

VITROX CORPORATION BERHAD

INTERIM FINANCIAL REPORT
FOR THE FOURTH
QUARTER ENDED 31 DECEMBER 2010

ViTrox Corporation Berhad

(Company No. 649966-K)
(Incorporated in Malaysia)



Quarterly report on results for the 4th Quarter ended 31 December 2010 CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current period quarter 31-Dec-10 RM'000	Preceding year corresponding quarter 31-Dec-09 RM'000	Current period to date 31-Dec-10 RM'000	Preceding year corresponding period 31-Dec-09 RM'000
Revenue	23,229	6,054	87,435	18,134
Other operating income	1,061	721	1,592	1,204
Operating expenses	(15,961)	(5,495)	(56,681)	(17,268)
Profit before tax	<u>8,329</u>	<u>1,280</u>	<u>32,346</u>	<u>2,070</u>
Tax expense	(165)	(126)	(734)	(129)
Net profit for the period	<u><u>8,164</u></u>	<u><u>1,154</u></u>	<u><u>31,612</u></u>	<u><u>1,941</u></u>
Other comprehensive income: Foreign currency translation of differences for foreign operations	1	(1)	(1)	(3)
Total comprehensive income for the period	<u><u>8,165</u></u>	<u><u>1,153</u></u>	<u><u>31,611</u></u>	<u><u>1,938</u></u>
Earnings Per Ordinary Share attributable to ordinary equity holders of the Company (sen)				
- Basic	<u>5.36</u>	<u>0.75</u>	<u>20.75</u>	<u>1.27</u>
- Diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

ViTrox Corporation Berhad ViTrox[®]

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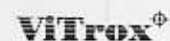
Quarterly report on results for the 4rd Quarter ended 31 December 2010 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31-Dec-10 RM'000	Audited (Restated) As at 31-Dec-09 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	13,412	10,679
Investment properties	600	600
Investments in club membership	91	91
Development cost	3,941	2,964
	<u>18,044</u>	<u>14,334</u>
Current assets		
Inventories	14,053	4,500
Trade and other receivables	17,882	5,237
Prepayments	359	507
Current tax assets	22	502
Cash and cash equivalents	43,403	27,683
	<u>75,719</u>	<u>38,429</u>
TOTAL ASSETS	<u>93,763</u>	<u>52,763</u>
EQUITY AND LIABILITIES		
Capital and reserves attributable to equity holders of the Company		
Share capital	15,500	15,500
Less: Treasury shares, at cost	(1,022)	(853)
Reserves	61,605	34,563
Total equity	<u>76,083</u>	<u>49,210</u>
Non-current liabilities		
Deferred tax liabilities	450	316
Deferred Income	523	270
Total non-current liabilities	<u>973</u>	<u>586</u>
Current liabilities		
Trade and other payables	11,969	2,964
Current tax liabilities	169	3
Dividend payable	4,569	-
Total current liabilities	<u>16,707</u>	<u>2,967</u>
Total liabilities	<u>17,680</u>	<u>3,553</u>
TOTAL EQUITY AND LIABILITIES	<u>93,763</u>	<u>52,763</u>
Net assets value per share attributable to ordinary equity holders of the parent (sen)	<u>49.96</u>	<u>32.27</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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Quarterly report on results for the 4th Quarter ended 31 December 2010 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

	Share Capital RM'000	Share Premium RM'000	Treasury Share RM'000	Foreign Exchange Translation Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
Period ended 31 December 2010						
Balance as at 1 January 2010	15,500	1,222	(853)	(3)	33,344	49,210
Total comprehensive income for the period	-	-	-	(1)	31,612	31,611
Dividend	-	-	-	-	(4,569)	(4,569)
Repurchase of Shares	-	-	(169)	-	-	(169)
Balance as at 31 December 2010	<u>15,500</u>	<u>1,222</u>	<u>(1,022)</u>	<u>(4)</u>	<u>60,387</u>	<u>76,083</u>
Period ended 31 December 2009						
Balance as at 1 January 2009	15,500	1,222	-	-	33,098	49,820
Total comprehensive loss for the period	-	-	-	(3)	1,941	1,938
Dividend	-	-	-	-	(1,695)	(1,695)
Repurchase of Shares	-	-	(853)	-	-	(853)
Balance as at 31 December 2009	<u>15,500</u>	<u>1,222</u>	<u>(853)</u>	<u>(3)</u>	<u>33,344</u>	<u>49,210</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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Quarterly report on results for the 4th Quarter ended 31 December 2010**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

(The figures have not been audited)

