



MMS VENTURES BERHAD
(Company No. 647125-P)

(Incorporated in Malaysia)

**Quarterly Report on Consolidated Results
For The Fourth Quarter Ended 31 December 2013**

(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position

As at 31 December 2013

(The figures have not been audited)

	Note	31.12.13 (Unaudited) RM	31.12.12 (Audited) RM
Property, plant and equipment		9,598,036	9,867,945
Total non-current assets		9,598,036	9,867,945
Inventories		4,110,965	5,462,669
Trade receivables		4,174,970	4,333,800
Sundry receivables, deposits and prepayments		113,868	206,694
Tax refundable		11,340	37,206
Fixed deposits with licensed banks		7,160,416	644,416
Cash and cash equivalents		1,582,416	1,873,325
Total current assets		17,153,975	12,558,110
Total assets		26,752,011	22,426,055
Equity			
Share capital		16,300,000	16,300,000
Share premium		4,663,468	4,663,468
Retained profit / (Accumulated losses)		1,612,646	(3,408,521)
Total equity attributable to shareholders of the Company		22,576,114	17,554,947
Total equity		22,576,114	17,554,947
Liabilities			
Hire purchase creditors	B10	18,945	24,840
Deferred tax liabilities		493,906	504,098
Total non-current liabilities		512,851	528,938
Trade payables		1,391,780	2,926,594
Sundry payables and accruals		2,229,818	1,374,650
Hire purchase creditors	B10	41,448	40,926
Total current liabilities		3,663,046	4,342,170
Total liabilities		4,175,897	4,871,108
Total equity and liabilities		26,752,011	22,426,055
Net assets per share (RM) @		0.14	0.11

@ 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 these interim financial statements.

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Fourth Quarter Ended 31 December 2013**
(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
		31.12.13 RM	31.12.12 RM	31.12.13 RM	31.12.12 RM
Revenue		6,329,828	2,683,533	26,674,572	16,257,120
Cost of sales		(4,550,369)	(2,203,074)	(18,825,529)	(12,230,225)
Gross profit		<u>1,779,459</u>	<u>480,459</u>	7,849,043	<u>4,026,895</u>
Other operating income		124,350	71,419	673,154	289,934
Other operating expenses		-	(3,963,401)	-	(4,419,356)
Administrative expenses		(882,778)	(370,139)	(3,486,727)	(3,015,055)
Profit / (Loss) from operations		<u>1,021,031</u>	<u>(3,781,662)</u>	5,035,470	<u>(3,117,582)</u>
Interest expense		(894)	(953)	(4,495)	(4,631)
Profit / (Loss) before taxation		<u>1,020,137</u>	<u>(3,782,615)</u>	5,030,975	<u>(3,122,213)</u>
Tax expense	B6	(8,452)	(1,452)	(9,808)	6,193
Net profit / (loss) for the period	B1	<u>1,011,685</u>	<u>(3,784,067)</u>	5,021,167	<u>(3,116,020)</u>
Attributable to:					
Shareholders of the Company		1,011,685	(3,784,067)	5,021,167	(3,116,020)
Minority interests		-	-	-	-
Net profit / (loss) for the period		<u>1,011,685</u>	<u>(3,784,067)</u>	5,021,167	<u>(3,116,020)</u>
Earnings / (Loss) per share					
(i) Basic (sen)	B14	0.62	(2.32)	3.08	(1.91)
(ii) Diluted (sen)		<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>

The condensed consolidated statement of profit or loss and other 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 these interim financial statements.

(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity
For the Fourth Quarter Ended 31 December 2013
(The figures have not been audited)

	Share Capital RM	Non-distributable Share Premium RM	Distributable Retained Profits /(Accumulated Losses) RM	Total RM
At 1 January 2013	16,300,000	4,663,468	(3,408,521)	17,554,947
Net profit for the period	-	-	5,021,167	5,021,167
At 31 December 2013	<u>16,300,000</u>	<u>4,663,468</u>	<u>1,612,646</u>	<u>22,576,114</u>
At 1 January 2012	16,300,000	4,663,468	(292,501)	20,670,967
Net loss for the period	-	-	(3,116,020)	(3,116,020)
At 31 December 2012	<u>16,300,000</u>	<u>4,663,468</u>	<u>(3,408,521)</u>	<u>17,554,947</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 these interim financial statements.

