

# MMS VENTURES BERHAD

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

**Quarterly Report on Consolidated Results For The First Quarter Ended 31 March 2023** 



# **Condensed Consolidated Statement of Financial Position As at 31 March 2023**

	Note	31.3.2023 (Unaudited) RM	31.12.2022 (Audited) RM
ASSETS			
Non-current assets			
Property, plant and equipment		5,672,633	5,798,860
Right-of-use asset	-	2,975,317	2,994,188
	-	8,647,950	8,793,048
Current assets			
Inventories		12,571,224	12,544,823
Other investments	B8	10,844,346	9,486,148
Trade receivables		4,667,290	7,342,475
Sundry receivables, deposits and prepayments		192,640	174,469
Current tax asset		373,565	86,594
Short term funds		21,959,803	21,802,159
Cash and cash equivalents	-	19,032,963	17,845,375
	-	69,641,831	69,282,043
TOTAL ASSETS		78,289,781	78,075,091
EQUITY AND LIABILITIES Equity attributable to shareholders of the Company			
Share capital		24,050,493	24,008,395
Share options reserve		1,518,034	1,407,723
Treasury shares		(6,617,740)	(6,492,515)
Retained profits		51,669,447	53,252,547
•	-	70,620,234	72,176,150
Non-current liability			
Deferred tax liabilities		1,066,772	1,016,820
C AP 1992	·		
Current liabilities Trade payables		3,414,983	2,632,847
Sundry payables and accruals		1,196,817	2,138,874
Contract liability		-	110,400
Dividend payable		1,990,975	-
	- -	6,602,775	4,882,121
Total liabilities		7,669,547	5,898,941
TOTAL EQUITY AND LIABILITIES	-	78,289,781	78,075,091
TOTAL EQUIT I AND MADIMITIES	Ē	70,209,701	70,073,091
Net assets per share (RM)		0.35	0.36

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 2023 (The figures have not been audited)

	Note	Individual / Cum Current Year Quarter 31.3.2023 RM	Preceding Year Quarter Quarter 31.3.2022 RM
Revenue		5,077,887	15,965,011
Cost of sales		(4,706,751)	(9,954,582)
Gross profit	-	371,136	6,010,429
Other operating income/(expenses)		1,293,799	(1,708,680)
Administrative expenses		(1,333,965)	(1,311,359)
Profit before tax	-	330,970	2,990,390
Tax expense	B6	76,905	(323,464)
Net profit for the period	B1	407,875	2,666,926
Attributable to: Shareholders of the Company Minority interests Net profit for the period	-	407,875	2,666,926 - 2,666,926
Earnings per share	=		
(i) Basic (sen)	B14	0.20	1.34
(ii) Diluted (sen)	-	0.20	1.33

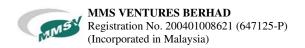
The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.



## Condensed Consolidated Statement of Changes in Equity For the First Quarter Ended 31 March 2023 (The figures have not been audited)

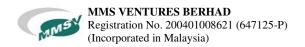
		Non-distributab	Distributable		
	Share Capital RM	Share Options Reserve RM	Treasury Shares RM	Retained Profits RM	Total RM
At 1 January 2023	24,008,395	1,407,723	(6,492,515)	53,252,547	72,176,150
Transactions with owners					
Purchase of treasury shares	-	-	(125,225)	-	(125,225)
Share option vested under ESOS	-	124,356	-	-	124,356
Ordinary shares issued pursuant					
to exercise of ESOS	42,098	(14,045)	-	-	28,053
Dividend payable	- 42.000	110 211	(105,005)	(1,990,975)	(1,990,975)
	42,098	110,311	(125,225)	(1,990,975)	(1,963,791)
Net profit for the period	-	-	-	407,875	407,875
At 31 March 2023	24,050,493	1,518,034	(6,617,740)	51,669,447	70,620,234
	24,030,473	1,510,054	(0,017,740)	31,002,447	10,020,234
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		(0.1.0==)			
to exercise of ESOS	292,593	(91,072)	-	(1.001.050)	201,521
Dividend payable	292,593	(1.770)	-	(1,991,850)	(1,991,850)
	292,393	(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

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.



