



MMS VENTURES BERHAD

Registration No. 200401008621 (647125-P)
(Incorporated in Malaysia)

Quarterly Report on Consolidated Results
For The Second Quarter Ended 30 June 2021

**MMS VENTURES BERHAD**

Registration No. 200401008621 (647125-P)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Financial Position
As at 30 June 2021**

	Note	30.6.2021 (Unaudited) RM	31.12.2020 (Audited) RM
ASSETS			
Non-current assets			
Property, plant and equipment		5,906,869	6,075,974
Right-of-use asset		3,107,416	3,145,158
		<u>9,014,285</u>	<u>9,221,132</u>
Current assets			
Inventories		12,674,073	9,398,492
Other investments	B8	15,946,382	9,681,772
Trade receivables		12,773,330	12,342,536
Sundry receivables, deposits and prepayments		401,766	273,744
Tax refundable		1,615,139	1,526,641
Short term funds		17,411,983	14,062,579
Cash and bank balances		3,624,214	9,508,722
		<u>64,446,887</u>	<u>56,794,486</u>
TOTAL ASSETS		<u><u>73,461,172</u></u>	<u><u>66,015,618</u></u>
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital		22,896,143	22,045,105
Share options reserve		822,604	916,157
Treasury shares		(6,009,182)	(5,545,206)
Retained profits		45,813,738	41,922,401
		<u>63,523,303</u>	<u>59,338,457</u>
Non-current liability			
Deferred tax liabilities		956,652	782,556
Current liabilities			
Trade payables		5,291,211	4,066,306
Sundry payables and accruals		1,631,976	1,538,312
Contract liability		2,058,030	289,987
		<u>8,981,217</u>	<u>5,894,605</u>
Total liabilities		<u>9,937,869</u>	<u>6,677,161</u>
TOTAL EQUITY AND LIABILITIES		<u><u>73,461,172</u></u>	<u><u>66,015,618</u></u>
Net assets per share (RM)		0.32	0.30

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 Second Quarter Ended 30 June 2021****(The figures have not been audited)**

	Note	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
		30.6.2021 RM	30.6.2020 RM	30.6.2021 RM	30.6.2020 RM
Revenue		8,590,102	3,394,370	17,262,771	9,763,061
Cost of sales		(6,159,504)	(2,745,141)	(12,645,135)	(7,814,286)
Gross profit		2,430,598	649,229	4,617,636	1,948,775
Other operating income		1,453,140	977,599	1,860,642	1,205,226
Administrative expenses		(1,216,039)	(1,123,185)	(2,346,842)	(2,242,736)
Profit before tax		2,667,699	503,643	4,131,436	911,265
Tax expense	B6	(132,196)	(15,452)	(240,099)	(12,904)
Net profit for the period	B1	2,535,503	488,191	3,891,337	898,361
Attributable to:					
Shareholders of the Company		2,535,503	488,191	3,891,337	898,361
Minority interests		-	-	-	-
Net profit for the period		2,535,503	488,191	3,891,337	898,361
Earnings per share					
(i) Basic (sen)	B14	1.28	0.25	1.96	0.45
(ii) Diluted (sen)		1.27	0.25	1.95	0.45

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to these interim financial statements.



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Condensed Consolidated Statement of Changes in Equity

For the Second Quarter Ended 30 June 2021

(The figures have not been audited)

	----- Non-distributable -----	-----	Distributable		
	Share Capital RM	Share Options Reserve RM	Treasury Shares RM	Retained Profits RM	Total RM
At 1 January 2021	22,045,105	916,157	(5,545,206)	41,922,401	59,338,457
Transactions with owners					
Purchase of treasury shares	-	-	(463,976)	-	(463,976)
Share options vested under ESOS	-	162,120	-	-	162,120
Ordinary shares issued pursuant to exercise of ESOS	851,038	(255,673)	-	-	595,365
	851,038	(93,553)	(463,976)	-	293,509
Net profit for the period	-	-	-	3,891,337	3,891,337
At 30 June 2021	<u>22,896,143</u>	<u>822,604</u>	<u>(6,009,182)</u>	<u>45,813,738</u>	<u>63,523,303</u>
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 options vested under ESOS	-	309,958	-	-	309,958
Ordinary shares issued pursuant to exercise of ESOS	246,851	(73,739)	-	-	173,112
Dividend payable	-	-	-	(1,977,724)	(1,977,724)
	246,851	236,219	(262,909)	(1,977,724)	(1,757,563)
Net profit for the period	-	-	-	898,361	898,361
At 30 June 2020	<u>21,964,622</u>	<u>709,024</u>	<u>(5,159,229)</u>	<u>42,957,793</u>	<u>60,472,210</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 2020 and the accompanying explanatory notes attached to these interim financial statements.

