



MMS VENTURES BERHAD

[Company No: 647125-P]



Your partner in innovative AUTOMATION SOLUTIONS
ANNUAL REPORT 2010



MMS VENTURES BERHAD
[Company No: 647125-P]

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.

VISION

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

RELATIONSHIP

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

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 7th 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, 23 June 2011 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 2010 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 2010. **(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:
(a) Mr. Tan Beng Chuan **(Resolution 3)**
(b) Mr. Chong Chee Hong **(Resolution 4)**
4. To appoint Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed hereto as "Annexure" has been received by the Company for the nomination of Messrs. BDO, who have given their consent to act, for appointment as Auditors in place of the retiring auditors, Messrs. Mathew & Partners, and of the intention to propose the following ordinary resolution:

"THAT Messrs. BDO, having consented to act, be and are hereby appointed as the new Auditors of the Company for the financial year ending 31 December 2011, in place of the retiring auditors, Messrs. Mathew & Partners, and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

5. As Special Business

To consider and if thought fit, to pass the following ordinary resolutions:

- 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."

- PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A 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 Section 1.1 of the Circular to the Shareholders dated 1 June 2011, 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;

AND THAT, the estimates given to the Recurrent Related Party Transactions specified in 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 Section 1.3 of the Circular."

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

Notice of Annual General Meeting (Cont'd)



By Order of the Board
MMS VENTURES BERHAD
Khew Sin Mei
Company Secretary
(MAICSA 7028632)

Penang
Date: 1 June 2011

Notes

1. For the purpose of determining a member who shall be entitled to attend the 7th 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 17 June 2011. Only a depositor whose name appears on the General Meeting Record of Depositors as at 17 June 2011 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 Company wishes to renew the mandate on the authority to issue shares pursuant to Section 132D of the Companies Act, 1965 at the 7th Annual General Meeting of the Company (hereinafter referred as the "General Mandate").

The Company had been granted a general mandate by its Shareholders at the last Annual General Meeting held on 24 June 2010. The Company had not utilised the mandate that was granted last year.

The proposed General Mandate, if passed, will empower the Directors of the Company to issue and allot shares in the Company up to an amount not exceeding 10% of the total issued share capital of the Company for the time being and for such purposes as the Directors consider would be in the best interest of the Company without convening a general meeting as it would be both time and cost-consuming to organise a general meeting. This Authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company. This General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares for the purpose of funding current and/or future investment projects, working capital and/or acquisitions.

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 1 June 2011 for further information.



Statement Accompanying Notice of Annual General Meeting

1. THE DIRECTORS STANDING FOR RE-ELECTION AT THE 7TH 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. Tan Beng Chuan
- (b) Mr. Chong Chee Hong

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 2010

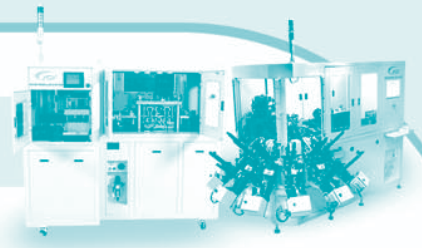
A total of five Board Meetings were held in the financial year ended 31 December 2010. Details of the attendance of Directors at the Board Meetings are disclosed on page 15 of the Annual Report.

4. DATE, TIME AND VENUE OF THE 7TH ANNUAL GENERAL MEETING

The 7th Annual General Meeting of the Company will be held as follows:

- Date : Thursday, 23 June 2011
- 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

Notice of Nomination of Change Auditors



Cheong Kin Seng
J-13-3 Vista Condominium
Lebuh Relau 2
11900 Relau, Penang

Date : 13 April 2011

The Board of Directors
MMS Ventures Berhad
Plot 84A, Lintang Bayan Lepas 9
Bayan Lepas Industrial Park
Phase 4, 11900 Penang

Dear Sirs

Notice of Nomination of Messrs. BDO for Appointment as Auditors of MMS Ventures Berhad (“the Company”)

I am the registered holder of 2,917,644 ordinary shares of RM0.10 each, representing 1.79% of the issued and paid-up capital of MMS Ventures Berhad.

I hereby give notice, pursuant to Section 172(11) of the Companies Act, 1965 of my nomination of Messrs. BDO for appointment as Auditors of the Company, in place of the retiring Auditors, Messrs. Mathew & Partners and of my intention to propose the following resolution as an ordinary resolution at the forthcoming 7th Annual General Meeting of the Company:-

“THAT Messrs. BDO of 51-21-F, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia, having consented to act, be and are hereby appointed as the new Auditors of the Company for the financial year ending 31 December 2011, in place of the retiring auditors, Messrs. Mathew & Partners, and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors.”

Yours faithfully

Cheong Kin Seng



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

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor

Tel: 03-7841 8000
Fax: 03-7841 8151

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**
(41956-V)
(" MMS ")

100%



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





Profile of Directors

Sia Teik Keat

Aged 56, 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 30 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 44, 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 59, Malaysian

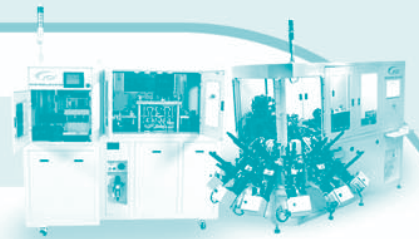
Non-Independent Non-Executive Director

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 59, 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 64, 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 .

