



VITROX CORPORATION BERHAD

(Incorporated in Malaysia)
Company No: 649966-K

INTERIM FINANCIAL REPORT

**FOR THE FIRST QUARTER
ENDED 31 MARCH 2012**



VITROX CORPORATION BERHAD

(Incorporated in Malaysia)
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VITROX CORPORATION BERHAD(Incorporated in Malaysia)
Company No : 649966-K**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012**
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*(The figures have not been audited)*

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current period quarter 31-Mar-12 RM'000	Preceding year corresponding quarter 31-Mar-11 RM'000	Current period to date 31-Mar-12 RM'000	Preceding year corresponding period 31-Mar-11 RM'000
Revenue		8,632	21,688	8,632	21,688
Other operating income		918	163	918	163
Operating expenses		(10,445)	(15,285)	(10,445)	(15,285)
(Loss)/Profit before tax	B14	(895)	6,566	(895)	6,566
Tax expense		(44)	(140)	(44)	(140)
(Loss)/Profit for the period		(939)	6,426	(939)	6,426
Other comprehensive income:					
Currency translation of differences for foreign operation		(5)	(1)	(5)	(1)
Other comprehensive income for the period		(5)	(1)	(5)	(1)
Total comprehensive income for the period		(944)	6,425	(944)	6,425
Earnings Per Ordinary Share attributable to ordinary equity holders of the Company (sen)					
- Basic *		(0.41)	2.82	(0.41)	2.82
- Diluted		N/A	N/A	N/A	N/A

* Basis EPS is calculated based on the weighted average of ordinary shares has been adjusted for bonus issue retrospectively

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statement.

VITROX CORPORATION BERHAD(Incorporated in Malaysia)
Company No : 649966-K**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***(The figures have not been audited)*

	As at 31-Mar-12 RM'000	As at 31-Dec-11 RM'000 (Restated)	As at 1-Jan-11 RM'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	28,435	27,918	13,412
Investment properties	600	600	600
Investments in club membership - at cost	91	91	91
Development expenditure	3,430	3,653	3,941
	<u>32,556</u>	<u>32,262</u>	<u>18,044</u>
Current assets			
Assets held for sale	887	887	0
Inventories	26,797	22,991	14,053
Trade and other receivables	18,938	21,600	18,134
Prepayments	479	1,213	311
Current tax assets	103	63	21
Cash and cash equivalents	37,427	42,739	43,403
	<u>84,631</u>	<u>89,493</u>	<u>75,922</u>
TOTAL ASSETS	<u>117,187</u>	<u>121,755</u>	<u>93,966</u>
EQUITY AND LIABILITIES			
Capital and reserves attributable to equity holders of the Company			
Share capital	23,250	23,250	15,500
Less: Treasury shares, at cost	(702)	(177)	(1,022)
Reserves	72,999	73,943	61,856
Total equity	<u>95,547</u>	<u>97,016</u>	<u>76,334</u>
Non-current liabilities			
Term loan – secured	9,034	8,196	0
Deferred tax liabilities	800	800	400
Deferred Income	810	823	523
Total non-current liabilities	<u>10,644</u>	<u>9,819</u>	<u>923</u>
Current liabilities			
Trade and other payables	9,131	10,926	11,275
Financial liabilities at fair value through profit or loss	99	323	0
Advance payment from customers	1,357	925	696
Term loan – secured	409	423	0
Current tax liabilities	0	0	169
Dividend payable	0	2,323	4,569
Total current liabilities	<u>10,996</u>	<u>14,920</u>	<u>16,709</u>
Total liabilities	<u>21,640</u>	<u>24,739</u>	<u>17,632</u>
TOTAL EQUITY AND LIABILITIES	<u>117,187</u>	<u>121,755</u>	<u>93,966</u>
Net assets value per share attributable to ordinary equity holders of the parent (sen)	<u>41.26</u>	<u>41.77</u>	<u>33.42</u> *

* Net assets value per share is calculated based on the ordinary shares has been adjusted for bonus issue retrospectively

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statement.

