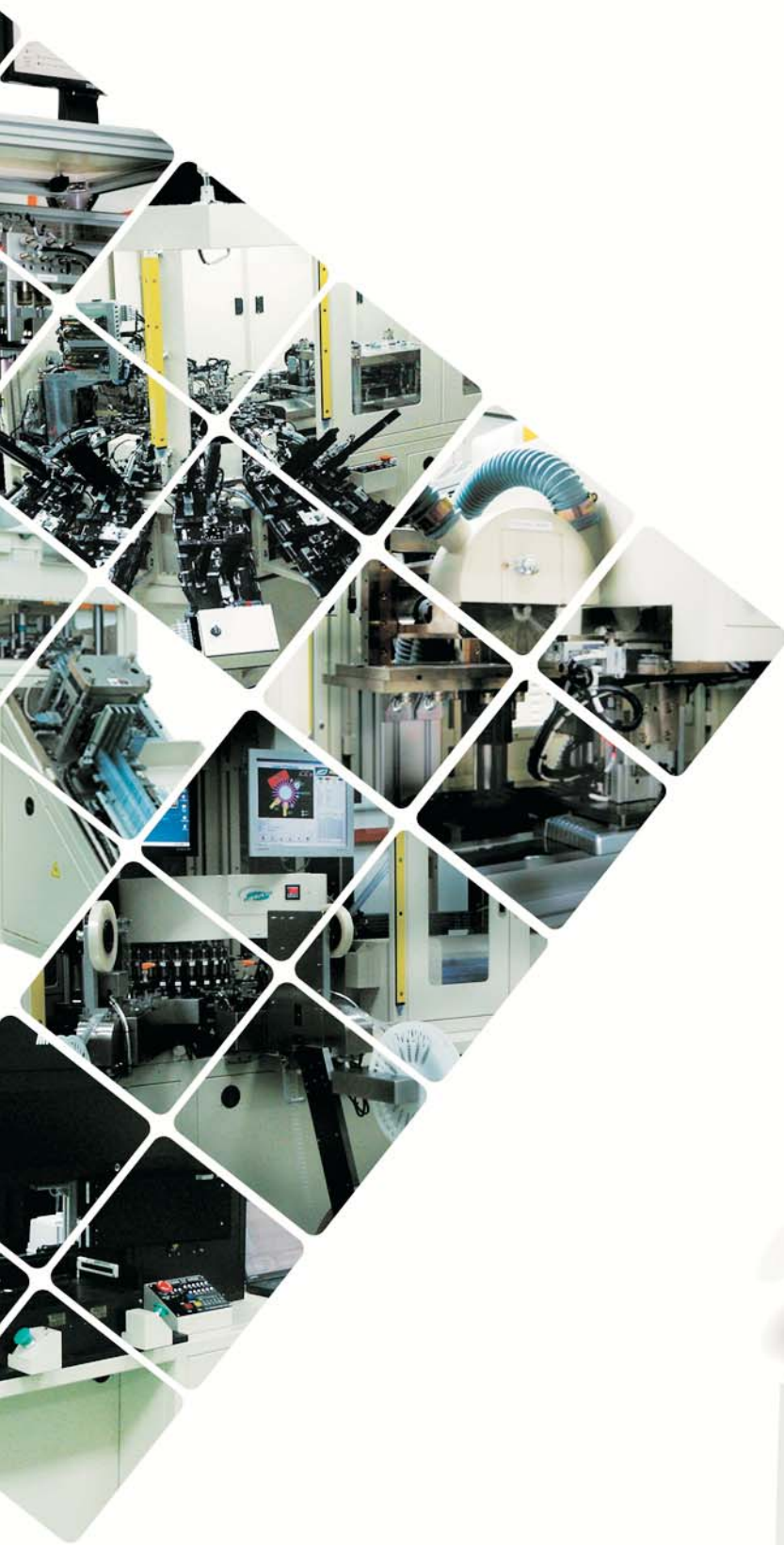




MMS VENTURES BERHAD

[Company No: 647125-P]



Your partner in innovative **AUTOMATION SOLUTIONS**
ANNUAL REPORT 2009

VALUES AND STANDARDS

In MMSV, we are guided by clear values and standards in all that we do.

INNOVATION & VALUE

We create, build & promote innovative & cost-effective solutions.

ENTHUSIASM

We are passionate & dedicated in our constant search for new technology, ideas & solutions.

RELATIONSHIP

We strive to create trust & healthy long-term relationships with our customers, shareholders, partners & employees.

VISION

We integrate & pursue our customer's vision as our own.

INTEGRITY

We firmly believe in being ethical, truthful & professional in our conduct.

TEAM SPIRIT

We uphold the importance of staying united & working together harmoniously.

QUALITY & EXCELLENCE

We are committed to quality & excellence in our products & services.

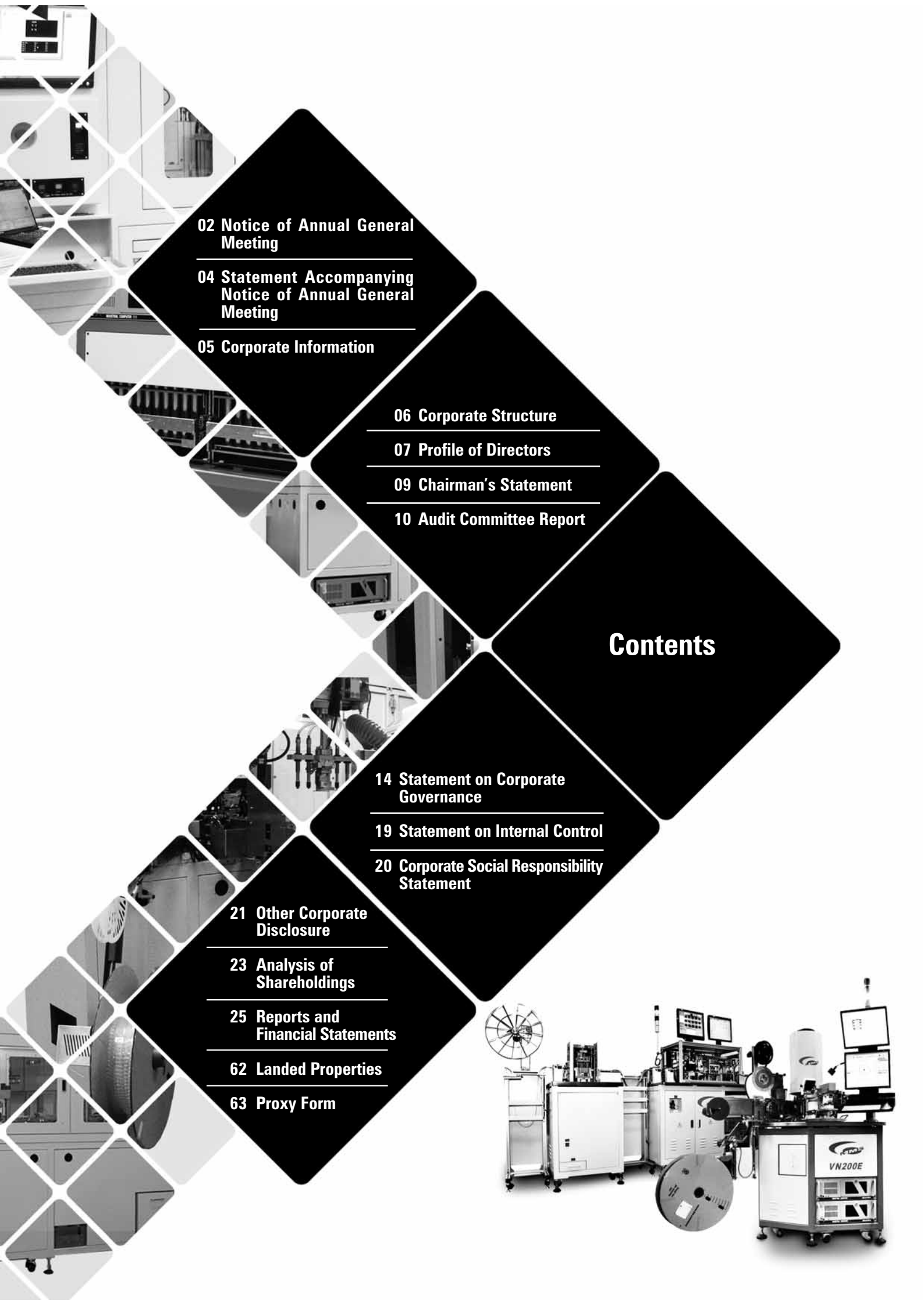
OUR VISION

Our vision is to be a prominent leader in innovative advance automation solutions.

OUR MISSION

Our mission is to achieve excellence by providing highly efficient and innovative advance automation solutions using creative Research & Development, Design, Technical Services, Management System and Business Partnerships that surpasses customer's expectations; and in doing so, provide our employees with a stimulating environment that encourages growth.





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Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 6th Annual General Meeting of the Company will be held at Auditorium of MMS Ventures Berhad located at Plot 84A, Lintang Bayan Lepas 9, Bayan Lepas Industrial Park, Phase 4, 11900 Penang, Malaysia on Thursday, 24 June 2010 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2009 together with the Reports of the Directors and Auditors thereon; **(Resolution 1)**
2. To approve the payment of Directors' fees amounting to RM162,000 for the financial year ended 31 December 2009; **(Resolution 2)**
3. To re-elect the following Directors who retire in accordance with Article 70 of the Company's Articles of Association and being eligible, offer themselves for re-election : **(Resolution 3)**
 - (a) Mr. Goh Kim Hock **(Resolution 4)**
 - (b) Mr. Saw Chong Keat **(Resolution 5)**
4. To re-appoint Messrs. Mathew & Partners as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**
5. As SPECIAL BUSINESS to consider and if thought fit, to pass the following Resolutions, with or without modifications :

ORDINARY RESOLUTION -AUTHORITY TO ISSUE SHARES

(Resolution 6)

"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965 to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

ORDINARY RESOLUTION -PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

(Resolution 7)

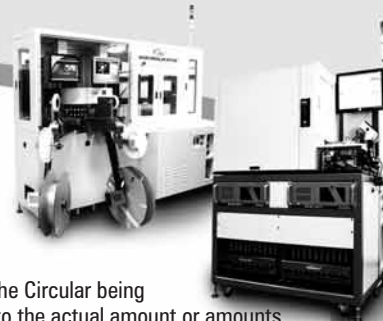
"THAT pursuant to Rule 10.09 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") for ACE Market, the Company and/or any of its subsidiaries be and are hereby authorised to enter into recurrent related party transactions of a revenue or trading nature with those related parties as specified in Part I, Section 1.1 of the Circular to the Shareholders dated 2 June 2010, from time to time provided that such transactions are necessary for the day-to-day operations and undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms and on terms which are not more favourable to the related party than those generally available to the public and not prejudicial to the shareholders of the Company AND THAT such approval, unless revoked or varied by the Company in general meeting, shall continue in force until:-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM, the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolutions passed by the shareholders in general meeting;

whichever is earlier.

THAT the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution;

Notice Of Annual General Meeting (Cont'd)



AND THAT, the estimates given to the Recurrent Related Party Transactions specified in Part I, Section 1.1 of the Circular being provisional in nature, the Directors of the Company and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the procedures set out in Part I, Section 1.3 of the Circular."

