

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 2019

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 30 APRIL 2019 RM'000 (Unaudited)	PRECEDING YEAR QUARTER ENDED 30 APRIL 2018 RM'000 (Audited)	CURRENT YEAR SIX (6) MONTHS CUMULATIVE TO-DATE 30 APRIL 2019 RM'000 (Unaudited)	PRECEDING YEAR SIX (6) MONTHS CUMULATIVE TO-DATE 30 APRIL 2018 RM'000 (Audited)
Revenue	5,112	9,661	7,756	16,789
Cost of Sales	(2,272)	(3,238)	(3,241)	(6,132)
Gross Profit	2,840	6,423	4,515	10,657
Other Operating Income	301	695	623	379
Human Resource Related Expenses	(170)	(817)	(253)	(1,011)
Administrative Expenses	(531)	(572)	(1,006)	(1,161)
Selling and Distribution Expenses	(128)	(1,669)	(297)	(2,799)
Research and Development	(1,200)	(1,165)	(2,466)	(2,265)
Other Operating Expenses	(166)	(417)	(607)	(845)
Profit From Operations	946	2,478	509	2,955
Finance Cost	(9)	(89)	(18)	(147)
Profit Before Taxation	937	2,389	491	2,808
Taxation	(191)	(399)	(191)	(399)
Profit After Taxation For The Period	746	1,990	300	2,409
Other Comprehensive Income				
Forex loss	-	-	-	-
Total Comprehensive Income For The Period	746	1,990	300	2,409
Attributable to:				
Equity holders of the parent	746	1,990	300	2,409
Minority Interest	-	-	-	-
Net Profit Comprehensive Income For The Period	746	1,990	300	2,409
Profit Per Share				
(i) Basic (sen)	0.44	1.18	0.18	1.42
(ii) Fully diluted (sen)	0.44	1.18	0.18	1.42

(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)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2019

	Unaudited As At 30 APRIL 2019 RM'000	Audited As At 31 OCTOBER 2018 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	5,244	5,371
Development expenditure	678	782
Goodwill on consolidation	1,576	1,576
Intangible Assets	32	34
Total Non-Current Assets	7,530	7,763
CURRENT ASSETS		
Inventories	16,595	15,181
Trade receivables	9,732	19,399
Other receivables, deposits and prepayments	1,064	282
Fixed deposit	11,490	7,568
Cash and bank balances	2,729	3,447
Total Current Assets	41,610	45,877
TOTAL ASSETS	49,140	53,640
EQUITY AND LIABILITIES		
EQUITY		
Ordinary share capital	19,824	18,918
Share Premium	-	799
Warrants Reserve	3,371	3,371
Discount on Shares	(3,371)	(3,371)
ESOS Compensation Reserve	476	506
Retained profits	20,785	20,486
Equity attributable to equity holders of the parent	41,085	40,709
Minority interests	-	-
TOTAL EQUITY	41,085	40,709
LIABILITIES		
NON-CURRENT LIABILITIES		
Borrowings	173	206
Deferred Tax Liability	612	612
Total Non-Current Liabilities	785	818
CURRENT LIABILITIES		
Trade payables	1,884	345
Taxation payables	1,018	939
Other payables and accruals	4,290	8,764
Borrowings	78	2,065
Total Current Liabilities	7,270	12,113
TOTAL LIABILITIES	8,055	12,931
TOTAL EQUITY AND LIABILITIES	49,140	53,640
Net assets value per share (RM)	0.24	0.24

(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 6 MONTHS FINANCIAL YEAR ENDED 30 APRIL 2019

(The figures have not been audited)

	Share Capital	Share Premium	Warrant Reserve	ESOS Compensation Reserve	Discount on Shares	Retained Profits	Total
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
As at 31 October 2018 (Audited)	18,918	799	3,371	506	(3,371)	20,485	40,708
Net Profit for the year	-	-	-	-	-	300	300
Transfer share premium to share capital*	799	(799)	-	-	-	-	-
Forfeited of ESOS	-	-	-	(10)	-	-	(10)
Exercise of ESOS	107	-	-	(20)	-	-	87
As At 30 APRIL 2019 (Unaudited)	19,824	-	3,371	476	(3,371)	20,785	41,085
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 (Audited)	18,662	799	3,371	-	(3,371)	14,726	34,187

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

Notes:

* Transfer the share premium to share capital pursuant to Section 618(2) of the Companies Act 2016.

