



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

(Incorporated in Malaysia)

**Quarterly Report on Consolidated Results  
For The Second Quarter Ended 30 June 2012**

(Incorporated in Malaysia)

## Condensed Consolidated Statement of Financial Position

As at 30 June 2012

(The figures have not been audited)

	Note	30.6.12 (Unaudited) RM	31.12.11 (Restated) RM	1.1.2011 (Restated) RM
Property, plant and equipment	A2	10,114,439	10,366,702	10,303,716
<b>Total non-current assets</b>		<b>10,114,439</b>	<b>10,366,702</b>	<b>10,303,716</b>
Inventories		9,170,390	10,973,239	8,520,484
Trade receivables		5,800,151	4,494,087	7,276,158
Sundry receivables, deposits and prepayments		136,700	72,745	196,254
Tax refundable		58,202	76,894	95,969
Fixed deposits with licensed banks		636,567	728,874	1,316,468
Cash and cash equivalents		1,018,153	1,175,375	681,416
<b>Total current assets</b>		<b>16,820,163</b>	<b>17,521,214</b>	<b>18,086,749</b>
<b>Total assets</b>		<b>26,934,602</b>	<b>27,887,916</b>	<b>28,390,465</b>
<b>Equity</b>				
Share capital		16,300,000	16,300,000	16,300,000
Share premium		4,663,468	4,663,468	4,663,468
Retained profits		1,059,020	221,790	208,604
<b>Total equity attributable to shareholders of the Company</b>		<b>22,022,488</b>	<b>21,185,258</b>	<b>21,172,072</b>
<b>Total equity</b>		<b>22,022,488</b>	<b>21,185,258</b>	<b>21,172,072</b>
<b>Liabilities</b>				
Hire purchase creditors	B10	45,581	65,766	-
<b>Total non-current liabilities</b>		<b>45,581</b>	<b>65,766</b>	<b>-</b>
Trade payables		2,852,014	5,280,382	5,997,410
Sundry payables and accruals		1,974,693	1,317,773	1,220,983
Hire purchase creditors	B10	39,826	38,737	-
<b>Total current liabilities</b>		<b>4,866,533</b>	<b>6,636,892</b>	<b>7,218,393</b>
<b>Total liabilities</b>		<b>4,912,114</b>	<b>6,702,658</b>	<b>7,218,393</b>
<b>Total equity and liabilities</b>		<b>26,934,602</b>	<b>27,887,916</b>	<b>28,390,465</b>
<b>Net assets per share (RM) @</b>		<b>0.14</b>	<b>0.13</b>	<b>0.13</b>

@ based on the number of ordinary shares of 163,000,000 shares

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to these interim financial statements.

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**Condensed Consolidated Statement of Comprehensive Income**  
**For the Second Quarter Ended 30 June 2012**  
(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
		30.6.12 RM	30.6.11 (Restated) RM	30.6.12 RM	30.6.11 (Restated) RM
<b>Revenue</b>		<b>5,834,243</b>	6,980,806	<b>9,651,083</b>	10,530,251
Cost of sales		<b>(4,492,406)</b>	(5,916,986)	<b>(7,365,072)</b>	(8,868,824)
<b>Gross profit</b>		<b>1,341,837</b>	1,063,820	<b>2,286,011</b>	1,661,427
Other operating income		<b>72,871</b>	75,023	<b>146,845</b>	148,303
Other operating expenses		<b>61,672</b>	76,460	<b>(90,792)</b>	(868)
Administrative expenses		<b>(803,391)</b>	(788,501)	<b>(1,502,246)</b>	(1,515,874)
<b>Profit before operations</b>		<b>672,989</b>	426,802	<b>839,818</b>	292,988
Interest expense		<b>(1,226)</b>	-	<b>(2,588)</b>	-
<b>Profit before taxation</b>		<b>671,763</b>	426,802	<b>837,230</b>	292,988
Tax expense	B6	-	-	-	-
<b>Net profit for the period</b>	B1	<b>671,763</b>	426,802	<b>837,230</b>	292,988
<b>Attributable to:</b>					
Shareholders of the Company		<b>671,763</b>	426,802	<b>837,230</b>	292,988
Minority interests		-	-	-	-
<b>Net profit for the period</b>		<b>671,763</b>	426,802	<b>837,230</b>	292,988
<b>Earnings per share</b>					
(i) Basic (sen)	B14	<b>0.4121</b>	0.2618	<b>0.5136</b>	0.1797
(ii) Diluted (sen)		<b>NA</b>	NA	<b>NA</b>	NA

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to these interim financial statements.