# Condensed Consolidated Statement of Cash Flows For the First Quarter Ended 31 March 2023 (The figures have not been audited)

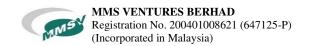
	3 months ended 31 March	
	2023	2022
	RM	RM
Cash flows from operating activities		
Profit before tax	305,630	2,990,390
Adjustments for:		
Depreciation of property, plant and equipment	149,324	133,732
Depreciation of right-of-use asset	18,871	18,871
Gain on disposal of property, plant and equipment	-	(22,500)
(Gain)/Loss on fair value adjustment of other investments	(797,023)	1,895,600
Dividend income	(105,582)	(17,621)
Income distribution on short term funds	-	(7,574)
Interest income	(93,744)	(16,154)
Share options vested under ESOS	124,356	89,302
Written off of property, plant and equipment	1,269	<del>-</del>
Written down of inventories	-,	169,996
Unrealised foreign exchange loss	33,212	13,545
Operating (loss)/profit before working capital changes	(363,687)	5,247,587
Changes in working capital:		
Inventories	(26,401)	(3,851,032)
Trade receivables	2,701,013	(11,292,723)
Sundry receivables, deposits and prepayments	(18,171)	546,906
Trade payables	776,935	3,631,127
Sundry payables and accruals	(942,057)	(685,886)
Contract liability	(110,400)	2,372,145
Cash generated from/(used in) operations	2,017,232	(4,031,876)
Income tax paid	(134,774)	(251,842)
Net cash from/(used in) operating activities	1,882,458	(4,283,070)
Cash flows from investing activities		
Dividend received	105,582	13,557
Interest received	93,744	16,154
Income distribution on short term funds	-	7,574
Purchase of property, plant and equipment	(24,366)	(87,855)
Net purchase of other investments	(561,175)	(2,000,000)
Proceeds from disposal of property, plant and equipment	-	22,500
Net cash used in investing activities	(386,215)	(2,028,070)
Cash flows from financing activities		
Fixed deposits pledged to a licensed bank	(3,982)	(2,520)
Purchase of treasury shares	(125,225)	(2,520)
Proceeds from issuance of ordinary shares pursuant to exercise	(123,223)	
of ESOS	28,053	201,521
Net cash (used in)/from financing activities	(101,154)	199,001
The cash (wear infiftent functing activities	(101,137)	177,001



Condensed Consolidated Statement of Cash Flows For the First Quarter Ended 31 March 2023 (Cont'd) (The figures have not been audited)

	3 months ended 31 March		
	2023	2022	
	RM	RM	
Net increase/(decrease) in cash and cash equivalents	1,395,089	(6,112,787)	
Effect of exchange differences in cash and cash equivalents	(53,839)	2,492	
Cash and cash equivalents at beginning of period	38,944,126	29,673,565	
Cash and cash equivalents at end of period	40,285,376	23,563,270	
Cash and cash equivalents at end of period comprises:			
Cash and bank balances	4,617,882	3,392,330	
Deposits with licensed banks	14,415,081	1,022,515	
Short term funds	21,959,803	19,842,486	
	40,992,766	24,257,331	
Less: Fixed deposits pledged to a licensed bank	(707,390)	(694,061)	
	40,285,376	23,563,270	

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 2022. 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 2022.

## **A2.** Significant Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the latest audited financial statements, except for the adoption of the following new and revised MFRSs, Amendments to MFRSs and IC interpretations.

# New and revised MFRSs, Amendments to MFRSs and IC interpretations adopted during the financial period

Title	Effective date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts - Initial Application of	1 January 2023
MFRS 17 and 9 - Comparative Information	
Amendments to MFRS 101 Presentation of Financial Statements -	1 January 2023
Disclosure of Accounting Policies	
Amendments to MFRS 108 Accounting Policies, Changes in	1 January 2023
Accounting Estimates and Errors - Definition of Accounting Estimates	
Amendments to MFRS 112 Income Taxes - Deferred Tax related to	1 January 2023
Assets and Liabilities arising from a Single Transaction	

The adoption of the above accounting standards and interpretations have no impact on the financial statements of the Group upon their initial application.

#### A3. Auditors' report of preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2022 was not qualified.

## A4. Seasonal or cyclical factors

The Group's interim operations are not affected by seasonal or cyclical factors during the current quarter under review.

#### A5. 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.



## **A6.** Changes in estimates

There were no changes in estimates that have had material effect in the current quarter under review.

#### A7. 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 25,000 ordinary shares at RM0.589 and 34,000 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 2023.

## A8. Dividend paid

The second interim single tier dividend of 1 sen per ordinary share for the financial year ended 31 December 2022 totalling RM1,990,975 was paid on 18 April 2023.

## A9. Segment reporting

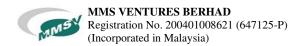
The Group's revenue was primarily attributed to the manufacture of automated systems and machinery segment.

#### 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 2023			
Malaysia	1,543,774	8,647,950	24,366
America	1,765,179	-	-
Asia (excludes Malaysia)	1,742,427	-	-
Europe	26,507	-	-
Consolidated	5,077,887	8,647,950	24,366
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

#### A10. 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.



#### A11. Changes in the composition of the Group

There were no material changes in the composition of the Group for the current quarter under review.

## A12. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets as at 31 March 2023 and up to the date of this report.

## A13. Capital commitments

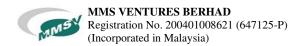
There were no capital commitments as at 31 March 2023.

