

VITROX CORPORATION BERHAD

(Incorporated in Malaysia)

Company No: 200401011463 (649966-K)


QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current quarter ended 31-Dec-19 RM'000	Corresponding preceding quarter ended 31-Dec-18 RM'000	Current year-to-date ended 31-Dec-19 RM'000	Corresponding preceding year-to-date ended 31-Dec-18 RM'000
Revenue		95,096	110,582	339,592	394,684
Other operating income		1,559	1,511	6,571	6,768
Operating expenses		(78,549)	(80,251)	(261,912)	(287,233)
Finance costs		(469)	(536)	(2,059)	(1,054)
Share of associate's loss		(427)	(18)	(734)	(65)
Profit before tax	B12	17,210	31,288	81,458	113,100
Tax income/(expense)	B5	582	(1,842)	(1,807)	(7,616)
Profit for the financial period/year		17,792	29,446	79,651	105,484
Other comprehensive income:- <i>Item that will not be reclassified to profit or loss:-</i>					
- Fair value gains on investment properties		14,980	0	14,980	0
- Deferred tax effect thereof		(820)	0	(820)	0
<i>Item that may be reclassified subsequently to profit or loss:-</i>					
- Currency translation differences for the foreign operation		(36)	2	(288)	(214)
Other comprehensive income for the financial period/year		14,124	2	13,872	(214)
Comprehensive income for the financial period/year		31,916	29,448	93,523	105,270
Earnings per share attributable to ordinary equity holders of the Company (sen)	B10				
- Basic		3.78	6.26	16.92	22.43
- Diluted		3.77	6.24	16.88	22.36

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes and audited financial statements for the financial year ended 31 December 2018.

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(Incorporated in Malaysia)

Company No: 200401011463 (649966-K)


QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31-Dec-19 RM'000 (Unaudited)	As at 31-Dec-18 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	99,088	155,144
Investment properties	40,600	600
Right-of-use assets	34,804	0
Development expenditure	0	658
Investment in associate	4,063	3,047
Investments in club memberships, at cost	91	91
Deferred tax assets	0	487
	<u>178,646</u>	<u>160,027</u>
Current assets		
Inventories	111,495	103,696
Receivables	126,378	156,687
Derivatives	439	117
Prepayments	4,449	5,360
Current tax assets	3,675	1,485
Cash and cash equivalents	191,584	148,733
	<u>438,020</u>	<u>416,078</u>
TOTAL ASSETS	<u>616,666</u>	<u>576,105</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	52,018	50,637
Reserves	430,370	362,868
Total equity	<u>482,388</u>	<u>413,505</u>
Non-current liabilities		
Term loans - secured	41,381	53,089
Lease liabilities	219	0
Deferred tax liabilities	2,484	1,579
Deferred income on government grants	1,546	3,038
Total non-current liabilities	<u>45,630</u>	<u>57,706</u>
Current liabilities		
Payables	68,251	83,894
Dividend payable	7,065	8,235
Term loans - secured	7,343	3,145
Lease liabilities	98	0
Contract liabilities	5,224	8,352
Current tax liabilities	667	1,268
Total current liabilities	<u>88,648</u>	<u>104,894</u>
Total liabilities	<u>134,278</u>	<u>162,600</u>
TOTAL EQUITY AND LIABILITIES	<u>616,666</u>	<u>576,105</u>
Net assets per ordinary share attributable to owners of the Company (sen)	<u>102.42</u>	<u>87.88</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes and audited financial statements for the financial year ended 31 December 2018.

