

VisDynamics 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 2018

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 30 APRIL 2018 RM'000 (Unaudited)	PRECEDING YEAR QUARTER ENDED 30 APRIL 2017 RM'000 (Audited)	CURRENT YEAR SIX (6) MONTHS CUMULATIVE TO-DATE 30 APRIL 2018 RM'000 (Unaudited)	PRECEDING YEAR SIX (6) MONTHS CUMULATIVE TO-DATE 30 APRIL 2017 RM'000 (Audited)
Revenue	9,661	8,763	16,789	14,811
Cost of Sales	(3,238)	(2,968)	(6,132)	(5,300)
Gross Profit	6,423	5,795	10,657	9,511
Other Operating Income	695	223	379	570
Human Resource Related Expenses	(626)	(601)	(1,047)	(973)
Administrative Expenses	(572)	(501)	(1,161)	(989)
Selling and Distribution Expenses	(1,669)	(1,274)	(2,799)	(2,164)
Research and Development	(1,356)	(1,482)	(2,229)	(2,411)
Other Operating Expenses	(417)	(133)	(845)	(368)
Profit/(Loss) From Operations	2,478	2,027	2,955	3,176
Finance Cost	(89)	(52)	(147)	(76)
Profit/(Loss) Before Taxation	2,389	1,975	2,808	3,100
Taxation	(399)	(230)	(399)	(230)
Profit/(Loss) For The Period	1,990	1,745	2,409	2,870
Attributable to:				
Equity holders of the parent	1,990	1,745	2,409	2,870
Minority Interest	-	-	-	-
Net Profit/(Loss) For The Period	1,990	1,745	2,409	2,870
Profit/(Loss) Per Share				
(i) Basic (sen)	1.18	1.58	1.47	2.59
(ii) Fully diluted (sen)	1.18	1.58	1.47	2.59
(iii) Basic (Based on enlarged number of issued shares) (sen)	1.18	1.04	1.43	1.70

(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 2018

	Unaudited As At 30 APRIL 2018 RM'000	Audited As At 31 OCTOBER 2017 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	5,613	5,246
Development expenditure	914	1,140
Goodwill on consolidation	1,576	1,576
Intangible Assets	37	40
Total Non-Current Assets	8,140	8,002
CURRENT ASSETS		
Inventories	20,078	13,938
Trade receivables	16,118	12,308
Other receivables, deposits and prepayments	1,549	947
Fixed deposit	3,000	4,800
Cash and bank balances	3,132	5,427
Total Current Assets	43,877	37,420
TOTAL ASSETS	52,017	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	14,726	12,317
Equity attributable to equity holders of the parent	34,187	31,778
Minority interests	-	-
TOTAL EQUITY	34,187	31,778
LIABILITIES		
NON-CURRENT LIABILITIES		
Borrowings	238	155
Deferred Tax Liability	354	354
Total Non-Current Liabilities	592	509
CURRENT LIABILITIES		
Trade payables	2,912	1,819
Taxation payables	2,126	1,727
Other payables and accruals	6,392	6,179
Borrowings	5,808	3,410
Total Current Liabilities	17,238	13,135
TOTAL LIABILITIES	17,830	13,644
TOTAL EQUITY AND LIABILITIES	52,017	45,422
Net assets value per share (RM)	0.20	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 6 MONTHS FINANCIAL YEAR ENDED 30 APRIL 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	-	-	-	-	2,409	2,409
Issuance of Bonus Issue	5,618	(5,618)	-	-	-	-
Issuance of Warrants	-	-	3,371	(3,371)	-	-
As At 30 April 2018 (Unaudited)	18,662	799	3,371	(3,371)	14,726	34,187
As at 31 October 2016 (Audited)	11,070	6,417	-	-	6,232	23,719
Net Profit for the year	-	-	-	-	2,870	2,870
Dividend paid during the year	-	-	-	-	(555)	(555)
As At 30 April 2017 (Audited)	11,070	6,417	-	-	8,547	26,034

