



**MMS VENTURES BERHAD**

Registration No. 200401008621 (647125-P)

(Incorporated in Malaysia)

**Quarterly Report on Consolidated Results  
For The Second Quarter Ended 30 June 2022**



**Condensed Consolidated Statement of Financial Position  
As at 30 June 2022**

	Note	30.6.2022 (Unaudited) RM	31.12.2021 (Audited) RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		5,908,992	5,775,538
Right-of-use asset		3,031,931	3,069,673
		<u>8,940,923</u>	<u>8,845,211</u>
<b>Current assets</b>			
Inventories		16,229,249	14,950,134
Other investments	B8	12,107,409	14,184,327
Trade receivables		29,216,558	5,598,127
Sundry receivables, deposits and prepayments		247,093	1,693,921
Current tax asset		-	2,196
Short term funds		15,214,146	21,763,566
Cash and cash equivalents		3,826,198	8,601,540
		<u>76,840,653</u>	<u>66,793,811</u>
<b>TOTAL ASSETS</b>		<u>85,781,576</u>	<u>75,639,022</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital		23,798,794	23,337,102
Share options reserve		1,044,783	786,908
Treasury shares		(6,238,814)	(6,009,182)
Retained profits		53,682,270	48,187,066
		<u>72,287,033</u>	<u>66,301,894</u>
<b>Non-current liability</b>			
Deferred tax liabilities		1,021,486	993,572
<b>Current liabilities</b>			
Trade payables		4,428,795	5,679,122
Sundry payables and accruals		2,766,467	2,457,125
Contract liability		5,186,120	207,309
Current tax liability		91,675	-
		<u>12,473,057</u>	<u>8,343,556</u>
<b>Total liabilities</b>		<u>13,494,543</u>	<u>9,337,128</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>85,781,576</u>	<u>75,639,022</u>
<b>Net assets per share (RM)</b>		0.36	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 Second Quarter Ended 30 June 2022**  
**(The figures have not been audited)**

	Note	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
		30.6.2022 RM	30.6.2021 RM	30.6.2022 RM	30.6.2021 RM
<b>Revenue</b>		<b>19,651,914</b>	8,590,102	<b>35,616,925</b>	17,262,771
Cost of sales		<b>(11,771,598)</b>	(6,159,504)	<b>(21,726,180)</b>	(12,645,135)
<b>Gross profit</b>		<b>7,880,316</b>	2,430,598	<b>13,890,745</b>	4,617,636
Other operating (expenses)/income		<b>(1,151,950)</b>	1,453,140	<b>(2,860,630)</b>	1,860,642
Administrative expenses		<b>(1,704,497)</b>	(1,216,039)	<b>(3,015,856)</b>	(2,346,842)
<b>Profit before tax</b>		<b>5,023,869</b>	2,667,699	<b>8,014,259</b>	4,131,436
Tax expense	B6	<b>(203,741)</b>	(132,196)	<b>(527,205)</b>	(240,099)
<b>Net profit for the period</b>	B1	<b>4,820,128</b>	2,535,503	<b>7,487,054</b>	3,891,337
<b>Attributable to:</b>					
Shareholders of the Company		<b>4,820,128</b>	2,535,503	<b>7,487,054</b>	3,891,337
Minority interests		-	-	-	-
<b>Net profit for the period</b>		<b>4,820,128</b>	2,535,503	<b>7,487,054</b>	3,891,337
<b>Earnings per share</b>					
(i) Basic (sen)	B14	<b>2.42</b>	1.28	<b>3.76</b>	1.96
(ii) Diluted (sen)		<b>2.41</b>	1.27	<b>3.74</b>	1.95

