



Riding on the wave of recovery

Annual Report

2009

ViTroX 
...innovating vision

Corporate Vision, Mission, Objectives, Strategies, Values And Principal Activities

Corporate Vision

We are dedicated to be the world leading company in providing total machine vision solutions.

Corporate Mission

ViTrox, innovating vision for automation, is committed to providing the most innovative, advanced and cost effective machine vision solution of excellent quality to our customers through integration of our technology, our people and our strategic alliances.

Corporate Objectives

We aim to achieve:

- Excellent / world class products and services
- Total customer satisfaction
- Continuous growth and profitability
- Long-term partnership with our customers, alliances and employees

Corporate Strategies

Innovation

Initiate new ideas and technological breakthroughs. We believe thinking “outside the box” leads to innovation.

Customer Focused

Make our customers our first priority. We offer our customers the best value products and services in a timely manner, without sacrificing quality.

Continuous Improvement

Continuously improve our products, services, and our organization as a whole.

Principal Activities

ViTrox Corporation Berhad (“ViTrox”) is principally involved in investment holding and development of 3D and line scan vision inspection system.

As at 31 December 2009, ViTrox has in operation three (3) wholly-owned direct subsidiaries and a wholly-owned indirect subsidiary. The principal activities of these subsidiaries are set out as follows:

Name	Date of acquisition / Place of Incorporation	Effective Equity Interest	Principal Activities
ViTrox Technologies Sdn. Bhd.	15 June 2005 / Malaysia	100%	Development and production of automated vision inspection system and digital automated vision inspection equipment and modules.
ViTrox International Sdn. Bhd.	7 January 2006 / Malaysia	100%	Investment holding for setting up of foreign subsidiary companies and for catering for future foreign investments.
ViE Technologies Sdn. Bhd.	24 February 2006 / Malaysia	100%	Design, development and manufacture of printed circuit board assemblies for microprocessor applications.
ViTrox Technologies (Suzhou) Co., Ltd	19 January 2006 (date of establishment) / China	100%	Sales and Support Office in Suzhou Industrial Park, PRC.

Corporate Values

Accountability

We take accountability for our decisions at the individual and company levels.

Excellence

We strive to be the best; we settle for nothing less. We are geared towards meeting our maximum capacity for providing the best quality products and services in the most efficient way.

Fairness

We treat everyone fairly and make decision objectively based on win-win situation.

Flexibility

We recognize that adapting to change is an essential part of success.

Integrity, Trust & Respect

We trust and respect the individual. We believe that being truthful establishes lasting relationships and promotes positive communication with our customers & employees.

Self-confident

We have the ability to achieve whatever goals we set in life if we think we can. Therefore, we focus ourselves to be persistent and aggressive in achieving our goals.

Recognition

We appreciate outstanding individuals by rewarding those who contribute to our growth and success. We base career opportunities and compensation on performance and achievement.

Teamwork

We accomplish more together than any one-person alone can. We encourage alliances and sharing between individuals and departments to keep the organization functioning well as a whole. We believe in synergy.

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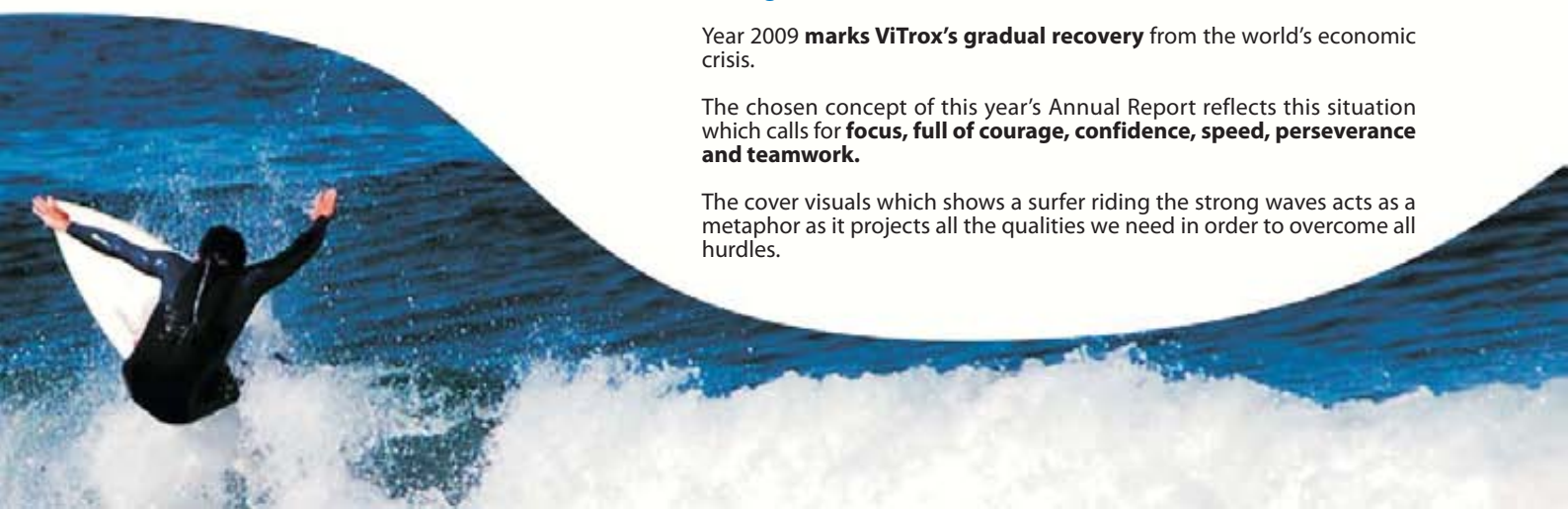
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Design Rationale

Year 2009 marks **ViTrox's gradual recovery** from the world's economic crisis.

The chosen concept of this year's Annual Report reflects this situation which calls for **focus, full of courage, confidence, speed, perseverance and teamwork**.

The cover visuals which shows a surfer riding the strong waves acts as a metaphor as it projects all the qualities we need in order to overcome all hurdles.



Corporate Information

BOARD OF DIRECTORS

Dato' Seri Kelvin Kiew Kwong Sen
Chairman / Independent Non-Executive Director

Chu Jenn Weng
Managing Director

Siaw Kok Tong
Executive Director

Yeoh Shih Hoong
Executive Director

Prof. Dr. Ahmad Fadzil Bin Mohamad Hani
Non-Independent Non-Executive Director

Chuah Poay Ngee
Independent Non-Executive Director

REGISTERED OFFICE

57-G, Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang
Tel : 604 640 8933
Fax : 604 643 8911

HEAD OFFICE

ViTrox Innovation Centre
Plot 85A, Lintang Bayan Lepas 11
Bayan Lepas Industrial Park, Phase IV
11900 Bayan Lepas, Penang
Tel : 604 646 6227
Fax : 604 646 6327
Website : www.vitrox.com

AUDITORS

Crowe Horwath
(Formerly known as Horwath)
Suites 701 & 702
7th Floor, 11 Lorong Kinta
10400 Penang

SOLICITORS

Zaid Ibrahim & Co

PRINCIPAL BANKERS

Hong Leong Bank Berhad

Public Bank Berhad

AUDIT COMMITTEE

Dato' Seri Kelvin Kiew Kwong Sen
Chairman

Prof. Dr. Ahmad Fadzil Bin Mohamad Hani

Chuah Poay Ngee

SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : 603 2084 9000
Fax : 603 2094 9940

STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad
Stock Name : VITROX
Stock Code : 0097

COMPANY SECRETARIES

Khoo Lay Tatt (MAICSA 7029262)
(resigned on 7 January 2010)

How Wee Ling (MAICSA 7033850)

Ooi Ean Hoon (MAICSA 7057078)
(appointed on 7 January 2010)

Corporate Structure

ViTrox Corporation Berhad
("ViTrox") and Subsidiaries as at 28 April 2010

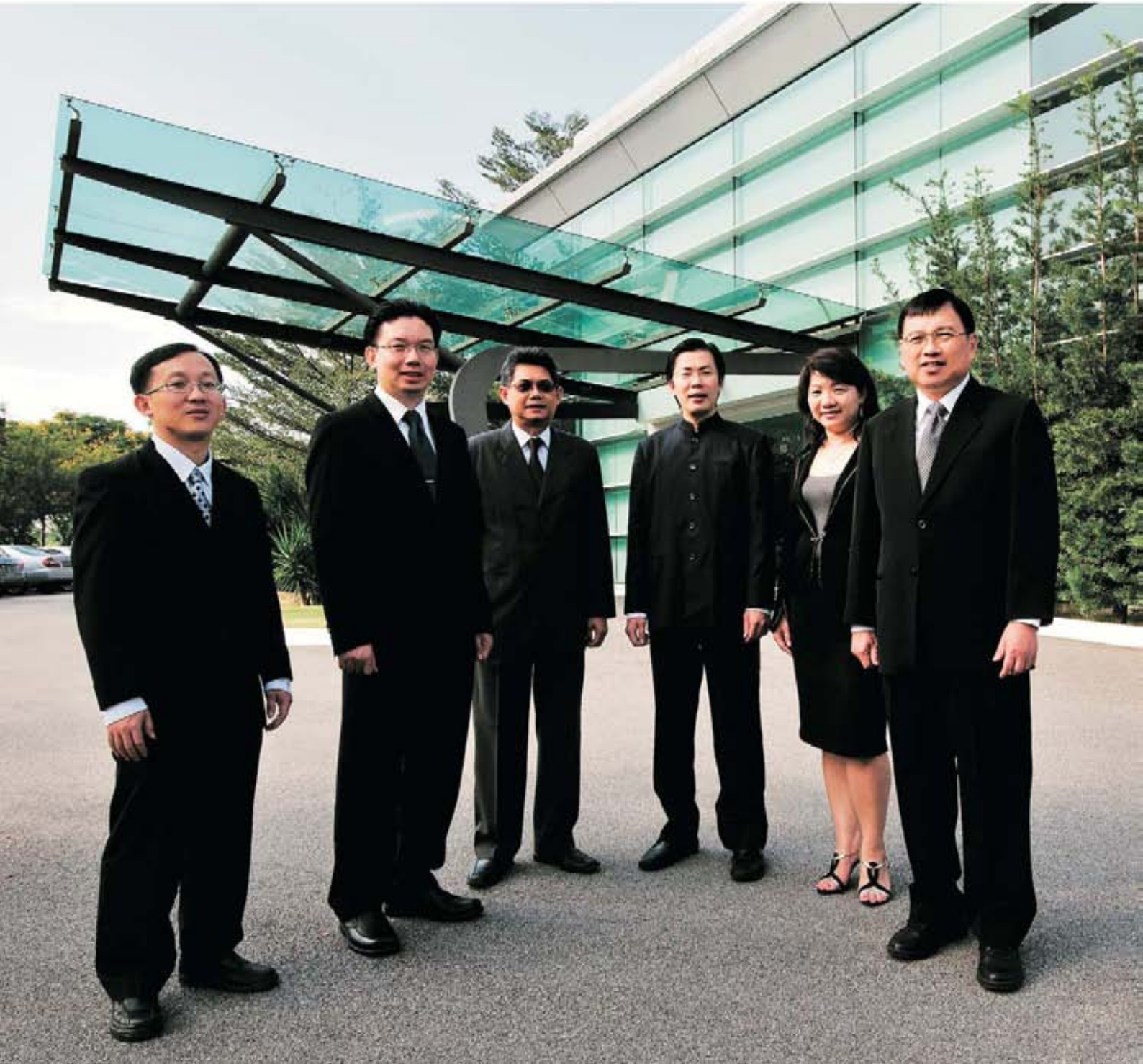
ViTrox Corporation Berhad



Board Of Directors

From Left to Right :-

Yeoh Shih Hoong (Executive Director), **Siaw Kok Tong** (Executive Director), **Prof. Dr. Ahmad Fadzil Bin Mohamad Hani** (Non-Independent Non-Executive Director), **Chu Jenn Weng** (Managing Director), **Chuah Poay Ngee** (Independent Non-Executive Director), **Dato' Seri Kelvin Kiew Kwong Sen** (Chairman / Independent Non-Executive Director)



Profile Of Directors



Dato' Seri Kelvin Kiew Kwong Sen
Chairman / Independent Non-Executive Director

Dato' Seri Kelvin Kiew Kwong Sen [Malaysian / Age 62] is the Chairman and Independent Non-Executive Director of ViTrox. He was appointed to the Board of Directors of ViTrox on 8 July 2005. He is also Chairman of the Audit Committee of the Company.

He graduated from National Taiwan University with Bachelor of Science in Mechanical Engineering Degree in 1972 and later received his Master of Science in Industrial Engineering Degree from UC Berkeley. After graduation, he worked in various technical and management positions at Advanced Micro Devices, Hewlett Packard Malaysia, and Hewlett Packard California.

He is now the Chairman and President of Mini-Circuits Technologies Malaysia, President of Gibraltar Semiconductor, San Jose, California, President of Blue Cell Technologies, Sacramento, California, Executive President of Mini-Circuits New York, and Chairman of Mini-Circuits Taiwan Ltd. He is also the Chairman of ViTrox Corporation Berhad and ACX Ceramic Taiwan.

He is very active in community services including sponsors of various charitable and educational projects. He is the founder and Chairman of the Mini-Circuits Scholarship Foundation. This Foundation has been awarding two full scholarships a year for deserving University students for a full 4-year degree programme at local Universities.

He has been serving as a member of Penang Competitiveness Committee since 2003. He was also the Vice Chairman and Board of Directors of InvestPenang Berhad until March 2008. He is now the Co-Chairman of the Industrial Advisory Panel for Penang. He is also the Advisor for the Young Entrepreneurs' Association of Malaysia, Penang Alumni Association of Taiwan, Software Consortium of Penang, Penang RF Cluster and Penang Automation Cluster. He is also a popular speaker at seminars and conferences both in Malaysia and overseas.

Chu Jenn Weng [Malaysian / Age 40] is a promoter and substantial shareholder of ViTrox. He is the Managing Director of ViTrox Group and currently leads the technical team of ViTrox Group, which includes the Research and Development (R&D), application development, project implementation and corporate shared services. He was appointed to the Board of Directors of ViTrox on 7 July 2005. He is the Chairman of the Executive Committee of the Company.

Mr Chu has more than 13 years experience in machine vision and related field. He started his first project in machine vision back in 1992 while he was still studying in Universiti Sains Malaysia (USM) majoring in Electrical and Electronics Engineering. Upon graduation from the University, he was employed as an instrumentation engineer in Hewlett-Packard Malaysia (HPM) (now known as Agilent Technologies Sdn Bhd), where he initiated and led the in-house 4-person machine vision team for more than 5 years. During his 5 ½ year career in HPM, he was directly involved in the R&D of machine vision systems, system set-up and support, as well as setting objectives and development plan for the entire team.

Mr Chu completed his part-time post graduate study in image processing from USM in 1998. While learning the fundamental and required techniques in this field, he traveled to countries like Singapore and United States of America (USA), to study and evaluate the need of those technologies and its potential for growth. He left HPM in 1998 to start-up his own business with his partner/co-founder, Siaw Kok Tong in machine vision. Thereafter, the partnership was then converted into a private limited company in March 2000 and was officially named ViTrox Technologies Sdn Bhd (VTSB).

During the start-up phase of VTSB, Mr Chu was involved in every aspect of the business, starting from sales and marketing, R&D of vision system, part purchasing, finance as well as service and support.

As the Managing Director of ViTrox Group, he oversees the entire operations of the business including company objectives, goals and directions.

Mr Chu received the certificate of merit under the Business, Economic and Entrepreneurial Accomplishment category from The Outstanding Young Malaysian (TOYM) Awards 2005 organized by the Junior Chamber International Malaysia. He was also the top nominee under the Technology Entrepreneur of the Year from Ernst & Young Entrepreneur of The Year – Malaysia 2005.



Chu Jenn Weng
Managing Director

Profile Of Directors



Siaw Kok Tong
Executive Director

Siaw Kok Tong [Malaysian / Age 39] is a promoter and substantial shareholder of ViTrox. He is the Executive Director of ViTrox Group and currently responsible for Sales & Marketing and Service & Support departments of the ViTrox Group. He was appointed to the Board of Directors of ViTrox on 7 July 2005. He is a member of the Executive Committee of the Company.

A co-founder of VTSB, Mr Siaw graduated with a Bachelor degree (First Class Honours) in Computer Science from USM in 1995. Mr Siaw commenced his career with HPM as an instrumentation engineer in the Automation Department, where he was involved in the development of machine vision systems. During his 4 ½ year tenure in HPM, he was promoted to Senior Engineer and subsequently left the company in 1999 upon completion of his scholarship bond. In 2000, Mr Siaw co-founded VTSB with Chu Jenn Weng, where during the early stages of the company set-up, he was involved in application development and installation, system support and servicing, as well as the general administration and management of VTSB. With the subsequent addition of new engineers, he went on to head the development of non-standard vision applications.

Mr Siaw played a key role in the establishment of ViTrox Group's customer base in Malaysia, Thailand, Philippines, Singapore, Taiwan, China, Korea, Japan, India, Europe, USA, Morocco, Mexico and Switzerland.

As an Executive Director of ViTrox Group, Mr Siaw is responsible in promoting ViTrox Group's vision systems locally and globally, and involved in the management decision making and planning.

Yeoh Shih Hoong [Malaysian / Age 38] is a promoter, substantial shareholder and Executive Director of ViTrox. He was appointed to the Board of Directors of ViTrox on 7 July 2005. He is a member of the Executive Committee of the Company.

Mr Yeoh graduated with a Bachelor degree (First Class Honours) in Computer Science from USM in 1997. During his third year of tertiary study, he underwent industry training in HPM where he was assigned to work on machine vision projects.

Mr Yeoh joined VTSB since its inception and has played a pivotal role in the product development of the company. He successfully co-developed many products for the company, such as Mark Lead Inspection System, IC Package Inspection System, Object Verification System and Die Counting System and the 4-in-1 Integration Solution. Mr Yeoh played a key role in the development of the sub-pixel technology and VSCL platform of VTSB. He is currently involved in the R&D of new machine vision products, supporting existing products as well as training new engineers on the machine vision technologies.

As the Executive Director of ViTrox, he is involved in management decision making and planning.



Yeoh Shih Hoong
Executive Director

Profile Of Directors



Prof. Dr. Ahmad Fadzil Bin Mohamad Hani

Non-Independent Non-Executive Director

Prof. Dr. Ahmad Fadzil Bin Mohamad Hani [Malaysian / Age 50] is a Non-Independent Non-Executive Director of ViTrox. He was appointed to the Board of Directors of ViTrox on 8 July 2005. He is a member of the Audit Committee of the Company.

He graduated in 1983 from the University of Essex, United Kingdom with a Bachelor degree (First Class Honours) in Electronic Engineering. He completed his Masters degree in Telematics in 1984 and Doctorate in Image Processing in 1991 at the same university.

