



# **VITROX CORPORATION BERHAD**

(Incorporated in Malaysia)  
Company No: 649966-K

**INTERIM FINANCIAL REPORT**

**FOR THE FIRST QUARTER  
ENDED 31 MARCH 2014**



# VITROX CORPORATION BERHAD

(Incorporated in Malaysia)  
Company No: 649966-K

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**VITROX CORPORATION BERHAD**

(Incorporated in Malaysia)

Company No : 649966-K


**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
*(The figures have not been audited)*

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current period quarter 31-Mar-14 RM'000	Preceding year corresponding quarter 31-Mar-13 RM'000	Current period to date 31-Mar-14 RM'000	Preceding year corresponding period 31-Mar-13 RM'000
Revenue		22,828	12,925	22,828	12,925
Other operating income		790	1,242	790	1,242
Operating expenses		(19,389)	(13,448)	(19,389)	(13,448)
Profit before tax	B14	<u>4,229</u>	<u>719</u>	<u>4,229</u>	<u>719</u>
Tax expense		(242)	(261)	(242)	(261)
Profit for the period		<u>3,987</u>	<u>458</u>	<u>3,987</u>	<u>458</u>
Other comprehensive income: Currency translation of differences for the foreign operation		(2)	1	(2)	1
Other comprehensive income for the period		<u>(2)</u>	<u>1</u>	<u>(2)</u>	<u>1</u>
Total comprehensive income for the period		<u>3,985</u>	<u>459</u>	<u>3,985</u>	<u>459</u>
Earnings Per Ordinary Share attributable to ordinary equity holders of the Company (sen)					
- Basic		1.72	0.20	1.72	0.20
- Diluted		N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**VITROX CORPORATION BERHAD**

(Incorporated in Malaysia)

Company No : 649966-K


**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*(The figures have not been audited)*

	As at 31-Mar-14 RM'000 (unaudited)	As at 31-Dec-13 RM'000 (audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	31,747	31,939
Investment properties	600	600
Investment in club membership - at cost	91	91
Development expenditure	3,886	3,966
	<u>36,324</u>	<u>36,596</u>
<b>Current assets</b>		
Inventories	43,521	36,978
Trade and other receivables	34,735	51,787
Financial assets at fair value through profit or loss	100	0
Prepayments	1,050	1,352
Current tax assets	172	213
Cash and cash equivalents	54,610	40,458
	<u>134,188</u>	<u>130,788</u>
<b>TOTAL ASSETS</b>	<u>170,512</u>	<u>167,384</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves attributable to equity holders of the Company</b>		
Share capital	23,250	23,250
Less: Treasury shares, at cost	(405)	(933)
Reserves	113,298	108,903
<b>Total equity</b>	<u>136,143</u>	<u>131,220</u>
<b>Non-current liabilities</b>		
Term loan - secured	10,484	10,854
Deferred tax liabilities	763	763
Deferred income on government grant	2,678	2,626
<b>Total non-current liabilities</b>	<u>13,925</u>	<u>14,243</u>
<b>Current liabilities</b>		
Trade and other payables	18,064	17,281
Dividend payable	0	2,307
Term loan - secured	1,332	1,338
Financial liabilities at fair value through profit or loss	0	121
Advance payment from customers	1,048	874
<b>Total current liabilities</b>	<u>20,444</u>	<u>21,921</u>
<b>Total liabilities</b>	<u>34,369</u>	<u>36,164</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>170,512</u>	<u>167,384</u>
Net assets value per share attributable to ordinary equity holders of the parent (sen)	<u>58.69</u>	<u>56.75</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**VITROX CORPORATION BERHAD**

 (Incorporated in Malaysia)  
 Company No : 649966-K

**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014**  
**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
<b>Period ended 31 March 2014</b>						
Balance as at 1 January 2014	23,250	(933)	4,894	10	103,999	131,220
Profit for the financial period	0	0	0	0	3,987	3,987
Currency translation differences for foreign operation (representing other comprehensive income for the financial period)	0	0	0	(2)	0	(2)
Total comprehensive income for the financial period	0	0	0	(2)	3,987	3,985
Reissue of treasury shares	0	528	410	0	0	938
Total transaction with owners	0	528	410	0	0	938
Balance as at 31 March 2014	23,250	(405)	5,304	8	107,986	136,143
<b>Period ended 31 March 2013</b>						
Balance as at 1 January 2013	23,250	(910)	4,663	4	87,446	114,453
Profit for the financial period	0	0	0	0	458	458
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	458	459
Dividends	0	0	0	0	(2,313)	(2,313)
Total transaction with owners	0	0	0	0	(2,313)	(2,313)
Balance as at 31 March 2013	23,250	(910)	4,663	5	85,591	112,599