	Period ended 31-Dec-10 RM'000	Period ended 31-Dec-09 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	32,346	2,070
Adjustments for :		
Allowance for doubtful debts	31	197
Allowance for doubtful debts no longer required	(1)	(134)
Allowance for slow moving inventories	1,089	635
Amortisation of development expenditure	569	510
Amortisation and depreciation of property, plant and equipment	836	1,034
Amortisation of deferred income	(19)	(10)
Interest income	(582)	(555)
Loss on disposal of assets	3	-
Development expenditure charge out	450	5
Grant Income	(856)	-
Unrealised loss/ (gain) on foreign exchange	381	(20)
Operating profit before working capital changes	<u>34,247</u>	<u>3,732</u>
Changes in working capital:		
Decrease in inventories and receivables	(23,638)	(1,319)
Increase in payables	9,175	695
Cash generated from operating activities	<u>19,784</u>	<u>3,108</u>
Grant received	1,045	-
Income tax refunded	412	-
Income tax paid	(366)	(181)
Net cash generated from operating activities	<u>20,875</u>	<u>2,927</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	582	521
Payment of capitalised development expenditure	(1,996)	(1,485)
Purchase of property, plant and equipment	(3,576)	(527)
Proceed from disposal of property, plant and equipment	4	-
Net cash used in investing activities	<u>(4,986)</u>	<u>(1,491)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(1,695)
Repurchase of treasury shares	(169)	(853)
Net cash used in financing activities	<u>(169)</u>	<u>(2,548)</u>
Net increase / (decrease) in cash and cash equivalents	15,720	(1,112)
Effects from foreign exchange	-	12
Cash and cash equivalents at beginning of period	27,683	28,783
Cash and cash equivalents at end of period	<u>43,403</u>	<u>27,683</u>
<u>Cash and cash equivalents consist of:</u>		
Fixed deposits with licenced banks	38,521	24,021
Short-term funds	2,355	2,293
Cash and bank balances	2,527	1,369
	<u>43,403</u>	<u>27,683</u>

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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Quarterly report on results for the 4th Quarter ended 31 December 2010

A NOTES TO THE INTERIM FINANCIAL REPORT

A1 Basis of preparation of Interim Financial Report

The interim financial report is unaudited and has been prepared in compliance with FRS 134, "Interim Financial Reporting", issued by the Malaysian Accounting Standards Board ("MASB") and the disclosure requirements as set out in Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad for the Main Market ("Main Market Listing Requirements").

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2009. These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2009.

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted by the Group in the audited financial statements for the year ended 31 December 2009, except for the adoption of the following new Financial Reporting Standards ("FRSs") and Issues Committee Interpretations ("IC Interpretations") effective for the Group's financial periods beginning on or after 1 January 2010.

<u>Standard/Interpretation</u>	<u>Effective for the financial periods beginning on or after</u>
Amendments to FRS 1 <i>First-time Adoption of Financial Reporting Standard</i> and FRS 127 <i>Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	1-Jan-2010
Amendments to FRS 2 <i>Share-based Payment: Vesting Conditions and Cancellations</i>	1-Jan-2010
Amendments to FRS 132 <i>Financial Instruments: Presentation</i>	1-Jan-2010
Amendments to FRS 139 <i>Financial Instruments: Recognition and Measurement</i> , FRS 7 <i>Financial Instruments: Disclosures</i> and IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1-Jan-2010
Amendments to FRSs contained in the document entitled " <i>Improvements to FRSs (2009)</i> "	1-Jan-2010
FRS 4 <i>Insurance Contracts</i>	1-Jan-2010
FRS 7 <i>Financial Instruments: Disclosures</i>	1-Jan-2010
FRS 8 <i>Operating Segments</i>	1-Jul-2009
FRS 101 <i>Presentation of Financial Statements</i> (revised in 2009)	1-Jan-2010
FRS 123 <i>Borrowing Costs</i>	1-Jan-2010
FRS 139 <i>Financial Instruments: Recognition and Measurement</i>	1-Jan-2010
IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1-Jan-2010
IC Interpretation 10 <i>Interim Financial Reporting and Impairment</i>	1-Jan-2010
IC Interpretation 11 <i>FRS 2 - Group and Treasury Share Transactions</i>	1-Jan-2010
IC Interpretation 13 <i>Customer Loyalty Programmes</i>	1-Jan-2010
IC Interpretation 14 <i>FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	1-Jan-2010

The adoption of the new FRS and Interpretations does not have significant impact on the financial statement of the Group and the company, except for FRS 117 *Leases*.

The Group has reassessed and determined that all leasehold land of the Group which are in substance finance lease and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provision of the amendment.

