



## VisDynamics Holdings Berhad

OVERWEIGHT

Fair Value:

4Q FY07: Above expectation

RM0.49 (+28.9%)

## Stock Data

Price (RM)	0.38
Stock code	0120
Bloomberg Ticker	VHB MK
Listing	MESDAQ
Share Cap (RM mn)	6.70
Market Cap (RM mn)	25.46
Par value (RM)	0.10
52-wk high (RM)	0.70
52-wk low (RM)	0.27
Major Shareholders	Choy Ngee Hoe (30.44%)
	Lembaga Tabung Haji (4.99%)

## Financial Data

12 Months Trailing	
PER (x)	95.00
BV per share (RM)	0.26
P/BV (x)	1.47
ROE (%)	2.00
Beta (x)	-
Altman Z Score	8.13
Dividend yield (%)	-

## Relative Performance

1-month (%)	-8.94
3-month (%)	-20.80
6-month (%)	-12.72
12-month (%)	-54.83
YTD (%)	-54.29

## 4Q FY07 result highlight:

**Above expectation.** VHB's financial result for 4QFY07 came marginally higher than our full year expectation. Its full year revenue of RM9.6mn was 14.3% higher than our estimate, while net profit of RM0.3mn beat our estimation of RM0.1mn. The better-than-expected results were spurred mainly by higher acceptance of its Gravity-based system as well as its Tray-based systems launched in Sep 2006 despite lower sales generated from OEM Vision Inspection System.

**Robust 4Q growth.** On a quarterly basis, the group showed its strong growth with 72.8% increase in net earnings to RM0.5mn on the back of 28.6% rise in revenue to RM3.8mn for 4QFY07. Earnings per share increased by 72.8% to 0.74sen.

**Tray based system...will contribute a bigger share going forward.**

The Group is promoting the new Tray based system, and reducing the sole dependence on the Gravity based system. Going forward, we expected Tray based system will contribute to the Group's top line and bottom line growth significantly as it is higher value equipment.

**New and remarkable plant in the pipeline.** VHB is working in expanding its capacity, as evidenced in the group's acquisition of a piece of land, which is located near to the Malacca International Trade Center. The building will be constructed with energy saving and disable friendly features in mind. We believe the group will benefit from the capacity expansion which will be ready for use by next year.

**Reiterated OVERWEIGHT.** The better than expected results for FY07 have prompted us to tweaked our FY08 earnings forecast up by 26.3% after updating FY07 figures. We are maintaining our **OVERWEIGHT** recommendation on the stock with a revised target price of **RM0.49** based on an unchanged forward PER of 14x. We believe it is only a matter of time VHB will be recognized and appreciated by investors. As back-end manufacturing technologies are witnessing an upswing with rising revenue and market share potential, the group is expected to gain from the upward trend and booming semiconductor industry. Furthermore, back-end process innovations will continue to drive the group's competitive edge in this industry.

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

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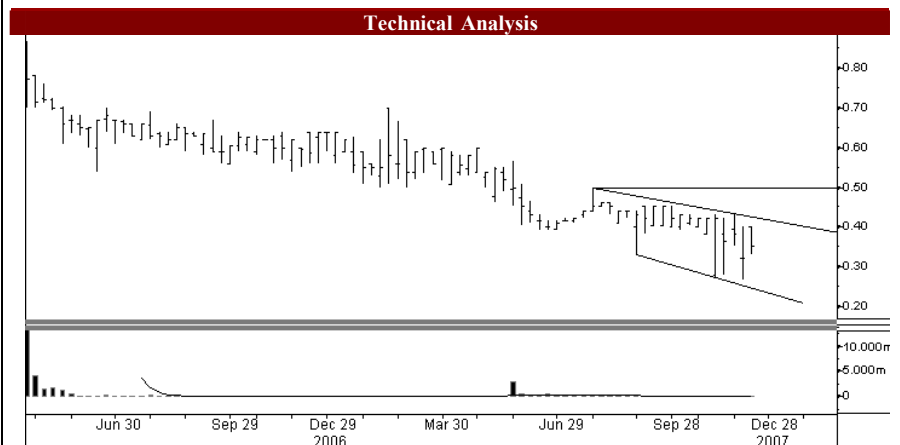
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<b>Quarter results comparison</b>					
	<b>4Q FY06</b>	<b>3Q FY07</b>	<b>4Q FY07</b>	<b>Q-o-q</b>	<b>Y-o-y</b>
	<b>RMmn</b>	<b>RMmn</b>	<b>RMmn</b>	<b>(%)</b>	<b>(%)</b>
Revenue	1.4	3.0	3.8	28.6	166.8
Operating expenses	(0.8)	(1.4)	(2.1)	(53.9)	(172.1)
Operating profit	(0.3)	0.3	0.4	48.8	260.6
<i>Operating margin (%)</i>	<i>(19.3)</i>	<i>10.0</i>	<i>11.6</i>	<i>15.7</i>	<i>160.2</i>
Interest Expense	(0.0)	(0.0)	(0.0)	(28.6)	10.0
Pre-tax Profit	(0.3)	0.3	0.4	49.3	251.9
<i>Pre-tax margin (%)</i>	<i>(20.0)</i>	<i>9.8</i>	<i>11.4</i>	<i>16.1</i>	<i>156.9</i>
Taxation	0.0	(0.0)	0.1	1300.0	114.3
Net Profit	(0.3)	0.3	0.5	72.8	291.5
<i>Net margin (%)</i>	<i>(18.0)</i>	<i>9.6</i>	<i>12.9</i>	<i>34.4</i>	<i>171.8</i>
EPS (sen)	(0.4)	0.4	0.7	72.8	291.1

