



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

**Quarterly Report on Consolidated Results  
For The Third Quarter Ended 30 September 2022**



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

	Note	30.9.2022 (Unaudited) RM	31.12.2021 (Audited) RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		5,942,800	5,775,538
Right-of-use asset		3,013,060	3,069,673
		<u>8,955,860</u>	<u>8,845,211</u>
<b>Current assets</b>			
Inventories		13,650,888	14,950,134
Other investments	B8	10,707,037	14,184,327
Trade receivables		11,970,395	5,598,127
Sundry receivables, deposits and prepayments		101,308	1,693,921
Current tax asset		110,646	2,196
Short term funds		15,295,783	21,763,566
Cash and cash equivalents		20,746,348	8,601,540
		<u>72,582,405</u>	<u>66,793,811</u>
<b>TOTAL ASSETS</b>		<u>81,538,265</u>	<u>75,639,022</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital		23,947,541	23,337,102
Share options reserve		1,306,002	786,908
Treasury shares		(6,492,515)	(6,009,182)
Retained profits		52,785,586	48,187,066
		<u>71,546,614</u>	<u>66,301,894</u>
<b>Non-current liability</b>			
Deferred tax liabilities		1,069,923	993,572
<b>Current liabilities</b>			
Trade payables		1,997,481	5,679,122
Sundry payables and accruals		2,541,494	2,457,125
Contract liability		2,392,980	207,309
Dividend payable		1,989,773	-
		<u>8,921,728</u>	<u>8,343,556</u>
<b>Total liabilities</b>		<u>9,991,651</u>	<u>9,337,128</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>81,538,265</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 Third Quarter Ended 30 September 2022  
(The figures have not been audited)**

	Note	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
		30.9.2022 RM	30.9.2021 RM	30.9.2022 RM	30.9.2021 RM
<b>Revenue</b>		<b>10,620,298</b>	12,739,906	<b>46,237,223</b>	30,002,677
Cost of sales		<b>(7,762,499)</b>	(8,463,688)	<b>(29,488,679)</b>	(21,108,823)
<b>Gross profit</b>		<b>2,857,799</b>	4,276,218	<b>16,748,544</b>	8,893,854
Other operating (expenses)/income		<b>(300,151)</b>	368,331	<b>(3,160,781)</b>	2,228,973
Administrative expenses		<b>(1,362,038)</b>	(1,183,674)	<b>(4,377,894)</b>	(3,530,516)
<b>Profit before tax</b>		<b>1,195,610</b>	3,460,875	<b>9,209,869</b>	7,592,311
Tax expense	B6	<b>(102,521)</b>	(644,538)	<b>(629,726)</b>	(884,637)
<b>Net profit for the period</b>	B1	<b>1,093,089</b>	2,816,337	<b>8,580,143</b>	6,707,674
<b>Attributable to:</b>					
Shareholders of the Company		<b>1,093,089</b>	2,816,337	<b>8,580,143</b>	6,707,674
Minority interests		-	-	-	-
<b>Net profit for the period</b>		<b>1,093,089</b>	2,816,337	<b>8,580,143</b>	6,707,674
<b>Earnings per share</b>					
(i) Basic (sen)	B14	<b>0.55</b>	1.42	<b>4.31</b>	3.39
(ii) Diluted (sen)		<b>0.54</b>	1.41	<b>4.26</b>	3.35

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 Third Quarter Ended 30 September 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	-	-	(483,333)	-	(483,333)
Share option vested under ESOS	-	704,703	-	-	704,703
Ordinary shares issued pursuant to exercise of ESOS	610,439	(185,609)	-	-	424,830
Dividend payable	-	-	-	(3,981,623)	(3,981,623)
	610,439	519,094	(483,333)	(3,981,623)	(3,335,423)
Net profit for the period	-	-	-	8,580,143	8,580,143
<b>At 30 September 2022</b>	<b>23,947,541</b>	<b>1,306,002</b>	<b>(6,492,515)</b>	<b>52,785,586</b>	<b>71,546,614</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	-	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)	293,509
Net profit for the period	-	-	-	6,707,674	6,707,674
<b>At 30 September 2021</b>	<b>22,965,291</b>	<b>990,284</b>	<b>(6,009,182)</b>	<b>46,646,390</b>	<b>64,592,783</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 Third Quarter Ended 30 September 2022**  
**(The figures have not been audited)**

