



MMS VENTURES BERHAD

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

Quarterly Report on Consolidated Results
For The Fourth Quarter Ended 31 December 2021

**MMS VENTURES BERHAD**

Registration No. 200401008621 (647125-P)

(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position

As at 31 December 2021

	31.12.2021	31.12.2020
	(Unaudited)	(Audited)
Note	RM	RM
ASSETS		
Non-current assets		
Property, plant and equipment	5,775,538	6,075,974
Right-of-use asset	3,069,673	3,145,158
	<u>8,845,211</u>	<u>9,221,132</u>
Current assets		
Inventories	14,950,134	9,398,492
Other investments	14,184,327	9,681,772
Trade receivables	5,598,127	12,342,536
Sundry receivables, deposits and prepayments	1,693,921	273,744
Tax refundable	2,196	1,526,641
Short term funds	21,763,566	14,062,579
Cash and bank balances	8,601,540	9,508,722
	<u>66,793,811</u>	<u>56,794,486</u>
TOTAL ASSETS	<u><u>75,639,022</u></u>	<u><u>66,015,618</u></u>
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the Company		
Share capital	23,337,102	22,045,105
Share options reserve	786,908	916,157
Treasury shares	(6,009,182)	(5,545,206)
Retained profits	48,187,066	41,922,401
	<u>66,301,894</u>	<u>59,338,457</u>
Non-current liability		
Deferred tax liabilities	993,572	782,556
Current liabilities		
Trade payables	5,679,122	4,066,306
Sundry payables and accruals	2,457,125	1,538,312
Contract liability	207,309	289,987
	<u>8,343,556</u>	<u>5,894,605</u>
Total liabilities	<u>9,337,128</u>	<u>6,677,161</u>
TOTAL EQUITY AND LIABILITIES	<u><u>75,639,022</u></u>	<u><u>66,015,618</u></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.



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 2021

(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
		31.12.2021 RM	31.12.2020 RM	31.12.2021 RM	31.12.2020 RM
Revenue		7,976,705	7,565,002	37,979,382	22,698,182
Cost of sales		(5,525,842)	(6,416,006)	(26,634,665)	(19,157,983)
Gross profit		2,450,863	1,148,996	11,344,717	3,540,199
Other operating income		471,343	656,069	2,700,316	2,672,927
Administrative expenses		(1,148,653)	(1,150,608)	(4,679,169)	(4,503,411)
Profit before tax		1,773,553	654,457	9,365,864	1,709,715
Tax (expense)/income	B6	(232,877)	164,134	(1,117,514)	130,778
Net profit for the period	B1	1,540,676	818,591	8,248,350	1,840,493
Attributable to:					
Shareholders of the Company		1,540,676	818,591	8,248,350	1,840,493
Minority interests		-	-	-	-
Net profit for the period		1,540,676	818,591	8,248,350	1,840,493
Earnings per share					
(i) Basic (sen)	B14	0.78	0.41	4.16	0.93
(ii) Diluted (sen)		0.77	0.41	4.12	0.92

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 Fourth Quarter Ended 31 December 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	-	259,118	-	-	259,118
Ordinary shares issued pursuant to exercise of ESOS	1,291,997	(388,367)	-	-	903,630
Dividend payable	-	-	-	(1,983,685)	(1,983,685)
	1,291,997	(129,249)	(463,976)	(1,983,685)	(1,284,913)
Net profit for the period	-	-	-	8,248,350	8,248,350
At 31 December 2021	23,337,102	786,908	(6,009,182)	48,187,066	66,301,894
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	22,045,105	916,157	(5,545,206)	41,922,401	59,338,457

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 Fourth Quarter Ended 31 December 2021
(The figures have not been audited)**

	12 months ended 31 December	
	2021	2020
	RM	RM
Cash flows from operating activities		
Profit before tax	9,365,864	1,709,715
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	558,781	600,237
Depreciation of right-of-use asset	75,485	75,485
Gain on disposal of property, plant and equipment	(9,961)	(14,398)
Gain on fair value adjustment of other investments	(741,123)	(1,610,736)
Dividend income	(577,224)	-
Income distribution on short term funds	(322,726)	(60,186)
Interest income	(62,715)	(547,195)
Reversal of impairment loss on trade receivables	(235,347)	(367,087)
Share options vested under ESOS	259,118	540,047
Written off of inventories	218,210	-
Written off of property, plant and equipment	500	-
Unrealised foreign exchange (gain)/loss	(21,805)	167,221
<i>Operating profit before working capital changes</i>	<u>8,507,057</u>	<u>493,103</u>
<i>Changes in working capital:</i>		
Inventories	(5,769,852)	163,536
Trade receivables	7,017,154	33,930
Sundry receivables, deposits and prepayments	(1,420,177)	671,929
Trade payables	1,615,666	(77,185)
Sundry payables and accruals	918,813	(1,193,600)
Contract liability	(88,812)	(101,613)
<i>Cash generated from/(used in) operations</i>	<u>10,779,849</u>	<u>(9,900)</u>
Income tax refunded	1,217,759	-
Income tax paid	(599,812)	(917,354)
<i>Net cash from/(used in) operating activities</i>	<u>11,397,796</u>	<u>(927,254)</u>