SPECIAL RESOLUTION

- PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

(Resolution 8)

"THAT the amendments to the Articles of Association of the Company in the manner as set out in Part II, Section 1 of the Circular to the Shareholders dated 2 June 2010 be and are hereby approved."

6. To transact any other ordinary business of which due notice shall have been given.

By order of the Board
MMS VENTURES BERHAD

Khew Sin Mei
Company Secretary
(MAICSA 7028632)

Penang
Date: 2 June 2010

Notes

1. For the purpose of determining a member who shall be entitled to attend the 6th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 50(f) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 to issue a General Meeting Record of Depositors as at 18 June 2010. Only a depositor whose name appears on the General Meeting Record of Depositors as at 18 June 2010 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
2. A member shall be entitled to appoint two (2) or more proxies to attend and vote at the same meeting and the appointment shall not be valid unless the member specifies the proportions of his shareholdings to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.
3. A proxy may but need not be a Member or an advocate or an approved company auditor or a person approved by the Registrar of Companies.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Registered Office of the Company at Unit 41-5-5, 5th Floor, Wisma Prudential, 41 Jalan Cantonment, 10250 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjourned meeting at which the person named in the instrument proposes to vote, and in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid.

Explanatory Notes on Special Business

1. Resolution 6 – Authority to Issue Shares

The proposed resolution, if passed, will empower the Directors to issue shares in the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being. This would avoid any delay and cost involved in convening a general meeting to approve such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

2. Resolution 7 - Recurrent Related Party Transactions

The proposed resolution, if passed, will allow the Group to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Please refer to the Circular to Shareholders dated 2 June 2010 for further information.

3. Resolution 8 – Proposed Amendments to the Articles of Association of the Company

The proposed resolution, if passed, is to update the Articles of Association of the Company to be in line with Bursa Malaysia Securities Berhad's Directive on the implementation of eDividend.

Please refer to the Circular to Shareholders dated 2 June 2010 for further information.



Statement Accompanying Notice Of Annual General Meeting

1. THE DIRECTORS STANDING FOR RE-ELECTION AT THE 6TH ANNUAL GENERAL MEETING:-

The Directors who retire pursuant to Article 70 of the Company's Articles of Association and seeking re-election are as follows:-

- (a) Mr. Goh Kim Hock
- (b) Mr. Saw Chong Keat

2. DETAILS OF DIRECTORS STANDING FOR RE-ELECTION

Details of the abovementioned Directors seeking for re-election are set out in the Directors' profile on page 7 to page 8 of the Annual Report.

3. BOARD MEETINGS HELD IN THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

A total of five Board Meetings were held in the financial year ended 31 December 2009. Details of the attendance of Directors at the Board Meetings are disclosed on page 15 of the Annual Report.

4. DATE, TIME AND VENUE OF THE 6TH ANNUAL GENERAL MEETING

The 6th Annual General Meeting of the Company will be held as follows:

- Date : Thursday, 24 June 2010
- Time : 10.00 a.m.
- Venue : Auditorium of MMS Ventures Berhad located at
Plot 84A, Lintang Bayan Lepas 9
Bayan Lepas Industrial Park, Phase 4
11900 Penang, Malaysia

Corporate Information



BOARD OF DIRECTORS

Sia Teik Keat
Chairman / Managing Director

Saw Chong Keat
Executive Director

Goh Kim Hock
Non-Independent Non-Executive Director

Tan Beng Chuan
Non-Independent Non-Executive Director

Tan Hock Hin
Independent Non-Executive Director

Chong Chee Hong
Independent Non-Executive Director

AUDIT COMMITTEE

Tan Hock Hin
Chong Chee Hong
Goh Kim Hock

NOMINATION COMMITTEE

Tan Hock Hin
Chong Chee Hong
Goh Kim Hock

REMUNERATION COMMITTEE

Tan Hock Hin
Chong Chee Hong
Sia Teik Keat

COMPANY SECRETARY

Khew Sin Mei (MAICSA No. 7028632)

REGISTERED OFFICE

Unit 41-5-5, 5th Floor
Wisma Prudential
41 Jalan Cantonment
10250 Penang

Tel: 04-229 1717
Fax: 04-229 1313

HEAD OFFICE

Plot 84A, Lintang Bayan Lepas 9
Bayan Lepas Industrial Park
Phase 4
11900 Penang

Tel: 04-646 0888
Fax: 04-646 7516

REGISTRAR

Level 6
Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor

Tel: 03 - 2721 2222
Fax: 03 - 2721 2530

PRINCIPAL BANKERS

CIMB Bank Berhad
Hong Leong Bank Berhad
United Overseas Bank Malaysia Berhad

AUDITORS

Mathew & Partners
Chartered Accountants, Penang

STOCK EXCHANGE LISTING

ACE Market of the Bursa Malaysia Securities Berhad
Stock name: MMSV
Stock code: 0113

CORPORATE STRUCTURE



MMS VENTURES BERHAD
(647125-P)
(" MMSV ")

100%



**MICRO MODULAR
SYSTEM SDN BHD**
(419556-V)
(" MMS ")

100%



**EVOLUSYS TECHNOLOGIES
(MALAYSIA) SDN BHD**
(583890-U)
(" Evolusys ")



Your partner in innovative
AUTOMATION SOLUTIONS

Profile of Directors



Sia Teik Keat

*Aged 55, Malaysian
Chairman and Managing Director*

Mr. Sia was appointed to the Board on 23 September 2005 and is also a member of the Remuneration Committee of the Company.

Mr. Sia holds a Bachelor of Science Honours Degree in Mechanical Engineering from the University of Teesside, United Kingdom. He has more than 28 years of experience in design and manufacture of automated manufacturing systems. He began his professional career in the semiconductor industry as a Process Engineer in early eighties when he joined National Semiconductor and subsequently Monolithic Memories, both American semiconductor pioneer companies operating in Penang, Malaysia. Thereafter, he joined Micro Machining Sdn Bhd, a subsidiary of a US tooling and automation company, as a Design Engineer. In late eighties, he left for the United States and joined Dusan Equipment Corporation, a company situated in California specialising in design, development and manufacture of equipment. Upon his return to Malaysia in early nineties, he was appointed as the Engineering Director of Peta Engineering Sdn Bhd ("PESB"), a local tooling and automation company. In 1997, he left to set up Micro Modular System Sdn Bhd ("MMS").

As one of the founding members of MMS, Mr. Sia is instrumental in shaping MMS's business relations and policies including the formulation and management of the Group's overall business strategies and financial affairs.

He has no conflict of interest with the Group other than those disclosed under Other Corporate Disclosure (Recurrent Related Party Transactions) which appears on page 22 of this Annual Report.

Saw Chong Keat

*Aged 43, Malaysian
Executive Director and Chief Operating Officer*

Mr. Saw was appointed to the Board on 23 September 2005.

Mr. Saw holds a Diploma in Mechanical Engineering from Tunku Abdul Rahman College and Master of Science (majoring in Engineering Business Management) from Warwick University, United Kingdom. He began his career as a Tooling/Mechanical Engineer in a local tooling and automation company in early nineties and was promoted to the position of Senior Design Engineer and Engineering Manager a few years later. In 1999, he joined MMS as a Director and was in charge of Engineering Design.

Mr. Saw has a broad and in-depth knowledge in tooling design and mechanical engineering. He was involved in setting up MMS's Quality Management System and was the ISO-Internal Quality Auditor of MMS. As the Chief Operating Officer of MMS, he oversees the overall business operations covering R&D, design, system assembly, logistic and technical services.

He does not have any family relationship with any Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

Goh Kim Hock

*Aged 58, Malaysian
Non-Independent Non-Executive Director*

Mr. Goh was appointed to the Board on 23 September 2005 and is also a member of the Audit Committee and Nomination Committee of the Company.

Mr. Goh began his career in mid seventies as a tool/die-maker in a multinational corporation. In early eighties, he was seconded to a US corporation in Silicon Valley where he was trained in Integrated Circuits mould making. He was subsequently promoted to the position of Production Manager. In 1984, he joined Micro Carbide Engineering Sdn Bhd, a precision tooling company, as the Operation Manager and was promoted to Operations Director three years later. He assumed the position of Marketing/Quality Assurance Director in 1998. He has wide experience and knowledge in tooling, technical design, engineering and quality management.

He has no conflict of interest with the Group other than those disclosed under Other Corporate Disclosure (Recurrent Related Party Transactions) which appears on page 22 of this Annual Report.



Profile of Directors (Cont'd)

Tan Beng Chuan

Aged 58, Malaysian

Non-Independent Non-Executive Director

Mr. Tan was appointed to the Board on 23 September 2005.

Mr. Tan began his career with a multinational corporation in the mid seventies where he specialised in tool and die making, machining and CNC programming. In 1986, he joined Micro Carbide Engineering Sdn Bhd, a precision tooling company as a Production Manager and was subsequently appointed as a Director in 1987.

He has no conflict of interest with the Group other than those disclosed under Other Corporate Disclosure (Recurrent Related Party Transactions) which appears on page 22 of this Annual Report.

Mr. Tan is the brother of Mr. Tan Beng Cheong, a substantial shareholder of the Company.

Tan Hock Hin

Aged 63, Malaysian

Independent Non-Executive Director

Mr. Tan was appointed to the Board on 23 September 2005 and is also the Chairman of the Audit, Nomination and Remuneration Committees of the Company.

Mr. Tan qualified as a Chartered Certified Accountant, United Kingdom in 1971. He became a Partner of Coopers & Lybrand (which merged and became PricewaterhouseCoopers) in 1982 until he retired in the year 2002.

Mr. Tan is a member of Malaysian Institute of Certified Public Accountants, Malaysian Institute of Accountants and Association of Certified Chartered Accountant, United Kingdom.

He does not have any family relationship with any Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

Chong Chee Hong

Aged 59, Malaysian

Independent Non-Executive Director

Mr. Chong was appointed to the Board on 23 September 2005 and is also a member of the Audit, Nomination and Remuneration Committees of the Company.

Mr. Chong began his career with Peat Marwick Mitchell Singapore and has seven years of experience in public accountancy practice including at Deloitte Haskin & Sells Singapore and Kassim Chan & Co Malaysia (now known as Deloitte Kassim Chan). In 1979, he joined Advanced Micro Devices Sdn Bhd as the head of Internal Audit, before leaving as Finance Manager and Head of Finance Department after seven years. He then joined Molex Far East Pte Ltd Singapore as a Finance Controller and was seconded to its joint venture start up company, Pan International Wire and Cables Sdn Bhd as its Finance Controller and the Corporate Representative of Molex. Subsequent to this, he was appointed as the Finance and Administration Controller of Team Concepts (M) Sdn Bhd and then Group Chief Finance Officer of a public listed company, Dai-Ichi Industries Berhad before leaving for Mega High-Tech Corp (M) Berhad in 1993. He was the Vice President and Executive Director of the company as well as its wholly owned subsidiary, Shuangzen Resources Sdn Bhd. He retired in January 2007.