Mr. Tan 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 60, 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 2010 was yet another challenging year with numerous business opportunities as the world's economy saw some improvements after the financial crisis in 2009.

Financial Performance

For the financial year ended 31 December 2010, the Group recorded an increase in revenue amounting to RM25.739 million as compared to RM6.383 million in the previous financial year. This turn around enabled the Group to register a profit before tax of RM0.416 million as compared to a loss before tax of RM4.867 million in the previous year.

The higher revenue generated during the year was mainly attributed to the recovery of the semiconductor industry during the financial year. Within a competitive market environment with many local players in the automation sector, coupled with the increasing costs of raw materials and labour, pricing has been the most challenging issue we had to tackle with. Furthermore, the continued weakening in the US Dollar against Ringgit Malaysia has taken a toll on our results as we witnessed our profit margin being eroded.

Market Trend and Development

The demand for machinery in the automation market as a whole was extremely slow in 2009 as both the semiconductor and opto-electronic sectors tightened their capital investment in anticipation of lower sales demand due to the economic crisis. However in 2010, the market saw some temporary surges in demand for machinery following the ramp-up in semiconductor and opto-electronic industry as a result of some technical adjustments that took place to regulate the shortage in supply.

Operational Review

The Group's continued commitment in its Research and Development activities is a reflection of its determination in enhancing and improving the quality and variety of its range of products. The Group's R&D activities focused primarily on the R&D tester, test-related products and the Light Emitting Diodes manufacturing process to keep abreast with the latest technological developments.

The marketing team has been relentlessly striving to establish the Group's presence in the market while at the same time creating a niche in the technological field. The Group will continue to explore new markets and expand its customers' base.

Future Outlook

In the light of the unfavourable trend of the exchange rate for the US Dollar, we foresee business in days to come to be even tougher with eroded profit margin due to exchange loss while having to compete with players from both local and international market.

Against this challenging backdrop, we will equip ourselves with knowledge and courage to be more vibrant in our marketing strategy and technological development. We strive to maintain our high product quality in all aspects of the Group to ensure market competitiveness because of the ever-changing dynamics of the industry's trends and increase in customers' requirements. We will continue to maintain our technological edge and professionalism through our R&D efforts in all the fields which we are involved in.

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 2010. 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 2010, 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 2010;
- 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

The Group has an internal audit department with the principal responsibility to undertake regular and systematic reviews of the systems of internal controls to provide reasonable assurance that such systems continue to operate effectively and efficiently.

In attaining such objectives, the following activities were carried out by Internal Audit Department in 2010:

- i) Conducted periodic checks to determine the extent of compliance with established policies, procedures and statutory requirements.
- ii) Carried out ad-hoc investigations and special reviews requested by management.
- iii) Recommended improvements to the existing systems of controls by way of issuing audit reports to the appropriate level of management for corrective actions and improvements to be taken.
- iv) Taking corrective actions to continuously improve on the controls, processes and operations of the Group based on feedback from management and recommendations from external auditors.

The total cost incurred by the Internal Audit Department for the financial year ended 31 December 2010 amounted to approximately RM 50,875.

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 2010, 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 2010 are as follows:

	Executive Directors	Non-Executive Directors	Total
	RM	RM	RM
Fees	72,000	90,000	162,000
Salaries and Bonus	568,030	-	568,030
Benefits-in-kind	12,500	-	12,500
EPF contribution	107,801	-	107,801
Others	5,000	10,000	15,000
Total	765,331	100,000	865,331

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.

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. However, none of the Directors has attended any seminars or conferences during the financial year 2010.

The Directors, on a continuous basis enhance their knowledge and keep abreast with latest development in business, laws, regulations and changing commercial risks through self-advancement.



Statement on Corporate Governance (Cont'd)

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.

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.

Statement on Corporate Governance (Cont'd)



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") recognises 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

The Internal Audit Function addresses all the core auditable areas of the Group based on their risk profile. Internal audits are carried out by the internal auditor based on the audit plan presented to the Audit Committee.

The audit focuses on areas with high risk and inadequate controls to ensure that adequate action plans have in place to improve the controls. On a quarterly basis, the Internal Audit Function reports to the Audit Committee on areas for improvement.

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.

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.

REVIEW OF THIS STATEMENT

The external auditors have reviewed this Statement for inclusion in the annual report for the year ended 31 December 2010 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

This Statement is made in accordance with the resolution of the Board dated 21 April 2011.

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

MMSV believes 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 PROCEEDS

No proceed were raised by the Company from any corporate proposal during the financial year .

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 RM 9,882 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 2010 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 2010 (RM)
MMS	Provision of tooling and machining services	Micro Carbide Engineering Sendirian Berhad (MCE)	STK, GKH, TBH and TSK (note 1)	294,232
MMS	Provision of tooling and machining services	Accutek Engineering (Pg) Sdn Bhd	STK, GKH, TBH and TSK (note 1 & 2)	283,110
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. Accutek Engineering (Pg) Sdn Bhd is an associated company of MCE.

