

## Results Report

19 June 2009

PP7084/11/2006

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SJ Securities Sdn. Bhd.



## Visdynamics Holdings Berhad

*FY09 2Q: below expectations*

**Hold**

Fair Value  
RM0.12 (+0.0%)

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### Stock Data

Price (RM)	RM0.12
Stock code	0120
Bloomberg Ticker	VHB
	MK
Listing	Mesdaq
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	30.35%
Ong Hui Peng	4.53%
Lee Chong Leng	4.53%

### Financial Data

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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### SJ Securities Sdn Bhd

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Bhd

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### Investment Highlights

**VisDynamics released its FY09 2Q results.** Results came in below expectations. Cumulative revenue for the quarter was substantially below forecasts while losses were within expectations.

**Results.** Revenue for the quarter was 30.2% lower than the corresponding year quarter but increased against the preceding quarter. Losses were however lower than the corresponding year quarter but higher than the preceding quarter.

**Review.** The poor revenue for the quarter was attributable by the poor capital expenditure of the semiconductor industry. The sector had begun to pick up but is only partially reflected on the statements for the quarter. Moreover the quarter is seasonally weaker. Losses were more contained attributable by various cost control measure initiated by the group previously.

**Outlook.** The outlook for the semiconductor industry has begun to improve. The decline of the capital expenditure industry has halted while inventory levels have begun to pick up slightly.

**Risk.** Risk to VisDynamics financial performance would be a extension of the decline in the semiconductor industry.

**Recommendation.** We have downgraded our forecasts but have maintained our fair value. We value VisDynamics at RM0.12 per share based on a 50% discount to VisDynamics's NA per share.



Results comparison						
FYE 31 Dec		<u>2Q FY08</u>	<u>1Q FY09</u>	<u>2Q FY09</u>	<u>Q-o-Q</u>	<u>Y-o-Y</u>
	Units				%	%
<b>Revenue</b>	<b>RM ('000)</b>	<b>1,257</b>	<b>536</b>	<b>877</b>	<b>63.6</b>	<b>(30.2)</b>
Cost of Sales	RM ('000)	(565)	(86)	(266)	(209.3)	52.9
Gross Profit	RM ('000)	692	450	611	35.8	(11.7)
Profit from operations	RM ('000)	(517)	(73)	(209)	(186.3)	59.6
Finance cost	RM ('000)	(7)	(16)	(14)	12.5	(100.0)
<b>Profit before Tax</b>	<b>RM ('000)</b>	<b>(524)</b>	<b>(89)</b>	<b>(223)</b>	<b>(150.6)</b>	<b>57.4</b>
Taxation	RM ('000)	0	0	0	na	na
<b>Net Profit/Loss</b>	<b>RM ('000)</b>	<b>(524)</b>	<b>(89)</b>	<b>(223)</b>	<b>(150.6)</b>	<b>57.4</b>
EPS	sen	(1)	(0)	(0)	(153.8)	57.7
<b>Margins %</b>						
Operating margin	%	(41.1)	(13.6)	(30.3)	(122.7)	26.3
PBT margin	%	(41.7)	(16.6)	(25.4)	(53.1)	39.0
Net margin	%	(41.7)	(16.6)	(25.4)	(53.1)	39.0

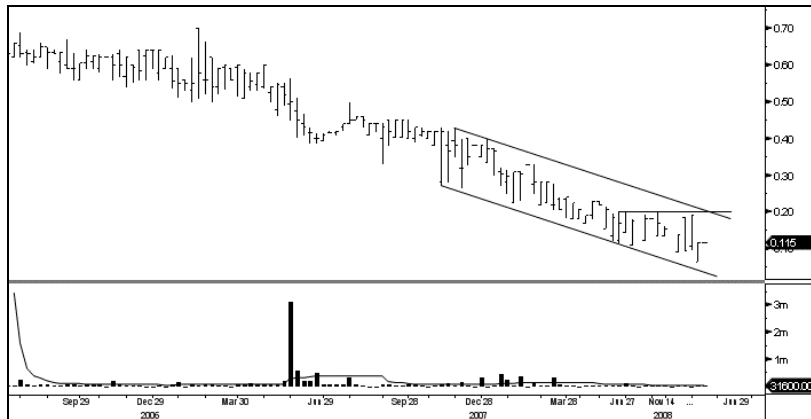
Cumulative Results comparison (YTD)				
FYE 31 Dec		<u>2Q FY08</u>	<u>2Q FY09</u>	<u>Y-o-Y</u>
	Units			%
<b>Revenue</b>	<b>RM ('000)</b>	<b>3,312</b>	<b>1,413</b>	<b>(57.3)</b>
Cost of Sales	RM ('000)	(1,365)	(352)	74.2
Gross Profit	RM ('000)	1,947	1,061	(45.5)
Profit from operations	RM ('000)	(442)	(283)	36.0
Finance cost	RM ('000)	(18)	(30)	(66.7)
<b>Profit before Tax</b>	<b>RM ('000)</b>	<b>(460)</b>	<b>(313)</b>	<b>32.0</b>
Taxation	RM ('000)	0	0	na
<b>Net Profit/Loss</b>	<b>RM ('000)</b>	<b>(460)</b>	<b>(313)</b>	<b>32.0</b>
EPS	sen	(1)	(0)	31.9
<b>Margins %</b>				
Operating margin	%	(13.3)	(20.0)	(50.1)
PBT margin	%	(13.3)	(20.0)	(50.1)
Net margin	%	0.0	0.0	na