Mr. Chong completed his Diploma in Management program with the Malaysian Institute of Management in 1983. He is a member of the Malaysian Association of Institute of Chartered Secretaries and Administrators, a local member of Bursa Malaysia Derivatives Berhad, and a chartered member of the Institute of Internal Auditors Malaysia. His other professional memberships are as follows:

- fellow member of the Institute of Professional Financial Managers, United Kingdom
- associate member of the Institute of Cost and Executive Accountants United Kingdom
- corporate member of the Institute of Administrative Management, United Kingdom
- member of the Malaysian Institute of Management and the Malaysian Institute of Directors

He does not have any family relationship with any Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

Note: i) None of the Directors holds any directorship in other public companies.

ii) None of the Directors has been convicted for any offences within the past 10 years other than for traffic offences, if any.

Chairman's Statement



The year 2009 was fraught with challenges as we witnessed even the world's largest conglomerate faltered. Almost every company in every industry was affected by and large by the global economic downturn.

Financial Performance

For the financial year ended 31 December 2009, the Group recorded a decrease in revenue to RM6.383 million as compared to RM13.903 million in the previous financial year while the Group's loss before tax increased to RM4.867million from RM1million in the previous financial year.

Over the past 12 months, our revenue was very much lower as our customers from both the semiconductor and opto-electronic sectors tightened their capital investment in anticipation of lower sales demand. Their actions had greatly impacted our performance. The loss registered by the Group was mainly attributed to the unavoidable fixed factory overhead coupled with the inventories write-off of RM2 million.

The Board is pleased to report that throughout the economic downturn, the Group did not have to resort to external borrowing or retrenchment exercise that would have negatively affected the morale of the employees.

Operational Review

Extremely low demand for the major drivers of semiconductor sales which include automotive, consumer and electronic products resulted in a sharp drop in industry sales that affected the majority of product lines. Nevertheless, we believe that in any crisis, there are opportunities to be found. We capitalised our time and effort in Research and Development ("R&D") activities during this slack period to better position the Group in preparation for the market upturn.

During the financial year, the Group continued to commit resources into the expansion and improvement of its product portfolio. The Group's R&D activities focused primarily on the R&D tester, test-related products and the Light Emitting Diodes ("LED") manufacturing process. Through the unrelenting efforts of the marketing team, we managed to secure a few foreign customers and embarked in OEM and ODM business during the financial year.

Future Outlook

We are seeing signs of economic recovery since the beginning of 2010. We anticipate 2010 to outperform the previous year in terms of revenue and profit. With this in mind, the Group will redouble its efforts to maintain its competitiveness through a focused marketing strategy coupled with technological development.

The ever-changing dynamics of the industry's trends and increase in customer's expectations shall be the driving force to ensure our commitment to the highest quality in all aspects of the Group's performance.

Appreciation

On behalf of the Board, I would like to express our sincere appreciation to the Management and employees of the Group who continue to remain dedicated and committed to the growth and success of the Group.

Finally, I extend my gratitude and appreciation to our valued customers, business associates, regulatory authorities and Shareholders for their continued support and confidence in the Group.

Sia Teik Keat

Chairman/ Managing Director



Audit Committee Report

Members of the Audit Committee shall not have a relationship which in the opinion of the Board of Directors, would interfere with the exercise of independent judgement in carrying out the functions of the Audit Committee. Members of the Audit Committee shall possess wisdom, sound judgement, objectivity, independent attitude, management experience and knowledge of the industry.

COMPOSITION OF THE AUDIT COMMITTEE

The present members of the Audit Committee of the Company are:

Mr. Tan Hock Hin *(Chairman, Independent Non-Executive Director)*
Mr. Chong Chee Hong *(Independent Non-Executive Director)*
Mr. Goh Kim Hock *(Non-Independent Non-Executive Director)*

The Audit Committee was established by the Board of Directors ("Board") on 30 September 2005.

TERMS OF REFERENCE

1. Objectives

- 1.1 To provide additional assurance to the Board by giving objective and independent review of the Group's financial, operational and administrative controls and procedures.
- 1.2 To assist the Board in establishing and maintaining internal controls for areas of risks as well as safeguarding of assets within the Group.
- 1.3 To assess and supervise the quality of audits conducted by the internal auditors and external auditors.
- 1.4 To reinforce the independence of the external auditors and to ensure that the external auditors will have free hand in the audit process.
- 1.5 To provide a forum for regular, informal and private discussion between the external auditors and Directors who have no significant relationship with Management.
- 1.6 To reinforce the objectivity of the internal auditors.

2. Membership

- 2.1 The Committee shall be appointed by the Board amongst the Directors of the Company who fulfills the following requirements:-
 - 2.1.1 the Committee must be composed of no fewer than three (3) members;
 - 2.1.2 a majority of the Committee must be independent non-executive Directors; and
 - 2.1.3 at least one (1) member of the Committee:
 - i) must be a member of the Malaysian Institute of Accountants; or
 - ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three(3) years working experience; and
 - He must have passed the examination specified in part I of the First Schedule of the Accountants Act 1967; or
 - He must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
- 2.2 The members of the Committee shall elect a Chairman from among themselves who shall be an independent non-executive Director.
- 2.3 No alternate Director should be appointed as a member of the Committee.
- 2.4 In the event of any vacancy in the Committee resulting in the non-compliance of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") pertaining to composition of the Committee, the Board shall within three (3) months of that event fill the vacancy.
- 2.5 The terms of office and performance of the Committee and each of its members must be reviewed by the Board at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

Audit Committee Report (Cont'd)



3. Meetings

3.1 Frequency

3.1.1 Meetings shall be held not less than four (4) times a year.

3.1.2 Upon the request of the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the external auditors believe should be brought to the attention of the Directors or shareholders.

3.2 Quorum

A quorum shall consist of a majority of independent Directors.

3.3 Secretary

The Company Secretary shall be the secretary of the Committee or in her absence, another person authorised by the Chairman of the Committee.

3.4 Attendance

3.4.1 The Head of Finance Department and the Head of Internal Audit (where such a function exists) shall normally attend meetings.

3.4.2 Other Directors, employees and a representative of the external auditors may attend any particular meeting only at the Committee's invitation, specific to the relevant meeting.

3.4.3 At least once a year, the Committee shall meet with the external auditors without any executive Board members present.

3.5 Reporting Procedure

The minutes of each meeting shall be circulated to all members of the Board.

3.6 Meeting Procedure

The Committee shall regulate its own procedure, in particular:-

- i) the calling of meetings;
- ii) the notice to be given of such meetings;
- iii) the voting and proceedings of such meetings;
- iv) the keeping of minutes; and
- v) the custody, production and inspection of such minutes.

4. Rights

The Committee shall:

- i) have explicit authority to investigate any matter within its terms of reference;
- ii) have the resources which it needs to perform its duties;
- iii) have full access to any information pertaining to the Company and Group which it requires in the course of performing its duties;
- iv) have unrestricted access to the senior management of the Company and Group;
- v) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- vi) be able to obtain independent professional or other advice in the performance of its duties;
- vii) be able to convene meetings with external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary; and
- viii) be able to invite outsiders with relevant experience to attend its meeting, whenever deemed necessary.

5. Functions

The Committee shall, amongst others, discharge the following functions:

5.1 To review:

5.1.1 the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:

- i) the going concern assumption;
- ii) changes in or implementation of major accounting policy changes;
- iii) significant and unusual events; and
- iv) compliance with accounting standards and other legal requirements.



Audit Committee Report (Cont'd)

- 5.1.2 any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that arises questions of management integrity.
- 5.1.3 with the external auditors:
- the audit plan;
 - his evaluation of the system of internal controls;
 - his audit report;
 - his management letter and management's responses; and
 - the assistance given by the Company's employees to the external auditors.
- 5.2 To review the effectiveness of the internal control, management information system and management's risk, management practices and procedures.
- 5.3 In respect of the appointment of external auditors:
- to review whether there is reason (supported by ground) to believe that the external auditors are not suitable for reappointment;
 - to consider the nomination of a person or persons as external auditors and the audit fee; and
 - to consider any questions of resignation or dismissal of external auditors.
- 5.4 In respect of the internal audit function:
- to review the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - to review any appraisal or assessment of the performance of members of the internal audit function;
 - to approve any appointment or termination of senior staff members of the internal audit function; and
 - to inform itself of any resignation of internal audit staff member and provide the resigning staff member an opportunity to submit his reasons for resigning.
- 5.5 To promptly report such matter to Bursa Securities if the Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements.
- 5.6 To carry out such other functions as may be agreed to by the Committee and the Board.

MEETINGS OF THE AUDIT COMMITTEE

Five (5) Audit Committee meetings were held during the financial year ended 31 December 2009. Details of the attendance of each member of the Audit Committee are as follows:

Name of members	% of attendance
Mr Tan Hock Hin	5/5
Mr Chong Chee Hong	5/5
Mr Goh Kim Hock	5/5

The minutes of each Audit Committee meeting were documented and distributed to all members of the Board.

Audit Committee Report (Cont'd)



SUMMARY OF ACTIVITIES OF THE COMMITTEE DURING THE YEAR

During the financial year ended 31 December 2009, the activities carried out by the Audit Committee were as follows:

Financial Results

- i) Review of the Group's unaudited quarterly financial results and annual financial statements including the announcements pertaining thereto, before recommending to the Board for their consideration and approval prior to their release to Bursa Securities.
- ii) Review of the Group's compliance on the following areas, where relevant:
 - Listing Requirements of Bursa Securities for the ACE Market;
 - Provisions of the Companies Act, 1965 and other legal requirements; and
 - Applicable approved accounting standards in Malaysia.

External Audit

- i) Review of external auditors' scope of work, their terms of engagement, proposed audit remuneration and audit plan for the financial year ended 31 December 2009;
- ii) Review the external auditors' audit strategies and plan and further discuss their approach in areas of emphasis;
- iii) Review of results and issues arising from their audit of the financial year end and the resolution of issues highlighted in their report to the Committee;
- iv) Review of their performance and independence before recommending to the Board their re-appointment and remuneration; and
- v) Recommendations made by the external auditors in respect of control weaknesses during the course of their audit were duly noted by the Audit Committee and highlighted to the Board.

Internal Audit

Review of internal auditors' audit plan and work done for the financial year ended 31 December 2009 to ensure that principal risk areas and key processes are adequately identified and covered in the plan. Internal audit work of the Group is conducted in house.

Related Party Transactions

- i) Review of related party transactions for compliance with the Listing Requirements of Bursa Securities for ACE Market and the appropriateness of such transactions before recommending them to the Board for its approval; and
- ii) Review of the procedures for securing the shareholders' mandate for Recurrent Related Party Transactions.

Others

Review of the Group's compliance with relevant provisions set under the Malaysian Code of Corporate Governance for the purpose of preparing the Statement on Internal Control pursuant to the Listing Requirements of Bursa Securities for ACE Market.



Statement on Corporate Governance

The Board of Directors ("Board") is committed to ensure that the highest standards of corporate governance are observed throughout the Group so that the affairs of the Group are conducted with integrity and professionalism with the objective of protecting and enhancing shareholders value and the financial performance of the Company. To this end, the Board continues to support the recommendations of the Malaysian Code of Corporate Governance (the "Code").

The Board is pleased to disclose below a description of how the Group has applied the principles of good governance and the extent to which it has complied with the best practices set out in the Code.

DIRECTORS

The Board

The Board recognises their responsibility for the Group's overall business strategy, growth and direction, overseeing the business conduct and financial performance and is in full control of the Group's activities.

