

**VITROX CORPORATION BERHAD**

(Incorporated in Malaysia)

Company No : 649966-K


**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
*(The figures have not been audited)*

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current period quarter 31-Mar-15 RM'000	Preceding year corresponding quarter 31-Mar-14 RM'000	Current period to date 31-Mar-15 RM'000	Preceding year corresponding period 31-Mar-14 RM'000
Revenue		33,259	22,828	33,259	22,828
Other operating income		3,829	790	3,829	790
Operating expenses		(27,483)	(19,317)	(27,483)	(19,317)
Finance costs		(26)	(72)	(26)	(72)
Profit before tax	B14	9,579	4,229	9,579	4,229
Tax expense		(266)	(242)	(266)	(242)
Profit for the period		9,313	3,987	9,313	3,987
Other comprehensive income:					
Currency translation of differences for the foreign operation		(157)	(2)	(157)	(2)
Other comprehensive income for the period		(157)	(2)	(157)	(2)
Total comprehensive income for the period		9,156	3,985	9,156	3,985
Earnings Per Ordinary Share attributable to ordinary equity holders of the Company (sen)					
- Basic		4.00	1.72	4.00	1.72
- Diluted		3.99	N/A	3.99	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 2014 and the accompanying explanatory notes attached to the interim financial statements.

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(Incorporated in Malaysia)

Company No : 649966-K


**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*(The figures have not been audited)*

	As at 31-Mar-15 RM'000 (unaudited)	As at 31-Dec-14 RM'000 (audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	34,979	35,021
Investment properties	600	600
Investment in club membership - at cost	91	91
Development expenditure	2,738	2,923
	<u>38,408</u>	<u>38,635</u>
<b>Current assets</b>		
Inventories	54,404	50,266
Trade and other receivables	61,677	69,882
Prepayments	8,213	7,970
Current tax assets	502	351
Cash and cash equivalents	65,138	60,629
	<u>189,934</u>	<u>189,098</u>
	<u>228,342</u>	<u>227,733</u>
<b>TOTAL ASSETS</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves attributable to equity holders of the Company</b>		
Share capital	23,288	23,274
Reserves	161,397	151,546
<b>Total equity</b>	<u>184,685</u>	<u>174,820</u>
<b>Non-current liabilities</b>		
Term loan - secured	3,002	3,172
Deferred tax liabilities	271	256
Deferred income on government grant	3,211	2,963
<b>Total non-current liabilities</b>	<u>6,484</u>	<u>6,391</u>
<b>Current liabilities</b>		
Trade and other payables	34,869	38,797
Dividend payable	0	4,655
Term loan - secured	1,495	1,407
Financial liabilities at fair value through profit or loss	477	1,016
Advance payment from customers	332	647
<b>Total current liabilities</b>	<u>37,173</u>	<u>46,522</u>
<b>Total liabilities</b>	<u>43,657</u>	<u>52,913</u>
	<u>228,342</u>	<u>227,733</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		
Net assets value per share attributable to ordinary equity holders of the parent (sen)	<u>79.30</u>	<u>75.11</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

**VITROX CORPORATION BERHAD**

(Incorporated in Malaysia)

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**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015**  
**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
<b>Period ended 31 March 2015</b>							
Balance as at 1 January 2015	23,274	0	6,303	1,378	62	143,803	174,820
Profit for the financial period	0	0	0	0	0	9,313	9,313
Currency translation differences for foreign operation (representing other comprehensive income for the financial period)	0	0	0	0	(157)	0	(157)
Total comprehensive income for the financial period	0	0	0	0	(157)	9,313	9,156
Share-based payments	0	0	0	426	0	0	426
Issuance of shares pursuant to ESOS	14	0	467	(198)	0	0	283
Total transaction with owners	14	0	467	228	0	0	709
Balance as at 31 March 2015	23,288	0	6,770	1,606	(95)	153,116	184,685
<b>Period ended 31 March 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	3,987	3,987
Currency translation differences for foreign operation (representing other comprehensive income for the financial period)	0	0	0	0	(2)	0	(2)
Total comprehensive income for the financial period	0	0	0	0	(2)	3,987	3,985
Reissue of treasury shares	0	528	410	0	0	0	938
Total transaction with owners	0	528	410	0	0	0	938
Balance as at 31 March 2014	23,250	(405)	5,304	0	8	107,986	136,143

