



ViTrox Corporation Berhad (649966-K)

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11900 Bayan Lepas, Penang, Malaysia.
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China Division

ViTrox Technologies (Suzhou) Co. Ltd

F409, International Science Park, No. 328 Airport Road, Suzhou, 215021, P.R. China.
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ViTrox USA

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www.vitrox.com



... innovating vision



20
annual report
06

Corporate Vision, Mission, Objectives, Strategies, Values and Principal Activities

CORPORATE VISION

We are dedicated to be the world leading company in providing total machine vision solutions.

CORPORATE MISSION

ViTroX, innovating vision for automation, is committed to providing the most innovative, advanced and cost effective machine vision solution of excellent quality to our customers through integration of our technology, our people and our strategic alliances.

CORPORATE OBJECTIVES

We aim to achieve: -

1. Excellent / world class products and services
2. Total customer satisfaction.
3. Continuous growth and profitability.
4. Long-term partnership with our customers, alliances and employees.

CORPORATE STRATEGIES

• Innovation

Initiate new ideas and technological breakthroughs. We believe thinking "outside the box" leads to innovation.

• Customer Focused

Make our customers our first priority. We offer our customers the best value products and services in a timely manner, without sacrificing quality.

• Continuous Improvement

Continuously improve our products, services, and our organization as a whole.

PRINCIPAL ACTIVITIES

ViTroX Corporation Berhad ("ViTroX") is principally involved in investment holding and development of 3D vision inspection system.

As at 31 December 2006, ViTroX has in operation three (3) wholly-owned direct subsidiaries and a wholly-owned indirect subsidiary. The principal activities of these subsidiaries are set out as follows:

Name	Date of acquisition/ Place of Incorporation	Effective Equity Interest	Principal activities
• ViTroX Technologies Sdn. Bhd.	15 June 2005/ Malaysia	100%	Development and production of automated vision inspection system and digital automated vision inspection equipment and modules.
• ViTroX International Sdn. Bhd.	7 January 2006/ Malaysia	100%	Investment holding for setting up of foreign subsidiary companies and for catering for future foreign investments.
• ViE Technologies Sdn. Bhd.	24 February 2006/ Malaysia	100%	Research, development and manufacture of System-On-Chip Electronics devices for machine vision and factory automation.
• ViTroX Technologies (Suzhou) Co., Ltd	19 January 2006 (date of establishment)/ China	100%	Sales and Support Office in Suzhou Industrial Park, PRC.

CORPORATE VALUES

• Accountability

We take accountability for our decisions at the individual and company levels.

• Excellence

We strive to be the best; we settle for nothing less. We are geared towards meeting our maximum capacity for providing the best quality products and services in the most efficient way.

• Fairness

We treat everyone fairly and make decision objectively based on win-win situation.

• Flexibility

We recognize that adapting to change is an essential part of success.

• Integrity, Trust & Respect

We trust and respect the individual. We believe that being truthful establishes lasting relationships and promotes positive communication with our customers & employees.

• Self-confident

We have the ability to achieve whatever goals we set in life if we think we can. Therefore, we focus ourselves to be persistent and aggressive in achieving our goals.

• Recognition

We appreciate outstanding individuals by rewarding those who contribute to our growth and success. We base career opportunities and compensation on performance and achievement.

• Teamwork

We accomplish more together than any one-person alone can. We encourage alliances and sharing between individuals and departments to keep the organization functioning well as a whole. We believe in synergy.

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Corporate Information

VITROX CORPORATION BERHAD
(649966-K)

BOARD OF DIRECTORS

DATO' KIEW KWONG SEN
Chairman /
Independent Non-Executive Director

CHU JENN WENG
Managing Director

SIAW KOK TONG
Executive Director

YEOH SHIH HOONG
Executive Director

DR AHMAD FADZIL
BIN MOHAMAD HANI
Independent Non-Executive Director

CHUAH POAY NGEE
(Appointed on 15 November 2006)
Independent Non-Executive Director

AUDIT COMMITTEE

DATO' KIEW KWONG SEN
Chairman

DR AHMAD FADZIL
BIN MOHAMAD HANI

SIAW KOK TONG

CHUAH POAY NGEE
(Appointed on 2 January 2007)

COMPANY SECRETARIES

KHOO LAY TATT (MAICSA 7029262)

HOW WEE LING (MAICSA 7033850)

HEAD OFFICE

VITrox Innovation Centre
85A, Lintang Bayan Lepas II
Bayan Lepas Industrial Park, Phase IV
11900 Bayan Lepas, Penang
Tel: 604 646 6227
Fax: 604 646 6327
Website: www.vitrox.com

REGISTERED OFFICE

57-1, Persiaran Bayan Indah
Bayan Bay, Sungai Nibong, 11900 Penang
Tel: 604 642 9887
Fax: 604 645 6698

SHARE REGISTRAR

Epsilon Registration Services Sdn Bhd
No. 312, 3rd Floor, Block C
Kelana Square, 17 Jalan SS7/26
47301 Petaling Jaya, Selangor
Tel: 603 7806 2116
Fax: 603 7806 1261

AUDITORS

Deloitte KassimChan
Chartered Accountants
4th Floor, Wisma Wang
251-A Jalan Burma, 10350 Penang

SOLICITORS

Zaid Ibrahim & Co

PRINCIPAL BANKERS

Hong Leong Bank Berhad

Public Bank Berhad

SPONSOR

Hwang-DBS Investment Berhad
(Formerly known as Hwang-DBS
Securities Berhad)
Suite 23A-01, 23A Floor
Menara Keck Seng
203 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel: 603 2143 7888
Fax: 603 2148 2989

STOCK EXCHANGE LISTING

MESDAQ Market of Bursa Malaysia
Securities Berhad
Stock Name: VITROX
Stock Code: 0097



Corporate Structure

VITROX CORPORATION BERHAD
(649966-K)

VITROX CORPORATION BERHAD
("ViTrox") and Subsidiaries as at 8 May 2007



- **ViTrox Technologies Sdn Bhd**
(A Wholly-Owned Subsidiary of ViTrox)

- **ViE Technologies Sdn Bhd**
(A Wholly-Owned Subsidiary of ViTrox)

- **ViTrox International Sdn Bhd**
("ViTrox International")
(A Wholly-Owned Subsidiary of ViTrox)

- ViTrox Technologies (Suzhou) Co., Ltd
(A Wholly-Owned Subsidiary of ViTrox International)

Key Milestones in Year 2006

VITROX CORPORATION BERHAD
(649966-K)

January

Annual Dinner of ViTrox Group

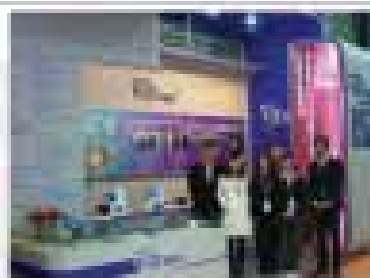
February

Set up 1st Overseas Sales & Support Office (Suzhou, China)



March

Semicon China 2006
(Pudong, Shanghai)



June

Taiwan Mission 2006
(Taipei, Taiwan)

&
2nd AGM



July

Semicon West 2006 (San Francisco, U.S)



Key Milestones in Year 2006

VITROX CORPORATION BERHAD
(649966-K)



September

Recognition

- Human Resource Development Award



October

Press Conference at
ViTrox Innovation Centre



November

Recognition

- Best Interior Design for ViTrox Innovation Centre
(MSID Interior Design Award 2006)

&

Set up 2nd Overseas Office (California, US)



December

Dedication Ceremony of ViTrox
Innovation Centre

&

Signing of 10 Years Sales Contract
with SRM Integration

Our Products

VITROX CORPORATION BERHAD
(649966-K)

AUTOMATED OPTICAL INSPECTION (AOI) & ADVANCED VISION SOLUTIONS (AVS)



SPICA-HS1800 SERIES

- Fully Automated/Inline AOI for High Volume & Comprehensive Flex Circuits & PCB Inspection



SPICA-S800 SERIES

- Semi-Automated Desktop AOI for Low-to-Medium Volume Flex Circuits & PCB Inspection

MACHINE VISION INSPECTION SYSTEMS



2D-ORIENTATION INSPECTION

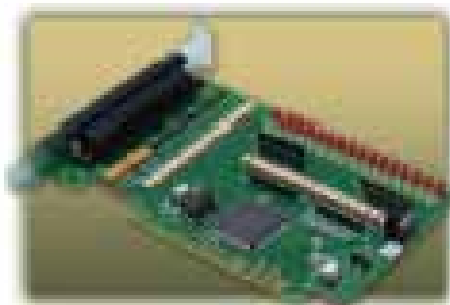
- Detectable orientation: 0°, 90°, 180° & 270°
- Flexible orientation template



2D MARK/MARK LEAD INSPECTION

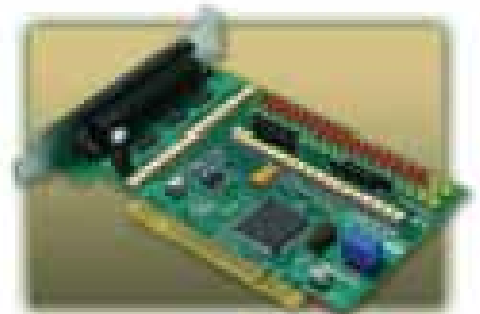
- Caters for both ink/laser markings
- Multiple template to cater for mark variances
- Capable to differentiate similar character/number (e.g. 8,9)
- Automated mark learning/segmentation

ELECTRONICS COMMUNICATION SYSTEM (ECS)



DAQ-PCI1610

32 Channels Isolated Digital I/O Card



DAQ-PCI1810

35 Channels Isolated Digital I/O Card

Our Products

VITROX CORPORATION BERHAD
(649966-K)



SPICA-LC I200 SERIES

- Cost-Effective AOI Solution for PCB, Lead frame & Substrate Inspection



SCALEX SERIES

- Desktop Vision Solutions for Surface, Marking or Dimensional Defects Inspection - Lead frame & Substrate



SCULPTOR SERIES

- Easy-to-Operate Vision Solutions for Keypad/Panel Inspection



3D LEAD/5-SIDED INSPECTION

- Ideal for lead and co-planarity inspection [3D lead vision]
- Capable to inspect large power devices (DPAK, D2PAK)
- Proprietary 5-sided view optical design [5-sided pad & package vision]



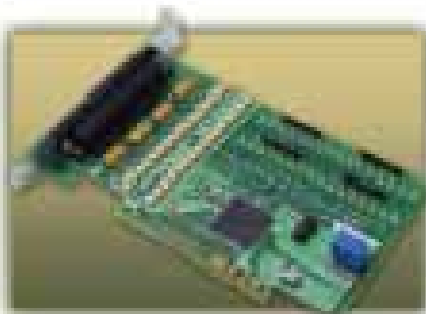
IN-POCKET INSPECTION

- In-pocket inspection with noise reduction capability
- Capable to overcome shining/black lead issues
- High inspection yield



ADVANCED 3D INSPECTION

- Caters for a broad range of package type (QFP & BGA) and size (5x5mm-20x20mm)
- Able to support MLP/QFN package inspection
- 5-sided view proprietary optical design

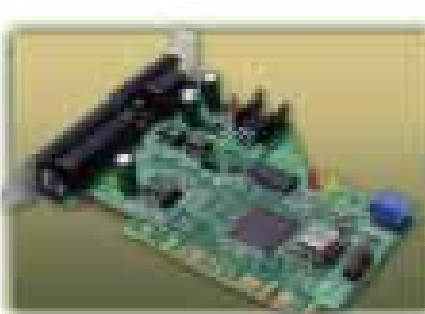


DAQ-PCI32I

32 Channels Isolated Digital Input Card

DAQ-PCI32O

32 Channels Isolated Digital Output Card



DAQ-PCI64C

Remote I/O Controller Card



DAQ-S810

RS232 Serial I/O Card

Board of Directors

VITROX CORPORATION BERHAD
(649966-K)



- 1) DATO' KIEW KWONG SEN
Chairman / Independent Non-Executive Director
- 2) CHU JENN WENG
Managing Director
- 3) SIAW KOK TONG
Executive Director
- 4) YEOH SHIH HOONG
Executive Director
- 5) DR AHMAD FADZIL BIN MOHAMAD HANI
Independent Non-Executive Director
- 6) CHUAH POAY NGEE
Independent Non-Executive Director

Profile of Directors

VITROX CORPORATION BERHAD
(649966-K)



DATO' KIEW KWONG SEN
Chairman / Independent Non-Executive Director

Dato' Kiew Kwong Sen [Malaysian / Age 59] is the Chairman and Independent Non-Executive Director of ViTrox. He was appointed to the Board of Directors of ViTrox on 8 July 2005. He is also the Chairman of the Audit Committee of the Company.

Dato' Kiew graduated from National Taiwan University with Bachelor of Science in Mechanical Engineering Degree in 1972 and later received his Master of Science in Industrial Engineering Degree from the University of California, Berkeley, USA. He worked in various technical and management positions at Advanced Micro Devices, and Hewlett Packard Malaysia and Hewlett Packard California.

He is now the Chairman and President of Mini-Circuits Technologies Malaysia, President of Gibraltar Semiconductor, San Jose, California, President of Blue Cell Technologies, Sacramento, California, Executive President of Mini-Circuits New York, and Chairman of Mini-Circuits Taiwan Ltd. He is also the board member of ACX Ceramic Taiwan.

Dato' Kiew is very active in community services including sponsor of various charitable and educational projects. He had donated a hydraulic operated van and built a workshop for Spastic Children School, set up Computer Lab for Salvation Army, built children's playground for Ramakrishnan School in Penang and donated beds to all orphans in the Wisma Yatim, Penang. He is the founder and Chairman of the Mini-Circuits Scholarship Foundation. This Foundation has been awarding two full scholarships a year for deserving University students for a full 4-year degree programme at local Universities.

He has been serving as a member of Penang Competitiveness Committee since 2003. He is also the Advisor for the Young Entrepreneurs' Association of Malaysia, Penang Alumni Association of Taiwan and Penang Automation Cluster. He is also a popular speaker at seminars and conferences both in Malaysia and overseas.

He is also an Independent Non-Executive Director of Pentamaster Corporation Berhad; and a Director and Deputy Chairman of the Executive Committee of Invest-In-Penang Berhad.



CHU JENN WENG
Managing Director

Chu Jenn Weng [Malaysian / Age 37], is a promoter and substantial shareholder of ViTrox. He is the Managing Director of ViTrox Group and currently leads the technical team of ViTrox Group, which includes Research and Development (R&D), application development, project implementation and system service and supports. He was appointed to the Board of Directors of ViTrox on 7 July 2005. He is the Chairman of the Executive Committee of the Company.

Mr Chu has more than 11 years experience in machine vision and related field. He started his first project in machine vision back in 1992 while he was still studying in Universiti Sains Malaysia (USM) majoring in Electrical and Electronics Engineering. Upon graduation from the University, he was employed as an instrumentation engineer in Hewlett-Packard Malaysia (HPM) (now known as Agilent Technologies Sdn Bhd), where he initiated and led the in-house 4-person machine vision team for more than 5 years. During his 5½-year career in HPM, he was directly involved in the R&D of machine vision systems, system set-up and support, as well as setting objectives and development plan for the entire team.

Mr Chu completed his part-time post graduate study in image processing from USM in 1998. While learning the fundamental and required techniques in this field, he traveled to countries like Singapore and the United States of America (USA), to study and evaluate the need of those technologies and its potential for growth. He left HPM in 1998 to start-up his own business with his partner/co-founder, Siaw Kok Tong in machine vision. Thereafter, the partnership was then converted into a private limited company in March 2000 and was officially named ViTrox Technologies Sdn Bhd (VTSB).

During the start-up phase of VTSB, Mr Chu was involved in every aspect of the business, starting from sales and marketing, R&D of vision system, part purchasing, finance as well as service and support.

As the Managing Director of ViTrox Group, he oversees the entire operations of the business including company objectives, goals and directions.

Mr. Chu received the certificate of merit under the Business, Economic and Entrepreneurial Accomplishment category from The Outstanding Young Malaysian (TOYM) Awards 2005 organized by the Junior Chamber International Malaysia. He was also the top nominee under the Technology Entrepreneur of the Year from Ernst & Young Entrepreneur of The Year – Malaysia 2005.

Profile of Directors

VITROX CORPORATION BERHAD
(649966-K)



SIAW KOK TONG
Executive Director

Siaw Kok Tong [Malaysian / Age 36], is a promoter and substantial shareholder of ViTrox. He is the Executive Director of ViTrox Group and currently responsible for Administration, Human Resource, Finance, Sales & Marketing and Service & Support departments of the ViTrox Group. He was appointed to the Board of Directors of ViTrox on 7 July 2005. He is a member of the Executive Committee and Audit Committee of the Company.

