



VITROX CORPORATION BERHAD

(Incorporated in Malaysia)
Company No: 649966-K

INTERIM FINANCIAL REPORT

**FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2018**



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 2018
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current quarter ended 31-Dec-18 RM'000	Corresponding preceding quarter ended 31-Dec-17 RM'000	Current year-to-date ended 31-Dec-18 RM'000	Corresponding preceding year-to-date ended 31-Dec-17 RM'000
Revenue		110,582	95,893	394,684	327,488
Other operating income		1,511	679	6,768	6,015
Operating expenses		(80,251)	(75,196)	(287,233)	(246,921)
Finance costs		(536)	(6)	(1,054)	(42)
Share of associate's loss		(18)	(16)	(65)	(38)
Profit before tax	B12	<u>31,288</u>	<u>21,354</u>	<u>113,100</u>	<u>86,502</u>
Tax expense	B5	(1,842)	(656)	(7,616)	(3,483)
Profit for the financial period/ year		<u>29,446</u>	<u>20,698</u>	<u>105,484</u>	<u>83,019</u>
Other comprehensive income:-					
<i>Item that may be reclassified subsequently to profit or loss:-</i>					
Currency translation differences for the foreign operation		2	(14)	(214)	(65)
Other comprehensive income for the financial period/year		<u>2</u>	<u>(14)</u>	<u>(214)</u>	<u>(65)</u>
Comprehensive income for the financial period/year		<u>29,448</u>	<u>20,684</u>	<u>105,270</u>	<u>82,954</u>
Earnings per share attributable to ordinary equity holders of the Company (sen)	B10				
- Basic		<u>6.26</u>	<u>4.40</u>	<u>22.43</u>	<u>17.67</u>
- Diluted		<u>6.24</u>	<u>4.39</u>	<u>22.36</u>	<u>17.62</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes and audited financial statements for the financial year ended 31 December 2017.

VITROX CORPORATION BERHAD

(Incorporated in Malaysia)

Company No: 649966-K


QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31-Dec-18 RM'000 (Unaudited)	As at 31-Dec-17 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	155,144	132,929
Investment properties	600	600
Development expenditure	658	1,376
Investment in associate	3,047	1,012
Investment in club memberships, at cost	91	91
Deferred tax assets	487	164
	<u>160,027</u>	<u>136,172</u>
Current assets		
Inventories	103,696	71,784
Receivables	156,687	124,028
Derivatives	117	1,046
Prepayments	5,360	3,192
Current tax assets	1,485	1,542
Cash and cash equivalents	148,733	150,572
	<u>416,078</u>	<u>352,164</u>
TOTAL ASSETS	<u>576,105</u>	<u>488,336</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	50,637	49,275
Reserves	362,868	280,965
Total equity	<u>413,505</u>	<u>330,240</u>
Non-current liabilities		
Deferred tax liabilities	1,579	750
Term loans - secured	53,089	55,021
Deferred income on government grants	3,038	4,686
Total non-current liabilities	<u>57,706</u>	<u>60,457</u>
Current liabilities		
Payables	83,894	83,377
Dividend payable	8,235	7,052
Term loans - secured	3,145	3,483
Contract liabilities	8,352	3,269
Current tax liabilities	1,268	458
Total current liabilities	<u>104,894</u>	<u>97,639</u>
Total liabilities	<u>162,600</u>	<u>158,096</u>
TOTAL EQUITY AND LIABILITIES	<u>576,105</u>	<u>488,336</u>
Net assets per ordinary share attributable to owners of the Company	<u>87.88</u>	<u>70.25</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes and audited financial statements for the financial year ended 31 December 2017.