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 Second Quarter Ended 30 June 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	
<b>At 1 January 2022</b>	23,337,102	786,908	(6,009,182)	48,187,066	66,301,894
<b>Transactions with owners</b>					
Purchase of treasury shares	-	-	(229,632)	-	(229,632)
Share option vested under ESOS	-	397,002	-	-	397,002
Ordinary shares issued pursuant to exercise of ESOS	461,692	(139,127)	-	-	322,565
Dividend payable	-	-	-	(1,991,850)	(1,991,850)
	461,692	257,875	(229,632)	(1,991,850)	(1,501,915)
Net profit for the period	-	-	-	7,487,054	7,487,054
<b>At 30 June 2022</b>	<b>23,798,794</b>	<b>1,044,783</b>	<b>(6,238,814)</b>	<b>53,682,270</b>	<b>72,287,033</b>
<b>At 1 January 2021</b>	22,045,105	916,157	(5,545,206)	41,922,401	59,338,457
<b>Transactions with owners</b>					
Purchase of treasury shares	-	-	(463,976)	-	(463,976)
Share option 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
<b>At 30 June 2021</b>	<b>22,896,143</b>	<b>822,604</b>	<b>(6,009,182)</b>	<b>45,813,738</b>	<b>63,523,303</b>

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 Second Quarter Ended 30 June 2022**  
**(The figures have not been audited)**

	<b>6 months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flows from operating activities</b>		
Profit before tax	8,014,259	4,131,436
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	274,981	297,186
Depreciation of right-of-use asset	37,742	37,742
(Gain)/Loss on disposal of property, plant and equipment	(45,000)	2,119
Loss/(Gain) on fair value adjustment of other investments	3,371,093	(1,188,329)
Dividend income	(28,874)	(16,849)
Income distribution on short term funds	(12,512)	(159,538)
Interest income	(22,612)	(39,943)
Impairment loss on trade receivables	40,000	-
Share options vested under ESOS	397,002	162,120
Written down of inventories	169,996	157,100
Written off of property, plant and equipment	-	500
Unrealised foreign exchange gain	(60,899)	(27,908)
<i>Operating profit before working capital changes</i>	<u>12,135,176</u>	<u>3,355,636</u>
<i>Changes in working capital:</i>		
Inventories	(1,449,111)	(3,432,681)
Trade receivables	(23,462,494)	(380,287)
Sundry receivables, deposits and prepayments	1,446,828	(128,022)
Trade payables	(1,265,931)	1,226,999
Sundry payables and accruals	309,342	93,664
Contract liability	4,851,855	1,739,857
<i>Cash (used in)/generated from operations</i>	<u>(7,434,335)</u>	<u>2,475,166</u>
Income tax paid	(405,420)	(154,501)
<i>Net cash (used in)/from operating activities</i>	<u>(7,839,755)</u>	<u>2,320,665</u>
<b>Cash flows from investing activities</b>		
Dividend received	24,810	16,849
Interest received	22,612	39,943
Income distribution on short term funds	12,512	159,538
Purchase of property, plant and equipment	(408,435)	(130,845)
Net purchase of other investments	(1,290,111)	(5,076,281)
Proceeds from disposal of property, plant and equipment	45,000	145
<i>Net cash used in investing activities</i>	<u>(1,593,612)</u>	<u>(4,990,651)</u>
<b>Cash flows from financing activities</b>		
Fixed deposits pledged to a licensed bank	(5,229)	(5,111)
Purchase of treasury shares	(229,632)	(463,976)
Proceeds from issuance of ordinary shares pursuant to exercise of ESOS	322,565	595,365
Dividend paid	(1,991,850)	-
<i>Net cash (used in)/from financing activities</i>	<u>(1,904,146)</u>	<u>126,278</u>



**Condensed Consolidated Statement of Cash Flows**  
**For the Second Quarter Ended 30 June 2022 (Cont'd)**  
**(The figures have not been audited)**

	<b>6 months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Net decrease in cash and cash equivalents</b>	(11,337,513)	(2,543,708)
<b>Effect of exchange differences in cash and cash equivalents</b>	7,522	3,493
<b>Cash and cash equivalents at beginning of period</b>	<u>29,673,565</u>	<u>22,890,090</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>18,343,574</u></u>	<u><u>20,349,875</u></u>
<b>Cash and cash equivalents at end of period comprises:</b>		
Cash and bank balances	2,799,581	1,143,788
Deposits with licensed banks	1,026,617	2,480,426
Short term funds	<u>15,214,146</u>	<u>17,411,983</u>
	19,040,344	21,036,197
Less: Fixed deposits pledged to a licensed bank	<u>(696,770)</u>	<u>(686,322)</u>
	<u><u>18,343,574</u></u>	<u><u>20,349,875</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:

##### **1) ESOS**

There were issuance of 4,000 ordinary shares at RM0.719 and 301,450 ordinary shares at RM0.392 respectively exercised by the eligible employees pursuant to the Employees' Share Option Scheme ("ESOS") during the current quarter ended 30 June 2022.

