

# **VISDYNAMICS HOLDINGS BERHAD (“VHB” or “COMPANY”)**

(Company No. 677095-M)

(Incorporated in Malaysia)

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

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

The Company was listed only on the MESDAQ Market of Bursa Malaysia Securities Berhad 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, VisDynamics Research Sdn Bhd (“VRSB”)(collectively “the Group”), 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 manufacturing. 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 regains its momentum and peaks 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 30 April 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 30 April 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 30 April 2006 except for the following:

### **7.1. Ordinary shares issued as part of the listing scheme**

On 4 April 2006, the Company issued 16,700,000 ordinary shares of RM 0.10 each at an issue price of RM 0.66 per ordinary share amounting to RM 11,022,000 as an integral part of the listing of and quotation for its entire enlarge issued and paid-up share capital on the MESDAQ market of the Bursa Securities.

### **7.2. Employee Share Option Scheme (“ESOS”)**

During the financial period ended 30 April 2006, the Company issued 89,600 ordinary shares of RM 0.10 each for cash at exercise price of RM 0.10 per ordinary share.

## **8. Dividends Paid**

During the financial period ended 30 April 2006, VRSB has paid the final balance of RM 500,000 to its former ordinary shareholders in respect of the Tax Exempt Final Dividend of RM 1,000,000 declared on 12 January 2005.

## **9. Subsequent Material Events**

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.

## 10. Change in the Composition of the Group

There were no changes in the composition of the Group during the current financial period ended 30 April 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 30 April 2006 is as follow:

	<u>RM '000</u>
Approved and contracted for	888
<b>TOTAL</b>	<u><u>888</u></u>

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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 revenue of the Group for the current quarter ended 30 April 2006 were RM 2,373,631, representing an increase of RM 1,342,261 as compared to previous quarter's sales of RM 1,031,370. The Group's profit before taxation for the current quarter ended 30 April 2006 registered RM 697,486 as compared to RM 96,826 in the previous quarter which represents an increase of RM 600,660. No comparative figure is presented as the Company was listed on the MESDAQ Market of Bursa Malaysia Securities Berhad on 13 April 2006.

The revenue and profit before taxation for the current quarter ended 30 April 2006 were higher as the quarter under review was seasonally stronger in semiconductor and semiconductor equipment industry as compared to first quarter ended 31 January 2006 post festive seasons.

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

The Group's profit before taxation for the current quarter ended 30 April 2006 registered RM 697,486 as compare to RM 96,826 in the previous quarter which represents an increase of 620%.

The improvement in the profit before taxation in the current quarter was due to improved revenue of the flagship product of the Group during the seasonally stronger second quarter as compared to first quarter of the financial year ending 31 October 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.

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### 17. Profit Forecast and Profit Guarantee

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

### 18. Tax Expense

Taxation comprises the following:

	<b>Current Quarter</b>	<b>6 Months Cumulative To-Date</b>
	<b>30 April 2006</b>	<b>30 April 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 its subsidiary, 100% of the subsidiary'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 30 April 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 30 April 2006.

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

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

There was no corporate proposal announced but not completed as at the date of this announcement.

### 2. Utilisation of Proceeds

As at 30 April 2006, the proceeds raised from the Public Issue of RM11.022 million is utilised in the following manner:

<b>Purpose</b>	<b>Proceeds raised RM'000</b>	<b>Amount Utilised RM'000</b>	<b>Balance RM'000</b>
Capital expenditure	3,500	4	3,496
R & D	2,500	144	2,356
Working Capital	3,522	548	2,974
Estimated Listing Expenses	1,500	1,288	212
<b>TOTAL</b>	<b>11,022</b>	<b>1,984</b>	<b>9,038</b>

## 22. Group Borrowings and Debt Securities

Group borrowings as at 30 April 2006 were as follows:

<b><u>Short term</u></b>	<b><u>RM '000</u></b>
Secured	223
<b><u>Long term</u></b>	
Secured	381
<b>TOTAL</b>	<b>604</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 30 April 2006.

## 26. Earnings Per Share (“EPS”)

### (i) Basic EPS

	Current Quarter	6 Months Cumulative To-Date
	30 April 2006	30 April 2006
Net profit for the period (RM'000)	697	794
Weighted average number of shares in issue ('000)	54,755	52,368
Basic EPS (sen)	1.27	1.52

### (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.

	Current Quarter	6 Months Cumulative To-Date
	30 April 2006	30 April 2006
Net profit for the period (RM'000)	697	794
Weighted average number of shares in issue ('000)	54,755	52,368
Effect of dilution ('000): ESOS	374	374
Adjusted weighted average number of shares in issue and issuable ('000)	55,129	52,742
Diluted EPS (sen)	1.26	1.51