

## Results Report

SJ Securities Sdn. Bhd.

25 March 2010

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## VisDynamics Holdings Bhd

**BUY**  
Fair Value  
RM0.12 (+50%)

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1Q FY2010 : Within Expectations

### Stock Data

Price (RM)	RM0.08
Stock code	0120
Bloomberg Ticker	VHB
	MK
Listing	ACE
Share Cap (RM mn)	6.71
Market Cap (RM mn)	5.37
Par value (RM)	0.10
52-wk high (RM)	0.30
52-wk low (RM)	0.03
Major shareholders:-	
Ng Hoe Choy	30.34%
Hui Peng Ong	4.53%
Chong Leng Lee	4.53%

### Financial Data

12 month trailing PER (x)	na
BV per share (RM)	0.23
P/BV (x)	0.36
ROE (%)	-6.22
Beta (x)	na
Altman Z Score	1.85
Dividend yield (%)	na

### Relative Performance (%)

1-month	-40.31
3-month	-32.88
6-month	-35.35
12-month	-43.51
YTD	-32.41

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### SJ Securities Sdn Bhd

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Bhd

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### Investment Highlights

#### VisDynamics released its 1Q FY2010 results.

Revenue was within our expectations at 25% of our full year FY2010 forecasts. Despite the net loss, we are optimistic that group will be able to meet our bottom line of RM300k. We are upgrading our call to BUY with a fair value of RM0.12 (unchanged).

**Results.** Revenue almost tripled to RM1.529 million, as compared to the first quarter of last year. Despite the improved revenue y-o-y, operating loss widened by to RM117k against a net loss of RM73k from the corresponding period last year. Q-o-Q, the group's revenue increased by 33.2% from RM1.148 million.

**Review.** The higher revenue compared to the same period last year is due to the higher demand and recovery from the semiconductors and electronics industries. This is in line with the recovery of the global economy in general. Despite the higher revenue, operating loss widened, due to higher human resource related expenses, and a slight increase in other administrative expenses. Compared to the previous quarter, operating loss narrowed to RM117k from an operating loss of RM329k, resulting from higher revenues.

**Market outlook.** As expected, the group's topline performed well in the 1Q due to the holiday seasons. However, the higher revenues did not reflect in the bottom line as the group could not cover their administrative expenses. Despite the loss, we are expecting the group to return to the black by the end of FY2010, based on the optimistic outlook of the semiconductor industry in general. Nonetheless, it should be noted that management is cautiously optimistic of their full year performance, as their revenue pickup is very much dependent on the segment of the industries that they serve.

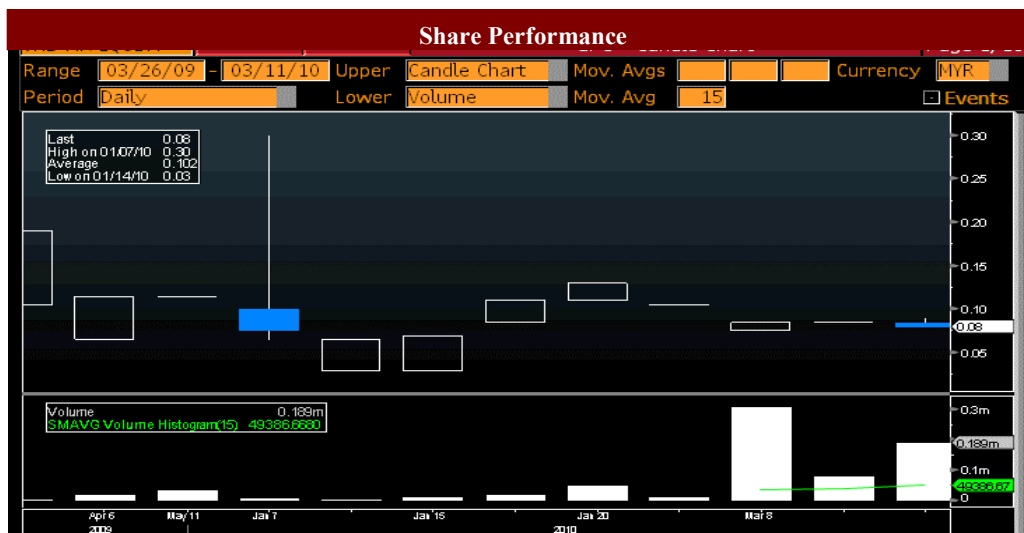
**Risk.** A risk to VisDynamics financial performance would be an extended economic slowdown, which would deter sales and keep the company in the red for the next year.

