

VITROX CORPORATION BERHAD(Incorporated in Malaysia)
Company No : 649966-K**QUARTERLY REPORT ON RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2014
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***(The figures have not been audited)*

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current period quarter 30-Jun-14 RM'000	Preceding year corresponding quarter 30-Jun-13 RM'000	Current period to date 30-Jun-14 RM'000	Preceding year corresponding period 30-Jun-13 RM'000
Revenue		65,103	28,356	87,931	41,281
Other operating income		1,281	1,924	2,071	3,166
Operating expenses		(45,778)	(23,389)	(65,167)	(36,837)
Profit before tax	B14	<u>20,606</u>	<u>6,891</u>	<u>24,835</u>	<u>7,610</u>
Tax expense		(610)	(408)	(852)	(669)
Profit for the period		<u>19,996</u>	<u>6,483</u>	<u>23,983</u>	<u>6,941</u>
Other comprehensive income: Currency translation of differences for the foreign operation		(2)	2	(4)	3
Other comprehensive income for the period		<u>(2)</u>	<u>2</u>	<u>(4)</u>	<u>3</u>
Total comprehensive income for the period		<u>19,994</u>	<u>6,485</u>	<u>23,979</u>	<u>6,944</u>
Earnings Per Ordinary Share attributable to ordinary equity holders of the Company (sen)					
- Basic		8.61	2.80	10.33	3.00
- Diluted		8.60	N/A	10.32	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 2013 and the accompanying explanatory notes attached to the interim financial statements.

VITROX CORPORATION BERHAD

(Incorporated in Malaysia)
Company No : 649966-K


QUARTERLY REPORT ON RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2014
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	As at 30-Jun-14 RM'000 (unaudited)	As at 31-Dec-13 RM'000 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	31,841	31,939
Investment properties	600	600
Investment in club membership - at cost	91	91
Development expenditure	3,401	3,966
	<u>35,933</u>	<u>36,596</u>
Current assets		
Inventories	45,556	36,978
Trade and other receivables	67,868	51,787
Financial assets at fair value through profit or loss	23	0
Prepayments	1,663	1,352
Current tax assets	35	213
Cash and cash equivalents	52,360	40,458
	<u>167,505</u>	<u>130,788</u>
TOTAL ASSETS	<u>203,438</u>	<u>167,384</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	0	(933)
Reserves	129,832	108,903
Total equity	<u>153,082</u>	<u>131,220</u>
Non-current liabilities		
Term loan - secured	5,161	10,854
Deferred tax liabilities	763	763
Deferred income on government grant	2,820	2,626
Total non-current liabilities	<u>8,744</u>	<u>14,243</u>
Current liabilities		
Trade and other payables	35,142	17,281
Dividend payable	4,650	2,307
Term loan - secured	1,298	1,338
Financial liabilities at fair value through profit or loss	0	121
Advance payment from customers	258	874
Current tax liabilities	264	0
Total current liabilities	<u>41,612</u>	<u>21,921</u>
Total liabilities	<u>50,356</u>	<u>36,164</u>
TOTAL EQUITY AND LIABILITIES	<u>203,438</u>	<u>167,384</u>
Net assets value per share attributable to ordinary equity holders of the parent (sen)	<u>65.84</u>	<u>56.75</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

VITROX CORPORATION BERHAD

(Incorporated in Malaysia)
Company No : 649966-K

**QUARTERLY REPORT ON RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2014
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	Share Option Reserve RM'000	Currency Translation Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
Period ended 30 June 2014							
Balance as at 1 January 2014	23,250	(933)	4,894	0	10	103,999	131,220
Profit for the financial period	0	0	0	0	0	23,983	23,983
Currency translation differences for foreign operation (representing other comprehensive income for the financial period)	0	0	0	0	(4)	0	(4)
Total comprehensive income for the financial period	0	0	0	0	(4)	23,983	23,979
Reissue of treasury shares	0	933	821	0	0	0	1,754
Share-based payments	0	0	0	779	0	0	779
Dividends	0	0	0	0	0	(4,650)	(4,650)
Total transaction with owners	0	933	821	779	0	(4,650)	(2,117)
Balance as at 30 June 2014	23,250	0	5,715	779	6	123,332	153,082
Period ended 30 June 2013							
Balance as at 1 January 2013	23,250	(910)	4,663	0	4	87,446	114,453
Profit for the financial period	0	0	0	0	0	6,941	6,941
Currency translation differences for foreign operation (representing other comprehensive income for the financial period)	0	0	0	0	3	0	3
Total comprehensive income for the financial period	0	0	0	0	3	6,941	6,944
Purchase of own shares	0	(102)	0	0	0	0	(102)
Dividends	0	0	0	0	0	(5,202)	(5,202)
Total transaction with owners	0	(102)	0	0	0	(5,202)	(5,304)
Balance as at 30 June 2013	23,250	(1,012)	4,663	0	7	89,185	116,093

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statement.