VITROX CORPORATION BERHAD

(Incorporated in Malaysia)
Company No: 649966-K


**QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

(The figures have not been audited)

	Share capital RM'000	Share premium RM'000	Capital reserve* RM'000	Share option reserve RM'000	Currency translation reserve RM'000	Retained profits RM'000	Total equity RM'000
Year ended 31 December 2018							
Balance at 1 January 2018							
- Brought forward from preceding year	49,275	0	277	745	(8)	279,951	330,240
- Changes in accounting policies	0	0	0	0	0	(1,211)	(1,211)
- Adjusted	49,275	0	277	745	(8)	278,740	329,029
Profit for the financial year	0	0		0	0	105,484	105,484
Currency translation differences for foreign operation (representing other comprehensive income for the financial year)	0	0	0	0	(214)	0	(214)
Comprehensive income for the financial year	0	0	0	0	(214)	105,484	105,270
Share-based payments	0	0	0	572	0	0	572
Issue of shares pursuant to Employees' Share Option Scheme	1,362	0	0	(388)	0	0	974
Dividends	0	0	0	0	0	(22,340)	(22,340)
Total transactions with owners	1,362	0	0	184	0	(22,340)	(20,794)
Transfer to capital reserve	0	0	212	0	0	(212)	0
Balance at 31 December 2018	50,637	0	489	929	(222)	361,672	413,505

* This represents the cumulative amount transferred from the retained profits of a subsidiary under the statutory requirements of the People's Republic of China.

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**QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)**

(The figures have not been audited)

	Share capital RM'000	Share premium RM'000	Capital reserve* RM'000	Share option reserve RM'000	Currency translation reserve RM'000	Retained profits RM'000	Total equity RM'000
<u>Year ended 31 December 2017</u>							
Balance at 1 January 2017	23,435	11,062	0	1,207	57	226,101	261,862
Profit for the financial year	0	0	0	0	0	83,019	83,019
Currency translation differences for foreign operation (representing other comprehensive income for the financial year)	0	0	0	0	(65)	0	(65)
Comprehensive income for the financial year	0	0	0	0	(65)	83,019	82,954
Share-based payments	0	0	0	527	0	0	527
Issue of shares pursuant to Employees' Share Option Scheme	1,071	1,360	0	(989)	0	0	1,442
Bonus issue	23,505	(11,062)	0	0	0	(12,443)	0
Share issue transactions costs	(96)	0	0	0	0	0	(96)
Dividends	0	0	0	0	0	(16,449)	(16,449)
Total transactions with owners	24,480	(9,702)	0	(462)	0	(28,892)	(14,576)
Transfer of share premium	1,360	(1,360)	0	0	0	0	0
Transfer to capital reserve	0	0	277	0	0	(277)	0
Balance at 31 December 2017	49,275	0	277	745	(8)	279,951	330,240

* This represents the cumulative amount transferred from the retained profits of a subsidiary under the statutory requirements of the People's Republic of China.

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes and audited financial statements for the financial year ended 31 December 2017.

VITROX CORPORATION BERHAD

(Incorporated in Malaysia)

Company No: 649966-K


QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(The figures have not been audited)

	Current year-to-date ended 31-Dec-18 RM'000	Corresponding preceding year-to-date ended 31-Dec-17 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	113,100	86,502
Adjustments for:-		
Amortisation and depreciation	7,529	6,699
Amortisation of deferred income	(1,648)	(2,255)
Fair value gains on financial instruments	(117)	(1,046)
Gain on disposal of property, plant and equipment	(306)	0
Impairment losses on financial assets	255	0
Interest expense	1,054	42
Interest income	(4,009)	(2,590)
Inventories written down	5,018	3,430
Property, plant and equipment written off	1	0
Reversal of inventories written down	(3,430)	(2,975)
Share-based payments	572	527
Share of associate's loss	65	38
Unrealised loss/(gain) on foreign exchange	600	(1,577)
Operating profit before working capital changes	<u>118,684</u>	<u>86,795</u>
Changes in:-		
Inventories	(33,499)	(7,092)
Receivables	(36,272)	(25,770)
Derivatives	1,046	(3,021)
Prepayments	(2,168)	(1,588)
Payables	671	18,102
Contract liabilities	5,083	955
Cash generated from operations	<u>53,545</u>	<u>68,381</u>
Tax paid	(6,299)	(3,957)
Tax refunded	56	2,339
Net cash from operating activities	<u>47,302</u>	<u>66,763</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of associate	0	(1,050)
Grants received	2,521	2,830
Interest received	3,992	2,505
Proceeds from disposal of property, plant and equipment	306	0
Purchase of property, plant and equipment	(28,124)	(46,534)
Subscription for shares in associate	(2,100)	0
Net cash used in investing activities	<u>(23,405)</u>	<u>(42,249)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(21,157)	(15,256)
Interest paid	(1,908)	(1,056)
Issue of shares	974	1,443
Repayment of term loans	(3,217)	(4,103)
Share issue transactions costs paid	0	(96)
Term loan raised	0	35,299
Net cash (used in)/from financing activities	<u>(25,308)</u>	<u>16,231</u>