VITROX CORPORATION BERHAD(Incorporated in Malaysia)
Company No : 649966-K**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012**
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*(The figures have not been audited)*

	Share Capital RM'000	Treasury Share RM'000	Share Premium RM'000	Currency Translation Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
Period ended 31 March 2012						
Balance as at 1 January 2012						
- As previously reported	23,250	(177)	4,663	9	69,221	96,966
- Effect of adopting MFRS 112	0	0	0	0	50	50
	23,250	(177)	4,663	9	69,271	97,016
Loss for the financial period	0	0	0	0	(939)	(939)
Currency translation differences for foreign operation (representing other comprehensive income) for the financial period	0	0	0	(5)	0	(5)
Total comprehensive income for the financial period	0	0	0	(5)	(939)	(944)
Purchase of own shares	0	(525)	0	0	0	(525)
Total transactions with owners	0	(525)	-	-	-	(525)
Balance as at 31 March 2012	23,250	(702)	4,663	4	68,332	95,547
Period ended 31 March 2011						
Balance as at 1 January 2011						
- As previously reported	15,500	(1,022)	1,222	(4)	60,588	76,284
- Effect of adopting MFRS 112	0	0	0	0	50	50
	15,500	(1,022)	1,222	(4)	60,638	76,334
Profit for the financial period	0	0	0	0	6,426	6,426
Currency translation differences for foreign operation (representing other comprehensive income) for the financial period	0	0	0	(1)	0	(1)
Total comprehensive income for the financial period	0	0	0	(1)	6,426	6,425
Purchase of own shares	0	(250)	0	0	0	(250)
Total transactions with owners	0	(250)	0	0	0	(250)
Balance as at 31 Mar 2011	15,500	(1,272)	1,222	(5)	67,064	82,509

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statement.

VITROX CORPORATION BERHAD

(Incorporated in Malaysia)
Company No : 649966-K



QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(The figures have not been audited)

	Period ended 31-Mar-12 RM'000	Period ended 31-Mar-11 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(895)	6,566
Adjustments for :		
Amortisation and depreciation	811	423
Amortisation of deferred income	(42)	0
Gain on disposal of property, plant and equipment	(1)	0
Interest expenses	68	0
Interest income	(232)	(153)
Unrealised gain on financial instruments at fair value through profit or loss	(224)	0
Unrealised loss on foreign exchange	498	515
Operating (Loss)/profit before working capital changes	(17)	7,351
Changes in:		
Inventories and receivables	(888)	(13,030)
Payables and advance payments	(1,372)	2,339
Cash generated from operations	(2,277)	(3,340)
Income tax paid	(84)	(176)
Net cash used in operating activities	(2,361)	(3,516)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of development expenditure	(2)	(24)
Interest paid	(66)	0
Interest received	242	153
Proceed from disposal of property, plant and equipment	3	0
Purchase of property, plant and equipment	(1,105)	(2,101)
Net cash used in investing activities	(928)	(1,972)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(2,323)	(4,569)
Purchase of own shares	(525)	(250)
Term loan raised	1,135	0
Net cash used in financing activities	(1,713)	(4,819)
Currency translation differences	(310)	(1)
Net decrease in cash and cash equivalents	(5,312)	(10,308)
Cash and cash equivalents at beginning of period	42,739	43,403
Cash and cash equivalents at end of period	<u>37,427</u>	<u>33,095</u>
<u>Cash and cash equivalents consist of:</u>		
Highly liquid investments	12,432	2,371
Term deposits with licensed banks	17,114	25,240
Cash and bank balances	7,881	5,484
	<u>37,427</u>	<u>33,095</u>

The Condensed Consolidated Statement of Cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statement.

QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012

A. NOTES TO THE INTERIM FINANCIAL REPORT

A1 Basis of preparation of Interim Financial Report

The interim financial report is unaudited and has been prepared in compliance with *MFRS 134, "Interim Financial Reporting"*, issued by the Malaysian Accounting Standards Board ("MASB") and the disclosure requirements as set out in Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad for the Main Market ("Main Market Listing Requirement"). This Condensed Report also complies with *IAS 34: Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB"). For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRSs").

The Interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2011. These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted by the Group in the audited financial statements for the year ended 31 December 2011, except for the adoption of Malaysia Financial Reporting Standards ("MFRS") framework issued by the MASB with effect from 1 January 2012.

The Group adopted the MFRS framework with effect from 1 January 2012. The adoption of MFRS framework do not have any significant impacts on the financial statements except as follow:-

(l) MFRS 112 *Income Taxes*

MFRS 12 provides a practical approach for measuring deferred tax by introducing a rebuttable presumption that the carrying amount of investment property stated at fair value will be recovered entirely through sale. Accordingly, the measurement of deferred tax shall reflect the tax consequences of recovering the carrying amount of the investment property entirely through sale.

In accordance with the MFRS 108 *Accounting Policies, Change in Accounting Estimates and Errors*, The Group has applied the standard retrospectively by restating the following comparative figures:-

<u>Condensed Consolidated Statement of Financial Position (Extract)</u>	As Previously Reported RM'000	Effects of adopting M MFRS 112 RM'000	As restated RM'000
<u>As at 1 January 2011</u>			
Deferred tax liabilities	450	(50)	400
Retained profits	60,588	50	60,638
<u>As at 31 December 2011</u>			
Deferred tax liabilities	850	(50)	800
Retained profits	69,221	50	69,271

A2 Seasonal or cyclical factors

The Group's operation is dependent on the cyclical trend of the semiconductors and electronics industries.