VITROX CORPORATION BERHAD

(Incorporated in Malaysia)

Company No : 649966-K


QUARTERLY REPORT ON RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2014
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(The figures have not been audited)

	Period ended 30-Jun-14 RM'000	Period ended 30-Jun-13 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	24,835	7,610
Adjustment for:		
Amortisation and depreciation	1,863	1,357
Amortisation of deferred income	(361)	(119)
Interest expense	132	148
Interest income	(444)	(396)
Loss on disposal of property, plant and equipment	1	0
Reversal of impairment loss on loans and receivables	0	(554)
Share-based payments	779	0
Unrealised (gain)/loss on financial instruments at fair value through profit or loss	(23)	71
Unrealised loss/(gain) on foreign exchange	480	(196)
Operating profit before working capital changes	<u>27,262</u>	<u>7,921</u>
Change in:		
Inventories and receivables	(25,676)	(14,798)
Payables and advance payments	17,320	2,490
Financial instruments at fair value through profit or loss	(121)	14
Cash generated from/(absorbed by) operations	<u>18,785</u>	<u>(4,373)</u>
Tax paid	(410)	(520)
Tax refunded	0	22
Net cash from/(used in) operating activities	<u>18,375</u>	<u>(4,871)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Additions of development expenditure	(166)	(1)
Grant received	647	0
Interest received	468	402
Proceed from disposal of property, plant and equipment	2	0
Purchase of property, plant and equipment	(1,037)	(1,708)
Net cash used in investing activities	<u>(86)</u>	<u>(1,307)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(2,307)	(2,313)
Interest paid	(144)	(150)
Purchase of own shares	0	(102)
Reissue of treasury shares	1,754	0
Repayment of term loans	(5,221)	(615)
Net cash used in financing activities	<u>(5,918)</u>	<u>(3,180)</u>
Currency translation differences	(469)	(388)
Net increase/(decrease) in cash and cash equivalents	11,902	(9,746)
Cash and cash equivalents at beginning of period	40,458	43,915
Cash and cash equivalents at end of period	<u>52,360</u>	<u>34,169</u>
Cash and cash equivalents consist of:-		
Highly liquid investments	21,374	12,900
Term deposits with licensed banks	13,177	13,130
Cash and bank balances	17,809	8,139
	<u>52,360</u>	<u>34,169</u>

The Condensed Consolidated Statement of Cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

QUARTERLY REPORT ON RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2014**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 2013. 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 2013.

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 2013, except for the adoption of new Malaysian Financial Reporting Standards ("MFRS") that are effective for financial period beginning on or after 1 January 2014. 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, shares held as treasury shares and resale of treasury shares for the quarter under review except for:-

During the current quarter, the Company resold 546,000 shares at an average price of RM1.50 per share. The difference of RM0.41 million between the sales consideration and the carrying amount of the shares has been credited to the Share Premium Account.

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.

QUARTERLY REPORT ON RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2014

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

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 materials 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 2013 to the date of this report.

A13 Capital commitments

Authorised contracted capital commitments not provided for in the interim financial statements as at 30 June 2014 is RM1,213,000.

A14 Significant related party transactions

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

QUARTERLY REPORT ON RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2014
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 RM65.10 million for the period under review against RM28.36 million in the corresponding period of preceding year, representing an increase of 130%. The increase in revenue against the same quarter last year was mainly due to increase in sales from Machine Vision System (MVS), Automated Board Inspection (ABI) and Electronics Communication System (ECS). Sales from MVS, ABI and ECS have recorded an increase of 142%, 118% and 102% respectively against the corresponding period of preceding year. The increase in sales recorded is mainly due to higher demand from customers and strong business recovery in the semiconductor and electronics industries.

The Group achieved a profit before tax of RM20.61 million against profit before tax of RM6.89 million in the corresponding quarter, representing an increase of 199%, mainly due to increase in revenue and achieving economies of scale. Correspondingly, the Group recorded a profit after tax of RM20.00 million against profit after tax of RM6.48 million in the corresponding quarter.

