



MMS VENTURES BERHAD

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

Quarterly Report on Consolidated Results
For The Third Quarter Ended 30 September 2021

**MMS VENTURES BERHAD**

Registration No. 200401008621 (647125-P)

(Incorporated in Malaysia)

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

	30.9.2021	31.12.2020
	(Unaudited)	(Audited)
Note	RM	RM
ASSETS		
Non-current assets		
Property, plant and equipment	5,791,319	6,075,974
Right-of-use asset	3,088,545	3,145,158
	<u>8,879,864</u>	<u>9,221,132</u>
Current assets		
Inventories	13,463,472	9,398,492
Other investments	B8 16,548,768	9,681,772
Trade receivables	12,028,852	12,342,536
Sundry receivables, deposits and prepayments	131,744	273,744
Tax refundable	1,010,069	1,526,641
Short term funds	18,070,491	14,062,579
Cash and bank balances	4,930,020	9,508,722
	<u>66,183,416</u>	<u>56,794,486</u>
TOTAL ASSETS	<u>75,063,280</u>	<u>66,015,618</u>
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the Company		
Share capital	22,965,291	22,045,105
Share options reserve	990,284	916,157
Treasury shares	(6,009,182)	(5,545,206)
Retained profits	46,646,390	41,922,401
	<u>64,592,783</u>	<u>59,338,457</u>
Non-current liability		
Deferred tax liabilities	996,120	782,556
Current liabilities		
Trade payables	4,371,439	4,066,306
Sundry payables and accruals	2,352,239	1,538,312
Contract liability	767,014	289,987
Dividend payable	1,983,685	-
	<u>9,474,377</u>	<u>5,894,605</u>
Total liabilities	<u>10,470,497</u>	<u>6,677,161</u>
TOTAL EQUITY AND LIABILITIES	<u>75,063,280</u>	<u>66,015,618</u>
Net assets per share (RM)	0.33	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 Third Quarter Ended 30 September 2021****(The figures have not been audited)**

	Note	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
		30.9.2021 RM	30.9.2020 RM	30.9.2021 RM	30.9.2020 RM
Revenue		12,739,906	5,370,119	30,002,677	15,133,180
Cost of sales		(8,463,688)	(4,642,091)	(21,108,823)	(12,456,377)
Gross profit		4,276,218	728,028	8,893,854	2,676,803
Other operating income		368,331	811,632	2,228,973	2,016,858
Administrative expenses		(1,183,674)	(1,395,667)	(3,530,516)	(3,638,403)
Profit before tax		3,460,875	143,993	7,592,311	1,055,258
Tax expense	B6	(644,538)	(20,452)	(884,637)	(33,356)
Net profit for the period	B1	2,816,337	123,541	6,707,674	1,021,902
Attributable to:					
Shareholders of the Company		2,816,337	123,541	6,707,674	1,021,902
Minority interests		-	-	-	-
Net profit for the period		2,816,337	123,541	6,707,674	1,021,902
Earnings per share					
(i) Basic (sen)	B14	1.42	0.06	3.39	0.52
(ii) Diluted (sen)		1.41	0.06	3.35	0.51

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 Third Quarter Ended 30 September 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	-	350,330	-	-	350,330
Ordinary shares issued pursuant to exercise of ESOS	920,186	(276,203)	-	-	643,983
Dividend payable	-	-	-	(1,983,685)	(1,983,685)
	920,186	74,127	(463,976)	(1,983,685)	(1,453,348)
Net profit for the period	-	-	-	6,707,674	6,707,674
At 30 September 2021	<u>22,965,291</u>	<u>990,284</u>	<u>(6,009,182)</u>	<u>46,646,390</u>	<u>64,592,783</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	-	-	(543,029)	-	(543,029)
Share options vested under ESOS	-	464,937	-	-	464,937
Ordinary shares issued pursuant to exercise of ESOS	326,992	(96,353)	-	-	230,639
Dividend payable	-	-	-	(3,955,248)	(3,955,248)
	326,992	368,584	(543,029)	(3,955,248)	(3,802,701)
Net profit for the period	-	-	-	1,021,902	1,021,902
At 30 September 2020	<u>22,044,763</u>	<u>841,389</u>	<u>(5,439,349)</u>	<u>41,103,810</u>	<u>58,550,613</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 Third Quarter Ended 30 September 2021****(The figures have not been audited)**