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Condensed Consolidated Statement of Cash Flows**For the Second Quarter Ended 30 June 2021****(The figures have not been audited)**

	6 months ended 30 June	
	2021	2020
	RM	RM
Cash flows from operating activities		
Profit before tax	4,131,436	911,265
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	297,186	293,651
Depreciation of right-of-use asset	37,742	37,740
Loss/(Gain) on disposal of property, plant and equipment	2,119	(14,625)
Gain on fair value adjustment of other investments	(1,188,329)	(213,245)
Dividend income	(16,849)	-
Income distribution on short term funds	(159,538)	-
Interest income	(39,943)	(356,717)
Share options vested under ESOS	162,120	309,958
Written down of inventories	157,100	-
Written off of property, plant and equipment	500	-
Unrealised foreign exchange gain	(27,908)	(123,369)
<i>Operating profit before working capital changes</i>	<u>3,355,636</u>	<u>844,658</u>
<i>Changes in working capital:</i>		
Inventories	(3,432,681)	(356,787)
Trade receivables	(380,287)	1,999,041
Sundry receivables, deposits and prepayments	(128,022)	225,233
Trade payables	1,226,999	(2,308,815)
Sundry payables and accruals	93,664	(1,883,234)
Contract liability	1,739,857	178,975
<i>Cash generated from/(used in) operations</i>	<u>2,475,166</u>	<u>(1,300,929)</u>
Income tax paid	(154,501)	(812,015)
<i>Net cash from/(used in) operating activities</i>	<u>2,320,665</u>	<u>(2,112,944)</u>

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**Condensed Consolidated Statement of Cash Flows
For the Second Quarter Ended 30 June 2021 (Cont'd)
(The figures have not been audited)**

	6 months ended 30 June	
	2021	2020
	RM	RM
Cash flows from investing activities		
Dividend received	16,849	-
Interest received	39,943	356,717
Income distribution on short term funds	159,538	-
Purchase of property, plant and equipment	(130,845)	(320,586)
Purchase of other investments	(9,003,678)	(1,500,000)
Proceeds from disposal of property, plant and equipment	145	15,300
Proceeds from disposal of other investments	3,927,397	-
<i>Net cash used in investing activities</i>	<u>(4,990,651)</u>	<u>(1,448,569)</u>
Cash flows from financing activities		
Fixed deposits pledged to a licensed bank	(5,111)	(8,342)
Purchase of treasury shares	(463,976)	(262,909)
Proceeds from issuance of ordinary shares pursuant to exercise of ESOS	595,365	173,112
Dividend paid	-	(1,977,724)
<i>Net cash from/(used in) financing activities</i>	<u>126,278</u>	<u>(2,075,863)</u>
Net decrease in cash and cash equivalents	(2,543,708)	(5,637,376)
Effect of exchange differences in cash and cash equivalents	3,493	(9,160)
Cash and cash equivalents at beginning of period	<u>22,890,090</u>	<u>30,139,019</u>
Cash and cash equivalents at end of period	<u>20,349,875</u>	<u>24,492,483</u>
Cash and cash equivalents at end of period comprises:		
Cash and bank balances	1,143,788	2,081,259
Deposits with licensed banks	2,480,426	23,087,068
Short term funds	17,411,983	-
	<u>21,036,197</u>	<u>25,168,327</u>
Less: Fixed deposits pledged to a licensed bank	(686,322)	(675,844)
	<u>20,349,875</u>	<u>24,492,483</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 2020. 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 2020.

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 2020.