<b>P&amp;L Analysis</b>					
<b>FYE 31 Dec</b>		<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009F</b>
	<b>Units</b>				
Revenue	RM (mn)	6.3	9.6	9.3	5.0
Cost of Sales	RM (mn)	(2.8)	(4.8)	(5.0)	(2.0)
<b>Gross profit</b>	RM (mn)	<b>3.5</b>	<b>4.8</b>	<b>4.3</b>	<b>3.0</b>
EBITDA	RM (mn)	<b>0.5</b>	<b>0.7</b>	<b>(0.9)</b>	<b>0.2</b>
<b>Operation Profit</b>	RM (mn)	<b>0.3</b>	<b>0.3</b>	<b>(1.4)</b>	<b>(0.3)</b>
Finance Cost	RM (mn)	(0.0)	(0.0)	(0.0)	(0.0)
<b>Pretax Profit</b>	RM (mn)	<b>0.3</b>	<b>0.3</b>	<b>(1.5)</b>	<b>(0.3)</b>
Taxation	RM (mn)	0.0	0.0	(0.0)	0.0
<b>Net Profit/(Loss)</b>	RM (mn)	<b>0.3</b>	<b>0.3</b>	<b>(1.5)</b>	<b>(0.3)</b>
Operating margin	%	5.5	3.0	(15.3)	(5.7)
EBITDA margin	%	7.3	7.4	(9.7)	4.8
Pretax margin	%	5.0	2.6	(15.7)	(6.4)
Net margins	%	5.4	3.1	(15.7)	(6.4)
Revenue growth	%	(21.5)	52.4	(3.1)	(46.3)
EBITDA growth	%	(86.5)	54.7	(226.7)	(126.6)
Pre-tax profit growth	%	(90.5)	(19.7)	(679.4)	(78.2)
Net profit growth	%	(89.7)	(13.3)	(595.3)	(78.2)
<b>Per Share Data</b>		<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009F</b>
Book Value	RM	0.31	0.26	0.24	0.24
NTA	RM	0.28	0.24	0.20	0.21
Cash Flow	sen	(1.1)	(1.0)	1.3	0.3
Basic EPS	sen	0.6	0.4	(2.2)	(0.5)
Gross DPS	sen	-	-	-	-
Payout ratio	%	0.0	0.0	0.0	1.0
PER	x	101.7	95.3	(9.2)	(23.6)
P/Cash Flow	x	(58.7)	(42.5)	15.5	36.9
P/Book Value	x	2.0	1.6	0.8	0.5
Dividend yield	%	0.0	0.0	0.0	1.0
ROE	%	2.0	1.7	(9.0)	(2.0)
Net Gearing	%	net cash	net cash	net cash	net cash



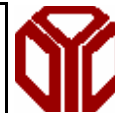
**Technical Analysis**



**VIS (Stock code: 0120) – Range bound**

Resistance : 0.20 0.25  
 Support : 0.06 0.09

Share price is at 0.11 on 18/6/09. The share remains on down trend, and capped at 0.20 since June 2008. Recently, it hit a low of 0.07 on 6/4/09. While there is a prospect of further downside to the support at 0.06, it could easily move back into the current trading band of 0.20 to 0.10. Resistance is at 0.20, then 0.25.



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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.

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