Analysis of Shareholdings as at 5 May 2011

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	175	67,050	0.04
1,001 - 10,000	88	541,600	0.33
10,001 - 100,000	119	4,510,300	2.77
100,001 - 8,149,999*	55	60,844,980	37.33
8,150,000 and above**	6	97,036,020	59.53
Total	444	163,000,000	100.00

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. Sia Teik Keat	17,207,204	10.56
4. Kesiago Systems Sdn Bhd	17,207,204	10.56
5. AJ & Family Sdn Bhd	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	2,947,644	1.81
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. Ooi Chin Thiam	1,071,500	0.66
16. Yeap Choo Eng	1,032,100	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	956,900	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 Khek 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 2011 (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 2010.

Principal activities

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are disclosed in Note 4 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 profit/(loss) for the year	<u>407,760</u>	<u>(198,665)</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.

Bad and doubtful debts

Before the statements of comprehensive income and statements of financial position of the Group and of the Company 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.

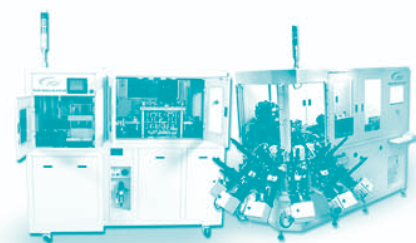
At the date of this report, the Directors are not aware of any circumstances which would render it necessary to make a provision for doubtful debts in respect of the financial statements or the amount written off for bad debts inadequate to any substantial extent.

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 statements of comprehensive income and statements of financial position 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.



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 31.12.2010
	Balance at 1.1.2010	Bought	(Sold)	
<u>The Company</u>				
<u>Direct interest</u>				
Sia Teik Keat	17,207,204	-	-	17,207,204
Saw Chong Keat	2,173,242	-	-	2,173,242
Goh Kim Hock	17,207,204	8,603,602	-	25,810,806
Tan Beng Chuan	17,236,204	-	-	17,236,204
Tan Hock Hin	500,000	-	-	500,000
Chong Chee Hong	200,000	-	-	200,000
<u>Deemed interest</u>				
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
<u>Indirect interest</u>				
Goh Kim Hock	-	8,603,602	-	8,603,602

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 Tan Beng Chuan and Chong Chee Hong 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.



Auditors

The auditors, Messrs Mathew & Partners, do not seek re-appointment in the forthcoming Annual General Meeting.

Signed in accordance with a resolution of the Directors:

.....
Sia Teik Keat

.....
Saw Chong Keat

Penang,

Date : 21 April 2011

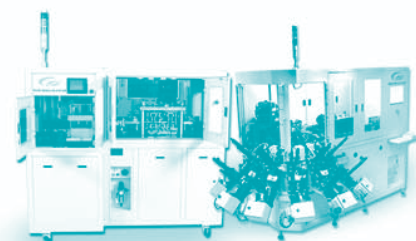


Consolidated statement of financial position

As at 31 December 2010

	Note	31.12.2010 RM	31.12.2009 RM Restated	1.1.2009 RM Restated
Assets				
Property, plant and equipment	3	8,205,780	8,328,473	8,423,706
Total non-current assets		<u>8,205,780</u>	<u>8,328,473</u>	<u>8,423,706</u>
Inventories	5	8,520,484	6,659,820	6,122,400
Trade and other receivables	6	7,472,412	1,790,024	5,256,396
Tax refundable		95,969	203,782	484,467
Cash and bank balances	7	1,997,884	6,958,921	5,409,069
Total current assets		<u>18,086,749</u>	<u>15,612,547</u>	<u>17,272,332</u>
Total assets		<u>26,292,529</u>	<u>23,941,020</u>	<u>25,696,038</u>
Equity				
Share capital	8	16,300,000	16,300,000	16,300,000
Reserves	9	2,774,136	2,366,376	7,233,819
Total equity		<u>19,074,136</u>	<u>18,666,376</u>	<u>23,533,819</u>
Trade and other payables	10	7,218,393	5,274,644	2,162,219
Total current liabilities		<u>7,218,393</u>	<u>5,274,644</u>	<u>2,162,219</u>
Total liabilities		<u>7,218,393</u>	<u>5,274,644</u>	<u>2,162,219</u>
Total equity and liabilities		<u>26,292,529</u>	<u>23,941,020</u>	<u>25,696,038</u>

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



	Note	2010 RM	2009 RM
Revenue	11	25,738,642	6,383,363
Cost of sales		(21,755,745)	(6,702,677)
Gross profit/(loss)		<u>3,982,897</u>	<u>(319,314)</u>
Other operating income		336,778	495,716
Other operating expenses		(483,494)	(2,026,677)
Administrative expenses		(3,420,421)	(3,017,168)
Profit/(Loss) before tax	12	<u>415,760</u>	<u>(4,867,443)</u>
Income tax expense	14	(8,000)	-
Net profit/(loss) for the year		<u>407,760</u>	<u>(4,867,443)</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>407,760</u>	<u>(4,867,443)</u>
Basic earnings/(loss) per share (sen)	16	<u>0.25</u>	<u>(2.99)</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 financial year ended 31 December 2010

	Share capital RM	Non-distributable Share premium RM	Distributable Retained profits/ (Accumulated losses) RM	Total RM
At 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/ 1 January 2010	16,300,000	4,663,468	(2,297,092)	18,666,376
Net profit for the year	-	-	407,760	407,760
At 31 December 2010	16,300,000	4,663,468	(1,889,332)	19,074,136

