



# **VITROX CORPORATION BERHAD**

(Incorporated in Malaysia)  
Company No: 649966-K

**INTERIM FINANCIAL REPORT**

**FOR THE FIRST QUARTER  
ENDED 31 MARCH 2016**



# VITROX CORPORATION BERHAD

(Incorporated in Malaysia)

Company No: 649966-K

## CONTENTS

	Page
Condensed Consolidated Statement of Comprehensive Income.....	1
Condensed Consolidated Statement of Financial Position.....	2
Condensed Consolidated Statement of Changes in Equity.....	3
Condensed Consolidated Statement of Cash Flows.....	4
Notes to the Interim Financial Report.....	5-10

**VITROX CORPORATION BERHAD**

(Incorporated in Malaysia)

Company No: 649966-K


**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
*(The figures have not been audited)*

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current period quarter 31-Mar-16 RM'000	Preceding year corresponding quarter 31-Mar-15 RM'000	Current period to date 31-Mar-16 RM'000	Preceding year corresponding period 31-Mar-15 RM'000
Revenue		56,031	33,259	56,031	33,259
Other operating income		534	3,829	534	3,829
Operating expenses		(45,529)	(27,483)	(45,529)	(27,483)
Finance costs		(23)	(26)	(23)	(26)
Profit before tax	B14	11,013	9,579	11,013	9,579
Tax income/(expense)		4,587	(266)	4,587	(266)
Profit for the period		15,600	9,313	15,600	9,313
Other comprehensive income:					
Currency translation of differences for the foreign operation		(5)	(157)	(5)	(157)
Other comprehensive income for the period		(5)	(157)	(5)	(157)
Total comprehensive income for the period		15,595	9,156	15,595	9,156
Earnings Per Ordinary Share attributable to ordinary equity holders of the Company (sen)					
- Basic		6.68	4.00	6.68	4.00
- Diluted		6.65	3.99	6.65	3.99

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2016**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*(The figures have not been audited)*

	As at 31-Mar-16 RM'000 (unaudited)	As at 31-Dec-15 RM'000 (audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	43,375	35,820
Investment properties	600	600
Investment in club membership - at cost	91	91
Development expenditure	2,837	3,085
	<u>46,903</u>	<u>39,596</u>
<b>Current assets</b>		
Inventories	59,261	56,555
Trade and other receivables	89,623	76,498
Prepayments	26,867	19,372
Financial assets at fair value through profit or loss	526	0
Current tax assets	1,856	48
Cash and cash equivalents	66,978	63,985
	<u>245,111</u>	<u>216,458</u>
<b>TOTAL ASSETS</b>	<u>292,014</u>	<u>256,054</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves attributable to equity holders of the Company</b>		
Share capital	23,370	23,342
Reserves	201,862	185,578
<b>Total equity</b>	<u>225,232</u>	<u>208,920</u>
<b>Non-current liabilities</b>		
Term loan - secured	15,728	2,179
Deferred tax liabilities	1,368	1,356
Deferred income on government grant	3,084	3,353
<b>Total non-current liabilities</b>	<u>20,180</u>	<u>6,888</u>
<b>Current liabilities</b>		
Trade and other payables	40,330	29,713
Dividend payable	0	3,501
Term loan - secured	4,109	1,724
Financial liabilities at fair value through profit or loss	0	157
Advance payment from customers	2,163	1,186
Current tax liabilities	0	3,965
<b>Total current liabilities</b>	<u>46,602</u>	<u>40,246</u>
<b>Total liabilities</b>	<u>66,782</u>	<u>47,134</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>292,014</u>	<u>256,054</u>
Net assets value per share attributable to ordinary equity holders of the parent (sen)	<u>96.38</u>	<u>89.50</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2016  
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
*(The figures have not been audited)*

	Share Capital RM'000	Share Premium RM'000	Share Option Reserve RM'000	Currency Translation Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
<b>Period ended 31 March 2016</b>						
Balance as at 1 January 2016	23,342	8,332	1,887	62	175,297	208,920
Profit for the financial period	0	0	0	0	15,600	15,600
Currency translation differences for foreign operation (representing other comprehensive income for the financial period)	0	0	0	(5)	0	(5)
Total comprehensive income for the financial period	0	0	0	(5)	15,600	15,595
Share-based payments	0	0	170	0	0	170
Issuance of shares pursuant to ESOS	28	903	(384)	0	0	547
Dividends	0	0	0	0	0	0
Total transaction with owners	28	903	(214)	0	0	717
Balance as at 31 March 2016	23,370	9,235	1,673	57	190,897	225,232
<b>Period ended 31 March 2015</b>						
Balance as at 1 January 2015	23,274	6,303	1,378	62	143,803	174,820
Profit for the financial period	0	0	0	0	9,313	9,313
Currency translation differences for foreign operation (representing other comprehensive income for the financial period)	0	0	0	(157)	0	(157)
Total comprehensive income for the financial period	0	0	0	(157)	9,313	9,156
Share-based payments	0	0	426	0	0	426
Issuance of shares pursuant to ESOS	14	467	(198)	0	0	283
Total transaction with owners	14	467	228	0	0	709
Balance as at 31 March 2015	23,288	6,770	1,606	(95)	153,116	184,685