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**VITROX CORPORATION BERHAD**

(Incorporated in Malaysia)

Company No : 649966-K


**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**
*(The figures have not been audited)*

	Period ended 31-Mar-14 RM'000	Period ended 31-Mar-13 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	4,229	719
Adjustment for:		
Amortisation and depreciation	797	654
Amortisation of deferred income	(105)	(47)
Interest expense	72	75
Interest income	(207)	(199)
Reversal of impairment loss on loans and receivables	0	(458)
Unrealised gain on financial instruments at fair value through profit or loss	(100)	0
Unrealised (gain)/loss on foreign exchange	(194)	685
Operating profit before working capital changes	<u>4,492</u>	<u>1,429</u>
Change in:		
Inventories and receivables	10,843	657
Payables and advance payments	974	(1,362)
Financial instruments at fair value through profit or loss	(121)	14
Cash generated from operations	<u>16,188</u>	<u>738</u>
Tax paid	(201)	(247)
Net cash from operating activities	<u>15,987</u>	<u>491</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions of development expenditure	(167)	(1)
Grant received	248	0
Interest received	242	209
Purchase of property, plant and equipment	(358)	(1,472)
Net cash used investing activities	<u>(35)</u>	<u>(1,264)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(2,307)	(2,313)
Interest paid	(72)	(75)
Reissue of treasury shares	938	0
Repayment of term loans	(307)	(308)
Net cash used in financing activities	<u>(1,748)</u>	<u>(2,696)</u>
Currency translation differences	(52)	(553)
Net decrease in cash and cash equivalents	14,152	(4,022)
Cash and cash equivalents at beginning of period	<u>40,458</u>	<u>43,915</u>
Cash and cash equivalents at end of period	<u>54,610</u>	<u>39,893</u>
Cash and cash equivalents consist of:-		
Highly liquid investments	19,816	12,800
Term deposits with licensed banks	14,885	15,280
Cash and bank balances	19,909	11,813
	<u>54,610</u>	<u>39,893</u>

The Condensed Consolidated Statement of Cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

**A. NOTES TO THE INTERIM FINANCIAL REPORT**

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**A1 Basis of preparation of Interim Financial Report**

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

The Interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2013. 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 2013.

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 2013, except for the adoption of new Malaysian Financial Reporting Standards ("MFRS") that are effective for financial period beginning on or after 1 January 2014. The adoption of new MFRSs does not have any significant impacts on the financial statements.

**A2 Seasonal or cyclical factors**

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

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

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

**A4 Material changes in estimates**

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

**A5 Debts and equity securities**

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

During the current quarter, the Company resold 711,200 shares at an average price of RM1.32 per share. The difference of RM0.41 million between the sales consideration and the carrying amount of the shares has been credited to the Share Premium Account. As at 31 March 2014, the total shares purchase are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965 is 546,000 of its issued share capital from the open market for an average price of RM0.74 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 RM2,307,428 for the financial year ended 31 December 2013 was paid on 20 January 2014.

**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.

**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

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

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**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 materials 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 2013 to the date of this report.

**A13 Capital commitments**

Authorised contracted capital commitments not provided for in the interim financial statements as at 31 March 2014 is RM493,000.

**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 2014**  
**B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES**  
**MAIN MARKET LISTING REQUIREMENTS**

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**B1 Review of performance**

The Group achieved revenue of RM22.83 million for the period under review against RM12.93 million in the corresponding period of preceding year, representing an increase of 77%. The increase in revenue against the same quarter last year was mainly due to increase in sales from Machine Vision System (MVS), Automated Board Inspection (ABI) and Electronics Communication System (ECS). Sales from MVS, ABI and ECS have recorded an increase of 208%, 35% and 36% respectively against the corresponding period of preceding year. The increase in sales recorded is mainly due to higher demand from customers and improving business outlook in the semiconductor and electronics industries.

The Group achieved a profit before tax of RM4.23 million against profit before tax of RM0.72 million in the corresponding quarter, representing an increase of 488%, mainly due to increase in revenue and achieving economies of scale. Correspondingly, the Group recorded a profit after tax of RM3.99 million against profit after tax of RM0.46 million in the corresponding quarter.

