



MMS VENTURES BERHAD
(Company No. 647125-P)

(Incorporated in Malaysia)

**Quarterly Report on Consolidated Results
For The First Quarter Ended 31 March 2014**

(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position

As at 31 March 2014

(The figures have not been audited)

	Note	31.3.14 (Unaudited) RM	31.12.13 (Audited) RM
Property, plant and equipment		9,878,557	9,598,036
Total non-current assets		9,878,557	9,598,036
Inventories		5,216,141	4,110,965
Trade receivables		5,896,907	4,174,970
Sundry receivables, deposits and prepayments		350,383	113,868
Tax refundable		4,771	9,982
Fixed deposits with licensed banks		6,464,433	7,160,416
Cash and cash equivalents		1,992,271	1,582,416
Total current assets		19,924,906	17,152,617
Total assets		29,803,463	26,750,653
Equity			
Share capital		16,300,000	16,300,000
Share premium		4,663,468	4,663,468
Unappropriated profits		2,388,356	1,612,647
Total equity attributable to shareholders of the Company		23,351,824	22,576,115
Total equity		23,351,824	22,576,115
Liabilities			
Hire purchase creditors	B10	-	18,945
Deferred tax liabilities		491,357	493,905
Total non-current liabilities		491,357	512,850
Trade payables		2,407,405	1,551,566
Sundry payables and accruals		3,507,122	2,068,674
Hire purchase creditors	B10	45,755	41,448
Total current liabilities		5,960,282	3,661,688
Total liabilities		6,451,639	4,174,538
Total equity and liabilities		29,803,463	26,750,653
Net assets per share (RM) @		0.14	0.14

@ 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 2013 and the accompanying explanatory notes attached to this interim financial statements.

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the First Quarter Ended 31 March 2014
(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
		31.3.14 RM	31.3.13 RM	31.3.14 RM	31.3.13 RM
Revenue		5,003,135	3,108,420	5,003,135	3,108,420
Cost of sales		(3,382,479)	(2,371,306)	(3,382,479)	(2,371,306)
Gross profit		1,620,656	737,114	1,620,656	737,114
Other operating income		159,873	118,213	159,873	118,213
Other operating expenses		-	-	-	-
Administrative expenses		(994,664)	(728,949)	(994,664)	(728,949)
Profit from operations		785,865	126,378	785,865	126,378
Interest expense		(704)	(1,243)	(704)	(1,243)
Profit before taxation		785,161	125,135	785,161	125,135
Tax expense	B6	(9,452)	2,548	(9,452)	2,548
Net profit for the period	B1	775,709	127,683	775,709	127,683
Attributable to:					
Shareholders of the Company		775,709	127,683	775,709	127,683
Minority interests		-	-	-	-
Net profit for the period		775,709	127,683	775,709	127,683
Earnings per share					
(i) Basic (sen)	B14	0.4759	0.0783	0.4759	0.0783
(ii) Diluted (sen)		NA	NA	NA	NA

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial statements.

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Condensed Consolidated Statement of Changes in Equity
For the First Quarter Ended 31 March 2014
(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 2014	16,300,000	4,663,468	1,612,647	22,576,115
Net profit for the period	-	-	775,709	775,709
At 31 March 2014	<u>16,300,000</u>	<u>4,663,468</u>	<u>2,388,356</u>	<u>23,351,824</u>
At 1 January 2013	16,300,000	4,663,468	(3,408,521)	17,554,947
Net profit for the period	-	-	127,683	127,683
At 31 March 2013	<u>16,300,000</u>	<u>4,663,468</u>	<u>(3,280,838)</u>	<u>17,682,630</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 2013 and the accompanying explanatory notes attached to this interim financial statements.

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Condensed Consolidated Statement of Cash Flows
For the First Quarter Ended 31 March 2014
(The figures have not been audited)

	3 months ended 31 March	
	2014	2013
	RM	RM
Cash flows from operating activities		
Profit before tax	785,161	125,135
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	121,585	120,504
Unrealised forex (gain) / loss	(7,772)	36,010
Gain on disposal of plant and equipment	(33,592)	(12,000)
Interest income	(53,118)	(8,988)
Interest expense	704	1,243
<i>Operating profit before working capital changes</i>	812,968	261,904
<i>Adjustments for working capital changes:-</i>		
Inventories	(1,105,176)	(869,005)
Trade receivables	(1,714,165)	712,138
Sundry receivables, deposits and prepayments	(236,515)	(150,256)
Trade payables	855,839	681,642
Sundry payables and accruals	1,438,448	(147,178)
<i>Cash generated from operations</i>	51,399	489,245
Interest received	53,118	8,988
Income tax paid	(6,789)	(4,493)
<i>Net cash generated from operating activities</i>	97,728	493,740
Cash flows from investing activities		
Purchase of plant and equipment	(402,514)	(32,767)
Proceeds from disposal of plant and equipment	34,000	12,000
<i>Net cash used in investing activities</i>	(368,514)	(20,767)
Cash flows from financing activities		
Repayments of hire purchase	(14,638)	(12,599)
Interest paid	(704)	(1,243)
<i>Net cash used in financing activities</i>	(15,342)	(13,842)
Net (decrease) / increase in cash and cash equivalents	(286,128)	459,131
Cash and cash equivalents at the beginning of year	8,742,832	2,517,741
Cash and cash equivalents at the end of period	8,456,704	2,976,872

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 2013. 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 2013.

