

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 NINE (9) MONTHS FINANCIAL YEAR ENDED 31 JULY 2017

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31 JULY 2017 RM'000 (Unaudited)	PRECEDING YEAR QUARTER ENDED 31 JULY 2016 RM'000 (Audited)	CURRENT YEAR NINE (9) MONTHS CUMULATIVE TO-DATE 31 JULY 2017 RM'000 (Unaudited)	PRECEDING YEAR NINE (9) MONTHS CUMULATIVE TO-DATE 31 JULY 2016 RM'000 (Audited)
Revenue	7,494	8,071	22,305	15,727
Cost of Sales	(2,811)	(2,695)	(8,111)	(7,004)
Gross Profit	4,683	5,376	14,194	8,723
Other Operating Income	205	268	700	539
Human Resource Related Expenses	(1,491)	(1,129)	(3,826)	(2,702)
Administrative Expenses	(502)	(477)	(1,491)	(1,374)
Selling and Distribution Expenses	(520)	(1,633)	(2,685)	(2,049)
Research and Development	(507)	(354)	(1,554)	(783)
Other Operating Expenses	(163)	(38)	(455)	(97)
Profit/(Loss) From Operations	1,705	2,013	4,883	2,257
Finance Cost	(49)	(39)	(127)	(108)
Profit/(Loss) Before Taxation	1,656	1,974	4,756	2,149
Taxation	(318)	-	(548)	-
Profit/(Loss) For The Period	1,338	1,974	4,208	2,149
Attributable to:				
Equity holders of the parent	1,338	1,974	4,208	2,149
Minority Interest	-	-	-	-
Net Profit/(Loss) For The Period	1,338	1,974	4,208	2,149
Profit/(Loss) Per Share				
(i) Basic (sen)	1.21	1.78	3.80	1.94
(ii) Fully diluted (sen)	1.21	1.78	3.80	1.94

(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 31 JULY 2017

	Unaudited As At 31 JULY 2017 RM'000	Audited As At 31 OCTOBER 2016 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	5,374	4,861
Development expenditure	1,218	1,727
Goodwill on consolidation	1,576	1,576
Intangible Assets	42	48
Total Non-Current Assets	8,210	8,212
CURRENT ASSETS		
Inventories	14,527	10,050
Trade receivables	12,312	4,721
Other receivables, deposits and prepayments	190	486
Fixed deposit	500	5,745
Cash and bank balances	6,382	4,821
Total Current Assets	33,911	25,823
TOTAL ASSETS	42,121	34,035
EQUITY AND LIABILITIES		
EQUITY		
Ordinary share capital	11,070	11,070
Share Premium	6,417	6,417
Retained profits	9,886	6,232
Equity attributable to equity holders of the parent	27,373	23,719
Minority interests	-	-
TOTAL EQUITY	27,373	23,719
LIABILITIES		
NON-CURRENT LIABILITIES		
Borrowings	165	203
Deferred Tax Liability	498	498
Total Non-Current Liabilities	663	701
CURRENT LIABILITIES		
Trade payables	3,114	1,347
Taxation payables	1,070	546
Other payables and accruals	5,884	5,101
Borrowings	4,017	2,621
Total Current Liabilities	14,085	9,615
TOTAL LIABILITIES	14,748	10,316
TOTAL EQUITY AND LIABILITIES	42,121	34,035
Net assets value per share (RM)	0.25	0.21

(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 9 MONTHS FINANCIAL YEAR ENDED 31 JULY 2017

(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 2016 (Audited)	11,070	6,417	-	-	6,232	23,719
Net Profit for the year	-	-	-	-	4,208	4,208
Dividend paid during the year	-	-	-	-	(554)	(554)
As At 31 July 2017 (Unaudited)	11,070	6,417	-	-	9,886	27,373
As at 31 October 2015 (Audited)	11,070	4,403	-	2,014	1,936	19,423
Net Profit for the year	-	-	-	-	4,296	4,296
Warrants expired during the year	-	2,014	-	(2,014)	-	-
As At 31 October 2016 (Audited)	11,070	6,417	-	-	6,232	23,719

(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 9 MONTHS FINANCIAL YEAR ENDED 31 JULY 2017

