

Vis Dynamics Holdings Berhad

(Company No: 677095-M)

Incorporated in Malaysia

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX (6) MONTHS FINANCIAL YEAR ENDED 30 APRIL 2016

(The figures have not been audited)

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---------------------------------------|--|--|---|---|
| | CURRENT YEAR QUARTER ENDED 30 APRIL 2016 RM'000 (Unaudited) | PRECEDING YEAR QUARTER ENDED 30 APRIL 2015 RM'000 (Audited) | CURRENT YEAR SIX (6) MONTHS CUMULATIVE TO-DATE 30 APRIL 2016 RM'000 (Unaudited) | PRECEDING YEAR SIX (6) MONTHS CUMULATIVE TO-DATE 30 APRIL 2015 RM'000 (Audited) |
| Revenue | 3,441 | 2,790 | 7,655 | 6,064 |
| Cost of Sales | (1,941) | (1,346) | (4,309) | (2,983) |
| Gross Profit | 1,500 | 1,444 | 3,346 | 3,081 |
| Other Operating Income | 305 | 44 | 464 | 195 |
| Human Resource Related Expenses | (852) | (711) | (1,693) | (1,418) |
| Administrative Expenses | (467) | (533) | (891) | (890) |
| Selling and Distribution Expenses | (178) | (347) | (416) | (484) |
| Research and Development | (165) | (192) | (309) | (160) |
| Other Operating Expenses | (150) | (108) | (252) | (24) |
| Profit/(Loss) From Operations | (7) | (403) | 249 | 300 |
| Finance Cost | (59) | (10) | (74) | (31) |
| Profit/(Loss) Before Taxation | (66) | (413) | 175 | 269 |
| Taxation | - | - | - | - |
| Profit/(Loss) For The Year | (66) | (413) | 175 | 269 |
| Attributable to: | | | | |
| Equity holders of the parent | (66) | (413) | 175 | 269 |
| Minority Interest | - | - | - | - |
| Net Profit/(Loss) For The Year | (66) | (413) | 175 | 269 |
| Profit/(Loss) Per Share | | | | |
| (i) Basic (sen) | (0.06) | (0.41) | 0.16 | 0.27 |
| (ii) Fully diluted (sen) | (0.06) | (0.41) | 0.16 | 0.27 |

(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 STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2016

| | Unaudited As At 30 APRIL 2016 RM'000 | Audited As At 31 OCTOBER 2015 RM'000 |
|--|---|---|
| ASSETS | | |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 5,088 | 5,298 |
| Development expenditure | 1,885 | 1,976 |
| Goodwill on consolidation | 1,576 | 1,576 |
| Intangible Assets | 53 | 57 |
| Deferred tax asset | 83 | 83 |
| Total Non-Current Assets | 8,685 | 8,990 |
| CURRENT ASSETS | | |
| Inventories | 11,938 | 7,761 |
| Trade receivables | 2,156 | 639 |
| Other receivables, deposits and prepayments | 178 | 169 |
| Fixed deposit | 1,830 | 3,819 |
| Cash and bank balances | 2,249 | 1,400 |
| Total Current Assets | 18,351 | 13,788 |
| TOTAL ASSETS | 27,036 | 22,778 |
| EQUITY AND LIABILITIES | | |
| EQUITY | | |
| Ordinary share capital | 11,070 | 11,070 |
| Share Premium | 4,403 | 4,403 |
| Warrant Reserve | 2,014 | 2,014 |
| Retained profits | 2,111 | 1,936 |
| Equity attributable to equity holders of the parent | 19,598 | 19,423 |
| Minority interests | - | - |
| TOTAL EQUITY | 19,598 | 19,423 |
| LIABILITIES | | |
| NON-CURRENT LIABILITIES | | |
| Borrowings | 212 | 233 |
| Total Non-Current Liabilities | 212 | 233 |
| CURRENT LIABILITIES | | |
| Trade payables | 2,683 | 580 |
| Other payables and accruals | 1,767 | 1,943 |
| Borrowings | 2,776 | 599 |
| Total Current Liabilities | 7,226 | 3,122 |
| TOTAL LIABILITIES | 7,438 | 3,355 |
| TOTAL EQUITY AND LIABILITIES | 27,036 | 22,778 |
| Net assets value per share (RM) | 0.18 | 0.18 |

