

2010

Annual Report

2000 - 2010

10

ANNIVERSARY
dawn of a new era

VITrox 
...innovating vision

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:

- Excellent / world class products and services
- Total customer satisfaction
- Continuous growth and profitability
- 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 and line scan vision inspection system.

As at 31 December 2010, 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:

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.

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 foreign subsidiaries and catering for future foreign investments.
ViE Technologies Sdn. Bhd.	24 February 2006 / Malaysia	100%	Design, development and manufacture of printed circuit board assemblies for microprocessor applications.
ViTrox Technologies (Suzhou) Co., Ltd <i>(A wholly-owned subsidiary of ViTrox International Sdn. Bhd.)</i>	19 January 2006 (date of establishment) / China	100%	As sales and support office.

Contents

i	Corporate Vision, Mission, Objectives, Strategies, Values and Principal Activities
1	Contents
2	Corporate Information/Corporate Structure
3	Board of Directors
4-7	Profile of Directors
8	Chairman's Statement
9-14	Managing Director's Review of Operations <ul style="list-style-type: none">Financial PerformanceProduct Development and OperationInvestor RelationResearch and DevelopmentSales and MarketingBusiness StrategiesOur PeopleCorporate ResponsibilityGratitudes
15-16	Highlights of 2010
17-21	Sponsors
22-27	Corporate Governance Statement
28-30	Audit Committee Report
31	Statement on Internal Control
32	Statement of Directors' Responsibilities
33-34	Additional Compliance Information
35-81	Financial Statements
82	List of Properties
83-84	Statistics of Shareholdings
85-89	Share Buy-Back Statement
90-92	Notice of Annual General Meeting
93	Notice of Dividend Entitlement and Payment
95	Proxy Form

2000 - 2010 Design Rationale

10

ANNIVERSARY
dawn of a new era

The Cover Design portrays the Stonehenge , one of the world's architectural icon which symbolizes mystery , power and endurance. Constructed about 5000 years ago,the Stonehenge was an impressive engineering feat, requiring commitment, time and vast amounts of manual labor.

ViTrox's 10 Year Anniversary Annual Report cover is inspired by this icon, emulating it's strength, courage, innovation and most of all, a new dawn of a new era.

Corporate Information

BOARD OF DIRECTORS

Dato' Seri Kelvin Kiew Kwong Sen
Chairman / Independent Non-Executive Director

Chu Jenn Weng
Managing Director

Siaw Kok Tong
Executive Director

Yeoh Shih Hoong
Executive Director

Prof. Ir. Dr. Ahmad Fadzil Bin Mohamad Hani
Non-Independent Non-Executive Director

Chuah Poay Ngee
Independent Non-Executive Director

Chang Mun Kee (Appointed on 25 June 2010)
Independent Non-Executive Director

AUDIT COMMITTEE

Dato' Seri Kelvin Kiew Kwong Sen
Chairman

Prof. Ir. Dr. Ahmad Fadzil Bin Mohamad Hani

Chuah Poay Ngee

Chang Mun Kee (Appointed on 26 August 2010)

COMPANY SECRETARIES

How Wee Ling (MAICSA 7033850)
Ooi Ean Hoon (MAICSA 7057078)

Corporate Structure

ViTrox Corporation Berhad
("ViTrox") and Subsidiaries as at 28 April 2011

ViTrox Corporation Berhad

- 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)

REGISTERED OFFICE

57-G, Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang
Tel : 604 640 8933
Fax : 604 643 8911

HEAD OFFICE

ViTrox Innovation Centre
Plot 85A, Lintang Bayan Lepas 11
Bayan Lepas Industrial Park, Phase IV
11900 Bayan Lepas, Penang
Tel : 604 646 6227
Fax : 604 646 6327
Website : www.vitrox.com

SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : 603 2084 9000
Fax : 603 2094 9940

AUDITORS

Crowe Horwath
17.01, Menara Boustead Penang
39 Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

SOLICITORS

Zaid Ibrahim & Co

PRINCIPAL BANKERS

Hong Leong Bank Berhad

Public Bank Berhad

STOCK EXCHANGE LISTING

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



Board of Directors



From Left to Right (Standing) :- Yeoh Shih Hoong (Executive Director), Prof. Ir. Dr. Ahmad Fadzil Bin Mohamad Hani (Non-Independent Non-Executive Director), Siaw Kok Tong (Executive Director), Chu Jenn Weng (Managing Director)