Prof. Dr. Fadzil has been a lecturer in signal processing and researcher in image processing at USM since 1984. Between 1988 and 1991, he was a senior research officer in image processing and subsequently as a lecturer at his Alma matter, University of Essex. Upon returning to Malaysia, he was made the Dean of the School of Electrical and Electronic Engineering at USM from 1992 and 1996. In 1997, he became the Dean of the Engineering Faculty at the newly established Petronas University of Technology, Malaysia. He served as the Director of Academic Studies at Petronas University from 1999 till 2003. From 2003 till 2006, he served as the Director of Postgraduate Studies.

Prof. Dr. Fadzil is a Fellow of the Institution of Engineers, Malaysia. He served as a Council Member of the institution from 2001 to 2004. He is a registered Professional Engineer with the Board of Engineers, Malaysia and a Senior Member of the Institute of Electrical and Electronics Engineers (IEEE), USA. His research interests include image compression, image processing and computer vision applications in healthcare, telemedicine, petroleum exploration, inspection systems and artificial intelligence.

Chuah Poay Ngee [Malaysian / Age 40], is an Independent Non-Executive Director of ViTrox. She was appointed to the Board of Directors of ViTrox on 15 November 2006 and is a member of the Audit Committee of the Company.

Ms. Chuah graduated in 1994 from the Deakin University, Australia with a Bachelor Of Business (Accountancy) and qualified as Certified Practicing Accountant of the Australian Society Of Certified Practicing Accountants in 1996.

Upon graduation, Ms. Chuah joined Matthew & Partners (formerly known as Russ Ooi & Associates) as Tax and Audit Assistant. She then joined Grand Circuits Industry Sdn Bhd, a subsidiary of Grand United Holdings Berhad as Accounts Executive in 1995 and was subsequently promoted to Group Accountant.

In 2001, she worked for Golden Fresh Sdn Bhd as Finance & Administration Manager and was later promoted to Senior Finance & Administration Manager. She left the company in 2006 to join Mini-Circuits Technologies (M) Sdn Bhd as Financial Controller.

Ms. Chuah is a Chartered Accountant of the Malaysian Institute of Accountants and also qualified as Certified Corporate Secretary with the University Malaya Centre of Continuing Education in 1998.



Chuah Poay Ngee

Independent Non-Executive Director

Additional Information on Directors

Conflict of interest and family relationships with any Director and/or major shareholder: None of the Directors have any conflict of interest with the ViTrox Group. None of the directors has family relationship with any other director and/or major shareholder of ViTrox.

Material contracts involving Directors: There were no material contracts involving Directors during the financial years.

Convictions for offenses (within past 10 years, other than traffic offences, if any): None of the Directors have any convictions for offences other than traffic offences.

Securities held in the Company: The details are disclosed on page 73 of this Annual Report.

Directorship in other public company: Save for Dato' Seri Kelvin Kiew Kwong Sen (as disclosed in his profile above), none of the Directors have any directorship in other public company in Malaysia.

Chairman's Statement

Financial Performance

	2009	2008	Growth
	RM'000	RM'000	+ / (-)
Revenue	18,134	26,413	-31%
Profit Before Tax ("PBT")	2,070	8,599	-76%
Profit After Tax ("PAT")	1,941	8,324	-77%

ViTrox Group recorded revenue of RM18.13 million in 2009, a decrease of 31% over the RM 26.41 million in previous year. The decrease is generally felt by the industry and ViTrox is no exception to this adverse economic situation.

Consequently, the PAT achieved RM1.94 million in 2009, a decrease of 77% over RM8.32 million recorded in previous year. Net earning per share was 1.27 sen in 2009 against 5.37 sen on 2008.

The company continued to achieve profitability despite tremendous uncertainties and difficulties in 2009. The cost control measures were effective, as a result, we were able to correspondingly manage the costs to reflect the business levels. This has been seen as an important achievement as we continued to show profitability since the company's inception.

Dividend

No dividend was proposed, declared or paid by ViTrox Corporation Berhad ("VCB") for at the forthcoming Annual General Meeting.

Corporate Development

Software Development Support (SDS) Program

VCB entered into an Outsourcing Service Agreement (the OSA) on 15 April 2009 with Agilent as one of its worldwide Outsourcing Service Agents under Agilent's Software Development Support (SDS) Program.

By entering the OSA, ViTrox thus becomes the worldwide Outsourcing Service Agent covering Agilent's product families in:

- (i) Agilent Medalist x6000 AXI
- (ii) Agilent Medalist SJ5000 and SP50 AOI

We believe this is one of the most significant milestones for the ViTrox Group due to the fact that it further proliferates ViTrox's core competency of vision inspection technologies. In turn this adds to the shareholders' values and it is now better positioned to compete in the global markets with our wide range of products and services.

Transferred to Main Market of Bursa Malaysia Securities Berhad

ViTrox Corporation Berhad received approvals from Bursa Malaysia Securities Berhad and Securities Commission and successfully transferred to Main Market of Bursa Malaysia Securities Berhad on 9 November 2009.

It is expected that the Transfer will accord VCB with greater recognition and acceptance amongst investors, particularly institutional investors, thereby enhancing the attractiveness and values of ViTrox Shares.



Chairman's Statement

Achievement in 2009

Malaysia HR Awards 08-09

VCB was awarded the Silver Recognition at the Malaysia HR Awards 08-09, which covers the HR Development Strategy, Best Practices in HR, Continuous Learning and Training, Application of HR System and Technology and Recognition of HR as Strategic Resource in the growth of organization.

This award was organized by Malaysian Institute Of Human Resources Management (MIHRM) in partnership with JobStreet.com.

Future Outlook and Focus

We are on track to our roadmap and strategy previously planned. I mentioned in my last annual report that the company will embark on state-of-the-art Automated Optical Inspection (AOI) systems, expanding the Electronic Communication System (ECS), while further improving the Machine Vision Systems (MVS).

All three areas are making great progress last year. I believe we are now much more diverse and resilient, capable of managing more adverse situations. We see advancement in our product acceptance by more world class customers, in more geographical locations and in wider applications.

There are two key words in our strategy:

1. Consolidation


In this, we mean we consolidate our technologies, skills and employees' development to meet the ever challenging business environment. The slow down last year enables us to more deliberately accomplish this goal with more in-depth market studies and employees' training and development. In the long run, the consolidation makes the company stronger and better.

2. Integration

We are constantly looking for ways to further integrate our core competencies and equipment functionalities. We made great advances last year. We are playing a more vital role in the vision systems from electronic parts, board inspection and board assembly processes. Our customers now see us as a more competent partner in their supply chain.

We take great pride in maintaining our fundamental principles of bringing great values to the customers, and ensuring that our shareholders' interests are well sustained and advanced.

I am very proud of our team in helping us get through the tough economic uncertainties. I am particularly impressed that they see great future in our company to stay ahead of the curve to achieving greater heights in our business outlook.



Dato' Seri Kelvin Kiew
Chairman
28 April 2010

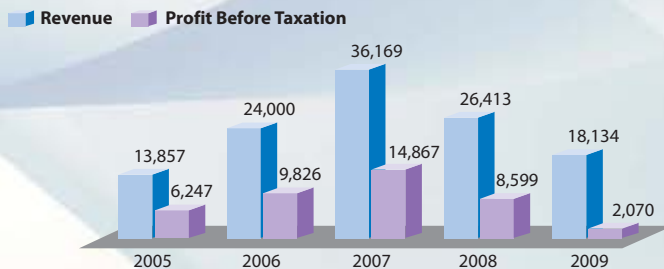
Managing Director's Review

Dear Shareholders,

Financial Performance

ViTrox experienced one of the most challenging economic environments in its company history in fiscal year 2009. The severe business downturn affected all our business segments, both in revenue and profit.

We ended our financial year with RM18.13 Million in revenue and RM2.1 Million in profit before tax (PBT). Revenue declined 31% from RM26.4 Million while our PBT declined 76% from RM8.6 Million one year ago. The decline in both revenue and profit were mainly attributed to lower sales, which was affected by the worst economic downturn worldwide and locally.



Our earnings per share (EPS) declined from 5.37 sen in 2008 to 1.27 sen in 2009 and our return of equity decreased from 16.71% in 2008 to 3.94% in 2009. We do not have any short term and long term borrowings as at 31 December 2009. Despite the severity of the economic decline, ViTrox continued to achieve profitability as a result of its decisive action and successful execution of its revised business strategies in cost control measures and new business development.

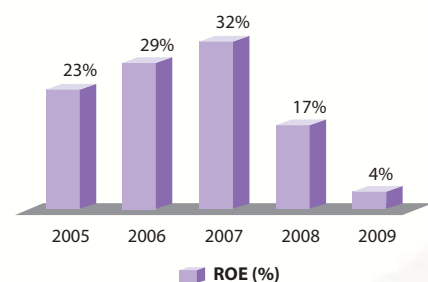
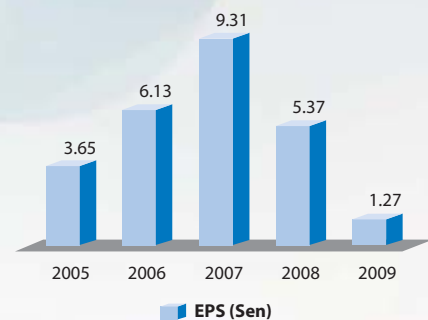
Product Development and Operation

Introduction

ViTrox is a cutting-edge solutions provider of innovative, advanced and cost effective automated vision inspection equipments and system-on-chip embedded electronics devices for the semiconductor and electronic packaging industries. We develop, manufacture and sell three core product portfolios namely machine vision system (MVS), automated board inspection (ABI) and electronics communication system (ECS). We serve customers from semiconductor packaging industry, printed circuit board industry, electronics assemblies and original equipment manufacturers around the world. Our solutions are used to inspect & control manufactured product quality before they are used in down stream manufacturers to produce consumer electronics, communications and computing products such as PC, mobile phone, game console, MP3 etc.

The digital revolution of mobile telecommunication, medical, automotive and computing will continue to drive the demand for the need of higher complexity circuitry, larger volume and smaller size Integrated Circuits (IC) packaging, Printed Circuits Board (PCB) and Printed Circuits Board Assemblies (PCBA). Each of these trends calls for more inspection for higher quality standard and ViTrox will be benefited from such development in long run. Our expanded product portfolio in its 3 core businesses and our regional coverage by strategic alliances put us in a strong position to secure more and sustainable businesses from its customers in the semiconductor and electronics assembly markets.

Over the past one year, we continued to stay focused and strengthen on our core business in the development, manufacturing and sales of MVS, AOI and ECS.



Managing Director's Review

Machine Vision System Division (MVS)



Automated Board Inspection Division (ABI)



Electronics Communications System Division (ECS)



Machine Vision System (MVS)

ViTrox provides complete vision inspection solutions for semiconductor and optoelectronic components test & packaging operations. Our high speed, high accuracy MVS are mainly integrated on automated test and vision handlers to perform 2D & 3D measurements on semiconductor and optoelectronic components at back-end test and packaging operations.

ViTrox's MVS products provide reliable, high speed and cost effective inspections to detect semiconductor and optoelectronic components' dimensional and visual defects automatically. The system performs 2D Mark & Orientation Inspection, Pad and Package Inspection, 3D Lead/Ball Co-planarity Inspection, 5 Sides Pad & Package Inspection, In-tape Mark/Lead Inspection and Sealing Inspection. With capability to inspect up to 50,000 units per hour and an installed base of more than 6,500 systems worldwide, we are now positioning ourselves as one of the world leading vision inspection solution provider for this market.

In 2009, the business unit successfully developed and launched the following new products: -

- Low cost vision verification system (VVS) for optoelectronics industry. This product offers cost effective inspection solution to check for component orientation and marking defects. The product is typically integrated on a third party handlers in the back-end assembly and test operations.
- Automated Light Emitting Diode (LED) cosmetic inspection handler. The product offers automated high speed singularization, inspection and sorting for LED packages. It inspects various LED package to look for defects such as out of dimension, bubbles, contamination and scratches. With the strong growth of LED applications, particularly in mobile phones, LCD TV backlight and general lighting, the demand of this product in the high brightness LED market will be promising.

- Automated IC components inspection tray handler (TH1000). TH1000 is a superior vision inspection handler which performs final inspection on various IC packages handled in tray. The handler can cater for wide range of IC packages of different sizes, such as SOP, TSSOP, BGA, QFP, QFN, CSP etc, ranging from 3mm x 3mm to 45mm x 45mm in size. The handler is designed with advanced key technologies to provide high speed, high accuracy, 2D & 3D/5S vision inspection solution.



ViTrox Verification System (VVS)



TH1000 IC Component Inspection Handler



LED cosmetic inspection handler

Managing Director's Review

Automated Board Inspection (ABI)

Previously known as Automated Optical Inspection (AOI) division. ABI division was established originally to focus on design, manufacture and market AOI for the printed circuit board (PCB), flexible printed circuit (FPC) industries and high density interconnect substrate (HDI). With our technological strength and capability built over the years in machine vision, ViTrox expanded its portfolio to offer products and services for high speed inspection of printed circuit board assemblies (PCBA).

ABI launched two key AOI products in 2009 namely PCB/Flex Automated Optical Inspection V2000 and Advanced Optical Inspection V510 to serve the growing PCB/FPC and PCBA markets.

Our improved AOI flagship products, AOI V2000 has been successfully developed with 2X speed improvement using multi-camera multi-core technologies with fiducial-less scanning and advanced inspection capability to detect PCB defects such as open, short, line width variance, protrusion, intrusion, spacing, annular ring and pin-hole. The product is built with customer's need in mind for ease of use, lower cost of ownership, higher inspection capability and more throughput as compared to its predecessor.



PCBA Advanced
Optical Inspection V510

PCB/Flex Automated
Optical Inspection V2000

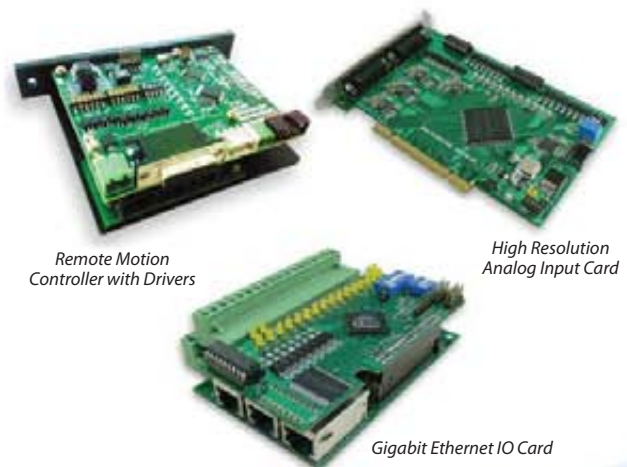
In 2009, ViTrox is proud to launch its first Advanced Optical Inspection Handler (V510) for the PCB assemblies market. Coupled with structured segmented lighting, XY positioning system up to 1um accuracy and advanced vision inspection algorithms, V510 offers ultra fast and superior inspection capability for detection of solder joint defects, low contrast component location, wrong and missing components. Features such as the Auto Pre-assigned Algorithm (APA), Network Offline Programming (NOP) technique and Centralized Library Distribution (CLD) provide user with better ease of use and faster New Product Introduction (NPI) cycle time, hence helping customer to reduce their manufacturing cost and cycle time.

Electronics Communication System (ECS)

ViTrox designs, manufactures and markets ECS products via its 100% own subsidiary, ViE Technologies Sdn. Bhd. We produce a wide variety of ECS products for machine automation community, who use our products for data communication and motion control. These products include high speed digital and analog input and output PC interface card, high speed low cost remote input and output controller PC interface card and remote modules, high speed high resolution motion controller and driver boards, universal light source controller and digital signal multiplexing card.

We continue to roll out new and enhanced ECS products to the markets in 2009 despite the business slowdown. These products include new high speed Gigabit Ethernet based input output remote module with better speed and flexibility; high resolution 16 bits analog input card for analog signal acquisition & monitoring in the range of +/- 10V; and enhanced low cost micro step remote motion controller and driver.

Our ECS product development team will continue to embark on higher end electronics communication products that will bring more business opportunities to the company in the near future.



Remote Motion
Controller with Drivers

High Resolution
Analog Input Card

Gigabit Ethernet IO Card

Operation

The severity of the economic decline demands for decisive action and superior execution of revised business plans. Following are some key highlights of our achievements in the year, despite facing of these challenges.

- Despite the historical low level of demand, we continue to achieve profitability in the fiscal year 2009 and ended the year with no borrowings and RM27.7M in cash and cash equivalents, demonstrating our ability to quickly respond to dynamic market conditions as well as the strength of our balance sheet.
- Upon the sharp drop in orders at the beginning of Q1'09, we executed prudent cost control measures across the company to adjust our cost structure to match with the lower business levels. These include: Mandatory unpaid leave for directors and managers, halting pay rise and overtime claims, reduction in bonuses and employee benefits, and control of travel expenses. These cost reduction actions, although extremely difficult, were necessary, as they enable us to quickly and effectively reduce our operation costs to cope with the unfavorable market condition.
- ViTrox entered into an Outsourcing Service Agreement on 15 April 2009 with Agilent Technologies as its worldwide Outsourcing Service Agents under Agilent's Software Development Support (SDS) Program. With this agreement, ViTrox becomes the worldwide outsourcing service agent covering Agilent Medalist x6000 AXI, Agilent Medalist SJ5000 AOI and SP50 AOI.

Managing Director's Review

- While we significantly reduced operating cost in 2009, we increased our investments in R&D and collaboration with our customers and institutions of higher learning. This approach brought us even closer to our customers during the downturn and strengthened our presence, positioning us well for the future.
- We took further steps to offer our products in lower price for our existing and potential customers. The move strategically help us to further enlarge our market shares in the industries that we operate in. As a result ViTrox saw better sales recorded in the 3rd and 4th quarters of the fiscal year when the market started to recover from its bottom.

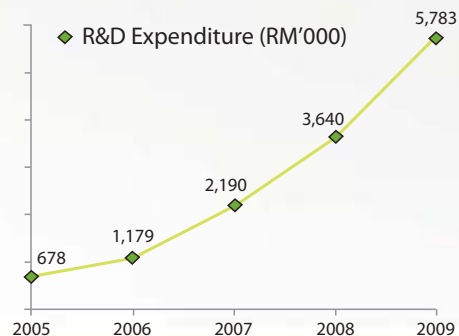
By investing in R&D and customer service, expanding our market presence and reducing our operation cost during the downturn, ViTrox successfully weathered the extremely challenging business condition and continued to achieve profitability even during the worst economic downturn since the inception of the company.

Research and Development

Our research and development team is responsible for developing and improving of our various products and creating new technology and products for the future. The R&D team focuses on a few core areas, namely image acquisition and optical technology development, software architecture and platform development, advanced inspection algorithm development, control system development, embedded system-on-chip development and high performance computing cluster development.

