

VITROX CORPORATION BERHAD

(Incorporated in Malaysia)

Company No : 649966-K


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

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current period quarter 31-Dec-14 RM'000	Preceding year corresponding quarter 31-Dec-13 RM'000	Current period to date 31-Dec-14 RM'000	Preceding year corresponding period 31-Dec-13 RM'000
Revenue		42,502	28,518	169,939	106,104
Other operating income		5,747	1,178	9,118	5,072
Operating expenses		(34,715)	(24,233)	(128,847)	(86,071)
Finance costs		(27)	(73)	(187)	(298)
Profit before tax	B14	13,507	5,390	50,023	24,807
Tax income/(expense)		230	(131)	(914)	(744)
Profit for the period		13,737	5,259	49,109	24,063
Other comprehensive income:					
Currency translation of differences for the foreign operation		44	0	51	6
Other comprehensive income for the period		44	0	51	6
Total comprehensive income for the period		13,781	5,259	49,160	24,069
Earnings Per Ordinary Share attributable to ordinary equity holders of the Company (sen)					
- Basic		5.91	2.28	21.12	10.41
- Diluted		5.91	N/A	21.11	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.

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

	As at 31-Dec-14 RM'000 (unaudited)	As at 31-Dec-13 RM'000 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	35,021	31,939
Investment properties	600	600
Investment in club membership - at cost	91	91
Development expenditure	2,923	3,966
	<u>38,635</u>	<u>36,596</u>
Current assets		
Inventories	50,266	36,978
Trade and other receivables	69,881	51,787
Prepayments	7,971	1,352
Current tax assets	351	213
Cash and cash equivalents	60,629	40,458
	<u>189,098</u>	<u>130,788</u>
TOTAL ASSETS	<u>227,733</u>	<u>167,384</u>
EQUITY AND LIABILITIES		
Capital and reserves attributable to equity holders of the Company		
Share capital	23,274	23,250
Less: Treasury shares, at cost	0	(933)
Reserves	151,545	108,903
Total equity	<u>174,819</u>	<u>131,220</u>
Non-current liabilities		
Term loan - secured	3,172	10,854
Deferred tax liabilities	257	763
Deferred income on government grant	2,963	2,626
Total non-current liabilities	<u>6,392</u>	<u>14,243</u>
Current liabilities		
Trade and other payables	38,795	17,281
Dividend payable	4,655	2,307
Term loan - secured	1,407	1,338
Financial liabilities at fair value through profit or loss	1,016	121
Advance payment from customers	649	874
Total current liabilities	<u>46,522</u>	<u>21,921</u>
Total liabilities	<u>52,914</u>	<u>36,164</u>
TOTAL EQUITY AND LIABILITIES	<u>227,733</u>	<u>167,384</u>
Net assets value per share attributable to ordinary equity holders of the parent (sen)	<u>75.11</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.

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**QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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	Share Option Reserve RM'000	Currency Translation Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
<u>Period ended 31 December 2014</u>							
Balance as at 1 January 2014	23,250	(933)	4,894	0	10	103,999	131,220
Profit for the financial period	0	0	0	0	0	49,109	49,109
Currency translation differences for foreign operation (representing other comprehensive income for the financial period)	0	0	0	0	51	0	51
Total comprehensive income for the financial period	0	0	0	0	51	49,109	49,160
Reissue of treasury shares	0	933	821	0	0	0	1,754
Issuance of shares pursuant to ESOS	24	0	588	(228)	0	0	384
Share-based payments	0	0	0	1,606	0	0	1,606
Dividends	0	0	0	0	0	(9,305)	(9,305)
Total transaction with owners	24	933	1,409	1,378	0	(9,305)	(5,561)
Balance as at 31 December 2014	23,274	0	6,303	1,378	61	143,803	174,819
<u>Period ended 31 December 2013</u>							
Balance as at 1 January 2013	23,250	(910)	4,663	0	4	87,446	114,453
Profit for the financial period	0	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	0	6	0	6
Total comprehensive income for the financial period	0	0	0	0	6	24,063	24,069
Purchase of own shares	0	(395)	0	0	0	0	(395)
Reissue of treasury shares	0	372	231	0	0	0	603
Dividends	0	0	0	0	0	(7,510)	(7,510)
Total transaction with owners	0	(23)	231	0	0	(7,510)	(7,302)
Balance as at 31 December 2013	23,250	(933)	4,894	0	10	103,999	131,220

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 statement.