	9 months ended 30 September	
	2021	2020
	RM	RM
Cash flows from operating activities		
Profit before tax	7,592,311	1,055,258
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	427,976	442,106
Depreciation of right-of-use asset	56,613	56,613
Loss/(Gain) on disposal of property, plant and equipment	2,119	(14,398)
Gain on fair value adjustment of other investments	(1,045,706)	(981,839)
Dividend income	(25,560)	-
Income distribution on short term funds	(237,031)	-
Interest income	(45,401)	(492,642)
Reversal of impairment loss on trade receivables	(235,347)	-
Share options vested under ESOS	350,330	464,937
Written down of inventories	157,100	-
Written off of inventories	57,409	-
Written off of property, plant and equipment	500	-
Unrealised foreign exchange (gain)/loss	(53,253)	41,187
<i>Operating profit before working capital changes</i>	<u>7,002,060</u>	<u>571,222</u>
<i>Changes in working capital:</i>		
Inventories	(4,279,489)	(96,976)
Trade receivables	605,759	1,232,851
Sundry receivables, deposits and prepayments	142,000	301,888
Trade payables	305,553	(918,926)
Sundry payables and accruals	813,927	(2,135,808)
Contract liability	468,103	318,265
<i>Cash generated from/(used in) operations</i>	<u>5,057,913</u>	<u>(727,484)</u>
Income tax paid	(154,501)	(824,123)
<i>Net cash from/(used in) operating activities</i>	<u>4,903,412</u>	<u>(1,551,607)</u>

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

	9 months ended 30 September	
	2021	2020
	RM	RM
Cash flows from investing activities		
Dividend received	25,560	-
Interest received	45,401	492,642
Income distribution on short term funds	237,031	-
Purchase of property, plant and equipment	(146,085)	(566,651)
Purchase of other investments	(12,275,256)	(7,241,411)
Proceeds from disposal of property, plant and equipment	145	15,800
Proceeds from disposal of other investments	6,453,966	6,651,441
<i>Net cash used in investing activities</i>	<u>(5,659,238)</u>	<u>(648,179)</u>
Cash flows from financing activities		
Fixed deposits pledged to a licensed bank	(7,750)	(11,168)
Purchase of treasury shares	(463,976)	(543,029)
Proceeds from issuance of ordinary shares pursuant to exercise of ESOS	643,983	230,639
Dividend paid	-	(1,977,724)
<i>Net cash from/(used in) financing activities</i>	<u>172,257</u>	<u>(2,301,282)</u>
Net decrease in cash and cash equivalents	(583,569)	(4,501,068)
Effect of exchange differences in cash and cash equivalents	5,029	(8,892)
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><u>22,311,550</u></u>	<u><u>25,629,059</u></u>
Cash and cash equivalents at end of period comprises:		
Cash and bank balances	2,801,506	4,328,072
Deposits with licensed banks	2,128,514	21,979,657
Short term funds	18,070,491	-
	<u>23,000,511</u>	<u>26,307,729</u>
Less: Fixed deposits pledged to a licensed bank	(688,961)	(678,670)
	<u><u>22,311,550</u></u>	<u><u>25,629,059</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 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 were issuance of 74,500 ordinary shares at RM0.392 and 27,000 ordinary shares at RM0.719 respectively exercised by the eligible employees pursuant to the Company's Employees' Share Option Scheme ("ESOS") during the current quarter ended 30 September 2021.

2) Treasury shares

Number of treasury shares held as at 30 September 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 September 2021	<u><u>7,210,775</u></u>

A7. Dividend paid

The first interim single tier dividend of 1 sen per ordinary share for the financial year ending 31 December 2021 totalling RM1,983,685 was paid on 15 October 2021.



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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 September 2021			
Malaysia	5,687,235	8,879,864	15,240
America	6,167,335	-	-
Asia (exclude Malaysia)	250,257	-	-
Australia	-	-	-
Europe	635,079	-	-
Consolidated	12,739,906	8,879,864	15,240
3 months ended 30 September 2020			
Malaysia	3,765,531	9,280,358	246,065
America	372,330	-	-
Asia (exclude Malaysia)	857,530	-	-
Australia	-	-	-
Europe	374,728	-	-
Consolidated	5,370,119	9,280,358	246,065
9 months ended 30 September 2021			
Malaysia	12,843,300	8,879,864	146,085
America	11,596,002	-	-
Asia (exclude Malaysia)	2,892,690	-	-
Australia	29,975	-	-
Europe	2,640,710	-	-
Consolidated	30,002,677	8,879,864	146,085
9 months ended 30 September 2020			
Malaysia	10,129,954	9,280,358	566,651
America	1,416,440	-	-
Asia (exclude Malaysia)	1,144,965	-	-
Australia	114,311	-	-
Europe	2,327,510	-	-
Consolidated	15,133,180	9,280,358	566,651



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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 September 2021 and up to the date of this report.

A12. Capital commitments

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

	RM
Property, plant and equipment: Authorised but not contracted for	<u>200,000</u>

A13. Related party transactions

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM	RM	RM	RM
Micro Carbide Engineering Sendirian Berhad				
- Precision tooling charges	58,910	5,920	160,835	19,230
- Rental income received	130,680	118,500	375,800	355,500