Board Responsibilities

The Board collectively provides direction and effective control of the Group. The Chairman/Managing Director is responsible for ensuring the effectiveness of the Board in conducting its business and fulfilling its responsibilities whereas the Executive Directors are responsible for the day-to-day running of the Group's business and making of operational decisions assisted by the management team.

Certain key strategies, financial and organisational matters are reserved for collective decision by the Board. Key matters include approval of annual and interim results, material investments, material agreements, major capital expenditures as well as long term strategic planning for the Group.

Board Balance

As at the date of this statement, the Board consists of six (6) members; comprising two (2) Independent Non-Executive Directors, two (2) Non-Independent Non-Executive Directors and two (2) Executive Directors. A brief profile of the Board members are set out in this Annual Report on pages 7 to 8.

There is a clear division of responsibilities in the Company to ensure a balance of authority and power. Decision by the Board is made collectively without undue influence or dominance by any individual Director or group of Directors. The presence of Independent and Non-Executive Directors on the Board provides a balanced and independent view and judgment on corporate issues dealt with at the Board level to safeguard the interest of public shareholders.

The Directors, with their different and diverse backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as industry specific knowledge, finance, corporate affairs, operations, resources and business conduct.

The Board is confident that its current size and composition is sufficient and effective in discharging the Board's responsibilities and in meeting the Group's current needs and requirements. Therefore, the Board has combined the role of Chairman and Managing Director.

Due to the size of the Board, the Board has also not appointed a senior Independent Director to whom shareholders may voice their concerns. This role will be played by the Board as a whole.

Statement on Corporate Governance (Cont'd)



Board Meetings

The Board meets regularly on a quarterly basis, with additional meetings convened as necessary. During the financial year ended 31 December 2009, the Board held five (5) meetings to deliberate on various matters and to decide and advise on important issues.

Details of the attendance of each member of the Board are as follows:

Name of Directors	Status	% of attendance
Mr. Sia Teik Keat	Managing Director	5/5
Mr. Saw Chong Keat	Executive Director	5/5
Mr. Goh Kim Hock	Non-Independent Non-Executive Director	5/5
Mr. Tan Beng Chuan	Non-Independent Non-Executive Director	5/5
Mr. Tan Hock Hin	Independent Non-Executive Director	5/5
Mr. Chong Chee Hong	Independent Non-Executive Director	5/5

Board Committees

The Board has delegated certain responsibilities to other Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee to assist the Board in the effectively discharge of its duties. These committees shall operate within clearly defined terms of reference.

Nomination Committee

The members of the committee are as follows:

Chairman	Mr. Tan Hock Hin	Independent Non-Executive Director
Members	Mr. Chong Chee Hong	Independent Non-Executive Director
	Mr. Goh Kim Hock	Non-Independent Non-Executive Director

The objectives of the Nomination Committee are to:

- recommend to the Board, candidates for all Directorships in the Company and in the Group to be filled by the shareholders or the Board;
- consider candidates proposed by the Managing Director and, within the bounds of practicability, by any other senior executive, Director or shareholder;
- recommend to the Board, Directors to fill the seats on board committee; and
- evaluate each individual Director on an on-going basis and seek to ensure an optimal mix of qualification, skill and experience among Board members

Remuneration Committee

The members of the committee are as follows:

Chairman	Mr. Tan Hock Hin	Independent Non-Executive Director
Members	Mr. Chong Chee Hong	Independent Non-Executive Director
	Mr. Sia Teik Keat	Managing Director

The Remuneration Committee shall be responsible for developing the remuneration policy and recommending the remuneration packages for Executive Directors of the Company. The full Board will be required to give unanimous approval to the individual Director's new package. Directors will abstain from participating in decisions on their own remuneration package. The remuneration packages of Non-Executive Directors will be determined by the Board as a whole.



Statement on Corporate Governance (Cont'd)

Details of Directors' remuneration for the year ended 31 December 2009 are as follows:

	Executive Directors	Non-Executive Directors	Total
	RM	RM	RM
Fees	72,000	90,000	162,000
Salaries and Bonus	597,528	-	597,528
Benefits-in-kind	16,400	-	16,400
EPF contribution	113,418	-	113,418
Others	5,000	10,000	15,000
Total	804,346	100,000	904,346

The Directors, whose remuneration falls within the following bands are as follows:

Range of Remuneration (RM)	Executive Directors	Non-Executive Directors	Total no. of Directors
Below 50,000	-	4	4
250,001 - 300,000	1	-	1
Above 400,000	1	-	1

Audit Committee

The composition and functions of the Audit Committee are detailed in the Audit Committee Report on pages 10 to 13 of the Annual Report.

Re-election of Directors

In accordance with the Company's Articles of Association, at least one-third of the Directors are subject to retirement by rotation at each Annual General Meeting and that all Directors shall retire from office at least once in every three years but shall be eligible for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next Annual General Meeting following their appointments.

Statement on Corporate Governance (Cont'd)



Supply of Information

The proceedings at each Board meeting and resolutions passed are duly minuted. These minutes are kept at the registered office of the Company. All Directors have access to the services and advice of the Company Secretary who ensures that all the statutory obligations as well as obligations arising from the listing rules of Bursa Malaysia Securities Berhad or other regulatory requirements are met. If required, the Directors may take independent professional advice in the furtherance of their duties at the Company's expense. Before incurring the professional fee, the Director concerned must seek the approval of the Board.

All Directors are provided with an agenda and a set of Board papers prior to Board meetings. This is issued in advance to allow the Directors to have sufficient time to obtain further explanations, where it is deemed necessary.

Directors' Training

All Directors have attended and successfully completed the Mandatory Accreditation Programme.

The seminars and conferences attended by one or more Directors during the year are:

- Forensic Seminar by Deloitte
- Forum on FRS 139 Financial Instruments by Bursa Malaysia Securities Berhad

The Directors have attended training and will continue to attend relevant training programs as may be determined by the Board to keep them abreast with the latest developments in the relevant areas. All Directors receive updates from time to time, on relevant new laws and regulations to enhance their business acumen and skills to meet changing commercial risks and challenges.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for presenting a clear, balanced and comprehensive assessment of the Group's financial position, performance and prospects each time it releases its quarterly and audited financial statements to the shareholders, stakeholders and investors. The annual reports are prepared in accordance with the requirements of the Companies Act 1965, the ACE Market Listing Requirements, and the standards approved by Malaysian Accounting Standards Board ("MASB").

In addition, the Group has adopted the appropriate accounting policies that have been consistently applied in the preparation of its accounting records to present a true and fair view of its financial performance.

Internal Control

The Board has an overall responsibility for maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets by identifying principal risks and ensuring the implementation of appropriate systems to manage these risks.

The Board views that the system of internal controls instituted throughout the Group is sound and sufficient to safeguard shareholders' investment and the Group's assets. The Group is continuously looking into the adequacy and integrity of its system of internal controls to ensure the effectiveness of the system.

Relationship with Auditors

The Board maintains good relationship with external auditors. Members of the Audit Committee will meet the external auditors at least once a year to discuss the conduct and concerns arising from their audit.

The Audit Committee recommends the appointment of the external auditors. The appointment of the external auditors is subject to the approval of the shareholders at the Annual General Meeting.



Statement on Corporate Governance (Cont'd)

Directors' Responsibilities in respect of Audited Financial Statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting year. The Board considers that the Group uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgements and estimates, and that all accounting standards, which it considers applicable, have been followed in the preparation of the financial statements.

The Board is responsible for ensuring that the Company keeps proper accounting records and that such records are disclosed with reasonable accuracy to ensure that the financial statements comply with the Companies Act, 1965. The Board has the general responsibility for taking such steps to safeguard the assets of the Group and to detect and prevent as well as other irregularities.

SHAREHOLDERS

Relationship with Shareholders and Investors

In line with the recommendation by the Bursa Malaysia Listing Requirements for the ACE Market, material information is disseminated to shareholders on a timely basis.

Shareholders, investors and analysts are kept abreast with the major developments of the Group through the various means of communications as follows:

- Quarterly financial statements and annual report
- Announcements on major developments made to Bursa Malaysia Securities Berhad ("Bursa Securities")
- Company's general meetings
- Company's website at <http://www.mmsv.com.my/>

As part of the Company's continuing disclosure obligation under the Listing Requirements of Bursa Securities for the ACE Market, the Company aims to ensure timely announcements are made through the Bursa Securities and Company's website. This serves to enable investors to make informed investment decisions.

Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue with public shareholders. Notice of AGM and annual reports will be sent to the shareholders within the period prescribed by the Company's Articles of Association. In addition, the Notice of AGM will be advertised in the newspaper and any items of special business included in the notice will be accompanied by a full explanation of the effects of the proposed special business.

Statement on Internal Control



The Board of Directors ("Board") recognizes the importance of maintaining a sound system of internal control and is pleased to present the Statement on Internal Control of the Group pursuant to Rule 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board affirms its overall responsibility for the Group's system of internal control to safeguard shareholders' investment and the Group's assets and for reviewing its adequacy and integrity. The Board wishes to emphasise that the system of internal control is designed to manage rather than eliminate the risk of failure to achieve the business objectives of the Group, and can only provide reasonable and not absolute assurance against material misstatement or loss, fraud or breaches of laws and regulations.

The Board continues to maintain a sound system of internal control to ensure reasonable assessment and management of risk through internal operating procedures, company guidelines and policies as well as compliance with applicable laws and regulations. This system has been in place throughout the financial year under review.

RISK MANAGEMENT

The Board and Management are mindful of measures required to identify risks residing in any major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment. On an ongoing basis, pertinent measures are deployed on appropriate risk response strategies and controls in order to monitor and manage risks to an acceptable level. As risk management is regarded an integral part of operations, it is embedded in the Group's system of internal control.

INTERNAL CONTROL PROCEDURES

The key elements of the Group's internal control are described as follows:

- The Board maintains an organisation structure with clearly defined authorities and responsibilities of the Board, Committee and Management of the Group. The Group has an appropriate organisational structure for planning, executing and controlling business operations which enables adequate monitoring of the activities and ensures effective flow of information across the Group.
- Lines of responsibility and delegations of authority are clearly defined which include amongst others, approval of capital expenditure and investment programmes.
- The Executive Directors and Management monitor the Group's performance via monthly management report and periodic management meetings. Any exceptions noted will be duly investigated and reported to the Board for further consideration.
- Key processes of the Group are governed by written and oral policies and procedures.
- The Board and Audit Committee review the detailed quarterly financial statements and annual financial statements and reports.
- The Internal Audit Function regularly reviews key areas of operations to provide independent assurance on the effectiveness of the Group's system of internal controls and recommendations on areas for improvement.

INTERNAL AUDIT FUNCTION

During the financial year ended 31 December 2009, internal audit review covered the control systems and processes within the following key functions of the Group:

- Sales and Marketing
- Fixed Assets Management
- Inventory Management
- Payroll Process

Results of the above internal audit reviews, including comments from the Management and recommendations for improvement from the Internal Audit Function, were reported to the Audit Committee on a regular basis.

The recommendations for improvement to the internal control system of the Group were made to the respective Head of Departments for corrective actions. Such corrective actions will be reviewed in the subsequent follow-up audits on the above functions.