VisDynamics Holdings Berhad

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Incorporated in Malaysia

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE 6 MONTHS FINANCIAL YEAR ENDED 30 APRIL 2019

	SIX (6) MONTHS CUMULATIVE TO-DATE 30 APRIL 2019 (Unaudited)	SIX (6) MONTHS CUMULATIVE TO-DATE 30 APRIL 2018 (Audited)
	RM'000	RM'000
NET PROFIT BEFORE TAXATION	300	2,808
Adjustment for:-		
Depreciation of property, plant and equipment	274	300
Amortisation of development expenditure	188	273
Amortisation of Trademarks and Patents	2	3
(Reversal) / Addition of provision and accruals	(4,784)	347
Loss / (Gain) on foreign exchange - unrealised	506	(560)
Gain on Disposal of property, plant and equipment	-	(3)
ESOS Expenses	(10)	-
Interest income	(233)	(63)
Interest expenses	6	133
Operating (loss)/gain before working capital changes	(3,751)	3,238
Increase in inventories	(1,415)	(6,140)
Decrease / (Increase) in trade and other receivables	8,943	(3,956)
Increase in trade and other payables	1,435	1,044
Cash generated from / (used in) operations	5,212	(5,814)
Interest paid	(6)	(133)
NET CASH FROM/ (USED IN) OPERATING ACTIVITIES	5,206	(5,947)
CASH FLOWS FROM/ (FOR) INVESTING ACTIVITIES		
Payment of development expenditure	(79)	(48)
Interest received	233	63
Purchase of property, plant and equipment	(153)	(663)
NET CASH (USED IN)/ FROM INVESTING ACTIVITIES	1	(648)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Drawdown of banker acceptance	-	6,429
Repayment of banker acceptance	(1,987)	(4,061)
Drawdown of HP Creditors	-	134
Repayment of HP Creditor	(33)	(20)
Proceeds from exercise of ESOS	87	-
NET CASH (USED IN)/ GENERATED FROM FINANCING ACTIVITIES	(1,933)	2,482
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	3,274	(4,113)
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	(70)	18
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	11,015	10,227
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	14,219	6,132

(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. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the Malaysia Financial Reporting Standard (“MFRS”) 134 – Interim Financial Reporting and Chapter 9, Part K Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market, and should be read in conjunction with the Group’s annual audited financial statements for the year ended 31 October 2018.

2. Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent annual audited financial statement for the year ended 31 October 2018, as well as the new/revised/amendments standard mandatory for financial periods beginning on or after 1 November 2018.

3. Auditors’ Report

The auditors’ report on the financial statements for the financial year ended 31 October 2018 was not subject to any qualification.

4. Seasonal or cyclicity of interim operations

The Group’s operation is dependent on the cyclical trend of the semiconductors and electronics industries.

5. 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 2019.

6. 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 2019.

7. Debt and Equity Securities

The Company undertook the exercises 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. Please refer to note 26 for details of ESOS.

8. Dividends Paid

There was no dividend paid during the six (6) months financial period ended 30 April 2019.

9. 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.

10. 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 2019.

11. Contingent Liabilities and Contingent Assets

	<u>30 April 2019</u>	<u>30 April 2018</u>
Guarantee given to a financial institution for banking facilities granted to a subsidiary	11,400,000	9,900,000

12. Segmental Information

Sales Revenue by Geographical Market for the six (6) months financial period up to 30 April 2019:

	30 April 2019 RM’000	30 April 2018 RM’000
Malaysia	188	106
South East Asia	3,242	2,103
North Asia	4,274	14,573
USA	52	7
Total	7,756	16,789

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.

