



MMS VENTURES BERHAD
(Company No. 647125-P)

(Incorporated in Malaysia)

**Quarterly Report on Consolidated Results
For The First Quarter Ended 31 March 2013**

(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position

As at 31 March 2013

(The figures have not been audited)

	Note	31.3.13 (Unaudited) RM	31.12.12 (Audited) RM
Property, plant and equipment		9,830,208	9,867,945
Total non-current assets		9,830,208	9,867,945
Inventories		6,331,674	5,462,669
Trade receivables		3,585,653	4,333,801
Sundry receivables, deposits and prepayments		356,949	206,693
Tax refundable		41,699	37,206
Fixed deposits with licensed banks		648,319	644,416
Cash and cash equivalents		2,328,553	1,873,325
Total current assets		13,292,847	12,558,110
Total assets		23,123,055	22,426,055
Equity			
Share capital		16,300,000	16,300,000
Share premium		4,663,468	4,663,468
Accumulated losses		(3,280,838)	(3,408,521)
Total equity attributable to shareholders of the Company		17,682,630	17,554,947
Total equity		17,682,630	17,554,947
Liabilities			
Hire purchase creditors	B10	44,659	24,840
Deferred tax liabilities		501,550	504,098
Total non-current liabilities		546,209	528,938
Trade payables		3,608,236	2,926,594
Sundry payables and accruals		1,227,472	1,374,650
Hire purchase creditors	B10	58,508	40,926
Total current liabilities		4,894,216	4,342,170
Total liabilities		5,440,425	4,871,108
Total equity and liabilities		23,123,055	22,426,055
Net assets per share (RM) @		0.11	0.11

@ 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 2012 and the accompanying explanatory notes attached to this interim financial statements.

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Condensed Consolidated Statement of Comprehensive Income
For the First Quarter Ended 31 March 2013
(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
		31.3.13 RM	31.3.12 RM	31.3.13 RM	31.3.12 RM
Revenue		3,108,420	3,816,840	3,108,420	3,816,840
Cost of sales		(2,371,306)	(2,872,666)	(2,371,306)	(2,872,666)
Gross profit		737,114	944,174	737,114	944,174
Other operating income		118,213	73,974	118,213	73,974
Other operating expenses		-	(152,464)	-	(152,464)
Administrative expenses		(728,949)	(698,855)	(728,949)	(698,855)
Profit from operations		126,378	166,829	126,378	166,829
Interest expense		(1,243)	(1,362)	(1,243)	(1,362)
Profit before taxation		125,135	165,467	125,135	165,467
Tax expense	B6	2,548	2,548	2,548	2,548
Net profit for the period	B1	127,683	168,015	127,683	168,015
Attributable to:					
Shareholders of the Company		127,683	168,015	127,683	168,015
Minority interests		-	-	-	-
Net profit for the period		127,683	168,015	127,683	168,015
Earnings per share					
(i) Basic (sen)	B14	0.0783	0.1031	0.0783	0.1031
(ii) Diluted (sen)		NA	NA	NA	NA

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to this interim financial statements.

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Condensed Consolidated Statement of Changes in Equity
For the First Quarter Ended 31 March 2013
(The figures have not been audited)

	Share Capital RM	Non-distributable Share Premium RM	Distributable (Accumulated Losses) / Retained Profits RM	Total RM
At 1 January 2013	16,300,000	4,663,468	(3,408,521)	17,554,947
Net profit for the period	-	-	127,683	127,683
At 31 March 2013	<u>16,300,000</u>	<u>4,663,468</u>	<u>(3,280,838)</u>	<u>17,682,630</u>
At 1 January 2012	16,300,000	4,663,468	(292,501)	20,670,967
Net profit for the period	-	-	168,015	168,015
At 31 March 2012	<u>16,300,000</u>	<u>4,663,468</u>	<u>(124,486)</u>	<u>20,838,982</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to this interim financial statements.

