

VisDynamics 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 2018

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31 JULY 2018 RM'000 (Unaudited)	PRECEDING YEAR QUARTER ENDED 31 JULY 2017 RM'000 (Audited)	CURRENT YEAR NINE (9) MONTHS CUMULATIVE TO-DATE 31 JULY 2018 RM'000 (Unaudited)	PRECEDING YEAR NINE (9) MONTHS CUMULATIVE TO-DATE 31 JULY 2017 RM'000 (Audited)
Revenue	11,034	7,494	27,823	22,305
Cost of Sales	(4,092)	(2,811)	(10,224)	(8,111)
Gross Profit	6,942	4,683	17,599	14,194
Other Operating Income	745	205	618	700
Human Resource Related Expenses	(805)	(751)	(1,852)	(1,670)
Administrative Expenses	(499)	(502)	(1,661)	(1,491)
Selling and Distribution Expenses	(1,446)	(520)	(4,245)	(2,685)
Research and Development	(1,255)	(1,247)	(3,483)	(3,710)
Other Operating Expenses	(295)	(163)	(633)	(455)
Profit/(Loss) From Operations	3,387	1,705	6,343	4,883
Finance Cost	(55)	(49)	(203)	(127)
Profit/(Loss) Before Taxation	3,332	1,656	6,140	4,756
Taxation	(596)	(318)	(996)	(548)
Profit/(Loss) After Taxation For The Period	2,736	1,338	5,144	4,208
Other Comprehensive Income				
Forex loss	(96)	-	(96)	-
Total Comprehensive Income/ (Loss) For The Period	2,640	1,338	5,048	4,208
Attributable to:				
Equity holders of the parent	2,640	1,338	5,048	4,208
Minority Interest	-	-	-	-
Net Profit/(Loss) Comprehensive Income For The Period	2,640	1,338	5,048	4,208
Profit/(Loss) Per Share				
(i) Basic (sen)	1.62	1.21	3.11	3.80
(ii) Fully diluted (sen)	1.62	1.21	3.11	3.80
(iii) Basic (Based on enlarged number of issued shares) (sen)	1.62	0.79	3.05	2.50

(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 2018

	Unaudited As At 31 JULY 2018 RM'000	Audited As At 31 OCTOBER 2017 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	5,476	5,246
Development expenditure	879	1,140
Goodwill on consolidation	1,576	1,576
Intangible Assets	36	40
Total Non-Current Assets	7,967	8,002
CURRENT ASSETS		
Inventories	18,500	13,938
Trade receivables	18,429	12,308
Other receivables, deposits and prepayments	781	947
Fixed deposit	3,784	4,800
Cash and bank balances	3,681	5,427
Total Current Assets	45,175	37,420
TOTAL ASSETS	53,142	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)	-
Translation Reserve	(96)	-
Retained profits	17,461	12,317
Equity attributable to equity holders of the parent	36,826	31,778
Minority interests	-	-
TOTAL EQUITY	36,826	31,778
LIABILITIES		
NON-CURRENT LIABILITIES		
Borrowings	223	155
Deferred Tax Liability	354	354
Total Non-Current Liabilities	577	509
CURRENT LIABILITIES		
Trade payables	1,502	1,819
Taxation payables	1,255	1,727
Other payables and accruals	7,737	6,179
Borrowings	5,245	3,410
Total Current Liabilities	15,739	13,135
TOTAL LIABILITIES	16,316	13,644
TOTAL EQUITY AND LIABILITIES	53,142	45,422
Net assets value per share (RM)	0.22	0.28

(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 2018

(The figures have not been audited)

	Share Capital	Share Premium	Warrant Reserve	Discount on Shares	Translation Reserve	Retained Profits	Total
	RM '000	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	-	-	-	-	-	5,144	5,144
Issuance of Bonus Issue	5,618	(5,618)	-	-	-	-	-
Issuance of Warrants	-	-	3,371	(3,371)	-	-	-
Foreign currency translation	-	-	-	-	(96)	-	(96)
As At 31 July 2018 (Unaudited)	18,662	799	3,371	(3,371)	(96)	17,461	36,826
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 (Audited)	11,070	6,417	-	-	-	9,886	27,373

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Vis Dynamics Holdings Berhad

(Company No: 677095-M)

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE 9 MONTHS FINANCIAL YEAR ENDED 31 JULY 2018