##### **2) Treasury shares**

Number of treasury shares held as at 30 June 2022 were as follows:

Balance as at 1 January 2022	7,210,775
Add: Purchase of treasury shares	339,200
Balance as at 30 June 2022	<u>7,549,975</u>

#### **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.

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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

	<b>Revenue from external customers by location of customers RM</b>	<b>Non-current assets by location of assets RM</b>	<b>Capital expenditure by location of assets RM</b>
<b>3 months ended 30 June 2022</b>			
Malaysia	14,398,851	8,940,923	320,580
America	1,488,357	-	-
Asia (excludes Malaysia)	3,606,563	-	-
Australia	49,407	-	-
Europe	108,736	-	-
Consolidated	19,651,914	8,940,923	320,580
<b>3 months ended 30 June 2021</b>			
Malaysia	5,362,835	9,014,285	89,658
America	2,860,072	-	-
Asia (excludes Malaysia)	133,885	-	-
Australia	8,246	-	-
Europe	225,064	-	-
Consolidated	8,590,102	9,014,285	89,658
<b>6 months ended 30 June 2022</b>			
Malaysia	26,648,322	8,940,923	408,435
America	3,979,306	-	-
Asia (exclude Malaysia)	4,032,469	-	-
Australia	49,407	-	-
Europe	907,421	-	-
Consolidated	35,616,925	8,940,923	408,435
<b>6 months ended 30 June 2021</b>			
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

#### 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 2022 and up to the date of this report.

**A12. Capital commitments**

There were no capital commitments as at 30 June 2022.

**A13. Related party transactions**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.6.2022</b>	<b>30.6.2021</b>	<b>30.6.2022</b>	<b>30.6.2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Micro Carbide Engineering Sendirian Berhad				
- Precision tooling charges	-	99,285	580	101,925
- Rental income received	143,906	126,620	274,586	245,120

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 →				
	30.6.2022 RM	31.3.2022 RM	Var %	30.6.2021 RM	Var %	30.6.2022 RM	30.6.2021 RM	Var %
<b>Revenue</b>	19,651,914	15,965,011	23	8,590,102	129	35,616,925	17,262,771	106
Cost of sales	(11,771,598)	(9,954,582)	18	(6,159,504)	91	(21,726,180)	(12,645,135)	72
<b>Gross profit</b>	7,880,316	6,010,429	31	2,430,598	224	13,890,745	4,617,636	201
Other operating (expenses)/ income	(1,151,950)	(1,708,680)	-33	1,453,140	-179	(2,860,630)	1,860,642	-254
Administrative expenses	(1,704,497)	(1,311,359)	30	(1,216,039)	40	(3,015,856)	(2,346,842)	29
<b>Profit before tax</b>	5,023,869	2,990,390	68	2,667,699	88	8,014,259	4,131,436	94
Tax expense	(203,741)	(323,464)		(132,196)		(527,205)	(240,099)	
<b>Net profit for the period</b>	4,820,128	2,666,926		2,535,503		7,487,054	3,891,337	

***Comparison with the corresponding period in the previous year***

The Group recorded a revenue of RM19.652 million for the current quarter, an increase of 129% as compared to RM8.590 million of the corresponding quarter in the previous year due to higher demand for machines from our smart devices customers.

Gross profit margin has shown great 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.

Increase in administrative expenses in the current quarter was due to increase in salary-related costs and staff benefits as well as certain additional expenses incurred such as exhibition cost and provision for impairment loss on trade receivables.

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

The Group recorded a revenue of RM35.617 million for the period-to-date, an increase of 106% as compared to RM17.263 million reported in the previous financial period due to significant increase in sale of machines in the current financial period. Gross profit margin has shown great improvement due to significant increase in revenue while certain operational costs remain fixed.

Increase in other operating expenses in the current period was attributed to the unrealised loss on fair value adjustment of other investments.

Increase in administrative expenses in the current period was attributed to some provision in relation to salary costs and staff benefits as well as certain additional expenses incurred such as exhibition cost and provision for impairment loss on trade receivables.



