

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 NINE (9) MONTHS FINANCIAL YEAR ENDED 31 JULY 2021

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31 JULY 2021 RM'000 (Unaudited)	PRECEDING YEAR QUARTER ENDED 31 JULY 2020 RM'000 (Audited)	CURRENT YEAR NINE (9) MONTHS CUMULATIVE TO-DATE 31 JULY 2021 RM'000 (Unaudited)	PRECEDING YEAR NINE (9) MONTHS CUMULATIVE TO-DATE 31 JULY 2020 RM'000 (Audited)
Revenue	15,462	4,030	36,207	12,137
Cost of Sales	<u>(4,889)</u>	<u>(1,907)</u>	<u>(12,920)</u>	<u>(5,375)</u>
Gross Profit	10,573	2,123	23,287	6,762
Other Operating Income	676	189	692	486
Human Resource Related Expenses	(1,769)	(437)	(3,060)	(1,413)
Administrative Expenses	(403)	(352)	(1,458)	(1,295)
Selling and Distribution Expenses	(3,253)	(563)	(6,250)	(1,688)
Research and Development	(1,146)	(1,497)	(3,741)	(4,144)
Other Operating Expenses	<u>(87)</u>	<u>(303)</u>	<u>(122)</u>	<u>(86)</u>
Profit/(Loss) From Operations	4,591	(840)	9,348	(1,378)
Finance Cost	<u>(18)</u>	<u>(13)</u>	<u>(77)</u>	<u>(34)</u>
Profit/(Loss) Before Taxation	4,573	(853)	9,271	(1,412)
Taxation	<u>(544)</u>	<u>-</u>	<u>(1,569)</u>	<u>-</u>
Profit/(Loss) After Taxation For The Period	4,029	(853)	7,702	(1,412)
Other Comprehensive Income				
Forex loss	(63)	-	(89)	-
Total Comprehensive Income/(Loss) For The Period	3,966	(853)	7,613	(1,412)
Attributable to:				
Equity holders of the parent	3,966	(853)	7,613	(1,412)
Minority Interest	-	-	-	-
Net Profit Comprehensive Income For The Period	3,966	(853)	7,613	(1,412)
Profit Per Share				
(i) Basic (sen)	<u>2.32</u>	<u>(0.50)</u>	<u>4.41</u>	<u>(0.83)</u>
(ii) Fully diluted (sen)	<u>2.21</u>	<u>(0.50)</u>	<u>4.21</u>	<u>0.83</u>

(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 JULY 2021

	Unaudited As At 31 JULY 2021 RM'000	Audited As At 31 OCTOBER 2020 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	12,635	6,517
Development expenditure	1,758	1,175
Goodwill on consolidation	1,459	1,576
Intangible Assets	23	26
Total Non-Current Assets	15,875	9,294
CURRENT ASSETS		
Inventories	18,886	18,081
Trade receivables	5,601	7,973
Other receivables, deposits and prepayments	1,575	1,771
Other investment	14,696	11,814
Fixed deposit	3,614	4,425
Cash and bank balances	6,620	3,289
Total Current Assets	50,992	47,353
TOTAL ASSETS	66,867	56,647
EQUITY AND LIABILITIES		
EQUITY		
Ordinary share capital	23,747	20,870
Warrants Reserve	1,695	3,371
Discount on Shares	(1,695)	(3,371)
ESOS Compensation Reserve	-	276
Retained profits	30,475	24,603
Equity attributable to equity holders of the parent	54,222	45,749
Minority interests	-	-
TOTAL EQUITY	54,222	45,749
LIABILITIES		
NON-CURRENT LIABILITIES		
Borrowings	305	68
Total Non-Current Liabilities	305	68
CURRENT LIABILITIES		
Trade payables	2,705	3,141
Taxation payables	1,700	463
Other payables and accruals	6,275	4,992
Borrowings	1,660	2,234
Total Current Liabilities	12,340	10,830
TOTAL LIABILITIES	12,645	10,898
TOTAL EQUITY AND LIABILITIES	66,867	56,647
Net assets value per share (RM)	0.31	0.27

(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 9 MONTHS FINANCIAL YEAR ENDED 31 JULY 2021

