

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 six (6) months financial period ended 30 April 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 six (6) months financial period ended 30 April 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 six (6) months financial period ended 30 April 2008.

6. Dividends Paid

There was no dividend paid during the six (6) months financial period ended 30 April 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 six (6) months financial period ended 30 April 2008.

9. Contingent Liabilities and Contingent Assets

	<u>RM '000</u>
Unsecured – Corporate Guarantees issued to financial institutions in respect of banking facilities granted to subsidiary	300
Unsecured – Bank Guarantees issued in favour of third parties	<u>100</u>
	<u><u>400</u></u>

Save for the above, there were no changes in the contingent liabilities and contingent assets of the Group since the last audited annual balance sheet date as at 31 October 2007.

10. Segmental Information

Sales Revenue by Geographical Market for the six (6) months financial period up to 30 April 2008:

	Current Year	Previous Year
	30 April 2008 RM'000	30 April 2007 RM'000
Malaysia	316	567
South East Asia	756	143
North Asia	2,157	2,081
USA	83	-
Total	<u>3,312</u>	<u>2,791</u>

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.

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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 30 April 2008 is as follow:

	<u>RM '000</u>
Approved and contracted for	1,741
TOTAL	<u>1,741</u>

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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 30 April 2008, the Group generated a higher revenue of RM 1,257,398, an increase of RM 652,850 or 108% from the previous corresponding quarter ended 30 April 2007 of RM 604,548. The main reason for the increase in the revenue was due to higher quantity of Gravity-based system sold and upgrading service rendered in the current quarter as compared to the previous corresponding quarter.

For the current quarter ended 30 April 2008, the Group registered a loss before taxation of RM 523,569 as compared to the loss before taxation for the previous corresponding quarter ended 30 April 2007 of RM 536,806 despite higher revenue generated during the current quarter. This was due to lower gross profit margin and higher non-production overhead costs incurred during the current quarter as compared to the previous corresponding quarter ended 30 April 2007.

As compared to the previous corresponding financial year to date, the Group posted higher revenue of RM 3,312,417 in the current financial year to date ended 30 April 2008, an increase of RM 521,497 or 19% from the previous corresponding financial year to date ended 30 April 2007 of RM 2,790,920. The increase in the revenue was due to higher quantity sold for Gravity-based system and upgrading service rendered during the current year to date as compared to previous corresponding financial year to date.

Despite the higher revenue during the current financial year to date, the Group posted a loss before taxation of RM 459,162 due to the higher non-production overhead costs incurred notwithstanding higher gross profit margin generated during the current financial year to date ended 30 April 2008. The Group suffered a loss before taxation of RM 476,220 during the previous corresponding financial year to date ended 30 April 2007.

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

The Group posted lower revenue in the current quarter as compared to the preceding quarter ended 31 January 2008 of RM 2,055,018, representing a decrease of RM 797,620 or 39%, mainly due to lower quantity sold for Gravity-based system during the current quarter as compared to the preceding quarter.

Consequent to lower revenue generated during the current quarter, the Group registered a loss before taxation of RM 523,569 in the current quarter ended 30 April 2008 as compared to a profit before taxation of RM 64,407 in the preceding quarter ended 31 January 2008. The loss before taxation incurred in the current quarter is attributed mainly to lower gross profit margin posted, coupled with higher non-production overheads incurred during the current quarter.

14. Commentary on the Prospects

The Directors are of the opinion that the overall performance of the Group should improve for the remainder of the financial year ending 31 October 2008 judging from the higher level of unbilled inventory in the Group. As at 30 April 2008, approximately 37% of the inventory comprises unbilled finished goods that have been delivered for testing and demonstration at the premises of prospective customers pending their acceptance, as compared to 31% of the same as at 31 January 2008. However, based on industry forecasts as well as feedback from our customers, we believe the Automated Test Equipment market will soften in the forthcoming quarters.

