



**MMS VENTURES BERHAD**  
(Company No. 647125-P)

(Incorporated in Malaysia)

**Quarterly Report on Consolidated Results  
For The Third Quarter Ended 30 September 2013**

(Incorporated in Malaysia)

## Condensed Consolidated Statement of Financial Position

**As at 30 September 2013**

(The figures have not been audited)

	Note	30.9.13 (Unaudited) RM	31.12.12 (Audited) RM
Property, plant and equipment		9,687,983	9,867,945
<b>Total non-current assets</b>		<b>9,687,983</b>	<b>9,867,945</b>
Inventories		5,571,679	5,462,669
Trade receivables		5,446,268	4,333,801
Sundry receivables, deposits and prepayments		161,058	206,693
Tax refundable		44,352	37,206
Fixed deposits with licensed banks		5,356,383	644,416
Cash and cash equivalents		2,056,686	1,873,325
<b>Total current assets</b>		<b>18,636,426</b>	<b>12,558,110</b>
<b>Total assets</b>		<b>28,324,409</b>	<b>22,426,055</b>
<b>Equity</b>			
Share capital		16,300,000	16,300,000
Share premium		4,663,468	4,663,468
Retained profit / (Accumulated losses)		600,960	(3,408,521)
<b>Total equity attributable to shareholders of the Company</b>		<b>21,564,428</b>	<b>17,554,947</b>
<b>Total equity</b>		<b>21,564,428</b>	<b>17,554,947</b>
<b>Liabilities</b>			
Hire purchase creditors	B10	16,669	24,840
Deferred tax liabilities		496,454	504,098
<b>Total non-current liabilities</b>		<b>513,123</b>	<b>528,938</b>
Trade payables		3,161,059	2,926,594
Sundry payables and accruals		3,027,626	1,374,650
Hire purchase creditors	B10	58,173	40,926
<b>Total current liabilities</b>		<b>6,246,858</b>	<b>4,342,170</b>
<b>Total liabilities</b>		<b>6,759,981</b>	<b>4,871,108</b>
<b>Total equity and liabilities</b>		<b>28,324,409</b>	<b>22,426,055</b>
<b>Net assets per share (RM) @</b>		<b>0.13</b>	<b>0.11</b>

@ based on the number of ordinary shares of 163,000,000 shares

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to this interim financial statements.

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**Condensed Consolidated Statement of Comprehensive Income**  
**For the Third Quarter Ended 30 September 2013**  
(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
		30.9.13 RM	30.9.12 RM	30.9.13 RM	30.9.12 RM
<b>Revenue</b>		<b>8,510,178</b>	3,922,504	<b>20,344,744</b>	13,573,587
Cost of sales		<b>(5,778,543)</b>	(2,769,272)	<b>(14,275,161)</b>	(10,134,344)
<b>Gross profit</b>		<b>2,731,635</b>	1,153,232	<b>6,069,583</b>	3,439,243
Other operating income		<b>123,767</b>	71,670	<b>548,804</b>	218,515
Other operating expenses		-	(562,970)	-	(653,762)
Administrative expenses		<b>(950,890)</b>	(837,668)	<b>(2,603,949)</b>	(2,339,916)
<b>Profit / (loss) from operations</b>		<b>1,904,512</b>	(175,736)	<b>4,014,438</b>	664,080
Interest expense		<b>(1,084)</b>	(1,090)	<b>(3,601)</b>	(3,678)
<b>Profit / (loss) before taxation</b>		<b>1,903,428</b>	(176,826)	<b>4,010,837</b>	660,402
Tax expense	B6	<b>(6,452)</b>	7,645	<b>(1,356)</b>	7,645
<b>Net profit / (loss) for the period</b>	B1	<b>1,896,976</b>	(169,181)	<b>4,009,481</b>	668,047
<b>Attributable to:</b>					
Shareholders of the Company		<b>1,896,976</b>	(169,181)	<b>4,009,481</b>	668,047
Minority interests		-	-	-	-
<b>Net profit / (loss) for the period</b>		<b>1,896,976</b>	(169,181)	<b>4,009,481</b>	668,047
<b>Earnings / (loss) per share</b>					
(i) Basic (sen)	B14	<b>1.1638</b>	(0.1038)	<b>2.4598</b>	0.4098
(ii) Diluted (sen)		<b>NA</b>	NA	<b>NA</b>	NA

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to this interim financial statements.

