

VisDynamics Holdings Berhad

(Company No: 677095-M)

Incorporated in Malaysia

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE THREE (3) MONTHS YEAR ENDED 31 JANUARY 2012

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31 JANUARY 2012 RM'000 (Unaudited)	PRECEDING YEAR QUARTER ENDED 31 JANUARY 2011 RM'000 (Unaudited)	CURRENT YEAR THREE (3) MONTHS CUMULATIVE TO-DATE 31 JANUARY 2012 RM'000 (Unaudited)	PRECEDING YEAR THREE (3) MONTHS CUMULATIVE TO-DATE 31 JANUARY 2011 RM'000 (audited)
Revenue	1,364	4,460	1,364	4,460
Cost of Sales	(659)	(2,161)	(659)	(2,161)
Gross Profit	705	2,299	705	2,299
Other Operating Income	27	5	27	5
Human Resource Related Expenses	(667)	(532)	(667)	(532)
Administrative Expenses	(49)	(126)	(49)	(126)
Logistic Expenses	(7)	(23)	(7)	(23)
Selling and Distribution Expenses	(24)	(120)	(24)	(120)
Research and Development	(29)	(98)	(29)	(98)
Other Operating Expenses	(231)	(262)	(231)	(262)
Profit/(Loss) From Operations	(275)	1,143	(275)	1,143
Finance Cost	(13)	(62)	(13)	(62)
Profit/(Loss) Before Taxation	(288)	1,081	(288)	1,081
Taxation	-	-	-	-
Profit/(Loss) For The Period	(288)	1,081	(288)	1,081
Attributable to:				
Equity holders of the parent	(288)	1,081	(288)	1,081
Minority Interest	-	-	-	-
Net Profit/(Loss) For The Period	(288)	1,081	(288)	1,081
Profit/(Loss) Per Share				
(i) Basic (sen)	(0.29)	1.61	(0.29)	1.61
(ii) Fully diluted (sen)	(0.29)	N/A	(0.29)	N/A

(The accompanying notes form an integral part of, and should be read in conjunction with this interim financial statements)

VisDynamics Holdings Berhad

(Company No: 677095-M)

Incorporated in Malaysia

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 JANUARY 2012

	Unaudited As At 31 JANUARY 2012 RM'000	Audited As At 31 OCTOBER 2011 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	5,701	5,850
Development expenditure	394	294
Goodwill on consolidation	1,576	1,576
Intangible Assets	51	53
Deferred tax asset	83	83
Total Non-Current Assets	7,805	7,856
CURRENT ASSETS		
Inventories	5,585	5,760
Trade receivables	1,523	2,405
Other receivables, deposits and prepayments	50	143
Fixed deposit	4,612	5,613
Cash and bank balances	1,273	938
Total Current Assets	13,043	14,859
TOTAL ASSETS	20,848	22,715
EQUITY AND LIABILITIES		
EQUITY		
Ordinary share capital	10,070	10,070
Share Premium	2,823	2,823
Equity Compensation Reserve	2,014	2,014
Retained profits	3,908	4,196
Equity attributable to equity holders of the parent	18,815	19,103
Minority interests	-	-
TOTAL EQUITY	18,815	19,103
LIABILITIES		
NON-CURRENT LIABILITIES		
Borrowings	407	499
Total Non-Current Liabilities	407	499
CURRENT LIABILITIES		
Trade payables	262	592
Other payables and accruals	970	1,692
Borrowings	394	829
Total Current Liabilities	1,626	3,113
TOTAL LIABILITIES	2,033	3,612
TOTAL EQUITY AND LIABILITIES	20,848	22,715
Net assets value per share (RM)	0.19	0.19

(The accompanying notes form an integral part of, and should be read in conjunction with this interim financial statements)

VDynamics Holdings Berhad

(Company No: 677095-M)

Incorporated in Malaysia

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 3 MONTHS FINANCIAL YEAR ENDED 31 JANUARY 2012

(The figures have not been audited)