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

	Period ended 31-Dec-14 RM'000	Period ended 31-Dec-13 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	50,023	24,807
Adjustment for:		
Allowance for slow moving inventories	1,701	2,419
Amortisation and depreciation	4,219	2,847
Amortisation of deferred income	(591)	(371)
Impairment loss on loans and receivables	486	53
Interest expense	187	298
Interest income	(914)	(717)
Loss on disposal of property, plant and equipment	1	0
Reversal of allowance for slow moving inventories	(2,419)	(2,388)
Reversal of impairment loss on loans and receivables	(141)	(655)
Share-based payments	1,607	0
Unrealised loss on financial instruments at fair value through profit or loss	1,016	121
Unrealised (gain)/loss on foreign exchange	(4,816)	191
Operating profit before working capital changes	<u>50,359</u>	<u>26,605</u>
Change in:		
Inventories and receivables	(34,594)	(19,428)
Payables and advance payments	20,939	959
Financial instruments at fair value through profit or loss	(121)	14
Cash generated from operations	<u>36,583</u>	<u>8,150</u>
Tax paid	(1,639)	(968)
Tax refunded	80	170
Net cash from operating activities	<u>35,024</u>	<u>7,352</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Additions of development expenditure	(167)	(2,304)
Grant received	1,447	1,129
Interest received	947	699
Proceeds from disposal of property, plant and equipment	2	0
Purchase of property, plant and equipment	(6,093)	(3,785)
Net cash used in investing activities	<u>(3,864)</u>	<u>(4,261)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(6,957)	(5,203)
Interest paid	(203)	(300)
Proceeds from issue of shares	384	0
Purchase of own shares	0	(395)
Reissue of treasury shares	1,754	603
Repayment of term loans	(7,371)	(1,261)
Net cash used in financing activities	<u>(12,393)</u>	<u>(6,556)</u>
Currency translation differences	1,404	8
Net increase/(decrease) in cash and cash equivalents	20,171	(3,457)
Cash and cash equivalents at beginning of period	40,458	43,915
Cash and cash equivalents at end of period	<u>60,629</u>	<u>40,458</u>
Cash and cash equivalents consist of:-		
Highly liquid investments	24,004	12,053
Term deposits with licensed banks	14,446	14,438
Cash and bank balances	22,179	13,967
	<u>60,629</u>	<u>40,458</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 FOURTH QUARTER ENDED 31 DECEMBER 2014**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 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 issued 2,850 new ordinary shares of RM0.10 each at average exercise price of RM1.63 pursuant to the Employee Shares Option Scheme ("ESOS").

A6 Dividend paid

In respect of the financial year ended 31 December 2013, the Company paid the following dividends:-

- i) the special dividend of 1.5 sen per share tax exempt amounting to RM3,487,500 and final dividend of 0.5 sen per share tax exempt amounting to RM1,162,500 for the financial year ended 31 December 2013 were paid on 24 July 2014.
- ii) an interim dividend of 1 sen per share tax exempt amounting to RM2,307,428 for the financial year ended 31 December 2013 were paid on 20 January 2014.

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QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

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

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 2013 to the date of this report.

A11 Capital commitments

Authorised contracted capital commitments not provided for in the interim financial statements as at 31 December 2014 is RM28,138,000.

A12 Significant related party transactions

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

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QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014
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 RM42.50 million for the period under review against RM28.52 million in the corresponding period of preceding year, representing an increase of 49%. 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 89%, 35% and 19% respectively against the corresponding period of preceding year. The increase in sales recorded was mainly due to higher demand from customers.

The Group achieved a profit before tax of RM13.51 million against profit before tax of RM5.39 million in the corresponding quarter, representing an increase of 151%. The higher profit before tax was attributed to increase in sales recorded, appreciation of US Dollar and grant related income received. Correspondingly, the Group recorded a profit after tax of RM13.74 million against profit after tax of RM5.26 million in the corresponding quarter.

