

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 THREE (3) MONTHS FINANCIAL YEAR ENDED 31 JANUARY 2020

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31 JANUARY 2020 RM'000 (Unaudited)	PRECEDING YEAR QUARTER ENDED 31 JANUARY 2019 RM'000 (Audited)	CURRENT YEAR THREE (3) MONTHS CUMULATIVE TO-DATE 31 JANUARY 2020 RM'000 (Unaudited)	PRECEDING YEAR THREE (3) MONTHS CUMULATIVE TO-DATE 31 JANUARY 2019 RM'000 (Audited)
Revenue	2,537	2,644	2,537	2,644
Cost of Sales	(1,120)	(969)	(1,120)	(969)
Gross Profit	1,417	1,675	1,417	1,675
Other Operating Income	128	323	128	323
Human Resource Related Expenses	(525)	(343)	(525)	(343)
Administrative Expenses	(519)	(476)	(519)	(476)
Selling and Distribution Expenses	(332)	(169)	(332)	(169)
Research and Development	(1,458)	(1,006)	(1,458)	(1,006)
Other Operating Expenses	(389)	(441)	(389)	(441)
Profit From Operations	(1,678)	(437)	(1,678)	(437)
Finance Cost	(9)	(10)	(9)	(10)
Profit Before Taxation	(1,687)	(447)	(1,687)	(447)
Taxation	-	-	-	-
Profit After Taxation For The Period	(1,687)	(447)	(1,687)	(447)
Other Comprehensive Income				
Forex loss	-	-	-	-
Total Comprehensive Income For The Period	(1,687)	(447)	(1,687)	(447)
Attributable to:				
Equity holders of the parent	(1,687)	(447)	(1,687)	(447)
Minority Interest	-	-	-	-
Net Profit Comprehensive Income For The Period	(1,687)	(447)	(1,687)	(447)
Profit Per Share				
(i) Basic (sen)	(1.00)	(0.26)	(1.00)	(0.26)
(ii) Fully diluted (sen)	(1.00)	(0.26)	(1.00)	(0.26)

(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 JANUARY 2020

	Unaudited As At 31 JANUARY 2020 RM'000	Audited As At 31 OCTOBER 2019 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	5,623	5,691
Development expenditure	683	669
Goodwill on consolidation	1,576	1,576
Intangible Assets	28	30
Total Non-Current Assets	7,910	7,966
CURRENT ASSETS		
Inventories	14,714	13,833
Trade receivables	14,193	15,937
Other receivables, deposits and prepayments	2,349	1,953
Other investment	3,651	3,820
Fixed deposit	2,223	6,993
Cash and bank balances	4,917	3,708
Total Current Assets	42,047	46,244
TOTAL ASSETS	49,957	54,210
EQUITY AND LIABILITIES		
EQUITY		
Ordinary share capital	19,891	19,824
Share Premium	-	-
Warrants Reserve	3,371	3,371
Discount on Shares	(3,371)	(3,371)
ESOS Compensation Reserve	560	577
Retained profits	22,177	23,864
Equity attributable to equity holders of the parent	42,628	44,265
Minority interests	-	-
TOTAL EQUITY	42,628	44,265
LIABILITIES		
NON-CURRENT LIABILITIES		
Borrowings	125	139
Deferred Tax Liability	-	-
Total Non-Current Liabilities	125	139
CURRENT LIABILITIES		
Trade payables	1,069	1,253
Taxation payables	1,355	1,355
Other payables and accruals	4,702	5,187
Borrowings	78	2,011
Total Current Liabilities	7,204	9,806
TOTAL LIABILITIES	7,329	9,945
TOTAL EQUITY AND LIABILITIES	49,957	54,210
Net assets value per share (RM)	0.25	0.26

(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 CHANGES IN EQUITY FOR THE 3 MONTHS FINANCIAL YEAR ENDED 31 JANUARY 2020

(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 2019 (Audited)	19,824	-	3,371	577	(3,371)	-	23,864	44,265
Net Profit for the year	-	-	-	-	-	-	(1,687)	(1,687)
Exercise of ESOS	67	-	-	(17)	-	-	-	50
As At 31 JANUARY 2020 (Unaudited)	19,891	-	3,371	560	(3,371)	-	22,177	42,628
As at 31 October 2018 (Audited)	18,918	799	3,371	506	(3,371)	-	20,486	40,709
Net Profit for the year	-	-	-	-	-	-	(447)	(447)
Transfer share premium to share capital*	799	(799)	-	-	-	-	-	-
Forfeited of ESOS	-	-	-	(7)	-	-	-	(7)
Exercise of ESOS	39	-	-	(8)	-	-	-	31
As At 31 January 19 (Audited)	19,756	-	3,371	491	(3,371)	-	20,039	40,286

(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

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

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE 3 MONTHS FINANCIAL YEAR ENDED 31 JANUARY 2020