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**QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)***(The figures have not been audited)*

	Current year-to-date ended 31-Dec-18 RM'000	Corresponding preceding year-to-date ended 31-Dec-17 RM'000
Currency translation differences	(428)	(279)
Net (decrease)/increase in cash and cash equivalents	(1,839)	40,466
Cash and cash equivalents at beginning of year	150,572	110,106
Cash and cash equivalents at end of year	<u>148,733</u>	<u>150,572</u>
Cash and cash equivalents consist of:-		
Highly liquid investments	113,525	80,346
Term deposits	12,019	3,687
Cash and bank balances	23,189	66,539
	<u>148,733</u>	<u>150,572</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes and audited financial statements for the financial year ended 31 December 2017.

QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
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 *Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting* issued by the Malaysian Accounting Standards Board, Paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial report.

The significant accounting policies and method of computation adopted in the interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 31 December 2017 except for the adoption of the following MFRSs:-

MFRS	Effective for annual periods beginning on or after
MFRS 9 <i>Financial Instruments</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i> (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	1 January 2018
Amendments to MFRS 15 <i>Clarifications to MFRS 15 Revenue from Contracts with Customers</i>	1 January 2018
Amendments to MFRS 128 <i>Investments in Associates and Joint Ventures</i> (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018

The adoption of the above MFRSs did not result in any significant changes in the accounting policies of the Group except as follows:-

MFRS 9 *Financial Instruments*

MFRS 9, which replaces MFRS 139 *Financial Instruments: Recognition and Measurement*, sets out the requirements for recognising and measuring financial instruments. The major changes introduced by MFRS 9 (that are relevant to the Group) relate to the classification and measurement of financial assets. Under MFRS 9:-

- (i) Financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both the business model within which they are held and their contractual cash flow characteristics. The adoption of the new guidance did not significantly affect the existing classification and measurement of financial assets of the Group.

QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

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

A1 Basis of preparation of Interim Financial Report (cont'd)

MFRS 9 Financial Instruments (cont'd)

- (ii) Impairment loss on financial assets is recognised using a new “expected credit loss” model as opposed to the “incurred credit loss” model currently used in MFRS 139. Under the new model, expected credit losses are recognised for financial assets using reasonable and supportable historical and forward-looking information even before a loss event occurs. Accordingly, the additional loss allowance as at 1 January 2018 has been adjusted to receivables and retained profits as follows:-

	Brought forward from preceding year RM'000	Changes in accounting policies RM'000	Adjusted RM'000
Consolidated statement of financial position as at 1 January 2018 (extract)			
Receivables	124,028	(1,211)	122,817
Retained profits	279,951	(1,211)	278,740
Total equity	<u>330,240</u>	<u>(1,211)</u>	<u>329,029</u>

MFRS 15 Revenue from Contracts with Customers

MFRS 15, which replaces MFRS 111 *Construction Contracts*, MFRS 118 *Revenue* and other related interpretations, establishes a single comprehensive model for revenue recognition. Under MFRS 15, revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Revenue is recognised either over time or at a point in time depending on the timing of transfer of control. The adoption of the new revenue recognition model did not significantly affect the previous practice of recognising revenue from the sale of goods based on the transfer of risks and rewards which generally coincides with the transfer of control at a point in time.

