

VisDynamics Holdings Berhad

(Company No: 677095-M)

Incorporated in Malaysia

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE (3) MONTHS FINANCIAL YEAR ENDED 31 JANUARY 2018

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31 JANUARY 2018 RM'000 (Unaudited)	PRECEDING YEAR QUARTER ENDED 31 JANUARY 2017 RM'000 (Audited)	CURRENT YEAR THREE (3) MONTHS CUMULATIVE TO-DATE 31 JANUARY 2018 RM'000 (Unaudited)	PRECEDING YEAR THREE (3) MONTHS CUMULATIVE TO-DATE 31 JANUARY 2017 RM'000 (Audited)
Revenue	7,128	6,048	7,128	6,048
Cost of Sales	(2,893)	(2,333)	(2,893)	(2,333)
Gross Profit	4,235	3,715	4,235	3,715
Other Operating Income	302	467	302	467
Human Resource Related Expenses	(953)	(742)	(953)	(742)
Administrative Expenses	(589)	(489)	(589)	(489)
Selling and Distribution Expenses	(1,131)	(891)	(1,131)	(891)
Research and Development	(341)	(557)	(341)	(557)
Other Operating Expenses	(1,046)	(353)	(1,046)	(353)
Profit/(Loss) From Operations	477	1,150	477	1,150
Finance Cost	(58)	(25)	(58)	(25)
Profit/(Loss) Before Taxation	419	1,125	419	1,125
Taxation	-	(3)	-	(3)
Profit/(Loss) For The Period	419	1,122	419	1,122
Attributable to:				
Equity holders of the parent	419	1,122	419	1,122
Minority Interest	-	-	-	-
Net Profit/(Loss) For The Period	419	1,122	419	1,122
Profit/(Loss) Per Share				
(i) Basic (sen)	0.26	1.02	0.26	1.02
(ii) Fully diluted (sen)	0.26	1.02	0.26	1.02

(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 JANUARY 2018

	Unaudited As At 31 JANUARY 2018 RM'000	Audited As At 31 OCTOBER 2017 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	5,178	5,246
Development expenditure	1,013	1,140
Goodwill on consolidation	1,576	1,576
Intangible Assets	38	40
Total Non-Current Assets	7,805	8,002
CURRENT ASSETS		
Inventories	18,394	13,938
Trade receivables	13,247	12,308
Other receivables, deposits and prepayments	1,475	947
Fixed deposit	1,580	4,800
Cash and bank balances	5,075	5,427
Total Current Assets	39,771	37,420
TOTAL ASSETS	47,576	45,422
EQUITY AND LIABILITIES		
EQUITY		
Ordinary share capital	18,662	13,044
Share Premium	799	6,417
Warrants Reserve	3,371	-
Discount on Shares	(3,371)	-
Retained profits	12,736	12,317
Equity attributable to equity holders of the parent	32,197	31,778
Minority interests	-	-
TOTAL EQUITY	32,197	31,778
LIABILITIES		
NON-CURRENT LIABILITIES		
Borrowings	145	155
Deferred Tax Liability	354	354
Total Non-Current Liabilities	499	509
CURRENT LIABILITIES		
Trade payables	4,657	1,819
Taxation payables	1,727	1,727
Other payables and accruals	5,557	6,179
Borrowings	2,939	3,410
Total Current Liabilities	14,880	13,135
TOTAL LIABILITIES	15,379	13,644
TOTAL EQUITY AND LIABILITIES	47,576	45,422
Net assets value per share (RM)	0.29	0.28

(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 3 MONTHS FINANCIAL YEAR ENDED 31 JANUARY 2018

(The figures have not been audited)

	Share Capital	Share Premium	Warrant Reserve	Discount on Shares	Retained Profits	Total
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
As at 31 October 2017 (Audited)	13,044	6,417	-	-	12,317	31,778
Net Profit for the year	-	-	-	-	419	419
Issuance of Bonus Issue	5,618	(5,618)	-	-	-	-
Issuance of Warrants	-	-	3,371	(3,371)	-	-
As At 31 January 2018 (Unaudited)	18,662	799	3,371	(3,371)	12,736	32,197
As at 31 October 2016 (Audited)	11,070	6,417	-	-	6,232	23,719
Net Profit for the year	-	-	-	-	1,122	1,122
As At 31 January 2017 (Audited)	11,070	6,417	-	-	7,354	24,841

(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 3 MONTHS FINANCIAL YEAR ENDED 31 JANUARY 2018