From Left to Right (Sitting) :- Chang Mun Kee (Independent Non-Executive Director), Dato' Seri Kelvin Kiew Kwong Sen (Chairman / Independent Non-Executive Director), Chuah Poay Ngee (Independent Non-Executive Director)

Profile of Directors



Dato' Seri Kelvin Kiew Kwong Sen
Chairman / Independent Non-Executive Director

Dato' Seri Kelvin Kiew Kwong Sen [Malaysian / Age 63] 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' Seri 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, 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, and Chairman of Mini-Circuits Taiwan Ltd. He is also the Chairman of ViTrox Corporation Berhad and ACX Ceramic Taiwan.

Dato' Seri Kelvin Kiew is very active in community services including sponsors of various charitable and educational projects. 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 was also the Vice Chairman and Board of Directors of InvestPenang Berhad until March 2008. He is now the Chairman of the Scientific Entrepreneur Pillar, Penang Science Council, Co-Chairman of the Industrial Advisory Panel for Penang.

He is also an Independent Non-Executive Director of Pentamaster Corporation Berhad.

Chu Jenn Weng [Malaysian / Age 41] 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 the Research and Development (R&D), application development, project implementation and Corporate shared services. 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 14 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 5 ½ 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 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.



Chu Jenn Weng
Managing Director



Siaw Kok Tong
Executive Director

Siaw Kok Tong [Malaysian / Age 40] is a promoter and substantial shareholder of ViTrox. He is the Executive Director of ViTrox Group and currently responsible for 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 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 4 ½ 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, Thailand, Philippines, Singapore, Indonesia, Australia, Taiwan, China, Korea, Japan, India, Europe, USA, Morocco, Switzerland, Scotland, Hungary, Mexico and Brazil.

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.

Profile of Directors



Yeoh Shih Hoong
Executive Director

Yeoh Shih Hoong [Malaysian / Age 39] 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 the Executive Director of ViTrox, he is involved in management decision making and planning.

Prof. Ir. Dr. Ahmad Fadzil Bin Mohamad Hani [Malaysian / Age 51] is a Non-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 (First Class Honours) in Electronic Engineering. He completed his Masters degree in Telematics in 1984 and Doctorate in Image Processing in 1991 at the same university.

Prof Ir. 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 to 1996. In 1997, he became the Dean of the Engineering Faculty at the newly established Petronas University of Technology, Malaysia ("UTP"). 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. He is currently leading the Centre for Intelligent Signal and Imaging Research, and the Mission-Oriented Research in Biomedical Technology at UTP. Since April 2011, he has been appointed the Deputy Vice-Chancellor (Academic) of UTP.

Prof Ir. Dr. Fadzil is a Fellow with the Academy of Sciences Malaysia (ASM) and a Fellow with the Institution of Engineers Malaysia (IEM). He served as a Council Member of IEM 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.



Prof. Ir. Dr. Ahmad Fadzil Bin Mohamad Hani
Non-Independent Non-Executive Director

Chuah Poay Ngee [Malaysian / Age 41] 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 Practising Accountant of the Australian Society Of Certified Practising 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 until 2010. Currently she works for Dynacraft Industries (M) Sdn Bhd as Finance Manager.

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.



Chuah Poay Ngee
Independent Non-Executive Director



Chang Mun Kee
Independent Non-Executive Director

Chang Mun Kee [Malaysian / Age 46] is an Independent Non-Executive Director of ViTrox. He was appointed to the Board of Directors of ViTrox on 25 June 2010. He is a member of the Audit Committee of the Company.

Mr. Chang obtained his Bachelor of Science in Mechanical Engineering from the University of Texas, Austin, USA in 1988 and a Master of Science in Mechanical Engineering from the Massachusetts Institute of Technology, USA in 1990. Prior to founding MOL Online Sdn Bhd in the 1995 and subsequently Jobstreet.com Sdn Bhd in 1997, he was with Kendall International, a US healthcare company for 5 years, starting as a process engineer in 1990 before being promoted to manufacturing manager in 1992 and Regional Director of Sales and Marketing for Malaysia in 1994. He left Kendall International in 1996 to establish Jobstreet.com Sdn Bhd which expanded regionally under his direction.