	THREE (3) MONTHS CUMULATIVE TO-DATE 31 JANUARY 2020 (Unaudited)	THREE (3) MONTHS CUMULATIVE TO-DATE 31 JANUARY 2019 (Audited)
	RM'000	RM'000
NET PROFIT BEFORE TAXATION	(1,687)	(447)
Adjustment for:-		
Depreciation of property, plant and equipment	138	137
Amortisation of development expenditure	70	94
Amortisation of Trademarks and Patents	1	1
(Reversal) / Addition of provision and accruals	(870)	(3,069)
Loss / (Gain) on foreign exchange - unrealised	355	398
ESOS Expenses	-	(7)
Interest income	(114)	(74)
Interest expenses	2	4
Operating gain before working capital changes	(2,105)	(2,963)
(Increase) / Decrease in inventories	(881)	(662)
Decrease / (Increase) in trade and other receivables	1,178	6,521
Increase / (Decrease) in trade and other payables	91	(114)
Cash generated from operations	(1,717)	2,782
Interest paid	(2)	(4)
NET CASH FROM OPERATING ACTIVITIES	(1,719)	2,778
CASH FLOWS FROM/ (FOR) INVESTING ACTIVITIES		
Payment of development expenditure	(82)	(31)
Interest received	114	74
Purchase of property, plant and equipment	(72)	(30)
Purchase of investments	168	-
NET CASH GENERATED FROM INVESTING ACTIVITIES	128	13
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Repayment of banker acceptance	(1,933)	(1,987)
Repayment of HP Creditor	(14)	(19)
Proceeds from exercise of ESOS	51	31
NET CASH USED IN FINANCING ACTIVITIES	(1,896)	(1,975)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,487)	816
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	(74)	(36)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	10,701	11,015
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	7,140	11,795

(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 2019.

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 2019, as well as the new/revised/amendments standard mandatory for financial periods beginning on or after 1 November 2019.

3. Auditors’ Report

The auditors’ report on the financial statements for the financial year ended 31 October 2019 was not subject to any qualification.

4. Seasonal or cyclical nature 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 three (3) months financial period ended 31 January 2020.

6. 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 2020.

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

There was no dividend paid during the three (3) months financial period ended 31 January 2020.

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 three (3) months financial period ended 31 January 2020.

11. Contingent Liabilities and Contingent Assets

	<u>31 January 2020</u>	<u>31 January 2019</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 Three (3) months financial period up to 31 January 2020:

	31 January 2020 RM’000	31 January 2019 RM’000
Malaysia	187	118
South East Asia	338	2,484
North Asia	2,003	42
USA	9	8
Total	2,537	2,644

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 January 2020.

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 January 2020	Preceding Quarter 31 January 2019			Current year to- date 31 January 2020	Preceding year to- date 31 January 2019		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	2,537	2,644	(107)	(4)	2,537	2,644	(107)	(4)
Operating Profit	(1,678)	(437)	(1,241)	(284)	(1,678)	(437)	(1,241)	(284)
Profit Before Interest and Tax	(1,685)	(443)	(1,242)	(280)	(1,685)	(443)	(1,242)	(280)
Profit Before Tax	(1,687)	(447)	(1,240)	(278)	(1,687)	(447)	(1,240)	(278)
Profit After Tax	(1,687)	(447)	(1,240)	(278)	(1,687)	(447)	(1,240)	(278)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(1,687)	(447)	(1,240)	(278)	(1,687)	(447)	(1,240)	(278)

In the current quarter ended 31 January 2020, the Group generated revenue of RM2,536,916, a decrease of RM106,871 from the same corresponding period ended 31 January 2019 of RM2,643,787.

The decrease in revenue was attributed by the decrease of the sales of machines in the current quarter ended 31 January 2020 as compared to the same corresponding period ended 31 January 2019.

On the back of the decrease in revenue, the Group posted a loss before taxation of RM1,686,560 in the current quarter as compared to loss before taxation of RM446,517 during previous corresponding quarter.

Financial review for current quarter compared with immediate preceding quarter

	Current Quarter 31 January 2020	Immediate Preceding Quarter 31 October 2019	Changes (Amount/ %)	
	RM'000	RM'000	RM'000	%
Revenue	2,537	14,411	(11,874)	(82)
Operating Profit	(1,678)	4,289	(5,967)	(139)
Profit Before Interest and Tax	(1,685)	4,283	(5,968)	(139)
Profit Before Tax	(1,687)	4,266	(5,953)	(140)
Profit After Tax	(1,687)	3,772	(5,459)	(145)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(1,687)	3,772	(5,459)	(145)

The Group posted a lower revenue in the current quarter of RM2,536,916 as compared to the preceding quarter ended 31 January 2020 of RM14,411,580, representing a decrease of RM11,874,664 due to the decrease of sales of machines.

As a result of lower revenue, the Group posted a loss before taxation of RM1,686,560 as compared to profit before taxation of RM4,265,975 in the preceding quarter ended 31 October 2019.