(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 STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS FINANCIAL YEAR ENDED 30 APRIL 2016

(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 2015 (Audited) | 11,070 | 4,403 | - | 2,014 | 1,936 | 19,423 |
| Net Profit for the year | - | - | - | - | 175 | 175 |
| As At 30 APRIL 2016 (Unaudited) | 11,070 | 4,403 | - | 2,014 | 2,111 | 19,598 |
| | | | | | | |
| As at 31 October 2014 (Audited) | 10,070 | 2,823 | - | 2,014 | 2,602 | 17,509 |
| Net Profit for the year | - | - | - | - | 269 | 269 |
| Issued during the year | 1,000 | 1,580 | - | - | - | 2,580 |
| As At 30 APRIL 2015 (Audited) | 11,070 | 4,403 | - | 2,014 | 2,871 | 20,358 |

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

Vis Dynamics Holdings Berhad

(Company No: 677095-M)

Incorporated in Malaysia

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE 6 MONTHS FINANCIAL YEAR ENDED 30 APRIL 2016

| | SIX (6) MONTHS CUMULATIVE TO-DATE 30 APRIL 2016 (Unaudited) | SIX (6) MONTHS CUMULATIVE TO-DATE 30 APRIL 2015 (Audited) |
|---|---|---|
| | RM'000 | RM'000 |
| NET PROFIT BEFORE TAXATION | 175 | 269 |
| Adjustment for:- | | |
| Depreciation of property, plant and equipment | 276 | 227 |
| Amortisation of development expenditure | 226 | 122 |
| Amortisation of Trademarks and Patents | 4 | 3 |
| Addition/(Reversal) of provision and accruals | 125 | (13) |
| Loss/(Gain) on foreign exchange - unrealised | 238 | 24 |
| Interest income | (51) | (165) |
| Interest expenses | 60 | 24 |
| Operating gain before working capital changes | 1,053 | 491 |
| (Increase)/Decrease in inventories | (4,177) | (286) |
| (Increase)/Decrease in trade and other receivables | (1,119) | 1,337 |
| (Decrease)/Increase in trade and other payables | 1,231 | (224) |
| Cash generated for operations | (3,012) | 1,318 |
| Interest paid | (60) | (24) |
| NET CASH FROM OPERATING ACTIVITIES | (3,072) | 1,294 |
| CASH FLOWS FOR INVESTING ACTIVITIES | | |
| Reversal of development expenditure | (135) | (347) |
| Interest received | 51 | 165 |
| Purchase of property, plant and equipment | (66) | (681) |
| NET CASH FOR INVESTING ACTIVITIES | (150) | (863) |
| CASH FLOWS FOR FINANCING ACTIVITIES | | |
| Drawdown of banker acceptance | 2,832 | 1,309 |
| Repayment of banker acceptance | (655) | (2,841) |
| Repayment of HP Creditor | (21) | (4) |
| Proceeds received from Private Placement | - | 2,580 |
| NET CASH FROM/ (FOR) FINANCING ACTIVITIES | 2,156 | 1,044 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | (1,066) | 1,475 |
| EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS | (74) | 39 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR | 5,219 | 3,873 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 4,079 | 5,387 |