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QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(The figures have not been audited)

	Non-distributable				Distributable		Total equity RM'000
	Share capital RM'000	Capital reserve* RM'000	Share option reserve RM'000	Revaluation reserve RM'000	Currency translation reserve RM'000	Retained profits RM'000	
Period ended 31 December 2019							
Balance at 1 January 2019	50,637	489	929	0	(222)	361,672	413,505
Share-based payments	0	0	275	0	0	0	275
Issue of shares pursuant to Employees' Share Option Scheme	1,381	0	(401)	0	0	0	980
Dividends	0	0	0	0	0	(25,895)	(25,895)
Total transactions with owners	1,381	0	(126)	0	0	(25,895)	(24,640)
Fair value gains on investment properties	0	0	0	14,980	0	0	14,980
Deferred tax effect thereof	0	0	0	(820)	0	0	(820)
Currency translation differences for foreign operation	0	0	0	0	(288)	0	(288)
Total other comprehensive income for the financial year	0	0	0	14,160	(288)	0	13,872
Profit for the financial year	0	0	0	0	0	79,651	79,651
Comprehensive income for the financial year	0	0	0	14,160	(288)	79,651	93,523
Transfer to capital reserve	0	31	0	0	0	(31)	0
Balance at 31 December 2019	52,018	520	803	14,160	(510)	415,397	482,388

* This represents the cumulative amount transferred from the retained profits of a subsidiary under the statutory requirements of the People's Republic of China.

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QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)
(The figures have not been audited)

	Non-distributable				Distributable		Total equity RM'000
	Share capital RM'000	Capital reserve* RM'000	Share option reserve RM'000	Revaluation reserve RM'000	Currency translation reserve RM'000	Retained profits RM'000	
Period ended 31 December 2018							
Balance at 1 January 2018	49,275	277	745	0	(8)	278,740	329,029
Share-based payments	0	0	572	0	0	0	572
Issue of shares pursuant to Employees' Share Option Scheme	1,362	0	(388)	0	0	0	974
Dividends	0	0	0	0	0	(22,340)	(22,340)
Total transactions with owners	1,362	0	184	0	0	(22,340)	(20,794)
Currency translation differences for foreign operation (representing other comprehensive income for the financial year)	0	0	0	0	(214)	0	(214)
Profit for the financial year	0	0	0	0	0	105,484	105,484
Comprehensive income for the financial year	0	0	0	0	(214)	105,484	105,270
Transfer to capital reserve	0	212	0	0	0	(212)	0
Balance at 31 December 2018	50,637	489	929	0	(222)	361,672	413,505

* This represents the cumulative amount transferred from the retained profits of a subsidiary under the statutory requirements of the People's Republic of China.

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes and audited financial statements for the financial year ended 31 December 2018.

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QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(The figures have not been audited)

	Current year-to-date ended 31-Dec-19 RM'000	Corresponding preceding year-to-date ended 31-Dec-18 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	81,458	113,100
Adjustments for:-		
Amortisation and depreciation	9,037	7,529
Amortisation of deferred income	(1,492)	(1,648)
Fair value gains on financial instruments	(439)	(117)
Gain on disposal of property, plant and equipment	(1,244)	(306)
Impairment losses on financial assets	170	255
Interest expense	2,059	1,054
Interest income	(4,925)	(4,009)
Inventories written down	7,784	5,018
Property, plant and equipment written-off	29	1
Reversal of inventories written down	(5,018)	(3,430)
Share of associate's loss	734	65
Share-based payments	275	572
Unrealised loss on foreign exchange	1,800	600
Operating profit before working capital changes	<u>90,228</u>	<u>118,684</u>
Changes in:-		
Inventories	(10,565)	(33,500)
Receivables	28,007	(36,272)
Derivatives	117	1,046
Prepayments	911	(2,168)
Payables	(15,233)	671
Contract liabilities	(3,128)	5,094
Cash generated from operations	<u>90,337</u>	<u>53,555</u>
Tax paid	(5,660)	(6,299)
Tax refunded	1,634	56
Net cash from operating activities	<u>86,311</u>	<u>47,312</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(11,863)	(28,124)
Acquisition of right-of-use assets	(2)	0
Grants received	0	2,521
Interest received	4,925	3,992
Proceeds from disposal of property, plant and equipment	1,333	306
Subscription for shares in associate	(1,750)	(2,100)
Net cash used in investing activities	<u>(7,357)</u>	<u>(23,405)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(27,065)	(21,157)
Interest paid	(2,096)	(1,908)
Issue of shares	980	974
Payment of lease liabilities	(86)	0
Repayment of term loans	(6,988)	(3,216)
Net cash used in financing activities	<u>(35,255)</u>	<u>(25,307)</u>

