

Results Report

17 September 2009

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SJ Securities Sdn. Bhd.



VisDynamics Holdings Bhd

3Q FY09: Dismal results

Buy
Fair Value
RM0.145
(+26.1%)

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Stock Data

Price (RM)	RM0.115
Stock code	0120
Bloomberg Ticker	VHB MK
Listing	ACE
Share Cap (RM mn)	6.71
Market Cap (RM mn)	7.72
Par value (RM)	0.10
52-wk high (RM)	0.20
52-wk low (RM)	0.07
Major shareholders:-	
Choy Ngee Hoe	30.34%
Ong Hui Peng	4.53%
Lee Chong Leng	4.53%

Financial Data

12 month trailing PER (x)	Na
BV per share (RM)	0.24
P/BV (x)	0.48
ROE (%)	-8.82
Beta (x)	Na
Altman Z Score	2.94
Dividend yield (%)	Na

Relative Performance (%)

1-month	-4.02
3-month	-2.65
6-month	-38.04
12-month	-33.87
YTD	-52.19

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Investment Highlights

VisDynamics released its FY09 3Q results. Results came in below expectations. Revenue for the cumulative 3 quarters was below forecasts while the bottom-line registered losses. We have revised downwards our forecasts.

Results. Revenue was substantially lower than both corresponding year quarters and preceding quarters by a 73.2% and 26.1% respectively. Consequently, losses were larger for the quarter.

Review. The huge decline in revenue was attributable to the tightening of capital expenditure by customers due to the substantial slow down in the semiconductor, electrical and electronic industries. The group expects conditions to remain challenging but have put in place cost control measures which attributed to the relative low losses. The group has continued to spend on R&D to prepare itself for the recovery of the industry.

Market outlook. Semiconductor sales have picked up for the past few months. This point to a gradual recovery and stabilization of the industry. This also provides more earnings visibility over the next few quarters. Most major industry players have reported an upturn in revenue over the preceding quarter. We also expect some pick up in demand with the up coming festival season.

Risk. Risk to VisDynamics financial performance would be a downturn in the semiconductor industry or a reversal of the overall market recovery.

Recommendation. We have further downgraded our forecast to reflect the poor performance. We value VisDynamics at RM0.145 per share based on a 40% discount to VisDynamics's NA per share.



Results comparison						
FYE 31st Oct		3Q FY08	2Q FY09	3Q FY09	Q-o-Q	Y-o-Y
	Units				%	%
Revenue	RM ('000)	2,414	877	648	(26.1)	(73.2)
Cost of Sales	RM ('000)	(1,473)	(266)	(289)	(8.6)	80.4
Gross Profit	RM ('000)	941	611	359	(41.2)	(61.8)
Profit from operations	RM ('000)	(195)	(209)	(281)	(34.4)	(44.1)
Finance cost	RM ('000)	(7)	(14)	(20)	(42.9)	(185.7)
Profit before Tax	RM ('000)	(202)	(223)	(301)	(35.0)	(49.0)
Taxation	RM ('000)	0	0	(8)	na	na
Net Profit	RM ('000)	(202)	(223)	(309)	(38.6)	(53.0)
EPS	sen	(0.3)	(0.3)	(0.5)	(39.4)	(53.3)
Margins %						
Operating margin	%	(8.1)	(23.8)	(44.6)	(87.1)	(452.1)
PBT margin	%	(8.4)	(25.4)	(46.5)	(82.7)	(455.1)
Net margin	%	(8.4)	(25.4)	(47.7)	(87.5)	(469.9)

Cumulative Results comparison (YTD)				
FYE 31st Oct		3Q FY08	3Q FY09	Y-o-Y
	Units			%
Revenue	RM ('000)	5,727	2,061	(64.0)
Cost of Sales	RM ('000)	(2,838)	(641)	77.4
Gross Profit	RM ('000)	2,889	1,420	(50.8)
Profit from operations	RM ('000)	(636)	(563)	11.5
Finance cost	RM ('000)	(25)	(51)	(104.0)
Profit before Tax	RM ('000)	(661)	(614)	7.1
Taxation	RM ('000)	(1)	(8)	na
Net Profit/Loss	RM ('000)	(662)	(622)	6.0
EPS	sen	(1.0)	(0.9)	6.1
Margins %				
Operating margin	%	(11.1)	(27.3)	(146.0)
PBT margin	%	(11.1)	(27.3)	(146.0)
Net margin	%	(11.6)	(30.2)	(161.1)