A3 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the period under review.

QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012

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

A4 Material changes in estimates

There were no changes in nature and amount of estimates reported in prior financial years which may have a material effect in the period under review.

A5 Debts and equity securities

There were no other issuance and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the quarter under review except for :-

During the current quarter, the Company purchased 685,000 of its issued share capital from open market for an average price of RM0.77 per share. As at 31 March 2012, the total shares purchase are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965 is 915,000 of its issued share capital from the open market for an average price of RM0.77 per share. The purchase transactions were funded by the internally generated funds.

A6 Dividend paid

An interim dividend of 1 sen per share tax exempt amounting to RM2,322,700 for the financial year ended 31 December 2011 was paid on 18 January 2012.

A7 Segment reporting

No segment reporting has been prepared as the Group is principally engaged in development and production of machine vision inspection products.

A8 Valuation of property, plant and equipment

The Group did not revalue any of its property, plant and equipment during the period under review or prior periods.

A9 Valuation of investment properties

In line with the adoption of the fair value model, the investment properties are stated at fair values which are assessed on yearly basis.

A10 Material events subsequent to the end of the quarter

There were no material events subsequent to the end of the current reporting period that have not been reflected in the financial statements for the said period.

A11 Changes in the composition of the Group

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

A12 Contingent assets or contingent liabilities

There were no contingent assets or liabilities for the Group since the previous financial year ended 31 December 2011 to the date of this report.

A13 Capital commitments

There were no material capital commitments for the Group at the date of this report.

A14 Significant related party transactions

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

QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012

B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS

B1 Review of performance

The Group achieved revenue of RM8.63 million for the period under review against RM21.69 million in the corresponding period of preceding year, representing a decrease of 60%. The decrease in revenue against the same quarter last year was mainly due to reduction in sales from Machine Vision System (MVS), Automated Board Inspection (ABI) and Electronics Communication System (ECS). Sales from MVS, ABI and ECS have recorded a decrease of 40%, 72% and 19% respectively against the corresponding period of preceding year. The decrease in sales recorded is mainly due to slow down in semiconductor and electronics industry.

The Group incurred a loss before tax of RM0.90 million compared to profit before tax of RM6.57 million in the corresponding quarter, mainly due to the decrease in sales. Correspondingly, the Group recorded a loss after tax of RM0.94 million against profit after tax of RM6.43 million in the corresponding quarter.

B2 Variation of results against immediate preceding quarter

The Group recorded revenue and loss before tax of RM8.63 million and RM0.90 million respectively for the current quarter under review against revenue and profit before tax of RM12.33 million and RM1.10 million respectively for the immediate preceding quarter. The decrease in revenue and profit were attributed to decrease in sales recorded for MVS and ABI as a result of uncertainty in worldwide economy. Sales from MVS and ABI have recorded a decrease of 30% and 52% respectively against the immediate preceding quarter.

B3 Prospects for the remaining quarter of current final year ending 31 December 2012

We are seeing improvements in the second quarter and that led us to believe that the remaining year will be positive. Our new products are gaining recognition by our customers and hopefully this will translate into revenue in the coming months. In FY2012, we will be focusing on enhancing customer relationships through our sales force, channel partners and service/support team to grow the business further. Our strategy on operation excellence is expected to pay off with lower cost, better quality and better customer satisfaction.

B4 Profit forecast, profit guarantee and internal targets

The Group did not provide any profit forecast, profit guarantee and internal targets in any public document or any announcements made.

B5 Income tax expenses

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Mar-12 RM'000	Preceding year corresponding quarter 31-Mar-11 RM'000	Current period to date 31-Mar-12 RM'000	Preceding year corresponding period 31-Mar-11 RM'000
Income tax based on the results for the period under review	44	140	44	140

ViTrox Corporation Berhad ("VCB") is a MSC status company and enjoys pioneer status/tax exempt incentive for certain qualifying products granted by the Ministry of International Trade and Industry ("MITI") for a period of 5 years of pioneer status from Multimedia Development Corporation Sdn Bhd ("Mdec") and MITI. On 22 September 2010, VTSB has been granted another extension 5 years of pioneer status by MDec and MITI from 25 January 2010 to 25 January 2015.

QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012

**B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES
MAIN MARKET LISTING REQUIREMENTS (cont'd)**

B5 Income tax expenses (cont'd)

A wholly-owned subsidiary of VCB, ViTrox Technologies Sdn.Bhd. ("VTSB") has been granted pioneer status by MITI for a period of 5 years for the development and production of digital automated vision inspection equipment and modules. The incentive commenced from 1 April 2005 to 31 March 2010 (extendable for further 5 years). The current provision of income tax is in respect of certain non-business income and non-tax exempted income generated from non-pioneer products of VTSB. On 29 July 2010, VTSB has been granted another extension 5 years of pioneer status by MITI from 1 April 2010 to 31 March 2015.

Another wholly-owned subsidiary of VCB, ViE Technologies Sdn.Bhd. ("ViE") has also been granted pioneer status by MITI for a period of 5 years to undertake activities relating to design, development and manufacture of printed circuit board assemblies for microprocessor applications. It is the intention of the Group that ViE will spearhead the production and sales of the ECS product. ViE has submitted an application to MITI for the determination of the pioneer status period and MITI has confirmed that the pioneer period would commence from 1 April 2007 to 31 March 2012.

B6 Status of corporate proposals announced

There was no corporate proposal announced and not completed as at the date of this report.

B7 Group borrowings

Group borrowings are as follows:-

	As at 31-Mar-12 RM'000	As at 31-Dec-11 RM'000
Short-term borrowings – secured		
Foreign currency term loan in USD	409	423
Long-term borrowings – secured	9,034	8,196
Foreign currency term loan in USD	<u>9,443</u>	<u>8,619</u>

B8 Financial instruments

As at 31 March 2012, the outstanding forward foreign exchange contracts are as follows:-

Type of derivative	Contract value RM'000	Fair value RM'000
Forward foreign exchange contracts		
- Less than 1 year	<u>1,329</u>	<u>(99)</u>

Foreign currency exchange contract is used as a hedging tool to minimise the Group's exposure to changes in fair value of its commitment, conducted in the ordinary course of business, as a result of fluctuation in exchange rate. There is minimal credit and market risk because the contracts are hedged with reputable banks.

Foreign currency exchange contract was recognised on the contract date, measured at fair value and the changes in the fair value have been recognised in profit or loss.

VITROX CORPORATION BERHAD

(Incorporated in Malaysia)
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**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012****B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS (cont'd)****B9 Breakdown of realised and unrealised profits or losses of the Group**

	As at 31-Mar-12 RM'000	As at 31-Dec-11 RM'000 (Restated)
Total retained profits of the Company and its subsidiaries:		
- Realised	75,637	75,973
- Unrealised	(1,008)	(510)
	<u>74,629</u>	<u>75,463</u>
Less : Consolidation adjustments	(6,297)	(6,192)
Total group retained profits as per consolidated accounts	<u>68,332</u>	<u>69,271</u>

B10 Material litigation

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

B11 Dividends

No dividend was proposed and declared by the Company in current quarter under review.

B12 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Mar-12	Preceding year corresponding quarter 31-Mar-11	Current period to date 31-Mar-12	Preceding year corresponding period 31-Mar-11
Net (loss)/profit attributable to shareholders (RM'000)	(944)	6,425	(944)	6,425
Weighted average number of shares in issue ('000)	231,645	228,131	231,645	228,131
Basic earnings per share (sen)	<u>(0.41)</u>	<u>2.82</u>	<u>(0.41)</u>	<u>2.82</u>

The weighted average number of ordinary shares has been adjusted for bonus issue retrospectively.

Diluted earnings per share have not been calculated as the Company does not have any dilutive potential shares.

QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012

**B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES
MAIN MARKET LISTING REQUIREMENTS (cont'd)**

B13 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2011 was not subject to any qualification.

B14 Notes to the statement of comprehensive income

(Loss)/Profit Before Tax

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Mar-12 RM'000	Preceding year corresponding quarter 31-Mar-11 RM'000	Current period to date 31-Mar-12 RM'000	Preceding year corresponding period 31-Mar-11 RM'000
(Loss)/Profit before tax is arrived at after charging:-				
Amortisation and depreciation	811	423	811	423
Interest expenses	68	0	68	0
Loss on financial instruments at fair value through profit or loss	(203)	0	(203)	0
Loss on foreign exchange	452	594	452	594
and crediting:-				
Amortisation of deferred income	42	0	42	0
Gain on disposal of property, plant and equipment	1	0	1	0
Interest income	232	153	232	153

Save as disclosed above, the other items as required under Appendix 9B, Part A (16) of the Bursa Securities Main Market Listing Requirements are not applicable.

B15 Authorisation for issue

The interim financial statements are authorised for issue by the Board of Directors on 24 May 2012.