(126,205)
Share options vested under ESOS	123,238	132,942
Unrealised foreign exchange (gain) / loss	(280,740)	100,309
Impairment loss on trade receivables	-	71,609
Interest income	(201,539)	(236,806)
<i>Operating profit before working capital changes</i>	769,687	1,923,991
<i>Adjustments for working capital changes:</i>		
Inventories	256,490	(5,497,202)
Trade receivables	(3,467,634)	(4,508,216)
Sundry receivables, deposits and prepayments	536,226	610,804
Trade payables	(1,145,052)	5,167,776
Sundry payables and accruals	(1,904,016)	(554,711)
Contract liability	(161,800)	-
<i>Cash used in operations</i>	(5,116,099)	(2,857,558)
Income tax paid	(684,807)	(336,380)
<i>Net cash used in operating activities</i>	(5,800,906)	(3,193,938)
Cash flows from investing activities		
Interest received	201,539	236,806
Purchase of property, plant and equipment	(305,902)	(177,536)
Purchase of other investments	(1,000,000)	-
Proceeds from disposal of property, plant and equipment	15,300	-
<i>Net cash (used in) / generated from investing activities</i>	(1,089,063)	59,270
Cash flows from financing activities		
Purchase of treasury shares	(262,909)	(27,096)
Proceeds from issuance of ordinary shares pursuant to exercise of ESOS	81,679	23,008
Deposit pledged with bank	(4,454)	(4,809)
<i>Net cash used in financing activities</i>	(185,684)	(8,897)
Net decrease in cash and cash equivalents	(7,075,653)	(3,143,565)
Effect of exchange differences in cash and cash equivalents	23,537	949
Cash and cash equivalents at beginning of period	30,139,019	26,648,875
Cash and cash equivalents at end of period	23,086,903	23,506,259



(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows
For the First Quarter Ended 31 March 2020 (Cont'd)
(The figures have not been audited)**

	3 months ended 31 March	
	2020	2019
	RM	RM
Cash and cash equivalents at end of period comprises:		
Deposits with licensed banks	18,539,932	22,282,972
Cash and bank balances	5,218,927	1,876,731
	<u>23,758,859</u>	<u>24,159,703</u>
Less: Deposits pledged to a licensed bank	(671,956)	(653,444)
	<u>23,086,903</u>	<u>23,506,259</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to these 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 2019. 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 2019.

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 2019.

The adoption of new and revised MFRSs and IC Interpretations that came into effect for accounting periods beginning on or after 1 January 2020 and are relevant as below, did not have any significant impact to the unaudited consolidated financial statements upon their initial application:

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3 Definition of a Business
- Amendments to MFRS 101 and MFRS 108 Definition of Material
- Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform
- MFRS 17 Insurance Contracts
- Amendments to MFRS 101 Classification of Liabilities as Current or Non-Current
- Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

A2. Auditors’ report of preceding annual financial statements

The auditors’ report on the financial statements for the financial year ended 31 December 2019 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 issuances, cancellations, repurchases, resale and repayment of debt and equity securities for the current quarter under review, except for the following:

1) ESOS

There was an issuance of 113,600 ordinary shares exercised by the eligible employees at RM0.719 pursuant to the Company's Employees' Shares Option Scheme ("ESOS") during the quarter ended 31 March 2020.

2) Treasury shares

Number of treasury shares held as at 31 March 2020 were as follows:

Balance at 1 January 2020	5,721,275
Add: Purchase of treasury shares	434,500
Balance at 31 March 2020	6,155,775

A7. Dividend paid

The second interim single tier dividend of 1 sen per ordinary share for the financial year ended 31 December 2019 totalling RM1,977,724 was paid on 17 April 2020.

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
3 months ended 31 March 2020			
Malaysia	5,000,867	9,351,222	305,902
America	307,910	-	-
Asia (excludes Malaysia)	216,094	-	-
Australia	114,312	-	-
Europe	729,508	-	-
Consolidated	6,368,691	9,351,222	305,902
3 months ended 31 March 2019			
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	10,204,381	9,470,814	177,536

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 2020 and up to the date of this report.

A12. Capital commitments

There were no capital commitments as at 31 March 2020.