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**QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)***(The figures have not been audited)*

	Current year-to-date ended 31-Dec-19 RM'000	Corresponding preceding year-to-date ended 31-Dec-18 RM'000
Currency translation differences	(848)	(439)
Net increase/(decrease) in cash and cash equivalents	42,851	(1,839)
Cash and cash equivalents at beginning of the year	148,733	150,572
Cash and cash equivalents at end of the year	<u>191,584</u>	<u>148,733</u>
Cash and cash equivalents consist of:-		
Highly liquid investments	142,853	113,525
Term deposits	25,470	12,019
Cash and bank balances	<u>23,261</u>	<u>23,189</u>
	<u>191,584</u>	<u>148,733</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes and audited financial statements for the financial year ended 31 December 2018.

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**QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019****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 *Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting* issued by the Malaysian Accounting Standards Board, Paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.

The significant accounting policies and method of computation adopted in the interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 31 December 2018 except for the adoption of the following MFRSs:-

MFRS	Effective for annual periods beginning on or after
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Annual Improvements to MFRS Standards 2015 – 2017 Cycle	1 January 2019

The initial application of the above MFRSs did not have any significant impacts on the financial statements except as follows:-

MFRS 16 Leases

The initial application of MFRS 16 *Leases*, which replaces MFRS 117 *Leases* and other related interpretations, has resulted in certain changes in accounting policies for lessees. MFRS 16 eliminates the distinction between finance and operating leases for lessees and introduces a single lessee accounting model which requires a lessee to recognise assets and liabilities for all leases with certain recognition exemptions. A lessee is required to recognise a right-of-use asset (representing its right to use the underlying leased asset) and a lease liability (representing its obligation to make lease payments).

The Group has elected to apply the new requirements of MFRS 16 from 1 January 2019 with the following cumulative effects of initial application recognised at that date without restating the comparative information:-

	Note	Brought forward from preceding year RM'000	Effect of adopting MFRS 16 RM'000	Adjusted RM'000
Statement of financial position as at 1 January 2019 (extract)				
Property, plant and equipment	(i)	155,144	(37,224)	117,920
Right-of-use assets	(i)(ii)	0	37,559	37,559
Lease liabilities	(ii)	0	335	335
Total equity		<u>413,505</u>	<u>0</u>	<u>413,505</u>

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QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

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

A1 Basis of preparation of Interim Financial Report (cont'd)

- (i) For leases that were previously classified as finance leases in accordance with MFRS 117, the carrying amounts of the right-of-use assets at 1 January 2019 were those brought forward from 31 December 2018 measured applying MFRS 117. The underlying assets were reclassified from property, plant and equipment and would be accounted for in accordance with MFRS 16 from 1 January 2019.
- (ii) For leases that were previously classified as operating leases in accordance with MFRS 117, the Group recognised and measured the right-of-use assets and lease liabilities at 1 January 2019 at the present value of the remaining lease payments, discounted using a weighted average incremental borrowing rate of 5.00% per annum. As a practical expedient, the Group has elected not to apply the transition requirements to leases for which the lease term would end within 12 months of 1 January 2019.

The Group has not applied the following MFRSs which have been issued as at the end of reporting period but are not yet effective:-

MFRS (issued as at the end of the reporting period)	Effective for annual periods beginning on or after
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 <i>Interest Rate Benchmark Reform</i>	1 January 2020
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

Management foresees that the initial application of the above MFRSs will not have any significant impacts on the financial statements.

A2 Seasonal or cyclical of operations

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 during the current interim period.

A4 Material changes in estimates

There were no changes in estimates of amounts reported in prior interim period of the current financial year or changes in estimate of amounts reported in prior financial year.