(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 2020 (Audited)	20,870	-	3,371	276	(3,371)	-	24,603	45,749
Net Profit for the year	-	-	-	-	-	-	7,613	7,613
Exercise of ESOS	1,013	-	-	(276)	-	-	-	737
Exercise of WARRANT	1,864	-	(1,676)	-	1,676	-	-	1,864
Dividend paid during the year	-	-	-	-	-	-	(1,741)	(1,741)
As At 31 July 2021 (Unaudited)	23,747	-	1,695	-	(1,695)	-	30,475	54,222
As at 31 October 2019 (Audited)	19,824	-	3,371	577	(3,371)	-	23,864	44,265
Net Loss for the year	-	-	-	-	-	-	(1,412)	(1,412)
Exercise of ESOS	891	-	-	(257)	-	-	-	634
Dividend paid during the year	-	-	-	-	-	-	(1,707)	(1,707)
As At 31 July 2020 (Audited)	20,715	-	3,371	320	(3,371)	-	20,745	41,780

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VisDynamics Holdings Berhad

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

Incorporated in Malaysia

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE 9 MONTHS FINANCIAL YEAR ENDED 31 JULY 2021

	NINE (9) MONTHS CUMULATIVE TO-DATE 31 JULY 2021 (Unaudited)	NINE (9) MONTHS CUMULATIVE TO-DATE 31 JULY 2020 (Audited)
	RM'000	RM'000
NET PROFIT BEFORE TAXATION	9,271	(1,412)
Adjustment for:-		
Depreciation of property, plant and equipment	388	404
Amortisation of development expenditure	298	136
Amortisation of Trademarks and Patents	3	3
Amortisation of Goodwill	118	-
Addition/ (Reversal) of provision and accruals	1,306	(2,042)
(Gain)/ Loss on foreign exchange - unrealised	(412)	105
Interest income	(60)	(382)
Interest expenses	47	15
Operating profit before working capital changes	10,959	(3,173)
(Increase) / Decrease in inventories	(805)	(4,250)
Decrease / (Increase) in trade and other receivables	2,709	9,253
(Decrease) / Increase in trade and other payables	(508)	1,718
Cash generated from operations	12,355	3,548
Interest paid	(47)	(15)
Reversal of taxation	20	-
Tax paid	(352)	-
NET CASH FROM OPERATING ACTIVITIES	11,976	3,533
CASH FLOWS FROM/ (FOR) INVESTING ACTIVITIES		
Payment of development expenditure	(830)	(101)
Interest received	60	382
Purchase of property, plant and equipment	(689)	(687)
Purchase of investments	(2,883)	(4,351)
Purchase of land	(5,868)	-
NET CASH USED IN INVESTING ACTIVITIES	(10,210)	(4,757)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Dividend paid	(1,741)	(1,707)
Drawdown of banker acceptance	4,146	735
Drawdown of HP Creditor	400	-
Repayment of banker acceptance	(4,779)	(1,933)
Repayment of HP Creditor	(104)	(53)
Proceeds from exercise of ESOS	738	634
Proceeds from exercise of WARRANT	1,864	-
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	524	(2,324)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	2,290	(3,548)
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	230	(38)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	7,714	10,701
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	10,234	7,115

(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 2020.

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 2020, as well as the new/revised/amendments standard mandatory for financial periods beginning on or after 1 November 2020.

3. Auditors’ Report

The auditors’ report on the financial statements for the financial year ended 31 October 2020 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

Other than the material changes mentioned in Note 15, there were no other 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 2021.

6. 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 2021.

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 2020 amounted to RM 1,740,716 was paid on 28 May 2021.

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 nine (9) months financial period ended 31 July 2021.

11. Contingent Liabilities and Contingent Assets

	<u>31 July 2021</u>	<u>31 July 2020</u>
Guarantee given to a financial institution for banking facilities granted to a subsidiary	16,400,000	16,400,000

12. Segmental Information

Sales Revenue by Geographical Market for the Nine (9) months financial period up to 31 July 2021:

	31 July 2021 RM’000	31 July 2020 RM’000
Malaysia	1,261	414
South East Asia	2,841	1,292
North Asia	32,026	10,420
USA	79	11
Total	36,207	12,137

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

Approved but not contracted for

Budget for the construction of factory building amounted to RM 10 million.