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:

- *Interest Rate Benchmark Reform - Phase 2* (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)
- *Covid-19-Related Rent Concessions beyond 30 June 2021* (Amendment to MFRS 16 Leases)

A2. Auditors’ report of preceding annual financial statements

The auditors’ report on the financial statements for the financial year ended 31 December 2020 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:

1) ESOS

There was an issuance of 447,600 ordinary shares exercised by the eligible employees at an average price of RM0.40 pursuant to the Company's Employees' Share Option Scheme ("ESOS") during the current quarter ended 30 June 2021.

2) Treasury shares

Number of treasury shares held as at 30 June 2021 were as follows:

Balance as at 1 January 2021	6,710,775
Add: Purchase of treasury shares	<u>500,000</u>
Balance as at 30 June 2021	<u><u>7,210,775</u></u>

A7. Dividend paid

There was no dividend paid during the current financial quarter under review.

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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 30 June 2021			
Malaysia	5,362,835	9,014,285	89,658
America	2,860,072	-	-
Asia (exclude Malaysia)	133,885	-	-
Australia	8,246	-	-
Europe	225,064	-	-
Consolidated	8,590,102	9,014,285	89,658
3 months ended 30 June 2020			
Malaysia	1,363,556	9,202,348	14,684
America	736,201	-	-
Asia (exclude Malaysia)	71,340	-	-
Australia	-	-	-
Europe	1,223,273	-	-
Consolidated	3,394,370	9,202,348	14,684
6 months ended 30 June 2021			
Malaysia	7,156,065	9,014,285	130,845
America	5,428,667	-	-
Asia (exclude Malaysia)	2,642,433	-	-
Australia	29,975	-	-
Europe	2,005,631	-	-
Consolidated	17,262,771	9,014,285	130,845
6 months ended 30 June 2020			
Malaysia	6,364,423	9,202,348	320,586
America	1,044,110	-	-
Asia (exclude Malaysia)	287,435	-	-
Australia	114,312	-	-
Europe	1,952,781	-	-
Consolidated	9,763,061	9,202,348	320,586



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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 30 June 2021 and up to the date of this report.

A12. Capital commitments

Capital commitments not provided for in the financial statements as at 30 June 2021 are as follows:

	RM
Property, plant and equipment: Authorised but not contracted for	<u>100,000</u>

A13. Related party transactions

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM	RM	RM	RM
Micro Carbide Engineering Sendirian Berhad				
- Precision tooling charges	99,285	3,310	101,925	13,310
- Rental income received	126,620	118,500	245,120	237,000

All related party transactions have 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 ----->		
	30.6.2021	31.3.2021	Var	30.6.2020	Var	30.6.2021	30.6.2020	Var
	RM	RM	%	RM	%	RM	RM	%
Revenue	8,590,102	8,672,669	-1	3,394,370	153	17,262,771	9,763,061	77
Cost of sales	(6,159,504)	(6,485,631)	-5	(2,745,141)	124	(12,645,135)	(7,814,286)	62
Gross profit	<u>2,430,598</u>	<u>2,187,038</u>	11	<u>649,229</u>	274	<u>4,617,636</u>	<u>1,948,775</u>	137
Other operating income	1,453,140	407,501	257	977,599	49	1,860,642	1,205,226	54
Administrative expenses	<u>(1,216,039)</u>	<u>(1,130,802)</u>	8	<u>(1,123,185)</u>	8	<u>(2,346,842)</u>	<u>(2,242,736)</u>	5
Profit before tax	<u>2,667,699</u>	<u>1,463,737</u>	82	<u>503,643</u>	430	<u>4,131,436</u>	<u>911,265</u>	353
Tax expense	<u>(132,196)</u>	<u>(107,903)</u>		<u>(15,452)</u>		<u>(240,099)</u>	<u>(12,904)</u>	
Net profit for the period	<u><u>2,535,503</u></u>	<u><u>1,355,834</u></u>		<u><u>488,191</u></u>		<u><u>3,891,337</u></u>	<u><u>898,361</u></u>	

Comparison with the corresponding period in the previous year

The Group recorded a revenue of RM8.590 million for the current quarter, an increase of 153% as compared to RM3.394 million of the corresponding quarter in the previous year due to increase in sale of test equipment during the current quarter. Gross margin improved as a result of the increase in revenue during the current quarter while certain operating costs remained fixed.

