

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 ACE Market.

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted by the Group in the audited financial statements for the year ended 31 October 2010, except for the adoption of the following new Financial Reporting Standards (“FRS”) and issues Committee Interpretations (“IC Interpretations”) effective for the financial periods beginning on or after 1 January 2010.

| <u>Standard/Interpretation</u> | <u>Effective for the financial periods beginning on or after</u> |
|---|--|
| Amendments to FRS 1 <i>Limited Exemption from Comparative FRS 7 Disclosures for First-Time Adopters</i> | 1-Jan-2011 |
| Amendments to FRS 1 <i>Additional Exemptions for First-Time Adopters</i> | 1-Jan-2011 |
| Amendments to FRS 2 <i>Group Cash-settled Share-based Payment Transactions</i> | 1-Jan-2011 |
| Amendments to FRS 7 <i>Improving Disclosure about Financial Instruments</i> | 1-Jan-2011 |
| Amendments to FRS 132 <i>Financial Instruments: Presentation</i> | 1-Mar-2010 |
| Amendments to FRSs contained in the document entitled “improvements to FRSs (2010)” | 1-Jan-2011 |
| FRS 1 <i>First-time Adoption of Financial Reporting Standards (revised in 2010)</i> | |
| FRS 3 <i>Business Combinations (revised in 2010)</i> | 1-Jul-2010 |
| FRS 117 <i>(Amendments) Leases</i> | 1-Jan-2010 |
| FRS 127 <i>Consolidated and Separate Financial Statements (revised in 2010)</i> | 1-Jul-2010 |
| IC Interpretation 4 <i>Determining and Separate Financial Statements (revised in 2010)</i> | 1-Jan-2011 |
| IC Interpretation 12 <i>Service Concession Arrangements</i> | 1-Jul-2010 |
| IC Interpretation 16 <i>Hedges of a Net Investment in a Foreign Operation</i> | 1-Jul-2010 |

| | |
|--|------------|
| IC Interpretation 17 <i>Distributions of Non-cash Assets to Owners</i> | 1-Jul-2010 |
| IC Interpretation 18 <i>Transfer of Assets from Customers</i> | 1-Jan-2011 |

The adoption of the new FRS and Interpretations does not have any significant impact on the financial statement of the Group and the company.

The Group has adopted the amendment to FRS 117. The Group has reassessed and determined that all leasehold land of the Group which are in substance finance lease and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provision of the amendment.

The following comparative figures have been restated following the adoption of the amendment to FRS 117:

| | As previously Reported RM'000 | Effect of Changes in Accounting Policy RM'000 | As Restated RM'000 |
|-------------------------------|--|--|-----------------------------------|
| Property, plant and equipment | 5,074 | 934 | 6,008 |
| Prepaid land lease payment | 934 | (934) | - |

2. Seasonal or cyclicity of interim operations

The Group's operation is dependent on the cyclical trend of the semiconductors and electronics industries.

3. Unusual items affecting Assets, Liabilities, Equity, Net Income or Cash Flows

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 nine (9) months financial year ended 31 July 2011.

4. Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the nine (9) months financial year ended 31 July 2011.

5. Debt and Equity Securities

During the nine (9) months financial period ended 31 July 2011, company's additional 42,600 new ordinary shares of RM0.10 each were issued pursuant to VIS-Employees' Share Option Scheme and granted listing and quotation.

6. Dividends Paid

There was a final dividend of 0.5 sen per share tax exempt for the year ended 31 October 2010 being paid on 16 May 2011.

7. Subsequent Material Events

- i) 33,565,100 Bonus Shares were issued pursuant to the Bonus Issue and were listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad on 25 August 2011.
- ii) 50,347,650 free warrants were issued on the basis of one (1) warrant for every two (2) existing ordinary shares of RM0.10 each held on 9 September 2011.

8. Change in the Composition of the Group

There were no changes in the composition of the Group during the nine (9) months financial year ended 31 July 2011.

9. Contingent Liabilities and Contingent Assets

| <u>Contingent liabilities</u> | <u>31 Jul 2011</u> | <u>31 Oct 2010</u> |
|---|--------------------|--------------------|
| Guarantee given to a financial institution for banking facilities granted to a subsidiary | 6,361,000 | 6,361,000 |

10. Segmental Information

Sales Revenue by Geographical Market for the nine (9) months financial year up to 31 July 2011:

| | Current Year | Previous Year |
|-----------------|---------------------------|---------------------------|
| | 31 July 2011 RM'000 | 31 July 2010 RM'000 |
| Malaysia | 862 | 1,616 |
| South East Asia | 218 | 431 |
| North Asia | 11,236 | 6,366 |
| USA | 293 | 3,216 |
| Total | 12,609 | 11,629 |

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

There was no capital commitment for the purchase of property, plant and equipment that was not provided for in the interim financial statements as at 31 October 2011.

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

12. Performance Review

In the current quarter ended 31 July 2011, the Group generated lower revenue of RM3,723,543, a decrease of RM1,844,527 or approximately 33% from the previous corresponding quarter ended 31 July 2010 of RM5,568,070. The decline in revenue was attributable to the decrease in sales volume and the weakening of USD against RM in the current quarter as compared to the previous corresponding quarter.

