



MMS VENTURES BERHAD

Registration No. 200401008621 (647125-P)

(Incorporated in Malaysia)

**Quarterly Report on Consolidated Results
For The Fourth Quarter Ended 31 December 2022**



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

	Note	31.12.2022 (Unaudited) RM	31.12.2021 (Audited) RM
ASSETS			
Non-current assets			
Property, plant and equipment		5,798,860	5,775,538
Right-of-use asset		2,994,188	3,069,673
		<u>8,793,048</u>	<u>8,845,211</u>
Current assets			
Inventories		12,544,823	14,950,134
Other investments	B8	9,486,148	14,184,327
Trade receivables		7,342,475	5,598,127
Sundry receivables, deposits and prepayments		174,469	1,693,921
Current tax asset		86,594	2,196
Short term funds		21,802,159	21,763,566
Cash and cash equivalents		17,845,375	8,601,540
		<u>69,282,043</u>	<u>66,793,811</u>
TOTAL ASSETS		<u>78,075,091</u>	<u>75,639,022</u>
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital		24,008,395	23,337,102
Share options reserve		1,407,723	786,908
Treasury shares		(6,492,515)	(6,009,182)
Retained profits		53,252,547	48,187,066
		<u>72,176,150</u>	<u>66,301,894</u>
Non-current liability			
Deferred tax liabilities		1,016,820	993,572
Current liabilities			
Trade payables		2,632,847	5,679,122
Sundry payables and accruals		2,138,874	2,457,125
Contract liability		110,400	207,309
		<u>4,882,121</u>	<u>8,343,556</u>
Total liabilities		<u>5,898,941</u>	<u>9,337,128</u>
TOTAL EQUITY AND LIABILITIES		<u>78,075,091</u>	<u>75,639,022</u>
Net assets per share (RM)		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 Fourth Quarter Ended 31 December 2022
(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
		31.12.2022 RM	31.12.2021 RM	31.12.2022 RM	31.12.2021 RM
Revenue		6,629,965	7,976,705	52,867,188	37,979,382
Cost of sales		(5,283,296)	(5,525,842)	(34,771,975)	(26,634,665)
Gross profit		1,346,669	2,450,863	18,095,213	11,344,717
Other operating (expenses)/income		367,807	471,343	(2,792,974)	2,700,316
Administrative expenses		(1,127,475)	(1,148,653)	(5,505,369)	(4,679,169)
Profit before tax		587,001	1,773,553	9,796,870	9,365,864
Tax expense	B6	(120,040)	(232,877)	(749,766)	(1,117,514)
Net profit for the period	B1	466,961	1,540,676	9,047,104	8,248,350
Attributable to:					
Shareholders of the Company		466,961	1,540,676	9,047,104	8,248,350
Minority interests		-	-	-	-
Net profit for the period		466,961	1,540,676	9,047,104	8,248,350
Earnings per share					
(i) Basic (sen)	B14	0.23	0.78	4.55	4.16
(ii) Diluted (sen)		0.23	0.77	4.51	4.12

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 Fourth Quarter Ended 31 December 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					
Purchase of treasury shares	-	-	(483,333)	-	(483,333)
Share option vested under ESOS	-	823,668	-	-	823,668
Ordinary shares issued pursuant to exercise of ESOS	671,293	(202,853)	-	-	468,440
Dividend payable	-	-	-	(3,981,623)	(3,981,623)
	671,293	620,815	(483,333)	(3,981,623)	(3,172,848)
Net profit for the period	-	-	-	9,047,104	9,047,104
At 31 December 2022	24,008,395	1,407,723	(6,492,515)	53,252,547	72,176,150
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	-	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

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 Fourth Quarter Ended 31 December 2022
(The figures have not been audited)

	12 months ended 31 December	
	2022	2021
	RM	RM
Cash flows from operating activities		
Profit before tax	9,796,870	9,365,864
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	569,842	558,781
Depreciation of right-of-use asset	75,485	75,485
Gain on disposal of property, plant and equipment	(45,000)	(9,961)
Loss/(Gain) on fair value adjustment of other investments	4,218,551	(741,123)
Dividend income	(261,290)	(577,224)
Income distribution on short term funds	(18,738)	(322,726)
Interest income	(137,205)	(62,715)
Provision/(Reversal) of impairment loss on trade receivables	40,000	(235,347)
Share options vested under ESOS	823,668	259,118
Written off of inventories	234,716	218,210
Written off of property, plant and equipment	2,982	500
Unrealised foreign exchange loss/(gain)	106,641	(21,805)
<i>Operating profit before working capital changes</i>	<u>15,406,522</u>	<u>8,507,057</u>
<i>Changes in working capital:</i>		
Inventories	2,170,595	(5,769,852)
Trade receivables	(1,872,244)	7,017,154
Sundry receivables, deposits and prepayments	1,519,452	(1,420,177)
Trade payables	(3,031,166)	1,615,666
Sundry payables and accruals	(318,251)	918,813
Contract liability	(96,909)	(88,812)
<i>Cash generated from operations</i>	<u>13,777,999</u>	<u>10,779,849</u>
Income tax refunded	-	1,217,759
Income tax paid	(810,916)	(599,812)
<i>Net cash from operating activities</i>	<u>12,967,083</u>	<u>11,397,796</u>
Cash flows from investing activities		
Dividend received	46,234	34,206
Interest received	137,205	62,715
Income distribution on short term funds	18,738	322,726
Purchase of property, plant and equipment	(596,146)	(261,109)
Net disposal/(purchase) of other investments	694,684	(3,218,414)
Proceeds from disposal of property, plant and equipment	45,000	12,225
<i>Net cash from/(used in) investing activities</i>	<u>345,715</u>	<u>(3,047,651)</u>



