

Results Report

29 December 2009

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SJ Securities Sdn. Bhd.



VisDynamics Holdings Bhd

4Q FY09: Within Expectations

HOLD
Fair Value
RM0.12
(+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

Investment Highlights

VisDynamics released its FY09 4Q results. Revenue was slightly above our expectations by 3.5%. Net profit however, was way below our expectations, with a net loss of RM980 million. We are maintaining our forecasts for FY2010.

Results. Revenue declined by RM2.4 million or 67.9% as compared to the same period last year. Net loss was slightly less than it was compared to the same period last year (RM356 loss vs RM799 loss). Q-o-Q the company raked in more revenue by 77% though net loss is higher this quarter as compared to the previous quarter.

Review. The group's lower revenue as compared to the previous year's corresponding quarter due to the tightening of capital expenditure by customers and end-users in response to the current global financial crisis. Net loss was lower due to lower administrative and sales expenses.

Market outlook. We expect the group to perform better for the year ahead, as the world recovers from the global financial crisis. We are assuming that sales will be higher for 1QFY2010 due to the holiday seasons and historical higher consumer spending during this period.

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 have further downgraded our forecast to reflect the poor performance. We value VisDynamics at RM0.12 per share based on a 50% discount to VisDynamics's NA per share due to an uncertain earnings outlook on the group.

Our reports are available for download on SJenie website as stated below.

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Results Comparison						
FYE 31st Oct		4Q FY08	3Q FY09	4Q FY09	Q-o-Q	Y-o-Y
	Units				%	%
Revenue	RM ('000)	3584.0	648.0	1148.0	77.2	(68.0)
Cost of Sales	RM ('000)	(2143.0)	(289.0)	(604.0)	109.0	(71.8)
Profit from Operations	RM ('000)	(789.0)	(281.0)	(329.0)	17.1	(58.3)
Finance Cost	RM ('000)	(10.0)	(20.0)	(19.0)	(5.0)	90.0
Profit Before Tax	RM ('000)	(799.0)	(301.0)	(348.0)	15.6	(56.4)
Taxation	RM ('000)	0.0	(8.0)	(8.0)	0.0	na
Net Profit	RM ('000)	(799.0)	(309.0)	(356.0)	15.2	(55.4)
EPS	sen	(1.2)	(0.5)	(0.5)	15.2	(55.5)
Margins %						
Operating Margin	%	(22.01)	(43.36)	(28.66)		
PBT Margin	%	(22.29)	(46.45)	(30.31)		
Net Margin	%	(22.29)	(47.69)	(31.01)		

Cumulative Results Comparison				
FYE 31st Oct		4Q FY08	4Q FY09	Y-o-Y
				%
Revenue	RM ('000)	9311.0	3210.0	(65.5)
Cost of Sales	RM ('000)	(4983.0)	(1245.0)	(75.0)
Profit from Operations	RM ('000)	(1449.0)	(892.0)	(38.4)
Finance Cost	RM ('000)	(42.0)	(70.0)	66.7
Profit Before Tax	RM ('000)	(1491.0)	(962.0)	(35.5)
Taxation	RM ('000)	(2.0)	(16.0)	700.0
Net Profit/Loss	RM ('000)	(1493.0)	(978.0)	(34.5)
EPS	sen	(1.5)	(2.2)	52.7
Margins %				
Operating Margin	%	(15.56)	(27.79)	
PBT Margin	%	(16.01)	(29.97)	
Net Margin	%	(16.03)	(30.47)	

Source: Bloomberg



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

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.