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

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

The Group recorded a revenue of RM17.263 million for the period-to-date, an increase of 77% as compared to RM9.763 million reported in the previous financial period due to increase in sale of machines in current financial period. The increase in gross margin was attributed to increase in revenue during the current period-to-date while certain operating costs remained fixed.

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



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B2. Variation of results against preceding quarter

There was no major fluctuation in revenue recorded between current quarter and the preceding quarter. The slight improvement shown in gross profit margin was attributable to the types of machines sold during the quarter.

Increase in other operating income in the current quarter was mainly due to the gain on fair value adjustment in other investments recorded as compared to the gain in the preceding quarter.

B3. Current year prospects

Riding on the surge in global demand for semi conductor test equipment, MMSV is optimistic of doubling its orders for the current financial year. That being so the Group will be able to achieve double digit percentage growth for this financial year.

The Group's orders to date are about 70% of this year's sales target and we expect to receive more orders for the rest of the year.

We expect our performance for financial year 2021 to be good and it will greatly surpass that of the previous 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		6 months ended	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM	RM	RM	RM
Profit before tax	2,667,699	503,643	4,131,436	911,265
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	640,246	120,873	991,544	218,703
Non-deductible expenses	76,118	55,793	258,818	97,789
Non-taxable income	(213,342)	(187,474)	(348,317)	(51,179)
Losses not available for set-off	-	12,012	-	20,721
Pioneer income	(453,936)	(178,016)	(745,835)	(412,991)
Crystallisation of deferred tax liability	(2,548)	(2,548)	(5,096)	(5,096)
Underprovision of deferred tax liability in prior year	85,658	194,812	88,985	144,957
Tax expense	132,196	15,452	240,099	12,904

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 30 June 2021 is as follows:

	RM
Balance as at 1 January 2021	9,681,772
Add: Purchases	9,003,678
Add: Gain on fair value adjustments	1,188,329
Less: Disposals	(3,927,397)
Balance as at 30 June 2021	15,946,382

B9. Status of corporate proposal announced

There are no corporate proposal announced but not completed as at the date of this report.

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

The Board of Directors has declared a first interim single tier dividend of 1 sen per ordinary share for the year ending 31 December 2021.

The entitlement date and payment date are on 24 September 2021 and 15 October 2021 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 weighted average number of ordinary shares in issue during the period.

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM	RM	RM	RM
Net profit after tax and minority interests (RM)	2,535,503	488,191	3,891,337	898,361
Weighted average number of ordinary shares in issue	198,061,595	197,818,317	198,061,595	197,818,317
Basic earnings per share (sen)	1.28	0.25	1.96	0.45

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		Cumulative Quarter	
	3 months ended		6 months ended	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM	RM	RM	RM
Net profit after tax and minority interests (RM)	2,535,503	488,191	3,891,337	898,361
Effect of share options - ESOS	1,826,300	1,263,450	1,826,300	1,263,450
Weighted average number of ordinary shares in issue (diluted)	199,887,895	199,081,767	199,887,895	199,081,767
Basic earnings per share (sen)	1.27	0.25	1.95	0.45

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B15. Profit before tax

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM	RM	RM	RM
Depreciation of property, plant and equipment	148,292	144,688	297,186	293,651
Depreciation of right-of-use asset	18,870	18,870	37,742	37,740
Loss/(Gain) on disposal of property, plant and equipment	2,263	-	2,119	(14,625)
Gain on fair value adjustment of other investments	(1,221,340)	(781,143)	(1,188,329)	(213,245)
Foreign exchange (gain)/loss - realised	(17,806)	(79,610)	(183,404)	(259,246)
- unrealised	15,268	157,371	(27,908)	(123,369)
Share options vested under ESOS	81,059	186,720	162,120	309,958
Written down of inventories	157,100	-	157,100	-
Written off of property, plant and equipment	-	-	500	-
Dividend income	(8,762)	-	(16,849)	-
Income distribution on short term funds	(84,270)	-	(159,538)	-
Interest income	(11,873)	(155,178)	(39,943)	(356,717)
Rental income	(126,620)	(118,500)	(245,120)	(237,000)

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 25 August 2021.