13. Capital Commitments

Property, plant and equipment

	30 April 2019 RM'000	30 April 2018 RM'000
Contracted but not provided for	603	-
Total	603	-

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

14. 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 2019	Preceding Quarter 30 April 2018			Current year to- date 30 April 2019	Preceding year to- date 30 April 2018		
	RM'000	RM'000			RM'000	RM'000		
Revenue	5,112	9,661	(4,549)	(47)	7,756	16,789	(9,033)	(54)
Operating Profit	940	2,391	(1,451)	(61)	497	2,812	(2,315)	(82)
Profit Before Interest and Tax	940	2,471	(1,531)	(62)	497	2,941	(2,444)	(83)
Profit Before Tax	937	2,389	(1,452)	(61)	491	2,808	(2,317)	(83)
Profit After Tax	746	1,990	(1,244)	(62)	300	2,409	(2,109)	(88)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	746	1,990	(1,244)	(62)	300	2,409	(2,109)	(88)

In the current quarter ended 30 April 2019, the Group generated revenue of RM5,112,051, a decrease of RM4,548,624 from the corresponding quarter ended 30 April 2018 of RM9,660,675.

The decrease in revenue was attributed by the decrease of sales of machines in the current quarter ended 30 April 2019 as compared to the previous corresponding quarter ended 30 April 2018.

There was a decrease in HR Related Expenses due to the decrease in provision of incentives, in line with the decrease in sales.

On the back of the revenue, the Group posted a profit before taxation of RM937,055 in the current quarter as compared to profit before taxation of RM2,388,697 during previous corresponding quarter.

Financial review for current quarter compared with immediate preceding quarter

	Current Quarter 30 April 2019	Immediate Preceding Quarter 31 January 2019	Changes (Amount/ %)	
	RM'000	RM'000	RM'000	%
Revenue	5,112	2,644	2,468	93
Operating Profit	940	(443)	1,383	312
Profit Before Interest and Tax	940	(443)	1,383	312
Profit Before Tax	937	(447)	1,384	310
Profit After Tax	746	(447)	1,193	267
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	746	(447)	1,193	267

The Group posted a higher revenue in the current quarter of RM5,112,051 as compared to the preceding quarter ended 31 January 2019 of RM2,643,787, representing an increase of RM2,468,264 due to the increase of sales of machines.

As a result of higher revenue, the Group posted a profit before taxation of RM937,055 as compared to loss before taxation of RM446,517 in the preceding quarter ended 31 January 2019.

15. Commentary on Material Change in Statement of Financial Position

- Higher inventory as at 30 April 2019, RM16.6 million as compared to RM15.2 million as at 31 October 2018 due to potential sales of the company.
- Decrease in trade receivables from RM19.4 million as at 31 October 2018 to RM9.7 million as at 30 April 2019 due to collections from customers. There were subsequent receipts from customers amounted to RM2.8million after the financial period ended 30 April 2019. No impairment is needed as these amounts are recoverable from customers based on their financial standings and payment history.
- Trade payables increased from RM344,720 as at 31 October 2018 to RM1.9million as at 30 April 2019 due to the purchases of materials to build up machines for customer, Borrowings decreased from RM3 million on 31 October 2018 to RM 261,067 due to the repayment of Bankers' Acceptances.

16. Commentary on Material Change in Cash Flow Statement

There was an increase in the cash and cash equivalents from RM11 million as at 31 October 2018 to RM14 million as at 30 April 2019 mainly due to receipts from customers.

17. Commentary on the Prospects

Despite the continued global uncertainty and softness in the semiconductor sector, based on current activities and enquiries from current and new customers, we still believe we can perform better than the general market trend.

18. 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.

19. 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.

20. 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 2019	30 April 2018	30 April 2019	30 April 2018
	RM'000	RM'000	RM'000	RM'000
Income Tax Expense				
Current	-	399	-	399
Under provision in prior year	191	-	191	-
	191	399	191	399

21. Status of Corporate Proposal Proposed and Not Complete

Other than Note 7, there was no corporate proposal announced but not completed as at the date of this announcement.