A co-founder of VTSB, Mr Siaw graduated with a Bachelor degree (First Class Honours) in Computer Science from USM in 1995. Mr Siaw commenced his career with HPM as an instrumentation engineer in the Automation Department, where he was involved in the development of machine vision systems. During his 4½- year tenure in HPM, he was promoted to Senior Engineer and subsequently left the company in 1999 upon completion of his scholarship bond. In 2000, Mr Siaw co-founded VTSB with Chu Jenn Weng, where during the early stages of the company set-up, he was involved in application development and installation, system support and servicing, as well as the general administration and management of VTSB. With the subsequent addition of new engineers, he went on to head the development of non-standard vision applications.

Mr Siaw played a key role in the establishment of ViTrox Group's customer base in Malaysia, China, Taiwan and the USA.

As an Executive Director of ViTrox Group, Mr. Siaw is responsible in promoting ViTrox Group's vision systems locally and globally, and involved in the management decision making and planning.



YEOH SHIH HOONG
Executive Director

Yeoh Shih Hoong [Malaysian / Age 35], is a promoter, substantial shareholder and Executive Director of ViTrox. He was appointed to the Board of Directors of ViTrox on 7 July 2005. He is a member of the Executive Committee of the Company.

Mr Yeoh graduated with a Bachelor degree (First Class Honours) in Computer Science from USM in 1997. During his third year of tertiary study, he underwent industry training in HPM where he was assigned to work on machine vision projects.

Mr Yeoh joined VTSB since its inception and has played a pivotal role in the product development of the company. He successfully co-developed many products for the company, such as Mark Lead Inspection System, IC Package Inspection System, Object Verification System and Die Counting System and the 4-in-1 Integration Solution. Mr Yeoh played a key role in the development of the sub-pixel technology and VSCL platform of VTSB. He is currently involved in the R&D of new machine vision products, supporting existing products as well as training new engineers on the machine vision technologies.

As an Executive Director of ViTrox, he is involved in management decision making and planning.

Profile of Directors

VITROX CORPORATION BERHAD
(649966-K)



DR AHMAD FADZIL BIN MOHAMAD HANI
Independent Non-Executive Director

Dr Ahmad Fadzil Bin Mohamad Hani [Malaysian / Age 47], is an Independent Non-Executive Director of ViTrox. He was appointed to the Board of Directors of ViTrox on 8 July 2005. He is a member of the Audit Committee of the Company.

He graduated in 1983 from the University of Essex, United Kingdom with a Bachelor degree (Honours Class I) in Electronic Engineering. He completed his Masters degree in Telematics in 1984 and Doctorate in Image Processing in 1991 at the same university.

Dr Fadzil has been a lecturer in signal processing and researcher in image processing at USM since 1984. Between 1988 and 1991, he was a senior research officer in image processing and subsequently as a lecturer at his Alma matter, University of Essex. Upon returning to Malaysia, he was made the Dean of the School of Electrical and Electronic Engineering at USM from 1992 and 1996. In 1997, he became the Dean of the Engineering Faculty at the newly established Petronas University of Technology, Malaysia. He served as the Director of Academic Studies at Petronas University from 1999 till 2003. From 2003 till 2006, he served as the Director of Postgraduate Studies.

Dr Fadzil is a Fellow of the Institution of Engineers, Malaysia. He served as a Council Member of the institution from 2001 to 2004. He is a registered Professional Engineer with the Board of Engineers, Malaysia and a Senior Member of the Institute of Electrical and Electronics Engineers (IEEE), USA. His research interests include image compression, image processing and computer vision applications in healthcare, telemedicine, petroleum exploration, inspection systems and artificial intelligence.



CHUAH POAY NGE
Independent Non-Executive Director

Chuah Poay Ngee [Malaysian / Age 37], is an Independent Non-Executive Director of ViTrox. She was appointed to the Board of Directors of ViTrox on 15 November 2006 and is a member of the Audit Committee of the Company.

Ms. Chuah graduated in 1994 from the Deakin University, Australia with a Bachelor Of Business (Accountancy) and qualified as Certified Practicing Accountant of the Australian Society Of Certified Practicing Accountants in 1996.

Upon graduation, Ms. Chuah joined Matthew & Partners (formerly known as Russ Ooi & Associates) as Tax and Audit Assistant. She then joined Grand Circuits Industry Sdn Bhd, a subsidiary of Grand United Holdings Berhad as Accounts Executive in 1995 and was subsequently promoted to Group Accountant.

In 2001, she worked for Golden Fresh Sdn Bhd as Finance & Administration Manager and was later promoted to Senior Finance & Administration Manager. She left the company in 2006 to join Mini-Circuits Technologies (M) Sdn Bhd as Financial Controller.

Ms. Chuah is a Chartered Accountant of the Malaysian Institute of Accountants and also qualified as Certified Corporate Secretary with the University Malaya Centre of Continuing Education in 1998.

Additional Information on Directors

- Conflict of interest and family relationships with any Director and /or major shareholder: None of the Directors have any conflict of interest with the ViTrox Group. None of the directors has family relationship with any other director and/or major shareholder of ViTrox.
- Material contracts involving Directors: There were no material contracts involving Directors during the financial year.
- Convictions for offences (within past 10 years, other than traffic offences): None of the Directors have any convictions for offences other than traffic offences.
- Securities held in the Company: The details are disclosed on page 77 of this Annual Report.
- Directorship in other public company: Save for Dato' Kiew Kwong Sen (as disclosed in his profile above), none of the Directors have any directorship in other public company in Malaysia.

Chairman's Statement

VITROX CORPORATION BERHAD
(649966-K)



On behalf of the Board of Directors, I have the pleasure to present the Annual Report and Audited Financial Statements of the Company and its subsidiaries ("ViTrox Group" or "the Group") for the financial year ended 31 December 2006.

Highlights of Financial Performance

ViTrox Group came into existence on 15 June 2005 following the acquisition of ViTrox Technologies Sdn Bhd ("VT"). It is the second year of strong growth for the Group with new heights in revenue and profits. The key highlights of the 2006 performance in comparison against the 2005 proforma performance are summarized as follows:

RM	Year 2005	Year 2006	Growth
Revenue	13.86 million	24.0 million	73 %
Pre-tax profit	6.25 million	9.83 million	57 %
Net Earnings	5.65 million	9.50 million	68 %

Dividends

A special interim dividend, tax exempt, of 1 sen per ordinary share each was paid to shareholders on 2 February 2007.

The Board of Directors has recommended a final dividend, tax exempt, of 0.5 sen per ordinary share each for the year ended 31 December 2006. If approved at the forthcoming Annual General Meeting, the total tax exempt dividend for the year will amount to a total distribution of RM 2.325 million for FY 2006, representing a payout ratio of about 25% of net earnings for the financial year.

As a highly dynamic Group with consistently strong growth over the next few years, it is the intention of the Group to maintain a reasonable balance between rewarding shareholders with consistent dividend payouts and reinvesting in the business expansion plans of the Group to further enhance shareholder value.

Corporate Development

In our continuous effort to diversify and expand our market reach, operations and products bases, the Board has undertaken and completed the following new acquisitions during the year under review:

- On 7 January 2006, the Company acquired the entire issued and paid-up capital of ViTrox International Sdn Bhd ("VTI") to spearhead its overseas investment in foreign-based operations.
- On 19 January 2006, the Company established a wholly-owned subsidiary company, ViTrox Technologies (Suzhou) Co. Ltd ("VTS") with a registered capital of USD 100,000. VTS was intended to function as the Group's Sale and Support Centre in the Suzhou Industrial Park, the People's Republic of China to provide better service and to enhance sales, market share, reputation and confidence for ViTrox's products in the China market. In a subsequent restructuring which was completed on 17 August 2006, VTS was placed under the direct holding of VTI, thus converting it into an indirect wholly-owned subsidiary of the Company.
- On 24 February 2006, the Company acquired the entire issued and paid-up capital of ViE Technologies Sdn Bhd ("ViE") to undertake research, development and manufacture of System-On-Chip Electronics devices for machine vision and factory automation. Subsequently, ViE was granted pioneer status for a period of 5 years from the Ministry of International Trade and Industry ("MITI") to undertake activities relating to design, development and manufacture of printed circuit board assemblies for microprocessor applications.

Chairman's Statement

VITROX CORPORATION BERHAD
(649966-K)

- In late 2006, the Group took a strategic step to establish presence in the North America by setting up an Office in San Jose , California USA. This is a strategic move for purposes of market reach and to tap into potential technical and business collaboration with US companies.

Achievements in 2006

The year 2006 was another busy year as the Group implemented certain initiatives to meet new exciting challenges ahead. Among others, new facility was commissioned, product lines were strengthened, overseas market expansion plans came into fruition while long-term strategic tie-up was formalized. As the Group continues to take another bold step towards realizing the vision of being a world leading machine vision solutions provider, significant milestones and achievements are highlighted as follows:

- Having successfully completed the construction of the ViTroX Innovation Centre, the Group commenced operation in the new facility in March 2006 with an expanded production facility of 553 square metres from the previous 86 square metres
- With the successful development and launch of the first Automated Optical Inspection (AOI) system for the flexible printed circuit board (Flex-PCB), new opportunity is now available to the Group in the electronics assembly market
- The Group's wholly-owned subsidiary, VT was granted pioneer status for a period of 5 years by MITI to develop and produce digital automated vision inspection equipment and modules
- In the later part of the year, VT entered into an exclusive long term agreement with a leading test and inspection equipment manufacturer, SRM Integration (M) Sdn Bhd ("SRM") to supply vision inspection systems for SRM's test handlers. SRM is in the midst of expanding its production output, in line with the Group's recent expansion in production capacity. The contract is a testament to the confidence in VT's products and will ensure continuing sustainable sales in the future.

Future Outlook and Focus

The Group has been servicing the electronic component business since its inception. We will continue to service our customers in this area. In addition, we would position ourselves to move towards higher level of integration rather than just providing vision systems. In view of this, we anticipate our future to be more diversified, both in breadth and depth of the applications of vision technologies. We also see great potential in our ability to react quickly to market changes and customers expectations. Our business in China will continue to grow together with potential collaborations in other parts of the world.

ViTroX is a successful company with leading edge technologies. We know technologies alone will not be the only reason in making a great company. I have shared my views with the management team to concentrate on the following areas in the coming years:

1. Capitalize on what we have achieved to expand the business in breadth and depth
2. Continue the momentum to gain technology advantage over our competitors
3. Execute Business and Strategic Plans with passion and zest
4. Pay attention to details especially on business fundamentals such as cost, quality and delivery
5. Always remember to focus on delivering values to our customers

Looking ahead, the Group will continue to focus and expand on its core business in the development and production of vision inspection systems, automated optical inspection and electronics communication system. This will be accomplished with delivering higher value proposition through product innovations, operational efficiencies and sustained R & D efforts. With carefully-laid out strategies and expansion plans in place, the Group is well-positioned to benefit from continuous advances in technologies and growth in areas such as automation, miniaturization and digitalization, and we look forward expectantly to charting new level of achievements in the coming years.

Directorate

On behalf of the Board, I wish to extend a warm welcome to Ms. Chuah Poay Ngee as Independent Non-Executive Director with effect from 15 November 2006. We are confident that with her wealth of experience in financial management, she will contribute positively towards the Board's deliberations on the Group's strategic plans.

On the same note, I wish to extend my appreciation to Mr. Chu Jenn Weng who has relinquished his position as Executive Chairman in line with good corporate governance practice of separating the roles of chairman and managing director. Mr. Chu will remain as a Board member in his capacity as the Managing Director of the Group and I look forward to further contributions from him in that capacity. I will also personally take a more active role in working with the management team in execution of our business plans.

In Gratitude

The relenting support of our various stakeholder groups, including shareholders, customers, business associates and governmental authorities has given us great strength to continue our growth and expansion. The commitment and dedication of employees at all levels has been instrumental in the Group charting yet another year of excellent growth. I would like to extend to them my big "Thank You".

My gratitude is also extended to my fellow members of the Board for their continued support and co-operation throughout the year. I am personally committed to seeing the growth of ViTroX and we need to remember that we have financial, moral and social obligations to the shareholders and our employees to see that the Company continues to be one of the best in the industry.

Dato' Kelvin Kiew

Chairman
8 May 2007

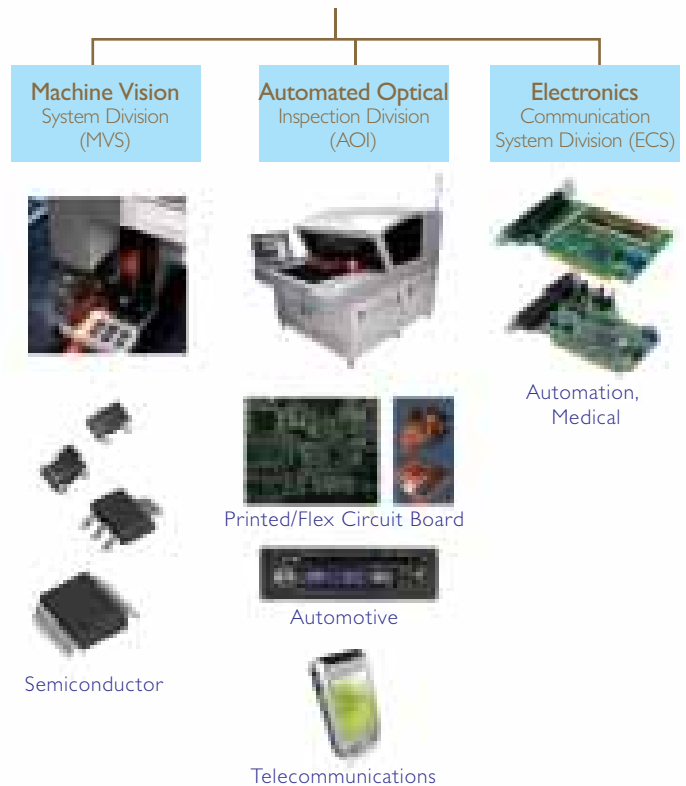
Managing Director's Review

VITROX CORPORATION BERHAD
(649966-K)



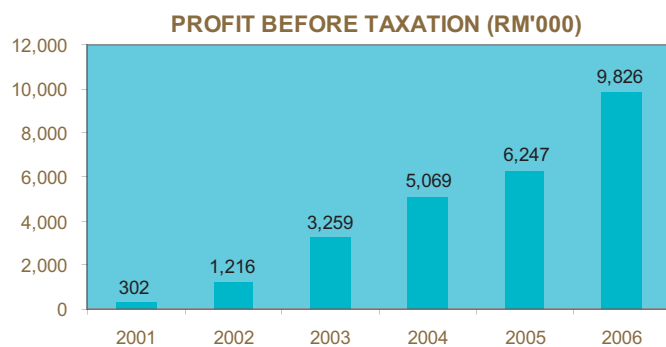
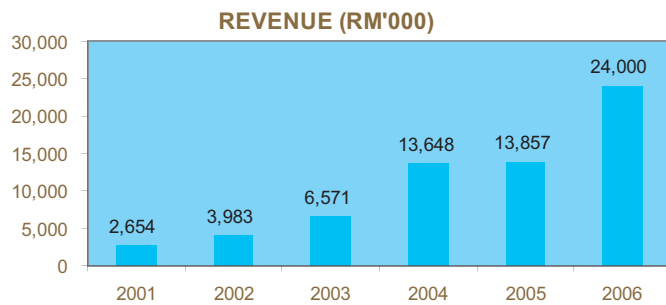
Product Development and Operation

During the year under review, we continued to focus and expand on our core business in the development and production of machine vision inspection systems (MVS), automated optical inspection (AOI) system and electronics communication system (ECS) as we believe continuous advances in technologies and growth in areas such as automation, miniaturization and digitalization will drive the demand for more inspections in keeping up with higher quality standards and packaging complexity.



Financial Performance

In our continued quest to be the world leading company in the provision of total machine vision solution, the year 2006 was another year of exciting growth for us as we achieved unprecedented levels of sales revenue and earnings. Our sales revenue and net earnings soared to record highs of RM 24.00 million and RM 9.50 million respectively. As we reflect on this latest set of encouraging results, we have to concede that it was barely three years ago when our sales revenue was still below the RM 10 million level and net earnings then was slightly over RM 3 million. We have grown considerably since then and it is especially noteworthy to mention that since our inception in the year 2000, we have been delivering commendable sets of results, year after year, that are reflective of our progressive business strategies and fast-track expansionary plans.