(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

Effective for financial periods beginning on or after 1 January 2016

| | |
|------------------------|---|
| Amendments to MFRS 5 | <i>Non-current Assets Held for Sale and Discontinued Operations-Amendment to MFRS5 (Annual Improvements to MFRSs 2012-2014 Cycle)</i> |
| Amendments to MFRS 7 | <i>Financial Instruments Disclosure-Amendment to MFRS7 (Annual Improvements to MFRSs 2012-2014 Cycle)</i> |
| Amendments to MFRS 9 | <i>Financial Instruments</i> |
| Amendments to MFRS 10 | <i>Consolidated Financial Statements-Investment Entities: Applying the Consolidation Exception (Amendments to MFRS10, MFRS12 and MFRS 128)</i> |
| Amendments to MFRS 11 | <i>Joint Agreements-Accounting for Acquisitions of Interests in Joint Operations (Amendments to MFRS11)</i> |
| Amendments to MFRS 12 | <i>Disclosure of Interests in Other Entities-Investment Entities: Applying the Consolidation Exception (Amendments to MFRS10, MFRS12 and MFRS 128)</i> |
| Amendments to MFRS 14 | <i>Regulatory Deferral Accounts</i> |
| Amendments to MFRS 15 | <i>Revenue from Contracts with Customers</i> |
| Amendments to MFRS 16 | <i>Leases</i> |
| Amendments to MFRS 101 | <i>Presentation of Financial Statements-Disclosure Initiative (Amendments to MFRS 101)</i> |
| Amendments to MFRS 107 | <i>Statement of Cash Flows-Disclosure Initiative</i> |
| Amendments to MFRS 112 | <i>Recognition of Deferred tax Assets for Unrealised Losses</i> |
| Amendments to MFRS 116 | <i>Property, Plant and Equipment-Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS116 and MFRS138)</i> |
| Amendments to MFRS 119 | <i>Employee Benefits-Amendment to MFRS5 (Annual Improvements to MFRSs 2012-2014 Cycle)</i> |
| Amendments to MFRS 127 | <i>Separate Financial Statements-Equity Method in Separate Financial Statements (Amendments to MFRS127)</i> |
| Amendments to MFSR 128 | <i>Investments in Associates and Joint Ventures-Investment Entities: Applying the Consolidation Exception (Amendments to MFRS10, MFRS12 and MFRS 128)</i> |
| Amendments to MFRS 134 | <i>Interim Financial Reporting-Amendment to MFRS134 (Annual Improvements to MFRSs 2012-2014 Cycle)</i> |

| | |
|------------------------|---|
| Amendments to MFRS 138 | <i>Intangible Assets-Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS116 and MFRS138)</i> |
| Amendments to MFRS 141 | <i>Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141)</i> |

The Group and the Company will adopt the above pronouncements (if applicable) when they become effective in the respective financial periods. These pronouncements are not expected to have any significant effect to the financial statements of the Group and of the Company upon their initial application.

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 six (6) months financial year ended 30 April 2016.

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 2016.

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 2016.

6. Dividends Paid

There was no dividend paid during the six (6) months financial period ended 30 April 2016.

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 2016.

9. Contingent Liabilities and Contingent Assets

| <u>Contingent liabilities</u> | <u>30 April 2016</u> | <u>31 October 2015</u> |
|---|----------------------|------------------------|
| Guarantee given to a financial institution for banking facilities granted to a subsidiary | 5,561,000 | 5,561,000 |

10. Segmental Information

Sales Revenue by Geographical Market for the six (6) months financial period up to 30 April 2016:

| | Current Year | Previous Year |
|-----------------|-------------------------------------|-------------------------------------|
| | 30 April 2016 RM'000 | 30 April 2015 RM'000 |
| Malaysia | 90 | 121 |
| South East Asia | 2,226 | 808 |
| North Asia | 5,264 | 4,718 |
| USA | 75 | 417 |
| Total | 7,655 | 6,064 |

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 30 April 2016.

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 30 April 2016, the Group generated revenue of RM3,441,205, an increase of RM650,709 from the corresponding quarter ended 30 April 2015 of RM2,790,496.

The Group posted a loss before taxation of RM65,549 in the current quarter as compared to the loss before taxation of RM413,004.