The following comparative figures have been restated following the adoption of the amendment to FRS 117:

Group	31-Dec-09	
	As restated RM'000	As previously RM'000
Carrying amount		
Property, plant and equipment	10,679	7,948
Prepaid lease payments	-	2,731

A2 Seasonal or cyclical factors

The Group's operations is dependent on the cyclical trend of the semiconductors and electronics industries.

A3 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the period under review.

A4 Material changes in estimates

There were no changes in nature and amount of estimates reported in prior financial years which may have a material effect in the period under review.

Quarterly report on results for the 4th Quarter ended 31 December 2010

A NOTES TO THE INTERIM FINANCIAL REPORT**A5 Debt and equity securities**

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayment of debts and equity securities in the Company during the period under review:

VCB has on 9 October 2008 announced its proposal to purchase up to a maximum of ten percent (10%) of its own total and paid-up share capital, in accordance with Section 67A of the Companies Act, 1965 and the requirements of the Bursa Malaysia Securities Berhad and/or any other relevant authority. This proposal requires approval from the shareholders in a general meeting.

The Proposal above was approved by the shareholders at the Extraordinary General Meeting ("EGM") duly convened and held on 21 November 2008.

During the current quarter, there is no shares buy-back transaction. As at December 31, 2010, the total shares purchases are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965 is 2,714,700 of its issued share capital from the open market for an average price of RM0.38 per share. The purchase transactions were funded by the internally generated funds.

A6 Dividend paid

No dividend was paid by the Company in the current quarter under review.

A7 Segment reporting

No segment reporting has been prepared as the Group is principally engaged in development and production of machine vision inspection products.

A8 Valuation of property, plant and equipment

The Group did not revalue any of its property, plant and equipment during the period under review or prior periods.

A9 Valuation of investment properties

In line with the adoption of the fair value model, the investment properties are stated at fair values which are assessed on yearly basis.

A10 Material events subsequent to the end of the quarter

There were no material events subsequent to the end of the current reporting period that have not been reflected in the financial statements for the said period.

A11 Changes in the composition of the Group

There were no material changes in the composition of the Group during the period under review.

A12 Contingent liabilities

Save as disclosed in Note B12, there were no contingent assets or liabilities for the Group since the previous financial year ended 31 December 2009 to the date of this report.

A13 Capital commitments

Authorised contracted capital commitments not provided for in the interim financial statements as at 31 December 2010 is RM11,883,881.

A14 Significant related party transactions

There were no significant related party transactions during the period under review.

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Quarterly report on results for the 4th Quarter ended 31 December 2010

B DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS

B1 Review of performance

The Group achieved a revenue of RM23.23 million for the period under review against RM6.05 million in the corresponding period of preceding year, representing an increase of 284%. The increase in revenue against the same quarter last year was attributed to the higher sales recorded from machine vision system (MVS), automated board inspection (ABI) and electronics communication system (ECS). The increase in sales recorded are due to higher than expected demand of our new products as a result of effective execution of our business strategies and strong recovery of semiconductors and electronics sectors. On the back of this revenue, the Group achieved a profit before tax of RM8.33 million against profit before tax of RM1.28 million in the corresponding quarter, representing an increase of 551% attributed mainly to higher sales recorded. Correspondingly, the Group recorded a profit after tax of RM8.16 million against profit after tax of RM1.15 million in the corresponding quarter, representing an increase of 610%.

B2 Variation of results against immediate preceding quarter

The Group recorded revenue and profit before tax of RM23.23 million and RM8.33 million respectively for the current quarter under review against revenue and profit before tax of RM25.10 million and RM9.44 million respectively for the immediate preceding quarter. These represent a decrease of 8% in revenue and 12% in profit against the revenue and profit of the immediate preceding quarter. The slightly decrease in revenue and profit were attributed to slightly decrease in sales recorded for MVS, ABI and ECS as a result of normalisation of order from semiconductors and electronics sectors in current quarter.

B3 Prospects for the final financial year ending 31 December 2011

For the past quarters, there was a strong demand for machine vision system, automated board inspection and electronics communication system from the leading test and inspection equipment manufacturers and major electronics manufacturing services providers, the Group has been able to consistently deliver commendable sets of results in spite of tough business conditions, growing both the topline and bottomline by healthy margins and chalking up new milestones, quarter after quarter. In FY2011, the Group will continue to stay focus in research and development on selected core and high value proposition products while stepping up efforts in marketing activities in order to remain in the forefront of the technologies and in preparation for the market demands.