He is an Executive Director of Jobstreet Corporation Berhad and the founder of the Jobstreet Group. He is also an alternate director of a Non-Independent Non-Executive Director of Innity Corporation Berhad.

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 years.

Convictions for offenses (within past 10 years, other than traffic offences, if any): None of the Directors have any convictions for offenses other than traffic offences.

Securities held in the Company: The details are disclosed on page 84 of this Annual Report.

Directorship in other public company: Save for Dato' Seri Kelvin Kiew Kwong Sen and Chang Mun Kee (as disclosed in their profile above), none of the Directors have any directorship in other public company in Malaysia.

Chairman's Statement

Financial Performance

	2010 RM'000	2009 RM'000	Growth
Revenue	87,609	18,134	+383%
Profit Before Tax ("PBT")	32,547	2,070	+1,472%
Profit After Tax ("PAT")	31,813	1,941	+1,539%

ViTrox Group recorded revenue of RM87.61 million in 2010, an increase of 383% over RM18.13 million in the previous financial year. The increase in revenue was due to higher than expected demand for our new products as a result of effective execution of our business expansion strategies and strong recovery of semiconductor and electronics industries in 2010. Consequently, the PAT achieved was RM31.81 million in 2010, a hefty increase of 1,539% over RM1.9 million recorded in the previous year. As such, net earnings per share surged to 20.88 sen in 2010 against 1.27 sen in 2009.

Dividend

A tax exempt interim dividend of 3 sen per ordinary share each, amounting to RM4,568,559 for financial year ended 31 December 2010 was paid to shareholders on 18 January 2011.

The Board of Directors has recommended a special tax exempt dividend of 2.5 sen per ordinary share each and a final tax exempt dividend of 0.5 sen per ordinary share each for the financial year ended 31 December 2010. If approved at the forthcoming Annual General Meeting, the total special and final tax exempt dividends will amount to a total distribution of RM4,650,000. As a result, ViTrox is expected to declare a total dividend of 6 sen per share, with a total distribution of RM9,218,559 for the year under review. This marks a new record in dividend payout since the inception of ViTrox.

Corporate Development

ViTrox "Go Green" Ground Breaking Ceremony

On 3 August 2010, ViTrox organized a ground breaking ceremony with an environmental sustainability "Go Green" concept. The Ground Breaking signifies the commencement of ViTrox Innovation Centre (Phase 2) project, which is one of the most significant milestones for the ViTrox Group since its inception. The expansion is envisaged to further increase ViTrox's competitiveness in rapid technology & product development, enhancing technology leveraging & deployment, shorten product delivery and time to market. This will enable ViTrox to gain further traction in business and market share expansions.

Newly Launched Product Range

Three new key products were successfully launched in 2010.

- (1) Tray Vision Inspection Handler (TH1000), which performs high speed high accuracy true 2D & 3D final inspections on multiple IC packages, handled in tray form.
- (2) Automated Optical Inspection (V2000) was re-engineered to provide improved and advanced features in inspection algorithms and optical design for higher inspection throughput, with better accuracy and ease of use. The V2000 AOI is deployed in bare PCB and flexible PCB manufacturing to automatically detect product abnormalities such as void, protrusion, abnormal contour, open, short, etc found on the printed circuits boards.
- (3) Advanced X-ray Inspection (V810), a superior in-line 3D AXI system for SMT line. Currently, the V810 is the world's fastest and offers the best test coverage in-line 3D AXI system, which is capable to inspect double-sided panels with high defect coverage, high inspection throughput and low false call rates.

Accolade

Human Resource Minister Award

I am proud to report that ViTrox Technologies Sdn. Bhd was awarded the prestigious Human Resource Minister 2010 Award for manufacturing sector, under the category of small and medium-sized employers in the year under review. This award presentation was organized by Pembangunan Sumber Manusia Berhad (PSMB) to recognize outstanding contributions of human capital development in the country. The recognition was a good testimonial to ViTrox for our continuous efforts and commitments in the development of our people's skills and in talent retention.