#### A14. R

Related party transactions		
	Individual / Cumulati Ouarter	
	31.3.2023 RM	31.3.2022 RM
Micro Carbide Engineering Sendirian Berhad - Precision tooling charges - Rental income received	150,520	580 130,680

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

	<b>←</b> Quarter ended —				<b>←</b> —Peri	← Period-to-date →			
	31.3.2023	31.12.2022	Var	31.3.2022	Var	31.3.2023	31.3.2022	Var	
	RM	RM	%	RM	%	RM	RM	%	
Revenue	5,077,887	6,629,965	-23	15,965,011	-68	5,077,887	15,965,011	-68	
Cost of sales	(4,706,751)	(5,283,296)	11	(9,954,582)	53	(4,706,751)	(9,954,582)	53	
Gross profit	371,136	1,346,669	-72	6,010,429	-94	371,136	6,010,429	-94	
Other operating									
income/(expenses)	1,293,799	367,807	252	(1,708,680)	175	1,293,799	(1,708,680)	175	
Administrative									
expenses	(1,333,965)	(1,127,475)	-18	(1,311,359)	-	(1,333,965)	(1,311,359)		
Profit before tax	330,970	587,001	-44	2,990,390	-89	330,970	2,990,390	-89	
Tax expense	76,905	(120,040)		(323,464)		76,905	(323,464)		
Net profit for the									
period	407,875	466,961		2,666,926		407,875	2,666,926		

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

The Group recorded a revenue of RM5.078 million for the current quarter, a decrease of 68% as compared to RM15.965 million of the corresponding quarter in the previous year due to lower demand for machines from our smart devices customers.

Gross margin has dropped significantly due to low volume of revenue while certain operational costs remain fixed.

Other operating income in the current quarter was mainly attributed to the gain 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 RM5.078 million recorded a 23% decrease compared with the preceding quarter, mainly due to lower demand for machines from our smart devices customers.

Gross margin has dropped significantly due to low volume of revenue while certain operational costs remain fixed.

Other operating income in the current quarter was mainly attributed to the gain on fair value adjustment of other investments as compared with the preceding quarter.

## **B3.** Current year prospects

In view of the challenging global market condition and the lack of orders, the Board expects the performance for the year to be affected accordingly and we are likely to record a lower profit.

## 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		
	31.3.2023 RM	31.3.2022 RM	
Profit before tax	330,970	2,990,390	
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	79,433	717,694	
Non-deductible expenses	108,618	512,914	
Non-taxable income	(250,643)	(6,234)	
Pioneer income	(64,265)	(911,389)	
Crystallisation of deferred tax liability	(2,548)	(2,548)	
Unrecognised deferred tax assets	52,500	-	
Underprovision of deferred tax liability in prior years	-	13,027	
Tax expense	(76,905)	323,464	

## **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 2023 is as follows:

DM

	KWI
Balance as at 1 January 2023	9,486,148
Net purchases	561,175
Gain on fair value adjustments	797,023
Balance as at 31 March 2023	10,844,346

#### 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 declared by the Company for the current quarter under review.

## **B14.** Earnings per share (EPS)

#### a) Basic EPS

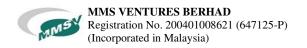
Basic EPS is calculated by dividing the net profit after tax and minority interests for the period by weighted average number of ordinary shares in issue during the period.

	Individual / Cumulative Quarter		
	31.3.2023 RM	31.3.2022 RM	
Net profit after tax and minority interests (RM) Weighted average number of ordinary shares in issue Basic earnings per share (sen)	407,875 199,089,162 0.20	2,666,926 198,914,607 1.34	

#### 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	
	31.3.2023 RM	31.3.2022 RM
Net profit after tax and minority interests (RM)	407,875	2,666,926
Effect of share options exercised - ESOS	1,278,200	1,624,750
Weighted average number of ordinary shares in issue (diluted)	200,367,362	200,539,357
Basic earnings per share (sen)	0.20	1.33



## B15. Profit before tax

Front before tax		
	Individual / Cumulative Quarter	
	31.3.2023	31.3.2022
	RM	RM
Depreciation of property, plant and equipment	149,324	133,732
Depreciation of right-of-use asset	18,871	18,871
Gain on disposal of property, plant and equipment	-	(22,500)
(Gain)/loss on fair value adjustment of other investments	(797,023)	1,895,600
Foreign exchange loss/(gain) - realised	(104,011)	63,426
- unrealised	33,212	13,545
Share options vested under ESOS	124,356	89,302
Written down of inventories	-	169,996
Written off of property, plant and equipment	1,269	-
Dividend income	(105,582)	(17,621)
Income distribution on short term funds	-	(7,574)
Interest income	(93,744)	(16,154)
Rental income	(150,520)	(130,680)

## **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 26 May 2023.

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