**B2. Variation of results against preceding quarter**

Revenue for the current quarter of RM19.652 million recorded a 23% increase compared with the preceding quarter, mainly due to higher demand for machines from our smart devices 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.

Increase in administrative expenses in the current quarter was due to some provision in relation to salary costs and staff benefits as well as certain additional expenses incurred such as exhibition cost and provision for impairment loss on trade receivables.

**B3. Current year prospects**

With many major economies now facing unprecedented upheaval together with parts shortages worldwide, the business environment has become more challenging.

The Group has been monitoring the situation and has taken concrete steps to mitigate any likely effect on the Group.

Be that as it may and to overcome the difficult times ahead, the Group has been vigorously engaging with the customers. That said, the board expects the performance of the Group for the rest of the 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 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 Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.6.2022 RM	30.6.2021 RM	30.6.2022 RM	30.6.2021 RM
<b>Profit before tax</b>	5,023,869	2,667,699	8,014,259	4,131,436
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	1,205,729	640,246	1,923,423	991,544
Non-deductible expenses	544,375	76,118	1,057,289	258,818
Non-taxable income	(85,865)	(213,342)	(92,099)	(348,317)
Pioneer income	(1,457,950)	(453,936)	(2,369,339)	(745,835)
Crystallisation of deferred tax liability	(2,548)	(2,548)	(5,096)	(5,096)
Underprovision of deferred tax liability in prior years	-	85,658	13,027	88,985
<b>Tax expense</b>	<b>203,741</b>	<b>132,196</b>	<b>527,205</b>	<b>240,099</b>

**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 2022 is as follows:

	<b>RM</b>
Balance as at 1 January 2022	14,184,327
Add: Net purchases	1,290,111
Add: Dividend reinvested	4,064
Less: Loss on fair value adjustments	<u>(3,371,093)</u>
<b>Balance as at 30 June 2022</b>	<b><u>12,107,409</u></b>

**B9. Status of corporate proposal announced**

There is 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.

**B12. Material litigation**

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 2022.

The entitlement date and payment date are on 14 September 2022 and 13 October 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 3 months ended		Cumulative Quarter 6 months ended	
	30.6.2022 RM	30.6.2021 RM	30.6.2022 RM	30.6.2021 RM
Net profit after tax and minority interests (RM)	4,820,128	2,535,503	7,487,054	3,891,337
Weighted average number of ordinary shares in issue	198,987,248	198,061,595	198,987,248	198,061,595
Basic earnings per share (sen)	2.42	1.28	3.76	1.96

#### 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 6 months ended	
	30.6.2022 RM	30.6.2021 RM	30.6.2022 RM	30.6.2021 RM
Net profit after tax and minority interests (RM)	4,820,128	2,535,503	7,487,054	3,891,337
Effect of share options exercised - ESOS	1,323,100	1,826,300	1,323,100	1,826,300
Weighted average number of ordinary shares in issue (diluted)	200,310,348	199,887,895	200,310,348	199,887,895
Basic earnings per share (sen)	2.41	1.27	3.74	1.95



**B15. Profit before tax**

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.6.2022 RM	30.6.2021 RM	30.6.2022 RM	30.6.2021 RM
Depreciation of property, plant and equipment	141,249	148,292	274,981	297,186
Depreciation of right-of-use asset	18,870	18,870	37,742	37,742
(Gain)/Loss on disposal of property, plant and equipment	(22,500)	2,263	(45,000)	2,119
Loss/(Gain) on fair value adjustment of other investments	1,475,493	(1,221,340)	3,371,093	(1,188,329)
Foreign exchange loss/(gain)				
- realised	5,891	(17,806)	69,317	(183,404)
- unrealised	(74,444)	15,268	(60,899)	(27,908)
Impairment loss on trade receivables	40,000	-	40,000	-
Share options vested under ESOS	307,700	81,059	397,002	162,120
Written down of inventories	-	157,100	169,996	157,100
Written off of property, plant and equipment	-	-	-	500
Dividend income	(11,253)	(8,762)	(28,874)	(16,849)
Income distribution on short term funds	(4,938)	(84,270)	(12,512)	(159,538)
Interest income	(6,458)	(11,873)	(22,612)	(39,943)
Rental income	(143,906)	(126,620)	(274,586)	(245,120)

**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 18 August 2022.