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2016**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**
*(The figures have not been audited)*

	Period ended 31-Mar-16 RM000	Period ended 31-Mar-15 RM000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	11,013	9,579
Adjustment for:		
Amortisation and depreciation	1,199	1,036
Amortisation of deferred income	(269)	(166)
Interest expense	23	26
Interest income	(223)	(251)
Reversal of impairment loss on loans and receivables	(32)	(198)
Share-based payments	170	426
Unrealised (gain)/loss on financial instruments at fair value through profit or loss	(526)	477
Unrealised gain on foreign exchange	(478)	(5,854)
Operating profit before working capital changes	<u>10,877</u>	<u>5,075</u>
Change in:		
Inventories and receivables	(28,467)	6,873
Payables and advance payments	11,954	(4,878)
Financial instruments at fair value through profit or loss	(157)	(1,016)
Cash (absorbed by)/generated from operations	<u>(5,793)</u>	<u>6,054</u>
Tax paid	(1,344)	(402)
Tax refunded	169	0
Net cash (used in)/from operating activities	<u>(6,968)</u>	<u>5,652</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Grant received	0	1,071
Interest received	227	250
Purchase of property, plant and equipment	(8,464)	(843)
Net cash (used in)/from investing activities	<u>(8,237)</u>	<u>478</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(3,501)	(4,655)
Interest paid	(23)	(26)
Issue of shares	547	283
Repayment of term loans	(304)	(307)
Term loan raised	17,109	0
Net cash from/(used in) financing activities	<u>13,828</u>	<u>(4,705)</u>
Currency translation differences	4,370	3,084
Net increase in cash and cash equivalents	2,993	4,509
Cash and cash equivalents at beginning of period	<u>63,985</u>	<u>60,629</u>
Cash and cash equivalents at end of period	<u>66,978</u>	<u>65,138</u>
Cash and cash equivalents consist of:-		
Highly liquid investments	18,185	18,666
Term deposits with licensed banks	2,053	12,754
Cash and bank balances	<u>46,740</u>	<u>33,718</u>
	<u>66,978</u>	<u>65,138</u>

The Condensed Consolidated Statement of Cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016****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 2015. 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 2015.

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 2015, except for the adoption of new Malaysian Financial Reporting Standards ("MFRS") that are effective for financial period beginning on or after 1 January 2016. The adoption of new MFRSs does not have any significant impacts on the financial statements.

**A2 Seasonal or cyclical factors**

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

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

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

**A4 Material changes in estimates**

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

**A5 Debts and equity securities**

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

During the current quarter, the Company issued 9,300 and 263,400 new ordinary shares of RM0.10 each at average exercise price of RM1.63 and RM2.02 respectively pursuant to the Employee Shares Option Scheme ("ESOS").

**A6 Dividend paid**

An interim dividend of 1.5 sen per share tax exempt amounting to RM3,501,343 for the financial year ended 31 December 2015 were paid on 22 January 2016.

## VITROX CORPORATION BERHAD

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### QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

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

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##### **A7 Segment reporting**

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

##### **A8 Material events subsequent to the end of the quarter**

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

##### **A9 Changes in the composition of the Group**

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

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

There were no contingent assets or liabilities for the Group since the previous financial year ended 31 December 2015 to the date of this report.

##### **A11 Capital commitments**

Authorised contracted capital commitments not provided for in the interim financial statements as at 31 March 2016 is RM68,583,000.

##### **A12 Significant related party transactions**

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



**VITROX CORPORATION BERHAD**

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**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016****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 RM56.03 million for the period under review against RM33.26 million in the corresponding period of preceding year, representing an increase of 69%. The increase in revenue was contributed from the increase in revenue recorded for Machine Vision System (MVS), Automated Board Inspection (ABI) and Electronics Communication System (ECS). Revenue from MVS, ABI and ECS have recorded an increase of 148%, 39% and 26% respectively against the corresponding period of preceding year. The increase was mainly due to higher demand from customers.

The Group achieved a profit before tax of RM11.01 million against profit before tax of RM9.58 million in the corresponding quarter, representing an increase of 15%. The slight increase in profit before tax was mainly due to the increased in revenue, partially offset by loss on foreign exchange. Correspondingly, the Group's profit after tax is at RM15.6 million against profit after tax of RM9.31 million in the corresponding quarter, representing an increase of 68%. Higher profit after tax was mainly due to reversal of provision for taxation in prior year after the confirmation of effective date of new pioneer status.

