

VITROX CORPORATION BERHAD

(Incorporated in Malaysia)

Company No : 649966-K


QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current period quarter 31-Mar-13 RM'000	Preceding year corresponding quarter 31-Mar-12 RM'000	Current period to date 31-Mar-13 RM'000	Preceding year corresponding period 31-Mar-12 RM'000
Revenue		12,925	8,632	12,925	8,632
Other operating income		1,242	918	1,242	918
Operating expenses		(13,448)	(10,445)	(13,448)	(10,445)
Profit/(Loss) before tax	B14	719	(895)	719	(895)
Tax expense		(261)	(44)	(261)	(44)
Profit/(Loss) for the period		458	(939)	458	(939)
Other comprehensive income: Currency translation of differences for the foreign operation		1	(5)	1	(5)
Other comprehensive income for the period		1	(5)	1	(5)
Total comprehensive income for the period		459	(944)	459	(944)
Earnings Per Ordinary Share attributable to ordinary equity holders of the Company (sen)					
- Basic		0.20	(0.41)	0.20	(0.41)
- Diluted		N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statement.

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QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(The figures have not been audited)

	As at 31-Mar-13 RM'000 (unaudited)	As at 31-Dec-12 RM'000 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	31,077	30,060
Investment properties	600	600
Investment in club membership - at cost	91	91
Development expenditure	2,404	2,602
	<u>34,172</u>	<u>33,353</u>
Current assets		
Inventories	35,268	27,972
Trade and other receivables	30,913	39,203
Financial assets at fair value through profit or loss	0	14
Prepayments	2,888	1,079
Current tax assets	147	75
Cash and cash equivalents	39,893	43,915
	<u>109,109</u>	<u>112,258</u>
TOTAL ASSETS	<u>143,281</u>	<u>145,611</u>
EQUITY AND LIABILITIES		
Capital and reserves attributable to equity holders of the Company		
Share capital	23,250	23,250
Less: Treasury shares, at cost	(910)	(910)
Reserves	90,259	92,113
Total equity	<u>112,599</u>	<u>114,453</u>
Non-current liabilities		
Term loan - secured	11,142	11,339
Deferred tax liabilities	635	635
Deferred income on government grant	1,773	781
Total non-current liabilities	<u>13,550</u>	<u>12,755</u>
Current liabilities		
Trade and other payables	15,337	16,775
Term loan - secured	1,261	1,249
Advance payment from customers	404	335
Current tax liabilities	130	44
Total current liabilities	<u>17,132</u>	<u>18,403</u>
Total liabilities	<u>30,682</u>	<u>31,158</u>
TOTAL EQUITY AND LIABILITIES	<u>143,281</u>	<u>145,611</u>
Net assets value per share attributable to ordinary equity holders of the parent (sen)	48.69	49.49

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statement.

VITROX CORPORATION BERHAD

 (Incorporated in Malaysia)
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QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(The figures have not been audited)

	Share Capital RM'000	Treasury Share RM'000	Share Premium RM'000	Currency Translation Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
Period ended 31 March 2013						
Balance as at 1 January 2013	23,250	(910)	4,663	4	87,446	114,453
Profit for the financial period	0	0	0	0	458	458
Currency translation differences for foreign operation (representing other comprehensive income) for the financial period	0	0	0	1	0	1
Total comprehensive income for the financial period	0	0	0	1	458	459
Dividends	0	0	0	0	(2,313)	(2,313)
Total transaction with owners	0	0	0	0	(2,313)	(2,313)
Balance as at 31 March 2013	23,250	(910)	4,663	5	85,591	112,599
Period ended 31 March 2012						
Balance as at 1 January 2012	23,250	(177)	4,663	9	69,271	97,016
Loss for the financial period	0	0	0	0	(939)	(939)
Currency translation differences for foreign operation (representing other comprehensive income) for the financial period	0	0	0	(5)	0	(5)
Total comprehensive income for the financial period	0	0	0	(5)	(939)	(944)
Purchase of own shares	0	(525)	0	0	0	(525)
Total transaction with owners	0	(525)	0	0	0	(525)
Balance as at 31 March 2012	23,250	(702)	4,663	4	68,332	95,547

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statement.

