



VITROX CORPORATION BERHAD

(Incorporated in Malaysia)
Company No: 649966-K

INTERIM FINANCIAL REPORT

**FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2015**



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 FOURTH QUARTER ENDED 31 DECEMBER 2015
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current period quarter 31-Dec-15 RM'000	Preceding year corresponding quarter 31-Dec-14 RM'000	Current period to date 31-Dec-15 RM'000	Preceding year corresponding period 31-Dec-14 RM'000
Revenue		48,057	42,502	160,288	169,939
Other operating income		210	5,747	15,574	9,118
Operating expenses		(35,201)	(34,715)	(120,025)	(128,847)
Finance costs		(24)	(27)	(98)	(187)
Profit before tax	B14	13,042	13,507	55,739	50,023
Tax expense		(3,714)	230	(11,408)	(914)
Profit for the period		9,328	13,737	44,331	49,109
Other comprehensive income:					
Currency translation of differences for the foreign operation		38	44	0	51
Other comprehensive income for the period		38	44	0	51
Total comprehensive income for the period		9,366	13,781	44,331	49,160
Earnings Per Ordinary Share attributable to ordinary equity holders of the Company (sen)					
- Basic		4.00	5.91	19.03	21.12
- Diluted		3.99	5.91	18.95	21.11

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 2015
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(The figures have not been audited)

	As at 31-Dec-15 RM'000 (unaudited)	As at 31-Dec-14 RM'000 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	35,820	35,021
Investment properties	600	600
Investment in club membership - at cost	91	91
Development expenditure	3,085	2,923
	<u>39,596</u>	<u>38,635</u>
Current assets		
Inventories	56,555	50,266
Trade and other receivables	75,708	69,882
Prepayments	19,372	7,970
Current tax assets	48	351
Cash and cash equivalents	63,985	60,629
	<u>215,668</u>	<u>189,098</u>
TOTAL ASSETS	<u>255,264</u>	<u>227,733</u>
EQUITY AND LIABILITIES		
Capital and reserves attributable to equity holders of the Company		
Share capital	23,342	23,274
Reserves	185,587	151,546
Total equity	<u>208,929</u>	<u>174,820</u>
Non-current liabilities		
Term loan - secured	2,179	3,172
Deferred tax liabilities	1,356	256
Deferred income on government grant	3,353	2,963
Total non-current liabilities	<u>6,888</u>	<u>6,391</u>
Current liabilities		
Trade and other payables	28,914	38,797
Dividend payable	3,501	4,655
Term loan - secured	1,724	1,407
Financial liabilities at fair value through profit or loss	157	1,016
Advance payment from customers	1,186	647
Current tax liabilities	3,965	0
Total current liabilities	<u>39,447</u>	<u>46,522</u>
Total liabilities	<u>46,335</u>	<u>52,913</u>
TOTAL EQUITY AND LIABILITIES	<u>255,264</u>	<u>227,733</u>
Net assets value per share attributable to ordinary equity holders of the parent (sen)	<u>89.51</u>	<u>75.11</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 2015
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 2015</u>							
Balance as at 1 January 2015	23,274	0	6,303	1,378	62	143,803	174,820
Profit for the financial period	0	0	0	0	0	44,331	44,331
Currency translation differences for foreign operation (representing other comprehensive income for the financial period)	0	0	0	0	0	0	0
Total comprehensive income for the financial period	0	0	0	0	0	44,331	44,331
Share-based payments	0	0	0	1,341	0	0	1,341
Issuance of shares pursuant to ESOS	68	0	2,029	(833)	0	0	1,264
Dividends	0	0	0	0	0	(12,827)	(12,827)
Total transaction with owners	68	0	2,029	508	0	(12,827)	(10,222)
Balance as at 31 December 2015	23,342	0	8,332	1,886	62	175,307	208,929
<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	52	0	52
Total comprehensive income for the financial period	0	0	0	0	52	49,109	49,161
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	62	143,803	174,820

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statement.