In the current year ended 30 April 2016, the Group generated revenue of RM 7,655,377, an increase of RM1,591,557 from the previous corresponding year ended 30 April 2015 of RM6,063,820. The increase in revenue was due to the increase in sales of machines in the current year as compared to the previous corresponding year.

In spite of the increase in sales, the Group posted a profit before taxation of 175,577 in the current year as compared to the profit before taxation for the previous corresponding year ended 30 April 2015 of RM268,569 mainly due to unrealized forex loss resulting from the weakening of USD and higher travelling expenses and sales and service commission.

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 RM3,441,205 as compared to the preceding quarter ended 31 January 2016 of RM4,214,173, representing decrease of RM772,968.

As a result of lower revenue, the Group posted a loss before taxation of RM65,499 as compared to profit before taxation of RM241,054 in the preceding quarter ended 31 January 2016.

14. Commentary on the Prospects

In spite of the challenging market condition, the board is optimistic on the business prospect for this financial year in view of the introduction of new product model and the growth in customers' base.

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 6 Months Cumulative To-Date | Previous Year 6 Months Cumulative To-Date |
|-------------------|----------------------|-----------------------|--|---|
| | 30 April 2016 | 30 April 2015 | 30 April 2016 | 30 April 2015 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| In respect of:- | | | | |
| Taxation | - | - | - | - |
| Deferred taxation | - | - | - | - |
| | - | - | - | - |

Subject to the agreement of the Inland Revenue Board, the Company does not provide income tax expenses as there are sufficient unabsorbed business losses and available capital allowances to offset against the taxable income.

18. Status of Corporate Proposal and Utilisation of Proceeds

18.1 Status of Corporate Proposal Proposed and Not Complete

On 28 April 2015, the Company has entered into a Heads of Agreement (“HOA”) with the ultimate controlling shareholders of PT. Cipta Srigati Lestari (“CSL”) to negotiate exclusively with the intention to finalise and enter into the relevant definitive agreements within sixty (60) days from the date of the HOA.

The corporate proposals contemplated to be undertaken by VHB pursuant to the HOA comprises the following :-

- 1) Proposed reverse take-over of the Company by CSL to be satisfied by the issuance of new ordinary shares (“Consideration Shares”);
- 2) Proposed fund raising via issuance of new shares;
- 3) Proposed offer for sale of part of the Consideration Shares by the CSL Vendors; and
- 4) Proposed management buy-out by the current management of the Company.

The parties to the Heads of Agreement had on 26 October 2015 mutually agreed to the request to further extend the deadline for the execution of the relevant definitive agreements for a period of four (6) months up to 28 April 2016 due to the prevailing global economic conditions and volatility in the Indonesian Rupiah foreign exchange rate.

Pursuant to the HOA, the parties shall enter into definitive agreements by 28 April 2016 (“Deadline”), failing which the HOA shall be deemed terminated. On 29 April 2016, an announcement was made due to the deadline was not met and no further extension of time has been mutually agreed upon. As such, the HOA is deemed terminated.

18.2 Utilisation of Proceeds

The utilisation of proceeds raised from private placement completed on 22 April 2015 is as follow:-

| Purpose | Proposed Utilisation | Actual Utilisation | Intended Timeframe for Utilisation | Deviation | | Explanations |
|------------------------------------|----------------------|--------------------|------------------------------------|-----------|-----------|--------------|
| | RM'000 | RM'000 | | RM'000 | % | |
| Working Capital | 1,230 | 862 | Within 12 months | 0 | 0% | - |
| Business Expansion | 1,350 | 192 | Within 12 months | 0 | 0% | - |
| Expenses for the Private Placement | 120 | 120 | Within 1 month | 0 | 0% | - |
| Total | 2,700 | 1,174 | | 0 | 0% | |

In view of the existing progress of business expansion plan of the Group, the utilization of the balance proceeds would only be fully utilized by 22 April 2017, and on 22 April 2016 made an announcement on the approval of the extension of time of 12 months up to 22 April 2017 for the utilization of the aforesaid balance proceeds.

