

**VITROX CORPORATION BERHAD**

(Incorporated in Malaysia)

Company No: 649966-K


**QUARTERLY REPORT ON RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
*(The figures have not been audited)*

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current period quarter 30-Sep-15 RM'000	Preceding year corresponding quarter 30-Sep-14 RM'000	Current period to date 30-Sep-15 RM'000	Preceding year corresponding period 30-Sep-14 RM'000
Revenue		40,058	39,506	112,231	127,437
Other operating income		9,289	1,300	15,364	3,371
Operating expenses		(29,713)	(29,097)	(84,824)	(94,132)
Finance costs		(24)	(28)	(74)	(160)
Profit before tax	B14	19,610	11,681	42,697	36,516
Tax expense		(3,886)	(292)	(7,694)	(1,144)
Profit for the period		15,724	11,389	35,003	35,372
Other comprehensive income:					
Currency translation of differences for the foreign operation		90	11	(38)	7
Other comprehensive income for the period		90	11	(38)	7
Total comprehensive income for the period		15,814	11,400	34,965	35,379
Earnings Per Ordinary Share attributable to ordinary equity holders of the Company (sen)					
- Basic		6.75	4.90	15.03	15.22
- Diluted		6.72	4.89	14.97	15.20

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)

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**QUARTERLY REPORT ON RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*(The figures have not been audited)*

	As at 30-Sep-15 RM'000 (unaudited)	As at 31-Dec-14 RM'000 (audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	34,600	35,021
Investment properties	600	600
Investment in club membership - at cost	91	91
Development expenditure	2,583	2,923
	<u>37,874</u>	<u>38,635</u>
<b>Current assets</b>		
Inventories	60,309	50,266
Trade and other receivables	73,515	69,882
Prepayments	19,656	7,970
Current tax assets	262	351
Cash and cash equivalents	59,468	60,629
	<u>213,210</u>	<u>189,098</u>
<b>TOTAL ASSETS</b>	<u>251,084</u>	<u>227,733</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves attributable to equity holders of the Company</b>		
Share capital	23,340	23,274
Reserves	179,494	151,546
<b>Total equity</b>	<u>202,834</u>	<u>174,820</u>
<b>Non-current liabilities</b>		
Term loan - secured	2,701	3,172
Deferred tax liabilities	182	256
Deferred income on government grant	2,907	2,963
<b>Total non-current liabilities</b>	<u>5,790</u>	<u>6,391</u>
<b>Current liabilities</b>		
Trade and other payables	32,650	38,797
Dividend payable	0	4,655
Term loan - secured	1,787	1,407
Financial liabilities at fair value through profit or loss	1,586	1,016
Advance payment from customers	1,141	647
Current tax liabilities	5,296	0
<b>Total current liabilities</b>	<u>42,460</u>	<u>46,522</u>
<b>Total liabilities</b>	<u>48,250</u>	<u>52,913</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>251,084</u>	<u>227,733</u>
Net assets value per share attributable to ordinary equity holders of the parent (sen)	<u>86.90</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)

Company No: 649966-K

**QUARTERLY REPORT ON RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 30 September 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	35,003	35,003
Currency translation differences for foreign operation (representing other comprehensive income for the financial period)	0	0	0	0	(38)	0	(38)
Total comprehensive income for the financial period	0	0	0	0	(38)	35,003	34,965
Share-based payments	0	0	0	1,146	0	0	1,146
Issuance of shares pursuant to ESOS	66	0	1,974	(811)	0	0	1,229
Dividends	0	0	0	0	0	(9,326)	(9,326)
Total transaction with owners	66	0	1,974	335	0	(9,326)	(6,951)
Balance as at 30 September 2015	23,340	0	8,277	1,713	24	169,480	202,834
<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

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 THIRD QUARTER ENDED 30 SEPTEMBER 2015**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**
*(The figures have not been audited)*

	Period ended 30-Sep-15 RM'000	Period ended 30-Sep-14 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	42,697	36,516
Adjustment for:		
Amortisation and depreciation	3,011	2,722
Amortisation of deferred income	(470)	(492)
Interest expense	74	160
Interest income	(776)	(637)
Loss on disposal of property, plant and equipment	1	1
Reversal of impairment loss on loans and receivables	(326)	(55)
Share-based payments	1,146	779
Unrealised loss on financial instruments at fair value through profit or loss	1,586	255
Unrealised gain on foreign exchange	(15,460)	(1,321)
Operating profit before working capital changes	<u>31,483</u>	<u>37,928</u>
Change in:		
Inventories and receivables	(15,845)	(31,788)
Payables and advance payments	(6,755)	19,575
Financial instruments at fair value through profit or loss	(1,016)	(121)
Cash generated from operations	<u>7,867</u>	<u>25,594</u>
Tax paid	116	(816)
Tax refunded	(2,500)	0
Net cash from operating activities	<u>5,483</u>	<u>24,778</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions of development expenditure	0	(167)
Grant received	1,071	647
Interest received	778	674
Proceed from disposal of property, plant and equipment	1	2
Purchase of property, plant and equipment	(2,291)	(2,432)
Net cash used in investing activities	<u>(441)</u>	<u>(1,276)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(13,980)	(6,957)
Interest paid	(74)	(176)
Issue of shares	1,229	378
Reissue of treasury shares	0	1,754
Repayment of term loans	(921)	(7,064)
Net cash used in financing activities	<u>(13,746)</u>	<u>(12,065)</u>
Currency translation differences	7,543	(11)
Net (decrease)/increase in cash and cash equivalents	(1,161)	11,426
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>59,468</u>	<u>51,884</u>
Cash and cash equivalents consist of:-		
Highly liquid investments	20,415	15,010
Term deposits with licensed banks	17,567	13,287
Cash and bank balances	<u>21,486</u>	<u>23,587</u>
	<u>59,468</u>	<u>51,884</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 THIRD QUARTER ENDED 30 SEPTEMBER 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 250,000 and 11,400 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**

In respect of the financial year ended 31 December 2014, the Company paid the following dividends:-

- i) the special dividend of 3.5 sen per share tax exempt amounting to RM8,159,881 and final dividend of 0.5 sen per share tax exempt amounting to RM1,165,697 for the financial year ended 31 December 2014 were paid on 24 July 2015.
- ii) 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 THIRD QUARTER ENDED 30 SEPTEMBER 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 30 September 2015 is RM17,600,000.