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**Condensed Consolidated Statement of Cash Flows
For The Fourth Quarter Ended 31 December 2021 (Cont'd)**

(The figures have not been audited)

	12 months ended 31 December	
	2021	2020
	RM	RM
Cash flows from investing activities		
Dividend received	34,206	-
Interest received	62,715	547,195
Income distribution on short term funds	322,726	60,186
Purchase of property, plant and equipment	(261,109)	(684,428)
Net purchase of other investments	(3,218,414)	(1,859,974)
Proceeds from disposal of property, plant and equipment	12,225	15,800
<i>Net cash used in investing activities</i>	<u>(3,047,651)</u>	<u>(1,921,221)</u>
Cash flows from financing activities		
Fixed deposits pledged to a licensed bank	(10,330)	(13,709)
Purchase of treasury shares	(463,976)	(648,886)
Proceeds from issuance of ordinary shares pursuant to exercise of ESOS	903,630	230,639
Dividend paid	(1,983,685)	(3,955,248)
<i>Net cash used in financing activities</i>	<u>(1,554,361)</u>	<u>(4,387,204)</u>
Net increase/(decrease) in cash and cash equivalents	6,795,784	(7,235,679)
Effect of exchange differences in cash and cash equivalents	(12,309)	(13,250)
Cash and cash equivalents at beginning of period	22,890,090	30,139,019
Cash and cash equivalents at end of period	<u>29,673,565</u>	<u>22,890,090</u>
Cash and cash equivalents at end of period comprises:		
Cash and bank balances	4,782,894	1,773,394
Deposits with licensed banks	3,818,646	7,735,328
Short term funds	21,763,566	14,062,579
	<u>30,365,106</u>	<u>23,571,301</u>
Less: Fixed deposits pledged to a licensed bank	(691,541)	(681,211)
	<u>29,673,565</u>	<u>22,890,090</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 196,200 ordinary shares at RM0.719 and 302,500 ordinary shares at RM0.392 respectively exercised by the eligible employees pursuant to the Company's Employees' Share Option Scheme ("ESOS") during the current quarter ended 31 December 2021.

2) Treasury shares

Number of treasury shares held as at 31 December 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 31 December 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 ended 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 31 December 2021			
Malaysia	2,830,303	8,845,211	115,024
America	3,678,288	-	-
Asia (exclude Malaysia)	1,103,681	-	-
Europe	364,433	-	-
Consolidated	<u>7,976,705</u>	<u>8,845,211</u>	<u>115,024</u>
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>
12 months ended 31 December 2021			
Malaysia	16,301,553	8,845,211	261,109
America	15,955,250	-	-
Asia (exclude Malaysia)	2,617,340	-	-
Australia	29,975	-	-
Europe	3,075,264	-	-
Consolidated	<u>37,979,382</u>	<u>8,845,211</u>	<u>261,109</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>



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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 2021 and up to the date of this report.

A12. Capital commitments

There were no capital commitments as at 31 December 2021.

A13. Related party transactions

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM	RM	RM	RM
Micro Carbide Engineering Sendirian Berhad				
- Precision tooling charges	31,950	3,470	192,785	22,700
- Rental income received	130,680	118,500	506,480	474,000

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 ----->		
	31.12.2021	30.9.2021	Var	31.12.2020	Var	31.12.2021	31.12.2020	Var
	RM	RM	%	RM	%	RM	RM	%
Revenue	7,976,705	12,739,906	-37	7,565,002	5	37,979,382	22,698,182	67
Cost of sales	(5,525,842)	(8,463,688)	-35	(6,416,006)	-14	(26,634,665)	(19,157,983)	39
Gross profit	<u>2,450,863</u>	<u>4,276,218</u>	-43	<u>1,148,996</u>	113	<u>11,344,717</u>	<u>3,540,199</u>	220
Other operating income	471,343	368,331	28	656,069	-28	2,700,316	2,672,927	1
Administrative expenses	<u>(1,148,653)</u>	<u>(1,183,674)</u>	-3	<u>(1,150,608)</u>	0	<u>(4,679,169)</u>	<u>(4,503,411)</u>	4
Profit before tax	<u>1,773,553</u>	<u>3,460,875</u>	-49	<u>654,457</u>	171	<u>9,365,864</u>	<u>1,709,715</u>	448
Tax expense	<u>(232,877)</u>	<u>(644,538)</u>		<u>164,134</u>		<u>(1,117,514)</u>	<u>130,778</u>	
Net profit for the period	<u><u>1,540,676</u></u>	<u><u>2,816,337</u></u>		<u><u>818,591</u></u>		<u><u>8,248,350</u></u>	<u><u>1,840,493</u></u>	

Comparison with the corresponding period in the previous year

The Group recorded a revenue of RM7.977 million for the current quarter, a slight increase of 5% as compared to RM7.565 million of the corresponding quarter in the previous year. Gross margin for the current quarter was higher than that of the previous year due to some provision for bonus to employees made during that quarter in the previous year.