(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 2018

	SIX (6) MONTHS CUMULATIVE TO-DATE 30 APRIL 2018 (Unaudited)	SIX (6) MONTHS CUMULATIVE TO-DATE 30 APRIL 2017 (Audited)
	RM'000	RM'000
NET PROFIT BEFORE TAXATION	2,808	3,100
Adjustment for:-		
Depreciation of property, plant and equipment	300	278
Amortisation of development expenditure	273	321
Amortisation of Trademarks and Patents	3	4
Addition / (Reversal) of provision and accruals	347	(141)
Loss/ (Gain) on foreign exchange - unrealised	302	19
Gain on Disposal of property, plant and equipment	(3)	-
Interest income	(63)	(117)
Interest expenses	133	66
Operating gain before working capital changes	4,100	3,530
Increase in inventories	(6,140)	(4,773)
Increase in trade and other receivables	(4,658)	(4,053)
Increase in trade and other payables	1,075	2,613
Cash generated for operations	(5,623)	(2,683)
Interest paid	(133)	(66)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	(5,756)	(2,749)
CASH FLOWS FROM/ (FOR) INVESTING ACTIVITIES		
(Payment)/ reversal of development expenditure	(48)	162
Interest received	63	117
Purchase of property, plant and equipment	(663)	(284)
Disposal of property, plant and equipment	-	-
NET CASH (USED IN)/ FROM INVESTING ACTIVITIES	(648)	(5)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Dividend paid	-	(555)
Drawdown of banker acceptance	6,429	3,506
Drawdown of HP Creditors	134	
Repayment of banker acceptance	(4,061)	(3,376)
Repayment of HP Creditor	(20)	(19)
NET CASH GENERATED FROM/ (USED IN) FINANCING ACTIVITIES	2,482	(444)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(3,922)	(3,198)
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	(173)	103
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	10,227	10,566
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	6,132	7,471

(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 6	<i>Exploration for and Evaluation of Mineral Resources</i>
Amendments to MFRS 9	<i>Financial Instruments & Prepayment Features with Negative Compensation</i>
Amendments to MFRS 11	<i>Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)</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 17	<i>Insurance Contracts</i>
Amendments to MFRS 101	<i>Presentation of Financial Statements</i>
Amendments to MFRS 108	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
Amendments to MFRS 112	<i>Income Taxes - Amendments to MFRS112 (Annual Improvements to MFRS Standards 2015-2017 Cycle)</i>
Amendments to MFRS 119	<i>Employee Benefits - Amendments to MFRS 119 (Plan amendment, Curtailment or Settlement)</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 134	<i>Interim Financial Reporting</i>
Amendments to MFRS 137	<i>Provisions, Contingent Liabilities and Contingent Assets</i>
Amendments to MFRS 138	<i>Intangible Assets</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 cyclical 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 period ended 30 April 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 six (6) months financial period ended 30 April 2018.

5. Debt and Equity Securities

The Company undertook 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 six (6) months financial period ended 30 April 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 six (6) months financial period ended 30 April 2018.

9. Contingent Liabilities and Contingent Assets

	<u>30 April 2018</u>	<u>30 April 2017</u>
Guarantee given to a financial institution for banking facilities granted to a subsidiary	7,900,000	7,900,000

10. Segmental Information

Sales Revenue by Geographical Market for the six (6) months financial period up to 30 April 2018:

	30 April 2018 RM'000	30 April 2017 RM'000
Malaysia	106	1,353
South East Asia	2,103	1,791
North Asia	14,573	11,615
USA	7	52
Total	16,789	14,811

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

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 2018.

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 (2 nd Quarter)		Changes (Amount / %)		Cumulative Quarter		Changes (Amount/ %)	
	Current Quarter 30 April 2018	Preceding Quarter 30 April 2017			Current year to-date 30 April 2018	Preceding year to-date 30 April 2017		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	9,661	8,763	898	10	16,789	14,811	1,978	13
Operating Profit	2,391	1,978	413	21	2,812	3,106	(294)	(9)
Profit Before Interest and Tax	2,471	2,022	449	22	2,941	3,167	(226)	(7)
Profit Before Tax	2,389	1,975	414	21	2,808	3,100	(292)	(9)
Profit After Tax	1,990	1,745	245	14	2,409	2,870	(461)	(16)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	1,990	1,745	245	14	2,409	2,870	(461)	(16)

In the current quarter ended 30 April 2018, the Group generated revenue of RM9,660,675, an increase of RM897,332 from the corresponding quarter ended 30 April 2017 of RM8,763,343.

The increase in revenue was attributed by the increase of sales of machines in the current quarter ended 30 April 2018 as compared to the previous corresponding quarter ended 30 April 2017.

On the back of this revenue, the Group posted a profit before taxation of RM2,388,697 in the current quarter as compared to profit before taxation of RM1,975,216 during previous corresponding quarter.

In the current financial year ended 30 April 2018, the Group generated revenue of RM16,789,001, an increase of RM1,977,983 from the corresponding financial year ended 30 April 2017 of RM14,811,018.

In spite of the increase in sales, the Group posted a profit before taxation of RM 2,807,761 in the current year as compared to the profit before taxation for the previous corresponding year ended 30 April 2017 of RM3,100,358, mainly due to

foreign exchange loss resulted from the strengthening of USD and also increase in Selling & Distribution expenses due to higher sales and service commission.