A13. Related party transactions

	Individual / Cumulative Quarter	
	31.3.2020	31.3.2019
	RM	RM
Micro Carbide Engineering Sdn Bhd		
- Precision tooling charges	10,000	14,150
- Rental income received	118,500	112,860

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 →				
	31.3.2020 RM	31.12.2019 RM	Var %	31.3.2019 RM	Var %	31.3.2020 RM	31.3.2019 RM	Var %
Revenue	6,368,691	11,471,169	-44	10,204,381	-38	6,368,691	10,204,381	-38
Cost of sales	(5,069,145)	(7,912,363)	36	(7,443,282)	32	(5,069,145)	(7,443,282)	32
Gross profit	1,299,546	3,558,806	-63	2,761,099	-53	1,299,546	2,761,099	-53
Other operating income	227,627	437,188	-48	368,777	-38	227,627	368,777	-38
Administrative expenses	(1,119,551)	(1,571,510)	29	(1,360,578)	18	(1,119,551)	(1,360,578)	18
Profit before tax	407,622	2,424,484	-83	1,769,298	-77	407,622	1,769,298	-77
Tax income / (expense)	2,548	197,823		(83,452)		2,548	(83,452)	
Net profit for the period	410,170	2,622,307		1,685,846		410,170	1,685,846	

Comparison with the corresponding period in the previous year

The Group recorded a revenue of RM6.369 million for the current quarter, a decrease of 38% as compared to RM10.204 million of the corresponding quarter in the previous year due to the lower demand for machines from our customers coupled with the disruptions caused to the operational activities, delivery of machines and both local and overseas services to customers during the Movement Control Order (MCO) period arising from the outbreak of the Covid-19.

Decrease in gross margin was in line with the decrease in revenue as certain operational costs remain unchanged despite the drop in sales volume.

The decrease in other operating income in the current quarter was attributed to the unrealised loss on fair value adjustment of other investments as compared to the corresponding year quarter.

B2. Variation of results against preceding quarter

Revenue for the current quarter of RM6.369 million recorded a 44% decrease mainly due to the lower demand for machines from customers coupled with the disruptions caused to the operational activities, delivery of machines and both local and overseas services to customers during the MCO period that restricted movement of people as well as goods.

The reduction in other operating income in the current quarter was due to the unrealised loss on fair value adjustment of other investments as compared with the preceding quarter.

B3. Current year prospects

The lockdowns in many countries arising from this outbreak of Covid-19 has not only disrupted the global supply chain but also stagnated the global economy with many businesses including ours, adversely affected.

In view of the disruptions caused by this pandemic we expect our orders and sales to be similarly affected. However, we will continue to be cognizant of the external factors and will remain focused on elements that are within our control including driving further efficiencies and cost optimisation efforts in the Group.

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 / Cumulative Quarter	
	31.3.2020	31.3.2019
	RM	RM
Profit before tax	407,622	1,769,298
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	97,830	424,632
Non-deductible expenses	41,996	36,161
Pioneer income	(234,975)	(392,155)
Crystallisation of deferred tax liability	(2,548)	(2,548)
Unrecognised deferred tax assets	95,149	17,362
Tax (income) / expense	<u>(2,548)</u>	<u>83,452</u>

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 2020 is as follows:

	RM
Balance at 1 January 2020	6,211,062
Add: Purchase	1,000,000
Less: Loss on fair value adjustments	<u>(567,898)</u>
Balance at 31 March 2020	<u>6,643,164</u>

B9. Status of corporate proposal announced

On 1 April 2020, the Board of Directors announced that the Company offered 4,000,000 share options to its eligible Directors and employees under the Employees' Share Option Scheme at an exercise price of RM 0.392 per share.

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.

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.

	Individual / Cumulative Quarter	
	31.3.2020	31.3.2019
	RM	RM
Net profit after tax and minority interests (RM)	410,170	1,685,846
Weighted average number of ordinary shares in issue	197,977,815	198,812,898
Basic earnings per share (sen)	0.21	0.85

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.

	Individual / Cumulative Quarter	
	31.3.2020	31.3.2019
	RM	RM
Net profit after tax and minority interests (RM)	410,170	1,685,846
Effect of share options exercised - ESOS	51,182	6,400
Weighted average number of ordinary shares in issue (diluted)	198,028,997	198,819,298
Basic earnings per share (sen)	0.21	0.85

B15. Profit before tax

	Individual / Cumulative Quarter	
	31.3.2020	31.3.2019
	RM	RM
Depreciation of right-of-use asset	18,870	18,870
Depreciation of property, plant and equipment	148,963	193,974
Gain on disposal of property, plant and equipment	(14,625)	-
Loss / (Gain) on fair value adjustment of other investments	567,898	(126,205)
Foreign exchange (gain) / loss - realised	(179,636)	6,844
- unrealised	(280,740)	100,309
Impairment loss on trade receivables	-	71,609
Share options vested under ESOS	123,238	132,942
Interest income	(201,539)	(236,806)
Rental income	(118,500)	(112,860)

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 5 June 2020.