	NINE (9) MONTHS CUMULATIVE TO-DATE 31 JULY 2017 (Unaudited)	NINE (9) MONTHS CUMULATIVE TO-DATE 31 JULY 2016 (Audited)
	RM'000	RM'000
NET PROFIT BEFORE TAXATION	4,756	2,149
Adjustment for:-		
Depreciation of property, plant and equipment	428	416
Amortisation of development expenditure	480	337
Amortisation of Trademarks and Patents	7	7
Addition / (Reversal) of provision and accruals	1,095	1,801
Loss on foreign exchange - unrealised	151	94
Interest income	(163)	(71)
Interest expenses	111	94
Operating gain before working capital changes	6,865	4,827
Increase in inventories	(5,193)	(4,448)
Increase in trade and other receivables	(7,267)	(4,967)
Increase in trade and other payables	1,209	392
Cash generated for operations	(4,386)	(4,196)
Interest paid	(111)	(94)
Tax paid	(25)	-
NET CASH USED IN OPERATING ACTIVITIES	(4,522)	(4,290)
CASH FLOWS FOR INVESTING ACTIVITIES		
Reversal/(payment) of development expenditure	36	(183)
Interest received	163	71
Purchase of property, plant and equipment	(232)	(96)
NET CASH USED IN INVESTING ACTIVITIES	(33)	(208)
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividend paid	(554)	-
Drawdown of banker acceptance	5,851	4,744
Repayment of banker acceptance	(4,465)	(1,720)
Repayment of HP Creditor	(29)	(30)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	803	2,994
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,752)	(1,504)
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	68	(2)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	10,566	5,219
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6,882	3,713

(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 2018:

Amendments to MFRS 1	<i>First-time Adoption of Malaysian Financial Reporting Standards-Amendments to MFRS1 (Annual Improvements to MFRS Standards 2014-2016 Cycle)</i>
Amendments to MFRS 2	<i>Classification and measurement of share-based Payment Transaction</i>
Amendments to MFRS 9	<i>Financial Instruments</i>
Amendments to MFRS 15	<i>Revenue from Contracts with Customers</i>
MFRS 16	<i>Leases</i>
MFRS 17	<i>Insurance Contracts</i>
Amendments to MFSR 128	<i>Investments in Associates and Joint Ventures-Amendments to MFRS 128 (Annual Improvements to MFRS Standards 2014-2016 Cycle)</i>
Amendments to MFRS 140	<i>Investment Property-Transfers of Investment Property (Amendments to MFRS 140)</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 nine (9) months financial period ended 31 July 2017.

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 period ended 31 July 2017.

5. Debt and Equity Securities

The Company will undertake :

- (i) A private placement exercise of up to 11,069,530 new ordinary shares in VHB to Bumiputera investors identified and approved by the Ministry International Trade & Industry (“MITI”) at an issue price to be determined at a later date after obtaining all relevant approvals.

The Proposed Private Placement is being undertaken to enable VHB to comply with the Bumiputera Equity Condition imposed by the Securities Commission Malaysia, following the approval granted for VHB to list on the ACE market (formerly known as the MESDAQ Market) of Bursa Malaysia Securities Berhad.

- (ii) proposed bonus issue of up to 60,882,415 new ordinary shares in VHB (“VHB Share(s)”) (“Bonus Share(s)”) on the basis of 1 Bonus Share for every 2 existing VHB Shares held by the entitled shareholders of the Company whose names appear in the Record of Depositors on an entitlement date to be determined and announced later (“Entitled Shareholders”) (“Proposed Bonus Issue of Shares”)
- (iii) proposed bonus issue of up to 45,661,811 new free warrants in VHB (“Warrant(s)”) on the basis of 1 Warrant for every 4 VHB Shares held by the Entitled Shareholders after the completion of the Proposed Bonus Issue of Shares (“Proposed Bonus Issue of Warrants”)
- (iv) proposed establishment of an employees’ share option scheme (“ESOS”) of up to 10% of the total number of issued shares of the Company at any point in time to be granted to the eligible Directors and employees of VHB and its subsidiary (“Proposed ESOS”).

Bursa has granted the approval for item (i) on 23 June 2017 and item (ii) to (iv) on 20 September 2017.

