

# *VisDynamics Holdings Berhad* (“VHB” or “COMPANY”)

(Company No. 677095-M)

(Incorporated in Malaysia)

## **CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER AND THE FINANCIAL PERIOD ENDED 31 JANUARY 2006**

### **PART A – EXPLANATORY NOTE PURSUANT TO FRS 134**

#### **1. Basis of Preparation**

This is the first quarterly report being drawn up by the Company and the Group (collectively VHB and its subsidiary, VisDynamics Research Sdn Bhd (“VRSB”)) and the Company will/targeted to be listed on the MESDAQ Market of Bursa Malaysia Securities Berhad tentatively on 13 April 2006, and therefore there is no comparative figure presented.

The interim financial report is unaudited and is prepared in accordance with Financial Reporting Standard (FRS) 134 “Interim Financial Reporting” and Appendix 7A of the Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the MESDAQ Market.

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the most recent audited annual financial statements for the financial year ended 31 October 2005.

#### **2. Qualification of Audit Reports**

The audited financial statements of the Company and its subsidiary for the preceding financial years/periods were reported without any qualification.

#### **3. Seasonal or cyclical nature of interim operations**

Presently, the Group focuses its range of products and services to customers/end-users principally engaged in test/backend of semiconductor assembly. As such, the Group performance will inevitably depend heavily on the outlook and cyclical nature of the semiconductor and semiconductor equipment industry which is highly unpredictable and sensitive. Furthermore, semiconductor and semiconductor equipment industry displays seasonal pattern which was historically experiencing slowdown in activities in the first half of the Group’s financial year post festive seasons and regained its momentum and peaked in the second half of the Group’s financial year in preparation for the coming festive seasons.

#### **4. Unusual Items Due to Their Nature, Size or Incidence**

There are no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence during the current financial period ended 31 January 2006.

#### **5. Changes in Estimates**

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current financial period ended 31 January 2006.

#### **6. Revaluation of Property, Plant and Equipment**

The valuation on the property, plant and equipment have been brought forward without amendment from the financial statements for the financial year ended 31 October 2005.

#### **7. Debt and Equity Securities**

There were no issuances, cancellations or repayment of debt and equity securities, shares buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial period ended 31 January 2006.

#### **8. Dividends Paid**

There was no dividend paid by the Company during the current financial period ended 31 January 2006.

#### **9. Subsequent Material Events**

Except for the following and those fully explained in Note 21, there were no material events since the end of the current quarter to the date of this announcement that have not been reflected in the interim financial statements except the following:

- 1) As at 20 February 2006, VRSB entered into a sale and purchase agreement to acquire two (2) pieces of land in Mukim Bukit Baru, Melaka for a total consideration of RM963,488 of which VRSB have paid a deposit of RM96,349, which represents 10% of the total purchase consideration.

#### **10. Change in the Composition of the Group**

There were no changes in the composition of the Group during the current financial period ended 31 January 2006.

## 11. Contingent Liabilities and Contingent Assets

There were no material changes in the contingent liabilities and contingent assets since the last annual balance sheet date as at 31 October 2005.

## 12. Segmental Information

No segmental information is prepared as the Group is principally engaged in the provision of test/backend equipment in the automated test equipment industry for semiconductors and the Group operates principally in Malaysia.

## 13. Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 January 2006 is as follow:

	<u>RM '000</u>
Approved and contracted for	21
Approved but not contracted for	867
<b>TOTAL</b>	<b>888</b>

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## **Part B - Explanatory Notes Pursuant to Appendix 7A of the Listing Requirements of Bursa Securities for the MESDAQ Market**

### **14. Performance Review**

The sales of the Group for the current quarter and current financial period ended 31 January 2006 were RM 1,031,370. The Group's profit before taxation for the current quarter and current financial period ended 31 January 2006 were RM 96,826. No comparative figure is presented as this is the first quarterly report being drawn up by the Company and the Group, and the Company expected to be listed on the MESDAQ Market of Bursa Malaysia Securities Berhad on 13 April 2006.

The sales and profit before taxation for the current quarter and current financial period ended 31 January 2006 were lower as the period under review was seasonally soft in semiconductor and semiconductor equipment industry post festive seasons.

### **15. Commentary on Material Change in Profit before Taxation**

No comparative figure is presented as this is the first quarterly report being drawn up by the Company and the Group, and the Company expected to be listed on the MESDAQ Market of Bursa Malaysia Securities Berhad on 13 April 2006.

### **16. Commentary on the Prospects**

The Directors are of the opinion that the overall performance of the Group will improve for the remainder of the financial year ending 31 October 2006 in line with the improved semiconductor equipment market condition together with seasonally stronger semiconductor market condition in the second half of the Group's financial year. In addition, the positive and encouraging responses on the newly launched product will add positive impact on performance of the Group in the current financial year.

Based on the above, barring any unforeseen circumstances, the Group is expected to achieve positive growth in revenue and profit before taxation in the current financial year.

### **17. Profit Forecast and Profit Guarantee**

The Group did not issue any profit forecast or profit guarantee in any public document and hence this is not applicable.