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**Condensed Consolidated Statement of Changes in Equity**  
**For the Third Quarter Ended 30 September 2013**  
(The figures have not been audited)

	Share Capital RM	Non-distributable Share Premium RM	Distributable (Accumulated Losses) / Retained Profits RM	Total RM
<b>At 1 January 2013</b>	16,300,000	4,663,468	(3,408,521)	17,554,947
Net profit for the period	-	-	4,009,481	4,009,481
<b>At 30 September 2013</b>	<u>16,300,000</u>	<u>4,663,468</u>	<u>600,960</u>	<u>21,564,428</u>
<b>At 1 January 2012</b>	16,300,000	4,663,468	(292,501)	20,670,967
Net profit for the period	-	-	668,047	668,047
<b>At 30 September 2012</b>	<u>16,300,000</u>	<u>4,663,468</u>	<u>375,546</u>	<u>21,339,014</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to this interim financial statements.

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**Condensed Consolidated Statement of Cash Flows**  
**For the Third Quarter Ended 30 September 2013**  
(The figures have not been audited)

	<b>9 months ended 30 September</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flows from operating activities</b>		
Profit before tax	4,010,837	660,402
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	338,155	388,553
Unrealised forex (gain) / loss	(42,614)	154,851
Gain on disposal of plant and equipment	(11,919)	-
Plant and equipment written off	-	5,901
Provision for doubtful debts	-	305,000
Interest income	(36,307)	(16,015)
Interest expense	3,601	3,678
<i>Operating profit before working capital changes</i>	4,261,753	1,502,370
<i>Adjustments for working capital changes:-</i>		
Inventories	(109,010)	1,621,478
Trade receivables	(1,069,853)	(2,497,742)
Sundry receivables, deposits and prepayments	45,635	15,626
Trade payables	234,465	(1,815,428)
Sundry payables and accruals	1,652,976	544,812
<i>Cash generated from / (used in) operations</i>	5,015,966	(628,884)
Interest received	36,307	16,015
Income tax (paid) / refunded	(16,146)	11,079
<i>Net cash generated from / (used in) operating activities</i>	5,036,127	(601,790)
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(108,274)	(9,205)
Proceeds from disposal of plant and equipment	12,000	-
<i>Net cash used in investing activities</i>	(96,274)	(9,205)
<b>Cash flows from financing activities</b>		
Repayments of hire purchase (net)	(40,924)	(28,848)
Interest paid	(3,601)	(3,678)
<i>Net cash used in financing activities</i>	(44,525)	(32,526)
<b>Net increase / (decrease) in cash and cash equivalents</b>	4,895,328	(643,521)
<b>Cash and cash equivalents at the beginning of year</b>	2,517,741	1,904,249
<b>Cash and cash equivalents at the end of period</b>	7,413,069	1,260,728

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to this interim financial statements.

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## Notes to the Interim Financial Statements

### Part A - Explanatory notes pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134

#### A1. Basis of preparation

These 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 ACE Market.

These interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012. 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 2012.

These financial statements of the Group and the Company for the financial year ended 31 December 2012 were prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the provisions of the Companies Act 1965 in Malaysia.

These are the Group’s condensed consolidated interim financial statements for part of the period covered by the Group’s first Malaysian Financial Reporting Standards (“MFRS”) framework annual financial statements and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied. The transition to MFRS framework does not have any material financial impact to the financial statements of the Group.

#### A2. Auditors’ report of preceding annual financial statements

The auditors’ report on the financial statements for the financial year ended 31 December 2012 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 issuance, cancellations, repurchases, resale and repayment of debt and equity securities, share buy-back, share cancellation, shares held as treasury shares and resale of treasury shares for the current quarter under review.

#### A7. Dividend paid

There were no dividends paid during the current quarter under review.

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## A8. Segment reporting

As the Group's revenue was primarily attributed to the manufacture of automated systems and machinery segment with only insignificant amount contributed by the software development segment, segmental information based on operating segments was not prepared.