These financial statements of the Group and the Company for the financial year ended 31 December 2013 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 2013 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
3 months ended 31 March 2014			
Malaysia	1,356,686	29,798,692	402,514
America	1,561,070	-	-
Australia	-	-	-
Asia (exclude Malaysia)	2,085,379	-	-
Consolidated	5,003,135	29,798,692	402,514

	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 March 2013			
Malaysia	1,098,809	23,081,356	32,767
America	1,790,690	-	-
Australia	19,607	-	-
Asia (exclude Malaysia)	199,314	-	-
Consolidated	3,108,420	23,081,356	32,767

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 March 2014 and up to the date of this report.

A12. Capital commitments

As at 31 March 2014, the Group has no capital commitments.

A13. Related party transactions

	Individual Quarter		Cumulative Quarter	
	31.3.14	31.3.13	31.3.14	31.3.13
	RM	RM	RM	RM
Precision tooling charges				
- Micro Carbide Engineering Sdn Bhd	18,082	71,828	18,082	71,828
Rental income received				
- Micro Carbide Engineering Sdn Bhd	67,500	67,500	67,500	67,500

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 →		
	31.3.14 RM	31.12.13 RM	Var %	31.3.13 RM	Var %	31.3.14 RM	31.3.13 RM	Var %
Revenue	5,003,135	6,329,828	-21	3,108,420	61	5,003,135	3,108,420	61
Cost of sales	(3,382,479)	(4,550,369)	26	(2,371,306)	-43	(3,382,479)	(2,371,306)	-43
Gross profit	1,620,656	1,779,459	-9	737,114	120	1,620,656	737,114	120
Other operating income	159,873	124,350		118,213		159,873	118,213	
Other operating expenses	-	-		-		-	-	
Administrative expenses	(994,664)	(882,778)	-13	(728,949)	-36	(994,664)	(728,949)	-36
Profit from operations	785,865	1,021,031	-23	126,378	522	785,865	126,378	522
Interest expense	(704)	(894)		(1,243)		(704)	(1,243)	
Profit before taxation	785,161	1,020,137		125,135		785,161	125,135	
Tax expense	(9,452)	(8,452)		2,548		(9,452)	2,548	-
Net profit for the period	775,709	1,011,685		127,683		775,709	127,683	

For the quarter ended 31 March 2014, the Group recorded a revenue of RM5.003 million and a profit before taxation of RM785,161. The Group's revenue increased by 61% from RM3.108 million in the corresponding quarter of the preceding year 2013 to RM5.003 million of current quarter. The increase in revenue was mainly attributed to more orders for machines from the LED industry. Gross margin recorded was in tandem with the nature of machines sold during the quarter.

Increase in administrative expenses was due to increase in staff related costs as well as other administrative costs as a result of increase in sales coupled with other inflationary factors.

B2. Variation of results against preceding quarter

Revenue for the current quarter of RM5.003 million was 21% lower than that recorded in the preceding quarter of RM6.330 million mainly attributed to timing of completion and delivery of customized machines during the quarter. Gross margin recorded was consistent with the nature of machines sold during the quarter.

Increase in administrative expenses was mainly due to some exhibition costs incurred during the quarter under review.

B3. Current year prospects

Barring any unforeseen circumstances, the Board of Directors is cautiously optimistic that the results for the current financial year would be good.

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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:

	Current year quarter 31.3.14 RM	Preceding year quarter 31.3.13 RM
Profit before tax	785,161	125,135
Taxation at Malaysian statutory tax rate of 25%	196,290	31,284
Non-deductible expenses	26,703	13,440
Losses not available for set-off	12,278	9,988
Pioneer income	(65,436)	-
Crystallisation of deferred tax liability	(2,548)	(2,548)
Unrecognised deferred tax assets	(93,539)	(54,712)
Utilisation of other tax allowances	(64,296)	--
Tax expense	<u>9,452</u>	<u>(2,548)</u>

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:

	Current year quarter 31.3.14 RM	Preceding quarter 31.12.13 RM
<u>Hire Purchase</u>		
Non-current liabilities	-	18,945
Current liabilities	45,755	41,448
	<u>45,755</u>	<u>60,393</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

The Board of Directors declared an interim single tier dividend of 1 sen per ordinary share of RM0.10 each for year ending 31 December 2014, payable on 16 July 2014. Entitlement to dividend would be based on Record of Depositors as at 18 June 2014.

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 number of ordinary shares in issue during the period.

	Individual Quarter		Cumulative Quarter	
	31.3.14	31.3.13	31.3.14	31.3.13
	RM	RM	RM	RM
Net profit after tax and minority interests (RM)	775,709	127,683	775,709	127,683
Weighted average number of ordinary shares in issue	163,000,000	163,000,000	163,000,000	163,000,000
Basic earnings per share (sen)	0.4759	0.0783	0.4759	0.0783

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 unappropriated profits as at 31 March 2014 and 31 December 2013 is analysed as follows:

	Current quarter 31.3.14 RM	Preceding quarter 31.12.13 RM
Total unappropriated profits of the Group		
- realised profit	2,380,584	1,529,881
- unrealised profit	7,772	82,766
Total Group unappropriated profits as per consolidated financial statements	<u>2,388,356</u>	<u>1,612,647</u>

B16. Profit before tax

The following items have been included in arriving at profit before tax:

	Individual quarter 31.3.14 RM	Preceding quarter 31.12.13 RM
Depreciation	121,585	108,917
Inventory written off / down	-	241,938
Foreign exchange (gain)/loss - realised	2,410	476
- unrealised	(7,772)	(9,573)
Interest expense	704	894
Interest income	(53,118)	(50,141)
Gain from disposal of plant and equipment	(33,592)	-

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 20 May 2014.