The Group has not applied the following MFRSs which have been issued as at the end of reporting period but are not yet effective:-

MFRS (issued as at the end of the reporting period)	Effective for annual periods beginning on or after
MFRS 16 <i>Leases</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 3 <i>Previously Held Interest in a Joint Operation</i> (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to MFRS 11 <i>Previously Held Interest in a Joint Operation</i> (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 112 <i>Income Tax Consequences of Payments on Financial Instruments Classified as Equity</i> (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019

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QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

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

A1 Basis of preparation of Interim Financial Report (cont'd)

MFRS (issued as at the end of the reporting period)	Effective for annual periods beginning on or after
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 123 <i>Borrowing Costs Eligible for Capitalisation</i> (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

Management foresees that the initial application of the above MFRSs will not have any significant impacts on the financial statements.

A2 Seasonal or cyclical of operations

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 during the current interim period.

A4 Material changes in estimates

There were no changes in estimates of amounts reported in prior interim period of the current financial year or changes in estimate of amounts reported in prior financial year.

A5 Debts and equity securities

During the current quarter, the Company issued 27,200 and 103,500 new ordinary shares at average exercise price of RM1.01 and RM2.79 respectively pursuant to the Employee Shares Option Scheme ("ESOS").

Saved as disclosed above, there were no other issuances, cancellations, repurchases, resale or repayments of debts and equity securities during the current quarter under review.

A6 Dividends paid

During the financial year, the Company paid the following dividends :-

- i) an interim tax exempt dividend of 1.5 sen per share amounting to RM7,052,394 for the financial year ended 31 December 2017, paid on 19 January 2018; and
- ii) the final tax exempt dividend of 3.0 sen per share amounting to RM14,105,541 for the financial year ended 31 December 2017, paid on 18 July 2018.

A7 Segment reporting

No segment reporting has been prepared as the Group is principally engaged in development and production of vision inspection system and printed circuit board assemblies for microprocessor applications.

A8 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 interim financial report.

VITROX CORPORATION BERHAD

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**QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018****A. NOTES TO THE INTERIM FINANCIAL REPORT (cont'd)****A9 Changes in the composition of the Group**

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

A10 Contingencies

There were no contingent assets or liabilities for the Group since 30 September 2018.

A11 Contractual commitments

	31-Dec-18 RM'000	31-Dec-17 RM'000
Purchase of property, plant and equipment	<u>10,981</u>	<u>27,888</u>

A12 Significant related party transactions

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

A13 Financial instruments**i) Derivatives**

As at 31 December 2018, the Group's outstanding derivatives are as follows:-

	RM'000
Forward exchange contracts - at fair value	
- Current assets	<u>117</u>

Derivatives consist of forward exchange contracts which are used to hedge the exposure to currency risk. The Group does not apply hedge accounting. As at 31 December 2018, the Group had contracts with financial institutions due within 1 year to buy RM17,669,000 and USD4,241,000 at contractual forward rates.

The fair values 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).

ii) Gains/(Losses) arising from fair value changes of financial liabilities

There were no gains/(losses) arising from fair value changes of financial liabilities for the current quarter and period ended 31 December 2018.

iii) Fair value

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

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

A13 Financial instruments (cont'd)

iii) Fair value (cont'd)

The inputs to valuation techniques used to measure fair value are categorised into the following levels of fair value hierarchy:-

- (i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- (ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- (iii) Level 3 - unobservable inputs for the asset or liability.

As at end of the current quarter under review, 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 long term loans are 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 values measured are considered to be reasonably close to the carrying amount reported as the observable current market interest rates also approximate to the effective interest rates of term loans.

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).

There were no transfers between levels of fair value hierarchy during the current quarter under review.