(Incorporated in Malaysia)

Condensed Consolidated Statement of Cash Flows
For the Fourth Quarter Ended 31 December 2013
(The figures have not been audited)

	12 months ended 31 December	
	2013	2012
	RM	RM
Cash flows from operating activities		
Profit / (Loss) before tax	5,030,975	(3,122,213)
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	447,072	513,919
Inventories written down	-	3,724,146
Inventories written off	728,894	12,980
Unrealised forex (gain) / loss	(52,187)	72,884
Impairment loss on trade receivable	-	305,000
Gain on disposal of equipment	(11,919)	-
Plant and equipment written off	-	7,653
Interest income	(86,448)	(20,979)
Interest expense	4,495	4,631
<i>Operating profit before working capital changes</i>	6,060,882	1,498,021
<i>Adjustments for working capital changes:-</i>		
Inventories	622,810	1,773,444
Trade receivables	204,787	(223,200)
Sundry receivables, deposits and prepayments	92,826	(133,949)
Trade payables	(1,538,512)	(2,351,883)
Sundry payables and accruals	855,168	56,876
<i>Cash generated from operations</i>	6,297,961	619,309
Interest received	86,448	20,979
Income tax refunded	5,866	35,688
<i>Net cash generated from operating activities</i>	6,390,275	675,976
Cash flows from investing activities		
Purchase of plant and equipment	(130,244)	(22,815)
Proceeds from disposal of plant and equipment	15,000	-
<i>Net cash used in investing activities</i>	(115,244)	(22,815)
Cash flows from financing activities		
Repayments of hire purchase (net)	(55,373)	(38,737)
Interest paid	(4,495)	(4,631)
<i>Net cash used in financing activities</i>	(59,868)	(43,368)
Net increase in cash and cash equivalents	6,215,163	609,793
Effect of exchange differences in cash and cash equivalents	9,928	3,699
Cash and cash equivalents at the beginning of year	2,517,741	1,904,249
Cash and cash equivalents at the end of period	8,742,832	2,517,741

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 these interim financial statements.

(Incorporated in Malaysia)

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.

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.

(Incorporated in Malaysia)

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
3 months ended 31 December 2013			
Malaysia	963,683	26,740,671	21,970
America	2,170,055	-	-
Europe	5,488	-	-
Australia	63,439	-	-
Asia (exclude Malaysia)	3,127,163	-	-
Consolidated	6,329,828	26,740,671	21,970

	Revenue from external customers by location of customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
3 months ended 31 December 2012			
Malaysia	1,161,178	22,388,849	13,610
America	1,450,458	-	-
Europe	-	-	-
Australia	19,212	-	-
Asia (exclude Malaysia)	52,685	-	-
Consolidated	2,683,533	22,388,849	13,610

	Revenue from external customers by location of customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
12 months ended 31 December 2013			
Malaysia	10,222,761	26,740,671	130,244
America	9,199,601	-	-
Europe	203,230	-	-
Australia	132,754	-	-
Asia (exclude Malaysia)	6,916,226	-	-
Consolidated	26,674,572	26,740,671	130,244

	Revenue from external customers by location of customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
12 months ended 31 December 2012			
Malaysia	3,994,080	22,388,849	22,815
America	10,703,356	-	-
Europe	6,772	-	-
Australia	58,807	-	-
Asia (exclude Malaysia)	1,494,105	-	-
Consolidated	16,257,120	22,388,849	22,815

(Incorporated in Malaysia)

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 2013 and up to the date of this report.

A12. Capital commitments

As at 31 December 2013, the Group has no capital commitments.

A13. Related party transactions

	Individual Quarter		Cumulative Quarter	
	31.12.13	31.12.12	31.12.13	31.12.12
	RM	RM	RM	RM
Precision tooling charges				
- Micro Carbide Engineering Sdn Bhd	117,212	30,960	373,563	183,185
- Accutek Engineering (Pg) Sdn Bhd	-	-	-	20,210
Rental income received				
- Micro Carbide Engineering Sdn Bhd	67,500	67,500	270,000	270,000

All related party transactions had been entered into in the ordinary course of business and transacted on a negotiated basis.