	Share Capital	Share Premium	Share Option Reserve	Warrant Reserve	Retained Profits	Total
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
As At 31 October 2009	6,709	8,169	66	-	281	15,225
Net Profit For The Year	-	-	-	-	2,221	2,221
As At 31 October 2010	6,709	8,169	66	-	2,502	17,446
Net Profit For The Period	-	-	-	-	2,029	2,029
Exercise of ESOS	4	26	-	-	-	30
Dividend Payable during the period	-	-	-	-	(335)	(335)
Employees' Share Option Scheme Cost	-	-	(66)	-	-	(66)
Issuance of Bonus Issue	3,357	(3,357)	-	-	-	(0)
Issuance of Warrant	-	(2,015)	-	2,014	-	(1)
As At 31 October 2011	10,070	2,823	-	2,014	4,196	19,103
Net Loss For The Period	-	-	-	-	(288)	(288)
As At 31 January 2012	10,070	2,823	-	2,014	3,908	18,815

(The accompanying notes form an integral part of, and should be read in conjunction with this interim financial statements)

VisDynamics Holdings Berhad

(Company No: 677095-M)

Incorporated in Malaysia

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE 3 MONTHS FINANCIAL YEAR ENDED 31 JANUARY 2012

	THREE (3) MONTHS CUMULATIVE TO-DATE 31 JANUARY 2012 (Unaudited)	THREE (3) MONTHS CUMULATIVE TO-DATE 31 JANUARY 2011 (audited)
	RM'000	RM'000
NET LOSS BEFORE TAXATION	(288)	1,081
Adjustment for:-		
Depreciation of property, plant and equipment	151	155
Amortisation of development expenditure	6	6
Amortisation of Trademarks and Patents	2	2
(Reversal)/Addition of provision and accruals	(564)	(775)
Development expenditure transferred to income statement	-	-
Loss on foreign exchange - unrealised	83	94
Interest income	(27)	(5)
Interest expenses	9	55
Operating profit before working capital changes	(628)	613
Decrease/(Increase) in inventories	175	(768)
Decrease/(Increase) in trade and other receivables	906	2,756
(Decrease)/Increase in trade and other payables	(481)	(1,520)
Cash generated from operations	(28)	1,081
Interest paid	(9)	(55)
NET CASH FROM/(FOR) OPERATING ACTIVITIES	(37)	1,026
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Payment for development expenditure	(105)	(12)
Interest received	27	5
Purchase of property, plant and equipment	(5)	(9)
NET CASH (FOR)/FROM INVESTING ACTIVITIES	(83)	(16)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Drawdown of banker acceptance	-	2,658
Repayment of term loan	(77)	(75)
Repayment of banker acceptance	(438)	(1,550)
Repayment of HP Creditor	(12)	(12)
NET CASH (FOR)/ FROM FINANCING ACTIVITIES	(527)	1,021
NET INCREASE IN CASH AND CASH EQUIVALENTS	(647)	2,031
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	(19)	(90)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	6,551	2,291
CASH AND CASH EQUIVALENTS AT END OF YEAR	5,885	4,232

(The accompanying notes form an integral part of, and should be read in conjunction with this interim financial statements)

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>Share-based payment</i>	1-Jul-2010
Amendments to FRS 2 <i>Group Cash-settled Share-based Payment Transactions</i>	1-Jan-2011
Amendments to FRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1-Jul-2010
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 FRS 138 <i>Intangible Assets</i>	1-Jul-2010
Amendments to IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1-Jul-2010
Amendments to IC Interpretation 14 <i>Prepayments of a Minimum Funding Requirement</i>	1-Jul-2011
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</i>) <i>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
IC Interpretation 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1-Jul-2010

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

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 three (3) months financial year ended 31 January 2012.

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 year ended 31 January 2012.

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 2012.

6. Dividends Paid

There was no dividend paid during the three (3) months financial period ended 31 January 2012.

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 year ended 31 January 2012.

