



MMS VENTURES BERHAD

Registration No. 200401008621 (647125-P)

(Incorporated in Malaysia)

Quarterly Report on Consolidated Results
For The Fourth Quarter Ended 31 December 2020

**MMS VENTURES BERHAD**

Registration No. 200401008621 (647125-P)

(Incorporated in Malaysia)

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

	31.12.2020	31.12.2019
	(Unaudited)	(Audited)
Note	RM	RM
ASSETS		
Non-current assets		
Property, plant and equipment	6,075,974	5,993,185
Right-of-use asset	3,145,158	3,220,643
	<u>9,221,132</u>	<u>9,213,828</u>
Current assets		
Inventories	9,398,492	9,562,028
Other investments	9,681,772	6,211,062
Trade receivables	12,342,536	12,167,002
Sundry receivables, deposits and prepayments	171,449	843,378
Tax refundable	1,526,641	556,704
Short term funds with financial institutions	21,797,907	24,523,834
Cash and bank balances	1,773,394	6,282,687
	<u>56,692,191</u>	<u>60,146,695</u>
TOTAL ASSETS	<u><u>65,913,323</u></u>	<u><u>69,360,523</u></u>
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the Company		
Share capital	22,045,105	21,717,771
Share options reserve	916,157	472,805
Treasury shares	(5,545,206)	(4,896,320)
Retained profits	41,922,401	44,037,156
	<u>59,338,457</u>	<u>61,331,412</u>
Non-current liability		
Deferred tax liabilities	782,556	860,751
Current liabilities		
Trade payables	3,964,011	4,044,848
Sundry payables and accruals	1,538,312	2,731,912
Contract liability	289,987	391,600
	<u>5,792,310</u>	<u>7,168,360</u>
Total liabilities	<u>6,574,866</u>	<u>8,029,111</u>
TOTAL EQUITY AND LIABILITIES	<u><u>65,913,323</u></u>	<u><u>69,360,523</u></u>
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.



MMS VENTURES BERHAD

Registration No. 200401008621 (647125-P)

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Fourth Quarter Ended 31 December 2020

(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
		31.12.2020 RM	31.12.2019 RM	31.12.2020 RM	31.12.2019 RM
Revenue		7,565,002	11,471,169	22,698,182	43,008,301
Cost of sales		(6,701,606)	(7,912,363)	(19,157,983)	(31,207,364)
Gross profit		863,396	3,558,806	3,540,199	11,800,937
Other operating income		656,069	437,188	2,672,927	1,733,412
Administrative expenses		(865,008)	(1,571,510)	(4,503,411)	(5,303,171)
Profit before tax		654,457	2,424,484	1,709,715	8,231,178
Tax expense	B6	164,134	197,823	130,778	(652,178)
Net profit for the period	B1	818,591	2,622,307	1,840,493	7,579,000
Attributable to:					
Shareholders of the Company		818,591	2,622,307	1,840,493	7,579,000
Minority interests		-	-	-	-
Net profit for the period		818,591	2,622,307	1,840,493	7,579,000
Earnings per share					
(i) Basic (sen)	B14	0.41	1.32	0.93	3.82
(ii) Diluted (sen)		0.41	1.32	0.92	3.81

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.



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Condensed Consolidated Statement of Changes in Equity

For the Fourth Quarter Ended 31 December 2020

(The figures have not been audited)

	----- Non-distributable -----			Distributable	
	Share Capital	Share Options Reserve	Treasury Shares	Retained Profits	Total
	RM	RM	RM	RM	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	-	-	(648,886)	-	(648,886)
Share options vested under ESOS	-	540,047	-	-	540,047
Ordinary shares issued pursuant to exercise of ESOS	327,334	(96,695)	-	-	230,639
Dividend payable	-	-	-	(3,955,248)	(3,955,248)
	327,334	443,352	(648,886)	(3,955,248)	(3,833,448)
Net profit for the period	-	-	-	1,840,493	1,840,493
At 31 December 2020	<u>22,045,105</u>	<u>916,157</u>	<u>(5,545,206)</u>	<u>41,922,401</u>	<u>59,338,457</u>
At 1 January 2019	21,649,832	-	(4,320,158)	40,429,520	57,759,194
Transactions with owners					
Purchase of treasury shares	-	-	(576,162)	-	(576,162)
Share options vested under ESOS	-	494,297	-	-	494,297
Ordinary shares issued pursuant to exercise of ESOS	67,939	(21,492)	-	-	46,447
Dividend payable	-	-	-	(3,971,364)	(3,971,364)
	67,939	472,805	(576,162)	(3,971,364)	(4,006,782)
Net profit for the period	-	-	-	7,579,000	7,579,000
At 31 December 2019	<u>21,717,771</u>	<u>472,805</u>	<u>(4,896,320)</u>	<u>44,037,156</u>	<u>61,331,412</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 2019 and the accompanying explanatory notes attached to these interim financial statements.