We spent RM5.78 million, approximately 32% of our revenue in FY2009 for research and development activities. This represents an increase of 59% compared to the previous year. We capitalized RM 1.49 million as research and development expenditure under intangible assets. While controlling tightly our operating expenses, we increased tremendously in R&D spending across all the business units. This is a strategic step for the company, with its strong financial position, to further enhance our competitive edge in machine vision and System-on-chip (SOC) technology and product innovation while competitors reduced their R&D expenditure. This shows our strong commitment towards product innovations and technological advancements amid the global recession.

We will continue to focus our R&D resources on high-end and advanced machine vision systems, high performance automated optical / X-ray inspection systems and electronics communication system development for the semiconductor packaging and electronics assembly's market. Applications include high speed 3D multi device inspection system, 3D 5Sides color vision inspection system, Advanced Optical Inspection (AOI) System, Advanced Final Inspection (AFI) and Advanced X-Ray Inspection (AXI) for bare PCBs, flex-PCB and PCB assemblies.



To-date, we have successfully filed four patents in Malaysia for our proprietary 2D & 3D inspections and lighting methods for non-contact dimensional measurement of semiconductor packages and electronics assemblies.

To continue to thrive in this high technology business and ensure long-term sustainability, product innovations and technological enhancements are the key thrusts of our committed research and development (R & D) efforts. Our R & D team is committed to continuously develop and enhance our products offerings whilst at the same time exploring the technologies and products of the future.

Sales & Marketing

Due to the global slowdown in the industries and our internal cost control measures, the company decided not to participate in any trade show and exhibition in 2009.

Nevertheless, 2009 was a busy year for us as we continued to look for and qualify strategic alliances to be our channel partner for new machine vision products in the Asia Pacific and US regions. We appointed iNETest Resources Pte. Ltd. from Singapore and Evotest from USA as our channel partners for our newly launched AOI for the PCB assemblies market. These channel partners will promote, sell and support our AOIs to customers around the Asia Pacific and US territories.

The MVS's sales and marketing team also successfully launched a Customer Service Program, namely VDoctor, which provides real time remote trouble-shooting service to our customers. With the program, our well trained professional will be able to log in securely to customer's system to fine-tune and trouble-shoot the machine in real time. This service helps customer to reduce their machine downtime and cost significantly.

Business Strategies

According to the SEMI's report published on 30 September 2009, the worldwide semiconductor capital equipment spending is expected to grow 40%-50% in 2010 after a stiff 50% declined in 2009. In view of the uptrend in the global semiconductor manufacturing and equipment industries, we expect the financial year ending 2010 to be very encouraging.

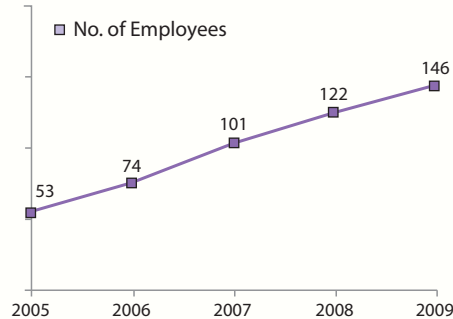
Managing Director's Review

In 2009, we successfully revised and executed our two pronged business strategies to focus on business expansions in the ABI & MVS segments while reducing our operating cost through various cost control measures across the company. These two pronged approach, as we called it "Survive. Attack" plan internally, made us focus on the business fundamental ie. Eliminate waste and invest in R&D. As a result, we continued to achieve profitability in the fiscal year despite the drastic declined in semiconductor equipment spending globally.

Moving forward, we will ride on the wave of recovery, by investing promptly in capacity and capability building to support our customer's rapid ramp up and also step up efforts to market new products and services to our customers. Successful execution of our strategy of focusing on the customer, continuously enhancing our technology, and constantly delivering the most innovative, advanced and cost effective machine vision solution and electronics communication system to meet our customers' needs will remain the keys to our success.

Our People

Our dynamic and committed workforce who always strive to create best in class machine vision solution and electronics communications products, is the most valuable asset in the company.



We take this downturn as an opportunity to strengthen our human capital by recruiting more talented people to our team. We grow our company from 122 people in 2008 to 146 people in 2009, primarily to support our key R&D and new business initiative. In spite of the economic turmoil, we continue to provide the necessary trainings and tools for our people to do their job more efficiently. We believe that now is the right time for us to invest in human capital, training and R&D while competitors are cutting back their spending, so that we are well prepared and ready with better product and service offerings to our customers when the market recovers.

In 2009 ViTrox decided to setup a Research and Development center in Loveland, USA, headed by a group of experience engineers, to carry out research and development activities for the future generation of automated optical/X-ray inspection. This marked as an important milestone in the history of the company by having a R&D center outside of Malaysia. We believe with this establishment, ViTrox will further enhance its capabilities in R&D and product innovation, hence create higher value machine vision solutions for our customers.

The successful execution of our "Survive. Attack" strategies in 2009 was mainly attributed by our ability to adapt quickly to the sudden change of the business environment. We responded quickly to the tough business condition decisively with our lean organisation structure coupled with our strong culture of team work, trust & respect, accountability and confidence.

Engage You are part of the Solution.	Courage Dare to fail.	Empowerment You are In Charge.
Confidence Yes, we can.	Aim. Focus Set tough yet realistic Goals.	Trust Just do it.
Teamwork All of us is better than any of us	LEAN. KISS Eliminate waste	Accountability It's my problem & I will fix it.

On behalf of the management team, I wish to thank the Board, our customers, shareholders, business associates and relevant governmental authorities who have helped us one way or another in 2009. I look forward to your continued support as we venture into a new and exciting journey in the year ahead.

I would like to express my highest gratitude to my entire team, who are passionate, dedicated and committed to their job and the company. I feel so fortunate that we are able to work hand in hand as ONE team to build up the business from very humble beginnings. It is with your strong support and belief in ViTrox that we are able to sail through the perfect storm and now we are ready to ride on the wave of recovery. I look forward to working with you together to build a long lasting world leading technology company in the near future.

Chu Jenn Weng
Managing Director
28 April 2010

Highlights Of 2009



ViTrox, My Second Home Concept Bootcamp Teambuilding

ViTrox's **second home concept** stresses on the welfare of employees and making them feel like home.

The "**Bootcamp 2009**" was held at the vicinity of ViTrox Innovation Centre and was aimed at cultivating the "*Appreciation Culture*" & "*Sense of Belonging*" among ViTrox's employees.

It was held to boost everyone's moral and spirit during difficult business situation and to prepare all ViTroxians to face future challenges.

The half day event was filled with various activities and games which encourages teamwork, good spirit and of course lots of fun! It was aimed to appreciate all ViTroxians for their hardwork and commitment towards ViTrox.



Highlights Of 2009



ViTrox, Award Winning Workplace HR Achievement Awards

In March 2009, ViTrox has won the Malaysia HR Awards 08-09.

"ViTrox was awarded the Silver Recognition at the Malaysia HR Awards 08-09 which covers the HR Development Strategy, Best Practices in HR, Continuous Learning and Training, Application of HR System and Technology and Recognition of HR as Strategic Resource in the growth of organization"

This shows the commitment of ViTrox towards nurturing, developing, and cultivating ViTrox's employees towards excellence.



ViTrox, Industry Collaborations Signing of Outsourcing Service Agreement between ViTrox Corporation Berhad and Agilent Technologies

The Board of Directors of VITROX is pleased to announce that ViTrox entered into an Outsourcing Service Agreement (the OSA) on 15 April 2009 with Agilent as one of its worldwide Outsourcing Service Agents under Agilent's Software Development Support (SDS) Program.

By entering the OSA, ViTrox will become the worldwide Outsourcing Service Agent covering Agilent's product families as below:

- Agilent Medalist x6000 AXI
- Agilent Medalist SJ5000 and SP50 AOI

The Board of Directors of ViTrox believes that apart from the Signing of 10 Years Sales Contract with SRM, this is next most significant milestone for the Company since its inception. In addition to further enhancing ViTrox's core competency of vision inspection technologies, adding to the shareholders' values, ViTrox is now better positioned to compete in the global markets.



Highlights Of 2009



ViTrox , Continuous Innovations **P**atented Technologies

ViTrox has recently filed patents with the Intellectual Property Corporation of Malaysia for 3 of it's inventions notably in the Machine Vision Inspection Division as below :-

- a) **"VISION INSPECTION ILLUMINATION APPARATUS FOR ELECTRONIC COMPONENTS"**
- b) **"INSPECTION SYSTEM FOR PLURALITY OF DEPTH OF VIEW"**
- c) **"INSPECTION SYSTEM FOR PLURALITY OF DEPTH OF VIEW NO MODULE CONVERSION"**

The present invention defies the conventional vision by eliminating conversion time while at the same time improves the quality of inspection.

With this 3 filed patents, ViTrox has the rights to take action against infringers i.e. anyone who reproduce/manufactures/ exports and infringe the rights of the patented invention.



Transfer to Main Market of Bursa Malaysia Securities Berhad

ViTrox is proud to announce that we have been successfully transferred to the MAIN MARKET of Bursa Malaysia Securities Berhad on 9 November 2009.



EDVANTEK PTE LTD

*Special thanks to **ViTrox** for years of rewarding partnership*

Edvantek Pte Ltd. is a distributor of customer-tailored solutions with an extensive range of the industry's premier manufacturers of **CCD cameras, frame grabbers, lenses and software products.** Edvantek Pte Ltd. offers all major components used in the design and development of high-performance imaging systems.

We maintain a big network of highly-trained application specialists to ensure immediate response and consistent technical support for our clients for the duration of each project. We also provide a host of value-added programs that cater to engineering and manufacturing environments.



Mega Pixel Telecentric Lens



Carl Zeiss

Edvantek Pte Ltd

Add: 531, Upper Cross St #02-45, Hong Lim Complex, Singapore 050531

Tel: (65) 6844 8921 **Fax:** (65) 6844 8923

E-mail: sales@edvantek.com

www.edvantek.com

CS Bright Engineering Sdn Bhd

*Proud to be Partnered with **ViTrox***

CS Bright Engineering started its operations in 2003 with an objective to be one of the top fabrication houses in Northern Region.



Our core business activities are **metal fabrication, plastic fabrication and machine parts.**



With right vision and good planning, we have grown from year to year thanks to the tremendous support given by our customers.



We had begun our mid term planning by moving to a bigger production facility. In line with it we are always improving our production process by upgrading production facilities and lower costs.



We had acquired a much improved **AWEA AV 1000 CNC Machining Center** to boost our production.



CS Bright Engineering Sdn. Bhd.

No.1 , Lorong Mak Mandin 5/3, Kawasan Perindustrian Mak Mandin, Butterworth, 13400, Penang , Malaysia

Tel: 04-3248403 Fax: 04-3328403

E-mail: csbrighteng@yahoo.com

<http://csbrighten.tripod.com/csbright>



"Congratulations to ViTrox for another year of success!"

Vital Vision Technology Pte Ltd is proud to be an official partner of ViTrox.

With this opportunity, we would like to wish you many more successful years ahead!



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Tel: +65 65093409 | Fax: +65 65093405

Email: sales@v2tech.com.sg | Website: www.v2tech.com.sg

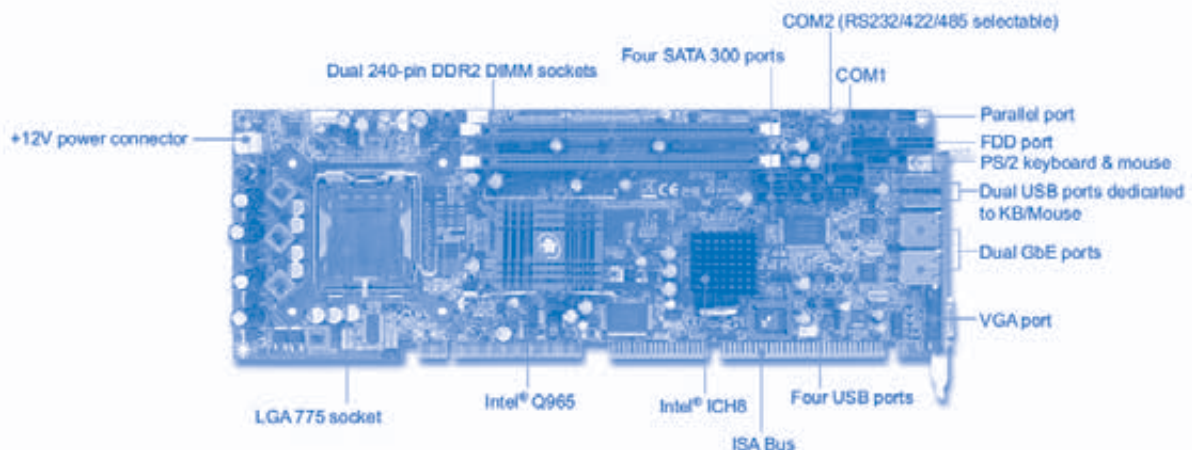
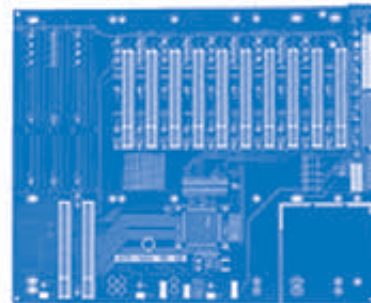
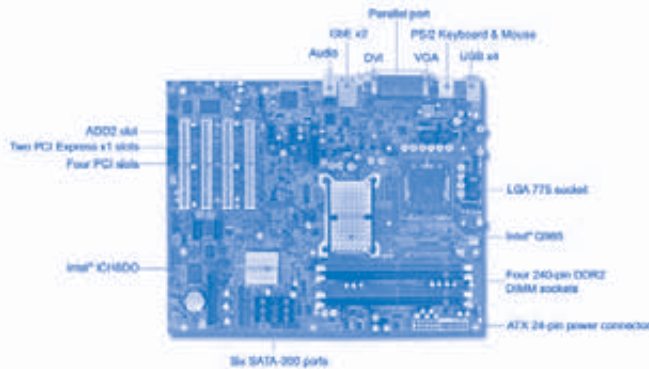
IndelFe

your premium partner of Industrial Computing

*Special thanks to **ViTrox** for years of rewarding partnership*



ARTO-1070A



IndelFe Sdn Bhd

19-1, Jalan PJU 1/3G, Sunway Mas Commercial Center,
47301 Petaling Jaya, Selangor, Malaysia.
Tel: 603-78037845 Fax: 603-78037848

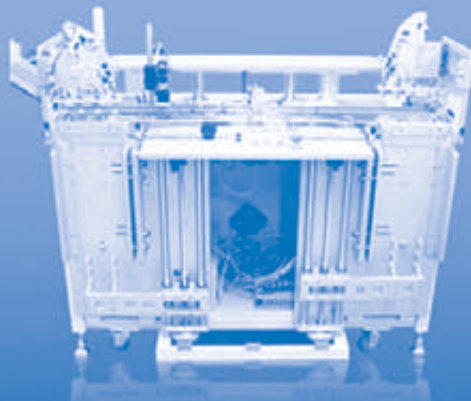
Penang office:

No. 2-7-4, Taman Sri Acres, Lebuhr Sg. Ara, 11900 Bayan Lepas,
Penang, Malaysia.
Tel: 016-4020129 info@indelfe.com.my

Proud to be partnered with ViTrox.



OPTO SEMICONDUCTOR



SEMICONDUCTOR



CONSUMER PRODUCTS



WATER PIPING

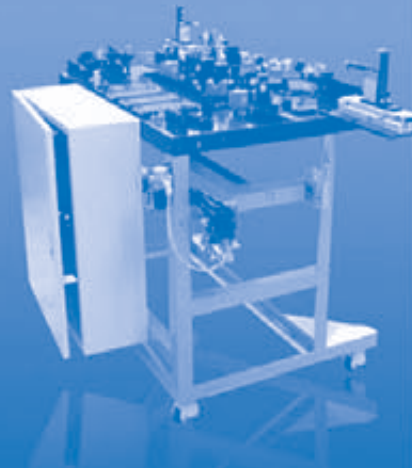
MID works with clients to set realistic, achievable, financially justifiable goals.



ASSEMBLY LINE



CAR AUDIO



AUTOMOTIVE



MID

MOTIVATION • INNOVATION • DETERMINATION



MID is principally involved in factory automation solutions, from designing, manufacturing and integration of automated machines and automation systems for production and manufacturing.

MID has established in 2002. Since then, with continuing commitment to innovation and a focus on meeting our customers' changing needs, we have experienced steady growth. MID offer a range of services from design capabilities that is extraordinary to hands-on experience.

Our customers are diverse, ranging from opto semiconductors, consumer products companies, automotives and assembly line.

MID Mechatronic Sdn. Bhd. (Co. No. 601877-H)

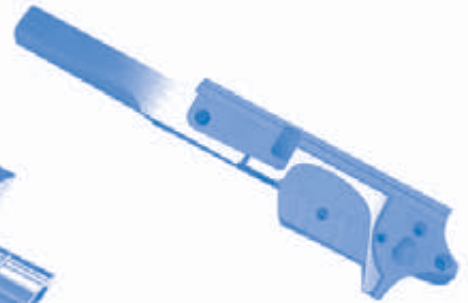
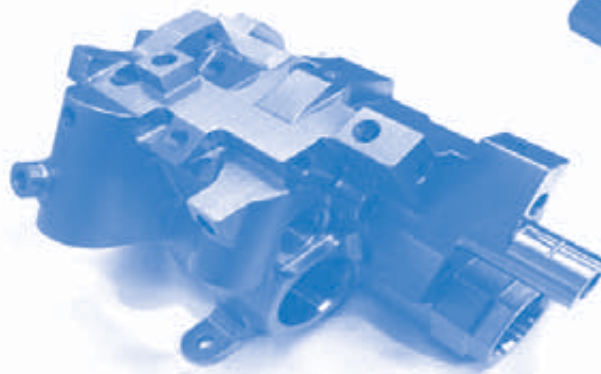
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HOCK TECH ENGINEERING WORKS

*Proud to be Partnered with **ViTrox***



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PRECISION MACHINERY PARTS
MOLD ASSEMBLIES
CUSTOMISED AUTOMATED SOLUTION.

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POWER PRESS MACHINE
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HOCK TECH ENGINEERING WORKS

65, Presgrave Street, 10300 Penang.
Tel: 604 - 262 8889 Fax: 604 - 261 5397

E-mail: hock_tech@yahoo.com

Corporate Governance Statement



The Board of Directors of ViTrox Corporation Berhad (“the Company”) is committed to ensure high standards of corporate governance are in place and practised throughout the Group. Since obtaining listing approval, the Company has progressively implemented the principles and best practices as recommended by the Malaysian Code on Corporate Governance (“the “Code”).