	NINE (9) MONTHS CUMULATIVE TO-DATE 31 JULY 2018 (Unaudited)	NINE (9) MONTHS CUMULATIVE TO-DATE 31 JULY 2017 (Audited)
	RM'000	RM'000
NET PROFIT BEFORE TAXATION	6,140	4,756
Adjustment for:-		
Depreciation of property, plant and equipment	464	428
Amortisation of development expenditure	404	480
Amortisation of Trademarks and Patents	4	7
Addition / (Reversal) of provision and accruals	1,933	1,095
Gain / (Loss) on foreign exchange - unrealised	(130)	151
Gain on Disposal of property, plant and equipment	(6)	-
Interest income	(100)	(163)
Interest expenses	180	111
Operating gain before working capital changes	8,889	6,865
Increase in inventories	(4,562)	(5,193)
Increase in trade and other receivables	(5,629)	(7,267)
Increase in trade and other payables	(770)	1,209
Cash generated for operations	(2,072)	(4,386)
Interest paid	(180)	(111)
Tax paid	(1,467)	(25)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	(3,719)	(4,522)
CASH FLOWS FROM/ (FOR) INVESTING ACTIVITIES		
(Payment)/ reversal of development expenditure	(135)	36
Interest received	100	163
Purchase of property, plant and equipment	(696)	(232)
Disposal of property, plant and equipment	-	-
NET CASH (USED IN)/ FROM INVESTING ACTIVITIES	(731)	(33)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Dividend paid	-	(554)
Drawdown of banker acceptance	8,625	5,851
Drawdown of HP Creditors	134	-
Repayment of banker acceptance	(6,820)	(4,465)
Repayment of HP Creditor	(36)	(29)
NET CASH GENERATED FROM/ (USED IN) FINANCING ACTIVITIES	1,903	803
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(2,547)	(3,752)
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	(119)	68
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	10,227	10,566
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	7,561	6,882

(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 MFRS 134

1. Accounting Policies

Effective for financial periods beginning on or after 1 January 2020:

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 3	<i>Business Combinations-Amendments to MFRS3 (Annual Improvements to MFRS Standards 2015-2017 Cycle)</i>
Amendments to MFRS 5	<i>Non-Current Assets Held for Sale & Discontinued Operations</i>
Amendments to MFRS 7	<i>Financial Instruments: Disclosures</i>
Amendments to MFRS 9	<i>Financial Instruments & Prepayment Features with Negative Compensation</i>
Amendments to MFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to MFRS 101	<i>Presentation of Financial Statements</i>
Amendments to MFRS 107	<i>Statement of Cash Flows</i>
Amendments to MFRS 116	<i>Property, Plant and Equipment</i>
Amendments to MFRS 119	<i>Employee Benefits</i>
Amendments to MFSR 128	<i>Investments in Associates and Joint Ventures</i>
Amendments to MFRS 132	<i>Financial Instruments: Presentation</i>
Amendments to MFRS 136	<i>Impairment of Assets</i>
Amendments to MFRS 137	<i>Provision, Contingent Liabilities and Contingent Assts</i>
Amendments to MFRS 138	<i>Intangible Assets</i>
Amendments to MFRS 140	<i>Investment Property</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 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 nine (9) months financial period ended 31 July 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) On 2 July 2018, 4,212,500 share options under the Employees’ Share Option Scheme (ESOS) were granted to eligible directors and employees of the Group at an exercise price of RM0.42.
On 9 August 2018, 309,000 unit shares of the ESOS granted were exercised and on 7 September 2018, 53,000 unit shares were exercised.

6. Dividends Paid

There was no dividend paid during the nine (9) months financial period ended 31 July 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 nine (9) months financial period ended 31 July 2018.

9. Contingent Liabilities and Contingent Assets

	<u>31 July 2018</u>	<u>30 July 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 nine (9) months financial period up to 31 July 2018:

	31 July 2018 RM'000	31 July 2017 RM'000
Malaysia	1,212	2,917
South East Asia	4,626	5,330
North Asia	21,969	14,001
USA	16	57
Total	27,823	22,305

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 31 July 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 (3 rd Quarter)		Changes (Amount / %)		Cumulative Quarter		Changes (Amount/ %)	
	Current Quarter 31 July 2018	Preceding Quarter 31 July 2017			Current year to-date 31 July 2018	Preceding year to-date 31 July 2017		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	11,034	7,494	3,540	47	27,823	22,305	5,518	25
Operating Profit	3,336	1,658	1,678	101	6,148	4,764	1,384	29
Profit Before Interest and Tax	3,379	1,701	1,678	99	6,320	4,868	1,452	30
Profit Before Tax	3,332	1,656	1,676	101	6,140	4,756	1,384	29
Profit After Tax	2,736	1,338	1,398	104	5,144	4,208	936	22
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	2,736	1,338	1,398	104	5,144	4,208	936	22

In the current quarter ended 31 July 2018, the Group generated revenue of RM11,033,807, an increase of RM3,540,001 from the corresponding quarter ended 31 July 2017 of RM7,493,806.

The increase in revenue was attributed by the increase of sales of machines in the current quarter ended 31 July 2018 as compared to the previous corresponding quarter ended 31 July 2017.

On the back of this revenue, the Group posted a profit before taxation of RM3,332,400 in the current quarter as compared to profit before taxation of RM1,655,902 during previous corresponding quarter.

In the current financial year ended 31 July 2018, the Group generated revenue of RM27,822,807, an increase of RM5,517,982 from the corresponding financial year ended 31 July 2017 of RM22,304,825.