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

The Group recorded revenue and profit before tax of RM56.03 million and RM11.01 million respectively for the current quarter under review against revenue and profit before tax of RM48.06 million and RM13.04 million respectively for the immediate preceding quarter. The increase in revenue was contributed from the increase in revenue recorded for MVS, ABI and ECS. Revenue from MVS, ABI and ECS have recorded an increase of 26%, 10% and 32% respectively against the immediate preceding year, due to increase in the revenue from Tray-based Vision Handler. The decrease in profit before tax was mainly due to loss on foreign exchange.

**B3 Prospects for the remaining quarters of current financial year ending 31 December 2016**

The Board is cautiously optimistic on the business prospect for the financial year 2016. 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.

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

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

**B5 Tax (income)/expense**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Mar-16 RM'000	Preceding year corresponding quarter 31-Mar-15 RM'000	Current year period 31-Mar-16 RM'000	Preceding year corresponding period 31-Mar-15 RM'000
Tax based on the results for the period under review	(4,587)	266	(4,587)	266

A wholly-owned subsidiary of VCB, ViE Technologies Sdn.Bhd. ("ViE") has been granted pioneer status by MITI for a period of 5 years to undertake activities relating to design, development and manufacture of embedded high density electronic modules. The incentive commenced from 1 January 2013 to 31 December 2017. The current provision of income tax is in respect of certain non-business income and non-tax exempted income generated from non-pioneer products of ViE.

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Company No: 649966-K

**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016****B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS (cont'd)****B5 Tax (income)/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 to undertake activities relating to development and production of embedded intelligent robotic inspection system and machine with M2M connectivity and predictive analytic capability for semiconductor and electronics industries. The incentive commenced from 17 June 2015 to 16 June 2020 (extendable for further 5 years). The current provision of income tax is in respect of certain non-business income and non-tax exempted income generated from non-pioneer products of VTSB.

**B6 Status of corporate proposals announced**

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

**B7 Group borrowings**

	As at 31-Mar-16 RM'000	As at 31-Dec-15 RM'000
<b>Short term borrowings - secured</b>		
Foreign currency term loan in USD	4,109	1,724
<b>Long term borrowings - secured</b>		
Foreign currency term loan in USD	15,728	2,179
	<u>19,837</u>	<u>3,903</u>

**B8 Financial instruments**

The carrying amounts of receivables, cash and cash equivalents and payables which are short-term in nature or repayable on demand are reasonable approximations of fair values.

The fair value of term loan is measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2). The fair value measured is considered to be reasonably close to the carrying amount reported as the observable current market interest rates also approximate to the effective interest rate of term loan.

The fair value of forward exchange contracts were quoted by the financial institutions, which normally measured the fair values using present value technique by discounting the differences between contractual forward prices and observable current market forward prices using risk-free interest rate (i.e. Level 2).

As at 31 March 2016, the Group's outstanding derivatives are as follows:-

	Contract value RM'000	Fair value RM'000
<b>Forward foreign exchange contracts</b>		
- Less than 1 year	5,162	526

**VITROX CORPORATION BERHAD**

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Company No: 649966-K

**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016****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-16 RM'000	As at 31-Dec-15 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised	195,654	172,761
- Unrealised	(189)	7,183
	<u>195,465</u>	<u>179,944</u>
Less : Consolidation adjustments	(4,568)	(4,647)
Total group retained profits as per consolidated accounts	<u>190,897</u>	<u>175,297</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-16	Preceding year corresponding quarter 31-Mar-15	Current year period 31-Mar-16	Preceding year corresponding period 31-Mar-15
Net profit attributable to shareholders (RM'000)	15,600	9,313	15,600	9,313
Weighted average number of shares for computing basis earnings per share ('000)	233,696	232,624	233,696	232,624
Basic earnings per share (sen)	<u>6.68</u>	<u>4.00</u>	<u>6.68</u>	<u>4.00</u>
Weighted average number of shares for computing diluted earnings per share ('000)	234,491	233,478	234,491	233,478
Diluted earnings per share (sen)	<u>6.65</u>	<u>3.99</u>	<u>6.65</u>	<u>3.99</u>

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Company No: 649966-K

**QUARTERLY REPORT ON RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016****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 2015 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-16 RM000	Preceding year corresponding quarter 31-Mar-15 RM000	Current year period 31-Mar-16 RM000	Preceding year corresponding period 31-Mar-15 RM000
Profit before tax is arrived at after charging:-				
Amortisation and depreciation	1,199	1,036	1,199	1,036
Interest expense	23	26	23	26
(Gain)/Loss on financial instruments at fair value through profit or loss				
- realised	(29)	250	(29)	250
- unrealised	(526)	477	(526)	477
(Gain)/Loss on foreign exchange				
- realised	8,209	2,396	8,209	2,396
- unrealised	(478)	(5,854)	(478)	(5,854)
and crediting:-				
Amortisation of deferred income	269	166	269	166
Grant related to income	0	470	0	470
Interest income	223	251	223	251
Rental income	8	15	8	15
Reversal of impairment loss on loans and receivables	32	198	32	198

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 2016.