The size of the Board of Directors of the Company (“the Board”) is small but effective with a good presence of Independent, Non-Executive Directors who participate actively in all Board discussions.

The Company has adopted most of the best practices as recommended by the Code with the following exceptions:

- 1) The Company has not set up a nominating committee. The function of the nominating committee, namely to review, identify and recommend new nominees to the Board and nominate Directors to Board Committees is assumed by the Board as a whole.
- 2) The Company has not set up a remuneration committee. The remuneration packages for Executive Directors are determined by the Board as a whole and the respective Executive Directors play no part in determining their own remuneration.
- 3) The Board has not appointed a senior Independent, Non-Executive Director to whom shareholders may address their grievances and concerns. The Board will collectively be responsible to address all grievances and concerns brought up by the shareholders.

The Board will review the necessity to implement the above-mentioned best practices from time to time.

1. Board of Directors

1.1 Composition and Board Balance

The Board comprises 3 Executive Directors, 1 Non-Independent, Non-Executive Director and 2 Independent, Non-Executive Directors. The composition of the Board reflects fairly the investment of all shareholders in the Company and a good independent element on the Board. There is also a clearly accepted division of responsibilities at the head of the Company where the roles of the Chairman and Managing Director are separated which will ensure a balance of power and authority such that no one individual has unfettered powers of decision. The Board is confident that its current size and composition is sufficient and effective in discharging the Board’s responsibilities and in meeting the Company’s current needs and requirements.

The presence of the Independent, Non-Executive Directors who respectively has a wide range of experience is vital to ensure that there is a broad, unbiased and independent view, advice and judgment on various issues dealt with at the Board. The current complement of Non-Executive Directors provides an effective Board with a mix of industry specific knowledge, broad based business and commercial experience together with independent judgment on matters of strategy, operations, resources and business conduct. The Non-Executive Directors also bring along the breadth and depth of experience to ensure that the strategies proposed by management are independently and objectively deliberated and examined, taking into account the interests of all stakeholders.

The composition of the Board complies with the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“LR”) which requires that independent non-executive directors make up at least 2 members or 1/3 of the membership of the Board, whichever is the higher.

1.2 Board responsibilities

The Board assumes the following roles in discharging its stewardship responsibilities:

1. To review and adopt a strategic plan for the Group
2. To oversee the business conduct of the Group to ensure that the business is being properly managed
3. To identify principal risks affecting the Group and ensure that appropriate systems to manage these risks are in operation
4. To ensure succession planning for senior management is in place
5. To develop and implement an effective communications channel to investors and shareholders
6. To review the adequacy and integrity of the Group’s internal control systems and management information systems including systems for compliance with applicable laws, regulations, rules, directives and guidelines

Corporate Governance Statement

1. Board of Directors (Cont'd)

1.3 Board Meetings

The Board has regularly held meetings and the attendance of the relevant directors for the Financial Year (FY) 2009 was as follows:

Director	No. of Meetings Held	No. of Meetings Attended
Dato' Seri Kiew Kwong Sen	4	4
Chu Jenn Weng	4	4
Siaw Kok Tong	4	4
Yeoh Shih Hoong	4	4
Prof. Dr. Ahmad Fadzil Bin Mohamad Hani	4	3
Chuah Poay Ngee	4	4

1.4 Supply of Information

Prior to the Board meetings, all Directors are provided with an agenda and a set of Board papers. This is necessary to allow the Directors to have sufficient time to obtain further explanations, where it is deemed necessary. The Chairman or other directors assigned by him is responsible to ensure that all the directors have full and timely access to Board papers containing information relevant to the business of the meetings.

The Board papers include among others the following:-

- Financial reports and operations review;
- The latest business development;
- Recommendations by Board Committees, if any;
- A summary of circular resolution passed by the Company and/or its subsidiaries; and
- Minutes of previous meeting.

The proceedings at all Board meetings are duly recorded. The minutes of these proceedings are kept at the registered office of the Company.

All Directors have access to the services and advice of the Company Secretary who advises the Board on their statutory obligations as well as obligations arising from the LR or other regulatory requirements.

In furtherance of their duties, the Directors, collectively and individually, have access to all information within the Company. This includes direct access to the senior management.

1.5 Access to Information and Advice

The Board is supplied with financial and operational information, both in qualitative and quantitative forms, in a timely manner to assist the Board members to discharge their responsibilities. Where a potential conflict of interest may arise, the Director concerned will be required to declare his interest and abstains from all deliberations leading to decision making.

All Directors will have full access to the information of the Company and are entitled to obtain full disclosure by the management and advice or services from the Company Secretary or independent professionals on matters that will be put forward to the Board for decision to ensure that they are being discussed and examined in an impartial manner that takes into account the long term interests of shareholders, employees, suppliers, customers and other stakeholders with which the Group conduct its business.

Corporate Governance Statement



1. Board of Directors (Cont'd)

1.6 Re-election of the Directors

In accordance with the Company's Articles of Association, one-third or a number nearest to one-third (1/3) of the Board is subject to retirement by rotation at each Annual General Meeting. The Directors to retire each year are the Directors who have been longest in office since their appointment or re-election.

The Articles of Association also provide that all Directors shall retire from their office and be eligible for re-election at least once in every three (3) years. A retiring Director is eligible for re-election. The election of each Director is voted on separately.

The Articles of Association further provide that a managing director can be appointed for a fixed term which shall not exceed three (3) years.

Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next Annual General Meeting and shall then be eligible for re-election.

The profiles of all directors, meeting attendance and the shareholdings in the Company have been furnished in this Annual Report.

1.7 Directors' Training

All Directors have attended the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities.

Other than Prof. Dr. Ahmad Fadzil Bin Mohamad Hani and Chuah Poay Ngee who were not able to attend any training due to their respective tight traveling schedules, the rest of the Directors of the Company attended various seminars and training programmes during FY2009 as follows:

1. Lean Problem Solving
2. Key Performance Indicator (KPI)
3. Asian Management Speaker's Conference
4. Kepner Tregoe Project Management
5. RF Design Stimulation
6. TQC Refresher Course
7. Occupational Safety and Health Administration

In the future, the Board will continue to identify training needs amongst the Directors and enroll the directors for training programs, as and when required.

2. Board Committees

The Board, in discharging its fiduciary duties, is assisted by the following Board Committees which have been set up to perform specific tasks. The terms of reference of each committee have been approved by the Board and comply with the best practices recommended by the Code:-

Board Committee	Date established
Executive Committee	7 July 2005
Audit Committee	8 July 2005

All Board Committees are assisted by the Company Secretary.

Corporate Governance Statement

2. Board Committees (Cont'd)

2.1 Audit Committee

The terms of reference and the function of the Audit Committee are discussed on Pages 28 to 30 of the Annual Report 2009.

2.2 Executive Committee

The Executive Committee ("Exco") comprises the Executive Directors as follows:

Chairman : Chu Jenn Weng
 Member : Siaw Kok Tong
 Yeoh Shih Hoong

The Exco's functions are to assist the Managing Director to manage the Group's day-to-day operations. The Exco was set up to formulate operational plans and oversee the execution of these plans. The Exco meets regularly to discuss operational issues.

3. Directors' Remuneration

The Company has not established a Remuneration Committee and the remuneration packages for Executive Directors are determined by the Board as a whole and the respective Executive Directors play no part in determining their own remuneration. It is the Company's policy to remunerate Directors adequately to attract and retain the Directors of the necessary calibre to manage its business. The Articles of Association of the Company provides that the remuneration of Directors shall not include a commission or percentage of turnover.

The determination of the remuneration of each Independent, Non-Executive Director is decided by the Board as a whole. The Board reimburses any reasonable expense incurred by these Directors in the course of their duties as Directors.

Details of the Directors' remunerations for FY2009 are as follows :

Category	Salaries, Bonuses & Employee			Total RM
	Fees RM	Provident Fund RM	Allowances RM	
Executive	-	424,926	79,200	504,126
Non-Executive	78,000	9,360	5,600	92,960
Total				597,086

The remuneration bands of the Directors are as follows:

Range	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	3
RM150,001 - RM200,000	3	-

Corporate Governance Statement



4. Accountability and Audit

The Board is fully aware of its responsibility to safeguard and enhance the value of shareholders in the Company. The Board has engaged an external professional firm to carry out the internal audit function for the Group. The functions of the internal auditors are to ensure that adequate system of internal controls exist to assist the management to manage operational, regulatory and financial risks.

The Company, through the Audit Committee, maintains an appropriate and transparent relationship with the external auditors. It is intended that Independent members of the Audit Committee will meet the external auditors at least twice a year to discuss the conduct and concerns arising from their audit without the presence of the Executive Director and management.

The Board, with the recommendations by the Audit Committee, will ensure that all quarterly announcements and annual reports present a balanced and understandable assessment of the Group's financial position and prospect.

The Board is also required by the Companies Act, 1965 to prepare financial statements that give a true and fair view of the state of affairs, including the cash flows and results, of the Group and of the Company for the financial year. A statement by the Board of its responsibilities for preparing the financial statements is set out on page 32 of this Annual Report.

5. Relationship with Shareholders and Investors

In line with the recommendations by the LR and the Code, material information are disseminated to shareholders, investors and public at large on a timely basis. These information, which could be assessed through Bursa Securities website at www.bursamalaysia.com, include:

1. Quarterly announcements
2. Annual reports
3. Circular to shareholders
4. Other important announcements

The Group also maintains a website at www.vitrox.com which provides information, qualitative and quantitative, on the Group's operations and corporate developments.

In addition to the above, the Company's Annual General Meeting remains the principal forum for dialogue with shareholders and adequate time will be allocated to address issues concerning the Group during the Annual General Meeting.

This statement was made in accordance with a board of directors resolution dated 11 May 2010.

Audit Committee Report

AUDIT COMMITTEE

The Audit Committee ("Committee") was established by the Board of Directors of ViTrox Corporation Berhad ("Company") on 8 July 2005 as a Committee of the Board.

COMPOSITION

The present members of the Committee comprise:

Dato' Seri Kiew Kwong Sen

Chairman

Independent, Non-Executive Director

Prof. Dr. Ahmad Fadzil Bin Mohamad Hani

Member

Non-Independent, Non-Executive Director

Chuah Poay Ngee

Member

Independent, Non-Executive Director

The Committee is governed by the following terms of reference :

1. Membership

The Committee shall be appointed by the Board from amongst its members and consists of not less than three members. All the Committee member must be Non-Executive Directors, with a majority of whom must be independent. The members of the Committee shall elect the Chairman from among their number, who shall be an Independent, Non-Executive Director. No Chief Executive Officer and alternate Director shall be appointed as a member of the Committee.

If the number of members is reduced below three, due to whatsoever reasons, the Board shall within three months of that event, appoint such number of new members as may be required to make up the minimum number of three members.

2. Meetings

Meetings shall be held not less than four times a year.

A quorum of two independent members shall constitute a valid meeting.

The Head of Finance and the Head of Internal Audit, if any, shall be invited to attend meetings, as the Committee deems necessary. At least twice a year, the Committee shall meet with the External Auditors without the presence of the Executive Directors.

The Company Secretary shall be the secretary of the Committee.

The External Auditors may request a meeting if they consider that one is necessary.

3. Authority

The Committee is authorized by the Board to investigate any activity within its terms of reference and shall have the resources required to perform its duties. The Committee has full and unrestricted access to all information and documents relevant to its activities as well as to the internal and external auditors and employees of the Group.

Audit Committee Report



4. Duties and Responsibilities

The duties and responsibilities of the Committee shall include:

- a) to recommend the appointment of the External Auditors, their audit fee and any questions on their resignation or dismissal, to the Board;
- b) to discuss the nature and scope of the external audit with the External Auditors before the audit commences;
- c) to review the financial statements of the Company and the Group before submission to the Board, focusing particularly on:
 - public announcements of results and dividend payment;
 - any changes in accounting policies and practices;
 - major judgmental areas;
 - significant adjustments resulting from the external audit;
 - the going-concern assumptions;
 - compliance with accounting standards; and
 - compliance with stock exchange and legal requirements.
- d) to discuss problems and reservations arising from the interim and final audits and any matters the external/internal auditors may wish to discuss (excluding the attendance of other directors and employees of ViTrox);
- e) to review the internal audit programme, consider the major findings of internal audit investigations and management's response and ensure co-ordination between the Internal and External Auditors;
- f) to review the adequacy of the scope, functions, competency and resources of the internal audit function and to ensure that it has the necessary authority to carry out its works;
- g) to review and evaluate the adequacy and effectiveness of the Group's accounting policies, procedures and internal controls;
- h) to review the appraisal or assessment of the performance of the staff of the internal audit function; to approve any appointment or termination of senior staff of the internal audit function;
- i) to keep under review the effectiveness of internal control system and in particular, review External Auditors' management letter and management's response;
- j) to review any related party transactions and conflict of interest situation that may arise within the Company or Group and to monitor any inter-company transaction or any transaction between the Company and any related parties outside the Group; and
- k) to carry out such other functions and consider any other topics, as may be agreed upon by the Board .

5. Reporting Procedures

The Committee is authorized to regulate its own procedures and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.

The Company Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.

Audit Committee Report

6. Attendance at Meetings

The information on the attendance of each member at the Committee meetings held during the Financial Year 2009 is as follows:-

Member	No. of Meetings Held	No. of Meetings Attended
Dato' Seri Kiew Kwong Sen	4	4
Prof. Dr. Ahmad Fadzil Bin Mohamad Hani	4	3
Chuah Poay Ngee	4	4

7. Activities of the Audit Committee

The main activities carried out by the Committee during the Financial Year 2009 in discharge of its duties and responsibilities were as follows:-

- Considered and approved the internal audit plan for the Company and Group for the financial year ended 31 December 2009;
- Reviewed the internal audit reports for the Company and Group;
- Reviewed the external audit plan for the Company and Group with the External Auditors;
- Reviewed the external audit reports for the Company and Group with the External Auditors;
- Reviewed the quarterly results of the Group and recommended the same to the Board for approval.
- Reviewed the draft audited Financial Statements of the Company and Group for the financial year ended 31 December 2009 and recommended the same to the Board for approval.

8. Internal Audit Function

The Board has engaged an external professional firm to carry out the internal audit function of the Group. The Internal Auditors report directly to the Committee. The primary roles of the Internal Auditors are to assist the Committee on an ongoing basis to :

- review the risk management framework
- evaluate the state of compliance with the Bursa Malaysia Securities Berhad Main Market and ACE Market Listing Requirements (the Company had been transferred from the ACE Market to the Main Market of Bursa Securities with effect from 9 November 2009), which are applicable, Malaysian Code on Corporate Governance and other statutory requirements.
- provide independent, systematic and objective evaluation on the state of internal control within the Group.
- review recurrent related party transaction.
- perform such other functions as requested by the Committee.

During the Financial Year 2009, the Internal Auditors have assisted the Committee to undertake the following:

- plan the conduct of internal audit for Financial Year 2009
- review the risk management and the state of internal control of certain operating cycles within the Group
- presented the internal audit report to the Audit Committee

The cost incurred for the internal audit function in the financial year 2009 was made up of a fee paid to the professional internal audit firm of RM8,115.

Statement On Internal Control

Pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements



The Board of Directors of ViTrox Corporation Berhad (“the Company”) has made the following statement on the state of internal control of the Group which has been prepared in accordance with the “Statement on Internal Control – Guidance for Directors of Public Listed Companies” issued by the Institute of Internal Auditors Malaysia.

Internal Control Objectives

The Board of Directors recognizes the importance of maintaining a sound system of internal control to achieve the following objectives:

1. Safeguard the shareholders’ investment and assets of the Group
2. Identify and manage risks affecting the business of the Group
3. Ensure compliance with regulatory requirements
4. Ensure the effectiveness and efficiency of operations to achieve business objectives of the Group
5. Ensure the integrity and reliability of financial information

In consultation with the Executive Directors of the Company who are also managing the active subsidiaries, the Board is satisfied that throughout the year, there is an ongoing process for identifying, evaluating and managing the significant risks affecting the Group through the system of internal control.

Key Elements of Internal Control System

The important elements of the system of internal control of the Group are as follows:

1. Organizational structure of each business unit clearly defines operational and financial responsibilities
2. Key responsibilities are clearly defined and properly segregated
3. Authority level is properly defined
4. Key management personnel including Executive Directors meet regularly to address key business risks and operational issues
5. Operational procedures are governed by standard operating manuals which are reviewed and updated regularly
6. Effective financial reporting system is in place to ensure timely generation of financial information for management’s review

The Board of Directors is ultimately responsible to ensure that the Group maintains a sound system of internal control. However, the Board wishes to draw attention that the system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatements or losses.

Internal Audit Function

The Board has outsourced the internal audit function to Finfield Corporate Services Sdn Bhd, an independent professional firm of consultants. The cost incurred for the internal audit function in the financial year 2009 was made up of a fee paid to the professional internal audit firm of RM8,115.

Regular internal audits are carried out on an ongoing basis to assess the adequacy and integrity of the internal control system of the Group based on the internal audit plan reviewed and approved by the Audit Committee. Based on the audits, the internal auditors will advise management on areas of improvement and subsequently, initiate follow-up actions to determine the extent of implementation of their recommendations.

The internal audit plan was circulated to the members of the Audit Committee prior to the execution of the assignment. Findings arising from the internal audit exercise were reported and discussed at the Audit Committee meeting.

During the year under review, the internal auditors have not reported any significant weaknesses in the system of internal controls of the Group.

This statement was made in accordance with a board of directors resolution dated 11 May 2010.

Statement Of Directors' Responsibilities

Pursuant to Paragraph 15.26 (a) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements

The Directors are required to prepare audited financial statements that give a true and fair view of the state of affairs, including the cash flows and results, of the Group and of the Company as at the end of each financial year.

In preparing these financial statements, the Directors have considered the following:

- That the Group and the Company have used appropriate accounting policies, and these are consistently applied;
- That reasonable and prudent judgments and estimates were made;
- That the approved accounting standards in Malaysia have been adopted; and
- That the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company and subsidiary companies maintain proper accounting records which disclose with reasonable accuracy the financial positions of the Group and of the Company, and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have general responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group and of the Company, and to prevent and detect fraud and other irregularities.

This statement was made in accordance with a board of directors resolution dated 11 May 2010.

Additional Compliance Information



1. Utilization of Proceeds

During the financial year, there were no proceeds raised by the Company from any corporate proposals.

2. Share Buy-backs

The Company obtained the approval to purchase its own shares at the Extraordinary General Meeting held on 21 November 2008.

During the financial year ended 31 December 2009, the details of the shares purchased by the Company were as follows:-

Transaction date	Number of Shares (Units)	Unit Price			Consideration paid RM
		Lowest RM	Highest RM	Average RM	
February 2009	880,000	0.350	0.400	0.390	342,856
March 2009	1,606,600	0.290	0.350	0.317	509,849
	<u>2,486,600</u>				<u>852,705</u>

All the shares so purchased during the financial year were retained as treasury shares. No resale of treasury share during the year.