### Information about geographical areas

	Revenue from external customers by location of customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
<b>3 months ended 30 September 2013</b>			
Malaysia	3,252,828	28,280,057	31,710
America	2,701,925	-	-
Europe	191,874	-	-
Australia	20,678	-	-
Asia (exclude Malaysia)	2,342,873	-	-
Consolidated	<u>8,510,178</u>	<u>28,280,057</u>	<u>31,710</u>

	Revenue from external customers by location of customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
<b>3 months ended 30 September 2012</b>			
Malaysia	171,279	27,183,039	1,800
America	2,864,299	-	-
Europe	-	-	-
Australia	-	-	-
Asia (exclude Malaysia)	886,926	-	-
Consolidated	<u>3,922,504</u>	<u>27,183,039</u>	<u>1,800</u>

	Revenue from external customers by location of customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
<b>9 months ended 30 September 2013</b>			
Malaysia	9,259,077	28,280,057	108,274
America	7,029,546	-	-
Europe	197,742	-	-
Australia	69,316	-	-
Asia (exclude Malaysia)	3,789,063	-	-
Consolidated	<u>20,344,744</u>	<u>28,280,057</u>	<u>108,274</u>

	Revenue from external customers by location of customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
<b>9 months ended 30 September 2012</b>			
Malaysia	2,832,903	27,183,039	9,205
America	9,252,900	-	-
Europe	6,772	-	-
Australia	39,592	-	-
Asia (exclude Malaysia)	1,441,420	-	-
Consolidated	<u>13,573,587</u>	<u>27,183,039</u>	<u>9,205</u>

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**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 2013 and up to the date of this report.

**A12. Capital commitments**

As at 30 September 2013, the Group has no capital commitments.

**A13. Related party transactions**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.9.13</b>	<b>30.9.12</b>	<b>30.9.13</b>	<b>30.9.12</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Precision tooling charges				
- Micro Carbide Engineering Sdn Bhd	111,912	43,776	256,351	152,225
- Accutek Engineering (Pg) Sdn Bhd	-	-	-	20,210
Rental income received				
- Micro Carbide Engineering Sdn Bhd	67,500	67,500	202,500	202,500

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 - ACE Listing Requirements (Additional information pursuant to Chapter 9, Appendix 9B of the ACE Market Listing Requirements)**

**B1. Review of performance**

	← Quarter ended →					← Period-to-date →		
	30.9.13 RM	30.6.13 RM	Var %	30.9.12 RM	Var %	30.9.13 RM	30.9.12 RM	Var %
<b>Revenue</b>	<b>8,510,178</b>	8,726,146	-2	3,922,504	117	<b>20,344,744</b>	13,573,587	50
Cost of sales	<b>(5,778,543)</b>	(6,125,312)	6	(2,769,272)	109	<b>(14,275,161)</b>	(10,134,344)	-41
<b>Gross profit</b>	<b>2,731,635</b>	2,600,834	5	1,153,232	137	<b>6,069,583</b>	3,439,243	76
Other operating income	<b>123,767</b>	306,824	-60	71,670	73	<b>548,804</b>	218,515	151
Other operating expenses	-	-		(562,970)		-	(653,762)	
Administrative expenses	<b>(950,890)</b>	(924,110)	3	(837,668)	-14	<b>(2,603,949)</b>	(2,339,916)	-2
<b>Profit / (loss) from operations</b>	<b>1,904,512</b>	1,983,548	-4	(175,736)	1,184	<b>4,014,438</b>	664,080	505
Interest expense	<b>(1,084)</b>	(1,274)		(1,090)		<b>(3,601)</b>	(3,678)	
<b>Profit / (loss) before taxation</b>	<b>1,903,428</b>	1,982,274		(176,826)	1,176	<b>4,010,837</b>	660,402	
Tax expense	<b>(6,452)</b>	2,548		7,645		<b>(1,356)</b>	7,645	-
<b>Net profit / (loss) for the period</b>	<b>1,896,976</b>	1,984,822		(169,181)		<b>4,009,481</b>	668,047	

For the quarter ended 30 September 2013, the Group recorded a revenue of RM8.510 million and a profit before taxation of RM1.903 million. The Group's revenue increased by 117% from RM3.923 million in the corresponding quarter of the preceding year 2012 to RM8.510 million of current quarter. The increase in revenue was a result of our sales of machines with better margins during the period allowing us to achieve a higher profitability. Gross margin recorded was in tandem with the nature of machines sold during the quarter.

Increase in other operating income in the current quarter was mainly attributed to the foreign exchange gains arising from the strengthened US Dollar against RM.

Other operating expenses for the corresponding quarter of the preceding year 2012 was attributed to the foreign exchange losses and provision for doubtful debts.

Increase in administrative expenses in the current quarter was due to increase in staff related cost which was in tandem with the increase in sales revenue.