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**Condensed Consolidated Statement of Changes in Equity**  
**For the Second Quarter Ended 30 June 2012**  
(The figures have not been audited)

	Share Capital RM	Non-distributable Share Premium RM	Distributable (Accumulated Losses) / Retained Profits RM	Total RM
<b>At 1 January 2012, as previously stated</b>	16,300,000	4,663,468	(1,835,376)	19,128,092
Effect of transition to MFRS				
- opening retained earnings	-	-	2,097,936	2,097,936
- additional depreciation charge for the year	-	-	(40,770)	(40,770)
	-	-	2,057,166	2,057,166
<b>At 1 January 2012, as restated</b>	16,300,000	4,663,468	221,790	21,185,258
Net profit for the period	-	-	837,230	837,230
<b>At 30 June 2012</b>	16,300,000	4,663,468	1,059,020	22,022,488
<b>At 1 January 2011, as previously stated</b>	16,300,000	4,663,468	(1,889,332)	19,074,136
Effect of transition to MFRS	-	-	2,097,936	2,097,936
<b>At 1 January 2011, as restated</b>	16,300,000	4,663,468	208,604	21,172,072
Net profit for the period	-	-	313,373	313,373
Effect of transition to MFRS				
- additional depreciation charge for the period	-	-	(20,385)	(20,385)
	-	-	292,988	292,988
<b>At 30 June 2011, as restated</b>	16,300,000	4,663,468	501,592	21,465,060

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to these interim financial statements.

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**Condensed Consolidated Statement of Cash Flows**  
**For the Second Quarter Ended 30 June 2012**  
(The figures have not been audited)

	<b>6 months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flows from operating activities</b>		
Profit before tax	837,230	292,988
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	259,586	215,900
Plant and equipment written off	82	-
Interest income	(11,128)	(20,534)
Interest expense	2,588	-
<i>Operating profit before working capital changes</i>	1,088,358	488,354
<i>Adjustments for working capital changes:-</i>		
Inventories	1,802,849	(945,648)
Trade receivables	(1,306,064)	830,884
Sundry receivables, deposits and prepayments	(63,955)	12,744
Trade payables	(2,428,368)	(1,469,821)
Sundry payables and accruals	656,920	1,335,791
<i>Cash (used in) / generated from operations</i>	(250,260)	252,304
Interest received	11,128	20,534
Income tax refunded / (paid)	18,692	(17,676)
<i>Net cash (used in) / generated from operating activities</i>	(220,440)	255,162
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(7,405)	(52,050)
<i>Net cash used in investing activities</i>	(7,405)	(52,050)
<b>Cash flows from financing activities</b>		
Repayments of hire purchase	(19,096)	-
Interest paid	(2,588)	-
<i>Net cash used in financing activities</i>	(21,684)	-
<b>Net (decrease) / increase in cash and cash equivalents</b>	(249,529)	203,112
<b>Cash and cash equivalents at the beginning of year</b>	1,904,249	1,997,884
<b>Cash and cash equivalents at the end of period</b>	1,654,720	2,200,996

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to these interim financial statements.

## Notes to the Interim Financial Statements

### Part A - Explanatory notes pursuant to Malaysian Financial Reporting Standards ("MFRS") 134

#### A1. Basis of preparation

These condensed consolidated interim financial statements for the period ended 30 June 2012 have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market. These condensed interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

These condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

The date of transition to the MFRS framework is on 1 January 2011. At that transaction date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1. The transition from FRS to MFRS has not had a material financial impact on the financial statements of the Group and of the Company other than arising from the changes in accounting policies described in Note A2 below.

#### A2. Significant accounting policies and application of MFRS 1

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

##### Property, plant and equipment

The Group elected to apply the optional exemption to measure the Group's property at fair value at the date of transition to MFRSs and use that fair value as deemed cost under MFRSs. The aggregate fair value of the property as at 1 January 2011 was determined to be RM9,500,000 compared to the then carrying amount of RM7,402,064 under FRSs.