There has been no cancellation of treasury shares by the Company during the financial year ended 31 December 2009.

3. Options, Warrants or Convertible Securities

No options, warrants or convertible securities were issued by the Company during the financial year.

4. American Depository Receipt ("ADR") or the Global Depository Receipt ("GDR") Programme

During the financial year, the Company did not sponsor any of such programmes.

5. Imposition of Sanctions and/or Penalties

There were no material sanctions and/or penalties imposed on the Company and its subsidiary companies, Directors or management by the relevant regulatory authorities during the financial year.

6. Non-Audit Fees

Non-audit fees amounting to RM13,900 were incurred for services rendered to the Company and its subsidiaries for the financial year by the Company's external auditor and a company affiliated to the external auditors.

7. Profit Forecast and Unaudited Results Deviation

There was no profit forecast issued by the Group during the financial year.

The audited consolidated results during the financial year of the Group did not deviate by more than 10% of the unaudited consolidated results of the Group as announced via the BURSALINK on www.bursamalaysia.com on 23 February 2010.

8. Profit Guarantee

There was no profit guarantee issued by the Group during the financial year.

9. Recurrent Related Party Transactions of a Revenue or Trading Nature

The Company does not have any recurrent related party transactions of a revenue or trading nature during the financial year.

10. Revaluation Policy

It is the Group's policy that landed properties shall be stated at cost and in consistent with this, the Group did not revalue any of its landed properties during the financial year.

11. Material Contracts

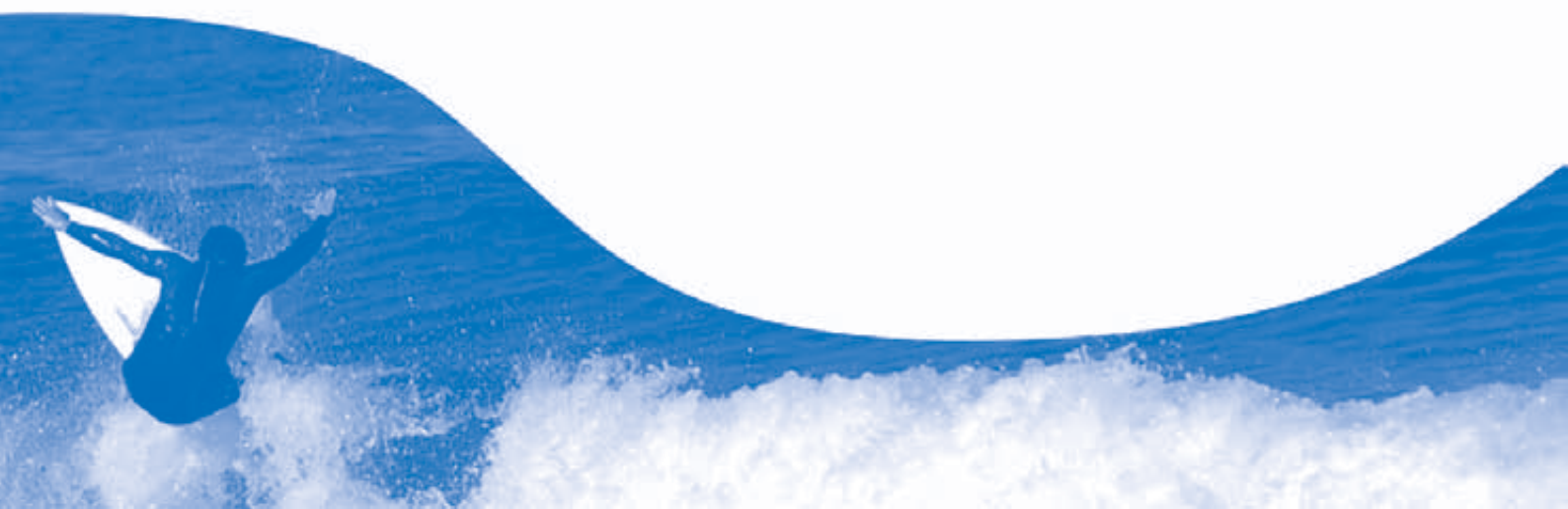
There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests either still subsisting as at 31 December 2009 or entered into since the end of the previous financial year.

12. Corporate Social Responsibility ("CSR")

The Group subscribes to the belief that pursuit of business objectives needs to be balanced with social and environmental responsibilities for any business to remain sustainable. As such, the Group uses its best endeavour on ongoing basis to integrate CSR practices into its day to day business operations. These include devising staff welfare schemes to enhance the quality of life of its employees, demonstrating care for the community through monetary donations to schools and other charitable causes, encouraging its employees to donate blood, and adopting eco-friendly practices such as minimizing the use of hazardous compound in its manufacturing process to protect the environment.

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Directors' Report



The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and development of 3D and line scan vision inspection system. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM	The Company RM
Net profit for the financial year	<u>1,940,552</u>	<u>1,883,306</u>

DIVIDENDS

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

	RM
Special interim dividend of 0.7 sen per share (tax exempt) in respect of financial year ended 31 December 2008 paid in February 2009	1,085,000
Final dividend of 0.4 sen per share (tax exempt) in respect of financial year ended 31 December 2008 paid in July 2009	<u>610,053</u>
	<u>1,695,053</u>

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year apart from those disclosed in the financial statements.

ISSUE OF SHARES OR DEBENTURES

There was no issue of shares or debentures by the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No share options were granted by the Company during the financial year.

Directors' Report

PURCHASE OF OWN SHARES

The shareholders of the Company, by a resolution passed at the Extraordinary General Meeting held on 21 November 2008, approved the Company's plan to purchase its own shares. The directors are committed to enhancing the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interests of the Company and its shareholders. The details of the shares purchased from the open market using internally generated funds and held as treasury shares during the financial year are as follows:-

Month	Number of Shares	Unit Cost			Total Cost RM
		Lowest RM	Highest RM	Average RM	
February 2009	880,000	0.350	0.400	0.390	342,856
March 2009	1,606,600	0.290	0.350	0.317	509,849
	2,486,600	0.290	0.400	0.343	852,705

The mandate given by the shareholders at the Annual General Meeting held on 25 June 2009 will expire at the forthcoming Annual General Meeting at which an ordinary resolution will be tabled for shareholders to grant a fresh mandate for another year.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would require the writing off of bad debts or render the amount of the allowance made for doubtful debts inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain whether any current assets which would be unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (i) any charge on the assets of the Group or the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group or the Company that has arisen since the end of the financial year.

Directors' Report



CONTINGENT AND OTHER LIABILITIES (CONT'D)

No contingent liability or other liability of the Group or the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or in the financial statements of the Group and the Company that would render any amount stated in the respective financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

DIRECTORS OF THE COMPANY

The directors who served since the date of the last report are:-

Dato' Seri Kiew Kwong Sen
 Prof. Dr. Ahmad Fadzil Bin Mohamad Hani
 Chu Jenn Weng
 Siaw Kok Tong
 Yeoh Shih Hoong
 Chuah Poay Ngee

Particulars of the interests in shares in the Company of the directors in office at the end of the financial year, as shown in the Register of Directors' Shareholdings, are as follows:-

Name of Director	Number of Ordinary Shares of RM0.10 each			Balance at 31.12.2009
	Balance at 1.1.2009	Bought	(Sold)	
Dato' Seri Kiew Kwong Sen	1,000,000	1,500,000	0	2,500,000
Prof. Dr. Ahmad Fadzil Bin Mohamad Hani	500,000	0	0	500,000
Chu Jenn Weng	52,925,503	0	(1,430,400)	51,495,103
Siaw Kok Tong	37,972,943	0	(1,055,600)	36,917,343
Yeoh Shih Hoong	19,904,479	101,111	(524,000)	19,481,590
Chuah Poay Ngee	10,000	0	0	10,000

By virtue of their interests in shares in the Company, Chu Jenn Weng and Siaw Kok Tong are also deemed to have interests in shares in the subsidiaries to the extent of the Company's interests, pursuant to Section 6A of the Companies Act 1965.

Directors' Report

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the directors' remuneration disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Crowe Horwath (formerly known as Messrs. Horwath), have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 8 MARCH 2010

Chu Jenn Weng

Siaw Kok Tong

Statement By Directors



We, Chu Jenn Weng and Siaw Kok Tong, being two of the directors of ViTrox Corporation Berhad, do hereby state that in the opinion of the directors, the financial statements set out on pages 42 to 70 have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2009 and of their financial performance and cash flows for the financial year then ended.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 8 MARCH 2010

Chu Jenn Weng

Siaw Kok Tong

Statutory Declaration

I, Chu Jenn Weng, being the director primarily responsible for the financial management of ViTrox Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 42 to 70 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by Chu Jenn Weng at Georgetown in the State of Penang on this 8 March 2010

Chu Jenn Weng

Before me

Karupayee Kamalam A/P R. Mottai
Commissioner for Oaths

Independent Auditors' Report

To The Members Of ViTrox Corporation Berhad

(Incorporated in Malaysia)

Company No: 649966-K

Report on the Financial Statements

We have audited the financial statements of ViTrox Corporation Berhad ("the Company") and its subsidiaries ("the Group") set out on pages 42 to 70, which comprise the balance sheets as at 31 December 2009, and the income statements, statements of changes in equity and cash flow statements for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia ("the Act"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Act so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2009 and of their financial performance and cash flows for the financial year then ended.

Independent Auditors' Report

To The Members Of ViTrox Corporation Berhad (Cont'd)

(Incorporated in Malaysia)

Company No: 649966-K



Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Act, we also report the following:-

- (i) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (ii) We have considered the financial statements and the auditors' report thereon of the subsidiary of which we have not acted as auditors, as indicated in Note 8 to the financial statements.
- (iii) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (iv) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Act and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath

Firm No: AF 1018

Chartered Accountants

Penang

8 March 2010

Eddy Chan Wai Hun

Approval No: 2182/10/11 (J)

Chartered Accountant

Consolidated Balance Sheet

As At 31 December 2009

	Note	2009 RM	2008 RM
NON-CURRENT ASSETS			
Property, plant and equipment	4	7,949,220	8,407,282
Investment property	5	600,000	600,000
Prepaid lease payments	6	2,730,854	2,779,957
Development expenditure	7	2,964,444	1,994,366
Investment in club memberships - at cost		91,250	91,250
		14,335,768	13,872,855
CURRENT ASSETS			
Inventories	9	4,499,981	4,073,514
Trade and other receivables	10	5,237,189	4,774,698
Prepayments		507,198	453,310
Current tax assets		501,713	431,468
Cash and cash equivalents	11	27,682,736	28,783,273
		38,428,817	38,516,263
CURRENT LIABILITIES			
Trade and other payables	12	2,965,166	2,267,730
Current tax liabilities		3,228	3,326
		2,968,394	2,271,056
NET CURRENT ASSETS		35,460,423	36,245,207
NON-CURRENT LIABILITIES			
Deferred income	13	269,645	0
Deferred tax liabilities	14	316,000	298,000
		585,645	298,000
NET ASSETS		49,210,546	49,820,062
FINANCED BY:-			
Share capital	15	15,500,000	15,500,000
Treasury shares	15	(852,705)	0
Share premium		1,222,055	1,222,055
Currency translation reserve		(2,185)	125
Retained profits		33,343,381	33,097,882
SHAREHOLDERS' EQUITY		49,210,546	49,820,062

The annexed notes form an integral part of these financial statements.

Consolidated Income Statement

For The Financial Year Ended 31 December 2009

	Note	2009 RM	2008 RM
Revenue	16	18,133,636	26,412,782
Other income		1,203,542	993,491
Amortisation of development expenditure		(509,840)	(192,260)
Amortisation of prepaid lease payments		(49,103)	(49,103)
Changes in work-in-progress and finished goods		698,193	(691,258)
Depreciation of property, plant and equipment		(985,097)	(978,008)
Directors' remuneration	17	(597,086)	(731,374)
Employee benefits expense	18	(6,123,095)	(5,597,737)
Raw materials consumed		(5,244,236)	(6,393,967)
Other expenses		(4,457,277)	(4,173,455)
Profit before tax	19	2,069,637	8,599,111
Tax expense	20	(129,085)	(275,182)
Net profit for the year		1,940,552	8,323,929
Earnings per share (sen)	21		
- Basic		1.27	5.37
- Diluted		1.27	5.37

The annexed notes form an integral part of these financial statements.

Consolidated Statement Of Changes In Equity

For The Financial Year Ended 31 December 2009

	<i>Non-distributable</i>			<i>Distributable</i>		Total RM
	Share capital RM	Treasury shares RM	Share premium RM	Currency translation reserve RM	Retained profits RM	
Balance at 1 January 2008	15,500,000	0	1,222,055	(8,022)	27,873,953	44,587,986
Dividends (Note 22)	0	0	0	0	(3,100,000)	(3,100,000)
Exchange translation differences	0	0	0	8,147	0	8,147
Net profit for the year	0	0	0	0	8,323,929	8,323,929
Total recognised income	0	0	0	8,147	8,323,929	8,332,076
Balance at 31 December 2008	15,500,000	0	1,222,055	125	33,097,882	49,820,062
Dividends (Note 22)	0	0	0	0	(1,695,053)	(1,695,053)
Exchange translation differences	0	0	0	(2,310)	0	(2,310)
Net profit for the year	0	0	0	0	1,940,552	1,940,552
Total recognised income and expense	0	0	0	(2,310)	1,940,552	1,938,242
Purchase of own shares	0	(852,705)	0	0	0	(852,705)
Balance at 31 December 2009	15,500,000	(852,705)	1,222,055	(2,185)	33,343,381	49,210,546

The annexed notes form an integral part of these financial statements.

Consolidated Cash Flow Statement

For The Financial Year Ended 31 December 2009



	Note	2009 RM	2008 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,069,637	8,599,111
Adjustments for:-			
Allowance for doubtful debts		196,910	745,827
Allowance for doubtful debts written back		(134,505)	0
Allowance for slow moving inventories		634,918	273,666
Amortisation and depreciation		1,544,040	1,219,371
Amortisation of deferred income		(9,922)	0
Development expenditure written off		5,238	0
Interest income		(554,964)	(596,973)
Unrealised (gain)/loss on foreign exchange		(19,721)	39,474
Operating profit before working capital changes		3,731,631	10,280,476
(Increase)/Decrease in inventories		(1,061,385)	563,007
(Increase)/Decrease in receivables and prepayments		(257,714)	6,479,232
Increase/(Decrease) in payables		695,638	(2,629,430)
Cash generated from operations		3,108,170	14,693,285
Tax paid		(181,428)	(404,405)
Tax refunded		0	125,166
Net cash from operating activities		2,926,742	14,414,046
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions of development expenditure		(1,485,156)	(1,008,804)
Interest received		520,823	591,659
Purchase of property, plant and equipment		(527,104)	(626,693)
Net cash used in investing activities		(1,491,437)	(1,043,838)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(1,695,053)	(3,875,000)
Purchase of own shares		(852,705)	0
Net cash used in financing activities		(2,547,758)	(3,875,000)
Effect of exchange rate changes		11,916	(104,921)
Net (decrease)/increase in cash and cash equivalents		(1,100,537)	9,390,287
Cash and cash equivalents brought forward		28,783,273	19,392,986
Cash and cash equivalents carried forward	11	27,682,736	28,783,273

The annexed notes form an integral part of these financial statements.

Balance Sheet

As At 31 December 2009

	Note	2009 RM	2008 RM
NON-CURRENT ASSETS			
Investments in subsidiaries	8	8,542,012	8,542,012
CURRENT ASSETS			
Amounts owing by subsidiaries	8	5,721,607	8,978,249
Other receivables	10	13,044	3,180
Current tax assets		9,268	3,468
Cash and cash equivalents	11	5,227,828	2,140,491
		10,971,747	11,125,388
CURRENT LIABILITIES			
Payables	12	717,351	206,540
		717,351	206,540
NET CURRENT ASSETS		10,254,396	10,918,848
NET ASSETS		18,796,408	19,460,860
FINANCED BY:-			
Share capital	15	15,500,000	15,500,000
Treasury shares	15	(852,705)	0
Share premium		1,222,055	1,222,055
Retained profits		2,927,058	2,738,805
SHAREHOLDERS' EQUITY		18,796,408	19,460,860

The annexed notes form an integral part of these financial statements.

Income Statement

For The Financial Year Ended 31 December 2009



	Note	2009 RM	2008 RM
Revenue	16	3,984,676	4,960,530
Other income		77,263	60,854
Directors' remuneration	17	(279,166)	(351,167)
Employee benefits expense	18	(1,517,591)	(351,604)
Other expenses		(381,876)	(248,878)
Profit before tax	19	1,883,306	4,069,735
Tax expense	20	0	(12,524)
Net profit for the year		1,883,306	4,057,211

The annexed notes form an integral part of these financial statements.

Statement Of Changes In Equity

For The Financial Year Ended 31 December 2009

	Share capital RM	<i>Non-distributable</i>		<i>Distributable</i>	Total RM
		Treasury shares RM	Share premium RM	Retained profits RM	
Balance at 1 January 2008	15,500,000	0	1,222,055	1,781,594	18,503,649
Dividends (Note 22)	0	0	0	(3,100,000)	(3,100,000)
Net profit for the year	0	0	0	4,057,211	4,057,211
Balance at 31 December 2008	15,500,000	0	1,222,055	2,738,805	19,460,860
Dividends (Note 22)	0	0	0	(1,695,053)	(1,695,053)
Net profit for the year	0	0	0	1,883,306	1,883,306
Purchase of own shares	0	(852,705)	0	0	(852,705)
Balance at 31 December 2009	15,500,000	(852,705)	1,222,055	2,927,058	18,796,408

The annexed notes form an integral part of these financial statements.

Cash Flow Statement

For The Financial Year Ended 31 December 2009



	Note	2009 RM	2008 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,883,306	4,069,735
Adjustments for:-			
Dividend income		(620,000)	(4,185,000)
Interest income		(77,263)	(60,854)
Operating profit/(loss) before working capital changes		1,186,043	(176,119)
Decrease/(Increase) in receivables		3,258,822	(758,833)
Increase/(Decrease) in payables		510,811	(132,320)
Cash generated from/(absorbed by) operations		4,955,676	(1,067,272)
Tax paid		(5,800)	(18,132)
Net cash from/(used in) operating activities		4,949,876	(1,085,404)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		620,000	4,960,000
Interest received		65,219	60,854
Net cash from investing activities		685,219	5,020,854
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(1,695,053)	(3,875,000)
Purchase of own shares		(852,705)	0
Net cash used in financing activities		(2,547,758)	(3,875,000)
Net increase in cash and cash equivalents		3,087,337	60,450
Cash and cash equivalents brought forward		2,140,491	2,080,041
Cash and cash equivalents carried forward	11	5,227,828	2,140,491

The annexed notes form an integral part of these financial statements.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009

1. GENERAL INFORMATION

The Company is a public company limited by shares, incorporated and domiciled in Malaysia. The Company is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company are those of investment holding and development of 3D and line scan vision inspection system. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

The registered office of the Company is located at 57-G, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang and its principal place of business is located at Plot 85A, Lintang Bayan Lepas 11, Bayan Lepas Industrial Park Phase IV, 11900 Bayan Lepas, Penang.