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

Revenue for the current quarter of RM8.510 million was 2% lower than that recorded in the preceding quarter of RM8.726 million mainly attributed to timing of completion and delivery of machines. Gross margin recorded was consistent with the nature of machines sold during the quarter.

Decrease in other operating income in the current quarter was mainly attributed to the decrease in foreign exchange gains arising from the weakened US Dollar against RM compared against preceding quarter.

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**B3. Current year prospects**

The Board of Directors is pleased with the improvement shown in current quarter's performance and expects the remaining quarter of the financial year to be good.

**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 quarter and the financial period-to-date**

Reconciliation of effective tax expense:

	Individual Quarter		Cumulative Quarter	
	30.9.13 RM	30.9.12 RM	30.9.13 RM	30.9.12 RM
<b>Profit / (loss) before tax</b>	1,903,428	(176,826)	4,010,837	660,402
Taxation at Malaysian statutory tax rate of 25%	475,857	(44,207)	1,002,709	165,101
Non-deductible expenses	20,536	1,281	33,815	23,703
Losses not available for set-off	9,816	12,938	31,954	30,584
Pioneer income	(63,987)	(24,620)	(105,866)	(63,203)
Crystallisation of deferred tax liability	(2,548)	(2,548)	(7,644)	(7,645)
Utilisation of tax allowances	(473,514)	-	(601,372)	-
Unrecognised deferred tax assets	40,292	49,511	(352,240)	(156,185)
Tax expense	<u>6,452</u>	<u>(7,645)</u>	<u>1,356</u>	<u>(7,645)</u>

The tax provision for the current quarter was in respect of interest income earned for the Group.

**B7. Unquoted investments and properties**

There were no sales of unquoted investments and/or properties for the current quarter under review.

**B8. Quoted investments**

There were no purchases or disposals of quoted securities for the current quarter under review.

**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**

The Group's borrowings are secured by a charge over the leased assets, denominated in Ringgit Malaysia and classified as follows:

	30.9.13 RM	31.12.12 RM
<u>Hire Purchase</u>	16,669	24,840
Non-current liabilities	58,173	40,926
Current liabilities	<u>74,842</u>	<u>65,766</u>

**B11. Off balance sheet financial instruments**

There were no off balance sheet financial instruments as at the date of this report.

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## B12. Material litigation

There are no material litigations pending as at the date of this report.

## B13. Dividends proposed or 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 / (loss) after tax and minority interests for the period by number of ordinary shares in issue during the period.

	Individual Quarter		Cumulative Quarter	
	30.9.13	30.9.12	30.9.13	30.9.12
	RM	RM	RM	RM
Net profit / (loss) after tax and minority interests (RM)	1,896,976	(169,181)	4,009,481	668,047
Weighted average number of ordinary shares in issue	163,000,000	163,000,000	163,000,000	163,000,000
Basic earnings / (loss) per share (sen)	1.1638	(0.1038)	2.4598	0.4098

### b) Diluted EPS

The Group does not have any convertible securities and accordingly diluted EPS is not applicable.

## B15. Realised and Unrealised Profit / (Losses) Disclosure

The retained profit / (accumulated losses) as at 30 September 2013 and 31 December 2012 is analysed as follows:

	30.9.13	31.12.12
	RM	RM
Total retained profit / (accumulated losses) of the Group		
- realised gain / (losses)	558,346	(3,356,023)
- unrealised gain / (loss)	42,614	(52,498)
Total Group retained profit / (accumulated losses) as per consolidated financial statements	<u>600,960</u>	<u>(3,408,521)</u>

## B16. Profit / (loss) before tax

The following items have been included in arriving at profit / (loss) before tax:

	Individual Quarter		Cumulative Quarter	
	3 months ended	3 months ended	9 months ended	9 months ended
	30.9.13	30.9.12	30.9.13	30.9.12
	RM	RM	RM	RM
Depreciation	108,845	128,967	338,155	388,553
Plant and equipment written off	-	5,819	-	5,901
Provision for doubtful debts	-	305,000	-	305,000
Foreign exchange (gain)/loss - realised	(146,074)	115,812	(253,076)	47,587
- unrealised	113,048	137,055	(42,614)	154,851
Interest expense	1,084	1,090	3,601	3,678
Interest income	(22,185)	(4,886)	(36,307)	(16,015)
Gain from disposal of plant and equipment	81	-	(11,919)	-

## B17. 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 27 November 2013.