The impact arising from the change is summarized as follows:

	<b>1 January 2011 RM</b>	<b>30 June 2011 RM</b>	<b>31 December 2011 RM</b>
<b>Consolidated statement of comprehensive income:</b>			
Depreciation of property, plant and equipment		20,385	40,770
Adjustment to profit before tax		20,385	40,770
<b>Consolidated statement of financial position:</b>			
Property, plant and equipment	2,097,936	2,097,936	2,097,936
Additional depreciation of property, plant and equipment	-	(20,385)	(40,770)
Adjustment to retained earnings	2,097,936	2,077,551	2,057,166

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## A2. Significant accounting policies and application of MFRS 1 (Cont'd)

In preparing the opening MFRS statement of financial position, the Group has adjusted amounts reported previously in financial statements prepared in accordance with the previous FRSS. The reconciliation of Property, plant and equipment and Retained earnings for comparative periods are as below:

	<b>FRS as at 1.1.2011 RM</b>	<b>Adjustment RM</b>	<b>MFRS as at 1.1.2011 RM</b>
<b>(i) Reconciliation as at 1 January 2011</b>			
Property, plant and equipment	8,205,780	2,097,936	10,303,716
Retained earnings	(1,889,332)	2,097,936	208,604
	<b>FRS as at 30.6.2011 RM</b>	<b>Adjustment RM</b>	<b>MFRS as at 30.6.2011 RM</b>
<b>(ii) Reconciliation as at 30 June 2011</b>			
Property, plant and equipment	8,062,315	2,077,551 *	10,139,866
Retained earnings	(1,575,959)	2,077,551	501,592
	<b>FRS as at 31.12.2011 RM</b>	<b>Adjustment RM</b>	<b>MFRS as at 31.12.2011 RM</b>
<b>(iii) Reconciliation as at 31 December 2011</b>			
Property, plant and equipment	8,309,536	2,057,166 *	10,366,702
Retained earnings	(1,835,376)	2,057,166	221,790

\* after additional depreciation charge

## A3. Auditors' report of preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2011 was not qualified.

## A4. Seasonal or cyclical factors

The Group's interim operations are not affected by seasonal or cyclical factors during the current quarter under review.

## A5. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter under review.

## A6. Changes in estimates

There were no changes in estimates that have had material effect in the current quarter under review.

## A7. Debt and equity securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities, share buy-back, share cancellation, shares held as treasury shares and resale of treasury shares for the current quarter under review.

## A8. Dividend paid

There were no dividends paid during the current quarter under review.

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## A9. Segment reporting

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

### Information about geographical areas

	<b>Revenue from external customers by location of customers RM</b>	<b>Segment assets by location of assets RM</b>	<b>Capital expenditure by location of assets RM</b>
<b>3 months ended 30 June 2012</b>			
Malaysia	463,459	26,876,400	-
America	4,871,809	-	-
Europe	2,438	-	-
Australia	19,940	-	-
Asia (exclude Malaysia)	476,597	-	-
Consolidated	<u>5,834,243</u>	<u>26,876,400</u>	-
<b>3 months ended 30 June 2011</b>			
Malaysia	1,262,767	28,435,778	13,428
America	5,325,586	-	-
Australia	18,806	-	-
Asia (exclude Malaysia)	373,647	-	-
Consolidated	<u>6,980,806</u>	<u>28,435,778</u>	<u>13,428</u>
<b>6 months ended 30 June 2012</b>			
Malaysia	2,661,623	26,876,400	7,405
America	6,388,602	-	-
Europe	6,772	-	-
Australia	39,592	-	-
Asia (exclude Malaysia)	554,494	-	-
Consolidated	<u>9,651,083</u>	<u>26,876,400</u>	<u>7,405</u>
<b>6 months ended 30 June 2011</b>			
Malaysia	2,088,441	28,435,778	52,050
America	7,729,651	-	-
Europe	1,557	-	-
Australia	18,806	-	-
Asia (exclude Malaysia)	691,796	-	-
Consolidated	<u>10,530,251</u>	<u>28,435,778</u>	<u>52,050</u>



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**A10. Post balance sheet events**

There were no material events after the current quarter under review that require disclosure or adjustment to the unaudited condensed interim financial statements.