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

	12 months ended 31 December	
	2022	2021
	RM	RM
Cash flows from financing activities		
Fixed deposits pledged to a licensed bank	(11,867)	(10,330)
Purchase of treasury shares	(483,333)	(463,976)
Proceeds from issuance of ordinary shares pursuant to exercise of ESOS	468,440	903,630
Dividend paid	(3,981,623)	(1,983,685)
<i>Net cash used in financing activities</i>	<u>(4,008,383)</u>	<u>(1,554,361)</u>
Net increase in cash and cash equivalents	9,304,415	6,795,784
Effect of exchange differences in cash and cash equivalents	(33,854)	(12,309)
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>38,944,126</u></u>	<u><u>29,673,565</u></u>
Cash and cash equivalents at end of period comprises:		
Cash and bank balances	3,871,757	4,782,894
Deposits with licensed banks	13,973,618	3,818,646
Short term funds	21,802,159	21,763,566
	<u>39,647,534</u>	<u>30,365,106</u>
Less: Fixed deposits pledged to a licensed bank	(703,408)	(691,541)
	<u><u>38,944,126</u></u>	<u><u>29,673,565</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 111,250 ordinary shares at RM0.392 exercised by the eligible employees pursuant to the Employees' Share Option Scheme ("ESOS") of the Company during the current quarter ended 31 December 2022.

2) Treasury shares

Number of treasury shares held as at 31 December 2022 were as follows:

Balance as at 1 January 2022	7,210,775
Add: Purchase of treasury shares	<u>742,700</u>
Balance as at 31 December 2022	<u><u>7,953,475</u></u>

A7. Dividend paid

The first interim single tier dividend of 1 sen per ordinary share for the financial year ended 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

	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 2022			
Malaysia	3,014,939	8,793,048	3,000
America	2,154,841	-	-
Asia (excludes Malaysia)	863,972	-	-
Australia	58,741	-	-
Europe	537,472	-	-
Consolidated	6,629,965	8,793,048	3,000
3 months ended 31 December 2021			
Malaysia	2,830,303	8,845,211	115,024
America	3,678,288	-	-
Asia (excludes Malaysia)	1,103,681	-	-
Australia	-	-	-
Europe	364,433	-	-
Consolidated	7,976,705	8,845,211	115,024
12 months ended 31 December 2022			
Malaysia	34,465,690	8,793,048	596,146
America	8,510,690	-	-
Asia (excludes Malaysia)	5,418,501	-	-
Australia	270,570	-	-
Europe	4,201,737	-	-
Consolidated	52,867,188	8,793,048	596,146
12 months ended 31 December 2021			
Malaysia	16,301,553	8,845,211	261,109
America	15,955,250	-	-
Asia (excludes Malaysia)	2,617,340	-	-
Australia	29,975	-	-
Europe	3,075,264	-	-
Consolidated	37,979,382	8,845,211	261,109

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 2022 and up to the date of this report.

A12. Capital commitments

There were no capital commitments as at 31 December 2022.

A13. Related party transactions

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM	RM	RM	RM
Micro Carbide Engineering Sendirian Berhad				
- Precision tooling charges	-	31,950	580	192,785
- Rental income received	150,520	130,680	575,626	506,480

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 →				
	31.12.2022 RM	30.9.2022 RM	Var %	31.12.2021 RM	Var %	31.12.2022 RM	31.12.2021 RM	Var %
Revenue	6,629,965	10,620,298	-38	7,976,705	-17	52,867,188	37,979,382	39
Cost of sales	(5,283,296)	(7,762,499)	-32	(5,525,842)	-4	(34,771,975)	(26,634,665)	31
Gross profit	1,346,669	2,857,799	-53	2,450,863	-45	18,095,213	11,344,717	60
Other operating (expenses)/ income	367,807	(300,151)	-223	471,343	-22	(2,792,974)	2,700,316	-203
Administrative expenses	(1,127,475)	(1,362,038)	-17	(1,148,653)	-2	(5,505,369)	(4,679,169)	18
Profit before tax	587,001	1,195,610	-51	1,773,553	-67	9,796,870	9,365,864	5
Tax expense	(120,040)	(102,521)		(232,877)		(749,766)	(1,117,514)	
Net profit for the period	466,961	1,093,089		1,540,676		9,047,104	8,248,350	

Comparison with the corresponding period in the previous year

The Group recorded a revenue of RM6.63 million for the current quarter, a decrease of 17% as compared to RM7.98 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 increase in labour costs as well as fabrication charges during the current quarter as compared to the corresponding quarter in the previous year.