9. Contingent Liabilities and Contingent Assets

<u>Contingent liabilities</u>	<u>31 Jan 2012</u>	<u>31 Jan 2011</u>
Guarantee given to a financial institution for banking facilities granted to a subsidiary	5,561,000	6,361,000

10. Segmental Information

Sales Revenue by Geographical Market for the three (3) months financial period up to 31 January 2012:

	Current Year	Previous Year
	31 January 2012 RM'000	31 January 2011 RM'000
Malaysia	111	277
South East Asia	194	77
North Asia	1,019	4,001
USA	40	105
Total	1,364	4,460

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 January 2012.

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 January 2012, the Group generated lower revenue of RM1,364,105, a decrease of RM3,095,749 or approximately 69% from the previous corresponding quarter ended 31 January 2011 of RM4,459,854. The decline in revenue was mainly attributable to the decrease in sales volume in the current quarter as compared to the previous corresponding quarter in response to the slowdown in semiconductor industry.

With the lower revenues, the Group posted a loss before taxation of RM288,161 as compared to profit before taxation for the previous corresponding quarter ended 31 January 2011 of RM1,081,433.

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 RM1,364,105 as compared to the preceding quarter ended 31 October 2011 of RM3,044,011, representing a decrease of RM1,679,906 or approximately 55%.

The Group posted a loss before taxation of RM288,161, against a profit before taxation of RM20,596 in the preceding quarter ended 31 October 2011, mainly due to the lower revenue during the current quarter.

14. Commentary on the Prospects

Semiconductor industry is expected to remain soft and coupled with the uncertainty of the global economy, we do not expect sales to grow significantly in the coming quarters.

However, there are signs of recovery in the semiconductor industry. Therefore with the strong financial position and cash flow position, we can take advantage of the upturn in demand in the second half of the year.

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.

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 2012	31 January 2011	31 January 2012	31 January 2011
	RM'000	RM'000	RM'000	RM'000
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 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 January 2012.

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 2012.

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.

21. Group Borrowings and Debt Securities

Group borrowings as at 31 January 2012 were as follows:

<u>Short term</u>	<u>RM '000</u>
Secured	394
<u>Long term</u>	
Secured	407
TOTAL	801

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>
100,000	3.1885	15 Feb 2012 to 13 June 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 Group has not recommended or declared any dividend during the current quarter and three (3) months financial year to date ended 31 January 2012.

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

25.1. Basic EPS/(LPS)

	Current Year Quarter	Previous Year Quarter	Current Year 3 Months Cumulative To-Date	Previous Year 3 Months Cumulative To-Date
	31 January 2012	31 January 2011	31 January 2012	31 January 2011
Net profit/(loss) for the year (RM'000)	(288)	1,081	(288)	1,081
Weighted average number of shares in issue ('000)	100,696	67,088	100,696	67,088
Basic EPS/(LPS) (sen)	(0.29)	1.61	(0.29)	1.61

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 year 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 3 Months Cumulative To-Date	Previous Year 3 Months Cumulative To-Date
	31 January 2012	31 January 2011	31 January 2012	31 January 2011
Net profit for the year (RM'000)	(288)	1,081	(288)	1,081
Weighted average number of shares in issue ('000)	100,696	67,088	100,696	67,088
Effect of dilution ('000): ESOS	-	-	-	-
Adjusted weighted average number of shares in issue and issuable ('000)	100,696	67,088	100,696	67,088
Diluted EPS (sen)	(0.29)	1.61	(0.29)	1.61

26. Realised and Unrealised Profits Disclosure

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

	As at 31.01.2012	As at 31.10.2011
	RM'000	RM'000
Total retained profits of the Group:		
- Realised	4,034	4,240
- unrealised	<u>(36)</u>	<u>46</u>
	3,998	4,286
Less : Consolidation Adjustment	<u>(90)</u>	<u>(90)</u>
Total group retained profits/ (accumulated losses) as per consolidated accounts	<u>3,908</u>	<u>4,196</u>

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