**A11. Changes in the composition of the Group**

There were no material changes in the composition of the Group for the current quarter under review.

**A12. Contingent liabilities and contingent assets**

There were no contingent liabilities or contingent assets as at 30 June 2012 and up to the date of this report.

**A13. Capital commitments**

As at 30 June 2012, the Group has no capital commitments.

**A14. Related party transactions**

	Individual Quarter		Cumulative Quarter	
	30.6.12	30.6.11	30.6.12	30.6.11
	RM	RM	RM	RM
Precision tooling charges				
- Micro Carbide Engineering Sdn Bhd	<b>48,629</b>	51,146	<b>108,449</b>	112,847
- Accutek Engineering (Pg) Sdn Bhd	<b>20,210</b>	137,334	<b>20,210</b>	208,529
Rental income received				
- Micro Carbide Engineering Sdn Bhd	<b>67,500</b>	67,500	<b>135,000</b>	135,000

All related party transactions had been entered into in the ordinary course of business and transacted on a negotiated basis.

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**PART B - ACE Listing Requirements (Additional information pursuant to Chapter 9, Appendix 9B of the ACE Market Listing Requirements)**

**B1. Review of performance**

	← Quarter ended →			← Period-to-date →				
	30.6.12 RM	31.3.12 RM	Var %	30.6.11 RM	Var %	30.6.12 RM	30.6.11 RM	Var %
<b>Revenue</b>	<b>5,834,243</b>	3,816,840	53	6,980,806	-16	<b>9,651,083</b>	10,530,251	-8
Cost of sales	<b>(4,492,406)</b>	(2,872,666)	-54	(5,916,986)	25	<b>(7,365,072)</b>	(8,868,824)	18
<b>Gross profit</b>	<b>1,341,837</b>	944,174	49	1,063,820	32	<b>2,286,011</b>	1,661,427	41
Other operating income	<b>72,871</b>	73,974	-1	75,023	-3	<b>146,845</b>	148,303	-1
Other operating expenses	<b>61,672</b>	(152,464)	-140	76,460	-19	<b>(90,792)</b>	(868)	10381
Administrative expenses	<b>(803,391)</b>	(698,855)	-12	(788,501)	1	<b>(1,502,246)</b>	(1,515,874)	2
<b>Profit before operations</b>	<b>672,989</b>	166,829	354	426,802	77	<b>839,818</b>	292,988	215
Interest expense	<b>(1,226)</b>	(1,362)	10	-	-	<b>(2,588)</b>	-	-
<b>Profit before taxation</b>	<b>671,763</b>	165,467		426,802		<b>837,230</b>	292,988	
Tax expense	-			-		-	-	-
<b>Net profit for the period</b>	<b>671,763</b>	165,467		426,802		<b>837,230</b>	292,988	

For the quarter ended 30 June 2012, the Group recorded a revenue of RM5.834 million and a profit before taxation of RM672K. The Group's revenue decreased by 16% from RM6.981 million in the corresponding quarter of the preceding year 2011. The decrease in revenue was mainly attributed to lesser orders for machines from the semiconductor and opto-electronic industry. Despite the decrease in sales revenue, higher gross margin was recorded in view of the nature of machines sold during the quarter.

**B2. Variation of results against preceding quarter**

Revenue for the current quarter of RM5.834 million was 53% higher than that recorded in the preceding quarter of RM3.817 million. This was mainly contributed by the completion and delivery of certain customized machines during the current quarter. The gross margin recorded was in tandem with sales captured during the period.

Decrease in other operating expenses was mainly due to the decrease in foreign exchange losses as a result of favourable exchange rate of US Dollar against RM during the quarter.

Increase in administrative expenses was mainly attributed to the increase in operating costs incurred by the Group during the quarter.

**B3. Current year prospects**

The Board of Directors foresees the current year's performance to be challenging in view of the uncertain global economic condition in both the USA and European countries that would spill over to the local economy. This is further aggravated by the stiff competition among the many players in the automation market.

The Group will however continue to actively pursue business opportunities locally and abroad.

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**B4. Board of Directors' opinion on revenue / profit estimate / forecast / projection / internal targets**

Not applicable as the Group did not announce or disclose in any public document any revenue or profit estimate, forecast, projection or internal targets.