WEAKNESSES IN INTERNAL CONTROLS

There were no significant losses incurred or contingencies identified during the financial year under review as a result of weaknesses in internal control. The Board and Management continue to take measures to strengthen the control environment of the Group.

This statement is made in accordance with the resolution of the Board dated 23 April 2010.



Corporate Social Responsibility Statement

At MMS Ventures Berhad ("MMSV"), Corporate Social Responsibility ("CSR") means managing our business responsibly and sensitively for long term success. As a responsible corporate citizen, we have initiated, supported and successfully implemented various social, community and environmental projects.

Community

Education

During the year, we continued our Internship Program by working with various public and private higher education providers such as universities, colleges and polytechnics to provide practical training for their students.

We have also lent financial support to students from low income family who are pursuing tertiary education in private college by contributing to their annual school fee.

Workplace

a) Human Capital Development

We believe in nurturing potentials of employees through training and giving them opportunities to apply these skills. We have also provided internal and external training programmes for all level of staff.

b) Staff Welfare

Our people are our most important asset, and our key objectives are to recruit and retain the best in the market.

c) Human Rights

MMSV is committed to upholding basic human rights by abiding to the non-discrimination laws of the country. We treat all staff equally regardless of their religion, races, genders, age and nationality.

d) Health and Safety

MMSV is committed to maintain a safe and healthy working environment for its workforce. We emphasis safety awareness at workplace and promote teamwork spirit among employees to ensure MMSV a conducive workplace.

Environment

Energy Savings

MMSV is committed to the cause of environmental protection by increasing workforce awareness on energy conservation methods.

Other Corporate Disclosure



UTILISATION OF LISTING PROCEEDS

The Public Issue raised of RM9,884,122 for the Group has been fully utilised as at 5 May 2010 as follows:

Purpose	Allocated (RM)	Utilised (RM)
Expansion of production facilities	5,000,000	5,000,000
Research & Development expenditure	2,500,000	2,500,000
Defray estimated listing expenses	1,500,000	1,559,891
Working capital	884,122	824,231
Total	9,884,122	9,884,122

EMPLOYEE'S SHARE OPTION SCHEME ("ESOS")

During the year under review, the Company did not have any ESOS in place.

SHARE BUYBACKS

During the year under review, the Company did not enter into any share buyback transactions.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

No options, warrants or convertible securities were issued during the financial year under review.

AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

During the year under review, the Company did not sponsor any ADR or GDR Programme.

SANCTIONS AND/OR PENALTIES

There were no sanctions or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year under review.

NON-AUDIT FEES

Tax compliance fees totalling RM9,805 were paid to a company affiliated to the external auditors' firm during the financial year. Save for the aforesaid fee, there was no other non-audit fee paid by the Company or its subsidiaries for services rendered by the external auditors or a company affiliated to the external auditors' firm.

VARIATION OF RESULTS

There were no significant variations between the audited results for the financial year and the unaudited results previously announced.

PROFIT ESTIMATE, FORECAST OR PROJECTION

The Company did not issue any profit estimate, forecast or projection in any public documents during the current financial year.

PROFIT GUARANTEE

No profit guarantee had been given by the Company in respect of the financial year under review.

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

There were no material contracts with the Company and its subsidiaries involving Directors' and major shareholders' interest.



Other Corporate Disclosure (Cont'd)

PROPERTIES AND REVALUATION POLICY

The Company does not have a revaluation policy on landed properties.

MATERIAL CONTRACTS RELATING TO LOANS

The Company and its subsidiaries do not have any material contracts relating to loan involving the interest of its Directors and major shareholders.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Details of the Group's recurrent related party transactions made during the financial year ended 31 December 2009 are as follows:

Name of Company involved	Nature of Transactions	Name of Related Party	Relationship with – Interested Directors (ID), Substantial Shareholders (SS) and Persons Connected (PC)	Actual 31 December 2009 (RM)
MMS	Provision of tooling and machining services	Micro Carbide Engineering Sendirian Berhad (MCE)	STK, GKH, TBH and TSK (note 1)	194,540
MMS	Provision of electrical wiring services	Unique Visoft Engineering Sdn Bhd	STK (note 2)	49,685
MMS	Renting out of factory building	MCE	STK, GKH, TBH and TSK (note 1)	270,000

Notes

1. Mr. Sia Teik Keat (STK) and Mr. Goh Kim Hock (GKH) are directors and substantial shareholders of MMSV. They are also substantial shareholders of MCE while GKH is a director of MCE. Mr. Tan Beng Cheong (TBH) is a substantial shareholder of MMSV. He is also a director and substantial shareholder of MCE. Mr. Teoh Soo Kuang is a director and substantial shareholder of MCE and he is a shareholder and key management staff of MMSV.
2. STK is a director and substantial shareholder in Unique Visoft Engineering Sdn. Bhd.

Analysis of Shareholdings as at 5 May 2010



A. SHARE CAPITAL

Authorised share capital : RM25,000,000 (250,000,000 ordinary shares of RM0.10 each)
 Issued and paid-up capital : RM16,300,000 (163,000,000 ordinary shares of RM0.10 each)
 Voting rights : One vote for each ordinary share held

B. DISTRIBUTION OF SHAREHOLDINGS

Size of holdings	No. of shareholders	No. of shares	% of shareholdings
Less than 100	1	50	0.00
100 - 1,000	177	69,250	0.04
1,001 - 10,000	91	563,600	0.35
10,001 - 100,000	119	4,555,300	2.79
100,001 to 8,149,999*	52	54,539,576	33.46
8,150,000 and above**	6	103,272,224	63.36
Total	446	163,000,000	100.00

Remark: * - Less than 5% of issued shares

** - 5% and above of issued shares

C. THIRTY LARGEST REGISTERED SHAREHOLDERS

Name of shareholders	No. of shares	% of shareholdings
1. Goh Kim Hock	25,810,806	15.83
2. Tan Beng Chuan	17,236,204	10.57
3. AJ & Family Sdn Bhd	17,207,204	10.56
4. Kesiago Systems Sdn Bhd	17,207,204	10.56
5. Sia Teik Keat	17,207,204	10.56
6. Tan Beng Cheong	13,385,400	8.21
7. Sim Goay Hoon	8,603,602	5.28
8. Teoh Soo Kuang	7,795,765	4.78
9. Cheong Kin Seng	3,067,644	1.88
10. Saw Chong Keat	2,173,242	1.33
11. Lim Jin Chow	1,541,400	0.95
12. Ooi Lay Koon	1,425,400	0.87
13. Ignatius Chew Eng Lin	1,230,000	0.75
14. Lim Seng Cheoh	1,177,000	0.72
15. Yeap Choo Eng	1,112,100	0.68
16. Ooi Chin Thiam	1,071,500	0.66
17. Chan Joon Sin	1,003,500	0.62
18. Koay Cheng Lye	986,400	0.61
19. Yee Fook Siew	965,900	0.59
20. Yeoh Phaik See	961,900	0.59
21. Lee Phay Chian	931,800	0.57
22. Chin Khuan Sui	930,000	0.57
23. Chen Wee Pheng	930,000	0.57
24. Chan Mun Hoong	930,000	0.57
25. Lee Chin Ark	930,000	0.57
26. Teh Kiak Seng	930,000	0.57
27. Lai Yoke Moy	900,000	0.55
28. Lee Khok Mui	900,000	0.55
29. Lim Beng Aik	888,567	0.55
30. Joelene Lim	870,200	0.53



Analysis of Shareholdings as at 5 May 2010 (Cont'd)

D. SUBSTANTIAL SHAREHOLDERS

Name of shareholders	Direct interest		Indirect/Deemed interest	
	No. of shares	%	No. of shares	%
Goh Kim Hock	25,810,806	15.83	8,603,602 ^a	5.28
Tan Beng Chuan	17,236,204	10.57	17,207,204 ^b	10.56
Sia Teik Keat	17,207,204	10.56	17,207,204 ^c	10.56
AJ & Family Sdn Bhd	17,207,204	10.56	-	-
Kesiago Systems Sdn Bhd	17,207,204	10.56	-	-
Tan Beng Cheong	13,385,400	8.21	-	-
Sim Goay Hoon	8,603,602	5.28	-	-

a Indirect interest by virtue of the direct shareholding of his spouse, Sim Goay Hoon

b Deemed interest by virtue of Section 6A of the Act through his shareholding in AJ & Family Sdn Bhd

c Deemed interest by virtue of Section 6A of the Act through his shareholding in Kesiago Systems Sdn Bhd

E. DIRECTORS' SHAREHOLDINGS

Name of directors	No. of shares		Total	% of shareholdings
	Direct interest	Indirect / Deemed interest		
Goh Kim Hock	25,810,806	8,603,602 ^a	34,414,408	21.11
Tan Beng Chuan	17,236,204	17,207,204 ^b	34,443,408	21.13
Sia Teik Keat	17,207,204	17,207,204 ^c	34,414,408	21.11
Saw Chong Keat	2,173,242	-	2,173,242	1.33
Tan Hock Hin	500,000	-	500,000	0.31
Chong Chee Hong	200,000	-	200,000	0.12

a Indirect interest by virtue of the direct shareholding of his spouse, Sim Goay Hoon

b Deemed interest by virtue of Section 6A of the Act through his shareholding in AJ & Family Sdn Bhd

c Deemed interest by virtue of Section 6A of the Act through his shareholding in Kesiago Systems Sdn Bhd

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The Directors submit their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2009.

Principal activities

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Net loss for the year	<u>4,867,443</u>	<u>255,529</u>

Dividend

No dividend was paid since the end of the previous financial year and the Directors do not recommend any final dividend to be paid for the year under review.

Reserves and provisions

There were no material transfers to or from reserves and provisions of the Group and of the Company during the financial year except as disclosed in the financial statements.

Bad and doubtful debts

Before the income statement and balance sheet were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that no provision for doubtful debts was necessary.

At the date of this report, the Directors are not aware of any circumstances which would render it necessary to make a provision for doubtful debts in respect of the financial statements or the amount written off for bad debts inadequate to any substantial extent.

Valuation methods

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities in the financial statements of the Group and of the Company misleading or inappropriate.

Current assets

Before the income statement and balance sheet of the Group and of the Company were made out, the Directors took reasonable steps to ascertain whether any current assets, other than debts, were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company and to the extent so ascertained were written down to an amount that they might be expected to realise.



Directors' report for the year ended 31 December 2009 (Cont'd)

Current assets (Cont'd)

At the date of this report, the Directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

Contingent and other liabilities

At the date of this report there does not exist:

- a) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- b) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any Company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

Items of an unusual nature

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the Directors substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group and of the Company for the current financial year.

Change of circumstances

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company, that would render any amount stated in the respective financial statements misleading.

Significant event

There were no significant events that took place during the year.

Share capital

During the financial year, no issue of shares was made by the company.

Options

No option has been granted to any person to take up unissued shares of the Company and no shares have been issued by virtue of any option.



