



# **VITROX CORPORATION BERHAD**

(Incorporated in Malaysia)  
Company No: 649966-K

**INTERIM FINANCIAL REPORT**

**FOR THE FIRST QUARTER  
ENDED 31 MARCH 2017**



# VITROX CORPORATION BERHAD

(Incorporated in Malaysia)

Company No: 649966-K

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**VITROX CORPORATION BERHAD**

(Incorporated in Malaysia)

Company No: 649966-K


**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
*(The figures have not been audited)*

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current period quarter 31-Mar-17 RM'000	Preceding year corresponding quarter 31-Mar-16 RM'000	Current period to date 31-Mar-17 RM'000	Preceding year corresponding period 31-Mar-16 RM'000
Revenue		69,609	56,031	69,609	56,031
Other operating income		596	534	596	534
Operating expenses		(50,873)	(45,529)	(50,873)	(45,529)
Finance costs		(14)	(23)	(14)	(23)
Share of associate's profit		(3)	0	(3)	0
Profit before tax	B14	<u>19,315</u>	<u>11,013</u>	<u>19,315</u>	<u>11,013</u>
Tax (expense)/income		(744)	4,587	(744)	4,587
Profit for the period		<u>18,571</u>	<u>15,600</u>	<u>18,571</u>	<u>15,600</u>
Other comprehensive income:					
Currency translation of differences for the foreign operation		(27)	(5)	(27)	(5)
Other comprehensive income for the period		<u>(27)</u>	<u>(5)</u>	<u>(27)</u>	<u>(5)</u>
Total comprehensive income for the period		<u>18,544</u>	<u>15,595</u>	<u>18,544</u>	<u>15,595</u>
Earnings Per Ordinary Share attributable to ordinary equity holders of the Company (sen)					
- Basic		<u>7.91</u>	<u>6.68</u>	<u>7.91</u>	<u>6.68</u>
- Diluted		<u>7.90</u>	<u>6.65</u>	<u>7.90</u>	<u>6.65</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 FIRST QUARTER ENDED 31 MARCH 2017**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*(The figures have not been audited)*

	As at 31-Mar-17 RM'000 (unaudited)	As at 31-Dec-16 RM'000 (audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	105,125	91,246
Investment properties	600	600
Investment in associate	1,047	0
Investment in club membership - at cost	91	91
Development expenditure	1,915	2,145
	<u>108,778</u>	<u>94,082</u>
<b>Current assets</b>		
Inventories	69,973	65,146
Trade and other receivables	95,369	102,265
Prepayments	3,990	1,604
Current tax assets	1,072	2,995
Cash and cash equivalents	113,096	110,106
	<u>283,500</u>	<u>282,116</u>
<b>TOTAL ASSETS</b>	<u>392,278</u>	<u>376,198</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves attributable to equity holders of the Company</b>		
Share capital	23,476	23,435
Reserves	257,754	238,427
<b>Total equity</b>	<u>281,230</u>	<u>261,862</u>
<b>Non-current liabilities</b>		
Term loan - secured	25,438	27,033
Deferred tax liabilities	632	632
Deferred income on government grant	4,050	4,420
<b>Total non-current liabilities</b>	<u>30,120</u>	<u>32,085</u>
<b>Current liabilities</b>		
Trade and other payables	71,428	65,982
Dividend payable	0	5,859
Term loan - secured	5,007	5,075
Financial liabilities at fair value through profit or loss	633	3,021
Advance payment from customers	3,860	2,314
<b>Total current liabilities</b>	<u>80,928</u>	<u>82,251</u>
<b>Total liabilities</b>	<u>111,048</u>	<u>114,336</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>392,278</u>	<u>376,198</u>
Net assets value per share attributable to ordinary equity holders of the parent (sen)	<u>119.79</u>	<u>111.74</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 FIRST QUARTER ENDED 31 MARCH 2017  
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
*(The figures have not been audited)*

	Share Capital 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 2017</b>						
Balance as at 1 January 2017	23,435	11,062	1,207	57	226,101	261,862
Profit for the financial period	0	0	0	0	18,571	18,571
Currency translation differences for foreign operation (representing other comprehensive income for the financial period)	0	0	0	(27)	0	(27)
Total comprehensive income for the financial period	0	0	0	(27)	18,571	18,544
Issuance of shares pursuant to ESOS (representing total transaction with owners)	41	1,360	(577)	0	0	824
Balance as at 31 March 2017	<b>23,476</b>	<b>12,422</b>	<b>630</b>	<b>30</b>	<b>244,672</b>	<b>281,230</b>
<b>Period ended 31 March 2016</b>						
Balance as at 1 January 2016	23,342	8,332	1,887	62	175,297	208,920
Profit for the financial period	0	0	0	0	15,600	15,600
Currency translation differences for foreign operation (representing other comprehensive income for the financial period)	0	0	0	(5)	0	(5)
Total comprehensive income for the financial period	0	0	0	(5)	15,600	15,595
Share- based payments	0	0	170	0	0	170
Issuance of shares pursuant to ESOS	28	903	(384)	0	0	547
Total transaction with owners	28	903	(214)	0	0	717
Balance as at 31 March 2016	<b>23,370</b>	<b>9,235</b>	<b>1,673</b>	<b>57</b>	<b>190,897</b>	<b>225,232</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statement.

