



MMS VENTURES BERHAD
(Company No. 547125-P)

(Incorporated in Malaysia)

**Quarterly Report on Consolidated Results
For The Second Quarter Ended 30 June 2013**

(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position

As at 30 June 2013

(The figures have not been audited)

	Note	30.6.13 (Unaudited) RM	31.12.12 (Audited) RM
Property, plant and equipment		9,765,199	9,867,945
Total non-current assets		9,765,199	9,867,945
Inventories		5,600,818	5,462,669
Trade receivables		7,950,384	4,333,801
Sundry receivables, deposits and prepayments		108,259	206,693
Tax refundable		49,021	37,206
Fixed deposits with licensed banks		652,336	644,416
Cash and cash equivalents		1,788,293	1,873,325
Total current assets		16,149,111	12,558,110
Total assets		25,914,310	22,426,055
Equity			
Share capital		16,300,000	16,300,000
Share premium		4,663,468	4,663,468
Accumulated losses		(1,296,016)	(3,408,521)
Total equity attributable to shareholders of the Company		19,667,452	17,554,947
Total equity		19,667,452	17,554,947
Liabilities			
Hire purchase creditors	B10	30,926	24,840
Deferred tax liabilities		499,002	504,098
Total non-current liabilities		529,928	528,938
Trade payables		2,702,463	2,926,594
Sundry payables and accruals		2,956,294	1,374,650
Hire purchase creditors	B10	58,173	40,926
Total current liabilities		5,716,930	4,342,170
Total liabilities		6,246,858	4,871,108
Total equity and liabilities		25,914,310	22,426,055
Net assets per share (RM) @		0.12	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.

(Incorporated in Malaysia)

Condensed Consolidated Statement of Comprehensive Income
For the Second Quarter Ended 30 June 2013
(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
		30.6.13 RM	30.6.12 RM	30.6.13 RM	30.6.12 RM
Revenue		8,726,146	5,834,243	11,834,566	9,651,083
Cost of sales		(6,125,312)	(4,492,406)	(8,496,618)	(7,365,072)
Gross profit		2,600,834	1,341,837	3,337,948	2,286,011
Other operating income		306,824	72,871	425,037	146,845
Other operating expenses		-	61,672	-	(90,792)
Administrative expenses		(924,110)	(803,391)	(1,653,059)	(1,502,246)
Profit from operations		1,983,548	672,989	2,109,926	839,818
Interest expense		(1,274)	(1,226)	(2,517)	(2,588)
Profit before taxation		1,982,274	671,763	2,107,409	837,230
Tax expense	B6	2,548	2,548	5,096	5,096
Net profit for the period	B1	1,984,822	674,311	2,112,505	842,326
Attributable to:					
Shareholders of the Company		1,984,822	674,311	2,112,505	842,326
Minority interests		-	-	-	-
Net profit for the period		1,984,822	674,311	2,112,505	842,326
Earnings per share					
(i) Basic (sen)	B14	1.2177	0.4137	1.2960	0.5168
(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.

(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity
For the Second Quarter Ended 30 June 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	-	-	2,112,505	2,112,505
At 30 June 2013	<u>16,300,000</u>	<u>4,663,468</u>	<u>(1,296,016)</u>	<u>19,667,452</u>
At 1 January 2012	16,300,000	4,663,468	(292,501)	20,670,967
Net profit for the period	-	-	842,326	842,326
At 30 June 2012	<u>16,300,000</u>	<u>4,663,468</u>	<u>549,825</u>	<u>21,513,293</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.