Directors of the Company

The Directors who served since the date of the last report are:

Sia Teik Keat
Saw Chong Keat
Goh Kim Hock
Tan Beng Chuan
Tan Hock Hin
Chong Chee Hong

The Directors who held office at the end of the financial year and had interests in the shares of the Company are as follows:

Name of Director	Ordinary shares of RM0.10 each			Balance at 31.12.2009
	Balance at 1.1.2009	Bought	(Sold)	
The Company				
Direct interest				
Sia Teik Keat	17,207,204	-	-	17,207,204
Saw Chong Keat	2,173,242	-	-	2,173,242
Goh Kim Hock	17,207,204	-	-	17,207,204
Tan Beng Chuan	17,236,204	-	-	17,236,204
Tan Hock Hin	500,000	-	-	500,000
Chong Chee Hong	200,000	-	-	200,000
Deemed interest				
Sia Teik Keat	17,207,204	-	-	17,207,204
Goh Kim Hock	17,207,204	-	-	17,207,204
Tan Beng Chuan	17,207,204	-	-	17,207,204

By virtue of their interests of more than 15% in the shares of the Company, Messrs Sia Teik Keat, Goh Kim Hock and Tan Beng Chuan are also deemed to be interested in the shares of all its subsidiaries to the extent the Company has an interest.

In accordance with the Articles of Association, Messrs Goh Kim Hock and Saw Chong Keat retire from the Board at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those disclosed in the financial statements) by reason of a contract made by the Company or a related company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than certain Directors who may be deemed to derive benefits by virtue of the transactions entered into in the ordinary course of business between a subsidiary and companies in which they are deemed to have substantial financial interests. Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company.



Directors' report for the year ended 31 December 2009 (Cont'd)

Auditors

The auditors, Messrs Mathew & Partners, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:

.....
Sia Teik Keat

.....
Saw Chong Keat

Penang,

Date : 23 April 2010



Consolidated balance sheet at 31 December 2009

	Note	2009 RM	2008 RM
Assets			
Property, plant and equipment	3	5,968,528	6,019,002
Prepaid lease payment on leasehold land	4	2,359,945	2,404,704
Total non-current assets		<u>8,328,473</u>	<u>8,423,706</u>
Inventories	6	6,659,820	6,122,400
Receivables, deposits and prepayments	7	1,790,024	5,256,396
Current tax assets		203,782	484,467
Cash and cash equivalents	8	6,958,921	5,409,069
Total current assets		<u>15,612,547</u>	<u>17,272,332</u>
Total assets		<u>23,941,020</u>	<u>25,696,038</u>
Equity			
Share capital	9	16,300,000	16,300,000
Reserves	10	2,366,376	7,233,819
Total equity		<u>18,666,376</u>	<u>23,533,819</u>
Liabilities			
Payables and accruals	11	5,274,644	2,162,219
Total current liabilities		<u>5,274,644</u>	<u>2,162,219</u>
Total liabilities		<u>5,274,644</u>	<u>2,162,219</u>
Total equity and liabilities		<u>23,941,020</u>	<u>25,696,038</u>



Consolidated income statement for the year ended 31 December 2009

	Note	2009 RM	2008 RM Restated
Revenue	12	6,383,363	13,902,686
Cost of sales		<u>(6,702,677)</u>	<u>(10,695,508)</u>
Gross (loss) / profit		(319,314)	3,207,178
Other operating income		495,716	603,207
Other operating expenses		(2,026,677)	(1,509,374)
Administrative expenses		<u>(3,017,168)</u>	<u>(3,387,607)</u>
Loss before tax	13	(4,867,443)	(1,086,596)
Tax income	15	-	240,000
Net loss for the year		<u>(4,867,443)</u>	<u>(846,596)</u>
Basic loss per share (sen)		<u>2.99</u>	<u>0.52</u>

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.



Consolidated statement of changes in equity for the year ended 31 December 2009

	Share capital RM	Non-distributable Share premium RM	Distributable Retained profits / (Accumulated loss) RM	Total RM
At 1 January 2008	16,300,000	4,663,468	3,416,947	24,380,415
Net loss for the year	-	-	(846,596)	(846,596)
At 31 December 2008/ 1 January 2009	16,300,000	4,663,468	2,570,351	23,533,819
Net loss for the year	-	-	(4,867,443)	(4,867,443)
At 31 December 2009	16,300,000	4,663,468	(2,297,092)	18,666,376



The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

Consolidated cash flow statement for the year ended 31 December 2009

	2009 RM	2008 RM
Cash flows from operating activities		
Loss before tax	(4,867,443)	(1,086,596)
Adjustments for :		
Depreciation	302,824	329,235
Amortisation on prepaid lease payment	44,759	44,881
Interest income	(96,424)	(120,520)
Foreign exchange (gain) / loss - unrealised	(15,257)	6,842
Gain on disposal of plant and equipment	(25,000)	-
Plant and equipment written off	2,499	-
Inventories written off	2,026,677	1,509,374
Operating (loss) / profit before working capital changes	<u>(2,627,365)</u>	<u>683,216</u>
Increase in inventories	(2,564,097)	(256,356)
Decrease / (Increase) in receivables, deposits and prepayments	3,478,828	(311,816)
Increase / (Decrease) in payables and accruals	3,115,226	(1,407,504)
Cash generated from / (used in) operations	<u>1,402,592</u>	<u>(1,292,460)</u>
Interest received	96,424	120,520
Tax refunded	280,685	503,397
Net cash generated from / (used in) operating activities	<u>1,779,701</u>	<u>(668,543)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(254,849)	(348,572)
Proceeds from disposal of plant and equipment	25,000	-
Net cash used in investing activities	<u>(229,849)</u>	<u>(348,572)</u>
Cash flows from financing activities		
Deposits pledged as securities	(400,000)	-
Net cash used in financing activities	<u>(400,000)</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents	1,149,852	(1,017,115)
Cash and cash equivalents at the beginning of year	5,409,069	6,426,184
Cash and cash equivalents at the end of year	<u>6,558,921</u>	<u>5,409,069</u>

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.



Consolidated cash flow statement for the year ended 31 December 2009 (Cont'd)

Note:

Cash and cash equivalents

	2009 RM	2008 RM
Fixed deposits placed with licensed banks (excluding deposits pledged)	4,806,847	1,850,000
Short term deposits placed with licensed banks	-	1,700,000
Cash and bank balances	1,752,074	1,859,069
	<u>6,558,921</u>	<u>5,409,069</u>



The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Balance sheet at 31 December 2009

	Note	2009 RM	2008 RM
Assets			
Investment in subsidiaries	5	12,649,212	12,649,212
Total non-current assets		<u>12,649,212</u>	<u>12,649,212</u>
Receivables, deposits and prepayments	7	5,902,808	5,900,607
Current tax assets		9,535	9,137
Cash and cash equivalents	8	2,158,549	2,318,523
Total current assets		<u>8,070,892</u>	<u>8,228,267</u>
Total assets		<u>20,720,104</u>	<u>20,877,479</u>
Equity			
Share capital	9	16,300,000	16,300,000
Reserves	10	4,045,071	4,300,600
Total equity		<u>20,345,071</u>	<u>20,600,600</u>
Liabilities			
Payables and accruals	11	375,033	276,879
Total current liabilities		<u>375,033</u>	<u>276,879</u>
Total liabilities		<u>375,033</u>	<u>276,879</u>
Total equity and liabilities		<u>20,720,104</u>	<u>20,877,479</u>

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.



Income statement for the year ended 31 December 2009

	Note	2009 RM	2008 RM
Revenue	12	-	-
Other operating income		45,105	75,675
Administrative expenses		(300,634)	(439,107)
Loss before tax	13	<u>(255,529)</u>	<u>(363,432)</u>
Tax expense	15	-	-
Net loss for the year		<u>(255,529)</u>	<u>(363,432)</u>



The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

Statement of changes in equity for the year ended 31 December 2009

	Share capital RM	Non-distributable Share premium RM	Distributable Retained profits/ (Accumulated losses) RM	Total RM
At 1 January 2008	16,300,000	4,663,468	564	20,964,032
Net loss for the year	-	-	(363,432)	(363,432)
At 31 December 2008/ 1 January 2009	16,300,000	4,663,468	(362,868)	20,600,600
Net loss for the year	-	-	(255,529)	(255,529)
At 31 December 2009	16,300,000	4,663,468	(618,397)	20,345,071

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.



Cash flow statement for the year ended 31 December 2009

	2009 RM	2008 RM
Cash flows from operating activities		
Loss before tax	(255,529)	(363,432)
Adjustments for :		
Interest income	(45,105)	(75,675)
Operating loss before working capital changes	(300,634)	(439,107)
(Increase)/Decrease in receivables, deposits and prepayments	(2,201)	90,859
Increase/(Decrease) in payables and accruals	98,154	(15,731)
Cash used in operations	(204,681)	(363,979)
Interest received	45,105	75,675
Tax paid	(398)	(6,513)
Net decrease in cash and cash equivalents	(159,974)	(294,817)
Cash and cash equivalents at the beginning of year	2,318,523	2,613,340
Cash and cash equivalents at the end of year (Note 8)	2,158,549	2,318,523



MMS Ventures Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as follows:

Registered office

Unit 41-5-5, 5th floor
Wisma Prudential
41, Jalan Cantonment
10250 Penang

Principal place of business

Plot 84A, Lintang Bayan Lepas 9
Bayan Lepas Industrial Park, Phase 4
11900 Bayan Lepas
Penang

The consolidated financial statements as at and for the year ended 31 December 2009 comprise the Company and its subsidiaries (together referred to as the Group).

Principal activities

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are primarily the manufacture of automated systems and machinery and software development.

The financial statements were approved by the Board of Directors on 23 April 2010.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS"), accounting principles generally accepted and the provisions of the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2009

- FRS 8, Operating Segments

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.



FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010

- FRS 4, Insurance Contracts *
- FRS 7, Financial Instruments: Disclosures
- FRS 101, Presentation of Financial Statements
- FRS 123, Borrowing Costs (revised) *
- FRS 139, Financial Instruments: Recognition and Measurement
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards *
- Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations *
- Amendments to FRS 7, Financial Instruments: Disclosures
- Amendments to FRS 101, Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 132, Financial Instruments: Presentation
 - Puttable Financial Instruments and Obligations Arising on Liquidation
 - Separation of Compound Instruments *
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement
 - Reclassification of Financial Assets
- Improvements to FRSs (2009)
- IC Interpretation 9, Reassessment of Embedded Derivatives *
- IC Interpretation 10, Interim Financial Reporting and Impairment
- IC Interpretation 11, FRS 2 - Group and Treasury Share Transactions *
- IC Interpretation 13, Customer Loyalty Programmes *
- IC Interpretation 14, FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction *

Amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, Financial Instruments: Presentation - Classification of Rights Issues *

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, First-time Adoption of Financial Reporting Standards (revised) #
- FRS 3, Business Combinations (revised)
- FRS 127, Consolidated and Separate Financial Statements (revised)
- Amendments to FRS 2, Share-based Payment #
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations #
- Amendments to FRS 138, Intangible Assets #
- IC Interpretation 12, Service Concession Agreements #
- IC Interpretation 15, Agreements for the Construction of Real Estate #
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation #
- IC Interpretation 17, Distribution of Non-cash Assets to Owners #
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives #



Amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 7, Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning 1 January 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, except for those marked “*” which are not applicable to the Group and the Company; and
- from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011, except for those marked “#” which are not applicable to the Group and the Company.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The impacts and disclosures as required by FRS 108.30(b), Accounting Policies, Changes in Accounting Estimates and Errors, in respect of applying FRS 7, FRS 139 and IC Interpretation 12 are not disclosed by virtue of the exemptions given in these respective FRSs.