**B5. Profit forecast**

Not applicable as the Group did not announce or disclose in a public document any profit forecast or profit guarantee.

**B6. Breakdown of tax charge and explanation of variance between the effective and statutory tax rate for the current quarter and the financial period-to-date**

Reconciliation of effective tax expense:

	Individual Quarter		Cumulative Quarter	
	30.6.12 RM	30.6.11 RM	30.6.12 RM	30.6.11 RM
<b>Profit before tax</b>	<b>671,763</b>	426,802	<b>837,230</b>	292,988
Taxation at Malaysian statutory tax rate of 25%	<b>167,941</b>	106,701	<b>209,308</b>	73,247
Non-deductible expenses	<b>15,246</b>	10,868	<b>22,423</b>	18,796
Losses not available for set-off	<b>7,885</b>	11,815	<b>17,647</b>	22,360
Pioneer income	<b>(6,910)</b>	(15,412)	<b>(38,585)</b>	(15,412)
Unrecognised deferred tax assets	<b>(159,700)</b>	(113,972)	<b>(186,331)</b>	(98,991)
Reinvestment allowances	<b>(24,462)</b>	-	<b>(24,462)</b>	-
	-	-	-	-
Under/(Over) provision in prior year	-	-	-	-
Tax expense	-	-	-	-

No tax provision was made by the Group for the current quarter in view of the availability of unabsorbed business losses brought forward from previous years.

**B7. Unquoted investments and properties**

There were no sale of unquoted investments and/or properties for the current quarter under review.

**B8. Quoted investments**

There were no purchases or disposals of quoted securities for the current quarter under review.

**B9. Status of corporate proposal announced**

There is no corporate proposal announced but not completed as at the date of this report.

**B10. Group's borrowings and debt securities**

The Group's borrowings are secured by a charge over the leased assets, denominated in Ringgit Malaysia and classified as follows:

	30.6.12 RM	31.12.11 RM
<u>Hire Purchase</u>		
Non-current liabilities	45,581	65,766
Current liabilities	39,826	38,737
	<u>85,407</u>	<u>104,503</u>

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#### **B11. Off balance sheet financial instruments**

There were no off balance sheet financial instruments as at the date of this report.

#### **B12. Material litigation**

There are no material litigations pending as at the date of this report.

#### **B13. Dividends proposed or declared**

No dividend was proposed or declared by the Company during the current quarter under review.

#### **B14. Earnings per share (EPS)**

##### **a) Basic EPS**

Basic EPS is calculated by dividing the net profit after tax and minority interests for the period by number of ordinary shares in issue during the period.

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.6.12</b>	<b>30.6.11</b>	<b>30.6.12</b>	<b>30.6.11</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Net profit after tax and minority interests (RM)	<b>671,763</b>	426,802	837,230	292,988
Weighted average number of ordinary shares in issue	<b>163,000,000</b>	163,000,000	163,000,000	163,000,000
<b>Basic earnings per share (sen)</b>	<b>0.4121</b>	0.2618	0.5136	0.1797

##### **b) Diluted EPS**

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

#### **B15. Realised and Unrealised Profit Disclosure**

The retained profits as at 30 June 2012 and 31 December 2011 is analysed as follows:

	<b>30.6.12</b>	<b>31.12.11</b>
	<b>RM</b>	<b>RM</b>
Total retained profits of the Group		
- realised profit	999,586	124,754
- unrealised profit	59,434	97,036
Total Group retained profits as per consolidated financial statements	<u>1,059,020</u>	<u>221,790</u>

#### **B16. Profit before tax**

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

	<b>Individual Quarter</b>		<b>Cumulative quarter</b>	
	<b>30.6.12</b>	<b>30.6.11</b>	<b>30.6.12</b>	<b>30.6.11</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Interest expense	1,226	-	2,588	-
Depreciation	129,936	107,528	259,586	215,900
Foreign exchange loss / (profit)				
- realised	(176,857)	(2,725)	(31,276)	8,722
- unrealised	(66,317)	76,503	(59,434)	(10,622)
Interest income	(4,654)	(14,754)	(11,128)	(20,534)

#### **B17. Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 August 2012.