**VITROX CORPORATION BERHAD**

(Incorporated in Malaysia)

Company No: 649966-K


**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**
*(The figures have not been audited)*

	Period ended 31-Mar-17 RM'000	Period ended 31-Mar-16 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	19,315	11,013
Adjustment for:		
Allowance for slow moving inventories	3,844	0
Amortisation and depreciation	1,569	1,199
Amortisation of deferred income	(370)	(269)
Interest expense	14	23
Interest income	(472)	(223)
Reversal of allowance for slow moving inventories	(2,975)	0
Reversal of impairment loss on loans and receivables	0	(32)
Share-based payments	0	170
Share of associate's loss	3	0
Unrealised loss/(gain) on financial instruments at fair value through profit or loss	633	(526)
Unrealised gain on foreign exchange	(8,204)	(478)
Operating profit before working capital changes	13,357	10,877
Change in:		
Inventories and receivables	(1,985)	(28,467)
Payables and advance payments	6,753	11,954
Financial instruments at fair value through profit or loss	(3,021)	(157)
Cash generated/(absorbed by) from operations	15,104	(5,793)
Tax paid	(1,159)	(1,344)
Tax refunded	2,339	169
Net cash from/(used in) operating activities	16,284	(6,968)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of associate	(1,050)	0
Grant received	683	0
Interest received	479	227
Purchase of property, plant and equipment	(15,043)	(8,464)
Net cash used in investing activities	(14,931)	(8,237)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(5,859)	(3,501)
Interest paid	(183)	(23)
Issue of shares	825	547
Repayment of term loans	(1,026)	(304)
Term loan raised	0	17,109
Net cash (used in)/from financing activities	(6,243)	13,828
Currency translation differences	7,880	4,370
Net increase in cash and cash equivalents	2,990	2,993
Cash and cash equivalents at beginning of period	110,106	63,985
Cash and cash equivalents at end of period	113,096	66,978
Cash and cash equivalents consist of:-		
Highly liquid investments	39,283	18,185
Term deposits with licensed banks	17,646	2,053
Cash and bank balances	56,167	46,740
	113,096	66,978

The Condensed Consolidated Statement of Cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 2017

#### 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 2016. 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 2016.

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 2016, except for the adoption of new Malaysian Financial Reporting Standards ("MFRS") that are effective for financial period beginning on or after 1 January 2017. 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 16,600 and 394,800 new ordinary shares 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 2.5 sen per share tax exempt amounting to RM5,858,664 for the financial year ended 31 December 2016 were paid on 20 January 2017.

## VITROX CORPORATION BERHAD

(Incorporated in Malaysia)

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### QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

#### 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 changes in the composition of the Group during the period under review except for:-

On 16 January 2017, the Company entered into a Joint Venture Shareholders' Agreement with Pentamaster Technology (M) Sdn. Bhd. (Company No. 336488-H) ("PTSB") and Walta Engineering Sdn. Bhd. (Company No. 270199-T) ("WESB") to establish a Joint Venture Company through Penang Automation Cluster Sdn. Bhd. wherein the Company, PTSB and WESB will subscribe 35%, 35% and 30% of the issued and paid up capital of PAC respectively. PAC has a share capital of RM3,000,000.

PAC's principal activities are providing technological design, research, value added engineering development, metrology shared services, 3-D prototyping, smart manufacturing system and technical training to the automation cluster companies specialized in the area of design, development and manufacture of high precision metal fabrication components, modules and systems for semiconductor, electronics, automotive, aerospace and other high growth industries in the region.

##### **A10 Contingent assets or contingent liabilities**

There were no contingent assets or liabilities for the Group since the previous financial year ended 31 December 2016 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 2017 is RM44,784,000.

##### **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 2017**

**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 RM69.61 million for the period under review against RM56.03 million in the corresponding period of preceding year, representing an increase of 24%. The increase in revenue was contributed from the increase in revenue recorded for Automated Board Inspection (ABI). Revenue from ABI has recorded an increase of 40% against the corresponding period of preceding year. The increase was mainly due to higher demand from widen customer base.

The Group achieved a profit before tax of RM19.32 million against profit before tax of RM11.01 million in the corresponding quarter, representing an increase of 75%. Higher profit before tax recorded was mainly due to increase in revenue. Correspondingly, the Group's profit after tax is at RM18.57 million against profit after tax of RM15.60 million in the corresponding quarter.