15. Commentary on Material Change in Statement of Financial Position

1. Higher inventory as at 31 January 2020, RM14.7 million as compared to RM13.8 million as at 31 October 2019.
2. Decrease in trade receivables from RM15.9 million as at 31 October 2019 to RM14 million as at 31 January 2020 due to decrease on product sales. There were subsequent receipts from customers amounted to RM7.9 million after the financial period ended 31 January 2020. 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 January 2020, there was an Other Investment of RM3.7 million due to the placement of deposit fund in the money market.
4. Trade payables decreased from RM1.2 million as at 31 October 2019 to RM1 million as at 31 January 2020.
5. Other payables and accruals decreased from RM 5.2 million as at 31 October 2019 to RM 4.7 million as at 31 January 2020 mainly due to the decrease in service commission and warranty.

16. Commentary on Material Change in Cash Flow Statement

There was a decrease in the cash and cash equivalents from RM11.8 million as at 31 October 2019 to RM7 million as at 31 January 2020 to fund for Company’s working capital purposes.

17. Commentary on the Prospects

Overall business conditions going forward will continue to be challenging amid global uncertainties. However due to the outbreak of Coronavirus, this may have some short term interruption on the business activities. Based on feedback from our customers we envisage the greater China market will continue to be quite active from medium to long term, and together with new product development, we believe we can still 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 3 Months Cumulative To-Date	Previous Year 3 Months Cumulative To-Date
	31 January 2020	31 January 2019	31 January 2020	31 January 2019
	RM'000	RM'000	RM'000	RM'000
Income Tax Expense				
Tax expense for the period	-	-	-	-
Deferred taxation	-	-	-	-
	-	-	-	-

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 January 2020 were as follows:

<u>Short term</u>	<u>31 January</u>	<u>31 January</u>
	<u>2020</u>	<u>2019</u>
	<u>RM ‘000</u>	<u>RM ‘000</u>
Hire purchase payables	78	78
Bankers acceptances	-	-
	78	78
<u>Long term</u>		
Hire purchase payables	125	188
TOTAL	203	266

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 2019 and had been approved in the AGM held on 13 March 2020. The entitlement date and payment date are on 12 May 2020 and 5 June 2020 respectively.

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25. 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 2020 RM'000	31 January 2020 RM'000
Interest Income	(114)	(114)
Interest Expense	2	2
Depreciation of Property, Plant & Equipment	138	138
Amortisation of Development Expenditure	70	70
Amortisation of Trademarks & Patents	1	1
(Gain) / Loss on Foreign Exchange-Unrealised	355	355
Reversal of Provision & Accruals	(870)	(870)

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 January 2020	31 January 19
At 1 November	-	-
Granted during the financial year	4,212,500**	4,212,500**
Exercised during previous financial year	(616,500)	(409,000)
Exercised during the financial year	(121,500)	(74,500)
Forfeited of ESOS	(161,000)	(50,000)
At 31 January 2020	3,313,500	3,679,000
Exercise price (RM)	RM0.42	RM0.42
Options exercisable at 1 February 2020	3,313,500	3,679,000

** 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.

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

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

During the financial quarter under review, proceeds raised from exercise of 121,500 share options amounted to RM 51,030.00, as compared to previous corresponding quarter of 74,500 share options were exercised amounted to RM 31,290.00. The weighted average share price at the date of exercise was RM0.555 (2019: RM 0.52).

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 January 2020</u>	<u>31 January 2019</u>
Fair value at grant date (RM)	RM 0.280	RM 0.280
Share price	RM 0.600	RM 0.450
Exercise price	RM 0.420	RM 0.420
Expected volatility (%)	10.707%	11.470%
Expected life (years)	5	5
Risk-free interest rate (%)	3.100%	3.870%

27. Earnings/(Loss) Per Share (“EPS/LPS”)**27.1. 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 2020	31 January 2019	31 January 2020	31 January 2019
Net profit for the year (RM'000)	(1,687)	(447)	(1,687)	(447)
Weighted average number of shares in issue ('000)	169,201	169,031	169,201	169,031
Basic EPS/(LPS) (sen)	(1.00)	(0.26)	(1.00)	(0.26)

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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 3 Months Cumulative To-Date	Previous Year 3 Months Cumulative To-Date
	31 January 2020	31 January 2019	31 January 2020	31 January 2019
Net profit for the year (RM'000)	(1,687)	(447)	(1,687)	(447)
Weighted average number of shares used in the calculation of basic earnings per share ('000)	169,201	169,031	169,201	169,031
Adjustment for shares from assumed exercise of ESOS ('000)	136	254	136	254
Weighted average number of ordinary shares at 31 July 2019	169,337	169,285	169,337	169,285
Diluted EPS/(LPS) (sen)	(1.00)	(0.26)	(1.00)	(0.26)

28. Realised and Unrealised Profits Disclosure

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

	As at 31.01.2020	As at 31.01.2019
	RM'000	RM'000
	-----	-----
Total retained profits of the Group:		
- Realised	22,299	19,782
- Unrealised	<u>(32)</u>	<u>347</u>
	22,267	20,129
Less : Consolidation Adjustment	<u>(90)</u>	<u>(90)</u>
Total group retained profits as per consolidated accounts	<u>22,177</u>	<u>20,039</u>

29. Derivatives

There was no outstanding derivative as at 31 January 2020.