With the lower revenues, the Group achieved a profit before taxation of RM516,792 as compared to profit before taxation for the previous corresponding quarter ended 31 July 2010 of RM1,115,505.

13. Commentary on Material Change in Profit before Taxation for the Quarter Reported against the Preceding Quarter

The Group posted a lower revenue in the current quarter of RM3,723,543 as compared to the preceding quarter ended 30 April 2011 of RM4,425,289, representing a decrease of RM701,746 or approximately 16%.

In spite of the lower revenue in current quarter, the Group achieved a higher profit before taxation of RM516,792, against a profit before taxation of RM410,484 in the preceding quarter ended 30 April 2011 due to the foreign exchange gain for the current quarter as compared to the foreign exchange loss in the preceding quarter.

14. Commentary on the Prospects

The Board expects the company performance for this financial year to be satisfactory.

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 (“VRSB”), for the preceding financial years were reported without any qualification.

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17. Tax Expense

Taxation comprises the following:

| | Current Year Quarter | Previous Year Quarter | Current Year 9 Months Cumulative To-Date | Previous Year 9 Months Cumulative To-Date |
|-------------------|----------------------|-----------------------|--|---|
| | 31 July 2011 | 31 July 2010 | 31 July 2011 | 31 July 2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| In respect of:- | | | | |
| Taxation | - | 32 | - | 32 |
| Deferred taxation | - | - | - | - |
| | - | 32 | - | 32 |

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 was further extended for another five (5) years commencing from 1 June 2008 to 31 May 2013 which was approved by Ministry of International Trade and Industry via its letter dated 14 October 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 31 July 2011.

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 July 2011.

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 the date of this announcement, the proceeds raised from the public issue of the Company of RM11.022 million have been fully utilised.

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21. Group Borrowings and Debt Securities

Group borrowings as at 31 July 2011 were as follows:

| <u>Short term</u> | <u>RM '000</u> |
|-------------------|----------------|
| Secured | 1,245 |
| <u>Long term</u> | |
| Secured | 588 |
| TOTAL | 1,833 |

The Groups borrowings are all in Ringgit Malaysia.

22. Off Balance Sheet Financial Instruments

As at the date of this announcement, the Group has the following foreign exchange contracts to sell forward USD with the licensed bank:

| <u>Contract amount (USD)</u> | <u>Contract rate</u> | <u>Value Date</u> |
|------------------------------|----------------------|----------------------------|
| 150,000 | 3.0180 | 11 Oct 2011 to 3 Feb 2012 |
| 500,000 | 3.0405 | 14 Nov 2011 to 12 Mar 2012 |

The contracts were entered to hedge the export sales revenue denominated in US Dollars.

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 final dividend of 0.5 sen per share tax exempt for the year ended 31 October 2010 approved by shareholders at the Annual General Meeting held on 21 April 2011 was paid subsequently on 16 May 2011.

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

25.1. Basic EPS/(LPS)

| | Current Year Quarter | Previous Year Quarter | Current Year 9 Months Cumulative To-Date | Previous Year 9 Months Cumulative To-Date |
|---|----------------------|-----------------------|--|---|
| | 31 July 2011 | 31 July 2010 | 31 July 2011 | 31 July 2010 |
| Net profit/(loss) for the year (RM'000) | 517 | 1,083 | 2,009 | 1,063 |
| Weighted average number of shares in issue ('000) | 67,131 | 67,088 | 67,131 | 67,088 |
| Basic EPS/(LPS) (sen) | 0.77 | 1.61 | 2.99 | 1.58 |

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.

| | Current Year Quarter | Previous Year Quarter | Current Year 9 Months Cumulative To-Date | Previous Year 9 Months Cumulative To-Date |
|---|----------------------|-----------------------|--|---|
| | 31 July 2011 | 31 July 2010 | 31 July 2011 | 31 July 2010 |
| Net profit for the year (RM'000) | 517 | 1,083 | 2,009 | 1,063 |
| Weighted average number of shares in issue ('000) | 67,131 | 67,088 | 67,131 | 67,088 |
| Effect of dilution ('000): ESOS | - | - | - | - |
| Adjusted weighted average number of shares in issue and issuable ('000) | 67,131 | 67,088 | 67,131 | 67,088 |
| Diluted EPS (sen) | 0.77 | 1.61 | 2.99 | 1.58 |

26. Realised and Unrealised Profits Disclosure

The realised and unrealised profits of the Group are as follows:

| | As at 31.07.2011 | As at 30.04.2011 |
|---|-------------------------|-------------------------|
| | RM'000 | RM'000 |
| Total retained profits of the Group: | | |
| - Realised | 4,250 | 4,176 |
| - unrealised | <u>15</u> | <u>(92)</u> |
| | 4,265 | 4,084 |
| Less : Consolidation Adjustment | <u>(90)</u> | <u>(90)</u> |
| Total group retained profits/ (accumulated losses) as per consolidated accounts | <u>4,175</u> | <u>3,994</u> |

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