**MMS VENTURES BERHAD**

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

	12 months ended 31 December	
	2020	2019
	RM	RM
Cash flows from operating activities		
Profit before tax	1,709,715	8,231,178
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	600,237	618,960
Depreciation of right-of-use asset	75,485	75,485
(Gain)/Loss on disposal of property, plant and equipment	(14,398)	86
Gain on fair value adjustment of other investments	(1,610,736)	(348,790)
Income distribution on money market placements	(60,186)	-
Interest income	(547,195)	(901,493)
(Reversal)/Provision of impairment loss on trade receivables	(367,087)	579,832
Share options vested under ESOS	540,047	494,297
Written off of inventories	-	133,864
Written off of property, plant and equipment	-	283
Written down of inventories	-	74,439
Unrealised foreign exchange loss	167,221	182,648
<i>Operating profit before working capital changes</i>	<u>493,103</u>	<u>9,140,789</u>
<i>Changes in working capital:</i>		
Inventories	163,536	(932,631)
Trade receivables	33,930	1,547,032
Sundry receivables, deposits and prepayments	671,929	1,434,522
Trade payables	(77,185)	(2,517,000)
Sundry payables and accruals	(1,193,600)	345,510
Contract liability	(101,613)	391,600
<i>Cash (used in)/generated from operations</i>	<u>(9,900)</u>	<u>9,409,822</u>
Income tax paid	(917,354)	(388,775)
<i>Net cash (used in)/generated from operating activities</i>	<u>(927,254)</u>	<u>9,021,047</u>

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

	12 months ended 31 December	
	2020	2019
	RM	RM
Cash flows from investing activities		
Interest received	547,195	901,493
Income distribution on money market placements	60,186	-
Purchase of property, plant and equipment	(684,428)	(403,920)
Purchase of other investments	(11,236,590)	(2,000,000)
Proceeds from disposal of property, plant and equipment	15,800	1,400
Proceeds from disposal of other investments	9,376,616	545,204
<i>Net cash used in investing activities</i>	<u>(1,921,221)</u>	<u>(955,823)</u>
Cash flows from financing activities		
Fixed deposits pledged to a licensed bank	(13,709)	(18,867)
Purchase of treasury shares	(648,886)	(576,162)
Proceeds from issuance of ordinary shares pursuant to exercise of ESOS	230,639	46,447
Dividends paid	(3,955,248)	(3,971,364)
<i>Net cash used in financing activities</i>	<u>(4,387,204)</u>	<u>(4,519,946)</u>
Net (decrease)/increase in cash and cash equivalents	(7,235,679)	3,545,278
Effect of exchange differences in cash and cash equivalents	(13,250)	(55,134)
Cash and cash equivalents at beginning of period	<u>30,139,019</u>	<u>26,648,875</u>
Cash and cash equivalents at end of period	<u><u>22,890,090</u></u>	<u><u>30,139,019</u></u>
Cash and cash equivalents at end of period comprises:		
- Money market placements with financial institutions	14,062,579	-
- Fixed deposits with licensed banks	7,735,328	24,523,834
Short term funds with financial institutions	21,797,907	24,523,834
Cash and bank balances	1,773,394	6,282,687
	<u>23,571,301</u>	<u>30,806,521</u>
Less: Fixed deposits pledged to a licensed bank	(681,211)	(667,502)
	<u><u>22,890,090</u></u>	<u><u>30,139,019</u></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.



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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 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.



