



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

**Quarterly Report on Consolidated Results
For The First Quarter Ended 31 March 2022**



**Condensed Consolidated Statement of Financial Position
As at 31 March 2022**

	Note	31.3.2022 (Unaudited) RM	31.12.2021 (Audited) RM
ASSETS			
Non-current assets			
Property, plant and equipment		5,729,661	5,775,538
Right-of-use asset		3,050,802	3,069,673
		<u>8,780,463</u>	<u>8,845,211</u>
Current assets			
Inventories		18,631,170	14,950,134
Other investments	B8	14,292,791	14,184,327
Trade receivables		16,898,849	5,598,127
Sundry receivables, deposits and prepayments		1,147,015	1,693,921
Current tax asset		-	2,196
Short term funds		19,842,486	21,763,566
Cash and cash equivalents		4,414,845	8,601,540
		<u>75,227,156</u>	<u>66,793,811</u>
TOTAL ASSETS		<u>84,007,619</u>	<u>75,639,022</u>
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital		23,629,695	23,337,102
Share options reserve		785,138	786,908
Treasury shares		(6,009,182)	(6,009,182)
Retained profits		48,862,142	48,187,066
		<u>67,267,793</u>	<u>66,301,894</u>
Non-current liability			
Deferred tax liabilities		995,199	993,572
Current liabilities			
Trade payables		9,324,175	5,679,122
Sundry payables and accruals		1,771,239	2,457,125
Contract liability		2,589,564	207,309
Dividend payable		1,991,850	-
Current tax liability		67,799	-
		<u>15,744,627</u>	<u>8,343,556</u>
Total liabilities		<u>16,739,826</u>	<u>9,337,128</u>
TOTAL EQUITY AND LIABILITIES		<u>84,007,619</u>	<u>75,639,022</u>
Net assets per share (RM)		0.34	0.33

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 2022
(The figures have not been audited)

	Note	Individual / Cumulative Quarter Current Year Quarter 31.3.2022 RM	Preceding Year Quarter 31.3.2021 RM
Revenue		15,965,011	8,672,669
Cost of sales		(9,954,582)	(6,485,631)
Gross profit		6,010,429	2,187,038
Other operating (expenses)/income		(1,708,680)	407,501
Administrative expenses		(1,311,359)	(1,130,802)
Profit before tax		2,990,390	1,463,737
Tax expense	B6	(323,464)	(107,903)
Net profit for the period	B1	2,666,926	1,355,834
Attributable to:			
Shareholders of the Company		2,666,926	1,355,834
Minority interests		-	-
Net profit for the period		2,666,926	1,355,834
Earnings per share			
(i) Basic (sen)	B14	1.34	0.68
(ii) Diluted (sen)		1.33	0.68

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 2022
(The figures have not been audited)

	Non-distributable			Distributable	Total RM
	Share Capital RM	Share Options Reserve RM	Treasury Shares RM	Retained Profits RM	
At 1 January 2022	23,337,102	786,908	(6,009,182)	48,187,066	66,301,894
Transactions with owners					
Share option vested under ESOS	-	89,302	-	-	89,302
Ordinary shares issued pursuant to exercise of ESOS	292,593	(91,072)	-	-	201,521
Dividend payable	-	-	-	(1,991,850)	(1,991,850)
	292,593	(1,770)	-	(1,991,850)	(1,701,027)
Net profit for the period	-	-	-	2,666,926	2,666,926
At 31 March 2022	23,629,695	785,138	(6,009,182)	48,862,142	67,267,793
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 option vested under ESOS	-	81,061	-	-	81,061
Ordinary shares issued pursuant to exercise of ESOS	600,852	(184,412)	-	-	416,440
	600,852	(103,351)	(463,976)	-	33,525
Net profit for the period	-	-	-	1,355,834	1,355,834
At 31 March 2021	22,645,957	812,806	(6,009,182)	43,278,235	60,727,816

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to these interim financial statements.