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QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(The figures have not been audited)

	Period ended 31-Mar-13 RM000	Period ended 31-Mar-12 RM000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	719	(895)
Adjustment for:		
Amortisation and depreciation	654	811
Amortisation of deferred income	(47)	(42)
Gain on disposal of property, plant and equipment	0	(1)
Interest expenses	75	68
Interest income	(199)	(232)
Reversal of impairment loss on loan and receivables	(458)	0
Unrealised loss on financial instruments at fair value through profit or loss	0	99
Unrealised loss on foreign exchange	685	498
Operating profit before working capital changes	<u>1,429</u>	<u>306</u>
Change in:		
Inventories and receivables	657	(888)
Payables and advance payments	(1,362)	(1,372)
Financial liabilities at fair value through profit or loss (net)	14	(323)
Cash generated from/(absorbed by) operations	<u>738</u>	<u>(2,277)</u>
Tax paid	(247)	(84)
Net cash from/(used in) operating activities	<u>491</u>	<u>(2,361)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Additions of development expenditure	(1)	(2)
Interest received	209	242
Proceed from disposal of property, plant and equipment	0	3
Purchase of property, plant and equipment	(1,472)	(1,105)
Net cash used in investing activities	<u>(1,264)</u>	<u>(862)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(2,313)	(2,323)
Interest paid	(75)	(66)
Purchase of own shares	0	(525)
Repayment of term loans	(308)	0
Term loan raised	0	1,135
Net cash used in financing activities	<u>(2,696)</u>	<u>(1,779)</u>
Currency translation differences	(553)	(310)
Net decrease in cash and cash equivalents	(4,022)	(5,312)
Cash and cash equivalents at beginning of period	43,915	42,739
Cash and cash equivalents at end of period	<u>39,893</u>	<u>37,427</u>
Cash and cash equivalents consist of:-		
Highly liquid investments	12,800	12,432
Term deposits with licensed banks	15,280	17,114
Cash and bank balances	11,813	7,881
	<u>39,893</u>	<u>37,427</u>

The Condensed Consolidated Statement of Cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statement.

QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013**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 *MFRS 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 Requirement"). This Condensed Report also complies with *IAS 34: Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB").

The Interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2012. 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 2012.

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 2012, except for the adoption of new Malaysian Financial Reporting Standards ("MFRS") that are effective for financial period beginning on or after 1 January 2013. The adoption of new MFRSs does not have any significant impacts on the financial statements.

A2 Seasonal or cyclical factors

The Group's operation 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.

A5 Debts and equity securities

There were no other issuance and repayment of debts and equity securities, share buy-backs, share cancellations and resale of treasury shares for the quarter under review except for:-

As at 31 March 2013, the total shares purchase are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965 is 1,240,300 of its issued share capital from the open market for an average price of RM0.73 per share. The purchase transactions were funded by the internally generated funds.

A6 Dividend paid

An interim dividend of 1 sen per share tax exempt amounting to RM2,312,597 for the financial year ended 31 December 2012 was paid on 31 January 2013.

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.

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QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013

A. NOTES TO THE INTERIM FINANCIAL REPORT (cont'd)

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 assets or contingent liabilities

There were no contingent assets or liabilities for the Group since the previous financial year ended 31 December 2012 to the date of this report.

A13 Capital commitments

Authorised contracted capital commitments not provided for in the interim financial statements as at 31 March 2013 is RM1,225,000.

A14 Significant related party transactions

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

QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013
B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES
MAIN MARKET LISTING REQUIREMENTS

B1 Review of performance

The Group achieved revenue of RM12.93 million for the period under review against RM8.63 million in the corresponding period of preceding year, representing an increase of 50%. The increase in revenue against the same quarter last year was mainly due to increase in sales from Automated Board Inspection (ABI). Sales from ABI have recorded an increase of 114% against the corresponding period of preceding year. The increase in sales recorded is mainly due to demand from a larger diversified customer base.

The Group achieved a profit before tax of RM0.72 million against loss before tax of RM0.90 million in the corresponding quarter, attributed mainly due to increase in revenue. Correspondingly, the Group recorded a profit after tax of RM0.46 million against loss after tax of RM0.94 million in the corresponding quarter.

B2 Variation of results against immediate preceding quarter

The Group recorded revenue and profit before tax of RM12.93 million and RM0.72 million respectively for the current quarter under review against revenue and profit before tax of RM33.69 million and RM7.77 million respectively for the immediate preceding quarter. The decrease in revenue and profit were attributed to decrease in sales recorded for MVS, ABI and ECS as a result of seasonal factors and sluggish global economic environment caused by prolonged weakness in Europe, Japan and US, and a slowdown in the Chinese economy. Sales from MVS, ABI and ECS have recorded a decrease of 71%, 58% and 23% respectively against the immediate preceding quarter.