The consolidated financial statements set out on pages 42 to 45 together with the notes thereto cover the Company and its subsidiaries ("the Group"). The separate financial statements of the Company set out on pages 46 to 49 together with the notes thereto cover the Company solely.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 8 March 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

The financial statements of the Group and the Company are prepared under the historical cost convention, modified to include other bases of measurement as disclosed in other sections of the significant accounting policies, and in accordance with Financial Reporting Standards ("FRSs") and the Companies Act 1965 in Malaysia.

The financial statements are presented in Ringgit Malaysia (RM).

The Group and the Company have not applied the following FRSs and IC Interpretations which have been issued as at the balance sheet date but are not yet effective:-

Standard/Interpretation	Effective for financial periods beginning on or after
Amendments to FRS 1 <i>First-time Adoption of Financial Reporting Standards</i> and FRS 127 <i>Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	1 January 2010
Amendments to FRS 2 <i>Share-based Payment: Vesting Conditions and Cancellations</i>	1 January 2010
Amendments to FRS 132 <i>Financial Instruments: Presentation</i>	1 January 2010
Amendments to FRS 139 <i>Financial Instruments: Recognition and Measurement</i> , FRS 7 <i>Financial Instruments: Disclosures</i> and IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 January 2010
Amendments to FRSs contained in the document entitled " <i>Improvements to FRSs (2009)</i> "	1 January 2010
FRS 4 <i>Insurance Contracts</i>	1 January 2010
FRS 7 <i>Financial Instruments: Disclosures</i>	1 January 2010
FRS 8 <i>Operating Segments</i>	1 July 2009
FRS 101 <i>Presentation of Financial Statements</i> (revised in 2009)	1 January 2010
FRS 123 <i>Borrowing Costs</i>	1 January 2010

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009



2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of Preparation of Financial Statements (Cont'd)

Standard/Interpretation	Effective for financial periods beginning on or after
FRS 139 <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 January 2010
IC Interpretation 10 <i>Interim Financial Reporting and Impairment</i>	1 January 2010
IC Interpretation 11 <i>FRS 2 - Group and Treasury Share Transactions</i>	1 January 2010
IC Interpretation 13 <i>Customer Loyalty Programmes</i>	1 January 2010
IC Interpretation 14 <i>FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	1 January 2010

Except for FRS 7, FRS 101 (revised in 2009) and FRS 139, the management foresees that the initial application of the above FRSs and IC Interpretations will not have any significant impacts on the financial statements.

By virtue of the exemptions given by FRS 7 and FRS 139, the impacts on the financial statements upon initial application of these FRSs (and the amendments thereto) are not disclosed.

FRS 101 (revised in 2009), which supersedes FRS 101 *Presentation of Financial Statements* (revised in 2005), affects the presentation of owner changes in equity and comprehensive income. It requires an entity to present all owner changes in equity in a statement of changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or two statements (a separate income statement and a statement of comprehensive income). FRS 101 (revised in 2009) also changes the titles of the financial statements to reflect their function more closely, for example, the titles "balance sheet" and "cash flow statement" are renamed as "statement of financial position" and "statement of cash flows" respectively.

2.2 Basis of Consolidation

A subsidiary is an entity that is controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the end of the financial year using the purchase method. The results of the subsidiary acquired or disposed of during the financial year are included in the consolidated financial statements from the date of acquisition or up to the date of disposal. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation.

The excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired at the acquisition date represents goodwill. Goodwill is recognised as an asset at cost less accumulated impairment losses, if any. When the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired at the acquisition date exceeds the cost of acquisition, the excess (hereinafter referred to as "negative goodwill"), after reassessment, is recognised in the income statement.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Financial Instruments

Recognised Financial Instruments

The accounting policies for recognised financial instruments are disclosed in the individual policies associated with each item.

Unrecognised Financial Instruments

The Group and the Company do not have any unrecognised financial instruments.

Fair Values

The carrying amounts of financial assets and liabilities with short maturity periods are assumed to approximate their fair values.

2.4 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:-

Buildings	2%
Furniture, fittings and equipment	18% - 25%
Motor vehicle	25%
Renovation and electrical installation	25%

The residual value, useful life and depreciation method of an asset are reviewed at least at each balance sheet date and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

2.5 Investment Property

An investment property, being a property held to earn rentals and/or for capital appreciation, is stated at fair value. Any gain or loss arising from a change in the fair value of investment property is recognised in the income statement.

2.6 Prepaid Lease Payments

The upfront payments for a lease of land under an operating lease are classified as prepaid lease payments and amortised on a straight-line basis over the lease term.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009



2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Research and Development Expenditure

Research expenditure is recognised in the income statement as an expense when incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed off when incurred.

Capitalised development expenditure, considered to have finite useful lives, is stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is calculated on a straight-line basis over the estimated commercial lives of the underlying products of not more than 5 years. The amortisation period and method are reviewed at least at each balance sheet date and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

2.8 Investments

Subsidiaries

As required by the Companies Act 1965, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any.

Club Memberships

Investment in club memberships is stated at cost less impairment loss, if any.

2.9 Impairment of Assets

The carrying amounts of assets, other than inventories, financial assets within the scope of FRS 139 Financial Instruments: Recognition and Measurement and investment property stated at fair value, are reviewed at each balance sheet date to determine whether there is any indication that an item of asset may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs to sell and its value in use, is estimated. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised as an expense in the income statement.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. The reversal is recognised in the income statement.

2.10 Inventories

Inventories are valued at the lower of cost (determined on the weighted average basis) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

2.12 Payables

Payables are recognised at cost which is the fair value of the consideration to be paid in the future for goods and services received.

2.13 Grants

Grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to the grants and that the grants will be received. Grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Grants related to assets are presented in the balance sheet as deferred income which is amortised on a straight-line basis over the estimated useful lives of the assets. Grants related to income are presented under "other income" in the income statement.

2.14 Foreign Currency Transactions and Translation

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the balance sheet date, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in the income statement. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. directly in equity or in the income statement.

In translating the financial position and results of an entity whose functional currency is not the required presentation currency, i.e. Ringgit Malaysia, assets and liabilities are translated into the presentation currency using the closing rate whereas income and expenses are translated using the average exchange rate for the financial year. All resulting exchange differences are recognised directly in equity.

2.15 Share Capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Own shares purchased are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act 1965. The total amount of consideration paid, including directly attributable costs, is debited to equity.

Dividends on shares declared and unpaid at the balance sheet date are recognised as a liability whereas dividends proposed or declared after the balance sheet date are disclosed by way of note to the financial statements.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009



2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Income Recognition

Income from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised using the effective interest method.

2.17 Income Taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax represents the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided for under the balance sheet liability method in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base except for those temporary differences associated with goodwill, negative goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

A deferred tax liability is recognised for all taxable temporary differences whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the balance sheet date.

2.18 Employee Benefits

Short-term Employee Benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised as an expense or included in development expenditure, where appropriate, in the period in which the associated services are rendered by the employee.

Defined Contribution Plans

As required by law, employers in Malaysia make contributions to the state pension scheme, Employees Provident Fund ("EPF"). A foreign subsidiary makes contributions under certain defined contribution plans of the People's Republic of China. Contributions to defined contribution plans are recognised as an expense or included in development expenditure, where appropriate, in the period in which the associated services are rendered by the employee.

2.19 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, term deposits (including those pledged as security), bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009

3. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

Critical Judgements

In the process of applying the accounting policies of the Group and the Company, the management makes the following judgements that can significantly affect the amounts recognised in the financial statements:-

(i) Allowance for Inventories

Reviews are made periodically by the management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews require the use of judgements and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(ii) Allowance for Doubtful Debts

The Group and the Company make allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowance is applied to receivables where events or changes in circumstances indicate that the balances may not be recoverable. The management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts. Where expectations are different from previous estimates, the difference will impact on the carrying amounts of receivables.

Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

(i) Depreciation of Property, Plant and Equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. The management estimates the useful lives to be within 4 to 50 years. Changes in the expected level of usage and technological development will impact on the economic useful lives and residual values of the assets and therefore, future depreciation charges may be revised.

(ii) Capitalisation and Amortisation of Development Expenditure

The Group follows the guidance of FRS 138 *Intangible Assets* in determining the amount and nature of development expenditure to be capitalised as intangible asset and its subsequent amortisation. The assessment of the capitalisation criteria as disclosed in Note 2.7 to the financial statements requires ongoing estimates on the future outcome of the development project. Any changes in expectations from previous estimates will impact on the initial and subsequent capitalisation of the intangible asset as well as its future amortisation charges.

(iii) Impairment of Assets

When the recoverable amount of an asset is determined based on its value in use, estimates on future cash flows and appropriate discount rate are required to determine the present value of those cash flows.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009



3. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(iv) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimates. The Group and the Company recognise tax liabilities based on their understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final tax outcome of these matters is different from the amounts initially recognised, the difference will impact on the tax provisions in the period in which the outcome is determined.

4. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings RM	Furniture, fittings and equipment RM	Motor vehicle RM	Renovation and electrical installation RM	Total RM
<u>At Cost</u>					
Balance at 1 January 2008	7,221,386	3,248,783	8,396	76,615	10,555,180
Additions	0	626,693	0	0	626,693
Exchange translation differences	0	1,707	0	0	1,707
Balance at 31 December 2008	7,221,386	3,877,183	8,396	76,615	11,183,580
Additions	0	527,104	0	0	527,104
Exchange translation differences	0	(261)	0	0	(261)
Balance at 31 December 2009	7,221,386	4,404,026	8,396	76,615	11,710,423
<u>Accumulated Depreciation</u>					
Balance at 1 January 2008	287,650	1,488,888	8,396	12,843	1,797,777
Depreciation	146,393	812,880	0	18,735	978,008
Exchange translation differences	0	513	0	0	513
Balance at 31 December 2008	434,043	2,302,281	8,396	31,578	2,776,298
Depreciation	146,393	820,184	0	18,520	985,097
Exchange translation differences	0	(192)	0	0	(192)
Balance at 31 December 2009	580,436	3,122,273	8,396	50,098	3,761,203
<u>Carrying Amount</u>					
Balance at 1 January 2008	6,933,736	1,759,895	0	63,772	8,757,403
Balance at 31 December 2008	6,787,343	1,574,902	0	45,037	8,407,282
Balance at 31 December 2009	6,640,950	1,281,753	0	26,517	7,949,220

A building with a carrying amount of RM5,930,456 (2008 : RM6,059,087) has been pledged as security for credit facilities granted to the Group.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009

5. INVESTMENT PROPERTY

The Group

At Fair Value

	Shoplots RM
Balance at 1 January 2008	600,000
Movement during the year	0
Balance at 31 December 2008	<u>600,000</u>
Movement during the year	0
Balance at 31 December 2009	<u>600,000</u>

The fair value of investment property was determined based on management's estimate by reference to market information.

6. PREPAID LEASE PAYMENTS

The Group

	Short-term leasehold land RM	Long-term leasehold land RM	Total RM
<u>At Cost</u>			
Balance at 1 January 2008	255,102	2,691,103	2,946,205
Movement during the year	0	0	0
Balance at 31 December 2008	<u>255,102</u>	<u>2,691,103</u>	<u>2,946,205</u>
Movement during the year	0	0	0
Balance at 31 December 2009	<u>255,102</u>	<u>2,691,103</u>	<u>2,946,205</u>
<u>Accumulated Amortisation</u>			
Balance at 1 January 2008	31,179	85,966	117,145
Amortisation	4,251	44,852	49,103
Balance at 31 December 2008	<u>35,430</u>	<u>130,818</u>	<u>166,248</u>
Amortisation	4,251	44,852	49,103
Balance at 31 December 2009	<u>39,681</u>	<u>175,670</u>	<u>215,351</u>
<u>Carrying Amount</u>			
Balance at 1 January 2008	<u>223,923</u>	<u>2,605,137</u>	<u>2,829,060</u>
Balance at 31 December 2008	<u>219,672</u>	<u>2,560,285</u>	<u>2,779,957</u>
Balance at 31 December 2009	<u>215,421</u>	<u>2,515,433</u>	<u>2,730,854</u>

The long-term leasehold land has been pledged as security for credit facilities granted to the Group.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009

7. DEVELOPMENT EXPENDITURE

The Group

	RM
<u>At Cost</u>	
Balance at 1 January 2008	1,314,751
Additions - internal development	1,008,804
Balance at 31 December 2008	2,323,555
Additions - internal development	1,485,156
Write-offs	(5,238)
Balance at 31 December 2009	<u>3,803,473</u>
<u>Accumulated Amortisation</u>	
Balance at 1 January 2008	136,929
Amortisation	192,260
Balance at 31 December 2008	329,189
Amortisation	509,840
Balance at 31 December 2009	<u>839,029</u>
<u>Carrying Amount</u>	
Balance at 1 January 2008	<u>1,177,822</u>
Balance at 31 December 2008	<u>1,994,366</u>
Balance at 31 December 2009	<u>2,964,444</u>

Included in additions of development expenditure during the year is employee benefits expense as follows:-

	2009 RM	2008 RM
Short-term employee benefits	828,440	436,690
Defined contribution plans	101,641	54,271
	<u>930,081</u>	<u>490,961</u>

8. INVESTMENTS IN SUBSIDIARIES

The Company

	2009 RM	2008 RM
Unquoted shares, at cost	<u>8,542,012</u>	<u>8,542,012</u>

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:-

Name of Subsidiary	Country of Incorporation	Ownership Interest Held		Principal Activity
		2009	2008	
ViTrox Technologies Sdn. Bhd.	Malaysia	100%	100%	Development and production of automated vision inspection system and digital automated vision inspection equipment and modules
ViE Technologies Sdn. Bhd.	Malaysia	100%	100%	Design, development and manufacture of printed circuit board assemblies for microprocessor applications
ViTrox International Sdn. Bhd.	Malaysia	100%	100%	Investment holding for setting up foreign subsidiaries and catering for future foreign investments
ViTrox Technologies (Suzhou) Co., Ltd.*	China	**100%	**100%	As sales and support office

* Not audited by Crowe Horwath

** Interest held through ViTrox International Sdn. Bhd.

Amounts Owing By Subsidiaries

	2009 RM	2008 RM
Trade	2,531,633	2,496,956
Non-trade	3,189,974	6,481,293
	5,721,607	8,978,249

The credit term of trade amount is 60 days. The non-trade amount is unsecured, non-interest bearing and repayable on demand.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009



9. INVENTORIES

The Group

	2009 RM	2008 RM
Raw materials	3,651,591	3,302,790
Allowance for slow moving inventories	(782,277)	(161,750)
	2,869,314	3,141,040
Work-in-progress	147,925	330,802
Finished goods	2,125,617	1,230,156
Allowance for slow moving inventories	(642,875)	(628,484)
	1,482,742	601,672
	4,499,981	4,073,514

10. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade receivables	5,392,110	5,421,107	0	0
Allowance for doubtful debts	(829,512)	(767,107)	0	0
	4,562,598	4,654,000	0	0
Grant receivables	356,474	0	0	0
Other receivables	318,117	120,698	13,044	3,180
	5,237,189	4,774,698	13,044	3,180

The currency exposure profile of trade and other receivables is as follows:-

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Ringgit Malaysia	3,932,901	3,042,905	13,044	3,180
US Dollar	1,297,644	1,715,086	0	0
Renminbi	6,644	16,707	0	0
	5,237,189	4,774,698	13,044	3,180

The credit terms of trade receivables range from 30 to 60 days.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009

11. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Term deposits with licensed banks	24,020,584	25,038,662	3,100,937	125,000
Short-term funds	2,293,261	2,236,760	2,050,529	2,000,009
Cash and bank balances	1,368,891	1,507,851	76,362	15,482
	27,682,736	28,783,273	5,227,828	2,140,491

The effective interest rates of term deposits range from 0.3% to 3.5% (2008 : 0.3% to 3.7%) per annum. Short-term funds represent highly liquid investments in fixed income instruments.

The currency exposure profile of cash and cash equivalents is as follows:-

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Ringgit Malaysia	26,340,932	26,290,480	5,227,828	2,140,491
US Dollar	1,310,320	2,471,996	0	0
Renminbi	31,484	20,797	0	0
	27,682,736	28,783,273	5,227,828	2,140,491

A term deposit amounting to RM80,738 (2008 : RM79,621) has been pledged as security for credit facilities granted to the Group and hence, is not freely available for use.

12. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade payables	1,391,393	453,239	0	0
Other payables	1,573,773	1,814,491	717,351	206,540
	2,965,166	2,267,730	717,351	206,540

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009



12. TRADE AND OTHER PAYABLES (CONT'D)

The currency exposure profile of trade and other payables is as follows:-

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Ringgit Malaysia	2,417,363	1,611,904	717,351	206,540
US Dollar	490,349	626,984	0	0
Singapore Dollar	43,067	6,325	0	0
Euro	7,822	0	0	0
Renminbi	6,565	22,517	0	0
	2,965,166	2,267,730	717,351	206,540

The credit terms of trade and other payables range from 30 to 90 days.

13. DEFERRED INCOME

The Group

	2009 RM	2008 RM
Balance at 1 January	0	0
Grants related to:-		
- property, plant and equipment	75,639	0
- capitalised development expenditure	203,928	0
	279,567	0
Amortisation	(9,922)	0
Balance at 31 December	269,645	0

A subsidiary, ViTrox Technologies Sdn. Bhd., has been granted by the local government a grant with an approved limit of RM3,000,000 for the manufacture of High Performance Cluster Computing PCB Automated Optical Inspection. The grant shall fund 50% of the eligible expenditure incurred for the project.

