

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

### **1. Accounting Policies**

The interim financial report is unaudited and is prepared in accordance with Financial Reporting Standard (FRS) 134 “Interim Financial Reporting” and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the MESDAQ Market.

The interim condensed financial statements have been prepared based on accounting policies and methods of computation which are consistent with those adopted in the preparation of the audited financial statements for the year ended 31 October 2007.

### **2. Seasonal or cyclicity 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’s performance will inevitably depend heavily on the outlook and cyclical nature of the semiconductor and semiconductor equipment industry which is highly unpredictable and sensitive in nature. Furthermore, semiconductor and semiconductor equipment industry displayed 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.

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

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual because of their nature, size, or incidence during the three (3) months financial period ended 31 January 2008.

### **4. Changes in Estimates**

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the three (3) months financial period ended 31 January 2008.

### **5. Debt and Equity Securities**

There were no issuances, cancellations or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the three (3) months financial period ended 31 January 2008.

### **6. Dividends Paid**

There was no dividend paid during the three (3) months financial period ended 31 January 2008.

## 7. 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.

## 8. Change in the Composition of the Group

There were no changes in the composition of the Group during the three (3) months financial period ended 31 January 2008.

## 9. Contingent Liabilities and Contingent Assets

There were no material changes in the contingent liabilities and contingent assets since the last audited annual balance sheet date as at 31 October 2007.

## 10. Segmental Information

Sales Revenue by Geographical Market as at 31 January 2008.

|                 | <b>Current Year<br/>Quarter<br/>31 January<br/>2008<br/>RM'000</b> | <b>Previous Year<br/>Quarter<br/>31 January<br/>2007<br/>RM'000</b> |
|-----------------|--|---|
| Malaysia        | 275  | 547   |
| South East Asia | 584  | 54  |
| North Asia      | 1,176  | 1,007   |
| USA             | 20   | 578   |
| <b>Total</b>    | <b>2,055</b>   | <b>2,186</b>  |

No other segmental information such as segment assets, liabilities and results are presented as the Group is principally engaged in business as a manufacturer of automated test equipment and operates from Malaysia only.

## 11. 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 2008 is as follow:

|                             | <b><u>RM '000</u></b> |
|-----------------------------|-----------------------|
| Approved and contracted for | 2,068                 |
| <b>TOTAL</b>                | <b><u>2,068</u></b>   |

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## **Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Securities for the MESDAQ Market**

### **12. Performance Review**

In the current quarter ended 31 January 2008, the Group generated a slightly lower revenue of RM2,055,018, a decrease of RM131,353 or 6% from the previous corresponding quarter ended 31 January 2007 of RM2,186,371. The main reason for the decrease in the revenue was due to no contribution from the sales of Tray-type semiconductor back-end equipment (“T-Series”) in the current quarter as compared to the previous corresponding quarter. This was however compensated by higher revenue generated by Gravity-type semiconductor back-end equipment (“G-Series”) and upgrading projects undertaken for customers.

For the current quarter ended 31 January 2008, the Group’s profit before taxation of RM64,407 was relatively flat as compared to the previous corresponding quarter ended 31 January 2007 of RM60,586. Despite the strengthening of the MYR against the USD, the Group posted a higher gross profit margin contributed by the sales of the G-Series and the upgrading projects. However, these were offset to a certain extent by higher non-production overhead costs incurred during the current quarter as compared to the previous corresponding quarter ended 31 January 2007.

### **13. Commentary on Material Change in Profit/(Loss) before Taxation**

The Group posted a lower revenue in the current quarter as compared to the previous quarter ended 31 October 2007 of RM3,836,780, representing a decrease of RM1,781,761 or 46% as sales during the first half of the Group’s financial year tends to be seasonally lower than the second half of the Group’s financial year.

Consequent to the lower revenue generated, the profit before taxation in the current quarter ended 31 January 2008 was lower as compared to a profit before taxation RM435,579 in the previous quarter ended 31 October 2007 despite lower non-production overheads incurred during the current quarter.

### **14. Commentary on the Prospects**

The uncertainty facing the world economy as well as the strengthening of MYR against USD and appreciation of the commodities’ prices present a challenging year ahead for the Group. As the Group conducts its business globally, the imminent slowdown of the world economy as well as unfavorable movement in the exchange rates and commodities’ prices will impact on the Group’s profitability to some extent.

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#### 14. Commentary on the Prospects (Cont’d)

Notwithstanding the negative economic growth externally, with the indications from customers for higher order to be placed with the Group and judging from the higher level of unbilled inventory in the Group, the Group will be in a position to defy the general downward pull during this financial year. As at 31 January 2008, approximately 31% of the inventory comprises unbilled finished goods that have been delivered for testing and demonstration at the premises of prospective customers pending their acceptance. It is the Group’s practice to recognize the revenue in the book only when customers accept the machine/system delivered. Furthermore, the Group’s concentration in this year to enhance its T-Series to maturity in terms of development and our continuing value innovations are expected to lend a hand in improving the profit margin of the Group. Internally, the Group will continue its effort in its strategic cost reduction program as well as improving its efficiency and these are expected to contribute positively to the financial result of the Group for the financial year ending 31 October 2008.