B3 Prospects for the remaining quarter of current final year ending 31 December 2013

We are seeing improvements in the second quarter and that led us to believe that the demand for our products will be sustainable for the remaining financial year. We will continue to focus on market expansion activities, customer relationship building, product innovation and prudent cost management in the remaining quarters of the year.

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 expenses

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Mar-13 RM'000	Preceding year corresponding quarter 31-Mar-12 RM'000	Current year period 31-Mar-13 RM'000	Preceding year corresponding period 31-Mar-12 RM'000
Income tax based on the results for the period under review	261	44	261	44

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 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.

QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013
B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES
MAIN MARKET LISTING REQUIREMENTS (cont'd)

B5 Income tax expenses (cont'd)

A wholly-owned subsidiary of VCB, ViTrox Technologies Sdn.Bhd. ("VTSB") has been granted pioneer status by MITI for a period of 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.

B6 Status of corporate proposals announced

There was no corporate proposal announced and not completed as at the date of this report.

B7 Group borrowings

	As at 31-Mar-13 RM'000	As at 31-Dec-12 RM'000
Short term borrowings - secured		
Foreign currency term loan in USD	1,261	1,249
Long term borrowings - secured		
Foreign currency term loan in USD	11,142	11,339
	<u>12,403</u>	<u>12,588</u>

B8 Financial instruments

As at 31 March 2013, the outstanding forward foreign exchange contracts are as follows:-

Type of derivative	Contract value RM'000	Fair value RM'000
Forward foreign exchange contracts		
- Less than 1 year	7,440	0

Foreign currency exchange contract is used as a hedging tool to minimise the Group's exposure to changes in fair value of its commitment, conducted in the ordinary course of business, as a result of fluctuation in exchange rate. There is minimal credit and market risk because the contracts are hedged with reputable banks.

Foreign currency exchange contract was recognised on the contract date, measured at fair value and the changes in the fair value have been recognised in profit or loss.

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QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013
B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES
MAIN MARKET LISTING REQUIREMENTS (cont'd)

B9 Breakdown of realised and unrealised profits or losses of the Group

	As at 31-Mar-13 RM'000	As at 31-Dec-12 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised	92,145	94,895
- Unrealised	89	(1,136)
	<u>92,234</u>	<u>93,759</u>
Less : Consolidation adjustments	(6,643)	(6,313)
Total group retained profits as per consolidated accounts	<u>85,591</u>	<u>87,446</u>

B10 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.

B11 Dividends

On 7 January 2013, the Company declared an interim tax exempt dividend of 1 sen per share amounting to RM2,312,597 for the financial year ended 31 December 2012 which was paid to all holders of ordinary share on 31 January 2013 whose names appeared in the Records of Depositors at the close of business on 21 January 2013.

B12 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Mar-13	Preceding year corresponding quarter 31-Mar-12	Current year period 31-Mar-13	Preceding year corresponding period 31-Mar-12
Net profit attributable to shareholders (RM'000)	458	(939)	458	(939)
Weighted average number of shares in issue ('000)	231,260	231,645	231,260	231,645
Basic earnings per share (sen)	<u>0.20</u>	<u>(0.41)</u>	<u>0.20</u>	<u>(0.41)</u>

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

B13 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2012 was not subject to any qualification.

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QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013
B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES
MAIN MARKET LISTING REQUIREMENTS (cont'd)

B14 Notes to the statement of comprehensive income**Profit Before Tax**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Mar-13 RM'000	Preceding year corresponding quarter 31-Mar-12 RM'000	Current year period 31-Mar-13 RM'000	Preceding year corresponding period 31-Mar-12 RM'000
Profit/(Loss) before tax is arrived at after charging:-				
Amortisation and depreciation	654	811	654	811
Interest expenses	75	68	75	68
(Gain)/Loss on financial instruments at fair value through profit or loss				
- realised	75	(302)	75	(302)
- unrealised	0	99	0	99
(Gain)/Loss on foreign exchange				
- realised	(924)	413	(924)	413
- unrealised	685	39	685	39
and crediting:-				
Amortisation of deferred income	47	42	47	42
Gain on disposal of property, plant and equipment	0	1	0	1
Grant related to income	292	562	292	562
Interest income	199	232	199	232
Reversal of impairment loss on loans and receivables	458	0	458	0

Save as disclosed above, the other items as required under Appendix 9B, Part A (16) of the Bursa Securities Main Market Listing Requirements are not applicable.

B15 Authorisation for issue

The interim financial statements are authorised for issue by the Board of Directors on 23 May 2013.