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



	2010 RM	2009 RM
Cash flows from operating activities		
Profit/(Loss) before tax	415,760	(4,867,443)
Adjustments for :		
Depreciation	393,458	347,583
Interest income	(62,957)	(96,424)
Foreign exchange loss/(gain) - unrealised	65,976	(15,257)
Loss/(Gain) on disposal of plant and equipment	531	(25,000)
Plant and equipment written off	2,779	2,499
Inventories written off	-	2,026,677
Operating profit/(loss) before working capital changes	<u>815,547</u>	<u>(2,627,365)</u>
Increase in inventories	(1,860,664)	(2,564,097)
(Increase)/Decrease in trade and other receivables	(5,758,796)	3,478,828
Increase in trade and other payables	1,954,181	3,115,226
Cash (used in)/generated from operations	<u>(4,849,732)</u>	<u>1,402,592</u>
Interest received	62,957	96,424
Tax refunded	99,813	280,685
Net cash (used in)/generated from operating activities	<u>(4,686,962)</u>	<u>1,779,701</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(274,275)	(254,849)
Proceeds from disposal of plant and equipment	200	25,000
Net cash used in investing activities	<u>(274,075)</u>	<u>(229,849)</u>
Cash flows from financing activities		
Deposits pledged as securities	(16,468)	(400,000)
Net cash used in financing activities	<u>(16,468)</u>	<u>(400,000)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(4,977,505)</u>	<u>1,149,852</u>
Cash and cash equivalents at the beginning of year	6,558,921	5,409,069
Cash and cash equivalents at the end of year (Note 7)	<u>1,581,416</u>	<u>6,558,921</u>

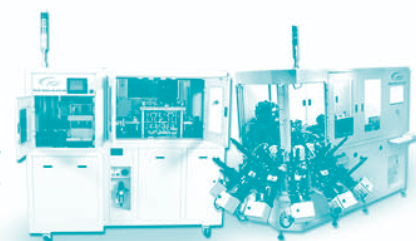


Statement of financial position

As at 31 December 2010

	Note	2010 RM	2009 RM
Assets			
Investment in subsidiaries	4	12,649,212	12,649,212
Total non-current assets		<u>12,649,212</u>	<u>12,649,212</u>
Other receivables	6	6,851,265	5,902,808
Tax refundable		6,302	9,535
Cash and bank balances	7	1,036,707	2,158,549
Total current assets		<u>7,894,274</u>	<u>8,070,892</u>
Total assets		<u>20,543,486</u>	<u>20,720,104</u>
Equity			
Share capital	8	16,300,000	16,300,000
Reserves	9	3,846,406	4,045,071
Total equity		<u>20,146,406</u>	<u>20,345,071</u>
Other payables	10	397,080	375,033
Total current liabilities		<u>397,080</u>	<u>375,033</u>
Total liabilities		<u>397,080</u>	<u>375,033</u>
Total equity and liabilities		<u>20,543,486</u>	<u>20,720,104</u>

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



	Note	2010 RM	2009 RM
Revenue	11	-	-
Other operating income		32,519	45,105
Administrative expenses		(231,184)	(300,634)
Loss before tax	12	(198,665)	(255,529)
Income tax expense	14	-	-
Net loss for the year		(198,665)	(255,529)
Other comprehensive income		-	-
Total comprehensive income for the year		(198,665)	(255,529)



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 financial year ended 31 December 2010

	Share capital RM	Non-distributable Share premium RM	Distributable Accumulated losses RM	Total RM
At 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/ 1 January 2010	16,300,000	4,663,468	(618,397)	20,345,071
Net loss for the year	-	-	(198,665)	(198,665)
At 31 December 2010	16,300,000	4,663,468	(817,062)	20,146,406

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



Statement of cash flows

For the financial year ended 31 December 2010

	2010 RM	2009 RM
Cash flows from operating activities		
Loss before tax	(198,665)	(255,529)
Adjustments for :		
Interest income	(32,519)	(45,105)
Operating loss before working capital changes	<u>(231,184)</u>	<u>(300,634)</u>
Increase in other receivables	(948,457)	(2,201)
Increase in other payables	22,047	98,154
Cash used in operations	<u>(1,157,594)</u>	<u>(204,681)</u>
Interest received	32,519	45,105
Tax refunded/(paid)	3,233	(398)
Net decrease in cash and cash equivalents	<u>(1,121,842)</u>	<u>(159,974)</u>
Cash and cash equivalents at the beginning of year	2,158,549	2,318,523
Cash and cash equivalents at the end of year (Note 7)	<u>1,036,707</u>	<u>2,158,549</u>



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

1. General information

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 2010 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 21 April 2011.

2. Summary of significant accounting policies

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements.

2.1 Basis of preparation

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

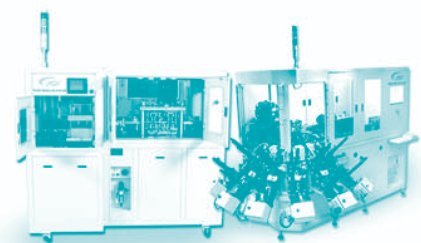
The financial statements have been prepared under the historical cost convention except as disclosed otherwise.