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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 December 2020 were as follows:

Balance as at 1 January 2020	5,721,275
Add: Purchase of treasury shares	<u>989,500</u>
Balance as at 31 December 2020	<u><u>6,710,775</u></u>

A7. Dividend paid

The first interim single tier dividend of 1 sen per ordinary share for the financial year ended 31 December 2020 totalling RM1,977,524 was paid on 16 October 2020.

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A8. Segment reporting

The Group's revenue was primarily attributed to the manufacture of automated systems and machinery segment.

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 December 2020			
Malaysia	4,761,694	9,221,132	117,777
America	1,699,797	-	-
Asia (exclude Malaysia)	895,968	-	-
Australia	78,811	-	-
Europe	128,732	-	-
Consolidated	<u>7,565,002</u>	<u>9,221,132</u>	<u>117,777</u>
3 months ended 31 December 2019			
Malaysia	8,768,184	9,213,828	34,000
America	1,495,135	-	-
Asia (exclude Malaysia)	1,206,850	-	-
Australia	1,000	-	-
Consolidated	<u>11,471,169</u>	<u>9,213,828</u>	<u>34,000</u>
12 months ended 31 December 2020			
Malaysia	14,891,648	9,221,132	684,428
America	3,116,238	-	-
Asia (exclude Malaysia)	2,040,933	-	-
Australia	193,122	-	-
Europe	2,456,241	-	-
Consolidated	<u>22,698,182</u>	<u>9,221,132</u>	<u>684,428</u>
12 months ended 31 December 2019			
Malaysia	23,783,131	9,213,828	403,920
America	2,523,674	-	-
Asia (exclude Malaysia)	16,542,904	-	-
Australia	58,981	-	-
Europe	99,611	-	-
Consolidated	<u>43,008,301</u>	<u>9,213,828</u>	<u>403,920</u>



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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 2020 and up to the date of this report.

A12. Capital commitments

There were no capital commitments as at 31 December 2020.

A13. Related party transactions

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM	RM	RM	RM
Micro Carbide Engineering Sdn Bhd				
- Precision tooling charges	3,470	780	22,700	97,680
- Rental income received	118,500	118,500	474,000	466,480

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 -----▶				
	31.12.2020	30.9.2020	Var	31.12.2019	Var	31.12.2020	31.12.2019	Var
	RM	RM	%	RM	%	RM	RM	%
Revenue	7,565,002	5,370,119	41	11,471,169	-34	22,698,182	43,008,301	-47
Cost of sales	(6,701,606)	(4,642,091)	44	(7,912,363)	-15	(19,157,983)	(31,207,364)	-39
Gross profit	863,396	728,028	19	3,558,806	-76	3,540,199	11,800,937	-70
Other operating income	656,069	811,632	-19	437,188	50	2,672,927	1,733,412	54
Administrative expenses	(865,008)	(1,395,667)	-38	(1,571,510)	-45	(4,503,411)	(5,303,171)	-15
Profit before tax	654,457	143,993	355	2,424,484	-73	1,709,715	8,231,178	-79
Tax expense	164,134	(20,452)		197,823		130,778	(652,178)	
Net profit for the period	818,591	123,541		2,622,307		1,840,493	7,579,000	

Comparison with the corresponding period in the previous year

The Group recorded a revenue of RM7.565 million for the current quarter, a decrease of 34% as compared to RM11.471 million of the corresponding quarter in the previous year due to a decrease in the number of machines sold. The decrease in gross margin was mainly due to the significant decrease in revenue whilst certain fixed operating costs such as payroll costs remain unchanged. The Covid-19 has in a way made cost of doing business costlier and eroded margin as a result of additional costs such as quarantine costs as well as higher travelling costs incurred for the service engineers coupled with other covid-related costs incurred in order to adhere to SOPs.

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

The decrease in administrative expenses was mainly due to reversal of impairment loss on trade receivables of RM367K during the current quarter as well as a write-off and write-down of inventories amounted to RM208K was made in prior year.

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

The Group recorded a revenue of RM22.698 million for the period-to-date, a decrease of 47% as compared to RM43.008 million reported in the previous financial period due to a decrease in the number of machines sold. The prolonged lockdown in many countries has also made travelling of our service engineers to certain countries impossible and this has delayed the recognition of our revenue on machines shipped to overseas. The decrease in gross margin was mainly due to the significant decrease in revenue whilst certain operating costs remain fixed and unchanged.