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 6 Months Cumulative To-Date	Previous Year 6 Months Cumulative To-Date
	30 April 2008	30 April 2007	30 April 2008	30 April 2007
	RM'000	RM'000	RM'000	RM'000
In respect of:-				
Taxation	-	6	-	12
Deferred taxation	-	-	-	-
	-	6	-	12

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. An application for the extension for Pioneer Status had been submitted to Ministry of International Trade and Industry for approval in May 2008.

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 30 April 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 30 April 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 30 April 2008, the proceeds raised from the public issue of the Company of RM11.022 million have been utilised in the following manner:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Utilisation To Be Completed By	Deviation	Explanations
Capital expenditure	3,500	3,500	NIL	12 April 08	N/A	N/A
R & D	2,500	2,500	NIL	12 April 09	N/A	N/A
Working Capital	3,522	2,813	901*	12 April 08 ^	901	Improvement in debtor days
Listing Expenses	1,500	1,308	NIL *	12 April 08	N/A	N/A
TOTAL	11,022	10,121	901			

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.

^ Pursuant to the Company's prospectus dated 23 March 2006, the amount allocated for working capital of RM 3,522,000 was to be utilised by 12 April 2008. However, as at 30 April 2008, the Company's actual utilisation of working capital amounted to only RM 2,813,000, as a result of an improvement on the debtor turnover which led to an increase in internally generated funds for working capital purposes, and there was no strategic acquisition as envisaged per the prospectus. Following from the abovementioned, the Company is currently in the process of applying to the Securities Commission for an extension and variation in the utilisation of proceeds and expect the application to be made by end June 2008.

21. Group Borrowings and Debt Securities

Group borrowings as at 30 April 2008 were as follows:

<u>Short term</u>	<u>RM '000</u>
Secured	189
<u>Long term</u>	
Secured	266
TOTAL	455

The Groups borrowings are all in Ringgit Malaysia.

22. Off Balance Sheet Financial Instruments

As at 17 June 2008, the Group has two (2) foreign currency forward contracts with a financial institution which are yet to be exercised at a value equivalent to RM 646,950. The maturity dates of these contracts are 17 November 2008 and 15 December 2008 respectively. These foreign currency forward contracts were entered into to hedge the Group's foreign currency risk in respect of its foreign currency denominated receipts.

This foreign currency forward contract carries minimal credit risk as this contract was entered into with reputable banks. All gains and losses arising from forward foreign exchange contracts will be dealt with through the Income Statement upon maturity.

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 six (6) months financial period ended 30 April 2008.

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25. Earnings/(Loss) Per Share (“EPS” or “(LPS)”)

25.1. Basic EPS/(LPS)

	Current Year Quarter	Previous Year Quarter	Current Year 6 Months Cumulative To-Date	Previous Year 6 Months Cumulative To-Date
	30 April 2008	30 April 2007	30 April 2008	30 April 2007
Net profit/(loss) for the period (RM'000)	(524)	(543)	(460)	(489)
Weighted average number of shares in issue ('000)	66,997	66,922	66,997	66,922
Basic EPS/(LPS) (sen)	(0.78)	(0.81)	(0.69)	(0.73)

25.2. 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.

For current quarter and current financial year to date ended 30 April 2008, 207,600 outstanding options granted to certain employees have anti-dilutive potential and hence no diluted earnings per share is reported.

	Current Year Quarter	Previous Year Quarter	Current Year 6 Months Cumulative To-Date	Previous Year 6 Months Cumulative To-Date
	30 April 2008	30 April 2007	30 April 2008	30 April 2007
Net profit for the period (RM'000)	N/A	N/A	N/A	N/A
Weighted average number of shares in issue ('000)	N/A	N/A	N/A	N/A
Effect of dilution ('000): ESOS	N/A	N/A	N/A	N/A
Adjusted weighted average number of shares in issue and issuable ('000)	N/A	N/A	N/A	N/A
Diluted EPS (sen)	N/A	N/A	N/A	N/A