The preparation of financial statements in conformity with FRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires Directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

(a) The new/revised accounting standards, amendments and improvements to published standards and interpretations that are effective and applicable for the Group's financial year beginning 1 January 2010 are as follows:

- FRS 7 Financial Instruments: Disclosures and the related Amendments
- FRS 8 Operating Segments
- Revised FRS 101 (revised) Presentation of Financial Statements
- FRS 139 Financial Instruments: Recognition and Measurement and the related Amendments
- Amendments to FRS 1 First-time Adoption of Financial Reporting Standards
- Amendments to FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Improvements to FRSs (2009)
- IC Interpretation 10 Interim Financial Reporting and Impairment

Adoption of the above standards has no significant impact on the financial statements upon their applications.



(b) Standards early adopted by the Group

There are no standards early adopted by the Group.

(c) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective:

- The revised FRS 3 Business Combinations
- The revised FRS 124 Related Party Disclosures (effective from 1 January 2012)
- The revised FRS 127 Consolidated and Separate Financial Statements
- Amendments to FRS 7 Financial Instruments: Disclosures and FRS 1 First-time adoption of financial reporting standards

2.2 Changes in accounting policies

During the year, the Group adopted the amendment to FRS117, Leases. The Group has reassessed and determined that the leasehold land of the Group which has an unexpired lease term of 56 years is in substance a finance lease. It is therefore reclassified as leasehold land under property, plant and equipment.

The reclassification has been accounted for retrospectively and certain comparative figures as at 31 December 2009 and 31 December 2008 have been restated as shown below:

Statement of financial position

	Restated RM	Previously stated RM
31 December 2009		
Property, plant and equipment	8,328,473	5,968,528
Prepaid lease payment on leasehold land	-	2,359,945
31 December 2008		
Property, plant and equipment	8,423,706	6,019,002
Prepaid lease payment on leasehold land	-	2,404,704

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.



2.3 Basis of consolidation (Cont'd)

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.4 Investment

Investment in subsidiaries is shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. An allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investment. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the statement of comprehensive income.

2.5 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

The principal closing rates used in translation of foreign currency amounts were as follows:

Foreign currency	31.12.2010 RM	31.12.2009 RM
1 USD	3.075	3.400
1 SGD	2.358	2.410
1 EURO	4.057	4.876
100 JPY	0.038	0.038

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.



2.6 Property, plant and equipment (Cont'd)

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit and loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit and loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

• Long term leasehold land and building	56 years
• Plant and machinery	5 years
• Office equipment	12.5 years
• Motor vehicles	5 years
• Computers	3 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

2.8 Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. Otherwise, they are presented as non-current assets.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balances with licensed financial institutions, bank overdrafts and short term highly liquid investments with original maturities of three months or less.



2.10 Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.11 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transactions costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or construction) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.13 Contingencies

A contingent liability and asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

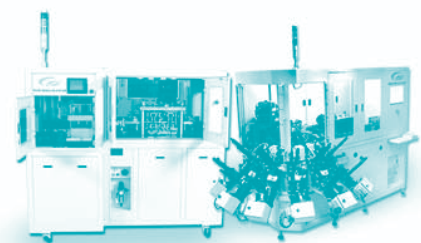
Contingent liabilities and assets are not recognised in the statement of financial position of the Group.

2.14 Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition:

- **Financial assets at fair value through profit or loss:** Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets;
- **Loans and receivables:** These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market; and
- **Available-for-sale investments:** Available-for-sale investments are those non-derivative financial assets that cannot be classified as financial assets at fair value through profit or loss, loans and receivables or cash and cash equivalents.



2.14 Financial assets (Cont'd)

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and cash and cash equivalents are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are presented in the statement of comprehensive income in the period in which they arise. Dividend and interest income are included in the statements of comprehensive income when the Group’s right to receive payment is established.

Changes in the fair value of the “financial assets available-for-sale” category are recognised in other comprehensive income. When assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income.

Fair values for quoted investments are based on observable market prices.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2.15 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the statement of comprehensive income. In respect of other assets, any subsequent increase in recoverable amount is recognised in the statement of comprehensive income.

2.16 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through statement of comprehensive income or other financial liabilities.



2.16 Financial liabilities (Cont'd)

(a) Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through statement of comprehensive income.

The Group has not designated any financial liabilities as at fair value through profit and loss.

(b) Other financial liabilities

The Group's other financial liabilities include trade payables and other payables.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in statement of comprehensive income.

2.17 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of the goods.

(b) Rental income

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

(c) Interest income

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

(d) Dividend income

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

2.18 Employee benefits

(a) Short term employee benefits

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the financial year in which the associated services are rendered by employees of the Group.



2.18 Employee benefits (Cont'd)

(b) Defined contribution plan

The Group's contributions to defined contribution plan are charged to the statement of comprehensive income in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.19 Income tax

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits. Tax is recognised in the statements of comprehensive income, except to the extent it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the statement of financial position and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

2.20 Research and development costs

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during development. Deferred development costs have a finite useful life and are amortised over the period of expected sales from the related project on a straight line basis.

2.21 Operating segments

In the previous years, a segment is 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.

Following the adoption of FRS 8, Operating Segments, an operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which distinct financial information is available.

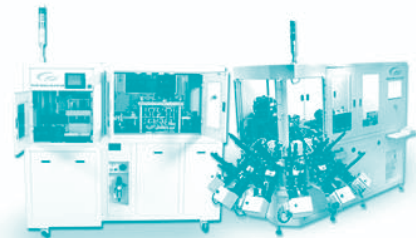
2.22 Earnings per share

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.