Condensed Consolidated Statement of Cash Flows
For the First Quarter Ended 31 March 2022
(The figures have not been audited)

	3 months ended 31 March	
	2022	2021
	RM	RM
Cash flows from operating activities		
Profit before tax	2,990,390	1,463,737
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	133,732	148,894
Depreciation of right-of-use asset	18,871	18,871
Gain on disposal of property, plant and equipment	(22,500)	(144)
Loss on fair value adjustment of other investments	1,895,600	33,011
Dividend income	(17,621)	(8,087)
Income distribution on short term funds	(7,574)	(75,268)
Interest income	(16,154)	(28,070)
Share options vested under ESOS	89,302	81,061
Written down of inventories	169,996	-
Written off of property, plant and equipment	-	500
Unrealised foreign exchange loss/(gain)	13,545	(43,176)
<i>Operating profit before working capital changes</i>	5,247,587	1,591,329
<i>Changes in working capital:</i>		
Inventories	(3,851,032)	(768,142)
Trade receivables	(11,292,723)	4,384,455
Sundry receivables, deposits and prepayments	546,906	(187,631)
Trade payables	3,631,127	906,282
Sundry payables and accruals	(685,886)	(550,301)
Contract liability	2,372,145	217,282
<i>Cash (used in)/generated from operations</i>	(4,031,876)	5,593,274
Income tax paid	(251,842)	(80,458)
<i>Net cash (used in)/from operating activities</i>	(4,283,718)	5,512,816
Cash flows from investing activities		
Dividend received	13,557	8,087
Interest received	16,154	28,070
Income distribution on short term funds	7,574	75,268
Purchase of property, plant and equipment	(87,855)	(41,187)
Net purchase of other investments	(2,000,000)	(4,091,519)
Proceeds from disposal of property, plant and equipment	22,500	144
<i>Net cash used in investing activities</i>	(2,028,070)	(4,021,137)
Cash flows from financing activities		
Fixed deposits pledged to a licensed bank	(2,520)	(2,512)
Purchase of treasury shares	-	(463,976)
Proceeds from issuance of ordinary shares pursuant to exercise of ESOS	201,521	416,440
<i>Net cash from/(used in) financing activities</i>	199,001	(50,048)



Condensed Consolidated Statement of Cash Flows
For the First Quarter Ended 31 March 2022 (Cont'd)
(The figures have not been audited)

	3 months ended 31 March	
	2022	2021
	RM	RM
Net (decrease)/increase in cash and cash equivalents	(6,112,787)	1,441,631
Effect of exchange differences in cash and cash equivalents	2,492	6,290
Cash and cash equivalents at beginning of period	<u>29,673,565</u>	<u>22,890,090</u>
Cash and cash equivalents at end of period	<u><u>23,563,270</u></u>	<u><u>24,338,011</u></u>
Cash and cash equivalents at end of period comprises:		
Cash and bank balances	3,392,330	1,729,046
Deposits with licensed banks	1,022,515	4,654,990
Short term funds	<u>19,842,486</u>	<u>18,637,698</u>
	24,257,331	25,021,734
Less: Fixed deposits pledged to a licensed bank	<u>(694,061)</u>	<u>(683,723)</u>
	<u><u>23,563,270</u></u>	<u><u>24,338,011</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 2021 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 2021. 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 2021.

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 2021.

The adoption of new and revised MFRSs and IC Interpretations that came into effect for accounting periods beginning on or after 1 January 2022 and are relevant as below, did not have any significant impact to the unaudited consolidated financial statements upon their initial application:

- Annual Improvements to MFRS Standards 2018 – 2020
- Amendments to MFRS 3 *Reference to the Conceptual Framework*
- Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to MFRS 137 *Onerous Contract - Cost of Fulfilling a Contract*

A2. Auditors’ report of preceding annual financial statements

The auditors’ report on the financial statements for the financial year ended 31 December 2021 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:

ESOS

There were issuance of 235,300 ordinary shares at RM0.719 and 82,500 ordinary shares at RM0.392 respectively exercised by the eligible employees pursuant to the Employees' Share Option Scheme ("ESOS") during the current quarter ended 31 March 2022.

A7. Dividend paid

The second interim single tier dividend of 1 sen per ordinary share for the financial year ended 31 December 2021 totalling RM1,991,850 was paid on 20 April 2022.

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 March 2022			
Malaysia	12,249,471	8,780,463	87,855
America	2,490,949	-	-
Asia (excludes Malaysia)	425,906	-	-
Europe	798,685	-	-
Consolidated	15,965,011	8,780,463	87,855
3 months ended 31 March 2021			
Malaysia	1,793,230	9,094,054	41,187
America	2,568,595	-	-
Asia (excludes Malaysia)	2,508,548	-	-
Australia	21,730	-	-
Europe	1,780,566	-	-
Consolidated	8,672,669	9,094,054	41,187

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 2022 and up to the date of this report.

A12. Capital commitments

There were no capital commitments as at 31 March 2022.