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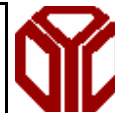


P&L Analysis						
FYE 31 Dec		2006	2007	2008	2009E	2010F
Units						
Revenue	RM (mn)	6.3	9.6	9.3	3.1	6.2
Cost of Sales	RM (mn)	(2.8)	(4.8)	(5.0)	(1.0)	(1.5)
Gross profit	RM (mn)	3.5	4.8	4.3	2.1	4.7
Operation Profit	RM (mn)	0.3	0.3	(1.4)	(0.2)	0.3
Finance Cost	RM (mn)	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)
Pretax Profit	RM (mn)	0.3	0.3	(1.5)	(0.3)	0.3
Taxation	RM (mn)	0.0	0.0	(0.0)	0.0	0.0
Net Profit/(Loss)	RM (mn)	0.3	0.3	(1.5)	(0.3)	0.3
Operating margin	%	5.5	3.0	(15.3)	(6.5)	4.8
Pretax margin	%	5.0	2.6	(15.7)	(8.1)	4.3
Net margins	%	5.4	3.1	(15.7)	(8.1)	4.3
Revenue growth	%	(21.5)	52.4	(3.1)	(66.7)	100.0
Pre-tax profit growth	%	(90.5)	(19.7)	(679.4)	(82.8)	(205.6)
Net profit growth	%	(89.7)	(13.3)	(595.3)	(82.8)	(205.6)
Per Share Data						
		2006	2007	2008	2009F	2010F
Book Value	RM	0.31	0.26	0.24	0.24	0.24
NTA	RM	0.28	0.24	0.20	0.21	0.21
Cash Flow	sen	(1.1)	(1.0)	1.3	0.3	0.3
Basic EPS	sen	0.6	0.4	(2.2)	(0.4)	0.4
PER	x	101.7	95.3	na	na	na
P/Cash Flow	x	(58.7)	(42.5)	15.5	38.6	38.6
P/Book Value	x	2.0	1.6	0.8	0.5	0.5
Dividend yield	%	0.0	0.0	0.0	1.0	2.0
ROE	%	2.0	1.7	(9.0)	(1.5)	1.6
Net Gearing	%	net cash	net cash	net cash	net cash	net cash

Peers Comparison				
Description	Stock exchange	Market Cap (RM mn)	PER current	PER forward
JF Tech	BURSA	30.8	na	7.4
LNG RESOURCES	BURSA	33.2	9.8	8.5
Unisem	BURSA	513.9	na	20.5
ENG Technologi	BURSA	113.2	8.4	5.6
Malaysian Pacific Industries	BURSA	1091.4	na	19.3
Uchi Tech	BURSA	461.3	14.6	11.3
Average		374.0	11.0	12.1

Source: Bloomberg

Constituent of Indices	
FBM KLCI	No
FTSE Bursa Malaysia Large 30 Index	No
FTSE Bursa Malaysia Mid 70 Index	No
FTSE Bursa Malaysia EMAS Shariah Index	No



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Stock rating definitions

Buy – The stock is expected to perform positively. Expected return including both capital appreciation and dividends is expected to exceed 15% over 12 months.

Hold – The stock is expected to stay sidelined. Expected return including both capital appreciation and dividends is expected to range between negative 5% to positive 15% over 12 months.

Sell – The stock is expected to perform negatively. Expected return including both capital appreciation and dividends is expected to be negative 5% or lower over 12 months.

Not Rated – The stock is not under research coverage and the reports serves for purely informational purposes only.

Trading Buy – The stock is expected to be volatile while providing for near term positive trading opportunities. This is under the high risk category with near term catalysts.