3. Property, plant and equipment - Group

<i>Cost</i>	Long term leasehold land RM	Long term leasehold building RM	Plant and machinery RM	Office equipment RM	Motor vehicles RM	Computers RM	Total RM
At 1 January 2009	-	5,546,259	638,500	440,939	709,407	686,759	8,021,864
Effect of adopting Amendment to FRS 117	2,524,265	-	-	-	-	-	2,524,265
As restated	2,524,265	5,546,259	638,500	440,939	709,407	686,759	10,546,129
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 / 1 January 2010	2,524,265	5,546,259	495,500	442,948	804,446	667,427	10,480,845
Additions	-	-	-	91,672	76,197	106,406	274,275
Disposals / Write-off	-	-	-	(5,478)	-	-	(5,478)
At 31 December 2010	2,524,265	5,546,259	495,500	529,142	880,643	773,833	10,749,642
Accumulated depreciation							
At 1 January 2009	-	262,696	398,183	127,042	609,021	605,920	2,002,862
Effect of adopting Amendment to FRS 117	119,561	-	-	-	-	-	119,561
As restated	119,561	262,696	398,183	127,042	609,021	605,920	2,122,423
Charge for the year (Note 12)	44,759	98,342	61,550	35,212	47,616	60,104	347,583
Disposals / Write-off	-	-	(235,000)	(1,692)	-	(80,942)	(317,634)
At 31 December 2009 / 1 January 2010	164,320	361,038	224,733	160,562	656,637	585,082	2,152,372
Charge for the year (Note 12)	44,759	98,342	76,000	39,940	67,622	66,795	393,458
Disposals / Write-off	-	-	-	(1,968)	-	-	(1,968)
At 31 December 2010	209,079	459,380	300,733	198,534	724,259	651,877	2,543,862
Net book value							
At 31 December 2010	2,315,186	5,086,879	194,767	330,608	156,384	121,956	8,205,780
At 31 December 2009 / 1 January 2010	2,359,945	5,185,221	270,767	282,386	147,809	82,345	8,328,473
At 1 January 2009	2,404,704	5,283,563	240,317	313,897	100,386	80,839	8,423,706



4. Investment in subsidiaries - Company

	2010 RM	2009 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	
		2010 %	2009 %
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.

5. Inventories, at cost - Group

	2010 RM	2009 RM
Raw materials	2,862,828	1,610,478
Work-in-progress	5,644,919	5,049,342
Manufactured inventories	12,737	-
	<u>8,520,484</u>	<u>6,659,820</u>

6. Trade and other receivables

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade				
Trade receivables	7,276,158	1,584,480	-	-
Non-trade				
Amount due from a subsidiary	-	-	6,850,000	5,900,000
Other receivables	36,472	18,480	1,265	2,808
Deposits	7,642	6,844	-	-
Prepayments	152,140	180,220	-	-
	196,254	205,544	6,851,265	5,902,808
	<u>7,472,412</u>	<u>1,790,024</u>	<u>6,851,265</u>	<u>5,902,808</u>



6. Trade and other receivables (Cont'd)

Trade receivables

Trade receivables of the Group denominated in currencies other than the functional currency comprise RM6,122,195 (2009:RM1,351,970) in US Dollars.

Trade receivables are interest-free and are generally on 30 to 90 days (2009: 30 to 90 days) term. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

As at 31 December 2010, the Group's trade receivables of RM1,519,087 (2009: RM158,239) were past due their contractual payment date but not impaired. These relate to a number of external parties where there are no expectations of default. The age analysis of these trade receivables is as follows:

	2010 RM	2009 RM
Neither past due nor impaired	5,757,071	1,426,241
1 to 30 days past due not impaired	521,853	36,064
31 days to 60 days past due not impaired	997,234	44,653
More than 121 days past due not impaired	-	77,522
	<u>7,276,158</u>	<u>1,584,480</u>

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

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at 31 December 2010 is the carrying value of each class of receivables mentioned above.

7. Cash and bank balances

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Fixed deposits placed with licensed banks	1,316,468	5,206,847	900,000	2,000,000
Cash and bank balances	681,416	1,752,074	136,707	158,549
Cash and bank balances	<u>1,997,884</u>	<u>6,958,921</u>	<u>1,036,707</u>	<u>2,158,549</u>
Restricted cash	(416,468)	(400,000)	-	-
Cash and cash equivalents	<u>1,581,416</u>	<u>6,558,921</u>	<u>1,036,707</u>	<u>2,158,549</u>

Cash and bank balances of the Group denominated in currencies other than the functional currency comprise RM156,456 (2009:RM836,256) in US Dollars.

Included in the fixed deposits placed with licensed banks of the Group is RM416,468 (2009: RM400,000) pledged for banking facilities granted to a subsidiary.



8. Share capital - Group/Company

	2010 RM	2009 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>

9. Reserves

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Non-distributable				
Share premium	4,663,468	4,663,468	4,663,468	4,663,468
Distributable				
Accumulated losses	(1,889,332)	(2,297,092)	(817,062)	(618,397)
	<u>2,774,136</u>	<u>2,366,376</u>	<u>3,846,406</u>	<u>4,045,071</u>

10. Trade and other payables

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade				
Trade payables	5,696,092	2,882,865	-	-
Down payments from customers	301,318	1,347,347	-	-
Non-trade				
Amount due to a subsidiary	-	-	30	30
Other payables	298,998	187,262	-	-
Accrued expenses	921,985	857,170	397,050	375,003
	1,220,983	1,044,432	397,080	375,033
	<u>7,218,393</u>	<u>5,274,644</u>	<u>397,080</u>	<u>375,033</u>

Trade payables of the Group denominated in currencies other than the functional currency comprise RM108,089 (2009: RM392,750) in Singapore Dollars, RM14,724 (2009: RM8,198) in Japanese Yen and RM382,718 (2009: RM108,013) in US Dollars respectively.

