



VITROX CORPORATION BERHAD

(Incorporated in Malaysia)
Company No: 649966-K

INTERIM FINANCIAL REPORT

**FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2013**



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 FOURTH QUARTER ENDED 31 DECEMBER 2013
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current period quarter 31-Dec-13 RM'000	Preceding year corresponding quarter 31-Dec-12 RM'000	Current period to date 31-Dec-13 RM'000	Preceding year corresponding period 31-Dec-12 RM'000
Revenue		28,518	33,688	106,104	88,871
Other operating income		1,178	597	5,072	7,550
Operating expenses		(24,306)	(26,513)	(86,369)	(74,864)
Profit before tax	B14	<u>5,390</u>	<u>7,772</u>	<u>24,807</u>	<u>21,557</u>
Tax expense		(131)	(243)	(744)	(1,066)
Profit for the period		<u>5,259</u>	<u>7,529</u>	<u>24,063</u>	<u>20,491</u>
Other comprehensive income: Currency translation of differences for the foreign operation		0	0	6	(5)
Other comprehensive income for the period		<u>0</u>	<u>0</u>	<u>6</u>	<u>(5)</u>
Total comprehensive income for the period		<u>5,259</u>	<u>7,529</u>	<u>24,069</u>	<u>20,486</u>
Earnings Per Ordinary Share attributable to ordinary equity holders of the Company (sen)					
- Basic		2.28	3.25	10.41	8.85
- Diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 FOURTH QUARTER ENDED 31 DECEMBER 2013
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
(The figures have not been audited)

	As at 31-Dec-13 RM'000 (unaudited)	As at 31-Dec-12 RM'000 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	31,939	30,060
Investment properties	600	600
Investment in club membership - at cost	91	91
Development expenditure	3,966	2,602
	<u>36,596</u>	<u>33,353</u>
Current assets		
Inventories	36,978	27,972
Trade and other receivables	51,787	39,203
Financial assets at fair value through profit or loss	0	14
Prepayments	1,352	1,079
Current tax assets	213	75
Cash and cash equivalents	40,458	43,915
	<u>130,788</u>	<u>112,258</u>
TOTAL ASSETS	<u>167,384</u>	<u>145,611</u>
EQUITY AND LIABILITIES		
Capital and reserves attributable to equity holders of the Company		
Share capital	23,250	23,250
Less: Treasury shares, at cost	(933)	(910)
Reserves	108,903	92,113
Total equity	<u>131,220</u>	<u>114,453</u>
Non-current liabilities		
Term loan - secured	10,854	11,339
Deferred tax liabilities	763	635
Deferred income on government grant	2,626	781
Total non-current liabilities	<u>14,243</u>	<u>12,755</u>
Current liabilities		
Trade and other payables	17,281	16,775
Dividend payable	2,307	0
Term loan - secured	1,338	1,249
Financial liabilities at fair value through profit or loss	121	0
Advance payment from customers	874	335
Current tax liabilities	0	44
Total current liabilities	<u>21,921</u>	<u>18,403</u>
Total liabilities	<u>36,164</u>	<u>31,158</u>
TOTAL EQUITY AND LIABILITIES	<u>167,384</u>	<u>145,611</u>
Net assets value per share attributable to ordinary equity holders of the parent (sen)	<u>56.75</u>	<u>49.49</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 FOURTH QUARTER ENDED 31 DECEMBER 2013
 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 December 2013						
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	24,063	24,063
Currency translation differences for foreign operation (representing other comprehensive income for the financial period)	0	0	0	6	0	6
Total comprehensive income for the financial period	0	0	0	6	24,063	24,069
Purchase of own shares	0	(395)	0	0	0	(395)
Reissue of treasury shares	0	372	231	0	0	603
Dividends	0	0	0	0	(7,510)	(7,510)
Total transaction with owners	0	(23)	231	0	(7,510)	(7,302)
Balance as at 31 December 2013	23,250	(933)	4,894	10	103,999	131,220
Period ended 31 December 2012						
Balance as at 1 January 2012	23,250	(177)	4,663	9	69,271	97,016
Profit for the financial period	0	0	0	0	20,491	20,491
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)	20,491	20,486
Purchase of own shares	0	(733)	0	0	0	(733)
Dividends	0	0	0	0	(2,316)	(2,316)
Total transaction with owners	0	(733)	0	0	(2,316)	(3,049)
Balance as at 31 December 2012	23,250	(910)	4,663	4	87,446	114,453

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 FOURTH QUARTER ENDED 31 DECEMBER 2013
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(The figures have not been audited)

