



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

(Incorporated in Malaysia)

**Quarterly Report on Consolidated Results  
For The Third Quarter Ended 30 September 2014**

(Incorporated in Malaysia)

## Condensed Consolidated Statement of Financial Position

### As at 30 September 2014

(The figures have not been audited)

	Note	30.9.14 (Unaudited) RM	31.12.13 (Audited) RM
Property, plant and equipment		9,997,599	9,598,036
<b>Total non-current assets</b>		9,997,599	9,598,036
Inventories		7,926,920	4,110,965
Trade receivables		13,836,118	4,174,970
Sundry receivables, deposits and prepayments		441,967	113,868
Tax refundable		4,509	9,982
Fixed deposits with licensed banks		9,372,820	7,160,416
Cash and cash equivalents		2,673,495	1,582,416
<b>Total current assets</b>		34,255,829	17,152,617
<b>Total assets</b>		44,253,428	26,750,653
<b>Equity</b>			
Share capital		16,300,000	16,300,000
Share premium		4,663,468	4,663,468
Unappropriated profits		8,714,740	1,612,647
<b>Total equity attributable to shareholders of the Company</b>		29,678,208	22,576,115
<b>Total equity</b>		29,678,208	22,576,115
<b>Liabilities</b>			
Hire purchase creditors	B10	28,642	18,945
Deferred tax liabilities		486,261	493,905
<b>Total non-current liabilities</b>		514,903	512,850
Trade payables		7,698,818	1,551,566
Sundry payables and accruals		6,316,111	2,068,674
Hire purchase creditors	B10	42,450	41,448
Provision for taxation		2,938	-
<b>Total current liabilities</b>		14,060,317	3,661,688
<b>Total liabilities</b>		14,575,220	4,174,538
<b>Total equity and liabilities</b>		44,253,428	26,750,653
<b>Net assets per share (RM) @</b>		0.18	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 these interim financial statements.

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**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the Third Quarter Ended 30 September 2014  
(The figures have not been audited)**

	Note	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
		30.9.14 RM	30.9.13 RM	30.9.14 RM	30.9.13 RM
<b>Revenue</b>		<b>16,103,736</b>	8,510,178	<b>32,570,838</b>	20,344,744
Cost of sales		<b>(10,788,443)</b>	(5,778,543)	<b>(21,287,834)</b>	(14,275,161)
<b>Gross profit</b>		<b>5,315,293</b>	2,731,635	<b>11,283,004</b>	6,069,583
Other operating income		<b>403,304</b>	123,767	<b>678,719</b>	548,804
Other operating expenses		<b>102,038</b>	-	-	-
Administrative expenses		<b>(1,105,470)</b>	(950,890)	<b>(3,195,592)</b>	(2,603,949)
<b>Profit from operations</b>		<b>4,715,165</b>	1,904,512	<b>8,766,131</b>	4,014,438
Interest expense		<b>(465)</b>	(1,084)	<b>(1,682)</b>	(3,601)
<b>Profit before taxation</b>		<b>4,714,700</b>	1,903,428	<b>8,764,449</b>	4,010,837
Tax expense	B6	<b>(13,452)</b>	(6,452)	<b>(32,356)</b>	(1,356)
<b>Net profit for the period</b>	B1	<b>4,701,248</b>	1,896,976	<b>8,732,093</b>	4,009,481
<b>Attributable to:</b>					
Shareholders of the Company		<b>4,701,248</b>	1,896,976	<b>8,732,093</b>	4,009,481
Minority interests		-	-	-	-
<b>Net profit for the period</b>		<b>4,701,248</b>	1,896,976	<b>8,732,093</b>	4,009,481
<b>Earnings per share</b>					
(i) Basic (sen)	B14	<b>2.8842</b>	1.1638	<b>5.3571</b>	2.4598
(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 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 Third Quarter Ended 30 September 2014**  
(The figures have not been audited)

	Share Capital RM	Non-distributable Share Premium RM	Distributable Retained Profits / (Accumulated Losses) RM	Total RM
<b>At 1 January 2014</b>	16,300,000	4,663,468	1,612,647	22,576,115
Net profit for the period	-	-	8,732,093	8,732,093
Dividend paid	-	-	(1,630,000)	(1,630,000)
<b>At 30 September 2014</b>	<u>16,300,000</u>	<u>4,663,468</u>	<u>8,714,740</u>	<u>29,678,208</u>
<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>

