

VisDynamics Holdings Berhad

(Company No: 677095-M)

Incorporated in Malaysia

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE TWELVE (12) MONTHS FINANCIAL YEAR ENDED 31 OCTOBER 2017

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31 OCTOBER 2017 RM'000 (Unaudited)	PRECEDING YEAR QUARTER ENDED 31 OCTOBER 2016 RM'000 (Audited)	CURRENT YEAR TWELVE (12) MONTHS CUMULATIVE TO-DATE 31 OCTOBER 2017 RM'000 (Unaudited)	PRECEDING YEAR TWELVE (12) MONTHS CUMULATIVE TO-DATE 31 OCTOBER 2016 RM'000 (Audited)
Revenue	9,671	11,741	31,976	27,468
Cost of Sales	(3,262)	(5,018)	(11,373)	(12,022)
Gross Profit	6,409	6,723	20,603	15,446
Other Operating Income	260	373	684	772
Human Resource Related Expenses	(1,281)	(1,812)	(5,004)	(4,352)
Administrative Expenses	(788)	(477)	(2,275)	(1,852)
Selling and Distribution Expenses	(889)	(989)	(3,574)	(3,039)
Research and Development	(545)	(440)	(2,202)	(1,385)
Other Operating Expenses	(176)	(71)	(355)	(27)
Profit/(Loss) From Operations	2,990	3,307	7,877	5,563
Finance Cost	(45)	(36)	(175)	(143)
Profit/(Loss) Before Taxation	2,945	3,271	7,702	5,420
Taxation	(514)	(1,128)	(1,063)	(1,128)
Profit/(Loss) For The Period	2,431	2,143	6,639	4,292
Attributable to:				
Equity holders of the parent	2,431	2,143	6,639	4,292
Minority Interest	-	-	-	-
Net Profit/(Loss) For The Period	2,431	2,143	6,639	4,292
Profit/(Loss) Per Share				
(i) Basic (sen)	2.20	1.94	6.00	3.88
(ii) Fully diluted (sen)	2.20	1.94	6.00	3.88

(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 OCTOBER 2017

	Unaudited As At 31 OCTOBER 2017 RM'000	Audited As At 31 OCTOBER 2016 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	5,246	4,861
Development expenditure	1,140	1,727
Goodwill on consolidation	1,576	1,576
Intangible Assets	40	48
Total Non-Current Assets	8,002	8,212
CURRENT ASSETS		
Inventories	13,938	10,050
Trade receivables	12,308	4,721
Other receivables, deposits and prepayments	947	486
Fixed deposit	4,800	5,745
Cash and bank balances	5,427	4,821
Total Current Assets	37,420	25,823
TOTAL ASSETS	45,422	34,035
EQUITY AND LIABILITIES		
EQUITY		
Ordinary share capital	13,044	11,070
Share Premium	6,417	6,417
Retained profits	12,317	6,232
Equity attributable to equity holders of the parent	31,778	23,719
Minority interests	-	-
TOTAL EQUITY	31,778	23,719
LIABILITIES		
NON-CURRENT LIABILITIES		
Borrowings	155	203
Deferred Tax Liability	354	498
Total Non-Current Liabilities	509	701
CURRENT LIABILITIES		
Trade payables	1,819	1,347
Taxation payables	1,727	546
Other payables and accruals	6,179	5,101
Borrowings	3,410	2,621
Total Current Liabilities	13,135	9,615
TOTAL LIABILITIES	13,644	10,316
TOTAL EQUITY AND LIABILITIES	45,422	34,035
Net assets value per share (RM)	0.28	0.21

(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 12 MONTHS FINANCIAL YEAR ENDED 31 OCTOBER 2017

	TWELVE (12) MONTHS CUMULATIVE TO-DATE 31 OCTOBER 2017 (Unaudited)	TWELVE (12) MONTHS CUMULATIVE TO-DATE 31 OCTOBER 2016 (Audited)
	RM'000	RM'000
NET PROFIT BEFORE TAXATION	7,702	5,420
Adjustment for:-		
Depreciation of property, plant and equipment	580	555
Amortisation of development expenditure	611	446
Amortisation of Trademarks and Patents	8	8
Addition / (Reversal) of provision and accruals	1,433	3,312
Gain on foreign exchange - unrealised	(51)	(118)
(Gain)/Loss on Disposal of property, plant and equipment	-	(35)
Interest income	(215)	(97)
Interest expenses	156	125
Operating gain before working capital changes	10,224	9,616
Increase in inventories	(3,887)	(2,290)
Increase in trade and other receivables	(7,826)	(3,696)
Decrease in trade and other payables	(47)	(37)
Cash generated for operations	(1,536)	3,593
Interest paid	(156)	(125)
Tax paid	(25)	-
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	(1,717)	3,468
CASH FLOWS FOR INVESTING ACTIVITIES		
(Payment)/ reversal of development expenditure	(14)	(196)
Interest received	215	97
Purchase of property, plant and equipment	(977)	(118)
Disposal of property, plant and equipment	1	37
NET CASH USED IN INVESTING ACTIVITIES	(775)	(180)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Dividend paid	(554)	-
Drawdown of banker acceptance	8,118	6,373
Repayment of banker acceptance	(7,339)	(4,341)
Repayment of HP Creditor	(38)	(39)
Proceeds from Private Placement	1,974	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	2,161	1,993
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(331)	5,281
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	(8)	66
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	10,566	5,219
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	10,227	10,566

