

**VITROX CORPORATION BERHAD**

(Incorporated in Malaysia)

Company No : 649966-K


**QUARTERLY REPORT ON RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
*(The figures have not been audited)*

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current period quarter 30-Sep-14 RM'000	Preceding year corresponding quarter 30-Sep-13 RM'000	Current period to date 30-Sep-14 RM'000	Preceding year corresponding period 30-Sep-13 RM'000
Revenue		39,506	36,305	127,437	77,586
Other operating income		1,300	728	3,371	3,894
Operating expenses		(29,097)	(25,149)	(94,132)	(61,838)
Finance costs		(28)	(77)	(160)	(225)
Profit before tax	B14	<u>11,681</u>	<u>11,807</u>	<u>36,516</u>	<u>19,417</u>
Tax (expense)/Income		(292)	56	(1,144)	(613)
Profit for the period		<u>11,389</u>	<u>11,863</u>	<u>35,372</u>	<u>18,804</u>
Other comprehensive income:					
Currency translation of differences for the foreign operation		11	3	7	6
Other comprehensive income for the period		<u>11</u>	<u>3</u>	<u>7</u>	<u>6</u>
Total comprehensive income for the period		<u>11,400</u>	<u>11,866</u>	<u>35,379</u>	<u>18,810</u>
Earnings Per Ordinary Share attributable to ordinary equity holders of the Company (sen)					
- Basic		<u>4.90</u>	<u>5.13</u>	<u>15.22</u>	<u>8.14</u>
- Diluted		<u>4.89</u>	<u>N/A</u>	<u>15.20</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 2013 and the accompanying explanatory notes attached to the interim financial statements.

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**QUARTERLY REPORT ON RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*(The figures have not been audited)*

	As at 30-Sep-14 RM'000 (unaudited)	As at 31-Dec-13 RM'000 (audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	32,625	31,939
Investment properties	600	600
Investment in club membership - at cost	91	91
Development expenditure	3,154	3,966
	<u>36,470</u>	<u>36,596</u>
<b>Current assets</b>		
Inventories	54,405	36,978
Trade and other receivables	67,167	51,787
Prepayments	1,167	1,352
Current tax assets	68	213
Cash and cash equivalents	51,884	40,458
	<u>174,691</u>	<u>130,788</u>
<b>TOTAL ASSETS</b>	<u>211,161</u>	<u>167,384</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves attributable to equity holders of the Company</b>		
Share capital	23,273	23,250
Less: Treasury shares, at cost	0	(933)
Reserves	141,587	108,903
<b>Total equity</b>	<u>164,860</u>	<u>131,220</u>
<b>Non-current liabilities</b>		
Term loan - secured	3,296	10,854
Deferred tax liabilities	763	763
Deferred income on government grant	2,690	2,626
<b>Total non-current liabilities</b>	<u>6,749</u>	<u>14,243</u>
<b>Current liabilities</b>		
Trade and other payables	37,281	17,281
Dividend payable	0	2,307
Term loan - secured	1,318	1,338
Financial liabilities at fair value through profit or loss	255	121
Advance payment from customers	515	874
Current tax liabilities	183	0
<b>Total current liabilities</b>	<u>39,552</u>	<u>21,921</u>
<b>Total liabilities</b>	<u>46,301</u>	<u>36,164</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>211,161</u>	<u>167,384</u>
Net assets value per share attributable to ordinary equity holders of the parent (sen)	<u>70.84</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

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## QUARTERLY REPORT ON RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*(The figures have not been audited)*

	Share Capital RM000	Treasury Share RM000	Share Premium RM000	Share Option Reserve RM000	Currency Translation Reserve RM000	Retained Profits RM000	Total Equity RM000
<b>Period ended 30 September 2014</b>							
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	35,372	35,372
Currency translation differences for foreign operation (representing other comprehensive income for the financial period)	0	0	0	0	7	0	7
Total comprehensive income for the financial period	0	0	0	0	7	35,372	35,379
Reissue of treasury shares	0	933	821	0	0	0	1,754
Issuance of shares pursuant to ESOS	23	0	580	(225)	0	0	378
Share-based payments	0	0	0	779	0	0	779
Dividends	0	0	0	0	0	(4,650)	(4,650)
Total transaction with owners	23	933	1,401	554	0	(4,650)	(1,739)
Balance as at 30 September 2014	23,273	0	6,295	554	17	134,721	164,860
<b>Period ended 30 September 2013</b>							
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	18,804	18,804
Currency translation differences for foreign operation (representing other comprehensive income for the financial period)	0	0	0	0	6	0	6
Total comprehensive income for the financial period	0	0	0	0	6	18,804	18,810
Purchase of own shares	0	(395)	0	0	0	0	(395)
Dividends	0	0	0	0	0	(5,202)	(5,202)
Total transaction with owners	0	(395)	0	0	0	(5,202)	(5,597)
Balance as at 30 September 2013	23,250	(1,305)	4,663	0	10	101,048	127,666