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Condensed Consolidated Statement of Cash Flows
For the First Quarter Ended 31 March 2013
(The figures have not been audited)

	3 months ended 31 March	
	2013	2012
	RM	RM
Cash flows from operating activities		
Profit before tax	125,135	165,467
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	120,504	129,650
Unrealised forex loss	36,010	6,883
Gain on disposal of plant and equipment	(12,000)	-
Interest income	(8,988)	(6,474)
Interest expense	1,243	1,362
<i>Operating profit before working capital changes</i>	261,904	290,005
<i>Adjustments for working capital changes:-</i>		
Inventories	(869,005)	1,168,243
Trade receivables	712,138	555,502
Sundry receivables, deposits and prepayments	(150,256)	26,204
Trade payables	681,642	(2,128,529)
Sundry payables and accruals	(147,178)	(442,221)
<i>Cash generated from / (used in) operations</i>	489,245	(530,796)
Interest received	8,988	6,474
Income tax (paid) / refunded	(4,493)	26,111
<i>Net cash generated from / (used in) operating activities</i>	493,740	(498,211)
Cash flows from investing activities		
Purchase of plant and equipment	(32,767)	(7,405)
Proceeds from disposal of plant and equipment	12,000	-
<i>Net cash used in investing activities</i>	(20,767)	(7,405)
Cash flows from financing activities		
Repayments of hire purchase	(12,599)	(9,479)
Interest paid	(1,243)	(1,362)
<i>Net cash used in financing activities</i>	(13,842)	(10,841)
Net increase / (decrease) in cash and cash equivalents	459,131	(516,457)
Cash and cash equivalents at the beginning of year	2,517,741	1,904,249
Cash and cash equivalents at the end of period	2,976,872	1,387,792

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to this interim financial statements.

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Notes to the Interim Financial Statements

Part A - Explanatory notes pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134

A1. Basis of preparation

These financial statements are unaudited and have been prepared in accordance with MFRS 134, Interim Financial Reporting in Malaysia and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market.

These interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012. These explanatory notes attached to the interim financial statements provide an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2012.

These financial statements of the Group and the Company for the financial year ended 31 December 2012 were prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the provisions of the Companies Act 1965 in Malaysia.

These are the Group’s condensed consolidated interim financial statements for part of the period covered by the Group’s first Malaysian Financial Reporting Standards (“MFRS”) framework annual financial statements and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied. The transition to MFRS framework does not have any material financial impact to the financial statements of the Group.

A2. Auditors’ report of preceding annual financial statements

The auditors’ report on the financial statements for the financial year ended 31 December 2012 was not qualified.

A3. Seasonal or cyclical factors

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

A4. Unusual items due to their nature, size or incidence

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

A5. Changes in estimates

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

A6. Debt and equity securities

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

A7. Dividend paid

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

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A8. Segment reporting

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

Information about geographical areas

	Revenue from external customers by location of customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
3 months ended 31 March 2013			
Malaysia	1,098,809	23,081,356	32,767
America	1,790,690	-	-
Australia	19,607	-	-
Asia (exclude Malaysia)	199,314	-	-
Consolidated	3,108,420	23,081,356	32,767
3 months ended 31 March 2012			
Malaysia	2,198,165	25,422,371	7,405
America	1,516,792	-	-
Europe	4,334	-	-
Australia	19,652	-	-
Asia (exclude Malaysia)	77,897	-	-
Consolidated	3,816,840	25,422,371	7,405

A9. Post balance sheet events

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

A10. Changes in the composition of the Group

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

A11. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets as at 31 March 2013 and up to the date of this report.

A12. Capital commitments

As at 31 March 2013, the Group has no capital commitments.

A13. Related party transactions

	Individual Quarter		Cumulative Quarter	
	31.3.13	31.3.12	31.3.13	31.3.12
	RM	RM	RM	RM
Precision tooling charges				
- Micro Carbide Engineering Sdn Bhd	71,828	59,820	71,828	59,820
Rental income received				
- Micro Carbide Engineering Sdn Bhd	67,500	67,500	67,500	67,500

