

VisDynamics Holdings Berhad

[(Registration No. 200501000050 (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 2019

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31 OCTOBER 2019 RM'000 (Unaudited)	PRECEDING YEAR QUARTER ENDED 31 OCTOBER 2018 RM'000 (Audited)	CURRENT YEAR TWELVE (12) MONTHS CUMULATIVE TO-DATE 31 OCTOBER 2019 RM'000 (Unaudited)	PRECEDING YEAR TWELVE (12) MONTHS CUMULATIVE TO-DATE 31 OCTOBER 2018 RM'000 (Audited)
Revenue	14,411	13,571	33,247	41,394
Cost of Sales	(5,409)	(4,590)	(14,223)	(14,814)
Gross Profit	9,002	8,981	19,024	26,580
Other Operating Income	462	583	1,193	966
Human Resource Related Expenses	(1,456)	(1,795)	(2,879)	(4,158)
Administrative Expenses	(539)	(492)	(2,158)	(2,153)
Selling and Distribution Expenses	(2,124)	(1,335)	(4,513)	(5,580)
Research and Development	(972)	(1,428)	(3,937)	(4,400)
Other Operating Expenses	(84)	(306)	(683)	(705)
Profit From Operations	4,289	4,208	6,047	10,550
Finance Cost	(23)	(13)	(74)	(215)
Profit Before Taxation	4,266	4,195	5,973	10,335
Taxation	(494)	(1,171)	(903)	(2,166)
Profit After Taxation For The Period	3,772	3,024	5,070	8,169
Other Comprehensive Income				
Forex loss	-	-	-	-
Total Comprehensive Income For The Period	3,772	3,024	5,070	8,169
Attributable to:				
Equity holders of the parent	3,772	3,024	5,070	8,169
Minority Interest	-	-	-	-
Net Profit Comprehensive Income For The Period	3,772	3,024	5,070	8,169
Profit Per Share				
(i) Basic (sen)	2.23	1.79	3.00	4.83
(ii) Fully diluted (sen)	2.23	1.79	3.00	4.83

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

VisDynamics Holdings Berhad

[(Registration No. 200501000050 (677095-M)]

Incorporated in Malaysia

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2019

	Unaudited As At 31 OCTOBER 2019 RM'000	Audited As At 31 OCTOBER 2018 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	5,691	5,371
Development expenditure	669	782
Goodwill on consolidation	1,576	1,576
Intangible Assets	30	34
Total Non-Current Assets	7,966	7,763
CURRENT ASSETS		
Inventories	13,833	15,181
Trade receivables	15,937	19,399
Other receivables, deposits and prepayments	1,953	282
Other investment	3,820	-
Fixed deposit	6,993	7,568
Cash and bank balances	3,708	3,447
Total Current Assets	46,244	45,877
TOTAL ASSETS	54,210	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	577	506
Retained profits	23,864	20,486
Equity attributable to equity holders of the parent	44,265	40,709
Minority interests	-	-
TOTAL EQUITY	44,265	40,709
LIABILITIES		
NON-CURRENT LIABILITIES		
Borrowings	139	206
Deferred Tax Liability	-	612
Total Non-Current Liabilities	139	818
CURRENT LIABILITIES		
Trade payables	1,253	345
Taxation payables	1,355	939
Other payables and accruals	5,187	8,764
Borrowings	2,011	2,065
Total Current Liabilities	9,806	12,113
TOTAL LIABILITIES	9,945	12,931
TOTAL EQUITY AND LIABILITIES	54,210	53,640
Net assets value per share (RM)	0.26	0.24

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

VisDynamics Holdings Berhad

[(Registration No. 200501000050 (677095-M)]

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 12 MONTHS FINANCIAL YEAR ENDED 31 OCTOBER 2019

(The figures have not been audited)