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.

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

The Group recorded a revenue of RM52.87 million for the period-to-date, an increase of 39% as compared to RM37.98 million reported in the previous financial period due to increase in sale of machines in the current financial period. Gross profit margin has shown improvement due to increase in revenue while certain operational costs remained fixed.

Decrease 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 expenses in relation to employees' benefits such as share based payments as well as certain additional expenses incurred such as exhibition costs, marketing and travelling costs.



B2. Variation of results against preceding quarter

Revenue for the current quarter of RM6.63 million recorded a 38% decrease compared with the preceding quarter, mainly due to significant portion of customers' orders were successfully delivered by Q3 to meet their new product launch which was expected to take place during that quarter.

Gross profit margin decreased as a result of the decrease in revenue during the current quarter while certain operating costs remained fixed.

Increase in other operating expenses in the current quarter was attributed to the recovery of fair value in 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. Commentary on prospects

The continuing friction between the two superpowers the US and China has brought about great turbulence to most of the major economies in the world. The electrical and electronics industry is likely to see a slowdown amid the global recession. A case in point is the Semicon industry which have seen many large corporations implementing cost cutting measures in the coming year which will invariably affect our customers and indirectly affecting us.

Against this backdrop the Group anticipates a slowdown in orders from our customers for the first half of the year 2023. On a positive note, our Group has ventured into the medical segment equipment business which has so far been encouraging and are showing signs of great potential.

Although the Board foresees a challenging year ahead, our strong balance sheet will provide comfort to us to weather any future challenges.

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		Cumulative Quarter	
	3 months ended	3 months ended	12 months ended	12 months ended
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM	RM	RM	RM
Profit before tax	587,001	1,773,553	9,796,870	9,365,864
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	140,881	425,652	2,351,249	2,247,807
Non-deductible expenses	81,471	52,880	1,447,702	266,027
Non-taxable income	(21,178)	(98,636)	(172,518)	(473,528)
Pioneer income	(78,586)	(144,471)	(2,888,124)	(1,115,700)
Crystallisation of deferred tax liability	(2,548)	(2,548)	(10,193)	(10,193)
Underprovision of tax expense in prior years	-	-	7,570	101,399
Underprovision of deferred tax liability in prior years	-	-	14,080	101,702
Tax expense	120,040	232,877	749,766	1,117,514

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 2022 is as follows:

	RM
Balance as at 1 January 2022	14,184,327
Less: Net disposal	(694,684)
Add: Dividend reinvested	215,056
Less: Loss on fair value adjustments	(4,218,551)
Balance as at 31 December 2022	9,486,148

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 second single tier interim dividend of 1 sen per ordinary share for the year ended 31 December 2022. The entitlement date and payment date are on 20 March 2023 and 18 April 2023 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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM	RM	RM	RM
Net profit after tax and minority interests (RM)	466,961	1,540,676	9,047,104	8,248,350
Weighted average number of ordinary shares in issue	199,024,402	198,284,506	199,024,402	198,284,506
Basic earnings per share (sen)	0.23	0.78	4.55	4.16

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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM	RM	RM	RM
Net profit after tax and minority interests (RM)	466,961	1,540,676	9,047,104	8,248,350
Effect of share options exercised – ESOS	1,418,700	1,961,400	1,418,700	1,961,400
Weighted average number of ordinary shares in issue (diluted)	200,443,102	200,245,906	200,443,102	200,245,906
Basic earnings per share (sen)	0.23	0.77	4.51	4.12



B15. Profit before tax

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM	RM	RM	RM
Depreciation of property, plant and equipment	146,940	130,805	569,842	558,781
Depreciation of right-of-use asset	18,872	18,872	75,485	75,485
Gain on disposal of property, plant and equipment	-	(12,080)	(45,000)	(9,961)
(Gain)/Loss on fair value adjustment of other investments	(182,545)	304,583	4,218,551	(741,123)
Foreign exchange (gain)/loss				
- realised	(42,581)	(14,796)	(133,016)	(221,025)
- unrealised	303,080	31,448	106,641	(21,805)
Provision/(Reversal) of impairment loss on trade receivables	-	-	40,000	(235,347)
Share options vested under ESOS	118,965	(91,212)	823,668	259,118
Written off of inventories	32,381	3,701	234,716	218,210
Written off of property, plant and equipment	-	-	2,982	500
Dividend income	(60,043)	(551,664)	(261,290)	(577,224)
Income distribution on short term funds	(1,424)	(85,695)	(18,738)	(322,726)
Interest income	(80,678)	(17,314)	(137,205)	(62,715)
Rental income	(150,520)	(130,680)	(575,626)	(506,480)

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 22 February 2023.