A13. Related party transactions

	Individual / Cumulative Quarter	
	31.3.2022	31.3.2021
	RM	RM
Micro Carbide Engineering Sendirian Berhad		
- Precision tooling charges	580	2,640
- Rental income received	130,680	118,500

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 →				
	31.3.2022 RM	31.12.2021 RM	Var %	31.3.2021 RM	Var %	31.3.2022 RM	31.3.2021 RM	Var %
Revenue	15,965,011	7,976,705	100	8,672,669	84	15,965,011	8,672,669	84
Cost of sales	(9,954,582)	(5,525,842)	80	(6,485,631)	53	(9,954,582)	(6,485,631)	53
Gross profit	6,010,429	2,450,863	145	2,187,038	175	6,010,429	2,187,038	175
Other operating (expenses)/income	(1,708,680)	471,343	-463	407,501	-519	(1,708,680)	407,501	-519
Administrative expenses	(1,311,359)	(1,148,653)	14	(1,130,802)	16	(1,311,359)	(1,130,802)	16
Profit before tax	2,990,390	1,773,553	69	1,463,737	104	2,990,390	1,463,737	104
Tax expense	(323,464)	(232,877)		(107,903)		(323,464)	(107,903)	
Net profit for the period	2,666,926	1,540,676		1,355,834		2,666,926	1,355,834	

Comparison with the corresponding period in the previous year

The Group recorded a revenue of RM15.965 million for the current quarter, an increase of 84% as compared to RM8.673 million of the corresponding quarter in the previous year due to higher demand for machines from our smart devices and OEM/ODM customers.

Gross margin has shown improvement due to significant increase in revenue while certain operational costs remain fixed.

Other operating expenses 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 RM15.965 million recorded a 100% increase compared with the preceding quarter, mainly due to higher demand for machines from our smart devices and OEM/ODM customers.

Other operating expenses in the current quarter was attributed to the unrealised loss on fair value adjustment of other investments as compared with the preceding quarter.

B3. Current year prospects

The Board expects the demand for the Company's products for the current year to be good and this should translate into a better set of operating profits for 2022 as compared with 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 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	
	31.3.2022 RM	31.3.2021 RM
Profit before tax	<u>2,990,390</u>	<u>1,463,737</u>
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	717,694	351,298
Non-deductible expenses	512,914	182,700
Non-taxable income	(6,234)	(134,975)
Pioneer income	(911,389)	(291,899)
Crystallisation of deferred tax liability	(2,548)	(2,548)
Underprovision of deferred tax liability in prior years	<u>13,027</u>	<u>3,327</u>
Tax expense	<u><u>323,464</u></u>	<u><u>107,903</u></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 2022 is as follows:

	RM
Balance as at 1 January 2022	14,184,327
Add: Purchases	2,000,000
Add: Dividend reinvested	4,064
Less: Loss on fair value adjustments	<u>(1,895,600)</u>
Balance as at 31 March 2022	<u><u>14,292,791</u></u>

B9. Status of corporate proposal announced

On 4 March 2022, the Directors have extended the existing ESOS of the Company for another 5 years until 31 October 2028 on the same terms and conditions as mentioned in the By-Laws.

On 10 March 2022, the Board of Directors announced that the Company offered 5,000,000 share options to its eligible Directors and employees under the Employees' Share Option Scheme at an exercise price of RM 0.589 per share. The market price of shares at the grant date was RM0.654.



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 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 / Cumulative Quarter	
	31.3.2022	31.3.2021
	RM	RM
Net profit after tax and minority interests (RM)	2,666,926	1,355,834
Weighted average number of ordinary shares in issue	198,914,607	197,943,286
Basic earnings per share (sen)	1.34	0.68

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	
	31.3.2022	31.3.2021
	RM	RM
Net profit after tax and minority interests (RM)	2,666,926	1,355,834
Effect of share options exercised - ESOS	1,624,750	1,751,500
Weighted average number of ordinary shares in issue (diluted)	200,539,357	199,694,786
Basic earnings per share (sen)	1.33	0.68



B15. Profit before tax

	Individual / Cumulative Quarter	
	31.3.2022	31.3.2021
	RM	RM
Depreciation of property, plant and equipment	133,732	148,894
Depreciation of right-of-use asset	18,871	18,871
Gain on disposal of property, plant and equipment	(22,500)	(144)
Loss on fair value adjustment of other investments	1,895,600	33,011
Foreign exchange loss/(gain) - realised	63,426	(165,598)
- unrealised	13,545	(43,176)
Share options vested under ESOS	89,302	81,061
Written down of inventories	169,996	-
Written off of property, plant and equipment	-	500
Dividend income	(17,621)	(8,087)
Income distribution on short term funds	(7,574)	(75,268)
Interest income	(16,154)	(28,070)
Rental income	(130,680)	(118,500)

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 25 May 2022.

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