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

No major fluctuation was noted in administrative expenses.

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

The Group recorded a revenue of RM37.979 million for the financial period-to-date, an increase of 67% as compared to RM22.698 million reported in the preceding year due to increase in sale of machines during the year as demand came back from the manufacturers of smart devices as well as our OEM customers as compared to year 2020 when Covid first hit. The increase in gross margin was attributed to increase in revenue for the current year as compared to the preceding year while certain operating costs remained fixed.

No major fluctuations were noted in other operating income and administrative expenses.



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B2. Variation of results against preceding quarter

Revenue for the current quarter of RM7.977 million recorded a decrease of 37% as compared to preceding quarter as most delivery were done during that quarter to meet the product launching of our customers for the year. No major fluctuation was noted in the GP margin between the two quarters.

Increase in other operating income in the current quarter as compared to preceding quarter was mainly due to the higher loss derived from fair value adjustment in other investments in the preceding quarter.

B3. Commentary on prospects

While we continue to pursue our business opportunities in the market segments we are currently in primarily the smart devices and automotive, we are also venturing into other segments in the semiconductor industry involving front of line equipments.

The Board expects the performance of the Group in the coming year to remain 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 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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM	RM	RM	RM
Profit before tax	1,773,553	654,457	9,365,864	1,709,715
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	425,652	157,069	2,247,807	410,331
Non-deductible expenses	52,880	53,847	266,027	332,987
Non-taxable income	(98,636)	(239,708)	(473,528)	(488,734)
Pioneer income	(144,471)	(55,399)	(1,115,700)	(319,436)
Crystallisation of deferred tax liability	(2,548)	(2,548)	(10,193)	(10,193)
(Over)/Underprovision of tax expense in prior years	-	(78,583)	101,399	(78,583)
Underprovision of deferred tax liability in prior years	-	1,188	101,702	22,850
Tax expense/income	232,877	(164,134)	1,117,514	(130,778)

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 2021 is as follows:

	RM
Balance as at 1 January 2021	9,681,772
Add: Purchases	14,602,024
Add: Dividend reinvested	543,018
Add: Gain on fair value adjustments	741,123
Less: Disposals	(11,383,610)
Balance as at 31 December 2021	14,184,327

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

The Board of Directors has declared a second single tier interim dividend of 1 sen per ordinary share for the year ended 31 December 2021. The entitlement date and payment date are on 22 March 2022 and 20 April 2022 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		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM	RM	RM	RM
Net profit after tax and minority interests (RM)	1,540,676	818,591	8,248,350	1,840,493
Weighted average number of ordinary shares in issue	198,284,506	197,883,404	198,284,506	197,883,404
Basic earnings per share (sen)	0.78	0.41	4.16	0.93

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		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM	RM	RM	RM
Net profit after tax and minority interests (RM)	1,540,676	818,591	8,248,350	1,840,493
Effect of share options - ESOS	1,961,400	1,442,200	1,961,400	1,442,200
Weighted average number of ordinary shares in issue (diluted)	200,245,906	199,325,604	200,245,906	199,325,604
Basic earnings per share (sen)	0.77	0.41	4.12	0.92

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B15. Profit before tax

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM	RM	RM	RM
Depreciation of property, plant and equipment	130,805	158,131	558,781	600,237
Depreciation of right-of-use asset	18,872	18,872	75,485	75,485
Loss/(Gain) on disposal of property, plant and equipment	(12,080)	-	(9,961)	(14,398)
Loss/(Gain) on fair value adjustment of other investments	304,583	(628,897)	(741,123)	(1,610,736)
Foreign exchange (gain)/loss - realised	(14,796)	77,042	(221,025)	(135,599)
- unrealised	31,448	126,034	(21,805)	167,221
Reversal of impairment loss on trade receivables	-	(367,087)	(235,347)	(367,087)
Share options vested under ESOS	(91,212)	75,110	259,118	540,047
Written off of inventories	3,701	-	218,210	-
Written off of property, plant and equipment	-	-	500	-
Dividend income	(551,664)	-	(577,224)	-
Income distribution on short term funds	(85,695)	(60,186)	(322,726)	(60,186)
Interest income	(17,314)	(54,553)	(62,715)	(547,195)
Rental income	(130,680)	(118,500)	(506,480)	(474,000)

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 February 2022.