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

The Group recorded revenue and profit before tax of RM69.61 million and RM19.32 million respectively for the current quarter under review against revenue and profit before tax of RM63.71 million and RM18.78 million respectively for the immediate preceding quarter. Both revenue and profit before tax have recorded an increase of 9% and 3% respectively. The increase in revenue was contributed from the increase in revenue recorded for ABI and Tray-based Vision Handler.

**B3 Prospects for the remaining quarters of current financial year ending 31 December 2017**

The Board is optimistic on the business prospect for the financial year 2017. We will continue to focus on market expansion activities, customer relationship building and product innovation to grow our business further in the new 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)/income**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Mar-17 RM'000	Preceding year corresponding quarter 31-Mar-16 RM'000	Current year period 31-Mar-17 RM'000	Preceding year corresponding period 31-Mar-16 RM'000
Tax based on the results for the period under review	(744)	4,587	(744)	4,587

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.

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

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**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017****B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS (cont'd)****B6 Status of corporate proposals announced**

Save as disclosed below, there were no Corporate Proposal announced and not completed as at the date of this report:-

On 2 May 2017, Affin Hwang Investment Bank Berhad on behalf of the Board of Directors of ViTrox, was pleased to announce to Bursa Malaysia Securities Berhad on the Proposed Bonus Issue of up to 236,305,050 new ordinary shares to be credited as fully paid-up on the basis of 1 bonus share of every 1 existing shares held on an entitlement date to be determined later ("Proposed Bonus Issue").

The proposal is subject to approval from :-

- Bursa Securities for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities;
- Shareholders of ViTrox at an EGM to be convened; and
- Any other relevant authorities, if require.

On 17 May 2017, Affin Hwang Investment Bank Berhad on behalf of the Board of Directors of ViTrox, was pleased to submit to Bursa Malaysia Securities Berhad on the listing application in relation to the Proposed Bonus Issue.

**B7 Group borrowings**

	As at 31-Mar-17 RM'000	As at 31-Dec-16 RM'000
<b>Short term borrowings - secured</b>		
Foreign currency term loan in USD	5,007	5,075
<b>Long term borrowings - secured</b>		
Foreign currency term loan in USD	25,438	27,033
	<u>30,445</u>	<u>32,108</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 2017, 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>29,018</u>	<u>633</u>

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**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017****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-17 RM'000	As at 31-Dec-16 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised	242,547	221,653
- Unrealised	7,747	8,829
	<u>250,294</u>	<u>230,482</u>
Less : Consolidation adjustments	(5,622)	(4,381)
Total group retained profits as per consolidated accounts	<u>244,672</u>	<u>226,101</u>

**B10 Material litigation**

As the date of this announcement, the Group is not engaged in any material litigation and the Board of Directors do not have any knowledge of any proceedings pending or threatened against the Group.

**B11 Dividends**

On 27 March 2017, the Company proposed a final tax exempt dividend of 4 sen per share in respect of the financial year ended 31 December 2016, subject to the members' approval at the forthcoming Annual General Meeting.

**B12 Earnings per share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Mar-17	Preceding year corresponding quarter 31-Mar-16	Current year period 31-Mar-17	Preceding year corresponding period 31-Mar-16
Net profit attributable to shareholders (RM'000)	18,571	15,600	18,571	15,600
Weighted average number of shares for computing basis earnings per share ('000)	234,758	233,696	234,758	233,696
Basic earnings per share (sen)	<u>7.91</u>	<u>6.68</u>	<u>7.91</u>	<u>6.68</u>
Weighted average number of shares for computing diluted earnings per share ('000)	235,155	234,491	235,155	234,491
Diluted earnings per share (sen)	<u>7.90</u>	<u>6.65</u>	<u>7.90</u>	<u>6.65</u>

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**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017****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 2016 was not subject to any qualification.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year 31-Mar-17 RM000	Preceding year corresponding quarter 31-Mar-16 RM000	Current year period 31-Mar-17 RM000	Preceding year corresponding period 31-Mar-16 RM000
Profit before tax is arrived at after charging:-				
Allowance for slow moving inventories	3,844	0	3,844	0
Amortisation and depreciation	1,569	1,199	1,569	1,199
Interest expense	14	23	14	23
(Gain)/Loss on financial instruments at fair value through profit or loss				
- realised	(1,190)	(29)	(1,190)	(29)
- unrealised	633	(526)	633	(526)
(Gain)/Loss on foreign exchange				
- realised	9,561	8,209	9,561	8,209
- unrealised	(8,204)	(478)	(8,204)	(478)
and crediting:-				
Amortisation of deferred income	370	269	370	269
Grant related to income	(259)	0	(259)	0
Interest income	472	223	472	223
Rental income	0	8	0	8
Reversal of allowance for slow moving inventories	2,975	0	2,975	0
Reversal of impairment loss on loans and receivables	0	32	0	32

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 18 May 2017.