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**

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

	Period ended 30-Sep-14 RM'000	Period ended 30-Sep-13 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	36,516	19,417
Adjustment for:		
Amortisation and depreciation	2,722	2,060
Amortisation of deferred income	(492)	(263)
Interest expense	160	225
Interest income	(637)	(549)
Loss on disposal of property, plant and equipment	1	0
Reversal of impairment loss on loans and receivables	(55)	(618)
Share-based payments	779	0
Unrealised loss on financial instruments at fair value through profit or loss	255	40
Unrealised (gain)/loss on foreign exchange	(1,321)	44
Operating profit before working capital changes	<u>37,928</u>	<u>20,356</u>
Change in:		
Inventories and receivables	(31,788)	(19,678)
Payables and advance payments	19,575	2,607
Financial instruments at fair value through profit or loss	(121)	14
Cash generated from operations	<u>25,594</u>	<u>3,299</u>
Tax paid	(816)	(805)
Tax refunded	0	26
Net cash from operating activities	<u>24,778</u>	<u>2,520</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions of development expenditure	(167)	(1)
Grant received	647	1,129
Interest received	674	563
Proceeds from disposal of property, plant and equipment	2	0
Purchase of property, plant and equipment	(2,432)	(2,554)
Net cash used in investing activities	<u>(1,276)</u>	<u>(863)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(6,957)	(5,202)
Interest paid	(176)	(225)
Proceeds from issue of shares	378	0
Purchase of own shares	0	(395)
Reissue of treasury shares	1,754	0
Repayment of term loans	(7,064)	(940)
Net cash used in financing activities	<u>(12,065)</u>	<u>(6,762)</u>
Currency translation differences	(11)	(80)
Net increase/(decrease) in cash and cash equivalents	11,426	(5,185)
Cash and cash equivalents at beginning of period	40,458	43,915
Cash and cash equivalents at end of period	<u>51,884</u>	<u>38,730</u>
Cash and cash equivalents consist of:-		
Highly liquid investments	15,010	12,967
Term deposits with licensed banks	13,287	10,600
Cash and bank balances	<u>23,587</u>	<u>15,163</u>
	<u>51,884</u>	<u>38,730</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 THIRD QUARTER ENDED 30 SEPTEMBER 2014**

**A. NOTES TO THE INTERIM FINANCIAL REPORT**

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**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 issued 232,350 new ordinary shares of RM0.10 each at average exercise price of RM1.63 pursuant to the Employee Shares Option Scheme ("ESOS").

**A6 Dividend paid**

The 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 were paid on 24 July 2014.

**A7 Segment reporting**

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

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### QUARTERLY REPORT ON RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

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

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##### **A8 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.

##### **A9 Changes in the composition of the Group**

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

##### **A10 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.

##### **A11 Capital commitments**

Authorised contracted capital commitments not provided for in the interim financial statements as at 30 September 2014 is RM733,000.

##### **A12 Significant related party transactions**

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

**QUARTERLY REPORT ON RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014**  
**B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES**  
**MAIN MARKET LISTING REQUIREMENTS**

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**B1 Review of performance**

The Group achieved revenue of RM39.51 million for the period under review against RM36.31 million in the corresponding period of preceding year, representing an increase of 9%. The increase in revenue against the same quarter last year was mainly due to increase in sales from Machine Vision System (MVS). Sales from MVS have recorded an increase of 113% against the corresponding period of preceding year. The increase in sales recorded was mainly due to higher demand from customers.