(Incorporated in Malaysia)

Condensed Consolidated Statement of Cash Flows
For the Second Quarter Ended 30 June 2013
(The figures have not been audited)

	6 months ended 30 June	
	2013	2012
	RM	RM
Cash flows from operating activities		
Profit before tax	2,107,409	837,230
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	229,310	259,586
Unrealised forex (gain) / loss	(155,212)	82
Gain on disposal of plant and equipment	(12,000)	-
Interest income	(14,122)	(11,128)
Interest expense	2,517	2,588
<i>Operating profit before working capital changes</i>	2,157,902	1,088,358
<i>Adjustments for working capital changes:-</i>		
Inventories	(138,149)	1,802,849
Trade receivables	(3,461,371)	(1,306,064)
Sundry receivables, deposits and prepayments	98,434	(63,955)
Trade payables	(224,131)	(2,428,368)
Sundry payables and accruals	1,581,644	656,920
<i>Cash generated from / (used in) operations</i>	14,329	(250,260)
Interest received	14,122	11,128
Income tax (paid) / refunded	(11,815)	18,692
<i>Net cash generated from / (used in) operating activities</i>	16,636	(220,440)
Cash flows from investing activities		
Purchase of plant and equipment	(76,564)	(7,405)
Proceeds from disposal of plant and equipment	12,000	-
<i>Net cash used in investing activities</i>	(64,564)	(7,405)
Cash flows from financing activities		
Repayments of hire purchase (net)	(26,667)	(19,096)
Interest paid	(2,517)	(2,588)
<i>Net cash used in financing activities</i>	(29,184)	(21,684)
Net decrease in cash and cash equivalents	(77,112)	(249,529)
Cash and cash equivalents at the beginning of year	2,517,741	1,904,249
Cash and cash equivalents at the end of period	2,440,629	1,654,720

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.

(Incorporated in Malaysia)

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.

(Incorporated in Malaysia)

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 30 June 2013			
Malaysia	5,250,132	25,865,289	43,797
America	2,194,239	-	-
Europe	5,868	-	-
Australia	29,032	-	-
Asia (exclude Malaysia)	1,246,875	-	-
Consolidated	8,726,146	25,865,289	43,797

	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 30 June 2012			
Malaysia	463,459	26,876,400	-
America	4,871,809	-	-
Europe	2,438	-	-
Australia	19,940	-	-
Asia (exclude Malaysia)	476,597	-	-
Consolidated	5,834,243	26,876,400	-

	Revenue from external customers by location of customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
6 months ended 30 June 2013			
Malaysia	6,348,941	25,865,289	76,564
America	3,984,929	-	-
Europe	5,868	-	-
Australia	48,639	-	-
Asia (exclude Malaysia)	1,446,189	-	-
Consolidated	11,834,566	25,865,289	76,564

	Revenue from external customers by location of customers RM	Segment assets by location of assets RM	Capital expenditure by location of assets RM
6 months ended 30 June 2012			
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	9,651,083	26,876,400	7,405

(Incorporated in Malaysia)

A9. Post balance sheet events

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

A10. Changes in the composition of the Group

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

A11. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets as at 30 June 2013 and up to the date of this report.

A12. Capital commitments

As at 30 June 2013, the Group has no capital commitments.

A13. Related party transactions

	Individual Quarter		Cumulative Quarter	
	30.6.13	30.6.12	30.6.13	30.6.12
	RM	RM	RM	RM
Precision tooling charges				
- Micro Carbide Engineering Sdn Bhd	72,611	48,629	144, 439	108,449
- Accutek Engineering (Pg) Sdn Bhd	-	20,210	-	20,210
Rental income received				
- Micro Carbide Engineering Sdn Bhd	67,500	67,500	135,000	135,000

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

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 →		
	30.6.13 RM	31.3.13 RM	Var %	30.6.12 RM	Var %	30.6.13 RM	30.6.12 RM	Var %
Revenue	8,726,146	3,108,420	181	5,834,243	50	11,834,566	9,651,083	23
Cost of sales	(6,125,312)	(2,371,306)	158	(4,492,406)	36	(8,496,618)	(7,365,072)	15
Gross profit	2,600,834	737,114	253	1,341,837	94	3,337,948	2,286,011	46
Other operating income	306,824	118,213	160	72,871	321	425,037	146,845	189
Other operating expenses	-	-		61,672		-	(90,792)	
Administrative expenses	(924,110)	(728,949)	27	(803,391)	15	(1,653,059)	(1,502,246)	10
Profit from operations	1,983,548	126,378	1470	672,989	195	2,109,926	839,818	151
Interest expense	(1,274)	(1,243)		(1,226)		(2,517)	(2,588)	
Profit before taxation	1,982,274	125,135		671,763	195	2,107,409	837,230	
Tax expense	2,548	2,548		2,548		5,096	5,096	-
Net profit for the period	1,984,822	127,683		674,311		2,112,505	842,326	

