



MMS VENTURES BERHAD
(Company No. 547125-P)

(Incorporated in Malaysia)

**Quarterly Report on Consolidated Results
For The Second Quarter Ended 30 June 2014**

(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position

As at 30 June 2014

(The figures have not been audited)

	Note	30.6.14 (Unaudited) RM	31.12.13 (Audited) RM
Property, plant and equipment		9,833,773	9,598,036
Total non-current assets		9,833,773	9,598,036
Inventories		6,838,159	4,110,965
Trade receivables		12,590,901	4,174,970
Sundry receivables, deposits and prepayments		461,380	113,868
Tax refundable		-	9,982
Fixed deposits with licensed banks		6,568,569	7,160,416
Cash and cash equivalents		3,569,267	1,582,416
Total current assets		30,028,276	17,152,617
Total assets		39,862,049	26,750,653
Equity			
Share capital		16,300,000	16,300,000
Share premium		4,663,468	4,663,468
Unappropriated profits		4,013,491	1,612,647
Total equity attributable to shareholders of the Company		24,976,959	22,576,115
Total equity		24,976,959	22,576,115
Liabilities			
Hire purchase creditors	B10	-	18,945
Deferred tax liabilities		488,809	493,905
Total non-current liabilities		488,809	512,850
Trade payables		5,421,049	1,551,566
Sundry payables and accruals		7,313,008	2,068,674
Hire purchase creditors	B10	30,926	41,448
Dividend payable		1,630,000	-
Provision for taxation		1,298	-
Total current liabilities		14,396,281	3,661,688
Total liabilities		14,885,090	4,174,538
Total equity and liabilities		39,862,049	26,750,653
Net assets per share (RM) @		0.15	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 Second Quarter Ended 30 June 2014
(The figures have not been audited)**

	Note	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
		30.6.14 RM	30.6.13 RM	30.6.14 RM	30.6.13 RM
Revenue		11,463,967	8,726,146	16,467,102	11,834,566
Cost of sales		(7,176,412)	(6,125,312)	(10,499,391)	(8,496,618)
Gross profit		4,287,555	2,600,834	5,967,711	3,337,948
Other operating income		115,434	306,824	275,415	425,037
Other operating expenses		(101,930)	-	(102,038)	-
Administrative expenses		(1,035,959)	(924,110)	(2,090,123)	(1,653,059)
Profit from operations		3,265,100	1,983,548	4,050,965	2,109,926
Interest expense		(513)	(1,274)	(1,217)	(2,517)
Profit before taxation		3,264,587	1,982,274	4,049,748	2,107,409
Tax expense	B6	(9,452)	2,548	(18,904)	5,096
Net profit for the period	B1	3,255,135	1,984,822	4,030,844	2,112,505
Attributable to:					
Shareholders of the Company		3,255,135	1,984,822	4,030,844	2,112,505
Minority interests		-	-	-	-
Net profit for the period		3,255,135	1,984,822	4,030,844	2,112,505
Earnings per share					
(i) Basic (sen)	B14	1.9970	1.2177	2.4729	1.2960
(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 Second Quarter Ended 30 June 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	-	-	4,030,844	4,030,844
Dividend declared	-	-	(1,630,000)	(1,630,000)
At 30 June 2014	<u>16,300,000</u>	<u>4,663,468</u>	<u>4,013,491</u>	<u>24,976,959</u>
At 1 January 2013	16,300,000	4,663,468	(3,408,521)	17,554,947
Net profit for the period	-	-	2,112,505	2,112,505
At 30 June 2013	<u>16,300,000</u>	<u>4,663,468</u>	<u>(1,296,016)</u>	<u>19,667,452</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 Second Quarter Ended 30 June 2014
(The figures have not been audited)