Future Outlook and Focus

The Group will continue to focus and expand on its core business in the development & production of Machine Vision System (MVS), Advanced Optical Inspection (AOI), Advanced X-ray Inspection System (AXI) and Electronics Communication System (ECS). The Group is also positioning itself towards a higher level of integration in the application of vision technologies to diversify its business.

It is expected that in tandem with the market recovery in semiconductor and electronics industries in 2010, the performance of ViTrox Group will continue to grow favorably as the Group expand upon its position in 2010. We are poised to make further progress in new technology research & development while gaining traction in expanding our customer base, leveraging from the business momentum established.

In conclusion, I am most proud of the technical excellence, product innovations, project execution and teamwork demonstrated by management and all the team members of the ViTrox family. The success in launching of new products, enhancing our existing technologies and expanding our market share and reach are the key enablers of growth for the company in years to come.



Dato' Seri Kelvin Kiew Kwong Sen
Chairman/Independent Non-Executive Director
20 May 2011

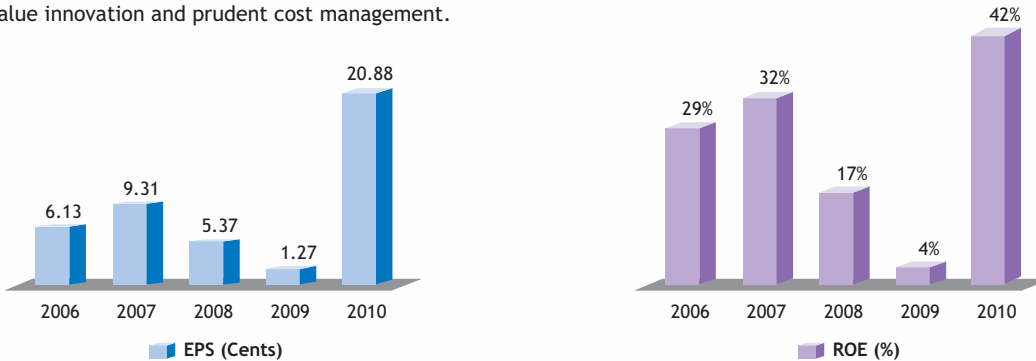
Managing Director's Review of Operations

Dear Shareholders,

Financial Performance

I am delighted to report that 2010 was a year of record revenue and profit. We closed our financial year with RM87.6 million in revenue and RM32.5 million in profit before tax (PBT). Revenue increased 383% from RM18.1 million while our PBT increased 1472% from RM2.1 million one year ago. The significant increase in both revenue and profit were mainly attributed to strong demand of our products from all three business units, as a result of our successful execution of strategies in market penetration of new products, strong commitment in R&D and lean implementation across the company.