The normal credit terms granted to the Group ranges from 30 to 90 days (2009: 30 to 90 days).

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



11. Revenue

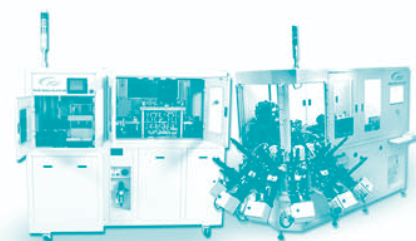
Group

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

12. Profit/(Loss) before tax

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
This is stated after charging :				
Auditors' remuneration	23,000	20,500	6,500	5,000
Depreciation (Note 3)	393,458	347,583	-	-
Directors' emoluments				
- fees	162,000	162,000	162,000	162,000
- short term employee benefits	688,331	727,346	-	-
- others	15,000	15,000	15,000	15,000
Foreign exchange loss - realised	410,388	-	-	-
- unrealised	65,976	-	-	-
Staff costs (excluding Directors)				
- defined contribution plan	430,338	406,063	-	-
- wages, salaries and others	3,985,966	3,468,798	-	-
Plant and equipment written off	2,779	2,499	-	-
Loss on disposal of plant and equipment	531	-	-	-
Inventories written off	-	2,026,677	-	-
and after crediting :				
Interest income	62,957	96,424	32,519	45,105
Rental income	270,000	270,000	-	-
Foreign exchange gain - realised	-	91,534	-	-
- unrealised	-	15,257	-	-
Gain on disposal of plant and equipment	-	25,000	-	-

The number of employees of the Group at the end of the financial year was 83 (2009: 73).



13. Directors' remuneration

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Directors of the Company				
Executive:				
- fees	72,000	72,000	72,000	72,000
- salaries and bonus	566,790	596,288	-	-
- defined contribution plan	107,801	113,418	-	-
- other benefits	6,240	6,240	5,000	5,000
- benefits-in-kind	12,500	16,400	-	-
	<u>765,331</u>	<u>804,346</u>	<u>77,000</u>	<u>77,000</u>
Non-executive:				
- fees	90,000	90,000	90,000	90,000
- other emoluments	10,000	10,000	10,000	10,000
	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
	<u>865,331</u>	<u>904,346</u>	<u>177,000</u>	<u>177,000</u>

14. Income tax expense

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Current tax expense				
- current year	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reconciliation between tax expense and accounting profit:				
	2010 RM	2009 RM	2010 RM	2009 RM
Profit/(Loss) before tax	<u>415,760</u>	<u>(4,867,443)</u>	<u>(198,665)</u>	<u>(255,529)</u>
Income tax using Malaysian tax rate of 25% (2009: 25%)	103,940	(1,216,860)	(49,666)	(63,882)
Non-deductible expenses	34,948	53,983	11,525	29,220
Pioneer income	(31,977)	-	-	-
Losses not available for set off	38,141	34,662	38,141	34,662
Unrecognised deferred tax assets	(137,052)	1,128,215	-	-
Income tax expense	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

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 RM500,000. 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.



15. Deferred tax assets - Group

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

	2010 RM	2009 RM
Taxable temporary differences	1,310,000	1,175,000
Unabsorbed capital allowances	(437,000)	(802,000)
Tax loss carry-forward	(5,347,000)	(5,369,000)
Others	(66,000)	(93,000)
	<u>(4,540,000)</u>	<u>(5,089,000)</u>

The taxable 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 taxable temporary differences, unabsorbed capital allowances and tax loss carry-forward available to the Group.

16. Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit after tax attributable to ordinary shareholders by number of ordinary shares in issue during the financial year.

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 Systems Sdn Bhd, Micro Carbide Engineering Sendirian Berhad and Accutek Engineering (Pg) Sdn Bhd.
- iii) Companies in which a Director, Mr Goh Kim Hock is deemed to have substantial financial interests are Micro Carbide Engineering Sendirian Berhad and Accutek Engineering (Pg) Sdn Bhd.
- iv) Companies in which a Director, Mr Tan Beng Chuan is deemed to have substantial financial interests are AJ & Family Sdn Bhd, Soon Teck Engineering Works Sdn Bhd and Accutek Engineering (Pg) 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	
	2010 RM	2009 RM
- Wiring charges paid to Unique Visoft Engineering Sdn Bhd	-	49,685
- Precision tooling paid to Micro Carbide Engineering Sendirian Berhad Accutek Engineering (Pg) Sdn Bhd	294,232 283,110	194,540 -
- Rental income received from Micro Carbide Engineering Sendirian Berhad	(270,000)	(270,000)

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 6 and 10 to the financial statements.

18. Segmental reporting - Group

For management purposes, the Group is organised into business units based on their products and services, and has two operating segments as follows:

- (i) manufacture of automated systems and machinery
- (ii) development of software

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Operating segments

As the Group's revenue was primarily attributed to the manufacture of automated systems and machinery segment with only insignificant amount contributed by the software development segment, segmental information based on operating segments was therefore not prepared.