14. DEFERRED TAX LIABILITIES

The Group

	2009 RM	2008 RM
Balance at 1 January	298,000	280,000
Deferred tax expense relating to origination and reversal of temporary differences	18,000	18,000
Balance at 31 December	316,000	298,000

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009

14. DEFERRED TAX LIABILITIES (CONT'D)

The deferred tax liabilities are in respect of the following items:-

	2009 RM	2008 RM
Taxable temporary differences of:-		
- property, plant and equipment	266,000	248,000
- investment property	50,000	50,000
	<u>316,000</u>	<u>298,000</u>

15. SHARE CAPITAL

	2009 RM	2008 RM
Authorised:-		
250,000,000 ordinary shares of RM0.10 each	<u>25,000,000</u>	25,000,000
Issued and fully paid-up:-		
155,000,000 ordinary shares of RM0.10 each	<u>15,500,000</u>	15,500,000

Purchase of Own Shares

The shareholders of the Company, by a resolution passed at the Extraordinary General Meeting held on 21 November 2008, approved the Company's plan to purchase its own shares. The directors are committed to enhancing the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interests of the Company and its shareholders. The details of the shares purchased from the open market using internally generated funds and held as treasury shares during the financial year are as follows:-

	2009		2008	
	No. of Shares	RM	No. of Shares	RM
Balance at 1 January	0	0	0	0
Shares purchased	2,486,600	852,705	0	0
Balance at 31 December	<u>2,486,600</u>	<u>852,705</u>	0	0
Average unit cost for the year		<u>0.343</u>		<u>0.000</u>

The number of outstanding shares in issue after excluding the treasury shares is as follows:-

	2009 No. of Shares	2008 No. of Shares
Balance at 1 January	155,000,000	155,000,000
Shares purchased	(2,486,600)	0
Balance at 31 December	<u>152,513,400</u>	<u>155,000,000</u>

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009

16. REVENUE

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Income from sale of goods	18,133,636	26,412,782	3,364,676	775,530
Gross dividends from subsidiaries	0	0	620,000	4,185,000
	18,133,636	26,412,782	3,984,676	4,960,530

17. DIRECTORS' REMUNERATION

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Fees	78,000	108,000	78,000	108,000
Other short-term employee benefits	403,453	493,674	151,934	188,661
Defined contribution plans	115,633	129,700	49,232	54,506
	597,086	731,374	279,166	351,167

18. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Short-term employee benefits	6,255,006	5,437,385	1,300,170	316,772
Defined contribution plans	798,170	651,313	217,421	34,832
	7,053,176	6,088,698	1,517,591	351,604
Employee benefits expense capitalised as development expenditure (Note 7)	(930,081)	(490,961)	0	0
Employee benefits expense recognised as expenses	6,123,095	5,597,737	1,517,591	351,604
Represented by:-				
- short-term employee benefits	5,426,566	5,000,695	1,300,170	316,772
- defined contribution plans	696,529	597,042	217,421	34,832
	6,123,095	5,597,737	1,517,591	351,604

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009

19. PROFIT BEFORE TAX

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit before tax is arrived at after charging:-				
Allowance for doubtful debts	196,910	745,827	0	0
Allowance for slow moving inventories	634,918	273,666	0	0
Auditors' remuneration				
- current year	33,213	33,761	9,500	9,500
- prior year	0	2,800	0	0
Development expenditure written off	5,238	0	0	0
Direct operating expenditure on investment property generating rental income	2,462	6,915	0	0
Loss on foreign exchange				
- realised	83,920	11,691	0	0
- unrealised	0	39,474	0	0
Rental of premises	309,881	85,735	0	0
Research and development expenditure	2,779,358	2,263,939	0	0
and crediting:-				
Allowance for doubtful debts written back	134,505	0	0	0
Amortisation of deferred income	9,922	0	0	0
Gain on foreign exchange				
- realised	39	287,956	0	0
- unrealised	19,721	0	0	0
Grants related to income	386,354	0	0	0
Interest income	554,964	596,973	77,263	60,854
Rental income				
- investment property	38,400	38,400	0	0
- others	57,600	56,000	0	0

20. TAX EXPENSE

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Tax based on results for the year:-				
Malaysian income tax	120,120	223,934	0	11,187
Deferred tax	18,000	18,000	0	0
	138,120	241,934	0	11,187
Tax (over)/under provided in prior year	(9,035)	33,248	0	1,337
	129,085	275,182	0	12,524

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009



20. TAX EXPENSE (CONT'D)

The numerical reconciliation between the applicable tax rate, which is the statutory income tax rate, and the average effective tax rate on results for the year is as follows:-

	The Group		The Company	
	2009	2008	2009	2008
	%	%	%	%
Applicable tax rate	25.00	26.00	25.00	26.00
Non-deductible expenses	12.06	1.96	3.34	0.98
Non-taxable income	(5.47)	(0.07)	(8.90)	(26.83)
Pioneer income exempted	(38.83)	(24.90)	(26.39)	0.00
Effect of differential tax rates	13.91	(0.18)	6.95	0.12
Average effective tax rate	6.67	2.81	0.00	0.27

Pursuant to the Finance Act 2007 (Act 683) gazetted on 28 December 2007, the statutory income tax rate has been reduced from 26% to 25% for the financial year under review.

As at 31 December 2009, the Company has sufficient tax credits and tax exempt income to frank/distribute its entire retained profits if paid out as dividends. It may also distribute its entire retained profits as at 31 December 2009 as tax exempt dividends under the single tier tax system.

Tax incentives applicable to the Group are summarised below:-

The Company

The Company has been granted Multimedia Super Corridor ("MSC") status by Multimedia Development Corporation Sdn. Bhd. for the development of QFP/SO 3D Vision Inspection System, Leadless Package Vision Inspection System, BGA 3D Vision Inspection System and Line Scan and Laser 3D Vision Inspection System ("Pioneer Products"). By virtue of its MSC status, the Company has been granted pioneer status by the Ministry of International Trade and Industry Malaysia. Under this incentive, 100% of the Company's statutory income from the Pioneer Products is exempted from income tax for a period of 5 years (extendable for further 5 years) commencing from 25 January 2005.

ViTrox Technologies Sdn. Bhd.

The subsidiary has been granted pioneer status by the Ministry of International Trade and Industry Malaysia for the development and production of digital automated vision inspection equipment and modules ("Pioneer Products"). Under this incentive, 100% of the subsidiary's statutory income from the Pioneer Products is exempted from income tax for a period of 5 years (extendable for further 5 years) commencing from 1 April 2005.

ViE Technologies Sdn. Bhd.

The subsidiary has been granted pioneer status by the Ministry of International Trade and Industry Malaysia for the design, development and manufacture of printed circuit board assemblies for microprocessor applications ("Pioneer Products"). Under this incentive, 100% of the subsidiary's statutory income from the Pioneer Products is exempted from income tax for a period of 5 years commencing from 1 April 2007.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009

21. EARNINGS PER SHARE

The Group

The basic earnings per share is calculated by dividing the Group's net profit for the year by the weighted average number of ordinary shares in issue during the year, after adjusting for the effect of shares purchased, as follows:-

	2009	2008
Net profit for the year (RM)	<u>1,940,552</u>	8,323,929
Number of shares in issue as at 1 January	155,000,000	155,000,000
Effect of shares purchased	<u>(2,148,687)</u>	0
Weighted average number of shares in issue	<u>152,851,313</u>	155,000,000
Basic earnings per share (sen)	<u>1.27</u>	5.37

The diluted earnings per share equals the basic earnings per share as the Company did not have any dilutive potential ordinary shares during the financial year.

22. DIVIDENDS

The Group and the Company

	2009 RM	2008 RM
Special dividend of 1.5 sen per share (tax exempt) in respect of financial year ended 31 December 2007 paid in July 2008	0	2,325,000
Final dividend of 0.5 sen per share (tax exempt) in respect of financial year ended 31 December 2007 paid in July 2008	0	775,000
Special interim dividend of 0.7 sen per share (tax exempt) in respect of financial year ended 31 December 2008 paid in February 2009	1,085,000	0
Final dividend of 0.4 sen per share (tax exempt) in respect of financial year ended 31 December 2008 paid in July 2009	<u>610,053</u>	0
	<u>1,695,053</u>	3,100,000

23. RELATED PARTY DISCLOSURES

Significant transactions with related parties during the financial year are as follows:-

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Key management personnel compensation				
- short-term employee benefits	<u>569,175</u>	704,399	<u>229,934</u>	296,661
- defined contribution plans	<u>125,769</u>	141,232	<u>49,232</u>	54,506
	<u>694,944</u>	845,631	<u>279,166</u>	351,167
Dividends declared from subsidiaries	0	0	<u>620,000</u>	4,185,000
Sale of goods to subsidiary	0	0	<u>34,676</u>	775,530

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009



24. SEGMENT REPORTING

The Group

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment revenue, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets, interest-bearing liabilities, income tax assets and liabilities and their related income and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business Segments

The Group is principally engaged in the development and production of vision inspection system and printed circuit board assemblies for microprocessor applications. Business segment information has not been prepared as the Group's revenue, operating results, assets, liabilities, capital expenditure, depreciation and other non-cash expenses are mainly confined to one business segment.

Geographical Segments

Information on segment assets and capital expenditure based on the geographical location of assets has not been presented as the Group operates predominantly in Malaysia. Segment revenue based on the geographical location of customers is analysed as follows:-

	2009 RM	2008 RM
Malaysia	15,852,290	22,132,426
Other Asia Pacific countries	2,004,555	4,280,356
Others	276,791	0
	18,133,636	26,412,782

25. CONTINGENT LIABILITIES - UNSECURED

The Group

A subsidiary, ViTrox Technologies Sdn. Bhd. ("VTSB"), has initiated a claim against a former employee (first defendant) who was suspected to have copied its source code and produced automated vision inspection system to be sold through a third party (second defendant).

On 27 December 2005 and 6 March 2006, the second and first defendants respectively issued a writ of summons against VTSB claiming that VTSB had published a statement that is defamatory to them in VTSB's corporate directory. VTSB has been advised by its legal adviser that at this stage the quantum of damages cannot be determined as damages (if any) that are to be awarded in a defamation action are to be assessed by the Court having the benefit of evidence adduced during trial.

Accordingly, no provision for any contingent loss in respect of actual cost and expenses incurred is made in the financial statements.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2009

26. FINANCIAL INSTRUMENTS

Recognised Financial Instruments

The information about the extent and nature of significant recognised financial instruments is disclosed in the individual notes associated with each item.

Unrecognised Financial Instruments

The Group and the Company do not have any unrecognised financial instruments.

Fair Values

The carrying amounts of financial assets and liabilities of the Group and the Company as at 31 December 2009 and 2008 approximate their fair values.

27. FINANCIAL RISK MANAGEMENT

The activities of the Group expose it to certain financial risks, including currency risk, credit risk and liquidity risk. The overall financial risk management objective of the Group is to maximise shareholders' value by minimising the potential adverse impacts of these risks on its financial position, performance and cash flows.

The Board of Directors explicitly assumes the responsibilities of financial risk management which is carried out mainly through risk reviews and internal control systems.

Currency Risk

The Group's exposure to currency risk arises mainly from transactions entered into by individual entities within the Group in currencies other than their functional currencies. Such exposure is partly mitigated in the following ways:-

- (i) The Group's foreign currency sales and purchases provide a natural hedge against fluctuations in foreign currencies.
- (ii) The Group maintains part of its cash and bank balances in foreign currency accounts to meet future obligations in foreign currencies.

Credit Risk

The Group's exposure to credit risk arises mainly from receivables. The maximum credit risk exposure is best represented by the total carrying amount of these financial assets in the balance sheet. Approximately 80% of the total trade receivables of the Group as at the balance sheet date were due from four major customers.

The Group manages its exposure to credit risk by assessing counter parties' financial standings on an ongoing basis, setting and monitoring counter parties' limits and credit terms.

Liquidity Risk

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and aims to maintain sufficient liquidity and cash flows at all times.

List Of Properties



Name of Registered Owner / Postal Address / Title Identification	Approx Age of Building / Tenure / Date of Expiry of Lease	Description / Existing Use	Land Area / Build Up Area Sq Metre	Net Book Value / Carrying Value as at 31 December 2009 RM	Year of Valuation / Acquisition
1. ViTrox Technologies Sdn. Bhd. HSD 10203, Lot No. PT 4952, Mukim 12, Daerah Barat Daya, Pulau Pinang <i>Bearing Postal Address</i> No. 5, Lintang Bayan Lepas 2, Bayan Lepas Industrial Park, Phase 4, Bayan Lepas, 11900 Penang	6 years / 60 years lease expiring on January 6, 2058	Semi-detached factory cum office	1,529 / 544	925,913	September 27, 2000 (Date of Acquisition)
2. ViTrox Technologies Sdn. Bhd. HSD 21704, Lot No. PT 5286, Mukim12, Daerah Barat Daya, Pulau Pinang <i>Bearing Postal Address</i> No. 85A, Lintang Bayan Lepas 11 Bayan Lepas Industrial Park Phase IV, 11900 Bayan Lepas Penang	3 years / 60 years lease expiring on December 26, 2066	ViTrox Innovation Centre	12,152/2,900	8,445,891	July 27, 2004 (Date of Acquisition)
3. ViTrox Technologies Sdn. Bhd. Lot 1241, Mukim 12, Daerah Barat Daya, Pulau Pinang <i>Bearing Postal Address</i> Level No. 04, Unit No. 20, Kristal Point II, Lebuah Bukit Kecil 6, 11900 Bayan Lepas, Penang	5 years / 99 years lease upon issuance of strata title	Shoplot for investment purposes	- / 96	300,000	December 31, 2007 (Date of Valuation)
4. ViTrox Technologies Sdn. Bhd. Lot 1241, Mukim 12, Daerah Barat Daya, Pulau Pinang <i>Bearing Postal Address</i> Level No. 04, Unit No. 21, Kristal Point II, Lebuah Bukit Kecil 6, 11900 Bayan Lepas, Penang	5 years / 99 years lease upon issuance of strata title	Shoplot for investment purposes	- / 96	300,000	December 31, 2007 (Date of Valuation)

Statistics Of Shareholdings

SHARE CAPITAL AS AT 28 APRIL 2010

Authorised Capital	: RM25,000,000.00
Issued and Paid-up Capital	: RM15,251,340.00*
Class of Shares	: Ordinary Shares of RM0.10 each
Voting Rights	: One voting right for one ordinary share

* Excluding 2,486,600 Ordinary Shares held as Treasury Shares

DISTRIBUTION OF SHAREHOLDERS AS AT 28 APRIL 2010

Size of Holdings	No. of Holders	No. of Shares	%
1 – 99	18	898	0.00
100 – 1,000	629	153,347	0.10
1,001 – 10,000	282	1,325,797	0.87
10,001 – 100,000	165	5,708,549	3.74
100,001 – 7,625,669	46	37,456,373	24.56
7,625,670 and above	3	107,868,436	70.73
Total	1,143	152,513,400	100.00

THIRTY LARGEST SECURITIES HOLDERS AS AT 28 APRIL 2010

No.	Name	Shareholdings	%
1	Chu Jenn Weng	51,495,103	33.76
2	Siaw Kok Tong	36,891,743	24.19
3	Yeoh Shih Hoong	19,481,590	12.77
4	Sim Ah Yoong	4,009,233	2.63
5	Teng Soo Fong	4,005,466	2.63
6	Tan Hong Soon	3,000,000	1.97
7	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Qualifier: Exempt an for Kumpulan Sentiasa Cemerlang Sdn. Bhd. (TSTAC/CLNT)	2,578,100	1.69
8	Kiew Kwong Sen	2,500,000	1.64
9	Tan Booi Charn	1,914,000	1.25
10	Foo Wen Pok	1,860,895	1.22
11	HSBC Nominees (Tempatan) Sdn Bhd Qualifier: Exempt an for HSBC (Malaysia) Trustee Berhad (LRCT-5741)	1,666,666	1.09
12	Chua Siew Kim	1,576,000	1.03
13	Chua Siew Kim	1,357,166	0.89
14	Su Peik Hoon	1,066,744	0.70
15	Ang Nya @ Ang Ah Nya	1,000,000	0.66
16	Ooi Lay Hoe	879,485	0.58
17	Wong Ting Lik	693,066	0.45
18	Koay Soo Ming	623,930	0.41
19	Wong Ting Lik	623,930	0.41
20	Chong Kok Cheng	600,000	0.39

Statistics Of Shareholdings



THIRTY LARGEST SECURITIES HOLDERS AS AT 28 APRIL 2010 (CONT'D)

No.	Name	Shareholdings	%
21	Che Kausa Binti Mamat @ Mohd Nor	524,333	0.34
22	Ahmad Fadzil Bin Mohamad Hani	500,000	0.33
23	Goh Siew Eng	500,000	0.33
24	Cheng Ming Hann	466,333	0.31
25	Pang Kin Wai	434,067	0.28
26	Koay Soo Ming	432,599	0.28
27	Lim Yee @ Lim Wei Yee	404,400	0.27
28	Ooi Chek Siah	333,163	0.22
29	Tan Bee Kian	320,000	0.21
30	Su Pek Fuen	314,566	0.21
	TOTAL	142,052,578	93.14

SUBSTANTIAL SHAREHOLDERS AS AT 28 APRIL 2010

Name	Direct Shareholding	%	Indirect Shareholding	%
Chu Jenn Weng	51,495,103	33.76	-	-
Siaw Kok Tong	36,917,343	24.21	-	-
Yeoh Shih Hoong	19,481,590	12.77	-	-

DIRECTORS' SHAREHOLDING AS AT 28 APRIL 2010

Name	Direct Shareholding	%	Indirect Shareholding	%
Chu Jenn Weng	51,495,103	33.76	-	-
Siaw Kok Tong	36,917,343	24.21	-	-
Yeoh Shih Hoong	19,481,590	12.77	-	-
Dato' Seri Kiew Kwong Sen	2,500,000	1.64	-	-
Prof. Dr. Ahmad Fadzil Bin Mohamad Hani	500,000	0.33	-	-
Chuah Poay Ngee	10,000	0.01	-	-

Share Buy-Back Statement

1. Disclaimer Statement

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused this Share Buy-Back Statement prior its issuance, and hence, take no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the content of the Statement.

2. Rationale For the Share Buy-Back By ViTrox Corporation Berhad ("ViTrox" or "the Company") Of its Own Ordinary Shares of RM0.10 Each ("Shares") of up to 10% of its Existing Issued and Paid-Up Share Capital at any given point in time ("Proposed Share Buy-Back")

The Proposed Share Buy-Back, if exercised, would potentially benefit the Company and its shareholders as follows:-

- a. To allow the Company to take preventive measures against speculation particularly when its Shares are undervalued which would in turn stabilise the market price of the Shares and hence, enhance investors' confidence;
- b. To allow the Company flexibility in achieving the desired capital structure, in terms of the debt and equity composition, and the size of equity; and
- c. The Purchased Shares may be held as treasury shares and distributed to shareholders as dividends and/or resold in the open market with the intention of realising a potential capital gain if the Purchased Shares are resold at price(s) higher than their purchase price(s).

3. Retained Earnings and Share Premium

Based on the audited financial statements of ViTrox as at 31 December 2009, the retained earnings and share premium of the Company stood at RM2,927,058 and RM1,222,055 respectively.

4. Funding for the Proposed Share Buy-Back

The Proposed Share Buy-Back will be funded from internally generated funds. The Company has adequate resources to undertake the Proposed Share Buy-Back as the Company has net cash and cash equivalent balance of approximately of RM5.23 million based on the audited financial statements of ViTrox as at 31 December 2009. The fund utilised by the Company for the Proposed Share Buy-Back will reduce the resources available to ViTrox for its operations by a corresponding amount for shares bought back.