In the MVS division, we continued to roll out new and advanced inspection system modules for IC inspection. These include the world first integrated Dual-Cam 3-dimensional 5S inspection system for lead-less IC packages and 3-dimension lead inspection for power IC packages. These products had been well accepted in the market and we expect a stronger growth of these products in coming years. The Group will continue to invest resources into product development to further strengthen our leading position in the areas of 2D and 3D high speed high accuracy vision inspection solution for semiconductor, telecommunications and automotive industries.

The first AOI system for the flexible printed circuit board (FPC) was successfully developed and launched in 2006, sealing our status as the first and only FPC AOI supplier in the Asian region. Having gained commercial acceptance with its successful integration into a US customer, a whole new opportunity has been opened up in the FPC and PCB inspection market which was timely given our strategic thrust into the lucrative AOI market.

Managing Director's Review

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AOI HS-1800 Series

After 2 years of intensive research and development on System-On-Chip (SOC) technology, the Group has successfully developed cost effective and high speed intelligent electronics communication system for the equipment designing community. With our dedicated team, we successfully designed, manufactured and delivered more than 5,000 ECS products comprising high speed digital direct and remote input output interface cards and high speed motion control cards in 2006.

Besides expanding and strengthening our product lines, our production capacity received a timely boost as we moved into our newly-completed and modern operational facility, aptly called "ViTrox Innovation Centre". This facility which is housed in a land measuring approximately 12,152 square metres within the Bayan Lepas Industrial Park of Penang comprises an expanded production floor space of approximately 553 square metres as compared to only 86 square metres at the old factory premises and an administrative block for the service support functions such as sales and marketing, finance and human resource. Apart from production and technological advancement, the facility was another feather in our cap of

growing accolades, winning the Gold Award for excellence in design in the Office Interior Category at the Malaysian Society of Interior Designers (MSID) Interior Design Award 2006.

In our endeavour to deliver superior value proposition at competitive prices, no effort was spared in keeping costs down and this has resulted in us being able to maintain healthy net profit margins. Going forward, as we expand further in product lines and diversity, we however, concede that this could be a tough act to maintain. Even as profit margins are expected to slide as competition heightens in future, we believe that with higher volume of business, the operations will continue to deliver better absolute returns, year after year.

In addition, our success in procuring pioneer status for periods ranging from 5 to 10 years in respect of products such as PCB assemblies and digital automated vision inspection equipment and modules ensures that these products will continue to yield tax-free profits to the Group over the stated periods.

To complement cost containment measures, efforts are continuously made to sustain sound business fundamentals through on time delivery and quality management system ("QMS"). Quality Objectives are established and implemented to continuously improve the quality of our products and services so as to provide higher value proposition to our customers. Embedded in our quality culture is our strong resolve towards maintaining our ISO 9001: 2000 certification obtained in the year 2004. During the year, the success of the compliance audit conducted by an external party, with zero non-conformance (NCR) reflects on the effective functioning of our QMS. Without being complacent, we will continue to step up on our quality enhancement initiatives to uphold our commitment to provide excellent quality products and services to our customers at competitive price.

In the later part of the year, the success of our operations received another notable recognition when we were adjudged the Winner of the SMB Recognition Award 2006 under the category of SMB Achievers Award. This SMB Recognition Award was organized by the Small and Medium-sized Industries ("SMIs") Association of Malaysia on annual basis to provide due recognition to SMIs and small and medium-sized enterprises ("SMEs") that have achieved excellence and outstanding success in their businesses. Without any doubt, the award will spur us on towards replicating our success and business dynamism.



ViTrox Innovation Centre

Managing Director's Review

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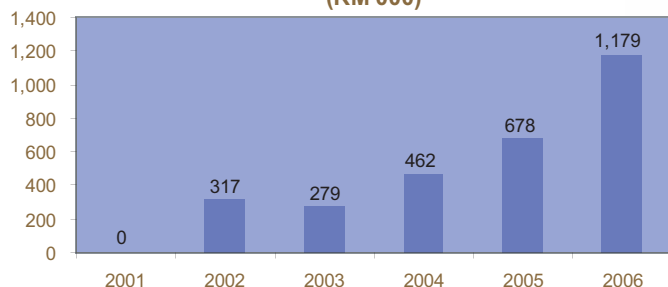
Research and Development

To continue to thrive in this high technology business and ensure long-term sustainability, product innovations and technological enhancements are the key thrusts of our committed research and development (R & D) efforts. Our R & D team is committed to continuously develop and enhance our products offerings whilst at the same time exploring the technologies and products of the future.

During the year, R & D spending was accelerated and a total of RM 1.18 million was expended (2005: RM 0.68 million), out of which some RM 0.51 million was capitalized as development expenditure under intangible asset in line with approved accounting standards.

More specifically, we focused our R & D resources on high-end and advanced machine vision system and ECS development for the semiconductor and electronics assembly, in the likes of high speed 3D QFP/BGA/QFN vision inspection system, Dual 5S vision inspection system, AOI for the Flex-PCB and highly flexible & high speed digital I/O communication and motion control board.

RESEARCH & DEVELOPMENT EXPENDITURE (RM'000)



It is our pleasure to announce the completed R & D projects in the year under review:

- Ultra high speed inspection system using advanced digital technologies for IC mark, lead, pad and package checking which is capable of performing inspection on handler running up to 50,000 units per hour (UPH) as compared to prevailing throughput of up to 30,000 UPH, representing an improvement of 67%;
- Real time dynamic line scanning system for tray mark and package inspection which affords inspection on multiple ICs in single scan; and
- Next generation 3D Lead/Pad vision inspection system, utilizing high accuracy optical design and robust algorithms that are applicable to different IC package type and size. This will minimize conversion time of various IC types, leading to improved machine throughput.

Besides concentrating on own R & D efforts, from time to time, we made a disciplined endeavour to stay current and relevant by having technical collaborations with universities and research institutions.



Research and Development

Marketing Strategies

As in previous years, participation in international trade shows continued to underline our proven marketing strategies in promoting our products as well as establishing a global network with overseas OEMs and end-users. We participated in two Semicon exhibitions; one in Shanghai, China and the other in San Francisco, USA.

Besides such global branding exercise, the year 2006 was a watershed year for the ViTroX Group as we took the bold steps of extending our operating base by firstly, establishing a sales and support office in Suzhou, China in February 2006 and secondly, by setting-up a Representative Office in California, USA in October 2006. These two strategic moves will bring us closer to our growing customers base in China whilst paving the way for us to penetrate into the North American market in the near future.

Other than making our presence felt in certain strategic markets through the setting-up of offices, we continued to explore appointment of high calibre agents to promote our products. Among others, in May 2006, we appointed Ciposa SA of Switzerland as our European representative to promote and sell ViTroX products in the European market. With this appointment in place, ViTroX is now represented in many high growth areas for the vision products.

Managing Director's Review

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Global Client / Agent Base

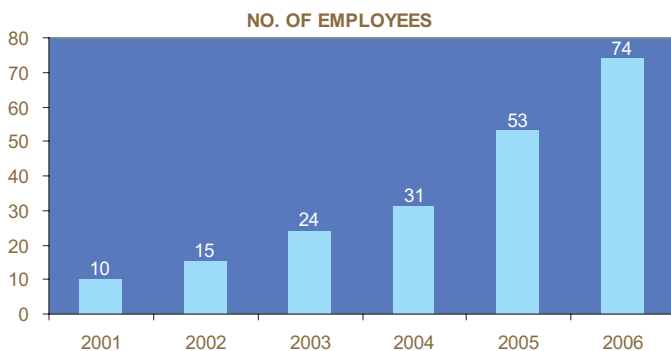
In line with our customer-focused approach, we continued to increase our customer service and support personnel, initially from 7 in 2004 to 11 in 2005, and further to 19 in 2006. This growing number of personnel will ensure that our customers are given first priority in terms of quality services and prompt attendance to requests and/or enquiries besides best value products.

Business Strategies

We foresee challenges on many fronts in the years ahead but with the strategies already in place which will nevertheless be continuously fine-tuned from time to time, we remain committed to providing the most innovative, advanced and cost effective machine vision solutions of excellent quality to our customers through the integration of our technology, our people and strategic alliances.

Going forward, we will continue to pursue our R & D programmes for product innovations and development, strengthen our production lines to cater to growing expectations of the machine vision market, strive for operational efficiencies to contain cost and maintain profitability, embark on aggressive market expansion plans whilst improving our customer service and tap on our human resource talents to propel us towards the next level of company and personal success.

Our People



Being a young growing Group, we recognize that continuing efforts to nurture and develop our people are essential for us to execute our business strategies efficiently and effectively to chart further growth. In ViTrox, we have a group of young, passionate and talented people who are willing to go the extra mile to achieve our vision to be a world leading technological company, and it is because of our people, we dare to dream and move forward to take on every challenging initiative to bring the Company to new heights, year after year.

Towards this end, we continue to emphasize on training and development, focusing on technical and management skills, as well as creating opportunities to gain expertise and new skill sets through on-the-job learning and assigning wider responsibilities. While our people are encouraged to develop themselves, we make it happen by our enduring commitment to facilitate that and partner them in their learning process. As a reflection of this commitment, during the year, our employees were sent to conferences, seminars and training courses as wide ranging as engineering and programming courses to management and soft skills development courses. We believe that this is really a worthwhile investment into the future of our business and will not hesitate to continue with this practice, year after year.

As well, we recognize that a conducive and caring working environment has to be created for our people to perform sustainably at peak levels. In this regard, we continue to adopt measures that enhance the quality of life and promote family values such as team work and trust and respect, through implementing attractive performance based rewards scheme, making available sporting facilities, encouraging recreational and team-building activities such as yearly company trip, house warming parties and other meaningful indulgences that contribute to the well-being of our people.

To the Company's pride, our efforts to date were given due recognition when we were bestowed with the Human Resource Development award under the Small and Medium-Sized Enterprise (Manufacturing sector) by Pembangunan Sumber Manusia Berhad, the authority overseeing human resource development. Coming on the heels of the numerous awards that we have won over the years for our business operations, this award is a testament to our belief in nurturing our people to bring out the best in them and is truly in keeping up with our profound philosophy that our people are our most important asset.

Indeed, whilst acknowledging the contributory roles and support of our customers, shareholders, business associates and relevant governmental authorities, ViTrox will not be where it is today without the winning desire, dedicated efforts, commitment and sacrifices of our people who worked seamlessly as a great team to build up the business from very humble beginnings. I applaud them and proudly declare that, in our people, we have the fundamental and critical strength to charge ahead with confidence toward the next level of success.

ViTrox in The News

VITROX CORPORATION BERHAD
(64966-K)



Corporate Governance Statement

VITROX CORPORATION BERHAD
(649966-K)

The Board of Directors of ViTrox Corporation Berhad (“the Company”) is committed to ensure high standards of corporate governance are in place and practised throughout the Group. Since obtaining listing approval, the Company has progressively implemented the principles and best practices as recommended by the Malaysian Code on Corporate Governance (“the “Code”).

The size of the Board of Directors of the Company (“the Board”) is small but effective with a strong presence of Independent, Non-Executive Directors who participate actively in all Board discussions.

The Company has adopted most of the best practices as recommended by the Code with the following exceptions:

- 1) The Company has not set up a nominating committee. The function of the nominating committee, namely to review, identify and recommend new nominees to the Board and nominate Directors to Board Committees is assumed by the Board as a whole.
- 2) The Company has not set up a remuneration committee. The remuneration packages for Executive Directors are determined by the Board as a whole and the respective Executive Directors play no part in determining their own remuneration.
- 3) The Board has not appointed a senior Independent, Non-Executive Director to whom shareholders may address their grievances and concerns. The Board will collectively be responsible to address all grievances and concerns brought up by the shareholders.

The Board will review the necessity to implement the above-mentioned best practices from time to time.

I. Board of Directors

I.1 Composition and Board Balance

The Board comprises 3 Executive Directors and 3 Independent, Non-Executive Directors. The composition of the Board reflects fairly the investment of all shareholders in the Company and a strong independent element on the Board. There is also a clearly accepted division of responsibilities at the head of the Company where the roles of the Chairman and Managing Director are separated which will ensure a balance of power and authority such that no one individual has unfettered powers of decision. The Board is confident that its current size and composition is sufficient and effective in discharging the Board’s responsibilities and in meeting the Company’s current needs and requirements.

The presence of the Independent, Non-Executive Directors who respectively has a wide range of experience is vital to ensure that there is a broad, unbiased and independent view, advice and judgment on various issues dealt with at the Board. The current complement of Non-Executive Directors provides an effective Board with a mix of industry specific knowledge, broad based business and commercial experience together with independent judgment on matters of strategy, operations, resources and business conduct. The Non-Executive Directors also bring along the breadth and depth of experience to ensure that the strategies proposed by management are independently and objectively deliberated and examined, taking into account the interests of all stakeholders.

The composition of the Board complies with the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market (“MMLR”) which requires that independent non-executive directors make up at least 2 members or 1/3 of the membership of the Board.

I.2 Board responsibilities

The Board assumes the following roles in discharging its stewardship responsibilities:

1. To review and adopt a strategic plan for the Group
2. To oversee the business conduct of the Group to ensure that the business is being properly managed
3. To identify principal risks affecting the Group and ensure that appropriate systems to manage these risks are in operation
4. To ensure succession planning for senior management is in place

Corporate Governance Statement

VITROX CORPORATION BERHAD
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5. To develop and implement an effective communications channel to investors and shareholders
6. To review the adequacy and integrity of the Group's internal control systems and management information systems including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

1.3 Board Meetings

The Board has regularly held meetings and the attendance of the relevant directors for the Financial Year (FY) 2006 was as follows:

<u>Director</u>	<u>No. of Meetings Held</u>	<u>No. of Meetings Attended</u>
Dato' Kiew Kwong Sen	5	5
Chu Jenn Weng	5	5
Siaw Kok Tong	5	5
Yeoh Shih Hoong	5	5
Dr Ahmad Fadzil Bin Mohamad Hani	5	4
Chuah Poay Ngee (Appointed on 15 November 2006)	-	-

1.4 Supply of Information

Prior to the Board meetings, all Directors are provided with an agenda and a set of Board papers. This is necessary to allow the Directors to have sufficient time to obtain further explanations, where it is deemed necessary. The Chairman or other directors assigned by him is responsible to ensure that all the directors have full and timely access to Board papers containing information relevant to the business of the meetings.

The Board papers include among others the following:-

- a. Financial reports and operations review;
- b. The latest business development;
- c. Recommendations by Board Committees, if any;
- d. A summary of circular resolutions passed by the Company and/or its subsidiaries; and
- e. Minutes of previous meeting.

The proceedings at all Board meetings are duly recorded. The minutes of these proceedings are kept at the registered office of the Company.

All Directors have access to the services and advice of the Company Secretary who advises the Board on their statutory obligations as well as obligations arising from the MMLR or other regulatory requirements.

In furtherance of their duties, the Directors, collectively and individually, have access to all information within the Company. This includes direct access to the senior management.

1.5 Access to Information and Advice

The Board is supplied with financial and operational information, both in qualitative and quantitative forms, in a timely manner to assist the Board members to discharge their responsibilities. Where a potential conflict of interest may arise, the Director concerned will be required to declare his interest and abstains from all deliberations leading to decision making.

All Directors will have full access to the information of the Company and are entitled to obtain full disclosure by the management and advice or services from the Company Secretary or independent professionals on matters that will be put forward to the Board for decision to ensure that they are being discussed and examined in an impartial manner that takes

Corporate Governance Statement

VITROX CORPORATION BERHAD
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into account the long term interests of shareholders, employees, suppliers, customers and other stakeholders with which the Group conduct its business.

1.6 Re-election of the Directors

In accordance with the Company's Articles of Association, one-third or a number nearest to one-third (1/3) of the Board is subject to retirement by rotation at each Annual General Meeting. The Directors to retire each year are the Directors who have been longest in office since their appointment or re-election.

The Articles of Association also provide that all Directors except the Managing Director shall retire from their office and be eligible for re-election at least once in every three (3) years. A retiring Director is eligible for re-election. The election of each Director is voted on separately.

The Articles of Association further provide that a managing director can be appointed for a fixed term which shall not exceed five (5) years.

Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next Annual General Meeting and shall then be eligible for re-election.

The profiles of all directors including their personal profile, meeting attendance and the shareholdings in the Company have been furnished in this Annual Report.

1.7 Directors' Training

All Directors have attended the Mandatory Accreditation Programme ("MAP"). In the future, the Board will continue to identify training needs amongst the Directors and enroll the Directors for training programs, as and when required.