	THREE (3) MONTHS CUMULATIVE TO-DATE 31 JANUARY 2018 (Unaudited)	THREE (3) MONTHS CUMULATIVE TO-DATE 31 JANUARY 2017 (Audited)
	RM'000	RM'000
NET PROFIT BEFORE TAXATION	419	1,125
Adjustment for:-		
Depreciation of property, plant and equipment	135	142
Amortisation of development expenditure	135	134
Amortisation of Trademarks and Patents	2	2
Addition / (Reversal) of provision and accruals	(630)	(1,995)
Loss/ (Gain) on foreign exchange - unrealised	804	(88)
(Gain) on Disposal of property, plant and equipment	(1)	(158)
Interest income	(42)	(52)
Interest expenses	51	20
Operating gain before working capital changes	873	(870)
Increase in inventories	(4,455)	(1,633)
Increase/ (Decrease) in trade and other receivables	(2,124)	2,406
Increase in trade and other payables	2,889	811
Cash generated for operations	(2,817)	714
Interest paid	(51)	(20)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	(2,868)	694
CASH FLOWS FOR INVESTING ACTIVITIES		
(Payment)/ reversal of development expenditure	(7)	193
Interest received	42	52
Purchase of property, plant and equipment	(68)	(90)
Disposal of property, plant and equipment	1	-
NET CASH (USED IN)/ FROM INVESTING ACTIVITIES	(32)	155
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Dividend paid	-	-
Drawdown of banker acceptance	2,478	1,163
Repayment of banker acceptance	(2,949)	(1,497)
Repayment of HP Creditor	(10)	(9)
NET CASH GENERATED (USED IN) FINANCING ACTIVITIES	(481)	(343)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(3,381)	506
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	(191)	99
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	10,227	10,566
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	6,655	11,171

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

PART A – EXPLANATORY NOTE PURSUANT TO MFRS 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 3	<i>Business Combinations-Amendments to MFRS3(Annual Improvements to MFRS Standards 2015-2017 Cycle)</i>
Amendments to MFRS 9	<i>Financial Instruments</i>
Amendments to MFRS 11	<i>Joint Arrangements</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 MFRS 112	<i>Income Taxes-Amendments to MFRS112(Annual Improvements to MFRS Standards 2015-2017 Cycle)</i>
Amendments to MFRS 123	<i>Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)</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>
	<i>Long-term interests in Associates and Joint Ventures (Amendments to MFRS 128)</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 three (3) months financial period ended 31 January 2018.

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 period ended 31 January 2018.

5. Debt and Equity Securities

The Company had performed the below exercises:

- (i) 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.
- (ii) 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”)
- (iii) 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

There was no dividend paid during the three (3) months financial period ended 31 January 2018.

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 period ended 31 January 2018.

9. Contingent Liabilities and Contingent Assets

	<u>31 January 2018</u>	<u>31 January 2017</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 three (3) months financial period up to 31 January 2018:

	31 January 2018 RM'000	31 January 2017 RM'000
Malaysia	55	429
South East Asia	269	689
North Asia	6,797	4,884
USA	7	46
Total	7,128	6,048

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

Property, plant and equipment

	31 January 2018 RM'000	31 January 2017 RM'000
Contracted but not provided for	500	-
Total	500	-

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 (1 st Quarter)		Changes (Amount / %)		Cumulative Quarter		Changes (Amount/ %)	
	Current Quarter 31 January 2018	Preceding Quarter 31 January 2017			Current year to- date 31 January 2018	Preceding year to- date 31 January 2017		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	7,128	6,048	1,080	18	7,128	6,048	1,080	18
Operating Profit	422	1,128	(706)	(63)	422	1,128	(706)	(63)
Profit Before Interest and Tax	470	1,145	(675)	(59)	470	1,145	(675)	(59)
Profit Before Tax	419	1,125	(706)	(63)	419	1,125	(706)	(63)
Profit After Tax	419	1,122	(703)	(63)	419	1,122	(703)	(63)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	419	1,122	(703)	(63)	419	1,122	(703)	(63)

In the current quarter/cumulative quarter ended 31 January 2018, the Group generated revenue of RM7,128,326, an increase of RM1,080,651 from the corresponding quarter/cumulative quarter ended 31 January 2017 of RM6,047,675.

The increase in revenue was attributed by the sales of machines which fetched higher selling price, due to different specification, in the current quarter/cumulative quarter ended 31 January 2018 as compared to the previous corresponding quarter/cumulative quarter ended 31 January 2017.

In spite of the increase in sales, the Group posted a profit before taxation of RM419,220 in the current year as compared to the profit before taxation for the previous corresponding year ended 31 January 2017 of RM1,125,280, mainly due to unrealized foreign exchange loss amounted to RM804,013.