	Share Capital	Share Premium	Warrant Reserve	ESOS Compensation Reserve	Discount on Shares	Translation Reserve	Retained Profits	Total
	RM '000	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	-	-	-	-	-	-	5,070	5,070
Transfer share premium to share capital*	799	(799)	-	-	-	-	-	-
Forfeited of ESOS	-	-	-	(22)	-	-	-	(22)
Exercise of ESOS	107	-	-	(20)	-	-	-	87
Share Options Granted Under ESOS	-	-	-	113	-	-	-	113
Dividend paid during the year	-	-	-	-	-	-	(1,691)	(1,691)
As At 31 OCTOBER 2019 (Unaudited)	19,824	-	3,371	577	(3,371)	-	23,864	44,265
As at 31 October 2017 (Audited)	13,044	6,417	-	-	-	-	12,317	31,778
Net Profit for the year	-	-	-	-	-	-	8,169	8,169
Issuance of Bonus Issue	5,618	(5,618)	-	-	-	-	-	-
Issuance of Warrants	-	-	3,371	-	(3,371)	-	-	-
ESOS Granted	-	-	-	590	-	-	-	590
Exercise of ESOS	256	-	-	(84)	-	-	-	172
As At 31 OCTOBER 2018 (Audited)	18,918	799	3,371	506	(3,371)	-	20,486	40,709

(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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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE 12 MONTHS FINANCIAL YEAR ENDED 31 OCTOBER 2019

	TWELVE (12) MONTHS CUMULATIVE TO-DATE 31 OCTOBER 2019 (Unaudited)	TWELVE (12) MONTHS CUMULATIVE TO-DATE 31 OCTOBER 2018 (Audited)
	RM'000	RM'000
NET PROFIT BEFORE TAXATION	5,973	10,335
Adjustment for:-		
Depreciation of property, plant and equipment	548	620
Amortisation of development expenditure	377	498
Amortisation of Trademarks and Patents	4	6
(Reversal) / Addition of provision and accruals	(3,917)	1,836
Loss / (Gain) on foreign exchange - unrealised	422	(434)
Loss / (Gain) on Disposal of property, plant and equipment	2	(71)
ESOS Expenses	94	506
Interest income	(327)	(164)
Interest expenses	47	188
Operating gain before working capital changes	3,223	13,320
Decrease / (Increase) in inventories	1,348	(1,243)
Decrease / (Increase) in trade and other receivables	2,978	(6,423)
Increase / (Decrease) in trade and other payables	900	(1,461)
Cash generated from operations	8,449	4,193
Interest paid	(47)	(188)
Tax paid	(2,328)	(1,467)
NET CASH FROM OPERATING ACTIVITIES	6,074	2,538
CASH FLOWS FROM/ (FOR) INVESTING ACTIVITIES		
Payment of development expenditure	(254)	(129)
Interest received	327	164
Purchase of property, plant and equipment	(882)	(684)
Purchase of investments	(3,820)	-
NET CASH USED IN INVESTING ACTIVITIES	(4,629)	(649)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Dividend paid	(1,692)	-
Drawdown of banker acceptance	1,933	8,867
Repayment of banker acceptance	(1,987)	(10,242)
Drawdown of HP Creditors	-	134
Repayment of HP Creditor	(67)	(53)
Proceeds from exercise of ESOS	84	256
NET CASH USED IN FINANCING ACTIVITIES	(1,729)	(1,038)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(284)	851
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	(29)	(63)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	11,015	10,227
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	10,702	11,015

(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 twelve (12) months financial period ended 31 October 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 twelve (12) months financial period ended 31 October 2019.

VisDynamics Holdings Berhad (“VHB” or “Company”)

[(Registration No. 200501000050 (677095-M))
(Incorporated in Malaysia) – Explanatory Note

7. Debt and Equity Securities

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

The Final Single-Tier Dividend of 1 sen per ordinary share for the financial year ending 31 October 2018 amounted to RM1,691,691 was paid on 12 June 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 twelve (12) months financial period ended 31 October 2019.

11. Contingent Liabilities and Contingent Assets

	<u>31 October 2019</u>	<u>31 October 2018</u>
Guarantee given to a financial institution for banking facilities granted to a subsidiary	16,400,000	9,900,000

12. Segmental Information

Sales Revenue by Geographical Market for the Twelve (12) months financial period up to 31 October 2019:

	31 October 2019 RM’000	31 October 2018 RM’000
Malaysia	1,276	3,094
South East Asia	8,298	7,899
North Asia	23,458	30,385
USA	215	16
Total	33,247	41,394

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

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 2019.