Financial review for current quarter compared with immediate preceding quarter

	Current Quarter 30 April 2018	Immediate Preceding Quarter 31 January 2018	Changes (Amount/ %)	
	RM'000	RM'000	RM'000	%
Revenue	9,661	7,128	2,533	36
Operating Profit	2,391	422	1,969	467
Profit Before Interest and Tax	2,471	470	2,001	426
Profit Before Tax	2,389	419	1,970	470
Profit After Tax	1,990	419	1,571	375
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	1,990	419	1,571	375

The Group posted a higher revenue in the current quarter of RM9,660,675 as compared to the preceding quarter ended 31 January 2018 of RM7,128,326, representing an increase of RM2,532,349.

As a result of higher revenue, the Group posted a profit before taxation of RM2,388,697 as compared to profit before taxation of RM419,220 in the preceding quarter ended 31 January 2018.

13. Commentary on Material Change in Statement of Financial Position

- (i) Higher inventory as at 30 April 2018, RM20 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 RM16.1 million as at 30 April 2018. There were subsequent receipts from customers amounted to RM3.8 million after the financial period ended 30 April 2018. No impairment is needed as these amounts are recoverable from customers based on their financial standings and payment history.
- (iii) Trade payables increased from RM1.8 million as at 31 October 2017 to RM2.9 million as at 30 April 2018, and Borrowings increased from RM3.4 million to RM5.7 million, 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 RM6.1 million as at 30 April 2018 to fund Company’s working capital.

15. Commentary on the Prospects

Based on positive market sentiments and coupled with the anticipation of new product launches, VisDynamics remains optimistic of 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 6 Months Cumulative To-Date	Previous Year 6 Months Cumulative To-Date
	30 April 2018	30 April 2017	30 April 2018	30 April 2017
	RM’000	RM’000	RM’000	RM’000
Tax expense for the period	399	230	399	230
Deferred taxation	-	-	-	-
	399	230	399	230

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 30 April 2018 were as follows:

<u>Short term</u>	<u>30 April</u> <u>2018</u>	<u>30 April</u> <u>2017</u>
	<u>RM ‘000</u>	<u>RM ‘000</u>
Hire purchase payables	78	48
Bankers acceptances	<u>5,730</u>	<u>2,713</u>
	5,808	2,761
<u>Long term</u>		
Hire purchase payables	238	175
TOTAL	6,046	2,936

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 4.99%. (30 April 2017: 4.72%)

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 six (6) months financial period ended 30 April 2018.

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23. 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 2018	30 April 2018
	RM'000	RM'000
Interest Income	(21)	(63)
Interest Expense	82	133
Depreciation of Property, Plant & Equipment	165	300
Amortisation of Development Expenditure	138	273
Amortisation of Trademarks & Patents	1	3
(Gain)/ Loss on Foreign Exchange-Unrealised	(501)	303
Addition of Provision & Accruals	977	347

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

24.1. 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 2018	30 April 2017	30 April 2018	30 April 2017
Net profit for the year (RM'000)	1,990	1,745	2,409	2,870
Weighted average number of shares in issue ('000)	168,552*	110,695	163,896*	110,695
Basic EPS/(LPS) (sen)	1.18	1.58	1.47	2.59

*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 6 Months Cumulative To-Date	Previous Year 6 Months Cumulative To-Date
	30 April 2018	30 April 2017	30 April 2018	30 April 2017
Net profit for the year (RM'000)	1,990	1,745	2,409	2,870
Weighted average number of shares in issue ('000)	168,552*	110,695	163,896*	110,695
Adjusted weighted average number of shares in issue and issuable ('000)	168,552	110,695	163,896	110,695
Diluted EPS/(LPS) (sen)	1.18	1.58	1.47	2.59

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

24.3. Basic EPS/(LPS) (based on enlarged number of issued shares)

	Current Year Quarter	Previous Year Quarter	Current Year 6 Months Cumulative To-Date	Previous Year 6 Months Cumulative To-Date
	30 April 2018	30 April 2017	30 April 2018	30 April 2017
Net profit for the year (RM'000)	1,990	1,745	2,409	2,870
Number of shares in issue ('000)	168,552	168,552	168,552	168,552
Diluted EPS/(LPS) (sen)	1.18	1.04	1.43	1.70

25. Realised and Unrealised Profits Disclosure

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

	As at 30.04.2018 RM'000	As at 30.04.2017 RM'000
	-----	-----
Total retained profits of the Group:		
- Realised	14,663	8,118
- Unrealised	<u>153</u>	<u>519</u>
	14,816	8,637
Less : Consolidation Adjustment	<u>(90)</u>	<u>(90)</u>
Total group retained profits as per consolidated accounts	<u>14,726</u>	<u>8,547</u>

26. 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	9,864,490	9,952,500

As at 30 April 2018, the Group has hedged USD2,500,000 at rates from 3.9082 to 3.9895

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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