	<b>9 months ended 30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flows from operating activities</b>		
Profit before tax	9,209,869	7,592,311
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	422,902	427,976
Depreciation of right-of-use asset	56,613	56,613
(Gain)/Loss on disposal of property, plant and equipment	(45,000)	2,119
Loss/(Gain) on fair value adjustment of other investments	4,401,096	(1,045,706)
Dividend income	(201,247)	(25,560)
Income distribution on short term funds	(17,314)	(237,031)
Interest income	(56,527)	(45,401)
Provision/(Reversal) of impairment loss on trade receivables	40,000	(235,347)
Share options vested under ESOS	704,703	350,330
Written down of inventories	202,335	157,100
Written off of inventories	-	57,409
Written off of property, plant and equipment	2,982	500
Unrealised foreign exchange gain	(196,439)	(53,253)
<i>Operating profit before working capital changes</i>	<u>14,523,973</u>	<u>7,002,060</u>
<i>Changes in working capital:</i>		
Inventories	1,096,911	(4,279,489)
Trade receivables	(6,305,303)	605,759
Sundry receivables, deposits and prepayments	1,592,613	142,000
Trade payables	(3,699,224)	305,553
Sundry payables and accruals	84,369	813,927
Contract liability	2,185,671	468,103
<i>Cash generated from operations</i>	<u>9,479,010</u>	<u>5,057,913</u>
Income tax paid	(661,825)	(154,501)
<i>Net cash from operating activities</i>	<u>8,817,185</u>	<u>4,903,412</u>
<b>Cash flows from investing activities</b>		
Dividend received	36,622	25,560
Interest received	56,527	45,401
Income distribution on short term funds	17,314	237,031
Purchase of property, plant and equipment	(593,146)	(146,085)
Net purchase of other investments	(759,181)	(5,821,290)
Proceeds from disposal of property, plant and equipment	45,000	145
<i>Net cash used in investing activities</i>	<u>(1,196,864)</u>	<u>(5,659,238)</u>



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

	<b>9 months ended 30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flows from financing activities</b>		
Fixed deposits pledged to a licensed bank	(8,254)	(7,750)
Purchase of treasury shares	(483,333)	(463,976)
Proceeds from issuance of ordinary shares pursuant to exercise of ESOS	424,830	643,983
Dividend paid	(1,991,850)	-
<i>Net cash (used in)/from financing activities</i>	<u>(2,058,607)</u>	<u>172,257</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	5,561,714	(583,569)
<b>Effect of exchange differences in cash and cash equivalents</b>	107,057	5,029
<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>35,342,336</u></u>	<u><u>22,311,550</u></u>
<b>Cash and cash equivalents at end of period comprises:</b>		
Cash and bank balances	6,058,219	2,801,506
Deposits with licensed banks	14,688,129	2,128,514
Short term funds	15,295,783	18,070,491
	<u>36,042,131</u>	<u>23,000,511</u>
Less: Fixed deposits pledged to a licensed bank	(699,795)	(688,961)
	<u><u>35,342,336</u></u>	<u><u>22,311,550</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 9,000 ordinary shares at RM0.719, 173,000 ordinary shares at RM0.392, and 47,500 ordinary shares at RM0.589 respectively exercised by the eligible employees pursuant to the Employees' Share Option Scheme ("ESOS") during the current quarter ended 30 September 2022.