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 (4 th Quarter)		Changes (Amount / %)		Cumulative Quarter		Changes (Amount/ %)	
	Current Quarter 31 October 2019	Preceding Quarter 31 October 2018			Current year to-date 31 October 2019	Preceding year to-date 31 October 2018		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	14,411	13,571	840	6	33,247	41,394	(8,147)	(20)
Operating Profit	4,289	4,208	81	2	6,047	10,550	(4,503)	(43)
Profit Before Interest and Tax	4,283	4,203	80	2	6,020	10,523	(4,503)	(43)
Profit Before Tax	4,266	4,195	71	2	5,973	10,335	(4,362)	(42)
Profit After Tax	3,772	3,024	748	25	5,070	8,169	(3,099)	(38)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	3,772	3,024	748	25	5,070	8,169	(3,099)	(38)

In the 12 months ended 31 October 2019, the Group generated revenue of RM33,247,289, a decrease of RM8,146,809 from the same corresponding period ended 31 October 2018 of RM41,394,098.

The decrease in revenue was attributed by the decrease of the sales of machines in the 12 months ended 31 October 2019 as compared to the same corresponding period ended 31 October 2018.

During this financial year, there were Research & Development Engineering machines selling at loss to a willing party which consequently resulted in the lower profit margin.

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

The Group posted a higher revenue in the current quarter of RM 14,411,580 as compared to the preceding quarter ended 31 October 2018 of RM 13,571,291 due to the increase of the sales of machines.

On the back of this revenue, the Group posted a profit before taxation of RM4,265,975 in the current quarter as compared to profit before taxation of RM4,195,092 during previous corresponding quarter.

Financial review for current quarter compared with immediate preceding quarter

	Current Quarter 31 October 2019	Immediate Preceding Quarter 31 July 2019	Changes (Amount/ %)	
	RM'000	RM'000	RM'000	%
Revenue	14,411	10,259	4,152	40
Operating Profit	4,289	1,248	3,041	244
Profit Before Interest and Tax	4,283	1,241	3,042	245
Profit Before Tax	4,266	1,217	3,049	251
Profit After Tax	3,772	999	2,773	278
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	3,772	999	2,773	278

The Group posted a higher revenue in the current quarter of RM14,411,580 as compared to the preceding quarter ended 31 July 2019 of RM10,259,071, representing an increase of RM4,152,509 due to the increase of sales of machines.

As a result of higher revenue, the Group posted a profit before taxation of RM4,265,975 as compared to profit before taxation of RM1,216,700 in the preceding quarter ended 31 July 2019.

15. Commentary on Material Change in Statement of Financial Position

1. Lower inventory as at 31 October 2019, RM13.8 million as compared to RM15.2 million as at 31 October 2018.
2. Decrease in trade receivables from RM19.4 million as at 31 October 2018 to RM15.9 million as at 31 October 2019 due to decrease on product sales. There were subsequent receipts from customers amounted to RM1.7 million after the financial period ended 31 October 2019. No impairment is needed as these amounts are recoverable from customers based on their financial standings and payment history.
3. During this financial period 31 October 2019, there was an Other Investment of RM3.8million due to the placement of deposit fund in the money market.
4. Trade payables increased from RM344,720 as at 31 October 2018 to RM1.2 million as at 31 October 2019 due to the purchases of materials to build up machines for customer. On the other hand, borrowings decreased from RM 2.3 million to RM 2.1 million.
5. Other payables and accruals decreased from RM 9.3 million as at 31 October 2018 to RM 5.2 million as at 31 October 2019 mainly due to the decrease in service commission and warranty, in line with the decrease in sales.

16. Commentary on Material Change in Cash Flow Statement

There was a decrease in the cash and cash equivalents from RM11 million as at 31 October 2018 to RM10.7 million as at 31 October 2019 to fund for Company’s working capital purposes. There was also a dividend payment of RM 1,691,691 during the financial year.