With the above efforts to be pursued by the Group in this financial year, the Directors are of the opinion that, barring unforeseen circumstances, the Group should be able to achieve positive growth for the financial year ending 31 October 2008.

#### 15. 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.

#### 16. Qualification of Audit Reports

The audited financial statements of the Company and its subsidiary, VisDynamics Research Sdn Bhd, for the preceding financial years were reported without any qualification.

#### 17. Tax Expense

Taxation comprises the following:

|                   | Current Year Quarter | Previous Year Quarter | Current Year 3 Months Cumulative To-Date | Previous Year 3 Months Cumulative To-Date |
|-------------------|----------------------|-----------------------|--|---|
|                   | 31 January 2008      | 31 January 2007       | 31 January 2008                          | 31 January 2007                           |
|                   | RM’000               | RM’000                | RM’000                                   | RM’000                                    |
| In respect of:-   |                      |                       |  |   |
| Taxation          | (0)                  | 6                     | (0)                                      | 6   |
| Deferred taxation | -                    | -                     | -  | -   |
|                   | (0)                  | 6                     | (0)                                      | 6   |

## 17. Tax Expense (Cont'd)

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. The deferred taxation credit is related to tax deductions allowed to be carried forward to post-pioneer period.

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

There was no disposal of unquoted investments or properties during the current quarter and year to date ended 31 January 2008.

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

There was no purchase or disposal of quoted and marketable securities during the current quarter and year to date ended 31 January 2008.

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

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

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

### 20.2. Utilisation of Proceeds

As at 31 January 2008, the proceeds raised from the public issue of the Company of RM11.022 million have been utilised in the following manner:

| <b>Purpose</b>      | <b>Proposed Utilisation<br/>RM'000</b> | <b>Actual Utilisation<br/>RM'000</b> | <b>Balance<br/>RM'000</b> | <b>Utilisation To Be Completed By</b> | <b>Deviation</b> | <b>Explanations</b> |
|---------------------|--|--------------------------------------|---------------------------|---------------------------------------|------------------|---------------------|
| Capital expenditure | 3,500                                  | 3,984                                | NIL                       | 12 April 08                           | N/A              | N/A                 |
| R & D               | 2,500                                  | 2,474                                | 26                        | 12 April 09                           | N/A              | N/A                 |
| Working Capital     | 3,522                                  | 2,813                                | 901*                      | 12 April 08                           | N/A              | N/A                 |
| Listing Expenses    | 1,500                                  | 1,308                                | NIL *                     | 12 April 08                           | N/A              | N/A                 |
| <b>TOTAL</b>        | <b>11,022</b>                          | <b>10,579</b>                        | <b>927</b>                |                                       |                  |                     |

Note: \* Unutilised amount of RM191,888 from listing expenses will be utilised for working capital purposes as per the Company’s prospectus dated 23 March 2006.

## 21. Group Borrowings and Debt Securities

Group borrowings as at 31 January 2008 were as follows:

| <u>Short term</u> | <u>RM '000</u> |
|-------------------|----------------|
| Secured           | 249            |
| <u>Long term</u>  |                |
| Secured           | 275            |
| <b>TOTAL</b>      | <b>524</b>     |

The Groups borrowings are all in Ringgit Malaysia.

## 22. Off Balance Sheet Financial Instruments

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

## 23. 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.

## 24. Dividend Payable

The Group has not recommended or declared any dividend during the current quarter and three (3) months financial period ended 31 January 2008.

## 25. Earnings Per Share (“EPS”)

### 25.1. Basic EPS

|   | Current Year Quarter | Previous Year Quarter | Current Year 3 Months Cumulative To-Date | Previous Year 3 Months Cumulative To-Date |
|---|----------------------|-----------------------|--|---|
|   | 31 January 2008      | 31 January 2007       | 31 January 2008                          | 31 January 2007                           |
| Net profit/(loss) for the period (RM'000)         | 64                   | 55                    | 64                                       | 55  |
| Weighted average number of shares in issue ('000) | 66,997               | 66,852                | 66,997                                   | 66,852                                    |
| Basic EPS (sen)                                   | 0.10                 | 0.08                  | 0.10                                     | 0.08                                      |

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## 25. Earnings Per Share (“EPS”) (Cont’d)

### 25.1. Diluted EPS

The calculation of diluted EPS has taken 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 outstanding ESOS in existence.

|   | Current Year Quarter | Previous Year Quarter | Current Year 12 Months Cumulative To-Date | Previous Year 12 Months Cumulative To-Date |
|---|----------------------|-----------------------|---|--|
|   | 31 January 2008      | 31 January 2007       | 31 January 2008                           | 31 January 2007                            |
| Net profit for the period (RM'000)                                      | 64                   | 55                    | 64  | 55   |
| Weighted average number of shares in issue ('000)                       | 66,997               | 66,852                | 66,997                                    | 66,852                                     |
| Effect of dilution ('000):<br>ESOS                                      | 122                  | 290                   | 122                                       | 290  |
| Adjusted weighted average number of shares in issue and issuable ('000) | 67,119               | 67,142                | 67,119                                    | 67,142                                     |
| Diluted EPS (sen)   | 0.10                 | 0.08                  | 0.10                                      | 0.08                                       |