**Recommendation.** We are upgrading our call to a BUY due to the stocks undervaluation with an unchanged fair value of RM0.12 based on a 50% discount to the group's FY10F Book value.



<b>Results Comparison</b>						
<b>FYE 31st Oct</b>		<b>1Q FY09</b>	<b>4Q FY09</b>	<b>1Q FY10</b>	<b>Q-o-Q</b>	<b>Y-o-Y</b>
	<b>Units</b>				<b>%</b>	<b>%</b>
Revenue	<b>RM ('000)</b>	536.0	1148.0	1529.0	33.2	185.3
Cost of Sales	<b>RM ('000)</b>	(86.0)	(604.0)	(703.0)	16.4	717.4
Profit from Operations	<b>RM ('000)</b>	(73.0)	(329.0)	(117.0)	(64.4)	60.3
Finance Cost	<b>RM ('000)</b>	(16.0)	(19.0)	(18.0)	(5.3)	12.5
Profit Before Tax	<b>RM ('000)</b>	(89.0)	(348.0)	(135.0)	(61.2)	51.7
Taxation	<b>RM ('000)</b>	0.0	(8.0)	0.0	(100.0)	na
Net Profit	<b>RM ('000)</b>	(89.0)	(356.0)	(135.0)	(62.1)	51.7
EPS	<b>sen</b>	(0.1)	(0.5)	(0.2)	(62.3)	53.8
<b>Margins %</b>						
Operating Margin	<b>%</b>	(13.62)	(28.66)	(7.65)		
PBT Margin	<b>%</b>	(16.60)	(30.31)	(8.83)		
Net Margin	<b>%</b>	(16.60)	(31.01)	(8.83)		

<b>Financial Highlights</b>					
<b>FYE 31 Dec</b>		<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010F</b>
	<b>Units</b>				
Revenue	<b>RM (mn)</b>	9.60	9.30	3.21	6.20
Cost Of Sales	<b>RM (mn)</b>	(4.80)	(5.00)	(1.25)	(1.50)
Gross Profit	<b>RM (mn)</b>	4.80	4.30	1.97	4.70
Operation Profit	<b>RM (mn)</b>	0.30	(1.40)	(0.89)	0.30
Finance Cost	<b>RM (mn)</b>	0.00	0.00	(0.07)	0.00
Pretax Profit	<b>RM (mn)</b>	0.30	(1.50)	(0.96)	0.30
Taxation	<b>RM (mn)</b>	0.00	0.00	(0.02)	0.00
Net Profit/(Loss)	<b>RM (mn)</b>	0.30	(1.50)	(0.98)	0.30
Operating Margin	<b>%</b>	3.00	(15.30)	(27.79)	4.84
Pretax Margin	<b>%</b>	2.60	(15.70)	(29.97)	4.84
Net Margin	<b>%</b>	3.10	(15.70)	(30.47)	4.84
Revenue Growth	<b>%</b>	52.40	(3.10)	(65.48)	93.15
Pre-tax Profit growth	<b>%</b>	(19.70)	(679.40)	(35.87)	(131.19)
Net Profit Growth	<b>%</b>	(13.30)	(595.30)	(34.80)	(130.67)
<b>Per Share Data</b>					
Book Value	<b>RM</b>	0.26	0.24	0.24	0.24
NTA	<b>RM</b>	0.24	0.20	0.23	0.24
Cash Flow	<b>sen</b>	(1.00)	1.30	0.30	0.30
Basic EPS	<b>sen</b>	0.40	(2.20)	(0.40)	0.40
PER	<b>x</b>	95.30	na	na	na
P/CF	<b>x</b>	(42.50)	15.50	38.60	38.60
P/BV	<b>%</b>	1.60	0.80	0.50	0.50
Dividend Yield	<b>%</b>	0.00	0.00	1.00	2.00
ROE	<b>%</b>	1.70	(9.00)	(1.50)	1.60
Net Gearing	<b>%</b>	net cash	net cash	net cash	net cash



Source: Bloomberg

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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.