2. Board Committees

The Board, in discharging its fiduciary duties, is assisted by the following Board Committees which have been set up to perform specific tasks. The terms of reference of each committee have been approved by the Board and comply with the best practices recommended by the Code:-

<u>Board Committee</u>	<u>Date established</u>
Executive Committee	7 July 2005
Audit Committee	8 July 2005

All Board Committees are assisted by the Company Secretary.

2.1 Audit Committee

The terms of reference and the function of the Audit Committee are discussed on Pages 24 to 26 of the Annual Report 2006.

2.2 Executive Committee

The Executive Committee ("Exco") comprises the Executive Directors as follows:

Chairman:	Chu Jenn Weng
Member:	Siaw Kok Tong
	Yeoh Shih Hoong

Corporate Governance Statement

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The Exco's functions are to assist the Managing Director to manage the Group's day-to-day operations. The Exco was set up to formulate operational plans and oversee the execution of these plans. The Exco meets regularly to discuss operational issues.

3. Directors' Remuneration

The Company has not established a Remuneration Committee and the remuneration packages for Executive Directors are determined by the Board as a whole and the respective Executive Directors play no part in determining their own remuneration. It is the Company's policy to remunerate Directors adequately to attract and retain the Directors of the necessary calibre to manage its business. The Articles of Association of the Company provides that the remuneration of Directors shall not include a commission or percentage of turnover.

The determination of the remuneration of each Independent, Non-Executive Director is decided by the Board as a whole. The Board reimburses any reasonable expense incurred by these Directors in the course of their duties as Directors.

Details of the Directors' remunerations for FY2006 are as follows :

Category	Fees RM	Salaries, Bonuses & Employee Provident Fund RM	Allowances RM	Benefits-in-kind RM	Total RM
Executive	-	515,500	-	17,000	532,500
Non-Executive	85,700	-	-	-	85,700
Total					618,200

The remuneration bands of the Directors are as follows:

Range	Executive	Non Executive
Below RM50,000		Dato' Kiew Kwong Sen Dr. Ahmad Fadzil Bin Mohamad Hani Chuah Poay Ngee
RM150,001-RM200,000	Chu Jenn Weng Siaw Kok Tong Yeoh Shih Hoong	

4. Accountability and Audit

The Board is fully aware of its responsibility to safeguard and enhance the value of shareholders in the Company. During FY2006, the Board has engaged an external professional firm to carry out the internal audit function for the Group. The functions of the internal auditors are to ensure that adequate system of internal controls exist to assist the management to manage operational, regulatory and financial risks.

Corporate Governance Statement

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The Company, through the Audit Committee, maintains an appropriate and transparent relationship with the external auditors. It is intended that Independent members of the Audit Committee will meet the external auditors at least once a year to discuss the conduct and concerns arising from their audit without the presence of the Executive Director and management.

The Board, with the recommendations by the Audit Committee, will ensure that all quarterly announcements and annual reports present a balanced and understandable assessment of the Group's financial position and prospect.

The Board is also required by the Companies Act, 1965 to prepare financial statements that give a true and fair view of the state of affairs, including the cash flows and results, of the Group and of the Company for the financial year. A statement by the Board of its responsibilities for preparing the financial statements is set out on page 29 of this Annual Report.

5. Relationship with Shareholders and Investors

In line with the recommendations by the MMLR and the Code, material information are disseminated to shareholders, investors and public at large on a timely basis. These information, which could be assessed through Bursa Securities website at www.bursamalaysia.com, include:

1. Quarterly announcements
2. Annual reports
3. Circular to shareholders
4. Other important announcements

The Group also maintains a website at www.vitrox.com which provides information, qualitative and quantitative, on the Group's operations and corporate developments.

In addition to the above, the Company's Annual General Meeting remains the principal forum for dialogue with shareholders and adequate time will be allocated to address issues concerning the Group during the Annual General Meeting.

This statement was made in accordance with a board of directors resolution dated 8 May 2007.

Audit Committee Report

VITROX CORPORATION BERHAD
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The Audit Committee (“Committee”) was established by the Board of Directors of ViTrox Corporation Berhad (“Company”) on 8 July 2005 as a Committee of the Board.

COMPOSITION

The present members of the Committee comprise:

Dato’ Kiew Kwong Sen

Chairman

Independent, Non-Executive Director

Dr Ahmad Fadzil Bin Mohamad Hani

Member

Independent, Non-Executive Director

Siaw Kok Tong

Member

Executive Director

Chuah Poay Ngee (Appointed on 2 January 2007)

Member

Independent, Non-Executive Director

The Committee is governed by the following terms of reference :

1. Membership

The Committee shall be appointed by the Board from amongst its members and consists of not less than three members, a majority of whom must be independent. The members of the Committee shall elect the Chairman from among their number, who shall be an Independent, Non-Executive Director. No Chief Executive Officer and alternate Director shall be appointed as a member of the Committee.

If the number of members is reduced below three, due to whatsoever reasons, the Board shall within three months of that event, appoint such number of new members as may be required to make up the minimum number of three members.

2. Meetings

Meetings shall be held not less than four times a year.

A quorum of two independent members shall constitute a valid meeting.

The Head of Finance and the Head of Internal Audit, if any, shall be invited to attend meetings, as the Committee deems necessary. At least once a year, the Committee shall meet with the External Auditors without the presence of the Executive Directors.

The Company Secretary shall be the secretary of the Committee.

The External Auditors may request a meeting if they consider that one is necessary.

3. Authority

The Committee is authorized by the Board to investigate any activity within its terms of reference and shall have the resources required to perform its duties. The Committee has full and unrestricted access to all information and documents relevant to its

Audit Committee Report

VITROX CORPORATION BERHAD
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activities as well as to the internal and external auditors and employees of the Group.

4. Duties and Responsibilities

The duties and responsibilities of the Committee shall include:

- a) to recommend the appointment of the External Auditors, their audit fee and any questions on their resignation or dismissal, to the Board;
- b) to discuss the nature and scope of the external audit with the External Auditors before the audit commences;
- c) to review the financial statements of the Company and the Group before submission to the Board, focusing particularly on:
 - public announcements of results and dividend payment;
 - any changes in accounting policies and practices;
 - major judgmental areas;
 - significant adjustments resulting from the external audit;
 - the going-concern assumptions;
 - compliance with accounting standards; and
 - compliance with stock exchange and legal requirements.
- d) to discuss problems and reservations arising from the interim and final audits and any matters the External Auditors may wish to discuss (in the absence of management where necessary);
- e) to review the internal audit programme, consider the major findings of internal audit investigations and management's response and ensure co-ordination between the Internal and External Auditors;
- f) to review the adequacy of the scope, functions and resources of the internal audit function and to ensure that it has the necessary authority to carry out its works;
- g) to review and evaluate the adequacy and effectiveness of the Group's accounting policies, procedures and internal controls;
- h) to review the appraisal or assessment of the performance of the staff of the internal audit function; to approve any appointment or termination of senior staff of the internal audit function;
- i) to keep under review the effectiveness of internal control system and in particular, review External Auditors' management letter and management's response;
- j) to review any related party transactions and conflict of interest situation that may arise within the Company or Group and to monitor any inter-company transaction or any transaction between the Company and any related parties outside the Group;and
- k) to carry out such other functions and consider any other topics, as may be agreed upon by the Board .

5. Reporting Procedures

The Committee is authorized to regulate its own procedures and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.

The Company Secretary shall circulate the minutes of meetings of the Committee to all members of the Board .

Audit Committee Report

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6. Attendance at Meetings

The information on the attendance of each member at the Committee meetings held during the Financial Year (FY) 2006 was as follows:-

Member	No. of Meetings Held	Attendance
Dato' Kiew Kwong Sen	5	5
Dr. Ahmad Fadzil Bin Mohamad Hani	5	4
Siaw Kok Tong	5	5
Chuah Poay Ngee (Appointed w.e.f. 2 January , 2007)	-	-

7. Activities of the Audit Committee

The main activities carried out by the Committee during the FY2006 in discharge of its duties and responsibilities were as follows:-

- Considered and approved the internal audit plan for the Company and Group for the financial year ended 31 December 2006;
- Reviewed the internal audit reports for the Company and Group;
- Reviewed the external audit plan for the Company and Group with the External Auditors;
- Reviewed the external audit reports for the Company and Group with the External Auditors;
- Reviewed the quarterly results of the Group and recommended the same to the Board for approval; and
- Reviewed the draft audited Financial Statements of the Company and Group for the financial year ended 31 December 2005 and recommended the same to the Board for approval.

8. Internal Audit Function

The Board has engaged an external professional firm to carry out the internal audit function of the Group. The Internal Auditors report directly to the Committee. The primary roles of the Internal Auditors are to assist the Committee on an ongoing basis to :

- review the risk management framework
- evaluate the state of compliance with the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, Malaysian Code on Corporate Governance and other statutory requirements.
- provide independent, systematic and objective evaluation on the state of internal control within the Group.
- review recurrent related party transaction.
- perform such other functions as requested by the Committee.

During the FY2006, the Internal Auditors have assisted the Committee to undertake the following:

- plan the conduct of internal audit for FY2006
- review the state of corporate governance of the Group
- review the risk management and the state of internal control of certain operating cycles within the Group

Statement on Internal Control

Pursuant to Rule 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market

VITROX CORPORATION BERHAD
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The Board of Directors of ViTrox Corporation Berhad (“the Company”) has made the following statement on the state of internal control of the Group which has been prepared in accordance with the “Statement on Internal Control – Guidance for Directors of Public Listed Companies” issued by the Institute of Internal Auditors Malaysia.

Internal Control Objectives

The Board of Directors recognizes the importance of maintaining a sound system of internal control to achieve the following objectives:

1. Safeguard the shareholders’ interests and assets of the Group
2. Identify and manage risks affecting the business of the Group
3. Ensure compliance with regulatory requirements
4. Ensure the effectiveness and efficiency of operations to achieve business objectives of the Group
5. Ensure the integrity and reliability of financial information

In consultation with the Executive Directors of the Company who are also managing the active subsidiaries, the Board is satisfied that throughout the year, there is an ongoing process for identifying, evaluating and managing the significant risks affecting the Group through the system of internal control.

Key Elements of Internal Control System

The important elements of the system of internal control of the Group are as follows:

1. Organizational structure of each business unit clearly defines operational and financial responsibilities
2. Key responsibilities are clearly defined and properly segregated
3. Authority level is properly defined
4. Key management personnel including Executive Directors meet regularly to address key business risks and operational issues
5. Operational procedures are governed by standard operating manuals which are reviewed and updated regularly
6. Effective financial reporting system is in place to ensure timely generation of financial information for management’s review

The Board of Directors is ultimately responsible to ensure that the Group maintains a sound system of internal control. However, the Board wishes to draw attention that the system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatements or losses.

Internal Audit Function

The Board has outsourced the internal audit function to Finfield Corporate Services Sdn Bhd, an independent professional firm of consultants.

Regular internal audits are carried out on an ongoing basis to assess the adequacy and integrity of the internal control system of the Group based on the internal audit plan reviewed and approved by the Audit Committee. Based on the audits, the internal auditors will advise management on areas of improvement and subsequently, initiate follow-up actions to determine the extent of implementation of their recommendations.

The internal audit plan was circulated to the members of the Audit Committee prior to the execution of the assignment. Findings arising from the internal audit exercise were reported and discussed at the Audit Committee meeting.



Statement on Internal Control

Pursuant to Rule 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market

VITROX CORPORATION BERHAD
(649966-K)

During the year under review, the internal auditors have not reported any significant weaknesses in the system of internal controls of the Group.

This statement was made in accordance with a board of directors resolution dated 8 May 2007.

Note:

For ViTrox Corporation Berhad, being a company listed on MESDAQ Market of Bursa Malaysia Securities Berhad, the Statement on Internal Control is not a mandatory disclosure item for the financial year under review. The Board of Directors has opted to make a voluntary disclosure on the state of internal control of the Group. However, the Statement has not been reviewed by the external auditors of the Company.

Statement of Directors' Responsibilities

Pursuant to Rule 15.26(a) of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market

VITROX CORPORATION BERHAD
(649966-K)

The Directors are required to prepare audited financial statements that give a true and fair view of the state of affairs, including the cash flows and results, of the Group and of the Company as at the end of each financial year.

In preparing these financial statements, the Directors have considered the following:

- That the Group and the Company have used appropriate accounting policies, and these are consistently applied ;
- That reasonable and prudent judgments and estimates were made ;
- That the approved accounting standards in Malaysia have been adopted; and
- That the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company and subsidiary companies maintain proper accounting records which disclose with reasonable accuracy the financial positions of the Group and of the Company, and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have general responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group and of the Company, and to prevent and detect fraud and other irregularities.

This statement was made in accordance with a board of directors resolution dated 8 May 2007.

Additional Compliance Information

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market

VITROX CORPORATION BERHAD
(649966-K)

1. Utilization of Proceeds

As at 31 December 2006, the Company has utilized approximately 74.40% of the total proceeds of RM 10.56 million raised from its Initial Public Offering ("IPO"). The remaining 25.60% will be eventually utilized for the purchase of R & D equipment, regional offices set-up and working capital. Details of the utilization of the IPO proceeds were set out as follows:-

Description	Approved Utilization by Securities Commission#	Actual Utilization	Balance
	RM'000	RM'000	RM'000
Purchase of R & D equipment	1,170	690	480
Regional offices set-up	922	302	620
Repayment of financing for land acquisition and construction of three(3) double-storey office-cum-factory buildings	5,345	5,345	-
Working capital	1,823	220	1,603
Listing expenses	1,300	1,300	-
	10,560	7,857	2,703
% of utilization		74.40%	25.60%

The Securities Commission approved the variation of the Company's utilization of the IPO proceeds on 15 February 2007.

2. Share Buy-backs

During the financial year, the Company did not enter into any share buyback transactions.

3. Options, Warrants or Convertible Securities

No options, warrants or convertible securities were issued by the Company during the financial year.

4. American Depository Receipt ("ADR") or the Global Depository Receipt ("GDR") Programme

During the financial year, the Company did not sponsor any of such programmes.

5. Imposition of Sanctions and/or Penalties

There were no material sanctions and/or penalties imposed on the Company and its subsidiary companies, Directors or management by the relevant regulatory authorities during the financial year.

6. Non-Audit Fees

Except for the total fees of RM 6,600 payable in respect of provision of services for tax compliance work, there was no other Non-Audit fee paid and payable to the external auditors or company affiliated to the auditors' firm by the Group during the financial year.

7. Profit Forecast and Unaudited Results Deviation

There was no profit forecast issued by the Group during the financial year.

The audited consolidated results during the financial year of the Group did not deviate by more than 10% of the unaudited consolidated results of the Group as announced via the BURSALINK on www.bursamalaysia.com on 22 February 2007.

Additional Compliance Information

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market

VITROX CORPORATION BERHAD
(649966-K)

8. Profit Guarantee

There was no profit guarantee issued by the Group during the financial year.

9. Recurrent Related Party Transactions of a Revenue or Trading Nature

The Company does not have any recurrent related party transactions of a revenue or trading nature during the financial year.

10. Revaluation Policy

It is the Group's policy that landed properties shall be stated at cost and consistent with this , the Group did not revalue any of its landed properties during the financial year.

11. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and substantial shareholders' interests either still subsisting as at 31 December 2006 or entered into since the end of the previous financial year.

12. Corporate Social Responsibility ("CSR")

The Group subscribes to the belief that pursuit of business objectives needs to be balanced with social and environmental responsibilities for any business to remain sustainable. As such, the Group uses its best endeavour on ongoing basis to integrate CSR practices into its day to day business operations. These include devising staff welfare schemes to enhance the quality of life of its employees, demonstrating care for the community through monetary donations to schools and other charitable causes, encouraging its employees to donate blood, and adopting eco-friendly practices such as minimizing the use of hazardous compound in its manufacturing process to protect the environment.

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Directors' Report

VITROX CORPORATION BERHAD
(649966-K)

The directors of **VITROX CORPORATION BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2006.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and development of 3D vision inspection system. The principal activities of the subsidiary companies are disclosed in Note 13. There have been no significant changes in the nature of the activities of the subsidiary companies during the financial year.

RESULTS OF OPERATIONS

	The Group RM	The Company RM
Profit for the year	9,498,867	949,866

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the changes in accounting policies as disclosed in Notes 3 and 31 to the financial statements.

DIVIDENDS

A special interim tax exempt dividend of RM0.01 per ordinary share of RM0.10 each, amounting to RM1,550,000 in respect of the financial year ended December 31, 2005 which was declared and dealt with in the previous directors' report was paid by the Company during the current financial year.