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 2015**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**
*(The figures have not been audited)*

	Period ended 31-Mar-15 RM'000	Period ended 31-Mar-14 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	9,579	4,229
Adjustment for:		
Amortisation and depreciation	1,036	797
Amortisation of deferred income	(166)	(105)
Interest expense	26	72
Interest income	(251)	(207)
Share-based payments	426	0
Reversal of impairment loss on loans and receivables	(198)	0
Unrealised loss/(gain) on financial instruments at fair value through profit or loss	477	(100)
Unrealised gain on foreign exchange	(5,854)	(194)
Operating profit before working capital changes	<u>5,075</u>	<u>4,492</u>
Change in:		
Inventories and receivables	6,873	10,843
Payables and advance payments	(4,878)	974
Financial instruments at fair value through profit or loss	(1,016)	(121)
Cash generated from operations	<u>6,054</u>	<u>16,188</u>
Tax paid	(402)	(201)
Net cash from operating activities	<u>5,652</u>	<u>15,987</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions of development expenditure	0	(167)
Grant received	1,071	248
Interest received	250	242
Purchase of property, plant and equipment	(843)	(358)
Net cash from/(used in) investing activities	<u>478</u>	<u>(35)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(4,655)	(2,307)
Interest paid	(26)	(72)
Issue of shares	283	0
Reissue of treasury shares	0	938
Repayment of term loans	(307)	(307)
Net cash used in financing activities	<u>(4,705)</u>	<u>(1,748)</u>
Currency translation differences	3,084	(52)
Net increase in cash and cash equivalents	4,509	14,152
Cash and cash equivalents at beginning of period	<u>60,629</u>	<u>40,458</u>
Cash and cash equivalents at end of period	<u>65,138</u>	<u>54,610</u>
Cash and cash equivalents consist of:-		
Highly liquid investments	18,666	19,816
Term deposits with licensed banks	12,754	14,885
Cash and bank balances	33,718	19,909
	<u>65,138</u>	<u>54,610</u>

The Condensed Consolidated Statement of Cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015**

**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 2014. 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 2014.

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 2014, except for the adoption of new Malaysian Financial Reporting Standards ("MFRS") that are effective for financial period beginning on or after 1 January 2015. 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 2,100 and 138,250 new ordinary shares of RM0.10 each at average exercise price of RM1.63 and RM2.02 respectively pursuant to the Employee Shares Option Scheme ("ESOS").

**A6 Dividend paid**

An interim dividend of 2 sen per share tax exempt amounting to RM4,654,704 for the financial year ended 31 December 2014 were paid on 22 January 2015.

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**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015**

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

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**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 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 2014 to the date of this report.

**A11 Capital commitments**

Authorised contracted capital commitments not provided for in the interim financial statements as at 31 March 2015 is RM28,100,000.

**A12 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 2015**

**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 RM33.26 million for the period under review against RM22.83 million in the corresponding period of preceding year, representing an increase of 46%. The increase in revenue against the same quarter last year was mainly due to increase in revenue from Automated Board Inspection (ABI). Revenue from ABI has recorded an increase of 96% against the corresponding period of preceding year. The increase in revenue recorded was mainly due to higher demand from customers.

The Group achieved a profit before tax of RM9.58 million against profit before tax of RM4.23 million in the corresponding quarter, representing an increase of 126%. The higher profit before tax was attributed to increase in revenue recorded and appreciation of US Dollar. Correspondingly, the Group recorded a profit after tax of RM9.31 million against profit after tax of RM3.99 million in the corresponding quarter.