B2 Variation of results against immediate preceding quarter

The Group recorded revenue and profit before tax of RM65.10 million and RM20.61 million respectively for the current quarter under review against revenue and profit before tax of RM22.83 million and RM4.23 million respectively for the immediate preceding quarter. The increase in revenue and profit were attributed to increase in sales recorded for MVS, ABI and ECS. Sales from MVS, ABI and ECS have recorded an increase of 263%, 137% and 50% respectively against the immediate preceding quarter.

B3 Prospects for the remaining quarters of current financial year ending 31 December 2014

We will continue to focus on market expansion activities, customer relationship building and product innovation to grow our business further in the remaining quarters of the current financial year. In view of positive market outlooks in the semiconductor and electronics industries couple with more sales and marketing activities, the board is optimistic on the business prospect for the second half of financial year 2014.

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 Tax expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30-Jun-14 RM'000	Preceding year corresponding quarter 30-Jun-13 RM'000	Current year period 30-Jun-14 RM'000	Preceding year corresponding period 30-Jun-13 RM'000
Tax based on the results for the period under review	610	408	852	669

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 SECOND QUARTER ENDED 30 JUNE 2014
B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES
MAIN MARKET LISTING REQUIREMENTS (cont'd)

B5 Tax expense (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.

Another wholly-owned subsidiary of VCB, ViE Technologies Sdn.Bhd. ("ViE") has also been granted pioneer status by MITI for a period of 5 years to undertake activities relating to design, development and manufacture of embedded high density electronic modules. The incentive commenced from 1 January 2013 to 31 December 2017. 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 ViE.

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 30-Jun-14 RM'000	As at 31-Dec-13 RM'000
Short term borrowings - secured		
Foreign currency term loan in USD	1,298	1,338
Long term borrowings - secured		
Foreign currency term loan in USD	5,161	10,854
	<u>6,459</u>	<u>12,192</u>

B8 Financial instruments

As at 30 June 2014, 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	<u>4,588</u>	<u>23</u>

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 SECOND QUARTER ENDED 30 JUNE 2014****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 30-Jun-14 RM'000	As at 31-Mar-14 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised	131,219	115,308
- Unrealised	(1,180)	(429)
	<u>130,039</u>	<u>114,879</u>
Less : Consolidation adjustments	(6,707)	(6,893)
Total group retained profits as per consolidated accounts	<u>123,332</u>	<u>107,986</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 20 June 2014, the shareholders approved the proposed special dividend of 1.5 sen per share tax exempt amounting to RM3,487,500 and final dividend of 0.5 sen per share tax exempt amounting to RM1,162,500 for the financial year ended 31 December 2013 which was paid to all holders of ordinary shares on 24 July 2014 whose names appeared in the Records of Depositors at the close of business on 30 June 2014.

B12 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30-Jun-14	Preceding year corresponding quarter 30-Jun-13	Current year period 30-Jun-14	Preceding year corresponding period 30-Jun-13
Net profit attributable to shareholders (RM'000)	19,996	6,483	23,983	6,941
Weighted average number of shares for computing basis earnings per share ('000)	232,229	231,238	232,229	231,238
Basic earnings per share (sen)	<u>8.61</u>	<u>2.80</u>	<u>10.33</u>	<u>3.00</u>
Weighted average number of shares for computing diluted earnings per share ('000)	232,497	N/A	232,497	N/A
Diluted earnings per share (sen)	<u>8.60</u>	<u>N/A</u>	<u>10.32</u>	<u>N/A</u>

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QUARTERLY REPORT ON RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2014
B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES
MAIN MARKET LISTING REQUIREMENTS (cont'd)

B13 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2013 was not subject to any qualification.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30-Jun-14 RM'000	Preceding year corresponding quarter 30-Jun-13 RM'000	Current year period 30-Jun-14 RM'000	Preceding year corresponding period 30-Jun-13 RM'000
Profit before tax is arrived at after charging:-				
Amortisation and depreciation	1,066	703	1,863	1,357
Interest expenses	60	73	132	148
(Gain)/Loss on financial instruments at fair value through profit or loss				
- realised	(180)	(78)	(210)	(3)
- unrealised	77	71	(23)	71
(Gain)/Loss on foreign exchange				
- realised	224	(11)	455	(935)
- unrealised	674	(881)	480	(196)
Loss on disposal of property, plant and equipment	1	0	1	0
and crediting:-				
Amortisation of deferred income	256	72	361	119
Grant related to income	869	161	1,245	453
Insurance claims received	0	557	0	557
Interest income	237	197	444	396
Rental income	10	10	18	18
Reversal of impairment loss on loans and receivables	0	96	0	554

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 21 August 2014.