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

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

B1. Review of performance

	← Quarter ended →					← Period-to-date →		
	31.3.13 RM	31.12.12 RM	Var %	31.3.12 RM	Var %	31.3.13 RM	31.3.12 RM	Var %
Revenue	3,108,420	2,683,533	16	3,816,840	-19	3,108,420	3,816,840	-19
Cost of sales	(2,371,306)	(2,203,074)	-8	(2,872,666)	17	(2,371,306)	(2,872,666)	17
Gross profit	737,114	480,459	53	944,174	-22	737,114	944,174	-22
Other operating income	118,213	71,419	66	73,974	60	118,213	73,974	60
Other operating expenses	-	(3,658,401)		(152,464)		-	(152,464)	
Administrative expenses	(728,949)	(675,139)	-8	(698,855)	-4	(728,949)	(698,855)	-4
Profit / (Loss) from operations	126,378	(3,781,662)	103	166,829	-25	126,378	166,829	-25
Interest expense	(1,243)	(953)		(1,362)		(1,243)	(1,362)	
Profit / (Loss) before taxation	125,135	(3,782,615)		165,467		125,135	165,467	
Tax expense	2,548	(1,452)		2,548		2,548	2,548	-
Net profit / (loss) for the period	127,683	(3,784,067)		168,015		127,683	168,015	

For the quarter ended 31 March 2013, the Group recorded a revenue of RM3.108 million and a profit before taxation of RM125,135. The Group's revenue decreased by 19% from RM3.817 million in the corresponding quarter of the preceding year 2012 to RM3.108 million of current quarter. The decrease in revenue was mainly attributed to less orders for machines from the semiconductor and opto-electronic industry. Gross margin recorded was in tandem with the nature of machines sold during the quarter.

Other operating expenses recorded in the corresponding quarter of the preceding year 2012 was mainly due to foreign exchange losses arising from the weakened US Dollar against RM during that quarter.

B2. Variation of results against preceding quarter

Revenue for the current quarter of RM3.108 million was 16% higher than that recorded in the preceding quarter of RM2.684 million mainly attributed to timing of completion and delivery of customized machines during the quarter. Gross margin recorded was consistent with the nature of machines sold during the quarter.

Other operating expenses recorded in the preceding quarter were mainly due to the write-down of inventories in the quarter.

B3. Current year prospects

The Board of Directors foresees the current business environment to be continually challenging and would explore all opportunities to secure more orders.

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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:

	Current year quarter 31.3.13 RM	Preceding year quarter 31.3.12 RM
Profit before tax	125,135	165,467
Taxation at Malaysian statutory tax rate of 25%	31,284	41,367
Non-deductible expenses	13,440	7,177
Losses not available for set-off	9,988	9,762
Pioneer income	-	(31,675)
Crystallisation of deferred tax liability	(2,548)	(2,548)
Unrecognised deferred tax assets	(54,712)	(26,631)
Tax expense	<u>(2,548)</u>	<u>(2,548)</u>

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

B7. Unquoted investments and properties

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

B8. Quoted investments

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

B9. Status of corporate proposal announced

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

B10. Group's borrowings and debt securities

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

	Current year quarter 31.3.13 RM	Preceding quarter 31.12.12 RM
<u>Hire Purchase</u>		
Non-current liabilities	44,659	24,804
Current liabilities	58,508	40,926
	<u>103,167</u>	<u>65,730</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.

	Individual Quarter		Cumulative Quarter	
	31.3.13	31.3.12	31.3.13	31.3.12
	RM	RM	RM	RM
Net profit after tax and minority interests (RM)	127,683	168,015	127,683	168,015
Weighted average number of ordinary shares in issue	163,000,000	163,000,000	163,000,000	163,000,000
Basic earnings per share (sen)	0.0783	0.1031	0.0783	0.1031

b) Diluted EPS

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

B15. Realised and Unrealised (Profit) / Losses Disclosure

The accumulated losses as at 31 March 2013 and 31 December 2012 is analysed as follows:

	Current quarter	Preceding quarter
	31.3.13	31.12.12
	RM	RM
Total accumulated losses of the Group		
- realised losses	3,244,828	3,356,023
- unrealised loss	36,010	52,498
Total Group accumulated losses as per consolidated financial statements	<u>3,280,838</u>	<u>3,408,521</u>

B16. Profit before tax

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

	Individual quarter	Cumulative quarter
	31.3.13	31.3.12
	RM	RM
Interest expense	1,243	1,362
Depreciation	120,504	129,650
Foreign exchange (gain)/loss - realised	(66,810)	145,581
- unrealised	36,010	6,883
Interest income	(8,988)	(6,474)

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 May 2013.