A final tax exempt dividend of RM0.005 per ordinary share of RM0.10 each, amounting to RM775,000, in respect of the financial year ended December 31, 2005 which was proposed and dealt with in the previous directors' report was declared and paid by the Company during the current financial year.

Subsequent to year end, the directors declared and paid a special interim tax exempt dividend of RM0.01 per ordinary share of RM0.10 each, amounting to RM1,550,000 in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

Directors' Report

VITROX CORPORATION BERHAD
(649966-K)

OTHER FINANCIAL INFORMATION

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that there are no known bad debts to be written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would require the writing off of bad debts or render the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

SIGNIFICANT EVENTS DURING THE YEAR

A summary of the significant events which occurred during the financial year are as follows:

- a. on January 7, 2006, the Company acquired the entire issued and paid-up capital of ViTrox International Sdn. Bhd. ("VISB") of RM2 divided into 2 ordinary shares of RM1 each, for a cash consideration of RM2. On November 16, 2006, the Company further invested in 499,998 ordinary shares of RM1 each for a total cash consideration of RM499,998. The Company's equity interest in VISB remains at 100%;

Directors' Report

VITROX CORPORATION BERHAD
(649966-K)

- b. on January 19, 2006, the Company established a wholly owned subsidiary company, ViTrox Technologies (Suzhou) Co., Ltd. ("VTS") with a registered capital of USD100,000 (equivalent to RM370,111). On August 8, 2006, the Company disposed of its entire equity interest in the capital of VTS to its wholly-owned subsidiary company, VISB for a total consideration of RM2 and VISB undertake the capital injection of up to a maximum of USD100,000. In consequent thereof, VTS remains as a wholly-owned subsidiary company of ViTrox Corporation Berhad via VISB; and
- c. on February 24, 2006, the Company acquired the entire issued and paid up capital of ViE Technologies Sdn. Bhd. ("VIE") of RM2 divided into 2 ordinary shares of RM1 each, for a cash consideration of RM2. On November 16, 2006, the Company further invested in 499,998 ordinary shares of RM1 each for a total cash consideration of RM499,998. The Company's equity interest in VIE remains at 100%.

DIRECTORS

The following directors served on the Board of the Company since the date of last report:

Dato' Kiew Kwong Sen
Dr. Ahmad Fadzil Bin Mohamad Hani
Chu Jenn Weng
Siaw Kok Tong
Yeoh Shih Hoong
Chuah Poay Ngee (appointed on November 15, 2006)

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	No. of ordinary shares of RM0.10 each			Balance as of 31.12.2006
	Balance as of 1.1.2006/ date of appointment	Bought	Sold	
Dato' Kiew Kwong Sen	500,000	500,000	-	1,000,000
Dr. Ahmad Fadzil Bin Mohamad Hani	500,000	-	-	500,000
Chu Jenn Weng	54,242,503	50,000	(1,100,000)	53,192,503
Siaw Kok Tong	39,389,043	-	(900,000)	38,489,043
Yeoh Shih Hoong	19,923,280	5,000	(200,001)	19,728,279
Chuah Poay Ngee	10,000	-	-	10,000

By virtue of their interests in the shares of the Company, Mr. Chu Jenn Weng and Mr. Siaw Kok Tong are also deemed to have an interest in the shares of all the subsidiary companies to the extent that the Company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than those disclosed as directors' remuneration in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Report

VITROX CORPORATION BERHAD
(649966-K)

AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

CHU JENN WENG

SIAW KOK TONG

Penang,

March 15, 2007

Report of the Auditors to the Members of ViTrox Corporation Berhad

VITROX CORPORATION BERHAD
(649966-K)

We have audited the accompanying balance sheets as of December 31, 2006 and the related statements of income, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable MASB approved accounting standards for Entities Other than Private Entities in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as of December 31, 2006 and of their results and cash flows for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' report of the subsidiary company, ViTrox Technologies (Suzhou) Co., Ltd., of which we have not acted as auditors, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements, and we have received satisfactory information and explanations as required by us for these purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Sub-section (3) of Section 174 of the Act.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

LEE CHENG HEOH
2225/04/08 (J)
Partner

Penang,

March 15, 2007

Income Statements for the Year Ended December 31, 2006

VITROX CORPORATION BERHAD
(649966-K)

	Note	The Group		The Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Revenue	5	24,000,464	9,129,869	1,891,090	3,765,392
Negative goodwill written-off		-	4,945,278	-	-
Investment revenue		271,958	144,132	208,820	79,661
Other gains and losses		(176,835)	190,559	-	138
Changes in inventories of finished goods and work-in-progress		848,984	465,046	-	-
Raw materials used		(7,154,837)	(1,951,885)	-	-
Directors' remuneration		(601,200)	(297,859)	(284,326)	(186,550)
Employee benefits expense	6	(3,435,797)	(1,347,933)	(530,906)	(291,125)
Depreciation of property, plant and equipment		(914,728)	(295,105)	-	-
Amortisation of prepaid land lease payments		(45,513)	(4,398)	-	-
Finance costs		(182,326)	(46,495)	-	-
Other expenses		(2,783,638)	(1,128,597)	(328,152)	(62,169)
Profit before tax	7	9,826,532	9,802,612	956,526	3,305,347
Income tax expense	8	(327,665)	(587,000)	(6,660)	-
Profit for the year		9,498,867	9,215,612	949,866	3,305,347
Basic earnings per ordinary share	9	6.13 sen	13.68 sen		

The accompanying notes form an integral part of the financial statements.

Balance Sheets as of December 31, 2006

VITROX CORPORATION BERHAD
(649966-K)

	Note	The Group		The Company	
		2006 RM	2005 RM	2006 RM	2005 RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	9,157,927	6,864,314	-	-
Investment properties	11	600,000	-	-	-
Prepaid land lease payments	12	2,878,163	2,385,455	-	-
Investment in subsidiary companies	13	-	-	8,542,012	7,542,012
Development expenditure	14	766,006	247,844	-	-
Investment in club memberships- at cost		91,250	91,250	-	-
Total non-current assets		13,493,346	9,588,863	8,542,012	7,542,012
Current assets					
Inventories	15	4,232,154	2,609,478	-	-
Trade and other receivables	16	10,009,658	6,833,991	6,780,886	2,215,392
Other assets	17	87,464	101,670	1,000	1,000
Current tax assets		95,684	1,700	5,740	1,700
Short-term deposits	18	7,628,754	10,076,944	2,913,982	8,964,162
Cash and bank balances	18	971,383	2,667,841	601,105	1,772,287
Total current assets		23,025,097	22,291,624	10,302,713	12,954,541
Total assets		36,518,443	31,880,487	18,844,725	20,496,553

(FORWARD)

Balance Sheets as of December 31, 2006

VITROX CORPORATION BERHAD
(649966-K)

	Note	The Group		The Company	
		2006 RM	2005 RM	2006 RM	2005 RM
EQUITY AND LIABILITIES					
Capital and reserves attributable to equity holders of the Company					
Share capital	19	15,500,000	15,500,000	15,500,000	15,500,000
Reserves	20	1,218,909	1,222,055	1,222,055	1,222,055
Retained earnings	21	16,546,762	7,662,112	1,926,713	1,751,847
Total equity		33,265,671	24,384,167	18,648,768	18,473,902
Non-current liabilities					
Hire-purchase payables	22	143,888	263,705	-	-
Long-term loans	23	-	2,153,326	-	-
Total non-current liabilities		143,888	2,417,031	-	-
Current liabilities					
Trade and other payables	24	2,967,404	2,634,952	195,957	472,651
Hire-purchase payables	22	117,717	110,910	-	-
Long-term loans	23	23,763	464,960	-	-
Dividend payable		-	1,550,000	-	1,550,000
Current tax liabilities		-	318,467	-	-
Total current liabilities		3,108,884	5,079,289	195,957	2,022,651
Total liabilities		3,252,772	7,496,320	195,957	2,022,651
Total equity and liabilities		36,518,443	31,880,487	18,844,725	20,496,553

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity for the Year Ended December 31, 2006

VITROX CORPORATION BERHAD
(649966-K)

The Group

	Share Capital RM	Share Premium RM	Foreign Currency Translation Reserve RM	Retained Earnings/ (Accumulated losses) RM	Total RM
Balance as of January 1, 2005	20	-	-	(3,500)	(3,480)
Net loss recognised directly in equity: Share issue expenses written off	-	(1,379,977)	-	-	(1,379,977)
Profit for the year	-	-	-	9,215,612	9,215,612
Total recognised income and expense	-	(1,379,977)	-	9,215,612	7,835,635
Allotment of 75,399,800 new ordinary shares of RM0.10 each at approximately RM0.10 per ordinary share	7,539,980	2,032	-	-	7,542,012
Public issue of 17,600,000 new ordinary shares of RM0.10 each at RM0.60 per ordinary share	1,760,000	8,800,000	-	-	10,560,000
Bonus issue of 62,000,000 new ordinary shares of RM0.10 each	6,200,000	(6,200,000)	-	-	-
Dividends (Note 25)	-	-	-	(1,550,000)	(1,550,000)
Balance as of December 31, 2005	15,500,000	1,222,055	-	7,662,112	24,384,167
Balance as of January 1, 2006 As previously reported	15,500,000	1,222,055	-	7,662,112	24,384,167
Changes in accounting policies (Note 31)	-	-	-	160,783	160,783
As restated	15,500,000	1,222,055	-	7,822,895	24,544,950
Net loss recognised directly in equity: Exchange loss on translation of net investment in a foreign subsidiary company	-	-	(3,146)	-	(3,146)
Profit for the year	-	-	-	9,498,867	9,498,867
Total recognised income and expense	-	-	(3,146)	9,498,867	9,495,721
Dividends (Note 25)	-	-	-	(775,000)	(775,000)
Balance as of December 31, 2006	15,500,000	1,222,055	(3,146)	16,546,762	33,265,671

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity for the Year Ended December 31, 2006

VITROX CORPORATION BERHAD
(649966-K)

The Company

	Share Capital RM	Share Premium RM	Retained Earnings/ (Accumulated losses) RM	Total RM
Balance as of January 1, 2005	20	-	(3,500)	(3,480)
Net loss recognised directly in equity: Share issue expenses written off	-	(1,379,977)	-	(1,379,977)
Profit for the year	-	-	3,305,347	3,305,347
Total recognised income and expense	-	(1,379,977)	3,305,347	1,925,370
Allotment of 75,399,800 new ordinary shares of RM0.10 each at approximately RM0.10 per ordinary share	7,539,980	2,032	-	7,542,012
Public issue of 17,600,000 new ordinary shares of RM0.10 each at RM0.60 per ordinary share	1,760,000	8,800,000	-	10,560,000
Bonus issue of 62,000,000 new ordinary shares of RM0.10 each	6,200,000	(6,200,000)	-	-
Dividends (Note 25)	-	-	(1,550,000)	(1,550,000)
Balance as of December 31, 2005	15,500,000	1,222,055	1,751,847	18,473,902
Balance as of January 1, 2006	15,500,000	1,222,055	1,751,847	18,473,902
Profit for the year, representing total recognised income and expense	-	-	949,866	949,866
Dividends (Note 25)	-	-	(775,000)	(775,000)
Balance as of December 31, 2006	15,500,000	1,222,055	1,926,713	18,648,768

The accompanying notes form an integral part of the financial statements.

Cash Flow Statements for the Year Ended December 31, 2006

VITROX CORPORATION BERHAD
(649966-K)

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the year	9,498,867	9,215,612	949,866	3,305,347
Adjustments for:				
Depreciation of property, plant and equipment	914,728	295,105	-	-
Income tax expense	327,665	587,000	6,660	-
Unrealised loss on foreign exchange	326,825	-	-	-
Interest expenses	181,878	46,495	-	-
Amortisation of prepaid land lease payments	45,513	4,398	-	-
Interest income	(271,958)	(144,132)	(208,820)	(79,661)
Allowances for doubtful debts no longer required	(73,095)	(188,393)	-	-
Fair value adjustment of investment properties	(40,000)	-	-	-
Negative goodwill written-off	-	(4,945,278)	-	-
Dividend income	-	-	(775,000)	(1,550,000)
	10,910,423	4,870,807	(27,294)	1,675,686
Movement in working capital:				
(Increase)/ Decrease in:				
Inventories	(1,622,676)	(541,203)	-	-
Trade and other receivables	(3,297,302)	(4,628,950)	(4,565,494)	(2,215,392)
Other assets	14,206	2,456,309	-	280,792
Increase/ (Decrease) in:				
Trade and other payables	344,854	833,796	119,946	(209,281)
Cash generated from/ (used in) operations	6,349,505	2,990,759	(4,472,842)	(468,195)
Tax paid	(740,116)	(278,753)	(10,700)	(1,700)
Net cash generated from/ (used in) operating activities	5,609,389	2,712,006	(4,483,542)	(469,895)

(FORWARD)

Cash Flow Statements for the Year Ended December 31, 2006

VITROX CORPORATION BERHAD
(649966-K)

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	271,958	144,132	208,820	79,661
Purchase of property, plant and equipment	(3,607,558)	(4,347,798)	-	-
Prepayments of land lease	(538,221)	(2,152,883)	-	-
Payment of capitalised development expenditure	(518,162)	(247,844)	-	-
Acquisition of subsidiary company, net of cash acquired (Note 18)	-	6,677,200	-	-
Investment in club memberships	-	(91,250)	-	-
Dividend received from a subsidiary company	-	-	775,000	1,550,000
Investment in subsidiary companies	-	-	(1,000,000)	-
Net cash (used in)/ generated from investing activities	(4,391,983)	(18,443)	(16,180)	1,629,661
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long-term loans	(2,594,523)	(247,805)	-	-
Dividends paid	(2,325,000)	(1,500,000)	(2,325,000)	-
Interest paid	(181,878)	(46,495)	-	-
Repayment of hire-purchase payables	(113,010)	(62,713)	-	-
Short-term deposits held as security value	(6,670)	(68,000)	-	-
Proceeds from issue of shares	-	10,560,000	-	10,560,000
Proceeds from long-term loans	-	2,728,192	-	-
Share issue expenses paid	-	(1,379,977)	-	(1,379,977)
(Repayment to)/ advances from a subsidiary company	-	-	(396,640)	396,640
Net cash (used in)/ generated from financing activities	(5,221,081)	9,983,202	(2,721,640)	9,576,663
(FORWARD)				

Cash Flow Statements for the Year Ended December 31, 2006

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	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(4,003,675)	12,676,765	(7,221,362)	10,736,429
Effect of foreign exchange rate changes	(147,643)	-	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	12,676,785	20	10,736,449	20
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 18)	8,525,467	12,676,785	3,515,087	10,736,449

The accompanying notes form an integral part of the financial statements.

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I. GENERAL INFORMATION

The Company is principally involved in investment holding and development of 3D vision inspection system. The principal activities of the subsidiary companies are stated in Note 13. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the MESDAQ Market of Bursa Malaysia Securities Berhad.

The Company's registered office and principal place of business are at 57-2, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, Malaysia and 85A, Lintang Bayan Lepas 11, Bayan Lepas Industrial Park Phase IV, 11900 Bayan Lepas, Penang, Malaysia respectively.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on March 15, 2007.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board ("MASB") approved accounting standards for Entities Other than Private Entities in Malaysia.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group expressed in Ringgit Malaysia ("RM") have been prepared under the historical cost convention unless stated otherwise in the accounting policies mentioned below.

During the financial year, the Group has adopted all the new and revised Financial Reporting Standards ("FRSs") and Interpretations issued by MASB that are relevant to their operations and effective for accounting periods beginning on January 1, 2006. In addition, the Group has early adopted FRS 117 Leases for the financial period beginning January 1, 2006.

The adoption of these new and revised FRSs and Interpretations has no material effect on the financial statements of the Group except that the adoption of FRS 117 Leases and FRS 140 Investment Property have resulted in changes to the Group's accounting policies that have affected the amounts reported for the current or prior years. The impact of the changes is set out in Note 31. The impact on basic earnings per share is disclosed in Note 9.

Standards that are not yet effective and have not been early adopted are as follows:

- (a) FRS 124 Related Party Disclosures (Effective for annual periods beginning on or after October 1, 2006). This standard will affect the identification of related parties and some other related party disclosures. The Group will apply this standard from financial periods beginning January 1, 2007.
- (b) FRS 139 Financial Instruments: Recognition and Measurement (Effective date yet to be determined by MASB). This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group will apply this standard when effective.
- (c) Amendments to FRS 121 The Effects of Changes in Foreign Exchange Rates – Net investments in a Foreign Operation (Effective for annual periods beginning on or after July 1, 2007). The amendment requires when a

Notes to the Financial Statements December 31, 2006

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monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, an exchange difference that arises in the reporting entity's separate financial statements and in the foreign operation's individual financial statements shall be recognised in profit or loss in the period in which they arise. The Group will apply this standard from financial periods beginning January 1, 2008.