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## 18. Tax Expense

Taxation comprises the following:

	<b>Current Quarter</b>	<b>3 Months Cumulative To-Date</b>
	<b>31 January 2006</b>	<b>31 January 2006</b>
	<b>RM'000</b>	<b>RM'000</b>
In respect of:-		
Taxation	-	-
Deferred taxation	-	-
	-	-

The effective tax rate of the Group is lower than the statutory tax rate due to Pioneer Status granted to VRSB under the Promotion of Investments Act, 1986. Under Pioneer Status incentive granted to VRSB, 100% of the VRSB's statutory income from pioneer activities is exempted from income tax for a period of five (5) years, commencing from 1 June 2003. The Pioneer Status may be extended for another five (5) years upon expiry.

## 19. Profits/(Losses) on Sale of Unquoted Investments and/or Properties

There was no disposal of unquoted investments or properties during the current quarter and current financial period ended 31 January 2006.

## 20. Purchase and Disposal of Quoted and marketable securities

There was no purchase or disposal of quoted and marketable securities during the current quarter and current financial period ended 31 January 2006.

## 21. Status of Corporate Proposal and Utilisation of Proceeds

### 1. Status of Corporate Proposal Proposed and Not Complete

Save as disclosed below, there are no other corporate proposals announced but not completed as at the date of this announcement:-

#### (i) Proposed Listing

On 23 March 2006, VHB issued a prospectus for the public issue of 16,700,000 shares of RM0.10 each in the Company at an issue price of RM0.66 each in conjunction with its listing exercise. The entire enlarged issued and paid up share capital of the Company, comprising 66,700,000 ordinary shares of RM0.10 each expected to be listed and quoted on the MESDAQ Market of Bursa Securities on 13 April 2006.

## 21. Status of Corporate Proposal and Utilisation of Proceeds (Cont'd)

### (ii) Employees' Share Option Scheme ("ESOS")

Upon and after the proposed listing, the Company may make offers to grant options for up to 10% of the enlarged share capital at any time during the existence of the ESOS to directors, including non-executive directors, and eligible employees of the Group, in accordance with the ESOS By-Laws.

Other than the above, there were no corporate proposals proposed and not complete as at the date of this announcement.

## 2. Utilisation of Proceeds

After the proposed listing and quotation in MESDAQ Market of Bursa Securities, the gross proceeds of RM11.022 million expected to be received will be utilised in the following manner:

Purpose	Proceeds raised RM'000	Time frame for utilisation of proceeds <sup>*1</sup>		
		From the date of proposed listing		
		Immediate RM'000	Within 24 months RM'000	Within 36 months RM'000
Capital expenditure	3,500	-	3,500	-
R & D	2,500	-	-	2,500
Working Capital	3,522	-	3,522	-
Estimated Listing Expenses	1,500	1,500		
<b>TOTAL</b>	<b>11,022</b>	<b>1,500</b>	<b>7,022</b>	<b>2,500</b>

<sup>\*1</sup> – As set out in VHB's Prospectus dated 23 March 2006

## 22. Group Borrowings and Debt Securities

Group borrowings as at 31 January 2006 were as follows:

<b><u>Short term (Due within 12 months)</u></b>	<b><u>RM '000</u></b>
Secured	246
<b><u>Long term (Due after 12 months)</u></b>	
Secured	410
<b>TOTAL</b>	<b>656</b>

All Group borrowings are in Ringgit Malaysia.

### 23. Off Balance Sheet Financial Instruments

As at the date of this announcement, the Group has no off balance sheet financial instrument of any kind.

### 24. Changes in Material Litigation Since the Last Annual Balance Sheet Date

As at the date of this announcement, the Group is not engaged in any material litigation either as plaintiff or defendant and the directors do not have any knowledge of any proceedings pending or threatened against the Group.

### 25. Dividend Payable

The Group didn't recommend or declare any dividend during the current quarter and current financial period ended 31 January 2006.

### 26. Earnings Per Share (“EPS”)

#### (i) Basic EPS

	<b>Current Quarter</b>	<b>3 Months Cumulative To-Date</b>
	<b>31 January 2006</b>	<b>31 January 2006</b>
Net profit for the period (RM'000)	97	97
Weighted average number of shares in issue ('000)	50,000	50,000
Basic EPS (sen)	0.19	0.19

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**(ii) Diluted EPS**

The calculation of diluted EPS has take into consideration of the adjustment of weighted average number of ordinary shares in issue during the period for the dilutive effect of all potential ordinary shares in relation to the ESOS in existence.

	<b>Current Quarter</b>	<b>3 Months Cumulative To-Date</b>
	<b>31 January 2006</b>	<b>31 January 2006</b>
Net profit for the period (RM'000)	97	97
Weighted average number of shares in issue ('000)	50,000	50,000
Effect of dilution ('000): ESOS	445	445
Adjusted weighted average number of shares in issue and issuable ('000)	50,445	50,445
Diluted EPS (sen)	0.19	0.19

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