19. Group Borrowings and Debt Securities

Group borrowings as at 30 April 2016 were as follows:

| <u>Short term</u> | <u>RM '000</u> |
|--------------------------|-----------------------|
| Hire purchase payables | 48 |
| Bankers acceptances | 2,728 |
| <u>Long term</u> | |
| Hire purchase payables | 212 |
| TOTAL | 2,988 |

The Groups borrowings are all secured and in Ringgit Malaysia.

20. 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.

21. Dividend Payable

The Group has not recommended or declared any dividend during the current quarter and six (6) months financial period ended 30 April 2016.

22. Profit/(Loss)/ Before Taxation

Profit/(loss) before taxation is stated after charging/(crediting) :-

| | Current Year Quarter | Current Year 6 Months Cumulative To- Date |
|---|-------------------------------------|--|
| | 30 April 2016 | 30 April 2016 |
| | RM'000 | RM'000 |
| Interest Income | (24) | (51) |
| Other income including investment income | - | - |
| Interest Expense | 48 | 60 |
| Depreciation of Property, Plant & Equipment | 138 | 276 |
| Provision for and write off of receivables | - | - |
| Provision for and write off of inventories | - | - |
| (Gain)/Loss on disposal of quoted or unquoted investments or properties | - | - |
| Impairment of assets | - | - |
| Amortisation of Development Expenditure | 111 | 226 |
| Amortisation of Trademarks & Patents | 2 | 4 |
| (Gain)/Loss on Foreign Exchange-Unrealised | 123 | 238 |
| (Reversal)/Addition of Provision & Accruals | 10 | 125 |
| Profit on Disposal of Fixed Assets | - | - |
| Exceptional items | - | - |

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

23.1. 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 2016 | 30 April 2015 | 30 April 2016 | 30 April 2015 |
| Net profit for the year (RM'000) | (66) | (413) | 175 | 269 |
| Weighted average number of shares in issue ('000) | 110,695 | 100,696 | 110,695 | 100,696 |
| Basic (LPS)/EPS (sen) | (0.06) | (0.41) | 0.16 | 0.27 |

23.2. 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 6 Months Cumulative To-Date | Previous Year 6 Months Cumulative To-Date |
|---|----------------------|-----------------------|--|---|
| | 30 April 2016 | 30 April 2015 | 30 April 2016 | 30 April 2015 |
| Net profit for the year (RM'000) | (66) | (413) | 175 | 269 |
| Weighted average number of shares in issue ('000) | 110,695 | 100,696 | 110,695 | 100,696 |
| Effect of dilution ('000): ESOS | - | - | - | - |
| Adjusted weighted average number of shares in issue and issuable ('000) | 110,695 | 100,696 | 110,695 | 100,696 |
| Diluted (LPS)/EPS (sen) | (0.06) | (0.41) | 0.16 | 0.27 |

24. Realised and Unrealised Profits Disclosure

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

| | As at 30.04.2016 RM'000 | As at 31.10.2015 RM'000 |
|---|----------------------------|----------------------------|
| | ----- | ----- |
| Total retained profits of the Group: | | |
| - Realised | 2,055 | 1,754 |
| - Unrealised | <u>146</u> | <u>272</u> |
| | 2,201 | 2,026 |
| Less : Consolidation Adjustment | <u>(90)</u> | <u>(90)</u> |
| Total group retained profits as per consolidated accounts | <u>2,111</u> | <u>1,936</u> |

25. Derivatives

As at the end of this quarter, the Group has the following foreign exchange contract to sell forward USD with the licensed bank:-

| Foreign Exchange Contract | Total Contract/Notional Value (RM'000)** | Total Fair Value (RM'000) |
|---------------------------|--|---------------------------|
| Less than 1 year | 2,999,930 | 3,004,346 |

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