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 -----▶		
	30.9.2021	30.6.2021	Var	30.9.2020	Var	30.9.2021	30.9.2020	Var
	RM	RM	%	RM	%	RM	RM	%
Revenue	12,739,906	8,590,102	48	5,370,119	137	30,002,677	15,133,180	98
Cost of sales	(8,463,688)	(6,159,504)	37	(4,642,091)	82	(21,108,823)	(12,456,377)	69
Gross profit	<u>4,276,218</u>	<u>2,430,598</u>	<u>76</u>	<u>728,028</u>	<u>487</u>	<u>8,893,854</u>	<u>2,676,803</u>	<u>232</u>
Other operating income	368,331	1,453,140	-75	811,632	-55	2,228,973	2,016,858	11
Administrative expenses	<u>(1,183,674)</u>	<u>(1,216,039)</u>	<u>-3</u>	<u>(1,395,667)</u>	<u>-15</u>	<u>(3,530,516)</u>	<u>(3,638,403)</u>	<u>-3</u>
Profit before tax	<u>3,460,875</u>	<u>2,667,699</u>	<u>30</u>	<u>143,993</u>	<u>2,304</u>	<u>7,592,311</u>	<u>1,055,258</u>	<u>619</u>
Tax expense	<u>(644,538)</u>	<u>(132,196)</u>		<u>(20,452)</u>		<u>(884,637)</u>	<u>(33,356)</u>	
Net profit for the period	<u><u>2,816,337</u></u>	<u><u>2,535,503</u></u>		<u><u>123,541</u></u>		<u><u>6,707,674</u></u>	<u><u>1,021,902</u></u>	

Comparison with the corresponding period in the previous year

The Group recorded a revenue of RM12.740 million for the current quarter, an increase of 137% as compared to RM5.370 million of the corresponding quarter in the previous year due to increase in sale of machines 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 decrease in other operating income in the current quarter was due to lower gain on fair value adjustment of other investments as compared to corresponding quarter in the previous year.

The decrease in administrative expenses was mainly contributed by the reversal of impairment loss on trade receivables of RM235K.

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

The Group recorded a revenue of RM30.003 million for the period-to-date, an increase of 98% as compared to RM15.133 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

Revenue for the current quarter of RM12.740 million recorded an increase of 48% as compared to preceding quarter as the number of machines sold is more than the preceding quarter.

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

B3. Current year prospects

Building on the momentum achieved for the last three quarters, the Group expects the performance for the coming quarter to continue. Consequently, the Group expects to be able to report a significantly higher profit for the financial year 2021.

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	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM	RM	RM	RM
Profit before tax	3,460,875	143,993	7,592,311	1,055,258
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	830,611	34,559	1,822,155	253,262
Non-deductible expenses	(45,672)	181,350	213,146	279,139
Non-taxable income	(26,575)	(249,026)	(374,892)	(249,026)
Losses not available for set-off	-	(20,721)	-	-
Pioneer income	(225,394)	148,954	(971,229)	(264,037)
Crystallisation of deferred tax liability	(2,548)	(2,548)	(7,644)	(7,644)
Underprovision of tax expense in prior year	101,399	-	101,399	-
Under/(over)provision of deferred tax liability in prior year	12,717	(72,116)	101,702	21,662
Tax expense	644,538	20,452	884,637	33,356

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 September 2021 is as follows:

	RM
Balance as at 1 January 2021	9,681,772
Add: Purchases	12,275,256
Add: Gain on fair value adjustments	1,045,706
Less: Disposals	(6,453,966)
Balance as at 30 September 2021	16,548,768

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.

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B11. Off balance sheet financial instruments

There are no off balance sheet financial instruments as at the date of this report.

B12. Material litigations

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 Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM	RM	RM	RM
Net profit after tax and minority interests (RM)	2,816,337	123,541	6,707,674	1,021,902
Weighted average number of ordinary shares in issue	198,137,176	197,932,471	198,137,176	197,932,471
Basic earnings per share (sen)	1.42	0.06	3.39	0.52

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		9 months ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM	RM	RM	RM
Net profit after tax and minority interests (RM)	2,816,337	123,541	6,707,674	1,021,902
Effect of share options - ESOS	2,257,200	1,290,000	2,257,200	1,290,000
Weighted average number of ordinary shares in issue (diluted)	200,394,376	199,222,471	200,394,376	199,222,471
Basic earnings per share (sen)	1.41	0.06	3.35	0.51

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B15. Profit before tax

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM	RM	RM	RM
Depreciation of property, plant and equipment	130,790	148,455	427,976	442,106
Depreciation of right-of-use asset	18,871	18,873	56,613	56,613
Loss/(Gain) on disposal of property, plant and equipment	-	227	2,119	(14,398)
Loss/(Gain) on fair value adjustment of other investments	142,623	(768,594)	(1,045,706)	(981,839)
Foreign exchange (gain)/loss - realised	(22,825)	46,605	(206,229)	(212,641)
- unrealised	(25,345)	164,556	(53,253)	41,187
Reversal of impairment loss on trade receivables	(235,347)	-	(235,347)	-
Share options vested under ESOS	188,210	154,979	350,330	464,937
Written down of inventories	-	-	157,100	-
Written off of inventories	57,409	-	57,409	-
Written off of property, plant and equipment	-	-	500	-
Dividend income	(8,711)	-	(25,560)	-
Income distribution on short term funds	(77,493)	-	(237,031)	-
Interest income	(5,458)	(135,925)	(45,401)	(492,642)
Rental income	(130,680)	(118,500)	(375,800)	(355,500)

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 23 November 2021.