Financial review for current quarter compared with immediate preceding quarter

	Current Quarter 31 January 2018	Immediate Preceding Quarter October 2017	Changes (Amount/ %)	
	RM'000	RM'000	RM'000	%
Revenue	7,128	9,671	(2,543)	(26)
Operating Profit	422	2,948	(2,526)	(86)
Profit Before Interest and Tax	470	2,989	(2,519)	(84)
Profit Before Tax	419	2,945	(2,526)	(86)
Profit After Tax	419	2,431	(2,012)	(83)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	419	2,431	(2,012)	(83)

The Group posted a lower revenue in the current quarter of RM7,128,326 as compared to the preceding quarter ended 31 October 2017 of RM9,671,301, representing decrease of RM2,542,975.

The Group posted a lower profit before taxation of RM419,220 as compared to profit before taxation of RM2,945,363 in the preceding quarter ended 31 October 2017 due to lower revenue and also unrealized foreign exchange loss.

13. Commentary on Material Change in Statement of Financial Position

- (i) Higher inventory as at 31 January 18, RM18.4 million as compared to RM13.9 million as at 31 October 2017, due to potential sales of the Company.
- (ii) Increase in trade receivables from RM12.3 million as at 31 October 2017 to RM13.2 million as at 31 January 2018. There were subsequent receipts from customers amounted to RM1,197,414 after the financial period ended 31 January 2018. No impairment is needed as these amounts are recoverable from customers based on their financial standings.
- (iii) Trade payables increased from RM1.8 million as at 31 October 2017 to RM4.7 million as at 31 January 2018, 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 decrease in the cash and cash equivalents from RM10.2 million as at 31 October 2017 to RM6.7 million as at 31 January 2018 to fund Company's working capital.

15. Commentary on the Prospects

Financial year 2017 was a record year for VisDynamics, the highest revenue and net profit recorded since its inception. Stepping into financial year 2018, based on positive market sentiments and coupled with the anticipation of new product launches, VisDynamics believes it can achieve another good financial performance in this 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 3 Months Cumulative To-Date	Previous Year 12 Months Cumulative To-Date
	31 January 2018	31 January 2017	31 January 2018	31 January 2017
	RM'000	RM'000	RM'000	RM'000
Tax expense for the period	-	3	-	3
Deferred taxation	-	-	-	-
	-	3	-	3

19. 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.

20. Group Borrowings and Debt Securities

Group borrowings as at 31 January 2018 were as follows:

	<u>31 January</u> <u>2018</u> <u>RM ‘000</u>	<u>31 January</u> <u>2017</u> <u>RM ‘000</u>
<u>Short term</u>		
Hire purchase payables	48	48
Bankers acceptances	<u>2,891</u>	<u>2,249</u>
	2,939	2,297
<u>Long term</u>		
Hire purchase payables	145	184
TOTAL	3,084	2,481

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 4.82%. (31 January 2017: 5.00%)

21. 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.

22. Dividend Payable

The Group has not recommended or declared any dividend during the current quarter and three (3) months financial period ended 31 January 2018.

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23. Profit/(Loss)/ Before Taxation

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

	Current Year Quarter	Current Year 3 Months Cumulative To-Date
	31 January 2018	31 January 2018
	RM'000	RM'000
Interest Income	(42)	(42)
Interest Expense	51	51
Depreciation of Property, Plant & Equipment	135	135
Amortisation of Development Expenditure	135	135
Amortisation of Trademarks & Patents	2	2
Loss on Foreign Exchange-Unrealised	804	804
(Reversal) of Provision & Accruals	(630)	(630)

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

24.1. 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 2018	31 January 2017	31 January 2018	31 January 2017
Net profit for the year (RM'000)	419	1,122	419	1,122
Weighted average number of shares in issue ('000)	159,392*	110,695	159,392*	110,695
Basic EPS/(LPS) (sen)	0.26	1.22	0.26	1.22

*Based on enlarged number of issued shares pursuant to bonus issue.

24.2. 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 3 Months Cumulative To-Date	Previous Year 3 Months Cumulative To-Date
	31 January 2018	31 January 2017	31 January 2018	31 January 2017
Net profit for the year (RM'000)	419	1,122	419	1,122
Weighted average number of shares in issue ('000)	159,392*	110,695	159,392*	110,695
Adjusted weighted average number of shares in issue and issuable ('000)	159,392	110,695	159,392	110,695
Diluted EPS/(LPS) (sen)	0.26	1.22	0.26	1.22

*Based on enlarged number of issued shares pursuant to bonus issue.

25. Realised and Unrealised Profits Disclosure

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

	As at 31.01.2018 RM'000	As at 31.01.2017 RM'000
	-----	-----
Total retained profits of the Group:		
- Realised	13,174	7,055
- Unrealised	<u>(348)</u>	<u>389</u>
	12,826	7,444
Less : Consolidation Adjustment	<u>(90)</u>	<u>(90)</u>
Total group retained profits as per consolidated accounts	<u>12,736</u>	<u>7,354</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	1,177,100	1,168,800

As at 31 January 2018, the Group has hedged USD300,000 at rates from 3.9230 to 3.9250.

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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