17. Commentary on the Prospects

Overall business conditions will continue to be challenging amid global uncertainties. Based on feedback from our customers & the greater China continues to be quite active, and together with new product development, we 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 12 Months Cumulative To-Date	Previous Year 12 Months Cumulative To-Date
	31 October 2019	31 October 2018	31 October 2019	31 October 2018
	RM’000	RM’000	RM’000	RM’000
Income Tax Expense				
Tax expense for the period	1,106	913	1,355	2,167
Under / (Over) or provision in prior year	-	-	160	(259)
Deferred taxation	(612)	258	(612)	258
	494	1,171	903	2,166

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.

ESOS proceeds are used for company’s working capital purposes.

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22. Group Borrowings and Debt Securities

Group borrowings as at 31 October 2019 were as follows:

	<u>31 October</u> <u>2019</u> <u>RM ‘000</u>	<u>31 October</u> <u>2018</u> <u>RM ‘000</u>
<u>Short term</u>		
Hire purchase payables	78	78
Bankers acceptances	<u>1,933</u>	<u>1,987</u>
	2,011	2,065
<u>Long term</u>		
Hire purchase payables	139	206
TOTAL	2,150	2,271

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 Final Single-Tier Dividend of 1 sen per ordinary share for the financial year ending 31 October 2018 amounted to RM1,691,691 was paid on 12 June 2019.

The Board of Directors had proposed a final dividend of 1.0 sen per ordinary share for the financial year ended 31 October 2019. The proposed final dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

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25. 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 2019 RM'000	31 October 2019 RM'000
Interest Income	(48)	(327)
Interest Expense	17	47
Depreciation of Property, Plant & Equipment	136	548
Amortisation of Development Expenditure	95	377
Amortisation of Trademarks & Patents	0	4
(Gain) / Loss on Foreign Exchange-Unrealised	(163)	422
Addition / (Reversal) of Provision & Accruals	232	(3,917)
Loss on disposal of R&D Engineering machines	0	1,045

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	
	31 October 2019	31 October 2018
At 1 November	-	-
Granted during the financial year	4,212,500**	4,212,500**
Exercised during previous financial year	(409,000)	(409,000)
Exercised during the financial year	(207,500)	-
Forfeited of ESOS	(161,000)	-
At 31 October 2019	3,435,000	3,803,500
Exercise price (RM)	RM0.42	RM0.42
Options exercisable at 1 November 2019	3,435,000	3,803,500

** 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.

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During the financial year, 207,500 (2018: 409,000) share options were exercised. The weighted average share price at the date of exercise was RM0.515 (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>31 October 2019</u>	<u>31 October 2018</u>
Fair value at grant date (RM)	RM 0.280	RM 0.280
Share price	RM 0.440	RM 0.620
Exercise price	RM 0.420	RM 0.420
Expected volatility (%)	6.805%	11.470%
Expected life (years)	5	5
Risk-free interest rate (%)	3.377%	3.870%

27. Earnings/(Loss) Per Share (“EPS/LPS”)**27.1. 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 2019	31 October 2018	31 October 2019	31 October 2018
Net profit for the year (RM'000)	3,772	3,024	5,070	8,169
Weighted average number of shares in issue ('000)	169,169	169,169	169,072	169,042
Basic EPS/(LPS) (sen)	2.23	1.79	3.00	4.83

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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 12 Months Cumulative To-Date	Previous Year 12 Months Cumulative To-Date
	31 October 2019	31 October 2018	31 October 2019	31 October 2018
Net profit for the year (RM'000)	3,772	3,024	5,070	8,169
Weighted average number of shares used in the calculation of basic earnings per share ('000)	169,169	169,169	169,072	169,042
Adjustment for shares from assumed exercise of ESOS ('000)	118	-	118	-
Weighted average number of ordinary shares at 31 July 2019	169,287	169,169	169,190	169,042
Diluted EPS/(LPS) (sen)	2.23	1.79	3.00	4.83

28. Realised and Unrealised Profits Disclosure

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

	As at 31.10.2019 RM'000	As at 31.10.2018 RM'000
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Total retained profits of the Group:		
- Realised	23,631	20,554
- Unrealised	<u>323</u>	<u>22</u>
	23,954	20,576
Less : Consolidation Adjustment	<u>(90)</u>	<u>(90)</u>
Total group retained profits as per consolidated accounts	<u>23,864</u>	<u>20,486</u>

29. Derivatives

There was no outstanding derivatives as at 31 October 2019.