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QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES
MAIN MARKET LISTING REQUIREMENTS
B1 Review of performance

	INDIVIDUAL QUARTER		Changes RM'000	Changes %
	Current quarter ended 31-Dec-18 RM'000	Corresponding preceding quarter ended 31-Dec-17 RM'000		
Revenue	110,582	95,893	14,689	15%
Profit before tax	31,288	21,354	9,934	47%
Profit for the financial period	29,446	20,698	8,748	42%
Profit attributable to owners of the Company	<u>29,446</u>	<u>20,698</u>	<u>8,748</u>	<u>42%</u>

The Group achieved revenue of RM110.58 million for the quarter under review against RM95.89 million in the corresponding quarter of preceding year, representing an increase of 15%. The increase in revenue was contributed by the increase of 41% from Automated Board Inspection (ABI) outweighed the decline of 22% in Machine Vision System (MVS). The increase in ABI was mainly due to higher demand from wider customer base.

The Group achieved a profit before tax of RM31.29 million against profit before tax of RM21.35 million in the corresponding quarter of preceding year, representing an increase of 47%. Higher profit before tax recorded was mainly due to higher revenue achieved from ABI. Accordingly, the Group's profit after tax is at RM29.45 million against profit after tax of RM20.70 million in the corresponding quarter.

	CUMULATIVE QUARTER		Changes RM'000	Changes %
	Current year-to-date ended 31-Dec-18 RM'000	Corresponding preceding year-to-date ended 31-Dec-17 RM'000		
Revenue	394,684	327,488	67,196	21%
Profit before tax	113,100	86,502	26,598	31%
Profit for the financial period	105,484	83,019	22,465	27%
Profit attributable to owners of the Company	<u>105,484</u>	<u>83,019</u>	<u>22,465</u>	<u>27%</u>

The Group recorded a revenue of RM394.68 million in the period ended 31 December 2018, representing an increase by 21% as compared to the preceding year ended 31 December 2017. The increase was mainly due to increase in customer orders for ABI and MVS.

The profit before tax increased by RM26.60 million as compared with preceding year corresponding period. The increase was mainly because of higher revenue achieved in the current year.

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QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES
MAIN MARKET LISTING REQUIREMENTS (cont'd)
B2 Variation of results against immediate preceding quarter

	Current quarter ended 31-Dec-18 RM'000	Immediate preceding quarter ended 30-Sep-18 RM'000	Changes RM'000	Changes %
Revenue	110,582	101,770	8,812	9%
Profit before tax	31,288	30,024	1,264	4%
Profit for the financial period	29,446	28,021	1,425	5%
Profit attributable to owners of the Company	<u>29,446</u>	<u>28,021</u>	<u>1,425</u>	<u>5%</u>

The Group recorded revenue and profit before tax of RM110.58 million and RM31.29 million respectively for the current quarter under review against revenue and profit before tax of RM101.77 million and RM30.02 million respectively for the immediate preceding quarter. Both revenue and profit before tax have recorded an increase of 9% and 4% respectively. The increase in revenue was contributed from ABI, showing an increase of 19%. As a result, the Group profit before tax is at RM31.29 million against profit before tax of RM30.02 million in the immediate preceding quarter.

B3 Prospect

The Board is cautiously optimistic on the business prospect for the financial year 2019. The Group will continue to focus on market expansion activities, customer relationship building and product innovation to grow our business further in the new financial year. Besides that, the Group has taken steps to minimise its net monetary assets in order to mitigate the financial impacts arising from currency fluctuation.

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 quarter ended 31-Dec-18 RM'000	Corresponding preceding quarter ended 31-Dec-17 RM'000	Current year-to-date ended 31-Dec-18 RM'000	Corresponding preceding year-to-date ended 31-Dec-17 RM'000
Current tax	<u>1,842</u>	<u>656</u>	<u>7,616</u>	<u>3,483</u>

The effective tax rate of the Group for the current financial period is lower than the statutory tax rate of 24%. This was mainly due to tax incentive enjoyed by its wholly-owned subsidiary, ViTrox Technologies Sdn. Bhd. ("VTSB").