	6 months ended 30 June	
	2014	2013
	RM	RM
Cash flows from operating activities		
Profit before tax	4,049,748	2,107,409
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	255,093	229,310
Unrealised forex loss / (gain)	43,162	(155,212)
Gain on disposal of plant and equipment	(33,892)	(12,000)
Interest income	(106,414)	(14,122)
Interest expense	1,217	2,517
<i>Operating profit before working capital changes</i>	4,208,914	2,157,902
<i>Adjustments for working capital changes:-</i>		
Inventories	(2,727,194)	(138,149)
Trade receivables	(8,459,093)	(3,461,371)
Sundry receivables, deposits and prepayments	(347,512)	98,434
Trade payables	3,869,483	(224,131)
Sundry payables and accruals	5,244,334	1,581,644
<i>Cash generated from operations</i>	1,788,932	14,329
Interest received	106,414	14,122
Income tax paid	(12,720)	(11,815)
<i>Net cash generated from operating activities</i>	1,882,626	16,636
Cash flows from investing activities		
Purchase of plant and equipment	(490,938)	(76,564)
Proceeds from disposal of plant and equipment	34,000	12,000
<i>Net cash used in investing activities</i>	(456,938)	(64,564)
Cash flows from financing activities		
Repayments of hire purchase	(29,467)	(26,667)
Interest paid	(1,217)	(2,517)
<i>Net cash used in financing activities</i>	(30,684)	(29,184)
Net increase / (decrease) in cash and cash equivalents	1,395,004	(77,112)
Cash and cash equivalents at the beginning of year	8,742,832	2,517,741
Cash and cash equivalents at the end of period	10,137,836	2,440,629

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 30 June 2014			
Malaysia	6,148,634	39,862,049	88,424
America	2,775,209	-	-
Europe	100,461	-	-
Australia	20,847	-	-
Asia (exclude Malaysia)	2,418,816	-	-
Consolidated	11,463,967	39,862,049	88,424

	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 30 June 2013			
Malaysia	5,250,132	25,865,289	43,797
America	2,194,239	-	-
Europe	5,868	-	-
Australia	29,032	-	-
Asia (exclude Malaysia)	1,246,875	-	-
Consolidated	8,726,146	25,865,289	43,797

	Revenue from external customers by location of customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
6 months ended 30 June 2014			
Malaysia	7,505,141	39,862,049	490,938
America	4,336,278	-	-
Europe	100,641	-	-
Australia	20,847	-	-
Asia (exclude Malaysia)	4,504,195	-	-
Consolidated	16,467,102	39,862,049	490,938

	Revenue from external customers by location of customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
6 months ended 30 June 2013			
Malaysia	6,348,941	25,865,289	76,564
America	3,984,929	-	-
Europe	5,868	-	-
Australia	48,639	-	-
Asia (exclude Malaysia)	1,446,189	-	-
Consolidated	11,834,566	25,865,289	76,564

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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 June 2014 and up to the date of this report.

A12. Capital commitments

As at 30 June 2014, the Group has no capital commitments.

A13. Related party transactions

	Individual Quarter		Cumulative Quarter	
	30.6.14	30.6.13	30.6.14	30.6.13
	RM	RM	RM	RM
Precision tooling charges				
- Micro Carbide Engineering Sdn Bhd	281,900	72,611	299,982	144, 439
Rental income received				
- Micro Carbide Engineering Sdn Bhd	67,500	67,500	135,000	135,000

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 →		
	30.6.14 RM	31.3.14 RM	Var %	30.6.13 RM	Var %	30.6.14 RM	30.6.13 RM	Var %
Revenue	11,463,967	5,003,135	129	8,726,146	31	16,467,102	11,834,566	39
Cost of sales	(7,176,412)	(3,382,479)	-112	(6,125,312)	-17	(10,499,391)	(8,496,618)	-24
Gross profit	4,287,555	1,620,656	165	2,600,834	65	5,967,711	3,337,948	79
Other operating income	115,434	159,873	-28	306,824	-62	275,415	425,037	-35
Other operating expenses	(101,930)	-	-	-	-	(102,038)	-	-
Administrative expenses	(1,035,959)	(994,664)	-4	(924,110)	-12	(2,090,123)	(1,653,059)	-26
Profit from operations	3,265,100	785,865	315	1,983,548	65	4,050,965	2,109,926	92
Interest expense	(513)	(704)	-	(1,274)	-	(1,217)	(2,517)	-
Profit before taxation	3,264,587	785,161	315	1,982,274	65	4,049,748	2,107,409	92
Tax expense	(9,452)	(9,452)	-	2,548	-	(18,904)	5,096	-
Net profit for the period	3,255,135	775,709	315	1,984,822	65	4,030,844	2,112,505	91