<b>Cumulative quarter result comparison</b>			
	<b>4Q FY06</b>	<b>4Q FY07</b>	<b>Y-o-y</b>
	<b>RMmn</b>	<b>RMmn</b>	<b>(%)</b>
Revenue	6.3	9.6	52.4
Operating expenses	(2.8)	(4.8)	(71.2)
Operating profit	0.3	0.3	(18.3)
<i>Operating margin (%)</i>	<i>5.5</i>	<i>3.0</i>	<i>(46.4)</i>
Interest Expense	(0.0)	(0.0)	5.7
Pre-tax Profit	0.2	0.3	5.9
<i>Pre-tax margin (%)</i>	<i>3.8</i>	<i>2.6</i>	<i>(30.5)</i>
Taxation	0.0	0.0	65.4
Net Profit	0.3	0.3	11.7
<i>Net margin (%)</i>	<i>4.2</i>	<i>3.1</i>	<i>(26.7)</i>
EPS (sen)	0.6	0.4	(27.9)

<b>Per Share Data</b>					
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008F</b>
Book Value (RM)	0.0	0.1	0.3	0.3	0.3
NTA (RM)	0.0	0.1	0.3	0.2	0.2
Cash Flow (sen)	0.0	3.7	(1.1)	1.7	4.1
Basic EPS (sen)	5.7	6.6	0.6	0.4	3.5
Gross DPS (sen)	-	-	-	-	-
Payout ratio (%)	-	-	-	-	-
PER (x)	-	0.0	101.7	95.4	10.8
P/Cash Flow (x)	-	0.0	(58.7)	24.5	9.3
P/Book Value (x)	-	0.0	2.0	1.6	1.4
Dividend yield (%)	-	-	-	-	-
ROE (%)	-	45.8	2.0	1.7	13.4
Net Gearing (%)	-	net cash	net cash	net cash	net cash

<b>P&amp;L Analysis</b>					
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008F</b>
	<b>RMmn</b>	<b>RMmn</b>	<b>RMmn</b>	<b>RMmn</b>	<b>RMmn</b>
Revenue	8.3	8.0	6.3	9.6	12.7
Cost of Sales	(2.8)	(2.5)	(2.8)	(4.8)	(5.4)
Gross profit	5.5	5.5	3.5	4.8	7.3
EBITDA	2.9	3.4	0.5	0.7	2.8
Operation Profit	2.9	3.3	0.3	0.3	2.3
Finance Cost	0.0	0.0	0.0	0.0	0.0
Pretax Profit	2.9	3.3	0.3	0.3	2.3
Taxation	-	-	0.0	0.0	0.0
Net Profit/(Loss)	2.9	3.3	0.3	0.3	2.4
Operating margin (%)	35.2	41.1	5.5	3.0	18.5
EBITDA margin (%)	35.2	42.4	7.3	7.4	22.2
Pretax margin (%)	34.5	41.0	5.0	2.6	18.2
Net margins (%)	34.5	41.0	5.4	3.1	18.6
Revenue growth (%)	920.8	(3.3)	(21.5)	52.4	32.0
EBITDA growth (%)	24291.7	16.3	(86.5)	54.7	295.8
Pre-tax profit growth (%)	7082.9	15.1	(90.5)	(19.7)	818.7
Net profit growth (%)	7082.9	15.1	(89.7)	(13.3)	699.4



### **VIS (Stock code: 0120) – Double Bottom**

Resistance : 0.42 0.50 0.57

Support : 0.31

Share price is at 0.38 on 28/12/07. While it is on low trading volume, the recent sell down is ending and the share price is due for a recovery to 0.50, at the least. Since late July 2007, it has developed into a Diagonal wedge shape which is a positive chart pattern indicating that the sell down is losing momentum. It bottomed at the Double Bottom of 0.27 in early December 2007. It is likely to recover to the 0.42 neckline, for an upside at 0.50. Pullback support is at 0.31.