### **2) Treasury shares**

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

Balance as at 1 January 2022	7,210,775
Add: Purchase of treasury shares	742,700
Balance as at 30 September 2022	<u>7,953,475</u>

## **A7. Dividend paid**

The first interim single tier dividend of 1 sen per ordinary share for the financial year ending 31 December 2022 totalling RM1,989,773 was paid on 13 October 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 September 2022</b>			
Malaysia	4,802,429	8,955,860	184,711
America	2,376,543	-	-
Asia (excludes Malaysia)	522,060	-	-
Australia	162,422	-	-
Europe	2,756,844	-	-
Consolidated	<u>10,620,298</u>	<u>8,955,860</u>	<u>184,711</u>
<b>3 months ended 30 September 2021</b>			
Malaysia	5,687,235	8,879,864	15,240
America	6,167,335	-	-
Asia (excludes Malaysia)	250,257	-	-
Australia	-	-	-
Europe	635,079	-	-
Consolidated	<u>12,739,906</u>	<u>8,879,864</u>	<u>15,240</u>
<b>9 months ended 30 September 2022</b>			
Malaysia	31,450,751	8,955,860	593,146
America	6,355,849	-	-
Asia (excludes Malaysia)	4,554,529	-	-
Australia	211,829	-	-
Europe	3,664,265	-	-
Consolidated	<u>46,237,223</u>	<u>8,955,860</u>	<u>593,146</u>
<b>9 months ended 30 September 2021</b>			
Malaysia	12,843,300	8,879,864	146,085
America	11,596,002	-	-
Asia (excludes Malaysia)	2,892,690	-	-
Australia	29,975	-	-
Europe	2,640,710	-	-
Consolidated	<u>30,002,677</u>	<u>8,879,864</u>	<u>146,085</u>

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

#### **A12. Capital commitments**

There were no capital commitments as at 30 September 2022.

#### **A13. Related party transactions**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>	<b>3 months ended</b>	<b>9 months ended</b>	<b>9 months ended</b>
	<b>30.9.2022</b>	<b>30.9.2021</b>	<b>30.9.2022</b>	<b>30.9.2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Micro Carbide Engineering Sendirian Berhad				
- Precision tooling charges	-	58,910	580	160,835
- Rental income received	150,520	130,680	425,106	375,800

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 →		
	30.9.2022	30.6.2022	Var	30.9.2021	Var	30.9.2022	30.9.2021	Var
	RM	RM	%	RM	%	RM	RM	%
<b>Revenue</b>	10,620,298	19,651,914	-46	12,739,906	-17	46,237,223	30,002,677	54
Cost of sales	(7,762,499)	(11,771,598)	-34	(8,463,688)	-8	(29,488,679)	(21,108,823)	40
<b>Gross profit</b>	<b>2,857,799</b>	<b>7,880,316</b>	<b>-64</b>	<b>4,276,218</b>	<b>-33</b>	<b>16,748,544</b>	<b>8,893,854</b>	<b>88</b>
Other operating (expenses)/ income	(300,151)	(1,151,950)	-74	368,331	-181	(3,160,781)	2,228,973	-242
Administrative expenses	(1,362,038)	(1,704,497)	-20	(1,183,674)	15	(4,377,894)	(3,530,516)	24
<b>Profit before tax</b>	<b>1,195,610</b>	<b>5,023,869</b>	<b>-76</b>	<b>3,460,875</b>	<b>-65</b>	<b>9,209,869</b>	<b>7,592,311</b>	<b>21</b>
Tax expense	(102,521)	(203,741)		(644,538)		(629,726)	(884,637)	
<b>Net profit for the period</b>	<b>1,093,089</b>	<b>4,820,128</b>		<b>2,816,337</b>		<b>8,580,143</b>	<b>6,707,674</b>	

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

The Group recorded a revenue of RM10.62 million for the current quarter, a decrease of 17% as compared to RM12.74 million of the corresponding quarter in the previous year as delivery of machines for the current quarter decreased as compared to that of the previous year.

Gross profit margin decreased as a result of the decrease in revenue during the current quarter while certain operating costs remained 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 as compared to the corresponding year quarter was due to increase in employees' benefits as a new batch of ESOS was granted in Q2 of the current financial year.

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

The Group recorded a revenue of RM46.24 million for the period-to-date, an increase of 54% as compared to RM30.00 million reported in the previous financial period due to increase in sale of machines in the current financial period. Gross profit margin has shown great improvement due to increase in revenue while certain operational costs remained 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 employees' benefits as well as certain additional expenses incurred such as exhibition costs and provision for impairment loss on trade receivables.



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

Revenue for the current quarter of RM10.62 million recorded a 46% decrease compared with the preceding quarter, mainly due to significant portion of customers' orders were successfully delivered in Q2 to meet their new product launch which was expected to take place in Q3.