The initial application of the remaining standards, improvements and amendments is not expected to have any significant impact on the Group's and Company's financial statements or any material change in accounting policy.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The Group assesses at each balance sheet date whether there is objective evidence that provisions may be required for receivables and inventories. Provisions are applied to receivables and inventories where events or changes in circumstances indicate that the carrying amounts may not be recoverable.



2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

a) Basis of consolidation

Subsidiaries

Subsidiaries are entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Minority interest represent that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. It is measured at the minorities' share of changes in the subsidiaries' equity since that date.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange difference that relate to the subsidiary is recognised in the consolidated income statement.

b) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of the other items of plant and equipment is based on the quoted market prices for similar items.



b) Property, plant and equipment (Cont'd)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other operating income" or "other operating expenses" respectively in the income statement.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• long term leasehold building	56 years
• plant and machinery	5 years
• office equipment	12.5 years
• motor vehicles	5 years
• computers	3 years

The depreciable amount is determined after deducting the residual value. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

c) Leased Assets

Operating lease

Leasehold land that normally has an indefinite economic life and title, and is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

The Group has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provision in FRS 117.67A when it first adopted FRS 117, Leases during the financial year 2007.

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.



d) Intangible assets

(i) Goodwill

Goodwill (negative goodwill) arises on the acquisition of subsidiaries, associates and joint ventures.

For acquisition prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is measured at cost and is no longer amortised but tested for impairment at least annually or more frequently when there is objective evidence of impairment. When the excess is negative (negative goodwill), it is recognised immediately in the income statement. With the adoption of FRS 3, the carrying amount of negative goodwill at 1 January 2006 is derecognised with a corresponding adjustment to the retained earnings.

Goodwill is allocated to cash-generating units and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(iv) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with indefinite useful lives are tested for impairment annually and whether there is an indication that they may be impaired. Other intangible assets are amortised from the date that they are available for use.

The estimated useful lives of capitalised development costs is 3 years.

e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

f) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts, if any.

Receivables are not held for the purpose of trading.

g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.



h) Impairment of assets

The carrying amounts of assets (except for inventories, financial assets and deferred tax assets) are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro-rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

i) Equity instruments

All equity instruments are stated at cost on initial recognition and are not re-measured subsequently.

Share issue expenses

Incremental costs directly attributable to issue of shares classified as equity are recognised as a deduction from equity.

j) Employee benefits

Short term employee benefits

Short term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to the Employees' Provident Fund are charged to the income statement in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.



k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

l) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

m) Revenue recognition

(i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(iii) Rental income

Rental income is recognised in the income statement as and when it accrues.

(n) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(o) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.



p) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group entities at exchange rates at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.

q) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

r) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.



3. Property, plant and equipment - Group

<i>Cost</i>	Long term leasehold building RM	Plant and machinery RM	Office equipment RM	Motor vehicles RM	Computers RM	Total RM
At 1 January 2008	5,546,259	350,500	426,024	709,407	641,102	7,673,292
Additions	-	288,000	14,915	-	45,657	348,572
At 31 December 2008 / 1 January 2009	5,546,259	638,500	440,939	709,407	686,759	8,021,864
Additions	-	92,000	5,409	95,039	62,401	254,849
Disposals/Write-off	-	(235,000)	(3,400)	-	(81,733)	(320,133)
At 31 December 2009	5,546,259	495,500	440,939	804,446	667,427	7,956,580
Accumulated depreciation						
At 1 January 2008	164,084	349,415	91,904	563,739	504,485	1,673,627
Charge for the year	98,612	48,768	35,138	45,282	101,435	329,235
At 31 December 2008 / 1 January 2009	262,696	398,183	127,042	609,021	605,920	2,002,862
Charge for the year (Note 13)	98,342	61,550	35,212	47,616	60,104	302,824
Disposals/Write-off	-	(235,000)	(1,692)	-	(80,942)	(317,634)
At 31 December 2009	361,038	224,733	160,562	656,637	585,082	1,988,052
Net book value						
At 31 December 2008	5,185,221	270,767	282,386	147,809	82,345	5,968,528
At 31 December 2008 / 1 January 2009	5,283,563	240,317	313,897	100,386	80,839	6,019,002
At 1 January 2008	5,382,175	1,085	334,120	145,668	136,617	5,999,665



4. Prepaid lease payment on leasehold land - Group

	2009 RM	2008 RM
Balance at beginning of year	2,404,704	2,449,585
Less: Amortisation during the year (Note 15)	(44,759)	(44,881)
Balance at end of year	<u>2,359,945</u>	<u>2,404,704</u>

Represented by:

	Cost RM	Accumulated amortisation RM	Carrying amount RM
31 December 2009	<u>2,524,265</u>	<u>164,320</u>	<u>2,359,945</u>
31 December 2008	<u>2,524,265</u>	<u>119,561</u>	<u>2,404,704</u>

5. Investment in subsidiaries - Company

	2009 RM	2008 RM
Unquoted shares, at cost	<u>12,649,212</u>	<u>12,649,212</u>

Details of the subsidiaries which are incorporated in Malaysia are as follows:

Name of subsidiary	Principal activity	Equity interest	
		2009 %	2008 %
Micro Modular System Sdn Bhd	Manufacture of automated systems and machinery	100	100
Evolusys Technologies (Malaysia) Sdn Bhd	Development of software	100	100

All subsidiaries are audited by Mathew & Partners.

6. Inventories, at cost - Group

	2009 RM	2008 RM
Raw materials	1,610,478	2,136,110
Work-in-progress	5,049,342	3,986,290
	<u>6,659,820</u>	<u>6,122,400</u>



7. Receivables, deposits and prepayments

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade				
Trade receivables	1,584,480	5,108,062	-	-
Non-trade				
Amount due from a subsidiary	-	-	5,900,000	5,900,000
Other receivables	18,480	23,449	2,808	607
Deposits	6,844	91,845	-	-
Prepayments	180,220	33,040	-	-
	205,544	148,334	5,902,808	5,900,607
	<u>1,790,024</u>	<u>5,256,396</u>	<u>5,902,808</u>	<u>5,900,607</u>

Trade receivables of the Group denominated in currencies other than the functional currency comprise RM1,064,328 (2008: RM2,909,224) in US Dollars and RMNil (2008: RM135,776) in Euros.

The Group's normal credit term ranges from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

The amount due from a subsidiary is unsecured, interest-free and has no fixed terms of repayment.

8. Cash and cash equivalents

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Fixed deposits placed with licensed banks	5,206,847	1,850,000	2,000,000	450,000
Short term deposits placed with licensed banks	-	1,700,000	-	1,700,000
Cash and bank balances	1,752,074	1,859,069	158,549	168,523
	<u>6,958,921</u>	<u>5,409,069</u>	<u>2,158,549</u>	<u>2,318,523</u>

Cash and bank balances of the Group denominated in currencies other than the functional currency comprise RM833,808 (2008:RM580,091) in US Dollars.

Included in the fixed deposits placed with licensed banks of the Group is RM400,000 (2008: RMNil) pledged for banking facilities granted to a subsidiary.



9. Share capital - Group/Company

	2009 RM	2008 RM
Ordinary shares of RM0.10 each:		
Authorised		
Balance as at 1 January / 31 December	<u>25,000,000</u>	<u>25,000,000</u>
Issued and fully paid		
Balance as at 1 January / 31 December	<u>16,300,000</u>	<u>16,300,000</u>

10. Reserves

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Non-distributable				
Share premium	4,663,468	4,663,468	4,663,468	4,663,468
Distributable				
(Accumulated loss)/Retained profits	(2,297,092)	2,570,351	(618,397)	(362,868)
	<u>2,366,376</u>	<u>7,233,819</u>	<u>4,045,071</u>	<u>4,300,600</u>

11. Payables and accruals

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade				
Trade payables	2,882,865	1,258,357	-	-
Down payments from customers	1,347,347	-	-	-
Non-trade				
Amount due to a subsidiary	-	-	30	-
Other payables	187,262	133,342	-	4,571
Accrued expenses	857,170	770,520	375,003	272,308
	1,044,432	903,862	375,033	276,879
	<u>5,274,644</u>	<u>2,162,219</u>	<u>375,033</u>	<u>276,879</u>

Trade payables of the Group denominated in currencies other than the functional currency comprise RM103,122 (2008: RM22,391) in Singapore Dollars, RM8,198 (2008: RM3,153) in Japanese Yen and RM108,013 (2008: RM38,181) in US Dollars.

The normal credit terms granted to the Group ranges from 30 to 60 days.

The amount due to a subsidiary is unsecured, interest-free and has no fixed terms of repayment.



12. Revenue

Group

Revenue represents the invoiced value of goods sold less returns, sales tax and discounts.

Company

Revenue represents the dividend income receivable from a subsidiary.

13. Loss before tax

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM

This is stated after charging :

Auditors' remuneration	20,500	20,500	5,000	5,000
Depreciation (Note 3)	302,824	329,235	-	-
Amortisation on prepaid lease payment (Note 4)	44,759	44,881	-	-
Directors' emoluments				
- fees	162,000	162,000	162,000	162,000
- short term employee benefits	742,346	737,583	15,000	14,500
Foreign exchange loss - unrealised	-	6,842	-	-
Personnel expenses (excluding Directors)				
- contributions to Employee Provident Fund	406,063	396,205	-	-
- wages, salaries and others	3,468,798	3,663,881	-	-
Plant and equipment written off	2,499	-	-	-
Inventories written off	2,026,677	1,509,374	-	-

and after crediting :

Interest income	96,424	120,520	45,105	75,675
Rental income	270,000	246,000	-	-
Foreign exchange gain - realised	91,534	243,529	-	-
- unrealised	15,257	-	-	-
Gain on disposal of plant and equipment	25,000	-	-	-



14. Key management personnel compensation

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Directors of the Company				
Executive				
- fees	72,000	72,000	72,000	72,000
- salaries and other emoluments	732,346	728,083	5,000	5,000
Non-executive				
- fees	90,000	90,000	90,000	90,000
- other emoluments	10,000	9,500	10,000	9,500
	<u>904,346</u>	<u>899,583</u>	<u>177,000</u>	<u>176,500</u>

15. Tax expense/(income)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Current tax expense				
- current year	-	-	-	-
- prior years	-	-	-	-
	-	-	-	-
Deferred tax expense				
- origination and reversal of temporary differences	-	(230,000)	-	-
- prior year	-	(10,000)	-	-
	-	(240,000)	-	-
	<u>-</u>	<u>(240,000)</u>	<u>-</u>	<u>-</u>

Reconciliation of effective tax income:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Loss before tax	<u>(4,867,443)</u>	<u>(1,086,596)</u>	<u>(255,529)</u>	<u>(363,432)</u>
Income tax using Malaysian tax rate of 25% (2008: 26%)	(1,216,860)	(282,515)	(63,882)	(94,492)
Effect of lower tax rate for a subsidiary *	-	(29,420)	-	-
Non-deductible expenses	53,983	101,095	29,220	66,592
Pioneer income	-	(94,042)	-	-
Losses not available for set off	34,662	29,341	34,662	27,900
Unrecognised deferred tax assets	<u>1,128,215</u>	<u>45,541</u>	<u>-</u>	<u>-</u>
	-	(230,000)	-	-
Over provision in prior year	-	(10,000)	-	-
Tax income	<u>-</u>	<u>(240,000)</u>	<u>-</u>	<u>-</u>



15. Tax expense/(income) (Cont'd)

* With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax at 20% on chargeable income up to RM 500,000. With effect from year of assessment 2009, companies controlled directly or indirectly by another company with paid-up capital exceeding RM2.5 million are no longer entitled to this preferential corporate tax rate.