22. Group Borrowings and Debt Securities

Group borrowings as at 30 April 2019 were as follows:

<u>Short term</u>	<u>30 April</u> <u>2019</u> <u>RM ‘000</u>	<u>30 April</u> <u>2018</u> <u>RM ‘000</u>
Hire purchase payables	78	78
Bankers acceptances	—	<u>5,730</u>
	78	5,808
<u>Long term</u>		
Hire purchase payables	173	238
TOTAL	251	6,046

The Groups borrowings are all secured and in Ringgit Malaysia.

23. 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.

24. Dividend Payable

The Group has declared a Final Single-Tier Dividend of 1 sen per ordinary share in respect of the financial year ended 31 October 2018 and has been approved in AGM, entitlement date of 15 May 2019 and payment date of 12 June 2019.

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25. 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 2019 RM'000	30 April 2019 RM'000
Interest Income	(159)	(233)
Interest Expense	2	6
Depreciation of Property, Plant & Equipment	137	274
Amortisation of Development Expenditure	94	188
Amortisation of Trademarks & Patents	1	2
Loss on Foreign Exchange-Unrealised	108	506
Reversal of Provision & Accruals	(1,715)	(4,784)

26. Employee’s Share Option Scheme (“ESOS”)

On 2 July 2018, the Company granted 4,212,500 ESOS (Employee’s Share Option Scheme) to eligible Directors and employees of the Company and its subsidiary to purchase shares in the Company.

Movement in the number of share options and the exercise price are as follows:

	Number of share option	
	30 April 2019	30 April 2018
At 1 November	-	-
Granted during the financial year	4,212,500**	-
Exercised during previous financial year	(409,000)	-
Exercised during the financial year	(207,500)	-
Forfeited of ESOS	(50,000)	-
At 30 April 2019	3,546,000	-
Exercise price (RM)	RM0.42	-
Options exercisable at 1 May 2019	3,546,000	-

** Fifty percent (50%) of the total number of Options granted may be exercised upon Offering and shall remain exercisable for the Duration of the Scheme. The balance of fifty percent (50%) of the total number of Options granted may be exercised after the 1st anniversary of the Offering shall remain exercisable for the Duration of the Scheme.

During the financial year, 207,500 (2018: 409,000) share options were exercised. The weighted average share price at the date of exercise was RM0.5075 (2018: RM 0.6259). The fair value of the share options granted to eligible employees and Directors, was determined using Black-Scholes Option Pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at the grant date and the input assumed by the Company in arising the fair value are as follows:

	<u>30 April 2019</u>	<u>30 April 2018</u>
Fair value at grant date (RM)	RM0.28	-
Share price	RM0.40	-
Exercise price	RM0.42	-
Expected volatility (%)	8.67%	-
Expected life (years)	5	-
Risk-free interest rate (%)	3.46%	-

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

27.1. 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 2019	30 April 2018	30 April 2019	30 April 2018
Net profit for the year (RM'000)	746	1,990	300	2,409
Weighted average number of shares in issue ('000)	169,118	169,118	169,035	169,035
Basic EPS/(LPS) (sen)	0.44	1.18	0.18	1.42

27.2. 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 2019	30 April 2018	30 April 2019	30 April 2018
Net profit for the year (RM'000)	746	1,990	300	2,409
Weighted average number of shares used in the calculation of basic earnings per share ('000)	169,118	169,118	169,035	169,035
Adjustment for incremental shares from assumed exercise of ESOS ('000)	(135)	-	(135)	-
Weighted average number of ordinary shares at 31 January 2019	168,983	169,118	168,900	169,035
Diluted EPS/(LPS) (sen)	0.44	1.18	0.18	1.42

28. Realised and Unrealised Profits Disclosure

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

	As at 30.04.2019 RM'000	As at 30.04.2018 RM'000
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Total retained profits of the Group:		
- Realised	20,238	14,663
- Unrealised	<u>637</u>	<u>153</u>
	20,875	14,816
Less : Consolidation Adjustment	<u>(90)</u>	<u>(90)</u>
Total group retained profits as per consolidated accounts	<u>20,785</u>	<u>14,726</u>

29. Derivatives

There was no outstanding derivative as at 30 April 2019.