Standards and IC Interpretations that are not yet effective and not relevant to the Group's operations are as follows:

- (a) FRS 6 Exploration for and Evaluation of Mineral Resources (Effective for annual periods beginning on or after January 1, 2007).
- (b) Amendment to FRS 119₂₀₀₄ Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures (Effective for annual periods beginning on or after January 1, 2007).
- (c) IC Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities (Effective for annual periods beginning on or after July 1, 2007).
- (d) IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Effective for annual periods beginning on or after July 1, 2007).
- (e) IC Interpretation 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (Effective for annual periods beginning on or after July 1, 2007).
- (f) IC Interpretation 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment (Effective for annual periods beginning on or after July 1, 2007).
- (g) IC Interpretation 7 Applying the Restatement Approach under FRS 129₂₀₀₄ Financial Reporting in Hyperinflationary Economies (Effective for annual periods beginning on or after July 1, 2007).
- (h) IC Interpretation 8 Scope of FRS 2 (Effective for annual periods beginning on or after July 1, 2007).

Business Combination and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary companies). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Subsidiary companies are consolidated using the purchase method of accounting. Under the purchase method accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured at fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statements. All intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

Notes to the Financial Statements December 31, 2006

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Revenue and Revenue Recognition

Revenue of the Group represents gross invoiced values of sales less return and discounts. Revenue of the Company represents gross dividend income and gross invoiced values of sales less returns and discounts.

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:

- (i) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (ii) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (iii) the amount of revenue can be measured reliably;
- (iv) it is probable that the economic benefits associated with the transaction will flow to the Group; and
- (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend income is recognised when the shareholder's right to receive payment is established.

Interest income is recognised on a time proportion basis that takes into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease.

Other operating incomes are recognised on an accrual basis.

Goodwill

Negative goodwill on consolidation which represents the excess of the Group's interest in the fair value of the identifiable net assets of the subsidiary companies at the date of acquisition over the cost of acquisition is written off to the consolidated income statement.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that all future taxable profit will be available against which the deferred tax assets can be utilised. Deferred tax assets and liabilities are not recognised on temporary differences arising from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

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Deferred tax is recognised in the income statements, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

Foreign Currency Conversion

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia, which is the functional currency of the Company, and the presentation currency of the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rate prevailing on the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, are included in profit or loss for the period. For non-monetary items that are measured in terms of historical cost in foreign currency, any exchange component of that gain or loss is recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Ringgit Malaysia using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Employee Benefit Costs

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contributions plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the employees' provident fund. Such contributions are recognised as expenses in the income statements as incurred.

Research and Development Expenditure

Research expenditure is recognised in the income statements as an expense when incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete

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and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure during the development. Product development expenditures which do not meet these criteria are expensed off when incurred.

Development expenditure, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products over a period not exceeding five years. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each balance sheet date.

Borrowing Costs

All interest and other costs incurred in connection with borrowings are expensed as incurred.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Construction in progress is not depreciated. All other property, plant and equipment are depreciated on a straight-line method in order to write off the cost of each asset to its residual value over its estimated useful life.

The annual depreciation rates are as follows:

Building	2%
Shoplots	2%
Renovation	25%
Furniture, fittings and equipment	18% - 25%
Motor vehicles	25%
Electrical installation	25%
Container	25%

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. The impairment loss is charged to the income statements unless it reverses a previous revaluation in which case it is treated as a revaluation decrease.

Investment Properties

Investment properties, are properties held to earn rentals and/ or for capital appreciation, or both rather than for use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at fair value, representing open-market value determined annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Gains or losses arising from changes in the fair value of investment properties are included in income statements for the period in which they arise.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised. The difference between the net disposal proceeds and the carrying amount is recognised in income statements in the period of the retirement or disposal.

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Investments

Subsidiary companies are those companies in which the Group has power to exercise control over their financial and operating policies so as to obtain benefits from their activities.

Investments in subsidiary companies, which are eliminated on consolidation, are stated in the Company's financial statements at cost.

Investments in club memberships are stated at cost.

When there is an indication of impairment in the value of the investments, the carrying amounts of the investments are assessed and written down immediately to their recoverable amounts.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated cost to completion.

Cost of raw materials consists of the purchase price plus the cost of bringing the inventories to their present location. The cost of finished goods and work-in-progress consists of the cost of raw materials, direct labour and an appropriate proportion of manufacturing overheads.

Receivables

Receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivables accounts.

Borrowings

All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing borrowings are subsequently measured at amortised cost using the effective interest method.

Payables

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(i) Finance Leases

Assets acquired by way of hire-purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated

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depreciation and impairment losses. The corresponding liability is included in the balance sheets as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased asset is in accordance with that for depreciable property, plant and equipment.

(ii) **Operating Leases**

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and bank balances, demand deposits and highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Contingent Liabilities

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is assessed to be remote except for cases where the amount involved is material, and the directors are of the opinion that disclosure is appropriate.

Financial Instruments

Financial instruments carried on the balance sheet include cash and bank balances, short-term deposits, investments, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

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Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group and the Company have a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no key assumptions concerning the future, and other sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. REVENUE

An analysis of revenue is as follows:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Sale of goods	24,000,464	9,129,869	1,116,090	2,215,392
Gross dividend income from a subsidiary company	-	-	775,000	1,550,000
	<u>24,000,464</u>	<u>9,129,869</u>	<u>1,891,090</u>	<u>3,765,392</u>

6. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Employee benefits expense:				
Employees' provident fund contributions	285,544	131,476	50,584	30,986
Other staff costs	3,150,253	1,216,457	480,322	260,139
	<u>3,435,797</u>	<u>1,347,933</u>	<u>530,906</u>	<u>291,125</u>

Employee benefits expense includes salaries, bonuses, contributions to employees' provident fund and all other staff related expenses.

Notes to the Financial Statements December 31, 2006

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7. PROFIT BEFORE TAX

Profit before tax is arrived at:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
After charging:				
Research and development expenditure	660,822	237,419	-	20,000
Directors' remuneration:				
Directors of the Company:				
Fees	85,700	36,800	85,700	36,800
Employees' Provident Fund	121,576	54,479	52,157	26,421
Other emoluments	393,924	206,580	146,469	123,329
Unrealised loss on foreign exchange	326,825	-	-	-
Interest on:				
Long-term loans	163,392	32,502	-	-
Hire-purchase	18,486	13,993	-	-
Rental of offices	70,691	-	-	-
Realised loss on foreign exchange	48,595	-	-	-
Audit fee				
Current year	30,570	24,900	12,000	13,400
Underprovision in prior year	1,000	-	-	-
And crediting:				
Interest income	271,958	144,132	208,820	79,661
Allowances for doubtful debts no longer required	73,095	188,393	-	-
Rental income	54,500	24,300	-	-
Gain from fair value adjustment of investment properties	40,000	-	-	-
Realised gain on foreign exchange	-	35,166	-	138

8. INCOME TAX EXPENSE

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Current tax expense				
Current year	540,410	587,000	5,260	-
(Over)/ underprovision in prior year	(212,745)	-	1,400	-
Income tax expense	327,665	587,000	6,660	-

The Company was granted Multimedia Super Corridor ("MSC") status by the Multimedia Development Corporation Sdn. Bhd. ("MDC") on August 11, 2004 for the development of QFP/SO 3D Vision Inspection System, Leadless Package Vision Inspection System, BGA 3D Vision Inspection System and Line Scan and Laser 3D Vision Inspection System. By virtue of its MSC status, the Ministry of International Trade and Industry under the Promotion of Investment Act, 1986 granted the

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Company pioneer status for a period of five years. Upon expiration of the pioneer status period, the Company has the option to renew its status for another 5 years. 100% of the Company's statutory income derived from the development of pioneer products will be exempted from income tax for a period of 5 years from January 25, 2005 to January 24, 2010.

A subsidiary company was granted pioneer status by the Ministry of International Trade and Industry for the development and production of digital automated vision inspection equipments and modules. Under this incentive, 100% of the subsidiary company's statutory income derived from the development and production of digital automated vision inspection equipments and modules will be exempted from income tax for a period of five years from April 1, 2005 to March 31, 2010.

The current corporate income tax rate for the year ended December 31, 2006 is 28%. In September 2006, the government announced in the yearly budget a reduction in the corporate income tax rate to 27% for the year of assessment 2007 and 26% for the year of assessment 2008.

The numerical reconciliations between income tax expense and the product of accounting profit multiplied by the applicable tax rate are as follows:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Accounting profit	9,826,532	9,802,612	956,526	3,305,347
Tax amount at statutory income tax rate of 28%	2,751,000	2,745,000	268,000	925,000
Tax effect on:				
Non-deductible expenses	130,260	11,000	38,260	-
Non-taxable income	(59,000)	(1,411,000)	(266,000)	(456,000)
Tax exempt income for pioneer products	(2,310,000)	(792,000)	(35,000)	(469,000)
Effect of different tax rate used in computing deferred tax	41,150	34,000	-	-
Effect of different tax rates in subsidiary companies	(13,000)	-	-	-
	540,410	587,000	5,260	-
(Over)/underprovision of current tax expense in prior year	(212,745)	-	1,400	-
Income tax expense	327,665	587,000	6,660	-

The applicable tax rate of 28% (2005: 28%) used in the above numerical reconciliations of tax of the Group and of the Company is determined based on the statutory income tax rate prevailing for the Company.

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9. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	The Group	
	2006	2005
Profit before write-off of negative goodwill (RM)	9,498,867	4,270,334
Profit attributable to ordinary equity holders of the Company (RM)	9,498,867	9,215,612
Weighted average number of ordinary shares in issue (units)	155,000,000	67,375,091
Basic earnings per share (sen)		
- Based on profit before write-off of negative goodwill	6.13	6.34
- Based on profit attributable to ordinary equity holders of the Company	6.13	13.68

(b) Impact of changes in accounting policies

Changes in the Group's accounting policies during the year are described in detail in Note 31. To the extent that those changes have had an impact on results reported for current year, they have had an impact on the amount reported for earnings per share as follows:

	The Group 2006 Impact on basic earnings per share Sen per share
FRS 140 Fair value adjustment of investment properties	0.03

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10. PROPERTY, PLANT AND EQUIPMENT

The Group

Cost	Beginning of year RM	Arising from acquisition of subsidiary company RM	Additions RM	Disposals RM	End of year RM
2005:					
Building	-	789,840	-	-	789,840
Shoplots	-	404,180	-	-	404,180
Furniture, fittings and equipment	-	713,465	265,848	-	979,313
Motor vehicles	-	499,093	-	-	499,093
Electrical installation	-	2,536	-	-	2,536
Container	-	16,660	-	-	16,660
Construction in progress	-	385,847	4,081,950	-	4,467,797
	-	2,811,621	4,347,798	-	7,159,419

Cost	Beginning of year RM	Transfer to investment properties RM	Additions RM	Disposals RM	Transfer RM	End of year RM
2006:						
Building	789,840	-	-	-	6,431,546	7,221,386
Shoplots	404,180	(404,180)	-	-	-	-
Renovation	-	-	4,800	-	-	4,800
Furniture, fittings and equipment	979,313	-	1,638,409	-	-	2,617,722
Motor vehicles	499,093	-	-	-	-	499,093
Electrical installation	2,536	-	600	-	-	3,136
Container	16,660	-	-	-	-	16,660
Construction in progress	4,467,797	-	1,963,749	-	(6,431,546)	-
	7,159,419	(404,180)	3,607,558	-	-	10,362,797

Notes to the Financial Statements

December 31, 2006

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The Group

Accumulated Depreciation	Beginning of year RM	Charge for the year RM	Disposals RM	End of year RM
2005:				
Building	-	8,443	-	8,443
Shoplots	-	4,963	-	4,963
Furniture, fittings and equipment	-	164,499	-	164,499
Motor vehicles	-	113,593	-	113,593
Electrical installation	-	588	-	588
Container	-	3,019	-	3,019
	-	295,105	-	295,105

Accumulated Depreciation	Beginning of year RM	Transfer to investment properties RM	Charge for the year RM	Disposals RM	End of year RM
2006:					
Building	8,443	-	132,814	-	141,257
Shoplots	4,963	(4,963)	-	-	-
Renovation	-	-	500	-	500
Furniture, fittings and equipment	164,499	-	584,329	-	748,828
Motor vehicles	113,593	-	190,856	-	304,449
Electrical installation	588	-	1,054	-	1,642
Container	3,019	-	5,175	-	8,194
	295,105	(4,963)	914,728	-	1,204,870

Net Book Value	The Group	
	2006 RM	2005 RM
Building	7,080,129	781,397
Shoplots	-	399,217
Renovation	4,300	-
Furniture, fittings and equipment	1,868,894	814,814
Motor vehicles	194,644	385,500
Electrical installation	1,494	1,948
Container	8,466	13,641
Construction in progress	-	4,467,797
	9,157,927	6,864,314

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As of December 31, 2006, the net carrying amount of motor vehicles of the Group acquired under hire-purchase arrangements of which instalments are still outstanding is RM194,644 (2005: RM381,625).

As of December 31, 2006, certain property, plant and equipment of the Group with a total carrying value of RM7,080,129 (2005: RM1,180,614) were charged to certain local licenced banks as securities for banking facilities granted to the Group as mentioned in Note 23.

II. INVESTMENT PROPERTIES

	The Group	
	2006 RM	2005 RM
At beginning of year		
Transfer from property, plant and equipment	399,217	-
Fair value adjustments	160,783	-
	560,000	-
Fair value adjustments during the year	40,000	-
	600,000	-
At end of year	600,000	-

The fair values of the Company's investment properties as of January 1, 2006 and December 31, 2006 have been arrived at on the basis of valuations carried out by Raine & Horne International Zaki + Partners Sdn. Bhd., an independent valuer that is not related to the Group. The valuations were arrived at by reference to market evidence of transacted prices for similar properties.

As of December 31, 2006, the investment properties which consist of two shoplots are held under lease terms and are rented to a third party.

The rental income earned by the Group from its investment properties is RM14,500. Direct operating expenses arising on the investment properties during the year amounted to RM8,795.

The investment properties were charged to a local licenced bank as securities for banking facilities granted to the Group as mentioned in Note 23.

As of December 31, 2006, the strata titles of the shoplots have not yet been issued by the relevant authority.

I2. PREPAID LAND LEASE PAYMENTS

	The Group	
	2006 RM	2005 RM
At beginning of year	2,385,455	-
Arising from acquisition of subsidiary company	-	236,970
Additions	538,221	2,152,883
Amortisation for the year	(45,513)	(4,398)
	2,878,163	2,385,455
At end of year	2,878,163	2,385,455

As of December 31, 2006, the unexpired lease periods of the long leasehold land are 59 and 51 years respectively.

The long leasehold land are charged to certain licenced banks as securities for banking facilities granted to the Group as mentioned in Note 23.

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13. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2006 RM	2005 RM
Unquoted shares, at cost	8,542,012	7,542,012

The subsidiary companies are as follows:

	Country of incorporation	Principal activity	Percentage of ownership	
			2006	2005
Direct holdings				
ViTrox Technologies Sdn. Bhd.	Malaysia	Development and production of automated vision inspection system and digital automated vision inspection equipment and modules	100%	100%
ViTrox International Sdn. Bhd.	Malaysia	Investment holding for setting up of foreign subsidiary companies and for catering for future foreign investments	100%	-
ViE Technologies Sdn. Bhd.	Malaysia	Research, development and manufacture of electronics products	100%	-
Indirect holdings				
ViTrox Technologies (Suzhou) Co., Ltd. [#]	People's Republic of China	Sales and support office in Suzhou Industrial Park, People's Republic of China	100%	-

[#] The financial statements of this subsidiary company were audited by other firm of auditors.