(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 STATEMENT OF CHANGES IN EQUITY FOR THE 12 MONTHS FINANCIAL YEAR ENDED 31 OCTOBER 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	-	-	-	-	6,639	6,639
Dividend paid during the year	-	-	-	-	(554)	(554)
Issuance of private placement to Bumiputera Investors	1,974	-	-	-	-	1,974
As At 31 October 2017 (Unaudited)	13,044	6,417	-	-	12,317	31,778
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)

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>
Amendments to MFRS 16	<i>Leases</i>
Amendments to 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 twelve (12) months financial period ended 31 October 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 twelve (12) months financial period ended 31 October 2017.

5. Debt and Equity Securities

The Company has undertaken the following exercises:

- (i) 1,673,100 Placement Shares representing 1.5% of the total number of issued shares in VHB were issued pursuant to the Private Placement and were listed and quoted on the ACE Market of Bursa Securities on 31 October 2017, marking the completion of the Private Placement and VHB’s compliance with the Bumiputera Equity condition.
- (ii) 56,184,200 Bonus Shares were issued pursuant to the Bonus Issue of Shares and listed and quoted on the ACE Market of Bursa Securities with effect on 15 November 2017, 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.
- (iii) 42,138,150 Warrants were listed and quoted on the ACE Market of Bursa Securities with effect from 22 November 2017, marking the completion of the Bonus Issue of Warrants, 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 to be granted to the eligible Directors and employees of VHB and its subsidiary (“Proposed ESOS”). The effective date for the implementation of the ESOS has been fixed on 22 November 2017, being the date of full compliance of ESOS.

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 twelve (12) months financial period ended 31 October 2017.

9. Contingent Liabilities and Contingent Assets

<u>Contingent liabilities</u>	<u>31 October 2017</u>	<u>31 October 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 twelve (12) months financial period up to 31 October 2017:

	31 October 2017 RM'000	31 October 2016 RM'000
Malaysia	3,074	275
South East Asia	12,784	10,518
North Asia	15,831	16,415
USA	287	260
Total	31,976	27,468

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 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 (4 th Quarter)		Changes (Amount / %)		Cumulative Quarter		Changes (Amount/ %)	
	Current Quarter 31 October 2017	Preceding Quarter 31 October 2016			Current year to- date 31 October 2017	Preceding year to- date 31 October 2016		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	9,671	11,741	(2,070)	(18)	31,976	27,468	4,508	16
Operating Profit	2,948	3,279	(331)	(10)	7,731	5,450	2,281	42
Profit Before Interest and Tax	2,989	3,302	(313)	(9)	7,858	5,545	2,313	42
Profit Before Tax	2,945	3,270	(325)	(10)	7,702	5,419	2,283	42
Profit After Tax	2,431	2,143	288	13	6,639	4,292	2,347	55
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	2,431	2,143	288	13	6,639	4,292	2,347	55

In the current quarter ended 31 October 2017, the Group generated revenue of RM9,671,301, a decrease of RM2,069,460 from the corresponding quarter ended 31 October 2016 of RM11,740,761.

On the back of this revenue, the Group posted a profit before taxation of RM2,945,363 in the current quarter as compared to profit before taxation of RM3,270,071 during previous corresponding quarter.

In the current financial year ended 31 October 2017, the Group generated revenue of RM31,976,125, an increase of RM4,508,491 from the corresponding financial year ended 31 October 2016 of RM27,467,634.

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 7,701,762 in the current year as compared to the profit before taxation for the previous corresponding year ended 31 October 2016 of RM5,419,441.