	Period ended 31-Dec-13 RM000	Period ended 31-Dec-12 RM000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	24,807	21,557
Adjustment for:		
Allowance for slow moving inventories	2,419	2,388
Amortisation and depreciation	2,847	2,684
Amortisation of deferred income	(371)	(181)
Development expenditure written off	0	147
Gain on disposal of assets held for sale	0	(1,913)
Gain on disposal of property, plant and equipment	0	(1)
Impairment loss on loans and receivables	53	460
Interest expense	298	274
Interest income	(717)	(918)
Reversal of allowance for slow moving inventories	(2,388)	(2,418)
Reversal of impairment loss on loans and receivables	(655)	(356)
Unrealised loss/(gain) on financial instruments at fair value through profit or loss	121	(14)
Unrealised loss on foreign exchange	191	556
Operating profit before working capital changes	<u>26,605</u>	<u>22,265</u>
Change in:		
Inventories and receivables	(19,428)	(22,909)
Payables and advance payments	959	5,243
Financial instruments at fair value through profit or loss	14	(323)
Cash generated from operations	<u>8,150</u>	<u>4,276</u>
Tax paid	(968)	(1,228)
Tax refunded	170	29
Net cash from operating activities	<u>7,352</u>	<u>3,077</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Additions of development expenditure	(2,304)	(24)
Grant received	1,129	261
Interest received	699	911
Proceed from disposal of assets held for sale	0	2,800
Proceed from disposal of property, plant and equipment	0	3
Purchase of property, plant and equipment	(3,785)	(3,900)
Net cash (used in)/from investing activities	<u>(4,261)</u>	<u>51</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(5,203)	(4,639)
Interest paid	(300)	(269)
Purchase of own shares	(395)	(733)
Reissue of treasury shares	603	0
Repayment of term loans	(1,261)	(102)
Term loan raised	0	4,406
Net cash used in financing activities	<u>(6,556)</u>	<u>(1,337)</u>
Currency translation differences	8	(615)
Net (decrease)/increase in cash and cash equivalents	(3,457)	1,176
Cash and cash equivalents at beginning of period	43,915	42,739
Cash and cash equivalents at end of period	<u>40,458</u>	<u>43,915</u>
Cash and cash equivalents consist of:-		
Highly liquid investments	12,053	12,707
Term deposits with licensed banks	14,438	16,244
Cash and bank balances	13,967	14,964
	<u>40,458</u>	<u>43,915</u>

The Condensed Consolidated Statement of Cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013**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").

The Interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2012. 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 2012.

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 2012, except for the adoption of new Malaysian Financial Reporting Standards ("MFRS") that are effective for financial period beginning on or after 1 January 2013. 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 500,000 shares at an average price of RM1.21 per share. The difference of RM0.23 million between the sales consideration and the carrying amount of the shares has been credited to the Share Premium Account. As at 31 December 2013, the total shares purchase are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965 is 1,257,200 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

No dividend was paid by the Company in the current quarter under review.

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 FOURTH QUARTER ENDED 31 DECEMBER 2013

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

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 2012 to the date of this report.

A13 Capital commitments

Authorised contracted capital commitments not provided for in the interim financial statements as at 31 December 2013 is RM586,000.

A14 Significant related party transactions

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

QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013
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 RM28.52 million for the period under review against RM33.69 million in the corresponding period of preceding year, representing a decrease of 15%. The decrease in revenue against the same quarter last year was mainly due to decrease in sales from Machine Vision System (MVS). Sales from MVS have recorded a decrease of 29% against the corresponding period of preceding year. The decrease was mainly due to lower demand from the existing customers and downturn in the semiconductor industry in 2013.

The Group achieved a profit before tax of RM5.39 million against profit before tax of RM7.77 million in the corresponding quarter, representing a decrease of 31%, mainly due to decrease in revenue. Correspondingly, the Group recorded a profit after tax of RM5.26 million against profit after tax of RM7.53 million in the corresponding quarter.

B2 Variation of results against immediate preceding quarter

The Group recorded revenue and profit before tax of RM28.52 million and RM5.39 million respectively for the current quarter under review against revenue and profit before tax of RM36.31 million and RM11.81 million respectively for the immediate preceding quarter. The decrease in revenue and profit were attributed to decrease in sales recorded for Automated Board Inspection (ABI) and MVS. Decrease in sales recorded for ABI and MVS were mainly due to the seasonality and cyclical nature of the semiconductor and electronics industries.

B3 Prospects for the financial year ending 31 December 2014

Going into the new financial year, the Board believes that the 2014 will be a growth year considering the recovery of global semiconductor industry and improving US, Japan and European markets.

We will continue to focus on market expansion activities, customer relationship building and product innovation to grow our business further in the new financial year. Subject to the external market conditions and macroeconomic factors, the Board is optimistic on the growth prospect for the new financial year.