A summary of the acquisitions which occurred during the financial year are as follows:

- a. on January 7, 2006, the Company acquired the entire issued and paid up capital of ViTrox International Sdn. Bhd. ("VISB") of RM2 divided into 2 ordinary shares of RM1 each, for a cash consideration of RM2. On November 16, 2006, the Company further invested in 499,998 ordinary shares of RM1 each for a total cash consideration of RM499,998. The Company's equity interest in VISB remains at 100%;
- b. on January 19, 2006, the Company established a wholly-owned subsidiary company, ViTrox Technologies (Suzhou) Co., Ltd. ("VTS") with a registered and paid-up capital of USD100,000 (equivalent to RM370,111). On August 8, 2006, the Company disposed off its entire equity interest in the capital of VTS to its wholly-owned subsidiary company, VISB for a total cash consideration of RM2. In consequent thereof, VSB remains as a wholly-owned subsidiary company of ViTrox Corporation Berhad via VISB.; and

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- c. on February 24, 2006, the Company acquired the entire issued and paid up capital of ViE Technologies Sdn. Bhd. ("VIE") of RM2 divided into 2 ordinary shares of RM1 each, for a cash consideration of RM2. On November 16, 2006, the Company further invested in 499,998 ordinary shares of RM1 each for a total cash consideration of RM499,998. The Company's equity interest in VIE remains at 100%.

On June 15, 2005, the Company acquired 500,000 ordinary shares of RM1 each representing 100% of the equity interest in ViTrox Technologies Sdn. Bhd. for a total consideration of RM7,542,012. The purchase consideration was satisfied by the issuance of 75,399,800 new ordinary shares of RM0.10 each in the Company at an issue price of approximately RM0.10 each. The acquisition was completed on June 15, 2005 and ViTrox Technologies Sdn. Bhd. became a wholly-owned subsidiary company of the Company.

The effect of these acquisitions on the financial results of the Group for the year is as follows:

	The Group	
	2006 RM	2005 RM
Post-acquisition results of subsidiary companies acquired:		
Revenue	-	9,129,869
Other gains	484	190,421
Changes in inventories of finished goods and work-in-progress	-	465,046
Raw materials used	(1,136)	(4,167,277)
Directors' remuneration	-	(111,309)
Employee benefits expense	(23,101)	(1,056,808)
Depreciation of property, plant and equipment	(2,855)	(299,503)
Other operating expenses	(295,914)	(1,066,428)
	<hr/>	<hr/>
(Loss)/ profit from operations	(322,522)	3,084,011
Income from other investments	-	64,471
Finance costs	(448)	(46,495)
	<hr/>	<hr/>
(Loss)/ profit before tax	(322,970)	3,101,987
Income tax expense	-	(587,000)
	<hr/>	<hr/>
(Decrease)/ Increase in Group's profit attributable to shareholders	(322,970)	2,514,987

14. DEVELOPMENT EXPENDITURE

	The Group	
	2006 RM	2005 RM
At cost:		
At beginning of year	247,844	-
Additions - internal development	518,162	247,844
	<hr/>	<hr/>
At end of year	766,006	247,844

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15. INVENTORIES

	The Group	
	2006 RM	2005 RM
Raw materials	2,180,541	1,406,849
Work-in-progress	335,428	167,758
Finished goods	1,716,185	1,034,871
	4,232,154	2,609,478

The cost of inventories recognised as an expense during the year was RM9,224,329 (2005: RM4,975,437).

16. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Trade receivables	9,955,632	6,919,654	-	-
Less: Allowance for doubtful debts	(21,280)	(94,375)	-	-
	9,934,352	6,825,279	-	-
Amount owing by a subsidiary company	-	-	6,780,028	2,215,392
Other receivables	75,306	8,712	858	-
	10,009,658	6,833,991	6,780,886	2,215,392

Trade receivables comprise amounts receivable for the sale of goods. The credit periods granted on sale of goods range from 30 to 90 days (2005: 30 to 90 days).

The amount owing by a subsidiary company arose mainly from trade transactions with credit period of 60 days (2005: 60 days).

Analysis of trade and other receivables by currencies:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Ringgit Malaysia	6,130,404	4,505,511	6,780,886	2,215,392
United States Dollar	3,862,137	2,328,480	-	-
Renminbi Yuan	17,117	-	-	-
	10,009,658	6,833,991	6,780,886	2,215,392

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The financial statements of the Company reflect the following significant intercompany transactions which were based on terms negotiated between the Company and its subsidiary company:

	The Company	
	2006 RM	2005 RM
Sales of software	1,116,090	2,215,392

17. OTHER ASSETS

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Refundable deposits	65,864	39,600	1,000	1,000
Prepaid expenses	21,600	62,070	-	-
	87,464	101,670	1,000	1,000

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements consist of the following balance sheets items:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Short-term deposits with licensed banks	7,628,754	10,076,944	2,913,982	8,964,162
Cash and bank balances	971,383	2,667,841	601,105	1,772,287
	8,600,137	12,744,785	3,515,087	10,736,449
Less: Short-term deposits held as security value	(74,670)	(68,000)	-	-
	8,525,467	12,676,785	3,515,087	10,736,449

The short-term deposits held as security value are pledged to a local bank for bank guarantee facilities obtained by the Group.

The effective annual interest rates for the short-term deposits with licenced banks range from 3% to 3.7% (2005: 3%). The short-term deposits are maturing within January to September 2007.

Analysis of cash and cash equivalents by currencies:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Ringgit Malaysia	5,631,504	12,404,499	3,515,087	10,736,449
United States Dollar	2,865,854	272,286	-	-
Renminbi	28,109	-	-	-
	8,525,467	12,676,785	3,515,087	10,736,449

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During the year, the Company acquired two subsidiary companies for a total cash consideration of RM4 respectively and an indirect subsidiary company was established on January 19, 2006.

In 2005, the Company acquired a subsidiary company for a total consideration of RM7,542,012 satisfied by the issuance of 75,399,800 new ordinary shares of RM0.10 each of the Company at an issue price of approximately RM0.10 each. The acquisition was completed on June 15, 2005.

The assets and liabilities arising from the acquisitions are as follows:

	2006 RM	2005 RM
Net assets acquired as of date of acquisitions:		
Property, plant and equipment	-	2,811,621
Prepaid land lease payments	-	236,970
Inventories	-	2,068,275
Trade receivables	-	2,007,936
Other receivables and prepaid expenses	-	2,284,899
Short-term deposits with a licensed bank	4	4,241,748
Cash and bank balances	-	2,435,452
Trade payables	-	(725,278)
Other payables and accrued expenses	-	(790,586)
Hire-purchase payables	-	(437,328)
Long term loans	-	(137,899)
Tax liabilities	-	(8,520)
Dividend payable	-	(1,500,000)
	<hr/>	<hr/>
Net assets acquired	4	12,487,290
Negative goodwill on acquisition	-	(4,945,278)
	<hr/>	<hr/>
Total purchase consideration	4	7,542,012
	<hr/>	<hr/>
Net cash outflow arising on acquisitions:		
Cash consideration	(4)	-
Cash and cash equivalents acquired	4	6,677,200
	<hr/>	<hr/>
Acquisition of subsidiaries companies, net of cash and cash equivalents acquired	-	6,677,200
	<hr/>	<hr/>

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19. SHARE CAPITAL

	2006		2005	
	No. of shares of RM0.10 each	RM	No. of shares of RM0.10 each	RM
Authorised:				
Shares:				
At beginning of year	250,000,000	25,000,000	1,000,000	100,000
Increased during the year	-	-	249,000,000	24,900,000
At end of year	250,000,000	25,000,000	250,000,000	25,000,000
Issued and fully paid:				
Ordinary shares:				
At beginning of year	155,000,000	15,500,000	200	20
Issued during the year:				
Allotment in exchange of shares in subsidiary company	-	-	75,399,800	7,539,980
Public issue	-	-	17,600,000	1,760,000
Bonus issue	-	-	62,000,000	6,200,000
At end of year	155,000,000	15,500,000	155,000,000	15,500,000

In 2005, the issued and paid-up ordinary share capital of the Company was increased from RM20 divided into 200 ordinary shares of RM0.10 each to RM15,500,000 divided into 155,000,000 ordinary shares of RM0.10 each by way of:

- issue of 75,399,800 new ordinary shares of RM0.10 each at an issue price of approximately RM0.10 each pursuant to the acquisition of ViTrox Technologies Sdn. Bhd.;
- public issue of 17,600,000 new ordinary shares of RM0.10 each at an issue price of RM0.60 each; and
- bonus issue of 62,000,000 new ordinary shares of RM0.10 each through capitalisation from the share premium account arising from the public issue on the basis of 2 new ordinary shares of RM0.10 each for every 3 existing ordinary shares of RM0.10 each held after the public issue but prior to the listing.

The new ordinary shares rank pari passu with the then existing ordinary shares of the Company.

20. RESERVES

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Share premium	1,222,055	1,222,055	1,222,055	1,222,055
Foreign currency translation reserve	(3,146)	-	-	-
	1,218,909	1,222,055	1,222,055	1,222,055

The share premium arose from the issue of shares at premium, net of share issue expenses written off.

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The foreign currency translation reserve is used to record exchange differences arising on translation of net investment in foreign subsidiary company.

21. RETAINED EARNINGS

Based on the estimated tax credits and tax exempt income available and the prevailing tax rate applicable to dividends, the retained earnings of the Company are available for distribution by way of cash without incurring additional tax liability.

22. HIRE-PURCHASE PAYABLES

	The Group	
	2006 RM	2005 RM
Total outstanding	278,870	410,366
Less: Interest in suspense outstanding	(17,265)	(35,751)
	261,605	374,615
Principal outstanding	261,605	374,615
Less: Amount due within one year	(117,717)	(110,910)
	143,888	263,705
Portion due after one year	143,888	263,705

The portion due after one year is repayable as follows:

	The Group	
	2006 RM	2005 RM
Later than 1 year and not later than 2 years	105,701	119,959
Later than 2 years and not later than 5 years	38,187	143,746
	143,888	263,705

The Group acquired certain of its property, plant and equipment under hire-purchase arrangements. The terms for hire-purchases are 5 years. The effective borrowing rates range from 4.39% to 6.23% (2005: 4.39% to 6.23%) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

The Group's hire-purchase payables are secured by the financial institutions' charge over the assets under hire-purchase and are covered by guarantee given by the Company.

23. LONG-TERM LOANS

	The Group	
	2006 RM	2005 RM
Secured		
Amount outstanding	23,763	2,618,286
Less: Portion due within one year	(23,763)	(464,960)
	-	2,153,326
Portion due after one year	-	2,153,326

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The portion due after one year is repayable as follows:

	The Group	
	2006 RM	2005 RM
Later than 1 year and not later than 2 years	-	477,992
Later than 2 years and not later than 5 years	-	492,384
More than 5 years	-	1,182,950
	-	2,153,326

The Group's long-term loans, bank overdraft and other credit facilities bear interest at a rate of 1% and 1.25% per annum above the lending banks' base lending rates respectively.

The long-term loans together with bank overdraft and other credit facilities obtained from local licenced banks are secured by legal charges on the Group's long leasehold land, building and shoplots and are covered by corporate guarantees from the Company.

In 2005, the long-term loans together with bank overdraft and other credit facilities obtained from local licenced banks are secured by legal charges on the Group's long leasehold land, building and shoplots and are guaranteed by certain directors of the Company.

The annual effective interest rate of the long-term loans is 7.0% (2005: 7.0%) per annum.

24. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Trade payables	877,196	1,213,235	-	-
Amount owing to a subsidiary company	-	-	-	396,640
Other payables	1,084,577	1,193,318	12,567	76,011
Deposit received	10,600	2,700	-	-
Accrued expenses	995,031	225,699	183,390	-
	2,967,404	2,634,952	195,957	472,651

Trade payables comprise amounts outstanding for trade purchases. The credit periods granted to the Group for trade purchases range from 7 to 90 days (2005: 7 to 60 days).

In 2005, the amount owing to a subsidiary company arose mainly from interest free advances which are unsecured and with no fixed repayment term.

Other payables comprise mainly amount outstanding for ongoing costs.

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Analysis of trade and other payables by currencies:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Ringgit Malaysia	2,396,263	2,113,990	195,957	472,651
United States Dollar	303,944	37,418	-	-
Euro	243,556	289,712	-	-
Singapore Dollar	15,406	186,214	-	-
Renminbi Yuan	8,235	-	-	-
Japanese Yen	-	7,618	-	-
	<u>2,967,404</u>	<u>2,634,952</u>	<u>195,957</u>	<u>472,651</u>

25. DIVIDENDS

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Dividend declared and paid:				
Final tax exempt dividend of RM0.005 per ordinary share of RM0.10 each for 2005	775,000	-	775,000	-
Dividend declared and payable:				
Special interim tax exempt dividend of RM0.01 per ordinary share of RM0.10 each for 2005	-	1,550,000	-	1,550,000
	<u>775,000</u>	<u>1,550,000</u>	<u>775,000</u>	<u>1,550,000</u>

Subsequent to year end, the directors declared and paid a special interim tax exempt dividend of RM0.01 per ordinary share of RM0.10 each, amounting to RM1,550,000 in respect of the current financial year.

26. SEGMENTAL REPORTING

The Group operates in a single business segment, namely development and production of automated and digital vision inspection systems. Accordingly, no industry segment information of the Group has been presented. Information on geographical segments is also not presented as the Group operates predominantly in Malaysia.

27. LEASE COMMITMENTS

As of December 31, 2006, non-cancellable long-term lease commitments in respect of rental of premises are as follows:

	The Group	
	2006 RM	2005 RM
Not later than 1 year	19,440	-
Later than 1 year but not later than 5 years	30,458	-
	<u>49,898</u>	<u>-</u>

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VITROX CORPORATION BERHAD
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28. CAPITAL COMMITMENTS

	The Group	
	2006 RM	2005 RM
Approved and contracted for:		
Construction of new factory building and purchase of factory land	-	4,072,000

29. CONTINGENT LIABILITIES

The subsidiary company, ViTrox Technologies Sdn. Bhd. ("VTSB") has initiated a claim against a former employee (first defendant) who was suspected to have copied its source code and produced automated vision inspection system to be sold through a third party (second defendant).

On December 27, 2005 and March 6, 2006, the second and first defendants respectively have issued a writ of summons against VTSB claiming that VTSB had published a statement that is defamatory to them in VTSB's corporate directory. VTSB has been advised by its legal adviser that at this stage the quantum of damages cannot be determined as damages (if any) that is to be awarded in a defamation action is to be assessed by the Court having the benefit of evidence adduced during trial.

Accordingly, no provision for any contingent loss in respect of actual cost and expenses incurred is made in the financial statements.

30. FINANCIAL INSTRUMENTS

a. Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, including foreign currency risk, interest rate risk, market risk, credit risk, liquidity risk and cash flow risk. The Group has formulated a financial risk management framework whose principal objective is to minimise the Group's exposures to risks and/ or costs associated with the financing, investing and operating activities of the Group.

Various risk management policies are made and approved by the Board for adoption in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

i. Foreign currency risk

The Group has exposure to foreign exchange risk as a result of transactions, receivables and payables in foreign currencies arising from normal operating activities. The Group does not speculate in foreign currencies.

ii. Interest rate risk

The Group's exposure to changes in interest rates relates primarily to the Group's short-term deposits with licensed banks and financing through bank borrowings, hire-purchase payables and long-term loans. The short-term deposits are placed with reputable banks whilst interest rate risk from financing is minimised as borrowings are kept to a minimum. The Group does not use derivative financial instruments to hedge its risk.

iii. Market risk

The Group has in place policies to manage the Group's exposures to fluctuation in the prices of the key raw materials used in the operations.

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iv. Credit risk

The Group is exposed to credit risk mainly from trade receivables. The Group extends credit to its customers based upon careful evaluation of the customers' financial conditions and credit histories. The Group also ensures a number of customers so as to limit high credit concentration in a customer or customers from a particular market.

v. Liquidity risk

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

vi. Cash flow risk

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

b. Credit Risk

The maximum credit risk associated with recognised financial assets is the carrying amount shown in the balance sheets. The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

c. Fair Values

The carrying amounts and the estimated fair values of the Group's financial instruments as of December 31, 2006 are as follows:

	2006		2005	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Financial assets				
Investment in club memberships	91,250	157,500	91,250	157,500
Financial liabilities				
Hire-purchase payables	261,605	261,605	374,615	374,615
Long-term loans	23,763	23,763	2,618,286	2,618,286

The fair values of investment in club memberships are estimated based on current membership entrance fee.

The fair values of hire-purchase payables and long-term loans are estimated using discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangements.

It is not practical to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, costs and eventual outcome.

The fair values of other financial assets and other financial liabilities approximate their carrying amounts because of the short maturity of these instruments.