A5 Debts and equity securities

During the current quarter, the Company issued 50,000 new ordinary shares at average exercise price of RM2.79 pursuant to the Employee Shares Option Scheme ("ESOS").

Saved as disclosed above, there were no other issuances, cancellations, repurchases, resale or repayments of debts and equity securities during the current quarter under review.

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

A6 Dividends paid

Since the end of the previous financial year, the Company paid the following dividends:-

- i) an interim tax exempt dividend of 1.75 sen per share amounting to RM8,234,672 for the financial year ended 31 December 2018, paid on 18 January 2019; and
- ii) the final tax exempt dividend of 4.00 sen per share amounting to RM18,829,788 for the financial year ended 31 December 2018, paid on 18 July 2019.

A7 Segment reporting

No segment reporting has been prepared as the Group is principally engaged in development and production of vision inspection system and printed circuit board assemblies for microprocessor applications.

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 interim financial report.

A9 Changes in the composition of the Group

Save for the undermentioned, there were no material changes in the composition of the Group during the current quarter under review:-

On 13 February 2020, the Company invested the entire equity interest in ViTrox Academy Sdn. Bhd. (VASB) and in consequent thereof, VASB has become a wholly-owned subsidiary of the Company.

VASB was incorporated in Malaysia as a private limited company under the Companies Act 2016 on 13 February 2020. As at the date of the announcement, VASB has an issued share capital of RM10 comprising 10 Ordinary shares.

VASB intends to provide quality, professional and affordable education & training, and the undertaking of innovative research and development.

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

A10 Contingencies

There were no contingent assets or liabilities for the Group since 30 September 2019.

A11 Contractual commitments

	31-Dec-19 RM'000	31-Dec-18 RM'000
Purchase of property, plant and equipment	<u>13,157</u>	<u>10,981</u>

A12 Significant related party transactions

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

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QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019 B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS

A13 Financial instruments

i) Derivatives

As at 31 December 2019, the Group's outstanding derivatives are as follows:-

	RM'000
Forward exchange contracts - at fair value	
- Current assets	<u>439</u>

Derivatives consist of forward exchange contracts which are used to hedge the exposure to currency risk. The Group does not apply hedge accounting. As at 31 December 2019, the Group had contracts with financial institutions due within 1 year to buy RM31,384,000 and USD7,513,000 at contractual forward rates.

The fair values 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).

ii) Gains/(Losses) arising from fair value changes of financial liabilities

There were no gains/(losses) arising from fair value changes of financial liabilities for the current quarter and period ended 31 December 2019.

iii) Fair value

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The inputs to valuation techniques used to measure fair value are categorised into the following levels of fair value hierarchy:-

- (i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- (ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- (iii) Level 3 - unobservable inputs for the asset or liability.

As at end of the current quarter under review, 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 long term loans are 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 values measured are considered to be reasonably close to the carrying amount reported as the observable current market interest rates also approximate to the effective interest rates of term loans.

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).

There were no transfers between levels of fair value hierarchy during the current quarter under review.

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QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019
B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES
MAIN MARKET LISTING REQUIREMENTS (cont'd)
B1 Review of performance

	INDIVIDUAL QUARTER		Changes RM'000	Changes %
	Current quarter ended 31-Dec-19 RM'000	Corresponding preceding quarter ended 31-Dec-18 RM'000		
Revenue	95,096	110,582	(15,486)	-14.00%
Profit before tax	17,210	31,288	(14,078)	-44.99%
Profit for the financial period	17,792	29,446	(11,654)	-39.58%
Profit attributable to owners of the Company	<u>17,792</u>	<u>29,446</u>	<u>(11,654)</u>	<u>-39.58%</u>

The Group achieved revenue of RM95.10 million for the quarter under review against RM110.58 million in the corresponding quarter of preceding year, representing a decrease of 14%. The decrease in revenue was mainly because of decline in customer demand by 13% and 20% from Automated Board Inspection (ABI) and Machine Vision System (MVS) respectively.