6. Dividends Paid

The Interim Single-Tier Dividend of 0.5 sen per ordinary share for the financial year ending 31 October 2017 amounted to RM553,477 was paid on 4 May 2017.

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 nine (9) months financial period ended 31 July 2017.

9. Contingent Liabilities and Contingent Assets

<u>Contingent liabilities</u>	<u>31 July 2017</u>	<u>31 July 2016</u>
Guarantee given to a financial institution for banking facilities granted to a subsidiary	7,900,000	5,561,000

10. Segmental Information

Sales Revenue by Geographical Market for the nine (9) months financial period up to 31 July 2017:

	31 July 2017 RM'000	31 July 2016 RM'000
Malaysia	2,917	190
South East Asia	5,330	9,542
North Asia	14,001	5,911
USA	57	84
Total	22,305	15,727

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 July 2017.

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

12. Performance Review

Financial review for current quarter and financial year to date

	Individual Quarter (3 rd Quarter)		Changes (Amount / %)		Cumulative Quarter		Changes (Amount/ %)	
	Current Quarter 31 July 2017	Preceding Quarter 31 July 2016			Current year to- date 31 July 2017	Preceding year to- date 31 July 2016		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	7,494	8,071	(577)	(7)	22,305	15,727	6,578	42
Operating Profit	1,705	2,013	(308)	(15)	4,883	2,257	2,626	117
Profit Before Interest and Tax	1,701	2,008	(307)	(15)	4,867	2,243	2,624	117
Profit Before Tax	1,656	1,974	(318)	(16)	4,756	2,149	2,607	121
Profit After Tax	1,338	1,974	(636)	(32)	4,208	2,149	2,059	96
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	1,338	1,974	(636)	(32)	4,208	2,149	2,059	96

In the current quarter ended 31 July 2017, the Group generated revenue of RM7,493,806, a decrease of RM577,689 from the corresponding quarter ended 31 July 2016 of RM8,071,495.

On the back of this revenue, the Group posted a profit before taxation of RM1,655,902 in the current quarter as compared to profit before taxation of RM1,973,752 during previous corresponding quarter.

In the current financial year ended 31 July 2017, the Group generated revenue of RM22,304,824, an increase of RM6,577,951 from the corresponding financial year ended 31 July 2016 of RM15,726,873.

The increase in revenue was due to the increase in sales of machines in the current financial year as compared to the previous corresponding financial year.

In line with the increase in sales, the Group posted a profit before taxation of 4,756,399 in the current year as compared to the profit before taxation for the previous corresponding year ended 31 July 2016 of RM2,149,370.

Financial review for current quarter compared with immediate preceding quarter

	Current Quarter 31 July 2017	Immediate Preceding Quarter 30 April 2017	Changes (Amount/ %)	
	RM'000	RM'000	RM'000	%
Revenue	7,494	8,763	(1,269)	(14)
Operating Profit	1,710	2,027	(317)	(16)
Profit Before Interest and Tax	2,019	2,251	(232)	(10)
Profit Before Tax	1,656	1,975	(319)	(16)
Profit After Tax	1,338	1,745	(407)	(23)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	1,338	1,745	(407)	(23)

The Group posted a lower revenue in the current quarter of RM7,493,806 as compared to the preceding quarter ended 30 April 2017 of RM8,763,343, representing decrease of RM1,269,537. The decrease in sales was mainly due to the product mix where more tray machines, which fetched higher selling prices, were sold during previous quarter versus current quarter.

As a result of lower revenue, the Group posted a profit before taxation of RM1,655,902 as compared to profit before taxation of RM1,975,216 in the preceding quarter ended 30 April 2017.

13. Commentary on Material Change in Statement of Financial Position

- (i) Higher inventory as at 31 July 2017, RM14.5 million as compared to RM10.1 million as at 31 October 2016, due to potential sales of the Company.
- (ii) Increase in trade receivables from RM4.7 million as at 31 October 2016 to RM12.3 million as at 31 July 2017 in line with the increase in sales. There was subsequent receipts from customers amounted to RM4 million. No impairment is needed as these amounts are recoverable from customers based on their financial standings.
- (iii) Trade payables increased from RM1.3 million to RM3.1 million and Borrowings of Bankers Acceptances increased from RM2.6 million to RM4.0 million, as at 31 October 2016 as compared to 31 July 2017, mainly due to the purchases of materials to build up machines for customers.