5. Interests of Directors' and Substantial Shareholders' and Persons Connected to them

Save for the inadvertent increase in the percentage shareholdings and/or voting rights of the shareholders in the Company as a consequence of the Proposed Share Buy-Back, none of the Directors and Substantial Shareholders of ViTrox nor persons connected to them has any interest, direct or indirect, in the Proposed Share Buy-Back and, if any, the resale of treasury shares.

Share Buy-Back Statement



5. Interests of Directors' and Substantial Shareholders' and Persons Connected to them (Cont'd)

Based on the Register of Directors and Register of Substantial Shareholders of ViTrox as at 28 April 2010 and assuming that ViTrox implements the Proposed Shares Buy-Back in full, the effects of the Proposed Share Buy-Back on the shareholdings of the Directors, Substantial Shareholders and Person Connected to them of ViTrox are as follows:-

	As at 28 April 2010 ^(a)				After Proposed Share Buy-Back ^(b)			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors and Substantial Shareholders								
Chu Jenn Weng ¹	51,495,103	33.76	-	-	51,495,103	36.91	-	-
Siaw Kok Tong	36,917,343	24.21	-	-	36,917,343	26.46	-	-
Yeoh Shih Hoong	19,481,590	12.77	-	-	19,481,590	13.97	-	-
Directors								
Dato' Seri Kiew Kwong Sen	2,500,000	1.64	-	-	2,500,000	1.79	-	-
Prof Dr Ahmad Fadzil Bin Mohamad Hani	500,000	0.33	-	-	500,000	0.36	-	-
Chuah Poay Ngee	10,000	0.01	-	-	10,000	0.01	-	-
Person Connected to Director/ Substantial Shareholder								
Su Pek Fuen ¹	314,566	0.21	-	-	314,566	0.23	-	-

Notes:-

- (a) Based on the existing issued and paid-up share capital of 152,513,400 Ordinary Shares excluding 2,486,600 Ordinary Shares held as treasury shares from the total issued and paid-up capital of 155,000,000 Ordinary Shares of RM0.10 each.
- (b) Based on the issued and paid-up share capital of 139,500,000 Ordinary Shares after the Proposed Share Buy-Back is carried out in full and all the shares purchased are held as treasury shares.

¹ Being spouse to the Director/Substantial Shareholder.

6. Potential Advantages and Disadvantages of the Proposed Share Buy-Back

6.1 Potential Advantages of the Proposed Share Buy-Back

The Potential Advantages of the Proposed Share Buy-Back are set out in Section 2 of this Statement.

6.2 Potential Disadvantages of the Proposed Share Buy-Back

- a. The Proposed Share Buy-Back, if implemented, will reduce the financial resources of the Group and may result in the Group foregoing interest income and/or better investment opportunities that may emerge in the future; and
- b. As the Proposed Share Buy-Back can only be made out of retained profits and share premium accounts of the Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future.

Nevertheless, the Proposed Share Buy-Back is not expected to have any potential material disadvantage to the shareholders of the Company as well as the Group as it will be implemented only after careful consideration of the financial resources of the Group and the resultant impact on the shareholders of the Company.

Share Buy-Back Statement

7. Material Financial Effects of The Proposed Share Buy-Back

The material financial effects of the Proposed Share Buy-Back on the share capital, consolidated Net Tangible Assets (NTA), working capital, earnings, dividends and the substantial shareholders' shareholdings in ViTrox are set out below:

a. Share Capital

As at 28 April 2010, the issued and paid-up capital of ViTrox was RM15,500,000 comprising 155,000,000 Shares including 2,486,600 shares held as treasury shares. In the event that the 15,500,000 Shares representing 10% of the issued and paid-up share capital of the Company are purchased and cancelled, the effect on the share capital of the Company are illustrated as follows:-

	No. of Shares
Issued and fully paid-up share capital as at 28 April 2010	155,000,000
Assumed the Shares purchased and cancelled	<u>(15,500,000)*</u>
Resultant issued and paid-up capital	<u>139,500,000</u>

* Inclusive of the 2,486,600 Shares already purchased and retained as Treasury Shares as at 28 April 2010.

If the Purchased Shares are retained as treasury shares, the Proposed Share Buy-Back will not have any effect on the issued and paid-up share capital of the Company. However, the rights attached to them in relation to voting, dividends and participation in any other distribution or otherwise will be suspended and the treasury shares shall not be taken into account in calculating the number or percentage of Shares or of a class of shares for any purposes including, without limiting the generality of Section 67A(3C) of the Companies Act, 1965, the provisions of any law or requirements of the Articles or the listing rules of a stock exchange on substantial shareholding, take-overs, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on the resolution at a meeting.

b. Earnings

The effects of the Proposed Share Buy-Back on the earnings of the Group will depend on, inter alia, the purchase prices of the Shares, the number of Shares purchased, the effective funding cost to ViTrox to finance the purchase of Shares or any loss in interest income to the Group and the proposed treatment of the Purchased Shares.

If the Purchased Shares are to be retained as treasury shares or cancelled subsequently, the number of Shares applied in the computation of the EPS will be reduced, and accordingly, all other things being equal, the Proposed Share Buy-Back will have a positive impact on the EPS of the Group.

In the event the Purchased Shares are resold subsequently, depending on the price at which the said Shares are resold, the Proposed Share Buy-Back may have a positive effect on the EPS of the Group if there is a gain on the disposal and vice-versa.

c. NTA

The effect of the Proposed Share Buy-Back on the consolidated NTA of the Group would depend on the purchase prices of the Shares, the number of Shares purchased and the effective funding cost to the Group to finance the purchase of Shares or any loss in interest income to the Group.

The Proposed Share Buy-Back will reduce the consolidated NTA per Share of the Group if the purchase price exceeds the consolidated NTA per Share at the time of the purchase, and vice versa.

In the event the treasury shares are resold on Bursa Securities, the consolidated NTA per Share will increase if the Company realizes a gain from the resale, and vice versa. If the treasury shares are distributed as share dividends, the consolidated NTA per Share will decrease by the cost of the treasury shares.

Share Buy-Back Statement



7. Material Financial Effects of The Proposed Share Buy-Back (Cont'd)

d. Working Capital

The Proposed Share Buy-Back is likely to reduce the working capital and cash flow of the Group, the quantum of which will depend on the purchase prices of the Shares, the number of Shares purchased and any associated costs incurred in making the purchase.

e. Substantial Shareholders

Shares bought back by the Company under the Proposed Share Buy-Back that are retained as treasury shares will result in a proportionate increase in the percentage shareholdings of the Substantial Shareholders in the Company. Please refer to Section 5 of this Statement for further details.

f. Dividends

Assuming the Proposed Share Buy-Back is implemented in full, dividends would be paid on the remaining issued and paid-up share capital of ViTrox (excluding the Shares already purchased). The Proposed Share Buy-Back may have an impact on the Company's dividend policy for the financial year ending 31 December 2010 as it would reduce the cash available which may otherwise be used for dividend payments. Nonetheless, the treasury shares purchased may be distributed as dividends to shareholders of the Company, if the Company so decides.

Any dividends to be declared by ViTrox in the future would depend on, inter-alia, the profitability and cashflow position of the Group.

8. Implication of the Proposed Share Buy-Back Relating to the Malaysian Code on Take-Overs and Mergers, 1998 (The "Code")

In the event that the Proposed Share Buy-Back results in any Substantial Shareholder and/or persons acting in concert with him holding more than 33% of the voting shares of the Company, pursuant to the Code, the affected Substantial Shareholder and/or persons acting in concert with him will be obliged to make a mandatory offer for the remaining Shares not held by him.

In the event that the Proposed Share Buy-Back results in any Substantial Shareholder and/or persons acting in concert with him who already holds more than 33% of the voting shares of the Company increasing by more than 2% in any six (6) months period, pursuant to the Code, the affected Substantial Shareholder and/or persons acting in concert with him will be obligated to make a mandatory offer for the remaining Shares not held by him.

However, the affected Substantial Shareholder and/or persons acting in concert with him may apply for a waiver from the obligation to make a mandatory offer from the Securities Commission under Practice Note 2.9.10 of the Code.

9. Purchases made by the Company of its own shares in financial year ended 31 December 2009

The information on purchases made by the Company of its own shares during the financial year ended 31 December 2009 is as set out on page 33 of this annual report.

Share Buy-Back Statement

10. Public Shareholding Spread

As at 28 April 2010, the Record of Depositors of ViTrox showed that 40,079,469 Shares representing approximately 26.28% of the issued and paid-up share capital were held by the public shareholders. In this regard, the Board undertakes that the Proposed Share Buy-Back will be conducted to the extent that the public shareholding spread of ViTrox shall not fall below 25% of the issued and paid-up share capital of the Company (excluding treasury shares) at all times in accordance with the laws and regulations prevailing at the time of the purchase as stipulated in Paragraphs 8.02(1) and 12.14 of the Bursa Securities Main Market Listing Requirements (LR).

11. Directors' Statement

The Board of Directors, having taken into consideration the rationale for the Proposed Share Buy-Back, is of the opinion that Proposed Share Buy-Back is in the best interest of the Company.

12. Directors' Recommendation

The Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming AGM to give effect to the Proposed Share Buy-Back.

13. Further Information

There is no other information concerning the Proposed Share Buy-Back as shareholders and other professional advisers would reasonably require and expect to find in the Statement for the purpose of making informed assessment as to the merits of approving the Proposed Share Buy-Back and the extent of the risks involved in doing so.

Notice Of Annual General Meeting



NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of the Company will be held at the Auditorium of ViTrox Innovation Centre, 85A, Lintang Bayan Lepas 11, Bayan Lepas Industrial Park, Phase IV, 11900 Bayan Lepas, Penang on Friday, 25 June 2010 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 December 2009 together with the reports of the Directors and Auditors thereon. (Please refer to Note A)
2. To approve an increase of the Directors' Fee from RM78,000 to RM108,000 for the financial year ending 31 December 2010 and payment of such fees to the Directors. (Resolution 1)
3. To re-elect the following Directors who are retiring under the provision of Article 85 of the Articles of Association of the Company, and who, being eligible offer themselves for re-election:-
 - a) Siaw Kok Tong (Resolution 2)
 - b) Chuah Poay Ngee (Resolution 3)
4. To re-appoint Messrs. Crowe Horwath (Formerly Known As Horwath) as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (Resolution 4)
5. **AS SPECIAL BUSINESSES**

To consider and, if thought fit, to pass the following as Ordinary Resolutions:-

a) Authority to Issue Shares

"That pursuant to Section 132D of the Companies Act, 1965 and approvals from the Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in its absolute discretion, deem fit provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the issued share capital (excluding treasury shares) of the Company for the time being, and that the Board of Directors be empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Securities." (Resolution 5)

b) Renewal of Authority to Purchase its own Shares

"That subject to the Companies Act, 1965, provisions of the Company's Memorandum and Articles of Association ("M&A") and the requirements of the Bursa Securities and other relevant governmental and regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to purchase its own shares through Bursa Securities, subject to the following:- (Resolution 6)

- i) The maximum aggregate number of shares which may be purchased by the Company shall not exceed ten per centum (10%) of the issued and paid-up ordinary share capital of the Company at any point in time;
- ii) The maximum fund to be allocated by the Company for the purpose of purchasing the Company's shares shall not exceed the retained profits and share premium account of the Company. As at the latest financial year ended 31 December 2009, the audited retained profits and share premium account of the Company stood at RM2,927,058 and RM1,222,055 respectively;

Notice Of Annual General Meeting

5. b) Renewal of Authority to Purchase its own Shares (Cont'd)

iii) The authority conferred by this resolution will be effective immediately upon the passing of this resolution and shall continue to be in force until the conclusion of the next AGM of the Company, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions or the expiration of the period within which the next AGM is required by law to be held or unless revoked or varied by ordinary resolution passed by the shareholders in a general meeting, whichever occurs first;

iv) Upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt with in the following manner:-

- to cancel the shares so purchased; or
- to retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of the Bursa Securities or subsequently cancelled; or
- retain part of the shares so purchased as treasury shares and cancel the remainder.

The Directors of the Company be and are hereby authorised to take all such steps as are necessary and entering into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments, if any, as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares in accordance with the Companies Act, 1965, provisions of the Company's M&A, the requirements of the Bursa Securities and any other regulatory authorities, and other relevant approvals."

6. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

By Order of the Board

HOW WEE LING (MAICSA 7033850)

OOI EAN HOON (MAICSA 7057078)

Secretaries

Penang

Date : 3 June 2010

Notice Of Annual General Meeting



NOTES:

- A. *This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 and the Company's Articles of Association do not require a formal approval of the shareholders and hence, is not put forward for voting.*

Proxy

A member shall be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.

The instrument appointing a proxy must be deposited at the Registered Office, 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, Malaysia at least 48 hours before the time for holding the Meeting or any adjournments thereof.

Explanatory Note On Special Business:

1. Resolution pursuant to the Authority to issue Shares

The proposed Resolution No. 5 [Item 5(a)], if passed, will grant a renewed general mandate (Mandate 2010) and empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.

The Mandate 2010 will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited for further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

As at the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the Fifth Annual General Meeting. The Company did not issue any share pursuant to the mandate granted because there was no investment, acquisition or working capital that required fund raising activity.

2. Resolution pursuant to the Authority Purchase its own Shares

The proposed Resolution No. 6 [Item 5(b)], if passed, will give the Directors of the Company authority to purchase its own shares up to ten per centum (10%) of the issued and paid-up share capital of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.



VITROX CORPORATION BERHAD
(Company No. 649966-K)
(Incorporated in Malaysia)

To: All Shareholders of ViTrox Corporation Berhad

Dear Sir/Madam,

NOTIFICATION - Launch of eDividend for Shareholders

VITROX CORPORATION BERHAD (VCB or the Company) wishes to inform you that Bursa Malaysia Securities Berhad (Bursa Securities) had via its letter dated 16 March 2010 announced that eDividend will be launched on 19 April 2010. This move is geared towards creating an electronic, efficient and convenient cash dividend distribution system for shareholders.

Background

In tabling the Federal Budget 2010, the Prime Minister announced that all listed issuers are required to offer eDividend services to their shareholders. The Securities Commission's subsequent press release stated that shareholders are given a one-year grace period to provide their bank account information to Bursa Malaysia Depository Sdn Bhd ("Bursa Depository") (as the repository of such information) and that eDividend will be implemented in the third quarter 2010.

What is eDividend?

Electronic Dividend Payment or eDividend which allows an issuer to electronically pay your cash dividend entitlements directly into your bank account instead of making payment via bank cheques. One of the main objectives of implementing eDividend is to promote greater efficiency of the payment system which is aligned to the national agenda of migrating to electronic payment.

The main objectives of implementing eDividend are, amongst others, to promote greater efficiency of the dividend payment system and to put the Malaysian market on par with practices in other regional markets in relation to receipt of dividend proceeds by shareholders. At the same time, the move towards eDividend is a further step towards the national agenda of migrating to electronic payments as well as adherence to G-30's recommendation on best practices of a paperless environment and zero-intervention process. Further, the benefits of having such eDividend are:-

- Faster access to dividends which are credited directly into your bank account
- Convenience – eliminates the need to go to a bank
- One-off provision of bank account details for all listed issuers on Bursa Securities
- Better account management with the option to consolidate the dividends from all your CDS accounts into one bank account
- Misplaced, lost or expired cheques will no longer be an issue

ACTION TO BE TAKEN

As the eDividend has been launched on 19 April 2010, please seek the advice from your Authorised Depository Agent (ADA)/stock broker on the registration of eDividend as soon as possible and you have a grace period of one year, until 18 April 2011 to provide such information. The sooner you provide your bank account information, the sooner you will be able to benefit from the advantages of eDividend.

In order to facilitate this and for more information, you may visit Bursa Securities's website:
www.bursamalaysia.com/website/bm/trading/edividend.html.

Thank you.

VITROX CORPORATION BERHAD
3 June 2010.



VITROX CORPORATION BERHAD
(649966-K)
(Incorporated in Malaysia)

Proxy Form

No of ordinary shares held

I/We, _____
of _____
being a Member of the above Company hereby appoint (Proxy 1) _____
_____ of _____ and*/or failing him* (Proxy 2),
_____ of _____

and*/or failing him*, the Chairman of the Meeting, as my/our proxy(ies), to vote for me/us on my/our behalf at the SIXTH ANNUAL GENERAL MEETING of the Company to be held at the Auditorium of ViTrox Innovation Centre, 85A, Lintang Bayan Lepas 11, Bayan Lepas Industrial Park, Phase IV, 11900 Bayan Lepas, Penang on Friday, 25 June 2010 at 10.00 a.m. and at any adjournment thereof as indicated below:-

The proportions of my/our holdings to be represented by my/our proxy(ies) are as follows:-

Proxy 1 - _____ % In case of a vote by show of hands, Proxy 1*/Proxy 2* shall vote on my/our behalf.
Proxy 2 - _____ %
_____ 100%

* Strike out whichever is inapplicable

I/We hereby indicate with an "X" in the spaces provided how I/we wish my/our votes to be cast. (Unless otherwise instructed, the proxy may vote, as he thinks fit)

Resolutions	For	Against
1. To approve an increase of the Directors' Fee from RM78,000 to RM108,000 for the financial year ending 31 December 2010 and payment of such fees to the Directors.		
To re-elect the following Directors who are retiring under the provision of Article 85 of the Articles of Association of the Company, and who, being eligible offer themselves for re-election:-		
2. Siaw Kok Tong		
3. Chuah Poay Ngee		
4. To re-appoint Messrs. Crowe Horwath (Formerly Known As Horwath) as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.		
Special Business Ordinary Resolutions		
5. To approve the resolution pursuant to Section 132D of the Companies Act, 1965.		
6. To approve the resolution pursuant to Renewal of Authority to Purchase its own Shares.		

Signature of Member:

Signed this:

Notes: -

A member shall be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.

The instrument appointing a proxy must be deposited at the Registered Office, 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, Malaysia at least 48 hours before the time for holding the Meeting or any adjournments thereof.

Fold along this line

Stamp

The Company Secretaries
VITROX CORPORATION BERHAD
(Company No. 649966-K)
57-G, Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang

Fold along this line

ViTrox Corporation Berhad [649966-K]

No. 85-A, Lintang Bayan Lepas 11,
Bayan Lepas Industrial Park, Phase 4,
11900 Bayan Lepas,
Penang, Malaysia.

Tel : 604 646 6227 Fax : 604 646 6327

China Division

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Tel : 86 512 6251 9891 Fax : 86 512 6251 9892

ViTrox USA

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CA 95112, USA.

Tel : 1 408 573 1077 (ext. 213) Fax : 1 408 573 1079

Email : enquiry@vitrox.com