Barring any unforeseen circumstances, the Board is confident that along with another year of increase in revenue and profitability, the performance of the Group will continue to grow favourably as the Group successfully maintains its position in FY2010.

B4 Profit forecast, profit guarantee and internal targets

The Group did not provide any profit forecast, profit guarantee and internal targets in any public document or any announcements made.

B5 Income tax expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Dec-10 RM'000	Preceding year corresponding quarter 31-Dec-09 RM'000	Current period to date 31-Dec-10 RM'000	Preceding year corresponding period 31-Dec-09 RM'000
Income tax based on the results for the period under review	165	126	734	129

ViTrox Corporation Berhad ("VCB") is a MSC status company and enjoys pioneer status/tax exempt incentive for certain qualifying products granted by the Ministry of International Trade and Industry ("MITI") for a period of 5 years commencing from 25 January 2005 to 24 January 2010. VCB has applied another extension 5 years of pioneer status from Multimedia Development Corporation Sdn Bhd ("MDec") and MITI. On 22 September 2010, VTSB has been granted another extension 5 years of pioneer status by MDec and MITI from 25 January 2010 to 25 January 2015.

A wholly-owned subsidiary of VCB, ViTrox Technologies Sdn. Bhd. ("VTSB") has been granted pioneer status by MITI for a period of five (5) years for the development and production of digital automated vision inspection equipment and modules. The incentive commenced from 1 April 2005 to 31 March 2010 (extendable for further 5 years). The current provision of income tax is in respect of certain non-business income and non-tax exempted income generated from non-pioneer products of VTSB. On 29 July 2010, VTSB has been granted another extension 5 years of pioneer status by MITI from 1 April 2010 to 31 March 2015.

Another wholly-owned subsidiary of VCB, ViE Technologies Sdn Bhd ("ViE") has also been granted pioneer status by MITI for a period of five (5) years to undertake activities relating to design, development and manufacture of printed circuit board assemblies for microprocessor applications. It is the intention of the Group that ViE will spearhead the production and sales of the ECS product. ViE has submitted an application to MITI for the determination of the pioneer status period and MITI has confirmed that the pioneer period would commence from 1 April 2007 to 31 March 2012.

B6 Sales of unquoted investments and/or properties

There was no sale of unquoted investments and/or properties during the quarter under review and financial period-to-date.

B7 Purchase and Sale of Quoted Securities

There was no purchase or sale of quoted securities during the quarter under review and financial period-to-date.

B8 Status of corporate proposals announced

There was no corporate proposal announced as at the date of this report.

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Quarterly report on results for the 4th Quarter ended 31 December 2010

B DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS

B9 Group Borrowings

There was no bank borrowings during the quarter under review and financial period-to-date.

B10 Off balance sheet financial instruments

The Group does not have any financial instruments with off balance sheet as at 10 February 2011 (being the latest practicable date which shall not be earlier than 7 days from the date of this report).

B11 Breakdown of Realised and Unrealised Profits or Losses of the Group

	CUMULATIVE QUARTER	
	Current period to date 31-Dec-10 RM'000	Preceding year corresponding period 31-Dec-09 RM'000
Realised profits	67,228	40,677
Unrealised (losses) / profits	(1,222)	(296)
	<u>66,006</u>	<u>40,381</u>
Less : Consolidation adjustments	(5,619)	(7,037)
	<u>60,387</u>	<u>33,344</u>

B12 Material litigation

As the date of this announcement, the Group is not engaged in any material litigation and the Board of Directors do not have any knowledge of any proceedings pending or threatened against the Group.

B13 Dividends

On 22 November 2010, the Company declared an interim tax exempt dividend of 3 sen per share amounting to RM4,568,559 for the financial year ended 31 December 2010 which was paid to all holders of ordinary shares on 18 January 2011 whose names appeared in the Record of Depositors at the close of business on 20 December 2010.

B14 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Dec-10	Preceding year corresponding quarter 31-Dec-09	Current period to date 31-Dec-10	Preceding year *corresponding period 31-Dec-09
Net profit attributable to shareholders (RM'000)	8,164	1,154	31,612	1,941
Weighted average number of ordinary shares in issue ('000)	152,372	152,851	152,372	152,851
Basic earnings per share (sen)	<u>5.36</u>	<u>0.75</u>	<u>20.75</u>	<u>1.27</u>

Diluted earnings per share has not been calculated as the Company does not have any dilutive potential shares.

B15 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2009 was not subject to any qualification.

B16 Authorisation for issue

The interim financial statements are authorised for issue by the Board of Directors on 17 February 2011.

By Order of the Board

Chu Jenn Weng
Managing Director

Penang
Date: 17-Feb-11