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 Third Quarter Ended 30 September 2014  
(The figures have not been audited)**

	<b>9 months ended 30 September</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flows from operating activities</b>		
Profit before tax	8,764,449	4,010,837
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	397,231	338,155
Unrealised forex gain	(265,976)	(42,614)
Gain on disposal of plant and equipment	(40,672)	(11,919)
Interest income	(176,853)	(36,307)
Interest expense	1,682	3,601
<i>Operating profit before working capital changes</i>	8,679,861	4,261,753
<i>Adjustments for working capital changes:-</i>		
Inventories	(3,815,955)	(109,010)
Trade receivables	(9,395,172)	(1,069,853)
Sundry receivables, deposits and prepayments	(328,099)	45,635
Trade payables	6,147,252	234,465
Sundry payables and accruals	4,247,437	1,652,976
<i>Cash generated from operations</i>	5,535,324	5,015,966
Interest received	176,853	36,307
Income tax paid	(31,589)	(16,146)
<i>Net cash generated from operating activities</i>	5,680,588	5,036,127
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(798,122)	(108,274)
Proceeds from disposal of plant and equipment	42,000	12,000
<i>Net cash used in investing activities</i>	(756,122)	(96,274)
<b>Cash flows from financing activities</b>		
Drawdown / (Repayments) of hire purchase	10,699	(40,924)
Interest paid	(1,682)	(3,601)
Dividend paid	(1,630,000)	-
<i>Net cash used in financing activities</i>	(1,620,983)	(44,525)
<b>Net increase in cash and cash equivalents</b>	3,303,483	4,895,328
<b>Cash and cash equivalents at the beginning of year</b>	8,742,832	2,517,741
<b>Cash and cash equivalents at the end of period</b>	12,046,315	7,413,069

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 these 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

The interim single tier dividend of 1 sen per ordinary share of RM0.10 each totaling RM1.63 million for year ending 31 December 2014 has been paid on 16 July 2014.

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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

	<b>Revenue from external customers by location of customers RM</b>	<b>Segment assets by location of assets RM</b>	<b>Capital expenditure by location of assets RM</b>
<b>3 months ended 30 September 2014</b>			
Malaysia	8,542,568	44,248,919	307,184
America	5,001,153	-	-
Europe	199,606	-	-
Australia	13,070	-	-
Asia (exclude Malaysia)	2,347,339	-	-
Consolidated	<u>16,103,736</u>	<u>44,248,919</u>	<u>307,184</u>

	<b>Revenue from external customers by location of customers RM</b>	<b>Segment assets by location of assets RM</b>	<b>Capital expenditure by location of assets RM</b>
<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>

	<b>Revenue from external customers by location of customers RM</b>	<b>Segment assets by location of assets RM</b>	<b>Capital expenditure by location of assets RM</b>
<b>9 months ended 30 September 2014</b>			
Malaysia	16,047,709	44,248,919	798,122
America	9,337,431	-	-
Europe	300,247	-	-
Australia	33,917	-	-
Asia (exclude Malaysia)	6,851,534	-	-
Consolidated	<u>32,570,838</u>	<u>44,248,919</u>	<u>798,122</u>

	<b>Revenue from external customers by location of customers RM</b>	<b>Segment assets by location of assets RM</b>	<b>Capital expenditure by location of assets RM</b>
<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>

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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 2014 and up to the date of this report.

**A12. Capital commitments**

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

**A13. Related party transactions**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.9.14</b>	<b>30.9.13</b>	<b>30.9.14</b>	<b>30.9.13</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Precision tooling charges				
- Micro Carbide Engineering Sdn Bhd	251,937	111,912	551,919	256,351
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 →		
	30.9.14 RM	30.6.14 RM	Var %	30.9.13 RM	Var %	30.9.14 RM	30.9.13 RM	Var %
<b>Revenue</b>	<b>16,103,736</b>	11,463,967	40	8,510,178	89	<b>32,570,838</b>	20,344,744	60
Cost of sales	<b>(10,788,443)</b>	(7,176,412)	-50	(5,778,543)	-87	<b>(21,287,834)</b>	(14,275,161)	-49
<b>Gross profit</b>	<b>5,315,293</b>	4,287,555	24	2,731,635	95	<b>11,283,004</b>	6,069,583	86
Other operating income	<b>403,304</b>	115,434	249	123,767	226	<b>678,719</b>	548,804	24
Other operating expenses	<b>102,038</b>	(101,930)		-		-	-	
Administrative expenses	<b>(1,105,470)</b>	(1,035,959)	-7	(950,890)	-16	<b>(3,195,592)</b>	(2,603,949)	-23
<b>Profit from operations</b>	<b>4,715,165</b>	3,265,100	44	1,904,512	148	<b>8,766,131</b>	4,014,438	118
Interest expense	<b>(465)</b>	(513)		(1,084)		<b>(1,682)</b>	(3,601)	
<b>Profit before taxation</b>	<b>4,714,700</b>	3,264,587	44	1,903,428	148	<b>8,764,449</b>	4,010,837	119
Tax expense	<b>(13,452)</b>	(9,452)		(6,452)		<b>(32,356)</b>	(1,356)	-
<b>Net profit for the period</b>	<b>4,701,248</b>	3,255,135	44	1,896,976	148	<b>8,732,093</b>	4,009,481	118