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 (3 rd Quarter)		Changes (Amount / %)		Cumulative Quarter		Changes (Amount/ %)	
	Quarter ended 31 July 2021	Quarter ended 31 July 2020			Year ended 31 July 2021	Year ended 31 July 2020		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	15,462	4,030	11,432	284	36,207	12,137	24,070	198
Operating Profit	4,591	(840)	5,431	(647)	9,348	(1,378)	10,726	(778)
Profit Before Interest and Tax	4,583	(846)	5,429	(642)	9,324	(1,397)	10,721	(768)
Profit Before Tax	4,573	(853)	5,426	(636)	9,271	(1,412)	10,683	(757)
Profit After Tax	3,966	(853)	4,819	(565)	7,613	(1,412)	9,025	(639)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	3,966	(853)	4,819	(565)	7,613	(1,412)	9,025	(639)

In the current 9 months ended 31 July 2021, the Group generated revenue of RM36,207,493, an increase of RM24,070,111 from the same corresponding period ended 31 July 2020 of RM12,137,382. The increase in revenue was attributed by the increase in the sales of machines.

In line with the increase in revenue, the Group posted a profit before taxation of RM9,271,334 during this current year to date ended 31 July 2021 as compared to loss before taxation of RM1,411,855 during corresponding year to date ended 31 July 2020.

The Group posted a higher revenue in the current quarter of RM15,461,998 as compared to the corresponding quarter ended 31 July 2020 of RM4,029,897 due to the increase in the sales of machines.

In line with the increase in revenue, the Group posted a higher profit before taxation of RM4,573,557 in the current quarter as compared to loss before taxation of RM852,992 during previous corresponding quarter.

Financial review for current quarter compared with preceding quarter

	Current Quarter 31 July 2021	Preceding Quarter 30 April 2021	Changes (Amount/ %)	
	RM'000	RM'000	RM'000	%
Revenue	15,462	9,810	5,652	58
Operating Profit	4,591	1,735	2,856	165
Profit Before Interest and Tax	4,583	1,727	2,856	165
Profit Before Tax	4,574	1,709	2,865	168
Profit After Tax	3,966	1,116	2,850	255
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	3,966	1,116	2,850	255

The Group posted a higher revenue in the current quarter of RM15,461,998 as compared to the preceding quarter ended 30 April 2021 of RM9,810,414, representing increase of RM5,651,584 due to the increase of sales of machines.

As a result of higher revenue, the Group posted a profit before taxation of RM4,573,557 as compared to profit before taxation of RM1,708,987 in the preceding quarter ended 30 April 2021.

15. Commentary on Material Change in Statement of Financial Position

1. Increase in Property, Plant and Equipment from RM6.5 million as at 31 October 2020 to RM12.6 million as at 31 July 2021 mainly due to the purchase of land for business expansion of approximately RM6.2 million.
2. Decrease in trade receivables from RM7.9 million as at 31 October 2020 to RM5.6 million as at 31 July 2021 due to receipts from customers. There were subsequent receipts from customers amounted to RM827k after the financial period ended 31 July 2021. 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 July 2021, there was an increase in Other Investment of RM2.8 million due to the placement of deposit in a low risk money market fund.
4. Increase in Other Payables and Accruals from RM4.9 million as at 31 October 2020 to RM6.3 million as at 31 July 2021 mainly due to the provision of incentives, provision of service and sales commission and provision of warranty in line with the increase in sales.
5. Decrease in borrowings due to the repayment of Bankers Acceptance.

16. Commentary on Material Change in Cash Flow Statement

There was an increase in the cash and cash equivalents from RM7.7 million as at 31 October 2020 to RM10.2 million as at 31 July 2021 mainly due to payments received from customers.

17. Commentary on the Prospects

In spite of the prolonged Covid19 pandemic and MCO, there is optimism in the semiconductor industry due to the robust demand for chips, the ongoing acceleration in digitalization and emerging technologies like 5G, artificial intelligence, cloud computing, Internet of Things and robotics. Thus, we believe that we are still well positioned to continue benefiting from the uptrend of the global semiconductor outlook.

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.