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

The Group recorded revenue and profit before tax of RM33.26 million and RM9.58 million respectively for the current quarter under review against revenue and profit before tax of RM42.50 million and RM13.51 million respectively for the immediate preceding quarter. The decrease in revenue and profit were attributed to decrease in revenue recorded for Machine Vision System (MVS) and ABI. Revenue from MVS and ABI have recorded a decrease of 36% and 15% respectively against the immediate preceding quarter, due to seasonal factors.

**B3 Prospects for the remaining quarters of current financial year ending 31 December 2015**

We will continue to focus on market expansion activities, customer relationship building and product innovation to grow our business further in the remaining financial year. In view of the growth in first-quarter revenue, in comparison with the previous corresponding quarter and stable market outlook in the semiconductor and electronics industries, the board is optimistic on the business prospect for the financial year 2015.

**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 31-Mar-15 RM'000	Preceding year corresponding quarter 31-Mar-14 RM'000	Current year period 31-Mar-15 RM'000	Preceding year corresponding period 31-Mar-14 RM'000
Tax based on the results for the period under review	266	242	266	242

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.

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**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015****B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS (cont'd)****B5 Tax expense (cont'd)**

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 31-Mar-15 RM'000	As at 31-Dec-14 RM'000
<b>Short term borrowings - secured</b>		
Foreign currency term loan in USD	1,495	1,407
<b>Long term borrowings - secured</b>		
Foreign currency term loan in USD	3,002	3,172
	<u>4,497</u>	<u>4,579</u>

**B8 Financial instruments**

The carrying amounts of receivables, cash and cash equivalents and payables which are short-term in nature or repayable 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 31 March 2015, 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	11,214	477
	<u>11,214</u>	<u>477</u>



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**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015****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-15 RM'000	As at 31-Dec-14 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised	152,680	144,544
- Unrealised	5,623	4,365
	<u>158,303</u>	<u>148,909</u>
Less : Consolidation adjustments	(5,187)	(5,106)
Total group retained profits as per consolidated accounts	<u>153,116</u>	<u>143,803</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 31-Mar-15	Preceding year corresponding quarter 31-Mar-14	Current year period 31-Mar-15	Preceding year corresponding period 31-Mar-14
Net profit attributable to shareholders (RM'000)	9,313	3,987	9,313	3,987
Weighted average number of shares for computing basis earnings per share ('000)	232,624	231,954	232,624	231,954
Basic earnings per share (sen)	<u>4.00</u>	<u>1.72</u>	<u>4.00</u>	<u>1.72</u>
Weighted average number of shares for computing diluted earnings per share ('000)	233,478	N/A	233,478	N/A
Diluted earnings per share (sen)	<u>3.99</u>	<u>N/A</u>	<u>3.99</u>	<u>N/A</u>

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**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015****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 2014 was not subject to any qualification.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Mar-15 RM'000	Preceding year corresponding quarter 31-Mar-14 RM'000	Current year period 31-Mar-15 RM'000	Preceding year corresponding period 31-Mar-14 RM'000
Profit before tax is arrived at after charging:-				
Amortisation and depreciation	1,036	797	1,036	797
Interest expense	26	72	26	72
(Gain)/Loss on financial instruments at fair value through profit or loss				
- realised	250	(30)	250	(30)
- unrealised	477	(100)	477	(100)
(Gain)/Loss on foreign exchange				
- realised	2,396	231	2,396	231
- unrealised	(5,854)	(194)	(5,854)	(194)
and crediting:-				
Amortisation of deferred income	166	105	166	105
Grant related to income	470	376	470	376
Interest income	251	207	251	207
Rental income	15	8	15	8
Reversal of impairment loss on loans and receivables	198	0	198	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 21 May 2015.