Decrease in other operating expenses in the current quarter was attributed to the lower loss on fair value adjustment of other investments recorded as compared to the preceding quarter.

Decrease in administrative expenses in the current quarter was due to lower provision in salary-related costs as compared with the preceding quarter.

**B3. Current year prospects**

Due to the slowdown in the Semicon industry worldwide, not necessarily confined to the smart devices sector, it has become increasingly challenging in the current market environment to increase our market share.

Nevertheless, the Group expects to close the financial year on a positive note with a reasonably credible performance and a satisfactory set of results.

**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 9 months ended	
	30.9.2022 RM	30.9.2021 RM	30.9.2022 RM	30.9.2021 RM
<b>Profit before tax</b>	1,195,610	3,460,875	9,209,869	7,592,311
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	286,945	830,611	2,210,368	1,822,155
Non-deductible expenses	308,941	(45,672)	1,366,230	213,146
Non-taxable income	(59,241)	(26,575)	(151,340)	(374,892)
Pioneer income	(440,199)	(225,394)	(2,809,538)	(971,229)
Crystallisation of deferred tax liability	(2,548)	(2,548)	(7,644)	(7,644)
Underprovision of tax expense in prior years	7,570	101,399	7,570	101,399
Underprovision of deferred tax liability in prior years	1,053	12,717	14,080	101,702
<b>Tax expense</b>	<b>102,521</b>	<b>644,538</b>	<b>629,726</b>	<b>884,637</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 September 2022 is as follows:

	RM
Balance as at 1 January 2022	14,184,327
Add: Net purchases	759,181
Add: Dividend reinvested	164,625
Less: Loss on fair value adjustments	(4,401,096)
<b>Balance as at 30 September 2022</b>	<b>10,707,037</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

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 3 months ended		Cumulative Quarter 9 months ended	
	30.9.2022 RM	30.9.2021 RM	30.9.2022 RM	30.9.2021 RM
Net profit after tax and minority interests (RM)	1,093,089	2,816,337	8,580,143	6,707,674
Weighted average number of ordinary shares in issue	198,987,027	198,137,176	198,987,027	198,137,176
Basic earnings per share (sen)	0.55	1.42	4.31	3.39

### 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 9 months ended	
	30.9.2022 RM	30.9.2021 RM	30.9.2022 RM	30.9.2021 RM
Net profit after tax and minority interests (RM)	1,093,089	2,816,337	8,580,143	6,707,674
Effect of share options exercised - ESOS	2,481,250	2,257,200	2,481,250	2,257,200
Weighted average number of ordinary shares in issue (diluted)	201,468,277	200,394,376	201,468,277	200,394,376
Basic earnings per share (sen)	0.54	1.41	4.26	3.35



### B15. Profit before tax

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.9.2022 RM	30.9.2021 RM	30.9.2022 RM	30.9.2021 RM
Depreciation of property, plant and equipment	147,921	130,790	422,902	427,976
Depreciation of right-of-use asset	18,871	18,871	56,613	56,613
(Gain)/Loss on disposal of property, plant and equipment	-	-	(45,000)	2,119
Loss/(Gain) on fair value adjustment of other investments	1,030,003	142,623	4,401,096	(1,045,706)
Foreign exchange loss/(gain)				
- realised	(159,752)	(22,825)	(90,435)	(206,229)
- unrealised	(135,540)	(25,345)	(196,439)	(53,253)
Impairment loss on trade receivables	-	(235,347)	40,000	(235,347)
Share options vested under ESOS	307,701	188,210	704,703	350,330
Written down of inventories	32,339	-	202,335	157,100
Written off of inventories	-	57,409	-	57,409
Written off of property, plant and equipment	2,982	-	2,982	500
Dividend income	(172,373)	(8,711)	(201,247)	(25,560)
Income distribution on short term funds	(4,802)	(77,493)	(17,314)	(237,031)
Interest income	(33,915)	(5,458)	(56,527)	(45,401)
Rental income	(150,520)	(130,680)	(425,106)	(375,800)

### 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 17 November 2022.