The increase in other operating income was mainly attributed to the fair value gain from other investments during the current financial period.



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B2. Variation of results against preceding quarter

Revenue for the current quarter of RM7.565 million recorded an increase of 41% against preceding quarter as Q4 saw more delivery of machines made mainly attributed to the relaxation of MCO imposed by the Government onto the industrial players. No significant variance in GP margin was noted between these two quarters.

The decrease in other operating income in current quarter was mainly due to lower fair value gain from other investments as compared to the preceding quarter.

The decrease in administrative expenses was mainly due to reversal of impairment loss on trade receivables of RM367K during the current quarter as well as a write-off and write-down of inventories amounted to RM208K was made in prior year.

B3. Commentary on prospects

Of late we have seen much improvement in the demand for electronic components, smart devices in the Semiconductor and LED industry and we are actively pursuing opportunities in these areas.

The Board of Directors foresees the prospect and performance of the Group to be good for the next financial year.

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 any 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	
	3 months ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM	RM	RM	RM
Profit before tax	654,457	2,424,484	1,709,715	8,231,178
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	157,069	581,900	410,331	1,975,500
Non-deductible expenses	53,847	195,762	332,987	323,067
Non-taxable income	(239,708)	(102,600)	(488,734)	(102,600)
Pioneer income	(55,399)	(1,156,185)	(319,436)	(1,839,000)
Crystallisation of deferred tax liability	(2,548)	(2,548)	(10,193)	(10,193)
Overprovision of tax expense in prior year	(78,583)	-	(78,583)	-
Unrecognised deferred tax assets	1,188	285,848	22,850	305,404
Tax expense	(164,134)	(197,823)	(130,778)	652,178

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 2020 is as follows:

	RM
Balance as at 1 January 2020	6,211,062
Add: Purchases	11,236,590
Add: Gain on fair value adjustments	1,610,736
Less: Disposals	(9,376,616)
Balance as at 31 December 2020	9,681,772

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 RM0.392 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.

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B12. Material litigations

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

B13. Dividend declared

No dividend was declared by the Company for 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 Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2020 RM	31.12.2019 RM	31.12.2020 RM	31.12.2019 RM
Net profit after tax and minority interests (RM)	818,591	2,622,307	1,840,493	7,579,000
Weighted average number of ordinary shares in issue	197,883,404	198,560,219	197,883,404	198,560,219
Basic earnings per share (sen)	0.41	1.32	0.93	3.82

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 Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2020 RM	31.12.2019 RM	31.12.2020 RM	31.12.2019 RM
Net profit after tax and minority interests (RM)	818,591	2,622,307	1,840,493	7,579,000
Effect of share options - ESOS	1,442,200	158,500	1,442,200	158,500
Weighted average number of ordinary shares in issue (diluted)	199,325,604	198,718,719	199,325,604	198,718,719
Basic earnings per share (sen)	0.41	1.32	0.92	3.81

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B15. Profit before tax

	Individual Quarter		Cumulative Quarter	
	3 months ended	3 months ended	12 months ended	12 months ended
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM	RM	RM	RM
Depreciation of property, plant and equipment	158,131	139,474	600,237	618,960
Depreciation of right-of-use asset	18,872	18,871	75,485	75,485
(Gain)/Loss on disposal of property, plant and equipment	-	-	(14,398)	86
Gain on fair value adjustment of other investments	(628,897)	(238,904)	(1,610,736)	(348,790)
Foreign exchange loss/(gain) - realised	77,042	29,743	(135,599)	(189,499)
- unrealised	126,034	208,469	167,221	182,648
(Reversal)/Provision of impairment loss on trade receivables	(367,087)	508,223	(367,087)	579,832
Share options vested under ESOS	75,110	95,471	540,047	494,297
Written off of inventories	-	133,864	-	133,864
Written off of property, plant and equipment	-	-	-	283
Written down of inventories	-	74,439	-	74,439
Income distribution on money market placements	(60,186)	-	(60,186)	-
Interest income	(54,553)	(241,819)	(547,195)	(901,493)
Rental income	(118,500)	(118,500)	(474,000)	(466,480)

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 24 February 2021.