VITROX CORPORATION BERHAD

(Incorporated in Malaysia)

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QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(The figures have not been audited)

	Period ended 31-Dec-15 RM'000	Period ended 31-Dec-14 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	55,739	50,023
Adjustment for:		
Allowance for slow moving inventories	2,066	1,701
Amortisation and depreciation	4,104	4,219
Amortisation of deferred income	(707)	(591)
Impairment loss on loans and receivables	0	486
Interest expense	98	187
Interest income	(1,041)	(914)
Loss on disposal of property, plant and equipment	2	1
Reversal of allowance for slow moving inventories	(1,701)	(2,419)
Reversal of impairment loss on loans and receivables	(400)	(141)
Share-based payments	1,341	1,606
Unrealised loss on financial instruments at fair value through profit or loss	157	1,016
Unrealised gain on foreign exchange	(8,569)	(4,816)
Operating profit before working capital changes	<u>51,089</u>	<u>50,358</u>
Change in:		
Inventories and receivables	(20,390)	(34,594)
Payables and advance payments	(9,815)	20,940
Financial instruments at fair value through profit or loss	(1,016)	(121)
Cash generated from operations	<u>19,868</u>	<u>36,583</u>
Tax paid	(6,270)	(1,639)
Tax refunded	229	80
Net cash from operating activities	<u>13,827</u>	<u>35,024</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Additions of development expenditure	(639)	(167)
Grant received	1,072	1,447
Interest received	1,046	947
Proceed from disposal of property, plant and equipment	1	2
Purchase of property, plant and equipment	(4,499)	(6,093)
Net cash used in investing activities	<u>(3,019)</u>	<u>(3,864)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(13,980)	(6,957)
Interest paid	(98)	(203)
Issue of shares	1,264	384
Reissue of treasury shares	0	1,754
Repayment of term loan	(1,228)	(7,371)
Net cash used in financing activities	<u>(14,042)</u>	<u>(12,393)</u>
Currency translation differences	6,590	1,404
Net increase in cash and cash equivalents	3,356	20,171
Cash and cash equivalents at beginning of period	<u>60,629</u>	<u>40,458</u>
Cash and cash equivalents at end of period	<u>63,985</u>	<u>60,629</u>
Cash and cash equivalents consist of:-		
Highly liquid investments	23,322	24,004
Term deposits with licensed banks	8,354	14,446
Cash and bank balances	32,309	22,179
	<u>63,985</u>	<u>60,629</u>

The Condensed Consolidated Statement of Cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**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 2014. 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 2014.

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 2014, except for the adoption of new Malaysian Financial Reporting Standards ("MFRS") that are effective for financial period beginning on or after 1 January 2015. 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 22,050 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 2014, the Company paid the following dividends:-

- i) the special dividend of 3.5 sen per share tax exempt amounting to RM8,159,881 and final dividend of 0.5 sen per share tax exempt amounting to RM1,165,697 for the financial year ended 31 December 2014 were paid on 24 July 2015.
- ii) An interim dividend of 2 sen per share tax exempt amounting to RM4,654,704 for the financial year ended 31 December 2014 were paid on 22 January 2015.

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QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015

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 2014 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 2015 is RM29,960,000.

A12 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 2015
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 RM48.06 million for the period under review against RM42.50 million in the corresponding period of preceding year, representing an increase of 13%. 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 25%, 7% and 8% respectively against the corresponding period of preceding year. The increase was mainly due to increase in service income of ABI and the appreciation of US Dollar.