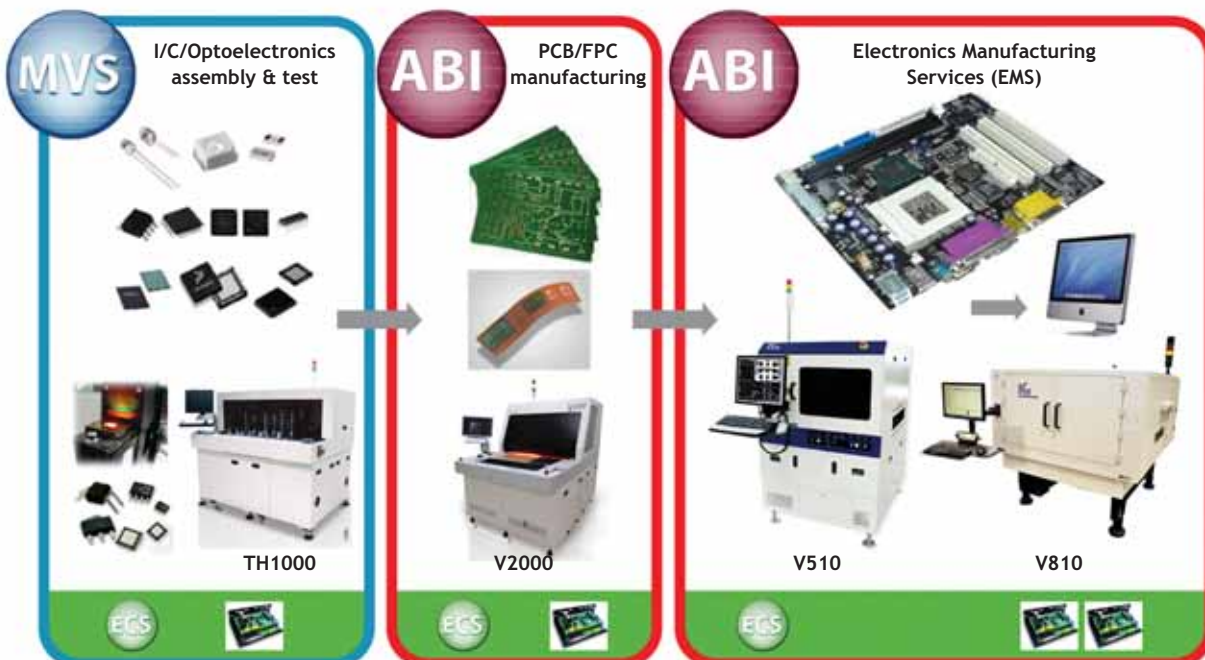
Our earnings per share (EPS) jumped 16 fold from 1.27 cents in 2009 to 20.88 cents in 2010 and our return on equity increased from 4% in 2009 to 42% in 2010. This new record signals the beginning of a strong recovery and growth of ViTrox business while we are entering into the second decade of ViTrox's establishment. In addition, we do not have any short term and long term borrowings as at 31st December 2010 with strong cash reserves of RM43.4 million. Since inception in 2000, ViTrox continued its phenomenal record of 11 straight years of profitability, thanks to the sheer determination of the board and management team in ensuring un-compromised integrity, paying attention to business fundamentals, continuous commitment to value innovation and prudent cost management.



Product Development and Operation

ViTrox is a cutting-edge solutions provider of innovative, advanced and cost effective automated vision inspection equipment and system-on-chip embedded electronics devices for the semiconductor and electronic packaging industries. We develop, manufacture and sell three core product portfolios namely machine vision system (MVS), automated board inspection (ABI) and electronics communication system (ECS). We serve customers from semiconductor packaging industry, printed circuit board industry, electronics assemblies, original equipment manufacturers (OEM), original design manufacturers (ODM), electronics manufacturing services (EMS) and contract manufacturers (CM) around the world. Our inspection solutions are integrated into production lines to inspect & control quality of manufactured electronics goods in real time basis before they are used to produce consumer electronics, automotive, communications and computing products such as computer servers, telecommunication devices, PCs, displays, mobile phones, game consoles, MP3s etc.

The increasingly sophisticated and feature-rich mobile communication devices, consumer electronics, medical devices, automotive and computing equipment continue to drive the demand for higher complexity circuitry, larger volume and smaller sized Integrated Circuits (IC) packaging, Printed Circuits Board (PCB) and Printed Circuits Board Assemblies (PCBA). Each of these trends generates greater demand for inspection equipment of higher inspection quality and shorter inspection time, enabling ViTrox to reap the benefits from such development in long run. We are proud to report that ViTrox is the only machine vision company in the world providing best in class inspection equipment and systems servicing front-end semiconductor components assembly & test industry, bare printed circuits board industry as well as back-end electronics manufacturing services.



Managing Director's Review of Operations

Machine Vision System (MVS)

ViTrox's MVS 2 dimensional and 3 dimensional inspection products provide reliable, high speed and cost effective inspections to detect semiconductor and optoelectronic components' dimensional and visual defects automatically. Our latest MVS inspection products are capable to inspect up to 60,000 IC components per hour continuously without human intervention at 5 micron accuracy.

To-date, more than 8,000 MVS products have been installed worldwide at over 90 customer sites in 13 countries worldwide. Through our commitment in R&D and value innovations, we continue to provide our customers with advanced and cost effective vision inspection systems to fulfill their increasing needs for higher speed, accuracy and ease of use.

In 2010, MVS division delivered a total of 1,700 units of vision inspection systems, surpassing the previous record set in 2007. This represented a growth of 241% over 2009 total. This is mainly attributed to the successful execution of our key strategies to defend our market share, offering wide range of innovative cost-competitive vision solutions to our key OEM customers and the surge in demand from capital equipment procurement, due to the recovery of the semiconductor industry in 2010.