B4 Profit forecast, profit guarantee and internal targets

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

B5 Tax expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Dec-13 RM'000	Preceding year corresponding quarter 31-Dec-12 RM'000	Current year period 31-Dec-13 RM'000	Preceding year corresponding period 31-Dec-12 RM'000
Tax based on the results for the period under review	131	243	744	1,066

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 FOURTH QUARTER ENDED 31 DECEMBER 2013
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

On 16 December 2013, on behalf of the Board of Directors, Kenanga Investment Bank Berhad ("KIBB") had announced to Bursa Malaysia Securities Berhad ("Bursa Securities") that the Company proposed to undertake the following:-

- 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.

On 26 December 2013, on behalf of the Board of Directors, KIBB had announced that Bursa Securities had vide its letter dated 26 December 2013 approved the listing of such number of additional new ordinary shares of RM0.10 each, representing up to 10% of the issued and paid-up share capital of ViTrox, to be issued pursuant to the exercise of the ESOS Options under the Proposed ESOS subject to the following:-

- i) KIBB is required to submit a confirmation to Bursa Securities of full compliance of the ESOS pursuant to Paragraph 6.43(1) of the Main Market Listing Requirements of Bursa Securities and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting; and
- ii) ViTrox is required to furnish Bursa Securities on a quarterly basis a summary of the total number of ESOS shares listed as at the end of each quarter together with a detailed computation of listing fees payables.

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QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013
B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES
MAIN MARKET LISTING REQUIREMENTS (cont'd)

B7 Group borrowings

	As at 31-Dec-13 RM'000	As at 31-Dec-12 RM'000
Short term borrowings - secured		
Foreign currency term loan in USD	1,338	1,249
Long term borrowings - secured		
Foreign currency term loan in USD	10,854	11,339
	<u>12,192</u>	<u>12,588</u>

B8 Financial instruments

As at 31 December 2013, 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>8,612</u>	<u>(121)</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.

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

	As at 31-Dec-13 RM'000	As at 30-Sep-13 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised	111,412	108,131
- Unrealised	(914)	(551)
	<u>110,498</u>	<u>107,580</u>
Less : Consolidation adjustments	(6,499)	(6,533)
Total group retained profits as per consolidated accounts	<u>103,999</u>	<u>101,047</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.

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QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013
B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES
MAIN MARKET LISTING REQUIREMENTS (cont'd)

B11 Dividends

On 5 December 2013, the Company declared an interim tax exempt dividend of 1 sen per share amounting to RM2,307,428 for the financial year ended 31 December 2013 which was paid to all holders of ordinary shares on 20 January 2014 whose names appeared in the Record of Depositors at the close of business on 30 December 2013.

B12 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Dec-13	Preceding year corresponding quarter 31-Dec-12	Current year period 31-Dec-13	Preceding year corresponding period 31-Dec-12
Net profit attributable to shareholders (RM'000)	5,259	7,529	24,063	20,491
Weighted average number of shares in issue ('000)	231,086	231,557	231,086	231,557
Basic earnings per share (sen)	<u>2.28</u>	<u>3.25</u>	<u>10.41</u>	<u>8.85</u>

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

B13 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2012 was not subject to any qualification.

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QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013
B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES
MAIN MARKET LISTING REQUIREMENTS (cont'd)
B14 Notes to the statement of comprehensive income**Profit Before Tax**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Dec-13 RM'000	Preceding year corresponding quarter 31-Dec-12 RM'000	Current year period 31-Dec-13 RM'000	Preceding year corresponding period 31-Dec-12 RM'000
Profit/(Loss) before tax is arrived at after charging:-				
Allowance for slow moving inventory	2,419	2,388	2,419	2,388
Amortisation and depreciation	787	609	2,847	2,684
Development expenditure written off	0	147	0	147
Impairment loss on loans and receivables	53	460	53	460
Interest expenses	73	72	298	274
(Gain)/Loss on financial instruments at fair value through profit or loss				
- realised	(69)	16	(4)	(278)
- unrealised	81	(55)	121	(14)
(Gain)/Loss on foreign exchange				
- realised	(153)	622	(1,858)	293
- unrealised	147	(585)	191	556
and crediting:-				
Amortisation of deferred income	108	47	371	181
Gain on disposal of assets held for sale	0	0	0	1,913
Gain on disposal of property, plant and equipment	0	0	0	1
Grant related to income	795	525	1,109	4,044
Insurance claims received	0	0	557	0
Interest income	168	213	717	918
Rental income	7	0	30	0
Reversal of allowance for slow moving inventories	2,388	2,418	2,388	2,418
Reversal of impairment loss on loans and receivables	37	0	655	356

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 27 February 2014.