14. Commentary on Material Change in Cash Flow Statement

Decrease in cash and cash equivalents of RM3.7 million, from RM10.6 million as at 31 October 2016 to RM 6.9 million as at 31 July 2017 mainly due to the working capital requirements.

15. Commentary on the Prospects

In view of the positive outlook in the semiconductor industry and also the improved financial performance year to date, the Board is confident to deliver a better performance in this financial year 2017.

16. 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.

17. 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.

18. 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 2017	30 July 2016	30 July 2017	30 July 2016
	RM'000	RM'000	RM'000	RM'000
Tax expense for the period	840	-	1,070	-
Under/(over) provision in prior year	(522)	-	(522)	-
Deferred taxation	-	-	-	-
	318	-	548	-

18. Status of Corporate Proposal Proposed and Not Complete

Other than Note 5, there was no corporate proposal announced but not completed as at the date of this announcement.

19. Group Borrowings and Debt Securities

Group borrowings as at 31 July 2017 were as follows:

<u>Short term</u>	<u>31 July 2017</u>	<u>31 July 2016</u>
	<u>RM ‘000</u>	<u>RM ‘000</u>
Hire purchase payables	48	48
Bankers acceptances	<u>3,969</u>	<u>3,575</u>
	4,017	3,623
<u>Long term</u>		
Hire purchase payables	165	203
TOTAL	4,182	3,826

The Groups borrowings are all secured and in Ringgit Malaysia.

The increase in bankers’ acceptances was mainly due to the purchases of materials to build up machines for customers. The weighted average interest rate of 4.72%. (31 July 2016: 4.96%)

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 Interim Single-Tier Dividend of 0.5 sen per ordinary share for the financial year ending 31 October 2017 amounted to RM553,477 was paid on 4 May 2017.

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22. Profit/(Loss)/ Before Taxation

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

	Current Year Quarter	Current Year 9 Months Cumulative To-Date
	31 July 2017	31 July 2017
	RM'000	RM'000
Interest Income	(46)	(163)
Interest Expense	45	111
Depreciation of Property, Plant & Equipment	150	428
Amortisation of Development Expenditure	159	480
Amortisation of Trademarks & Patents	3	7
(Gain)/Loss on Foreign Exchange-Unrealised	132	151
Additional/ (Reversal) of Provision & Accruals	1,236	1095

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

23.1. 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 2017	31 July 2016	31 July 2017	31 July 2016
Net profit for the year (RM'000)	1,338	1,974	4,208	2,149
Weighted average number of shares in issue ('000)	110,695	110,695	110,695	110,695
Basic EPS/(LPS) (sen)	1.21	1.78	3.80	1.94

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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, if any.

	Current Year Quarter	Previous Year Quarter	Current Year 9 Months Cumulative To-Date	Previous Year 9 Months Cumulative To-Date
	31 July 2017	31 July 2016	31 July 2017	31 July 2016
Net profit for the year (RM'000)	1,338	1,974	4,208	2,149
Weighted average number of shares in issue ('000)	110,695	110,695	110,695	110,695
Adjusted weighted average number of shares in issue and issuable ('000)	110,695	110,695	110,695	110,695
Diluted EPS/(LPS) (sen)	1.21	1.78	3.80	1.94

24. Realised and Unrealised Profits Disclosure

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

	As at 31.07.2017	As at 31.07.2016
	RM'000	RM'000
	-----	-----
Total retained profits of the Group:		
- Realised	9,439	3,886
- Unrealised	<u>537</u>	<u>289</u>
	9,976	4,175
Less : Consolidation Adjustment	<u>(90)</u>	<u>(90)</u>
Total group retained profits as per consolidated accounts	<u>9,886</u>	<u>4,085</u>

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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)	Total Fair Value (RM)
Less than 1 year	3,451,644	3,458,574

As at 31 July 2017, the Group has hedged USD808,000 at rates from 4.2475 to 4.2875.

The above instruments are executed with credit worthy financial institutions in Malaysia and as such credit and counterparties risks are minimal. There is no cash requirement for these contracts. Policies to mitigate or control the risk associated with foreign exchange forward contracts are consistent with those of last financial year.

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