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

The Group recorded revenue and profit before tax of RM22.83 million and RM4.23 million respectively for the current quarter under review against revenue and profit before tax of RM28.52 million and RM5.39 million respectively for the immediate preceding quarter. The decrease in revenue and profit were attributed to decrease in sales recorded for ABI. Sales from ABI have recorded a decrease of 41% against the immediate preceding quarter. Decrease in sales recorded for ABI was mainly due to the seasonal and cyclical factors.

**B3 Prospects for the remaining quarter of current financial year ending 31 December 2014**

We will continue to focus on market expansion activities, customer relationship building and product innovation to grow our business further in the remaining financial year. In view of strong growth in first-quarter sales, in comparison with the previous corresponding quarter, the board is optimistic on the growth prospect for the financial year 2014.

**B4 Profit forecast, profit guarantee and internal targets**

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

**B5 Tax expense**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Mar-14 RM'000	Preceding year corresponding quarter 31-Mar-13 RM'000	Current year period 31-Mar-14 RM'000	Preceding year corresponding period 31-Mar-13 RM'000
Tax based on the results for the period under review	242	261	242	261

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.

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**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014**  
**B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES**  
**MAIN MARKET LISTING REQUIREMENTS (cont'd)**

**B5 Tax expense (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 embedded high density electronic modules. The incentive commenced from 1 January 2013 to 31 December 2017. The current provision of income tax is in respect of certain non-business income and non-tax exempted income generated from non-pioneer products of ViE.

**B6 Status of corporate proposals announced**

The following corporate proposals were approved by the shareholders during the Extraordinary General Meeting on 27 February 2014:-

- i) Proposed establishment of an Employee's Share Option Scheme (ESOS) of up to 10% of the issued and paid-up share capital of the Company at any point of time during the duration of the ESOS Scheme;
- ii) Proposed increase in the authorised share capital of the Company from RM25,000,000 comprising of 250,000,000 ordinary shares of RM0.10 each to RM50,000,000 comprising 500,000,000 ordinary shares of RM0.10 each; and
- iii) Proposed amendment to the Memorandum of Association of the Company.

**B7 Group borrowings**

	As at 31-Mar-14 RM'000	As at 31-Dec-13 RM'000
<b>Short term borrowings - secured</b>		
Foreign currency term loan in USD	1,332	1,338
<b>Long term borrowings - secured</b>		
Foreign currency term loan in USD	10,484	10,854
	<u>11,816</u>	<u>12,192</u>

**B8 Financial instruments**

As at 31 March 2014, the outstanding forward foreign exchange contracts are as follows:-

Type of derivative	Contract value RM'000	Fair value RM'000
<b>Forward foreign exchange contracts</b>		
- Less than 1 year	6,639	100
	<u>6,639</u>	<u>100</u>

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**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014**  
**B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES**  
**MAIN MARKET LISTING REQUIREMENTS (cont'd)**

**B8 Financial instruments (cont'd)**

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.

**B9 Breakdown of realised and unrealised profits or losses of the Group**

	As at 31-Mar-14 RM'000	As at 31-Dec-13 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised	115,308	111,412
- Unrealised	(429)	(914)
	<u>114,879</u>	<u>110,498</u>
Less : Consolidation adjustments	(6,893)	(6,499)
Total group retained profits as per consolidated accounts	<u>107,986</u>	<u>103,999</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-14	Preceding year corresponding quarter 31-Mar-13	Current year period 31-Mar-14	Preceding year corresponding period 31-Mar-13
Net profit attributable to shareholders (RM'000)	3,987	458	3,987	458
Weighted average number of shares in issue ('000)	231,954	231,260	231,954	231,260
Basic earnings per share (sen)	<u>1.72</u>	<u>0.20</u>	<u>1.72</u>	<u>0.20</u>

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

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**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014**  
**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 2013 was not subject to any qualification.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Mar-14 RM'000	Preceding year corresponding quarter 31-Mar-13 RM'000	Current year period 31-Mar-14 RM'000	Preceding year corresponding period 31-Mar-13 RM'000
Profit/(Loss) before tax is arrived at after charging:-				
Amortisation and depreciation	797	654	797	654
Interest expenses	72	75	72	75
(Gain)/Loss on financial instruments at fair value through profit or loss				
- realised	(30)	75	(30)	75
- unrealised	(100)	0	(100)	0
(Gain)/Loss on foreign exchange				
- realised	231	(924)	231	(924)
- unrealised	(194)	685	(194)	685
and crediting:-				
Amortisation of deferred income	105	47	105	47
Grant related to income	376	292	376	292
Interest income	207	199	207	199
Rental income	8	8	8	8
Reversal of impairment loss on loans and receivables	0	458	0	458

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 22 May 2014.