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31. CHANGES IN ACCOUNTING POLICIES

The adoption of new and revised FRSs and Interpretations as set out in Note 3 did not have material impact on the financial statements of the Group except that the adoption of FRS 117 Leases and FRS 140 Investment Property has resulted in changes in accounting policies for leasehold land and investment properties respectively.

a. FRS 117 Leases

Prior to January 1, 2006, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid land lease payments and are amortised on a straight-line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At January 1, 2006, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid land lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively and the comparatives as of December 31, 2005 have been restated. Accordingly, the following accounts in prior year have been restated to reflect the effects of the accounting change:

	As previously reported RM	Changes in accounting policies RM	As restated RM
As of December 31, 2005			
Property, plant and equipment	9,249,769	(2,385,455)	6,864,314
Prepaid land lease payments	-	2,385,455	2,385,455

b. FRS 140 Investment Property

The definition of investment properties under FRS 140 has resulted in identification of additional assets of the Group that meet the definition of investment properties. These properties are now classified into a separate asset category on the balance sheet. Previously, investment properties were included in property, plant and equipment and stated at cost less accumulated depreciation and impairment losses.

Investment properties are now stated at fair value, representing open-market value determined by external valuers. Gains or losses arising from changes in the fair values of investment properties are recognised in income statements in the period in which they arise.

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In accordance with the transitional provisions of FRS 140, this change in accounting policy is applied prospectively and the comparatives as of December 31, 2005 are not restated. Instead, the changes have been accounted for by restating the following opening balance as of January 1, 2006:

The Group

	As previously reported RM	Changes in accounting policies RM	As restated RM
As of January 1, 2006			
Retained earnings	7,662,112	160,783	7,822,895

Gain arising from change in the fair value of investment properties recognised in the Group's income statements for the year ended December 31, 2006 is RM40,000.

Statement by Directors

VITROX CORPORATION BERHAD
(649966-K)

The Directors of **VITROX CORPORATION BERHAD** state that, in their opinion, the accompanying balance sheets and the related statements of income, changes in equity and cash flows, are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable MASB approved accounting standards for Entities Other than Private Entities in Malaysia so as to give a true and fair view of the state of affairs of the Company as of December 31, 2006 and of their results and cash flows for the year ended on that date.

Signed in accordance with a
resolution of the Directors,

CHU JENN WENG

Penang,

March 15, 2007

SIAW KOK TONG

Declaration By The Director Primarily Responsible For The Financial Management Of The Company

I, **SIAW KOK TONG**, the Director primarily responsible for the financial management of **VITROX CORPORATION BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and the related statements of income, changes in equity and cash flows, are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by

the abovenamed **SIAW KOK TONG** at

GEORGETOWN in the State of PENANG

on March 15, 2007

Before me,

COMMISSIONER FOR OATHS

**GOVINDASAMY A/L
G. MUTTUSAMY, PJM**

List of Properties

VITROX CORPORATION BERHAD
(649966-K)

No	Name of Registered Owner / Postal Address / Title Identification	Approx Age of Building / Tenure/ Date of Expiry of Lease	Description / Existing Use	Land Area / Built Up Area Sq Metre	Net Book Value / Carrying Value as at 31 December 2006 RM	Year of Valuation / Acquisition
1	<i>ViTrox Technologies Sdn. Bhd.</i> HSD 10203, Lot No. PT 4952, Mukim 12, Daerah Barat Daya, Pulau Pinang <u>Bearing Postal Address</u> No. 5, Lintang Bayan Lepas 2, Bayan Lepas, Industrial Park, Phase 4, Bayan Lepas, 11900 Penang,	4 years / 60 years lease expiring on January 6, 2058	Semi-detached factory cum office	1,529 / 544	991,954	September 27, 2000 (Date of Acquisition)
2	<i>ViTrox Technologies Sdn. Bhd.</i> HSD 21704, Lot No. PT 5286, Mukim 12, Daerah Barat Daya, Pulau Pinang <u>Bearing Postal Address</u> No. 85A, Lintang Bayan Lepas 11, Bayan Lepas Industrial Park Phase IV, 11900 Bayan Lepas, Penang	1 year / 60 years lease expiring on December 26, 2066	ViTrox Innovation Centre	12,152 / 2,900	8,916,338	July 27, 2004 (Date of Acquisition)
3	<i>ViTrox Technologies Sdn. Bhd.</i> Lot 1241, Mukim 12, Daerah Barat Daya, Pulau Pinang <u>Bearing Postal Address</u> Level No. 04, Unit No. 20, Kristal Point II, Lebuh Bukit Kecil 6, 11900 Bayan Lepas, Penang	3 years / 99 years lease upon issuance of strata title	Shoptot for investment purposes	- / 96	300,000	July 13, 2006 (Date of Valuation)
4	<i>ViTrox Technologies Sdn. Bhd.</i> Lot 1241, Mukim 12, Daerah Barat Daya, Pulau Pinang <u>Bearing Postal Address</u> Level No. 04, Unit No. 21, Kristal Point II, Lebuh Bukit Kecil 6, 11900 Bayan Lepas, Penang	3 years / 99 years lease upon issuance of strata title	Shoptot for investment purposes	- / 96	300,000	July 13, 2006 (Date of Valuation)

Statistics of Shareholdings

VITROX CORPORATION BERHAD
(649966-K)

SHARE CAPITAL AS AT 8 MAY 2007

Authorised Capital	: RM25,000,000.00
Issued and Paid-up Capital	: RM15,500,000.00
Class of Shares	: Ordinary Shares of RM0.10 each
Voting Rights	: One voting right for one ordinary share

DISTRIBUTION OF SHAREHOLDERS AS AT 8 MAY 2007

Size of Holdings	No. of Holders	No. of Shares	%
1 – 99	11	535	0.00
100 – 1,000	41	31,813	0.02
1,001 – 10,000	228	1,140,727	0.74
10,001 – 100,000	127	4,236,490	2.73
100,001 – 7,749,999	42	38,915,810	25.11
7,750,000 and above	3	110,674,625	71.4
Total	452	155,000,000	100.00

THIRTY LARGEST SECURITIES HOLDERS AS AT 8 MAY 2007

No.	Name	Shareholdings	%
1	Chu Jenn Weng	52,766,703	34.04
2	Siaw Kok Tong	38,178,643	24.63
3	Yeoh Shih Hoong	19,729,279	12.73
4	HSBC Nominees (Asing) Sdn. Bhd. Qualifier: TNTC for Government of Singapore Investment Corporation Pte Ltd	7,402,600	4.78
5	Tan Boo Charn	4,021,000	2.59
6	Sim Ah Yoong	3,184,733	2.05
7	Tan Hong Soon	3,000,000	1.94
8	Teng Soo Fong	2,916,666	1.88
9	Chang Mun Kee	1,666,666	1.08
10	Chua Siew Kim	1,357,166	0.88
11	Su Peik Hoon	1,054,744	0.68
12	Citigroup Nominees (Asing) Sdn. Bhd. Qualifier: CIPLC for Classics Fund Ltd	1,021,100	0.66
13	Kiew Kwong Sen	1,000,000	0.65
14	Malaysia Nominees (Asing) Sendirian Berhad Qualifier: British and Malayan Trustees Limited for Irene Lee (00-10005-006)	967,200	0.62
15	Amanah Raya Berhad Qualifier: SBB Dana Al-Faiz	891,500	0.58
16	Foo Wen Pok	873,895	0.56
17	Ooi Lay Hoe	695,356	0.45
18	Wong Ting Lik	693,066	0.45
19	Che Kausa Binti Mamat @ Mohd Nor	555,333	0.36
20	Goh Siew Eng	500,000	0.32

Statistics of Shareholdings

VITROX CORPORATION BERHAD
(649966-K)

THIRTY LARGEST SECURITIES HOLDERS AS AT 8 MAY 2007 (CONTINUED...)

No.	Name	Shareholdings	%
21	Ahmad Fadzil Bin Mohamad Hani	500,000	0.32
22	Koay Soo Ming	497,599	0.32
23	Vincent Leong Wai Shun	453,933	0.29
24	Cheng Ming Hann	447,333	0.29
25	Chong Kok Cheng	375,000	0.24
26	Ooi Chek Siah	333,163	0.21
27	Jaya Kumar A/L Ganason @ Kanajan	300,000	0.19
28	Chee Chong Hin	262,127	0.17
29	Tai Yaw Kieng	252,099	0.16
30	TA Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Gan Kim Teoh	230,000	0.15
	TOTAL	146,126,904	94.28

SUBSTANTIAL SHAREHOLDERS AS AT 8 MAY 2007

Name	Direct Shareholding	%	Indirect Shareholding	%
Chu Jenn Weng	52,766,703	34.04	-	-
Siaw Kok Tong	38,178,643	24.63	-	-
Yeoh Shih Hoong	19,729,279	12.73	-	-

DIRECTORS' SHAREHOLDING AS AT 8 MAY 2007

Name	Direct Shareholding	%	Indirect Shareholding	%
Chu Jenn Weng	52,766,703	34.04	-	-
Siaw Kok Tong	38,178,643	24.63	-	-
Yeoh Shih Hoong	19,729,279	12.73	-	-
Dato' Kiew Kwong Sen	1,000,000	0.65	-	-
Dr. Ahmad Fadzil Bin Mohamad Hani	500,000	0.32	-	-
Chuah Poay Ngee	10,000	0.01	-	-

Notice of Annual General Meeting

VITROX CORPORATION BERHAD
(649966-K)

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of the Company will be held at the Auditorium of ViTrox Innovation Centre, 85A, Lintang Bayan Lepas 11, Bayan Lepas Industrial Park, Phase IV, 11900 Bayan Lepas, Penang on Friday, 15 June 2007 at 10.00a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 December 2006 together with the reports of the Directors and Auditors thereon. (Resolution 1)
2. To declare a Final Dividend of 0.5 sen per share exempt from Income Tax for the year ended 31 December 2006. (Resolution 2)
3. To approve the payment of Directors' Fees up to RM76,800.00 for the financial year ending 31 December 2007. (Resolution 3)
4. To re-elect the following Directors retiring under the respective provisions of the Articles of Association of the Company, and who, being eligible offer themselves for re-election:-
 - a. Siaw Kok Tong Article 85 (Resolution 4)
 - b. Chuah Poay Ngee Article 92 (Resolution 5)
5. To appoint Messrs. Horwath as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration. (Resolution 6)

Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed hereto and marked "Annexure A" has been received by the Company for the nomination of Messrs. Horwath for appointment as Auditors of the Company in place of the retiring Auditors, Messrs. Deloitte KassimChan and of the intention to move the following motion to be passed as an Ordinary Resolution:-

"THAT Messrs. Horwath be and are hereby appointed Auditors of the Company in place of the retiring Auditors, Messrs. Deloitte KassimChan and to hold office until the conclusion of the next Annual General Meeting AND THAT authority be and is hereby given for the Directors to determine their remuneration."

6. AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution:-

6.1 As Ordinary Resolution

(Resolution 7)

Authority to Issue Shares

"That pursuant to Section 132D of the Companies Act, 1965, the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be and are hereby authorized to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the issued share capital of the Company for the time being, and that the Board of Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the MESDAQ Market of Bursa Malaysia Securities Berhad."

Notice of Annual General Meeting

VITROX CORPORATION BERHAD
(649966-K)

6.2 As Special Resolution

Proposed Alteration of the Articles of Association

(Resolution 8)

“THAT the Articles of Association of the Company be and is hereby amended in the manner as set out in Appendix A of the Circular to Shareholders dated 24 May 2007.”

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

By Order of the Board
KHOO LAY TATT (MAICSA 7029262)
HOW WEE LING (MAICSA 7033850)
Secretaries

Penang
Date: 24 May 2007

NOTES:

Proxy

A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

To be valid, this form, duly completed must be deposited at the registered office of the Company at 57-1, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang not less than forty-eight (48) hours before the time for holding the meeting.

A member shall be entitled to appoint more than two (2) proxies to attend and vote at the same meeting.

Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

If the appointor is a corporation, this form must be executed under its Common Seal.

Explanatory Note On Special Business:

1. The proposed Resolution No. 7 (Item No. 6.1), if passed, will empower the Directors of the Company to issue and allot shares in the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.
2. The proposed Resolution No. 8 (item No. 6.2), if approved, will result in the Articles of Association of the Company to be amended in the manner as set out in Appendix A of the Circular to Shareholders dated 24 May 2007 which was circulated together with the Annual Report 2006.

Notice of Dividend Entitlement and Payment

VITROX CORPORATION BERHAD
(649966-K)

NOTICE IS HEREBY GIVEN that a Final Dividend of 0.5 sen per share exempt from Income Tax for the year ended 31 December 2006, if approved, will be paid on 6 July 2007 to depositors registered in the Records of Depositors at the close of business on 22 June 2007.

A Depositor shall qualify for entitlement to the Dividend in respect of:-

- a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 22 June 2007 in respect of transfers; and
- b) shares bought on the MESDAQ Market on a cum entitlement basis according to the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market.

By Order of the Board
KHOO LAY TATT (MAICSA 7029262)
HOW WEE LING (MAICSA 7033850)
Secretaries

Penang
Date: 24 May 2007

Statement Accompanying Notice of Annual General Meeting

RETIREMENT OF DIRECTORS

Pursuant to Rule 8.36(2) of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, the details of the two (2) directors seeking re-election are set out in their respective profiles which appear in the Board of Directors' Profile on pages 10 to 11 of the Annual Report 2006. The details of their respective interests in the securities of the Company are set out in the Statistics of Shareholdings which appear on page 77 of the Annual Report 2006.

ANNEXURE A

VITROX CORPORATION BERHAD
(649966-K)

Chu Jenn Weng
19 Lorong Tambun Indah 9,
Taman Tambun Indah,
14100 Simpang Ampat,
Seberang Perai Selatan, Pulau Pinang

Date: April 27, 2007

The Board of Directors
Vitrox Corporation Berhad
57-2, Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang

Dear Sirs

NOMINATION OF AUDITORS

I, Chu Jenn Weng, being a Shareholder of Vitrox Corporation Berhad hereby give notice pursuant to Section 172(11) of the Companies Act, 1965 of my intention to nominate Messrs. Horwath of Suites 701 & 702, 7th Floor, 11, Lorong Kinta, 10400 Penang for appointment as Auditors of the Company in place of the retiring Auditors, Messrs. Deloitte KassimChan and of my intention to move the following motion to be passed as an Ordinary Resolution at the Annual General Meeting of the Vitrox Corporation Berhad:-

“THAT Messrs. Horwath be and are hereby appointed Auditors of the Company in place of the retiring Auditors, Messrs. Deloitte KassimChan to hold office until the conclusion of the next Annual General Meeting AND THAT authority be and is hereby given for the Directors to determine their remuneration.”

Yours faithfully



CHU JENN WENG

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Proxy Form

VITROX CORPORATION BERHAD
(649966-K)

No of ordinary shares held

I/We.....
 ..(*NRIC No./Company No.....) of
 being a *Member/Members of VITROX CORPORATION BERHAD hereby appoint

 (*NRIC No./Passport No.....) of.....
or failing him
 (*NRICNo./PassportNo.....)of.....
 as my/our proxy to vote for me/us and on my/our behalf at the Third Annual General Meeting of the Company to be held at the Auditorium of ViTrox Innovation Centre, 85A, Lintang Bayan Lepas 11, Bayan Lepas Industrial Park, Phase IV, 11900 Bayan Lepas, Penang on Friday, 15 June 2007 at 10.00a.m. and, at every adjournment thereof to vote as indicated below:-

RESOLUTIONS	FOR	AGAINST
1. To receive the Audited Financial Statements for the year ended 31 December 2006 together with the reports of the Directors and Auditors thereon.		
2. To declare a Final Dividend of 0.5 sen per share exempt from Income Tax for the year ended 31 December 2006.		
3. To approve the payment of Directors' Fees up to RM76,800.00 for the financial year ending 31 December 2007		
To re-elect the following directors retiring under the respective provisions of the Articles of Association of the Company:-		
4. Siaw Kok Tong (Article 85);		
5. Chuah Poay Ngee (Article 92)		
6. To appoint Messrs. Horwath as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.		
To pass the following resolutions as Special Business :-		
Ordinary Resolution		
7. Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965.		
Special Resolution		
8. Alteration of the Articles of Association		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion)

* **Strike out whichever is not desired.**

Signature of Shareholder(s)

Signed this day of....., 2007.

Notes:

A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

To be valid, this form, duly completed must be deposited at the registered office of the Company at 57-1, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang not less than forty-eight (48) hours before the time for holding the meeting.

A member shall be entitled to appoint more than two (2) proxies to attend and vote at the same meeting.

Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

If the appointer is a corporation, this form must be executed under its Common Seal.

Fold along this line

Stamp

The Company Secretaries
VITROX CORPORATION BERHAD
(Company No. 649966-K)
57-1 Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang

Fold along this line