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QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES
MAIN MARKET LISTING REQUIREMENTS (cont'd)
B5 Tax expense (cont'd)

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). With effective from 17 August 2018 until 16 June 2020 (extendable for further 5 years), the pioneer activities have been extended its related modules. The current provision of income tax is in respect of certain non-business income and non-tax exempted income generated from non-pioneer products and services.

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-18 RM'000	As at 31-Dec-18 USD'000	As at 31-Dec-17 RM'000	As at 31-Dec-17 USD'000
<u>Term loans - secured</u>				
Short-term borrowings	3,145	760	3,483	857
Long-term borrowings	53,089	12,828	55,021	13,545
	<u>56,234</u>	<u>13,588</u>	<u>58,504</u>	<u>14,402</u>
Exchange rate		<u>4.14</u>		<u>4.06</u>

The decline in the term loan is due to the monthly repayment of term loan.

The effective interest rates of term loans as at current period end was 3.65% as compared to the range of 2.80% to 3.85% as at corresponding preceding period.

B8 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.

B9 Dividend

On 3 December 2018, the Company declared an interim tax exempt dividend of 1.75 sen per share amounting to RM8,234,672 for the financial year ended 31 December 2018 which was paid to all holders of ordinary share on 18 January 2019 whose name appeared in the Record of Depositors at the close of business for 31 December 2018.

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B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES
MAIN MARKET LISTING REQUIREMENTS (cont'd)

B10 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter ended 31-Dec-18	Corresponding preceding quarter ended 31-Dec-17	Current year-to-date ended 31-Dec-18	Corresponding preceding year-to-date ended 31-Dec-17
Profit attributable to owners of the Company (RM'000)	29,446	20,698	105,484	83,019
Weighted average number of shares for computing basis earnings per share ('000)	470,335	469,907	470,335	469,907
Basic earnings per share (sen)	<u>6.26</u>	<u>4.40</u>	<u>22.43</u>	<u>17.67</u>
Weighted average number of shares for computing diluted earnings per share ('000)	471,771	471,186	471,771	471,193
Diluted earnings per share (sen)	<u>6.24</u>	<u>4.39</u>	<u>22.36</u>	<u>17.62</u>

B11 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2017 was not subject to any qualification.

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QUARTERLY REPORT ON RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
B. DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA SECURITIES
MAIN MARKET LISTING REQUIREMENTS (cont'd)

B12 Profit Before Tax

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter ended 31-Dec-18 RM'000	Corresponding preceding quarter ended 31-Dec-17 RM'000	Current year-to-date ended 31-Dec-18 RM'000	Corresponding preceding year-to-date ended 31-Dec-17 RM'000
Profit before tax is arrived at after charging/(crediting):-				
Amortisation and depreciation	2,208	1,550	7,529	6,699
Fair value (gain)/loss on financial instruments mandatorily measured at fair value through profit or loss:-				
- realised	438	(305)	(466)	(1,558)
- unrealised	(498)	(930)	(117)	(1,046)
(Gain)/Loss on foreign exchange:-				
- realised	(2,167)	(4,391)	(716)	7,470
- unrealised	2,186	6,577	600	(1,577)
Impairment losses on financial assets	255	0	255	0
Interest expense	536	6	1,054	42
Inventories written down	5,018	3,430	5,018	3,430
Property, plant and equipment written off	1	0	1	0
Amortisation of deferred income	(389)	(542)	(1,648)	(2,255)
Gain on disposal of property, plant and equipment	(306)	0	(306)	0
Grants related to income	0	711	(55)	391
Insurance claims received	0	0	0	(1,500)
Interest income	(1,061)	(828)	(4,009)	(2,590)
Reversal of inventories written down	(4,695)	(2,632)	(3,430)	(2,975)

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.

B13 Authorisation for issue

The interim financial statements are authorised for issue by the Board of Directors on 26 February 2019.