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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 9 Months Cumulative To-Date	Previous Year 9 Months Cumulative To-Date
	31 July 2021	31 July 2020	31 July 2021	31 July 2020
	RM'000	RM'000	RM'000	RM'000
Income Tax Expense				
Tax expense for the period	655	-	1,700	-
(Over)/under provision in prior year	(111)	-	(131)	-
Deferred taxation	-	-	-	-
	544	-	1,569	-

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 July 2021 were as follows:

<u>Short term</u>	<u>31 July</u>	<u>31 July</u>
	<u>2021</u>	<u>2020</u>
	<u>RM ‘000</u>	<u>RM ‘000</u>
Hire purchase payables	138	78
Bankers acceptances	<u>1,522</u>	<u>735</u>
	1,660	813
<u>Long term</u>		
Hire purchase payables	305	86
TOTAL	1,965	899

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 ended 31 October 2019 amounted to RM 1,706,941 was paid on 05 June 2020.

The Group declared a Final Single-Tier Dividend of 1 sen per ordinary share in respect of the financial year ended 31 October 2020 and had been approved in the AGM held on 30 March 2021. The entitlement date and payment date were on 03 May 2021 and 28 May 2021 respectively.

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25. 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 2021 RM'000	31 July 2021 RM'000
Interest Income	(19)	(60)
Interest Expense	7	47
Depreciation of Property, Plant & Equipment	146	388
Amortisation of Development Expenditure	104	298
Amortisation of Trademarks & Patents	1	3
Amortisation of Goodwill	39	118
(Gain) / Loss on Foreign Exchange-Unrealised	(504)	(412)
Addition / (Reversal) of Provision & Accruals	1,467	1,306

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 July 2021	31 July 2020
At 1 November	-	-
Granted during the financial year	4,212,500**	4,212,500**
Exercised during previous financial year	(2,405,000)	(616,500)
Exercised during the financial year	(954,000)	(1,525,000)
Forfeited of ESOS	(196,000)	(196,000)
At 31 July 2021	657,500	1,875,000
Exercise price (RM)	RM0.42	RM0.42
Options exercisable at 1 August 2021	657,500	1,875,000

** 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 quarter under review, proceeds raised from exercise of 954,000 share options amounted to RM 400,680, as compared to previous corresponding quarter of 1,525,000 share options were exercised amounted to RM 640,500. The weighted average share price at the date of exercise was RM1.02 (2020: RM 0.57).

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 July 2021</u>	<u>31 July 2020</u>
Fair value at grant date (RM)	RM 0.280	RM 0.280
Share price	RM 0.935	RM 0.560
Exercise price	RM 0.420	RM 0.420
Expected volatility (%)	55.055%	92.383%
Expected life (years)	5	5
Risk-free interest rate (%)	1.933%	1.977%

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

27.1. 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 2021	31 July 2020	31 July 2021	31 July 2020
Net profit for the year (RM'000)	3,966	(853)	7,613	(1,412)
Weighted average number of shares in issue ('000)	171,240	170,694	172,772	169,630
Basic EPS/(LPS) (sen)	2.32	(0.50)	4.41	(0.83)

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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 9 Months Cumulative To-Date	Previous Year 9 Months Cumulative To-Date
	31 July 2021	31 July 2020	31 July 2021	31 July 2020
Net profit for the year (RM'000)	3,966	(853)	7,613	(1,412)
Weighted average number of shares used in the calculation of basic earnings per share ('000)	171,240	170,694	172,772	169,630
Adjustment for shares from assumed exercise of ESOS ('000)	360	491	360	491
Adjustment for shares from assumed exercise of WARRANT ('000)	7,582	-	7,582	-
Weighted average number of ordinary shares at 31 July 2021	179,182	171,185	180,714	170,121
Diluted EPS/(LPS) (sen)	2.21	(0.50)	4.21	(0.83)

28. Realised and Unrealised Profits Disclosure

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

	As at 31.07.2021	As at 31.07.2020
	RM'000	RM'000
	-----	-----
Total retained profits of the Group:		
- Realised	30,175	20,566
- Unrealised	<u>390</u>	<u>269</u>
	30,565	20,835
Less : Consolidation Adjustment	<u>(90)</u>	<u>(90)</u>
Total group retained profits as per consolidated accounts	<u>30,475</u>	<u>20,745</u>

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

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

29. 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	2,027,150	2,117,000

As at 31 July 2021, the Group hedged USD500,000 at rates 4.0543.

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.