For the quarter ended 30 June 2014, the Group recorded a revenue of RM11.464 million and a profit before taxation of RM3.265 million. The Group's revenue increased by 31% from RM8.726 million in the corresponding quarter of the preceding year 2013 to RM11.464 million of current quarter. The increase in revenue was mainly attributed to more orders for machines from the LED industry that translated into higher sales compared to prior period. 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.

Other operating expenses incurred during the current quarter were attributable to foreign exchange loss arising from the weakened US Dollar during the current quarter.

B2. Variation of results against preceding quarter

Revenue for the current quarter of RM11.464 million was 129% higher than that recorded in the preceding quarter of RM5.003 million mainly attributed to increase in sales for customized machines during the quarter. Gross margin recorded was consistent with the nature of machines sold during the quarter.

There were no major fluctuations noted in the current quarter's administrative expenses compared to preceding quarter.

B3. Current year prospects

In the light of the positive market outlook coupled with encouraging feedback from end customers, the Board of Directors is optimistic on the results of the remaining quarters of the current financial year.

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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:

	Individual Quarter		Cumulative Quarter	
	30.6.14 RM	30.6.13 RM	30.6.14 RM	30.6.13 RM
Profit before tax	3,264,587	1,982,274	4,049,748	2,107,409
Taxation at Malaysian statutory tax rate of 25%	816,147	495,569	1,012,437	526,852
Non-deductible expenses	18,696	(1,543)	45,401	13,278
Losses not available for set-off	8,504	18,452	20,782	22,138
Pioneer income	(81,345)	(41,879)	(146,781)	(41,879)
Crystallisation of deferred tax liability	(2,548)	(2,548)	(5,096)	(5,096)
Utilisation of tax allowances	(573,793)	(127,858)	(638,091)	(127,858)
Unrecognised deferred tax assets	(176,209)	(342,741)	(269,748)	(392,531)
Tax expense	<u>9,452</u>	<u>(2,548)</u>	<u>18,904</u>	<u>(5,096)</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 30.6.14 RM	Preceding quarter 31.12.13 RM
<u>Hire Purchase</u>		
Non-current liabilities	-	18,945
Current liabilities	30,926	41,448
	<u>30,926</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. Entitlement to dividend was based on Record of Depositors as at 18 June 2014 and paid on 16 July 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	
	30.6.14	30.6.13	30.6.14	30.6.13
	RM	RM	RM	RM
Net profit after tax and minority interests (RM)	3,255,135	1,984,822	4,030,844	2,112,505
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)	1.9970	1.2177	2.4729	1.2960

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 30 June 2014 and 31 December 2013 is analysed as follows:

	Current quarter 30.6.14 RM	Preceding quarter 31.12.13 RM
Total unappropriated profits of the Group		
- realised profit	4,056,653	1,529,881
- unrealised (loss) / profit	(43,162)	82,766
Total Group unappropriated profits as per consolidated financial statements	<u>4,013,491</u>	<u>1,612,647</u>

B16. Profit before tax

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

	Individual Quarter		Cumulative Quarter	
	3 months ended 30.6.14	30.6.13	6 months ended 30.6.14	30.6.13
	RM	RM	RM	RM
Depreciation	133,508	108,806	255,093	229,310
Foreign exchange loss / (gain) - realised	56,358	(40,192)	58,768	(107,002)
- unrealised	50,934	(191,222)	43,162	(155,212)
Interest expense	513	1,274	1,217	2,517
Interest income	(53,296)	(5,134)	(106,414)	(14,122)
Gain from disposal of plant and equipment	(500)	-	(33,892)	(12,000)

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 28 August 2014.