B2 Variation of results against immediate preceding quarter

The Group recorded revenue and profit before tax of RM42.50 million and RM13.51 million respectively for the current quarter under review against revenue and profit before tax of RM39.51 million and RM11.68 million respectively for the immediate preceding quarter. The increase in revenue and profit were attributed to increase in sales recorded for ABI. Sales from ABI have recorded an increase of 61%, against the immediate preceding quarter, due to increase in customers demand.

B3 Prospects for the financial year ending 31 December 2015

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. In view of positive market outlooks in the semiconductor and electronics industries, the board is optimistic on the business 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 income/(expense)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Dec-14 RM'000	Preceding year corresponding quarter 31-Dec-13 RM'000	Current year period 31-Dec-14 RM'000	Preceding year corresponding period 31-Dec-13 RM'000
Tax based on the results for the period under review	230	(131)	(914)	(744)

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 FOURTH QUARTER ENDED 31 DECEMBER 2014
B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES
MAIN MARKET LISTING REQUIREMENTS (cont'd)
B5 Tax expense/(income) (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

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

B7 Group borrowings

	As at 31-Dec-14 RM'000	As at 31-Dec-13 RM'000
Short term borrowings - secured		
Foreign currency term loan in USD	1,407	1,338
Long term borrowings - secured		
Foreign currency term loan in USD	3,172	10,854
	<u>4,579</u>	<u>12,192</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 December 2014, the Group's outstanding derivatives are as follows:-

	Contract value RM'000	Fair value RM'000
Forward foreign exchange contracts		
- Less than 1 year	<u>14,243</u>	<u>1,016</u>

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QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014
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-Dec-14 RM'000	As at 30-Sep-14 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised	144,544	140,913
- Unrealised	4,365	598
	<u>148,909</u>	<u>141,511</u>
Less : Consolidation adjustments	(5,106)	(6,790)
Total group retained profits as per consolidated accounts	<u>143,803</u>	<u>134,721</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

On 4 December 2014, the Company declared an interim dividend of 2 sen per share tax exempt amounting to RM4,654,704 for the financial year ended 31 December 2014 which was paid to all holders of ordinary share on 22 January 2015 whose names appeared in the Record of Depositors at the close of business on 31 December 2014.

B12 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Dec-14	Preceding year corresponding quarter 31-Dec-13	Current year period 31-Dec-14	Preceding year corresponding period 31-Dec-13
Net profit attributable to shareholders (RM'000)	13,737	5,259	49,109	24,063
Weighted average number of shares for computing basis earnings per share ('000)	232,483	231,086	232,483	231,086
Basic earnings per share (sen)	<u>5.91</u>	<u>2.28</u>	<u>21.12</u>	<u>10.41</u>
Weighted average number of shares for computing diluted earnings per share ('000)	232,631	N/A	232,631	N/A
Diluted earnings per share (sen)	<u>5.91</u>	<u>N/A</u>	<u>21.11</u>	<u>N/A</u>

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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-Dec-14 RM'000	Preceding year corresponding quarter 31-Dec-13 RM'000	Current year period 31-Dec-14 RM'000	Preceding year corresponding period 31-Dec-13 RM'000
Profit before tax is arrived at after charging:-				
Allowance for slow moving inventory	1,701	2,419	1,701	2,419
Amortisation and depreciation	1,497	787	4,219	2,847
Impairment loss on loans and receivables	486	53	486	53
Interest expense	27	73	187	298
(Gain)/Loss on financial instruments at fair value through profit or loss				
- realised	0	(69)	(303)	(4)
- unrealised	761	81	1,016	121
(Gain)/Loss on foreign exchange				
- realised	(734)	(153)	152	(1,858)
- unrealised	(3,495)	147	(4,816)	191
Loss on disposal of property, plant and equipment	0	0	1	0
and crediting:-				
Amortisation of deferred income	99	108	591	371
Grant related to income	1,807	795	3,473	1,109
Insurance claims received	0	0	0	557
Interest income	277	168	914	717
Rental income	7	7	30	30
Reversal of allowance for slow moving inventories	2,419	2,388	2,419	2,388
Reversal of impairment loss on loans and receivables	86	37	141	655

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 25 February 2015.