In line with the increase in sales, the Group posted a profit before taxation of RM 6,140,162 in the current year as compared to the profit before taxation for the previous corresponding year ended 31 July 2017 of RM4,756,210.

Financial review for current quarter compared with immediate preceding quarter

	Current Quarter 31 July 2018	Immediate Preceding Quarter 30 April 2018	Changes (Amount/ %)	
	RM'000	RM'000	RM'000	%
Revenue	11,034	9,661	1,373	14
Operating Profit	3,336	2,391	945	40
Profit Before Interest and Tax	3,379	2,471	908	37
Profit Before Tax	3,332	2,389	943	39
Profit After Tax	2,736	1,990	746	37
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	2,736	1,990	746	37

The Group posted a higher revenue in the current quarter of RM11,033,807 as compared to the preceding quarter ended 30 April 2018 of RM9,660,675, representing an increase of RM1,373,132 due to the increase of sales of machines.

As a result of higher revenue, the Group posted a profit before taxation of RM3,332,400 as compared to profit before taxation of RM2,388,580 in the preceding quarter ended 30 April 2018.

13. Commentary on Material Change in Statement of Financial Position

- (i) Higher inventory as at 31 July 2018, RM18.5 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 RM18.4 million as at 31 July 2018. There were subsequent receipts from customers amounted to RM2.8 million after the financial period ended 31 July 2018. No impairment is needed as these amounts are recoverable from customers based on their financial standings and payment history.
- (iii) Trade payables decreased from RM1.8 million as at 31 October 2017 to RM1.5 million as at 31 July 2018, and Borrowings increased from RM3.6 million to RM5.5 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 RM7.5 million as at 31 July 2018 to fund Company’s working capital.

15. Commentary on the Prospects

In view of the improved financial performance year to date, the Board is confident of delivering a better financial performance in this financial year 2018.

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 2018	31 July 2017	31 July 2018	31 July 2017
	RM’000	RM’000	RM’000	RM’000
Tax expense for the period	855	840	1,255	1,070
Under/(over) or provision in prior year	(259)	(522)	(259)	(522)
Deferred taxation	-	-	-	-
	596	318	996	548

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 July 2018 were as follows:

<u>Short term</u>	<u>31 July 2018</u>	<u>31 July 2017</u>
	<u>RM ‘000</u>	<u>RM ‘000</u>
Hire purchase payables	78	48
Bankers acceptances	<u>5,168</u>	<u>3,969</u>
	5,245	4,017
<u>Long term</u>		
Hire purchase payables	223	165
TOTAL	<u>5,468</u>	<u>4,182</u>

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 4.95%. (31 July 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 nine (9) months financial period ended 31 July 2018.

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23. 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 2018 RM'000	31 July 2018 RM'000
Interest Income	(37)	(100)
Interest Expense	47	180
Depreciation of Property, Plant & Equipment	164	464
Amortisation of Development Expenditure	131	404
Amortisation of Trademarks & Patents	1	4
(Gain)/ Loss on Foreign Exchange-Unrealised	(433)	(130)
Addition of Provision & Accruals	1,586	1,933

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

24.1. 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 2018	31 July 2017	31 July 2018	31 July 2017
Net profit for the year (RM'000)	2,736	1,338	5,144	4,208
Weighted average number of shares in issue ('000)	168,552*	110,695	165,465*	110,695
Basic EPS/(LPS) (sen)	1.62	1.21	3.11	3.80

*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 9 Months Cumulative To-Date	Previous Year 9 Months Cumulative To-Date
	31 July 2018	31 July 2017	31 July 2018	31 July 2017
Net profit for the year (RM'000)	2,736	1,338	5,144	4,208
Weighted average number of shares in issue ('000)	168,552*	110,695	165,465*	110,695
Adjusted weighted average number of shares in issue and issuable ('000)	168,552	110,695	165,465	110,695
Diluted EPS/(LPS) (sen)	1.62	1.21	3.11	3.80

*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 9 Months Cumulative To-Date	Previous Year 9 Months Cumulative To-Date
	31 July 2018	31 July 2017	31 July 2018	31 July 2017
Net profit for the year (RM'000)	2,736	1,338	5,144	4,208
Number of shares in issue ('000)	168,552	168,552	168,552	168,552
Diluted EPS/(LPS) (sen)	1.62	0.79	3.05	2.50

25. Realised and Unrealised Profits Disclosure

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

	As at 31.07.2018 RM'000	As at 31.07.2017 RM'000
	-----	-----
Total retained profits of the Group:		
- Realised	17,321	9,439
- Unrealised	<u>230</u>	<u>537</u>
	17,551	9,976
Less : Consolidation Adjustment	<u>(90)</u>	<u>(90)</u>
Total group retained profits as per consolidated accounts	<u>17,461</u>	<u>9,886</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	7,112,664	7,208,981

As at 31 July 2018, the Group has hedged USD1,772,000 at rates from 3.9483 to 4.0645.

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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