(Incorporated in Malaysia)

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 →		
	31.12.13 RM	30.9.13 RM	Var %	31.12.12 RM	Var %	31.12.13 RM	31.12.12 RM	Var %
Revenue	6,329,828	8,510,178	-26	2,683,533	136	26,674,572	16,257,120	64
Cost of sales	(4,550,369)	(5,778,543)	21	(2,203,074)	-107	(18,825,529)	(12,230,225)	54
Gross profit	1,779,459	2,731,635	-35	480,459	270	7,849,043	4,026,895	95
Other operating income	124,350	123,767		71,419	74	673,154	289,934	132
Other operating expenses	-	-		(3,963,401)		-	(4,419,356)	
Administrative expenses	(882,778)	(950,890)	7	(370,139)	-138	(3,486,727)	(3,015,055)	-16
Profit / (Loss) from operations	1,021,031	1,904,512	-46	(3,781,662)	127	5,035,470	(3,117,582)	262
Interest expense	(894)	(1,084)		(953)		(4,495)	(4,631)	
Profit / (Loss) before taxation	1,020,137	1,903,428		(3,782,615)	127	5,030,975	(3,122,213)	
Tax expense	(8,452)	(6,452)		(1,452)		(9,808)	6,193	-
Net profit / (loss) for the period	1,011,685	1,896,976		(3,784,067)		5,021,167	(3,116,020)	

For the quarter ended 31 December 2013, the Group recorded a revenue of RM6.330 million and a profit before taxation of RM1.020 million. The Group's revenue increased by 136% from RM2.684 million in the corresponding quarter of the preceding year 2012 to RM6.330 million of current quarter. The increase in revenue was a result of sales of our new designed 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 were attributed to the foreign exchange losses and inventory write-off.

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 RM6.330 million was 26% lower than that recorded in the preceding quarter of RM8.510 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.

(Incorporated in Malaysia)

B3. Current year prospects

The Board of Directors is pleased with the improvement shown in current year's performance and is cautiously optimistic that we will be able to deliver another set of good results in the coming year barring any unforeseen circumstances.

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	
	31.12.13 RM	31.12.12 RM	31.12.13 RM	31.12.12 RM
Profit / (Loss) before tax	1,020,137	(3,782,615)	5,030,975	(3,122,213)
Taxation at Malaysian statutory tax rate of 25%	255,034	(945,654)	1,257,744	(780,553)
Non-deductible expenses	7,325	12,540	41,140	39,866
Losses not available for set-off	11,059	12,305	43,013	42,889
Pioneer income	(25,013)	(18,487)	(130,879)	(84,952)
Crystallisation of deferred tax liability	(2,548)	(2,548)	(10,193)	(10,193)
Utilisation of tax allowances	(227,463)	-	(828,835)	-
Unrecognised deferred tax assets	(9,942)	943,296	(362,182)	786,750
Tax expense	<u>8,452</u>	<u>1,452</u>	<u>9,808</u>	<u>(6,193)</u>

The tax provision for the current quarter was a combined effect of tax on interest income earned for the Group and crystallisation of deferred tax liability arising from the revaluation of landed properties.

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:

	31.12.13 RM	31.12.12 RM
<u>Hire Purchase</u>		
Non-current liabilities	18,945	24,840
Current liabilities	41,448	40,926
	<u>60,393</u>	<u>65,766</u>

(Incorporated in Malaysia)

B11. Off balance sheet financial instruments

There were 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. 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	
	31.12.13	31.12.12	31.12.13	31.12.12
	RM	RM	RM	RM
Net profit / (loss) after tax and minority interests (RM)	1,011,685	(3,784,067)	5,021,167	(3,116,020)
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)	0.62	(2.32)	3.08	(1.91)

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 31 December 2013 and 31 December 2012 is analysed as follows:

	31.12.13	31.12.12
	RM	RM
Total retained profit / (accumulated losses) of the Group		
- realised profit / (losses)	1,560,459	(3,356,023)
- unrealised profit / (loss)	52,187	(52,498)
Total Group retained profit / (accumulated losses) as per consolidated financial statements	<u>1,612,646</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	31.12.12	12 months ended	31.12.12
	31.12.13	31.12.12	31.12.13	31.12.12
	RM	RM	RM	RM
Depreciation	108,917	125,366	447,072	513,919
Plant and equipment written off	-	1,752	-	7,653
Inventory written off / down	241,938	3,629,932	728,894	3,737,126
Impairment loss on trade receivables	-	-	-	305,000
Foreign exchange (gain)/loss - realised	476	248,913	(252,600)	295,260
- unrealised	(9,573)	(118,095)	(52,187)	72,884
Interest expense	894	953	4,495	4,631
Interest income	(50,141)	(4,964)	(86,448)	(20,979)
Gain from disposal of equipment	-	-	(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 24 February 2014.