The Group achieved a profit before tax of RM17.21 million against profit before tax of RM31.29 million in the corresponding quarter of preceding year, representing a decrease of 45%. Lower profit before tax was because of decline in sales volume coupled with unfavourable product mix. The Group's profit for the financial period is at RM17.79 million against profit after tax of RM29.45 million in the corresponding preceding quarter due to lower revenue.

	CUMULATIVE QUARTER		Changes RM'000	Changes %
	Current year-to-date ended 31-Dec-19 RM'000	Corresponding preceding year-to-date ended 31-Dec-18 RM'000		
Revenue	339,592	394,684	(55,092)	-13.96%
Profit before tax	81,458	113,100	(31,642)	-27.98%
Profit for the financial year	79,651	105,484	(25,833)	-24.49%
Profit attributable to owners of the Company	<u>79,651</u>	<u>105,484</u>	<u>(25,833)</u>	<u>-24.49%</u>

The Group recorded revenue of RM339.59 million in the year ended 31 December 2019, a decrease of 14% as compared to the preceding year ended 31 December 2018. The decrease was mainly due to decline in customer order for MVS and ABI.

The profit for the financial year was declined by RM25.83 million as compared with preceding corresponding year. The decrease was mainly due to soften revenue in the current year.

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B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES
MAIN MARKET LISTING REQUIREMENTS (cont'd)
B2 Variation of results against immediate preceding quarter

	Current quarter ended 31-Dec-19 RM'000	Immediate preceding quarter ended 30-Sep-19 RM'000	Changes RM'000	Changes %
Revenue	95,096	66,509	28,587	42.98%
Profit before tax	17,210	14,299	2,911	20.36%
Profit for the financial period	17,792	13,856	3,936	28.41%
Profit attributable to owners of the Company	<u>17,792</u>	<u>13,856</u>	<u>3,936</u>	<u>28.41%</u>

The Group recorded revenue and profit for the financial period of RM95.10 million and RM17.79 million respectively for the current quarter under review against revenue and profit for the financial period of RM66.51 million and RM13.86 million respectively for the immediate preceding quarter.

B3 Prospect

The Board is cautiously optimistic on the business prospect for the financial year 2020. The Group will continue to focus on market expansion activities, customer relationship building and product innovation to grow our business further in the new financial year. Besides that, the Group has taken steps to minimise its net monetary assets in order to mitigate the financial impacts arising from currency fluctuation.

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 income/(expense)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter ended 31-Dec-19 RM'000	Corresponding preceding quarter ended 31-Dec-18 RM'000	Current year-to-date ended 31-Dec-19 RM'000	Corresponding preceding year-to-date ended 31-Dec-18 RM'000
Current and deferred tax	<u>582</u>	<u>(1,842)</u>	<u>(1,807)</u>	<u>(7,616)</u>

The effective tax rate of the Group for the current financial period is lower than the statutory tax rate of 24%. This was mainly due to tax incentive enjoyed by its wholly-owned subsidiary, ViTrox Technologies Sdn. Bhd. ("VTSB") and ViE Technologies Sdn. Bhd. ("ViE").

VTSB has been granted pioneer status by MITI for a period of 5 years to undertake activities relating to development and production of embedded intelligent robotic inspection system and machine with M2M connectivity and predictive analytic capability for semiconductor and electronics industries. The incentive commenced from 17 June 2015 to 16 June 2020 (extendable for further 5 years). With effective from 17 August 2018 until 16 June 2020 (extendable for further 5 years), the pioneer activities have been extended to its related modules. The current provision of income tax is in respect of certain non-business income and non-tax exempted income generated from non-pioneer products and services.