18. Segmental reporting - Group (Cont'd)

Information about geographical areas

2010	Revenue from external customers by location of customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
Malaysia	6,639,828	26,196,560	274,275
America	16,539,353	-	-
Europe	226	-	-
Australia	32,465	-	-
Asia *	2,526,770	-	-
Consolidated	25,738,642	26,196,560	274,275

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

*excluding Malaysia

19. Financial risk management

(a) Financial risk management objectives and policies

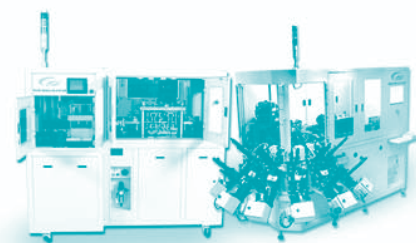
The operations of the Group are subject to various financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity risk and cash flow risk, in connection with its use or holding of financial instruments. The Group has adopted a financial risk management framework with the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

(i) Foreign currency risk

The Group operates domestically but is 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 does not engage in any hedging transactions.

(ii) Interest rate risk

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



19. Financial risk management (Cont'd)

(iii) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Management.

(iv) Liquidity and cash flow risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	2010			Total RM
	On demand or within one year RM	One to five years RM	Over five years RM	
Group				
Financial liabilities:				
Trade and other payables	7,218,393	-	-	7,218,393
Total undiscounted financial liabilities	7,218,393	-	-	7,218,393
Company				
Financial liabilities:				
Trade and other payables	397,080	-	-	397,080
Total undiscounted financial liabilities	397,080	-	-	397,080

The Group monitors its cash flows activity and ensures that adequate funds are in place to meet its obligations as and when they fall due.



19. Financial risk management (Cont'd)

(b) 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 deposits placed with licensed banks				
Group				
2010	2.68	1,316,468	1,316,468	-
2009	2.05	5,206,847	5,206,847	-
Company				
2010	2.70	900,000	900,000	-
2009	2.10	2,000,000	2,000,000	-

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

	2010 RM	2009 RM
Property, plant and equipment Contracted but not provided for	<u>33,000</u>	<u>114,000</u>

21. Comparatives

Comparative figures have been restated to conform with changes in presentation due to the requirements of the revised FRS 117 Leases which have been applied retrospectively.



22. Breakdown of realised and unrealised losses

Supplementary information disclosed pursuant to Bursa Malaysia Securities Berhad Listing Requirements

The following analysis of realised and unrealised accumulated losses at the legal entity is prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the context of disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Total accumulated losses				
- realised	1,823,356	2,312,349	817,062	618,397
- unrealised	65,976	(15,257)	-	-
	<u>1,889,332</u>	<u>2,297,092</u>	<u>817,062</u>	<u>618,397</u>

The disclosure of realised and unrealised losses above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.



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 57 are drawn up in accordance with Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2010 and of their financial performance and cash flows for the year ended on that date.

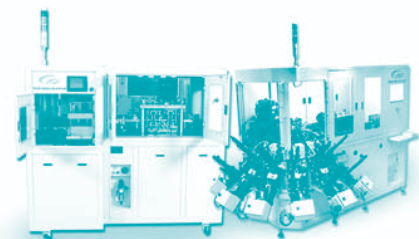
Signed in accordance with a resolution of the Directors:

.....
Sia Teik Keat

.....
Saw Chong Keat

Penang,

Date: 21 April 2011



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 57 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 21 April 2011.

.....
Sia Teik Keat

Before me :

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



Report on the Financial Statements

We have audited the financial statements of MMS Ventures Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 30 to 56.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 entity's preparation of financial statements that give a true and fair view 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 entity'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 Financial Reporting Standards 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 2010 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.

Other Reporting Responsibilities

The supplementary information set out in Note 22 of Page 57 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Mathew & Partners
Firm Number : AF 1229
Chartered Accountants

Mathew Thomas A/L Vargis Mathews
Partner
Approval Number : 1529/6/12 (J)

Kuala Lumpur,
Date : 21 April 2011



Details of the landed properties of the Group as at 31 December 2010 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	6 years	7,402	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 7th 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, 23 June 2011 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 2010 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 2010.		
3.	Re-election of Mr. Tan Beng Chuan, the Director retiring pursuant to Article 70 of the Company's Articles of Association.		
4.	Re-election of Mr. Chong Chee Hong, the Director retiring pursuant to Article 70 of the Company's Articles of Association.		
5.	To appoint Messrs. BDO as Auditors of the Company in place of the retiring auditors, Messrs. Mathew & Partners and to authorise the Directors to fix their remuneration.		
6.	Authority to Issue Shares.		
7.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

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 2011.

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Signature of Member/Common Seal

.....
Number of shares held

NOTES:

- For the purpose of determining a member who shall be entitled to attend the 7th 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 17 June 2011. Only a depositor whose name appears on the General Meeting Record of Depositors as at 17 June 2011 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.



MMS VENTURES BERHAD
[Company No: 647125-P]

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STAMP



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]

Your partner in innovative
AUTOMATION SOLUTIONS





MMS VENTURES BERHAD

[Company No: 647125-P]

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Bayan Lepas Industrial Park,
Phase 4, 11900 Penang.

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(Hunting Line)

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