For the quarter ended 30 September 2014, the Group recorded a revenue of RM16.104 million and a profit before taxation of RM4.715 million. The Group's revenue surged by 89% from RM8.510 million in the corresponding quarter of the preceding year 2013 to RM16.104 million of current quarter. The significant hike in revenue was attributed to increased orders for machines to meet the robust demand from the LED and smart devices 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 other operating income was mainly due to the foreign exchange gain arising from the strengthening of US Dollar vis-à-vis Ringgit Malaysia during the current 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 RM16.104 million was 40% higher than that recorded in the preceding quarter of RM11.464 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.

Increase in other operating income was mainly due to the foreign exchange gain arising from the strengthening of US Dollar vis-à-vis Ringgit Malaysia during the current quarter.

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

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**B3. Current year prospects**

Riding on the positive market trend, the Board of Directors expects the results for the remaining quarter to remain reasonably 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	
	30.9.14 RM	30.9.13 RM	30.9.14 RM	30.9.13 RM
<b>Profit before tax</b>	4,714,700	1,903,428	8,764,449	4,010,837
Taxation at Malaysian statutory tax rate of 25%	1,178,675	475,857	2,191,112	1,002,709
Non-deductible expenses	(26,257)	20,536	19,145	33,815
Losses not available for set-off	9,727	9,816	30,508	31,954
Pioneer income	(102,863)	(63,987)	(249,644)	(105,866)
Crystallisation of deferred tax liability	(2,548)	(2,548)	(7,644)	(7,644)
Utilisation of tax allowances	(613,271)	(473,514)	(1,251,362)	(601,372)
Unrecognised deferred tax assets	(430,011)	40,292	(699,759)	(352,240)
Tax expense	<u>13,452</u>	<u>6,452</u>	<u>32,356</u>	<u>1,356</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 30.9.14 RM	Preceding quarter 31.12.13 RM
<u>Hire Purchase</u>		
Non-current liabilities	28,642	18,945
Current liabilities	42,450	41,448
	<u>71,092</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

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 after tax and minority interests for the period by number of ordinary shares in issue during the period.

	Individual Quarter		Cumulative Quarter	
	30.9.14	30.9.13	30.9.14	30.9.13
	RM	RM	RM	RM
Net profit after tax and minority interests (RM)	4,701,248	1,896,976	8,732,093	4,009,481
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)	2.8842	1.1638	5.3571	2.4598

### b) Diluted EPS

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

## B15. Realised and Unrealised Profit Disclosure

The unappropriated profits as at 30 September 2014 and 31 December 2013 is analysed as follows:

	Current quarter 30.9.14 RM	Preceding quarter 31.12.13 RM
Total unappropriated profits of the Group		
- realised profit	8,383,391	1,529,881
- unrealised profit	331,349	82,766
Total Group unappropriated profits as per consolidated financial statements	<u>8,714,740</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 30.9.14	30.9.13	9 months ended 30.9.14	30.9.13
	RM	RM	RM	RM
Depreciation	142,138	108,845	397,231	338,155
Foreign exchange loss / (gain) - realised	13,888	(146,074)	72,656	(259,031)
- unrealised	(374,511)	113,048	(331,349)	(39,047)
Interest expense	465	1,084	1,682	3,601
Interest income	(70,439)	(22,185)	(176,853)	(36,307)
Gain from disposal of plant and equipment	(6,780)	81	(40,672)	(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 25 November 2014.