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QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019
B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES
MAIN MARKET LISTING REQUIREMENTS (cont'd)
B5 Tax income/(expense) (cont'd)

ViE had been granted pioneer status by MITI for a period of 3 years to undertake activities for design, development and manufacturing of Industrial Internet of Things (IIoT) devices for data acquisition and machine communication/control with intelligent and predictive capabilities for semiconductor and electronics industries. The incentive commenced from 1 June 2018 to 31 May 2021 (extendable for further 2 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 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-Dec-19 RM'000	As at 31-Dec-19 USD'000	As at 31-Dec-18 RM'000	As at 31-Dec-18 USD'000
<u>Term loans - secured</u>				
Short-term borrowings	7,343	1,794	3,145	760
Long-term borrowings	<u>41,381</u>	<u>10,111</u>	<u>53,089</u>	<u>12,828</u>
	<u>48,724</u>	<u>11,905</u>	<u>56,234</u>	<u>13,588</u>
Exchange rate		<u>4.09</u>		<u>4.14</u>

The decline in the term loan is due to the monthly repayment of term loan.

The effective interest rates of term loans as at current period end was 3.30% as compared to 3.65% as at corresponding preceding period.

B8 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.

B9 Dividend

On 2 December 2019, the Company declared an interim tax exempt dividend of 1.50 sen per share amounting to RM7,065,064 for the financial year ended 31 December 2019 which was paid to all holders of ordinary share on 17 January 2020 whose name appeared in the Record of Depositors at the close of business for 31 December 2019.

VITROX CORPORATION BERHAD

(Incorporated in Malaysia)

Company No: 200401011463 (649966-K)


QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019
B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES
MAIN MARKET LISTING REQUIREMENTS (cont'd)

B10 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter ended 31-Dec-19	Corresponding preceding quarter ended 31-Dec-18	Current year-to-date ended 31-Dec-19	Corresponding preceding year-to-date ended 31-Dec-18
Profit attributable to owners of the Company (RM'000)	17,792	29,446	79,651	105,484
Weighted average number of shares for computing basis earnings per share ('000)	470,837	470,335	470,837	470,335
Basic earnings per share (sen)	<u>3.78</u>	<u>6.26</u>	<u>16.92</u>	<u>22.43</u>
Weighted average number of shares for computing diluted earnings per share ('000)	471,962	471,771	471,962	471,771
Diluted earnings per share (sen)	<u>3.77</u>	<u>6.24</u>	<u>16.88</u>	<u>22.36</u>

B11 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2018 was not subject to any qualification.

VITROX CORPORATION BERHAD

(Incorporated in Malaysia)

Company No: 200401011463 (649966-K)


QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019
B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES
MAIN MARKET LISTING REQUIREMENTS (cont'd)
B12 Profit Before Tax

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter ended 31-Dec-19 RM'000	Corresponding preceding quarter ended 31-Dec-18 RM'000	Current year-to-date ended 31-Dec-19 RM'000	Corresponding preceding year-to-date ended 31-Dec-18 RM'000
Profit before tax is arrived at after charging/(crediting):-				
Amortisation and depreciation	2,293	2,208	9,037	7,529
Fair value (gains)/losses on financial instruments mandatorily measured at fair value through profit or loss:-				
- realised	123	438	98	(466)
- unrealised	(861)	(498)	(439)	(117)
(Gain)/Loss on foreign exchange:-				
- realised	251	(2,167)	(243)	(716)
- unrealised	1,291	2,186	1,800	600
Impairment losses on financial assets	644	255	170	255
Interest expense	469	536	2,059	1,054
Inventories written down	7,784	5,018	7,784	5,018
Property, plant and equipment written off	29	1	29	1
Gain on disposal of property, plant and equipment	(869)	(306)	(1,244)	(306)
Amortisation of deferred income	(354)	(389)	(1,492)	(1,648)
Grant related to income	0	0	0	(55)
Interest income	(1,206)	(1,061)	(4,925)	(4,009)
Reversal of inventories written down	(6,064)	(4,695)	(5,018)	(3,430)

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.

B13 Authorisation for issue

The interim financial statements are authorised for issue by the Board of Directors on 27 February 2020.