The Group achieved a profit before tax of RM13.04 million against profit before tax of RM13.51 million in the corresponding quarter, representing a decrease of 3%. The decrease in profit before tax was mainly due to decrease in unrealised gain on foreign exchange. Correspondingly, the Group's profit after tax is at RM9.33 million against profit after tax of RM13.74 million in the corresponding quarter, representing a decrease of 32%. Lower profit after tax was mainly due to provision for taxation pending 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 RM48.06 million and RM13.04 million respectively for the current quarter under review against revenue and profit before tax of RM40.06 million and RM19.61 million respectively for the immediate preceding quarter. The slight increase in revenue was contributed from the increase in revenue recorded for MVS and ABI. Revenue from MVS and ABI have recorded an increase of 13% and 27% respectively against the immediate preceding year, due to increase in the revenue from Tray-based Vision Handler and Advanced X-ray Inspection System and the appreciation of US Dollar. The decrease in profit before tax was mainly due to unrealised loss on foreign exchange.

B3 Prospects for financial year ending 31 December 2016

The Board is 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 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-15 RM'000	Preceding year corresponding quarter 31-Dec-14 RM'000	Current year period 31-Dec-15 RM'000	Preceding year corresponding period 31-Dec-14 RM'000
Tax based on the results for the period under review	(3,714)	230	(11,408)	(914)

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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QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015
B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES
MAIN MARKET LISTING REQUIREMENTS (cont'd)

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-15 RM'000	As at 31-Dec-14 RM'000
Short term borrowings - secured		
Foreign currency term loan in USD	1,724	1,407
Long term borrowings - secured		
Foreign currency term loan in USD	2,179	3,172
	<u>3,903</u>	<u>4,579</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 2015, 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>5,397</u>	<u>157</u>

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QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015
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-15 RM'000	As at 30-Sep-15 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised	172,943	159,477
- Unrealised	7,011	15,317
	<u>179,954</u>	<u>174,794</u>
Less : Consolidation adjustments	(4,647)	(5,314)
Total group retained profits as per consolidated accounts	<u>175,307</u>	<u>169,480</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 9 December 2015, the Company declared an interim dividend of 1.5 sen per share tax exempt amounting to RM3,501,343 for the financial year ended 31 December 2015 which was paid to all holders of ordinary share on 22 January 2016 whose names appeared in the Record of Depositors at the close of business 31 December 2015.

B12 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Dec-15	Preceding year corresponding quarter 31-Dec-14	Current year period 31-Dec-15	Preceding year corresponding period 31-Dec-14
Net profit attributable to shareholders (RM'000)	9,328	13,737	44,331	49,109
Weighted average number of shares for computing basis earnings per share ('000)	232,960	232,483	232,960	232,483
Basic earnings per share (sen)	<u>4.00</u>	<u>5.91</u>	<u>19.03</u>	<u>21.12</u>
Weighted average number of shares for computing diluted earnings per share ('000)	233,882	232,631	233,882	232,631
Diluted earnings per share (sen)	<u>3.99</u>	<u>5.91</u>	<u>18.95</u>	<u>21.11</u>

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QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015
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 2014 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-15 RM000	Preceding year corresponding quarter 31-Dec-14 RM000	Current year period 31-Dec-15 RM000	Preceding year corresponding period 31-Dec-14 RM000
Profit before tax is arrived at after charging:-				
Allowance for slow moving inventories:	2,066	1,701	2,066	1,701
Amortisation and depreciation	1,093	1,497	4,104	4,219
Impairment loss on loans and receivables	0	486	0	486
Interest expense	24	27	98	187
(Gain)/Loss on financial instruments at fair value through profit or loss				
- realised	1,075	0	2,045	(303)
- unrealised	(1,429)	761	157	1,016
(Gain)/Loss on foreign exchange				
- realised	(4,357)	(734)	(4,223)	152
- unrealised	6,891	(3,495)	(8,569)	(4,816)
Loss on disposal of property, plant and equipment	1	0	2	1
and crediting:-				
Amortisation of deferred income	237	99	707	591
Grant related to income	1,945	1,807	2,781	3,473
Interest income	265	277	1,041	914
Rental income	10	7	33	30
Reversal of allowance for slow moving inventories	1,701	2,419	1,701	2,419
Reversal of impairment loss on loans and receivables	74	86	400	141

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 2016.