A subsidiary of the Group has been granted Pioneer Status under MSC Malaysia Status by the Multimedia Development Corporation on 22 August 2007 which exempts it from income tax for a period of 10 years.

16. Deferred tax assets - Group

Net deferred tax assets have not been recognised in respect of the following items:

	2009 RM	2008 RM
Deductible temporary differences	1,251,000	1,094,000
Unabsorbed capital allowances	(845,000)	(433,000)
Tax loss carry-forward	(5,327,000)	(1,049,000)
Others	14,000	(7,000)
	<u>(4,907,000)</u>	<u>(198,000)</u>

The deductible temporary differences, unabsorbed capital allowances and tax loss carry-forward do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits.

The comparative figures have been restated to reflect the revised deductible temporary differences, unabsorbed capital allowances and tax loss carry-forward available to the Group.

17. Related parties

17.1 The Company has related party relationships with the following:

- i) Subsidiaries of the Company as disclosed in the financial statements.
- ii) Companies in which a Director, Mr Sia Teik Keat is deemed to have substantial financial interests are Kesiago System Sdn Bhd, Unique Visoft Engineering Sdn Bhd and Micro Carbide Engineering Sendirian Berhad.
- iii) Companies in which a Director, Mr Goh Kim Hock is deemed to have substantial financial interests are Ideal Micro Technologies Holdings Sdn Bhd and Micro Carbide Engineering Sendirian Berhad.
- iv) Companies in which a Director, Mr Tan Beng Chuan is deemed to have substantial financial interests are AJ & Family Sdn Bhd and Soon Teck Engineering Works Sdn Bhd.
- v) Key Directors and key management personnel of the Company:
 - Sia Teik Keat
 - Saw Chong Keat



17. Related parties (Cont'd)

17.2 Significant transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

a) Transactions with related parties are as follows:

	Group	
	2009 RM	2008 RM
- Wiring charges paid to Unique Visoft Engineering Sdn Bhd	49,685	201,699
- Precision tooling paid to Micro Carbide Engineering Sendirian Berhad	194,540	306,035
- Rental income received from Micro Carbide Engineering Sendirian Berhad	(270,000)	(246,000)

b) Transactions with key Directors and key management personnel

The remuneration package paid to the Directors, Mr. Sia Teik Keat and Mr. Saw Chong Keat in accordance with the terms and conditions of their appointment.

The Directors of the Company are of the opinion that the foregoing transactions have been entered into in the normal course of business and have been transacted on a negotiated basis.

17.3 Non-trade balances with related companies at balance sheet date are disclosed in Note 7 and 11 to the financial statements.

18. Segmental information - Group

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses, if any.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The Group's activities are principally confined to the manufacture of automated systems and machinery.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of assets.



18. Segmental information - Group (Cont'd)

2009	Revenue from external customers by location of customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
Malaysia	2,620,733	23,737,238	254,849
America	1,779,482	-	-
Europe	18,653	-	-
Australia	38,923	-	-
Asia *	1,925,572	-	-
Consolidated	6,383,363	23,737,238	254,849

2008	Revenue from external customers by location of customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
Malaysia	8,068,142	25,211,571	348,572
America	2,822,279	-	-
Europe	486,597	-	-
Australia	5,716	-	-
Asia *	2,519,952	-	-
Consolidated	13,902,686	25,211,571	348,572

* excluding Malaysia

19. Financial instruments

Financial risk management objectives and policies

The operations of the Group and the Company are subject to various financial risks, including foreign currency risk, interest rate risk, credit risk and liquidity risk, in connection with its use or holding of financial instruments. The Group and the Company have adopted a financial risk management framework with the principal objectives of effectively managing these risks and minimising any potential adverse effects on its financial performance.

Foreign currency risk

The Group and the Company operate domestically but are exposed to various currencies, mainly US Dollars, Euros, Japanese Yen and Singapore Dollars arising from its imports and exports. Foreign currency denominated assets and liabilities together with expected cash flows from purchases and sales give rise to foreign exchange exposures. The Group and the Company do not engage in any hedging transactions.

Interest rate risk

Interest rate risk is the risk that changes in interest rates which will have an adverse financial effect on the Group and the Company's financial conditions and/or results. However, as at the date of this report the Group and the Company do not have any borrowing from financial institutions.



19. Financial instruments (Cont'd)

Credit risk

The credit risk with respect to debtors is managed through by the application of credit approvals, credit limits and monitoring procedures. Credit is extended to the customers based upon careful evaluation of the customer's financial condition and credit history.

Liquidity and cash flow risk

The Group and the Company monitor their cash flows activity and ensure that adequate funds are in place to meet their obligations as and when they fall due.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets, the following table indicates their effective interest rates at the balance sheet date and period in which they reprice or mature, whichever is earlier.

	Effective interest rate per annum %	Total RM	Within 1 year RM	1 - 5 years RM
Financial assets				
Fixed and short term deposits placed with licensed banks				
Group				
2009	2.1	5,206,847	5,206,847	-
2008	2.8	3,550,000	3,550,000	-
Company				
2009	2.1	2,000,000	2,000,000	-
2008	2.7	2,150,000	2,150,000	-

Fair value

Recognised financial instruments

The carrying amounts of cash and cash equivalents, receivables, deposits and prepayments, payables and accruals, approximate fair values due to the relatively short term nature of these financial instruments.



20. Capital commitments - Group

	2009 RM	2008 RM
Property, plant and equipment Contracted but not provided for	114,000	-

21. Comparative figures - Group

Certain comparative figures have been restated to conform with the current year's presentation.

Income statement

	As previously stated RM	As restated RM
31 December 2008		
Cost of sales	12,204,882	10,695,508
Other operating expenses	-	1,509,374



Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

We, Sia Teik Keat and Saw Chong Keat, being the Directors of MMS Ventures Berhad do hereby state that in our opinion, the financial statements set out on pages 30 to 58 are drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2009 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

.....
Sia Teik Keat

.....
Saw Chong Keat

Penang,

Date: 23 April 2010



Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, Sia Teik Keat, the Director primarily responsible for the financial management of MMS Ventures Berhad do solemnly and sincerely declare that the financial statements set out on pages 30 to 58 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Georgetown in the State of Penang on 23 April 2010.

.....
Sia Teik Keat

Before me :

Cheah Beng Sun (No. P103)
Pesuruhjaya Sumpah
(Commissioner for Oaths)
Penang



Independent auditors' report to the members of MMS Ventures Berhad



Report on the Financial Statements

We have audited the financial statements of MMS Ventures Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and the notes to the financial statements, as set out on pages 30 to 58.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Accounting Standards for Entities other than Private Entities and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Accounting Standards for Entities other than Private Entities and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose.

We do not assume responsibility to any other person for the content of this report.

Mathew & Partners
Firm Number : AF 1229
Chartered Accountants

Mathew Thomas A/L Vargis Mathews
Partner
Approval Number : 1529/6/10 (J)

Penang,
Date : 23 April 2010



Details of the landed properties of the Group as at 31 December 2009 are as follows:

Location	Description	Land/Built up area (sq ft)	Tenure	Age of building	Net book value RM'000	Date of acquisition
Plot 84A, Lintang Bayan Lepas 9, Bayan Lepas Industrial Park, Phase 4, 11900 Penang	A 2-storey administrative cum single-storey production/assembly building	87,120 / 55,392	Leasehold 60 years expiring 9.9.2062	5 years	7,545	2 May 2006



FORM OF PROXY

I/We,
of
being a member of **MMS VENTURES BERHAD** ("the Company") hereby appoint
of
or failing him/her or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the 6th Annual General Meeting of the Company, to be held at Auditorium of MMS Ventures Berhad located at Plot 84A, Lintang Bayan Lepas 9, Bayan Lepas Industrial Park, Phase 4, 11900 Penang, Malaysia on Thursday, 24 June 2010 at 10.00 a.m. and at any adjournment thereof and to vote as indicated below:

	Resolutions	*For	*Against
1.	Adoption of the Audited Financial Statements for the financial year ended 31 December 2009 together with the Reports of the Directors and Auditors thereon.		
2.	Approval of payment of the Directors' fees amounting to RM162,000 in respect of the financial year ended 31 December 2009.		
3.	Re-election of Mr. Goh Kim Hock, the Director retiring pursuant to Article 70 of the Company's Articles of Association.		
4.	Re-election of Mr. Saw Chong Keat, the Director retiring pursuant to Article 70 of the Company's Articles of Association.		
5.	Re-appointment of Messrs. Mathew & Partners as Auditors of the Company and fixing their remuneration.		
6.	Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		
7.	Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
8.	Proposed Amendments to the Articles of Association of the Company.		

Please indicate with "X" how you wish your vote to be cast. Unless voting instructions are indicated in the space above, the proxy will vote or abstain from voting as he/she thinks fit.

Dated this day of 2010.

Signature of Member/Common Seal

Number of shares held

NOTES:

- For the purpose of determining a member who shall be entitled to attend the 6th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 50(f) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 to issue a General Meeting Record of Depositors as at 18 June 2010. Only a depositor whose name appears on the General Meeting Record of Depositors as at 18 June 2010 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
- A member shall be entitled to appoint two (2) or more proxies to attend and vote at the same meeting and the appointment shall not be valid unless the member specifies the proportions of his shareholdings to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.
- A proxy may but need not be a Member or an advocate or an approved company auditor or a person approved by the Registrar of Companies.
The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Registered Office of the Company at Unit 41-5-5, 5th Floor, Wisma Prudential, 41 Jalan Cantonment, 10250 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjourned meeting at which the person named in the instrument proposes to vote, and in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid.

Explanatory Notes on Special Business

- Section 132D of the Companies Act, 1965**
The proposed resolution, if passed, will empower the Directors to issue shares in the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being. This would avoid any delay and cost involved in convening a general meeting to approve such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.
- Recurrent Related Party Transactions**
For further information, please refer to the Circular to Shareholders dated 2 June 2010 accompanying the Company's Annual Report for the year ended 31 December 2009.
- Proposed Amendments to the Articles of Association of the Company**
For further information, please refer to the Circular to Shareholders dated 2 June 2010 accompanying the Company's Annual Report for the year ended 31 December 2009.



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THE COMPANY SECRETARY

MMS VENTURES BERHAD (Co. No. 647125-P)
Unit 41-5-5, 5th Floor, Wisma Prudential,
41 Jalan Cantonment, 10250 Penang.
Telephone No: 04-229 1717
Facsimile No: 04-229 1313

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MMS VENTURES BERHAD

[Company No: 647125-P]

84A, Lintang Bayan Lepas 9,
Bayan Lepas Industrial Park, Phase 4,
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