##### **A12 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 THIRD QUARTER ENDED 30 SEPTEMBER 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 RM40.06 million for the period under review against RM39.51 million in the corresponding period of preceding year, representing an increase of 1%. The slight increase in revenue was contributed from the increase in revenue recorded for Automated Board Inspection (ABI). However, the increase was partially offset by the decrease in the revenue recorded for Machine Vision System (MVS) and Electronics Communication System (ECS). Revenue from ABI has recorded an increase of 36% against the corresponding period of preceding year. The increase was mainly due to increase in revenue from Advanced X-ray Inspection System and the appreciation of US Dollar. Revenue from MVS and ECS have recorded a decrease of 25% and 20% respectively mainly due to lower demand from existing customers.

The Group achieved a profit before tax of RM19.61 million against profit before tax of RM11.68 million in the corresponding quarter, representing an increase of 68%. Correspondingly, the Group recorded a profit after tax of RM15.72 million against profit after tax of RM11.39 million in the corresponding quarter, representing an increase of 38%. The increase in profit before tax and profit after tax were mainly due to increase in unrealised gain on foreign exchange as a result from the appreciation of US Dollar.

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

The Group recorded revenue and profit before tax of RM40.06 million and RM19.61 million respectively for the current quarter under review against revenue and profit before tax of RM38.91 million and RM13.51 million respectively for the immediate preceding quarter. The slight increase in revenue was contributed from the increase in revenue recorded for MVS. However, this increase was partially offset by the decrease in revenue recorded for ABI and ECS. Revenue from MVS has recorded an increase of 53% against the immediate preceding year, due to increase in the revenue from Tray-based Vision Handler. Revenue from ABI and ECS have recorded a decrease of 14% and 31% respectively mainly due to lower demand from existing customers.

**B3 Prospects for the final quarter of current financial year ending 31 December 2015**

The Board is cautiously optimistic on the business prospect for the financial year 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.

**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-Sep-15 RM'000	Preceding year corresponding quarter 30-Sep-14 RM'000	Current year period 30-Sep-15 RM'000	Preceding year corresponding period 30-Sep-14 RM'000
Tax based on the results for the period under review	3,886	292	7,694	1,144

A wholly-owned subsidiary of VCB, ViE Technologies Sdn.Bhd. ("ViE") has 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.

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**QUARTERLY REPORT ON RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015**  
**B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES**  
**MAIN MARKET LISTING REQUIREMENTS (cont'd)**

**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-15 RM'000	As at 31-Dec-14 RM'000
<b>Short term borrowings - secured</b>		
Foreign currency term loan in USD	1,787	1,407
<b>Long term borrowings - secured</b>		
Foreign currency term loan in USD	2,701	3,172
	<u>4,488</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 30 September 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	<u>10,098</u>	<u>1,586</u>



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**QUARTERLY REPORT ON RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 30-Sep-15 RM'000	As at 30-Jun-15 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised	159,477	152,977
- Unrealised	15,317	6,205
	<u>174,794</u>	<u>159,182</u>
Less : Consolidation adjustments	(5,314)	(5,426)
Total group retained profits as per consolidated accounts	<u>169,480</u>	<u>153,756</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-15	Preceding year corresponding quarter 30-Sep-14	Current year period 30-Sep-15	Preceding year corresponding period 30-Sep-14
Net profit attributable to shareholders (RM'000)	15,724	11,389	35,003	35,372
Weighted average number of shares for computing basis earnings per share ('000)	232,889	232,398	232,889	232,398
Basic earnings per share (sen)	<u>6.75</u>	<u>4.90</u>	<u>15.03</u>	<u>15.22</u>
Weighted average number of shares for computing diluted earnings per share ('000)	233,826	232,764	233,826	232,764
Diluted earnings per share (sen)	<u>6.72</u>	<u>4.89</u>	<u>14.97</u>	<u>15.20</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 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 30-Sep-15 RM'000	Preceding year corresponding quarter 30-Sep-14 RM'000	Current year period 30-Sep-15 RM'000	Preceding year corresponding period 30-Sep-14 RM'000
Profit before tax is arrived at after charging:-				
Amortisation and depreciation	1,007	859	3,011	2,722
Interest expense	24	28	74	160
(Gain)/Loss on financial instruments at fair value through profit or loss				
- realised	457	(93)	970	(303)
- unrealised	1,319	278	1,586	255
(Gain)/Loss on foreign exchange				
- realised	(1,431)	431	134	886
- unrealised	(9,090)	(1,801)	(15,460)	(1,321)
Loss on disposal of property, plant and equipment	0	0	1	1
and crediting:-				
Amortisation of deferred income	151	131	470	492
Grant related to income	(143)	421	836	1,666
Interest income	248	193	776	637
Rental income	8	5	23	23
Reversal of impairment loss on loans and receivables	128	55	326	55

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 19 November 2015.