Profit before tax of RM11.68 million was recorded for the current quarter and stays flat as compared to RM11.81 million recorded in the corresponding period of preceding year. The slightly lower profit before tax mainly due to higher expenditure was incurred for research & development and changes in sale mix. Correspondingly, the Group recorded a profit after tax of RM11.39 million against profit after tax of RM11.86 million in the corresponding quarter.

**B2 Variation of results against immediate preceding quarter**

The Group recorded revenue and profit before tax of RM39.51 million and RM11.68 million respectively for the current quarter under review against revenue and profit before tax of RM65.10 million and RM20.61 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. Sales from MVS, ABI and ECS have recorded a decrease of 39%, 40% and 33% respectively against the immediate preceding quarter.

**B3 Prospects for the final quarter 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 final quarter of the current financial year. In view of positive market outlooks in the semiconductor and electronics industries, the board is optimistic on the business prospect for the final quarter 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/(Income)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30-Sep-14 RM'000	Preceding year corresponding quarter 30-Sep-13 RM'000	Current year period 30-Sep-14 RM'000	Preceding year corresponding period 30-Sep-13 RM'000
Tax based on the results for the period under review	292	(56)	1,144	613

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.

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

**B5 Tax expense/(income) (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-Sep-14 RM'000	As at 31-Dec-13 RM'000
<b>Short term borrowings - secured</b>		
Foreign currency term loan in USD	1,318	1,338
<b>Long term borrowings - secured</b>		
Foreign currency term loan in USD	3,296	10,854
	<u>4,614</u>	<u>12,192</u>

**B8 Financial instruments**

The carrying amounts of receivables, cash and cash equivalents and payables which are short-term in nature or payable on demand are reasonable approximations of fair values.

The fair value of term loan is measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2). The fair value measured is considered to be reasonably close to the carrying amount reported as the observable current market interest rates also approximate to the effective interest rate of term loan.

The fair value of forward exchange contracts were quoted by the financial institutions, which normally measured the fair values using present value technique by discounting the differences between contractual forward prices and observable current market forward prices using risk-free interest rate (i.e. Level 2).

As at 30 September 2014, the Group's outstanding derivatives are as follows:-

	Contract value RM'000	Fair value RM'000
<b>Forward foreign exchange contracts</b>		
- Less than 1 year	<u>10,311</u>	<u>255</u>



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**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-Sep-14 RM'000	As at 30-Jun-14 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised	140,913	131,219
- Unrealised	598	(1,180)
	<u>141,511</u>	<u>130,039</u>
Less : Consolidation adjustments	(6,790)	(6,707)
Total group retained profits as per consolidated accounts	<u>134,721</u>	<u>123,332</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**

No dividend was proposed and declared by the Company in current quarter under review.

**B12 Earnings per share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30-Sep-14	Preceding year corresponding quarter 30-Sep-13	Current year period 30-Sep-14	Preceding year corresponding period 30-Sep-13
Net profit attributable to shareholders (RM'000)	11,389	11,863	35,372	18,804
Weighted average number of shares for computing basis earnings per share ('000)	232,398	231,145	232,398	231,145
Basic earnings per share (sen)	<u>4.90</u>	<u>5.13</u>	<u>15.22</u>	<u>8.14</u>
Weighted average number of shares for computing diluted earnings per share ('000)	232,764	N/A	232,764	N/A
Diluted earnings per share (sen)	<u>4.89</u>	<u>N/A</u>	<u>15.20</u>	<u>N/A</u>

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**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-Sep-14 RM'000	Preceding year corresponding quarter 30-Sep-13 RM'000	Current year period 30-Sep-14 RM'000	Preceding year corresponding period 30-Sep-13 RM'000
Profit before tax is arrived at after charging:-				
Amortisation and depreciation	859	703	2,722	2,060
Interest expense	28	77	160	225
(Gain)/Loss on financial instruments at fair value through profit or loss				
- realised	(93)	68	(303)	65
- unrealised	278	40	255	40
(Gain)/Loss on foreign exchange				
- realised	431	(770)	886	(1,705)
- unrealised	(1,801)	240	(1,321)	44
Loss on disposal of property, plant and equipment	0	0	1	0
and crediting:-				
Amortisation of deferred income	131	144	492	263
Grant related to income	421	(139)	1,666	314
Insurance claims received	0	0	0	557
Interest income	193	153	637	549
Rental income	5	5	23	23
Reversal of impairment loss on loans and receivables	55	64	55	618

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 20 November 2014.