Financial review for current quarter compared with immediate preceding quarter

	Current Quarter 31 October 2017	Immediate Preceding Quarter 31 July 2017	Changes (Amount/ %)	
	RM'000	RM'000	RM'000	%
Revenue	9,671	7,494	2,177	29
Operating Profit	2,948	1,710	1,280	75
Profit Before Interest and Tax	2,989	2,019	971	48
Profit Before Tax	2,945	1,656	1,289	78
Profit After Tax	2,431	1,338	1,093	82
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	2,431	1,338	1,093	82

The Group posted a higher revenue in the current quarter of RM9,671,301 as compared to the preceding quarter ended 31 July 2017 of RM7,493,806, representing increase of RM2,177,495.

As a result of higher revenue, the Group posted a profit before taxation of RM2,945,363 as compared to profit before taxation of RM1,655,902 in the preceding quarter ended 31 July 2017.

13. Commentary on Material Change in Statement of Financial Position

- (i) Higher inventory as at 31 October 2017, RM13.9 million as compared to RM10 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 October 2017 in line with the increase in sales. There was subsequent receipts from customers amounted to RM1,059,000. 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 RM1.8 million and Borrowings of Bankers Acceptances increased from RM2.6 million to RM3.4 million, as at 31 October 2016 as compared to 31 October 2017, mainly due to the purchases of materials to build up machines for customers.

14. Commentary on Material Change in Cash Flow Statement

There was a slight decrease in the cash and cash equivalents from RM10.5 million as at 31 October 2016 to RM10.2 million as at 31 October 2017.

15. Commentary on the Prospects

Worldwide semiconductor sales increased in 2017 as compared to 2016 and the latest industry forecast (by WSTS - World Semiconductor Trade Statistics) was revised upward and projects annual global market growth of 20.6 percent in 2017 and 7.0 percent in 2018. Coupled with the introduction of new product models, the Company is confident of the business prospects for the following financial year.

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 12 Months Cumulative To-Date	Previous Year 12 Months Cumulative To-Date
	31 October 2017	31 October 2016	31 October 2017	31 October 2016
	RM'000	RM'000	RM'000	RM'000
Tax expense for the period	657	547	1,727	547
Under/(over) provision in prior year	-	-	(521)	-
Deferred taxation	(143)	581	(143)	581
	514	1,128	1,063	1,128

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 October 2017 were as follows:

	<u>31 October</u> <u>2017</u>	<u>31 October</u> <u>2016</u>
	<u>RM ‘000</u>	<u>RM ‘000</u>
<u>Short term</u>		
Hire purchase payables	48	38
Bankers acceptances	<u>3,362</u>	<u>2,583</u>
	3,410	2,621
<u>Long term</u>		
Hire purchase payables	155	203
TOTAL	3,465	2,824

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 October 2016: 4.80%)

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.

22. Profit/(Loss)/ Before Taxation

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

	Current Year Quarter	Current Year 12 Months Cumulative To-Date
	31 October 2017	31 October 2017
	RM'000	RM'000
Interest Income	(52)	(215)
Interest Expense	45	156
Depreciation of Property, Plant & Equipment	152	580
Amortisation of Development Expenditure	131	611
Amortisation of Trademarks & Patents	1	8
(Gain)/Loss on Foreign Exchange-Unrealised	(202)	(51)
Additional/ (Reversal) of Provision & Accruals	338	1,433

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

23.1. Basic EPS/(LPS)

	Current Year Quarter	Previous Year Quarter	Current Year 12 Months Cumulative To-Date	Previous Year 12 Months Cumulative To-Date
	31 October 2017	31 October 2016	31 October 2017	31 October 2016
Net profit for the year (RM'000)	2,431	2,143	6,639	4,292
Weighted average number of shares in issue ('000)	110,713	110,695	110,700	110,695
Basic EPS/(LPS) (sen)	2.20	1.94	6.00	3.88

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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 12 Months Cumulative To-Date	Previous Year 12 Months Cumulative To-Date
	31 October 2017	31 October 2016	31 October 2017	31 October 2016
Net profit for the year (RM'000)	2,431	2,143	6,639	4,292
Weighted average number of shares in issue ('000)	110,713	110,695	110,700	110,695
Adjusted weighted average number of shares in issue and issuable ('000)	110,713	110,695	110,700	110,695
Diluted EPS/(LPS) (sen)	2.20	1.94	6.00	3.88

24. Realised and Unrealised Profits Disclosure

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

	As at 31.10.2017 RM'000	As at 31.10.2016 RM'000
	-----	-----
Total retained profits of the Group:		
- Realised	11,871	5,787
- Unrealised	<u>536</u>	<u>535</u>
	12,407	6,322
Less : Consolidation Adjustment	<u>(90)</u>	<u>(90)</u>
Total group retained profits as per consolidated accounts	<u>12,317</u>	<u>6,232</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	1,606,864	1,572,933

As at 31 October 2017, the Group has hedged USD378,564 at rates from 4.2310 to 4.2482.

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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