For the quarter ended 30 June 2013, the Group recorded a revenue of RM8.726 million and a profit before taxation of RM1.982 million. The Group's revenue increased by 50% from RM5.834 million in the corresponding quarter of the preceding year 2012 to RM8.726 million of current quarter. The increase in revenue was a result of our ability to secure orders with better margins during the period allowing us to achieve a higher profitability. Gross margin recorded was in tandem with the nature of machines sold during the quarter.

Increase in other operating income in the current quarter was mainly attributed to the foreign exchange gains arising from the strengthened US Dollar against RM. Increase in administrative expenses was in line with the increase in certain staff-related expenses.

B2. Variation of results against preceding quarter

Revenue for the current quarter of RM8.726 million was 181% higher than that recorded in the preceding quarter of RM3.108 million mainly attributed to timing of completion and delivery of machines with better margin during the quarter. Gross margin recorded was consistent with the nature of machines sold during the quarter.

Increase in other operating income in the current quarter was mainly attributed to the foreign exchange gains arising from the strengthened US Dollar against RM compared against preceding quarter. Increase in administrative expenses was in line with the increase in certain employee-related expenses during the period.

B3. Current year prospects

The Board of Directors is pleased with the improvement shown in current quarter's performance and would continue to explore all opportunities to secure more orders.

(Incorporated in Malaysia)

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	
	30.6.13 RM	30.6.12 RM	30.6.13 RM	30.6.12 RM
Profit before tax	1,982,274	671,763	2,107,409	837,230
Taxation at Malaysian statutory tax rate of 25%	495,569	167,941	526,852	209,308
Non-deductible expenses	(1,543)	15,246	13,278	22,423
Losses not available for set-off	18,453	7,885	22,138	17,647
Pioneer income	(41,879)	(6,910)	(41,879)	(38,585)
Crystallisation of deferred tax liability	(2,548)	(2,548)	(5,096)	(5,096)
Utilisation of tax allowances	(127,858)	(24,462)	(127,858)	(24,462)
Unrecognised deferred tax assets	(342,741)	(159,700)	(392,531)	(186,331)
Tax expense	<u>(2,548)</u>	<u>(2,548)</u>	<u>(5,096)</u>	<u>(5,096)</u>

No tax provision was made by the Group for the quarter in view of the availability of unabsorbed 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:

	30.6.13 RM	31.12.12 RM
<u>Hire Purchase</u>		
Non-current liabilities	30,926	24,804
Current liabilities	58,173	40,926
	<u>89,099</u>	<u>65,730</u>

(Incorporated in Malaysia)

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	
	30.6.13	30.6.12	30.6.13	30.6.12
	RM	RM	RM	RM
Net profit after tax and minority interests (RM)	1,984,822	674,311	2,112,505	842,326
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)	1.2177	0.4137	1.2960	0.5168

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 30 June 2013 and 31 December 2012 is analysed as follows:

	30.6.13	31.12.12
	RM	RM
Total accumulated losses of the Group		
- realised losses	1,451,228	3,356,023
- unrealised (gain) / loss	(155,212)	52,498
Total Group accumulated losses as per consolidated financial statements	<u>1,296,016</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	
	3 months ended	30.6.12	6 months ended	30.6.12
	30.6.13	RM	30.6.13	RM
	RM	RM	RM	RM
Depreciation	108,806	129,936	229,310	259,586
Plant and equipment written off	-	-	-	82
Foreign exchange (gain)/loss - realised	(40,192)	(53,463)	(107,002)	92,118
- unrealised	(191,222)	(66,317)	(155,212)	(59,434)
Interest expense	1,274	1,226	2,517	2,588
Interest income	(5,134)	(4,654)	(14,122)	(11,128)
Gain from disposal of plant and equipment	-	-	(12,000)	-

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 22 August 2013.