In 2010, the business unit successfully developed and launched the following new products:-

- (a) V4 Platform: This multi-application platform offers seamless integration of various inspection applications, delivering easier operations, user-friendly system setup, consistent user-interface and one-glance view on active inspection applications. This new platform is expected to be proliferated gradually at different customer sites in 2011.
- (b) V Module: This is an integrated and enhanced optical module that enables interchangeable conversion between leaded and lead-less 3D or 5S inspection of IC packages.
- (c) Automated IC components inspection, i.e. Tray Vision Handler (TH1000). The TH1000 was successfully launched in 2010, concurrently in Taiwan and Japan. The new vision inspection handler secured multiple unit orders from end-customer in Taiwan, within a short period of time. The TH1000 has proven to be competitive in terms of cost, technology and performance when benchmarked against the market leader in this product segment. This is a promising product with a huge potential of growth, which will contribute positively to the growth of MVS division in the coming years.



TH1000: Tray Vision Inspection Handler for multiple IC components inspection

Automated Board Inspection (ABI)

ABI continued its aggressive R&D plan to develop and build state-of-the-art advanced inspection solutions for the bare PCB and PCBA markets.

In 2010, ViTrox launched the Extra Large Advanced Optical Inspection (V510XL) with the capability to inspect board sizes up to 610mm x 610mm with 15kg board handling capability. This system enable ViTrox to penetrate into telecommunications and aerospace market segments where the printed circuit board assembly (PCBA) is typically of higher complexity with larger footprint and heavier components such as heat sink and on-board graphics or logic processors.

Besides this, new features such as False-Fail Monitoring, ViTrox Verification Tools Solution, Pad Overhang Detection and Optical Color Inspection were released in 2010 as our commitment to customer to continuously improve user experience and provide user with more manufacturing quality control and analytical capability, better measurement accuracy and greater test coverage.

After 1.5 years of intensive efforts in research and development by our highly committed R&D engineers from Penang and USA, and full support from our manufacturing partners, we successfully developed and built the first Automated X-Ray Inspection (AXI) System in Malaysia that has made in-line AXI inspection possible on PCB assemblies with the highest throughput, superior test coverage and excellent call rate. Field evaluations and data collected from recent benchmarking projects proved that the V810 is not only the world's fastest in-line 3D AXI system, but it also offers the world's best test coverage.

Features such as Hybrid Auto Focus Technologies, Global Surface Modeling, Multiple Panel test-ability and offline image slicing were released within 6 months from the launch of V810 X-Ray inspection system. These new features provide users with better ease of use, better inspection accuracy and true 3D X-ray inspection with the capability of performing live mode projections for offline failure analysis.

We are extremely proud to report that our V510 Optical inspection system and V810 X-ray inspection system have been successfully qualified and installed in many of the Top 20 EMS companies in the world.

Managing Director's Review of Operations

Automated Board Inspection (ABI) (Cont'd)



V810 - World Best Test Coverage & Fastest In-line PCBA Advanced X-Ray Inspection



V2000 - Bare PCB Optical Inspection

In 2010, we also launched a new model of V2000 AOI for bare PCB and Flexible PCB which comes with enhancements in inspection accuracy, speed and setup time. VTalk, zoomable online Verifier, Via hole measurement capability are some of the new features released in this model.

Electronics Communication System (ECS)

ViTroX designs, manufactures and markets ECS products via its 100% owned subsidiary, ViE Technologies Sdn. Bhd. We produce a wide variety of ECS products for automated equipment manufacturers, who use our products for data communication and motion control. These products include high speed digital and analog input and output PC interface card, high speed low cost remote input and output controller PC interface card and remote modules, high speed high resolution motion controller and driver boards, universal light source controller and digital signal multiplexing card.

In 2010, we rolled out a series of new and improved products:-

- (a) Image Sensing Module for our flag-ship AXI V810. We successfully produced the world fastest imaging sensing module for X-Ray inspection system. This embedded sensing module gives ViTroX a strong competitive edge over our competitor in delivering the best performance in-line AXI system in the world.
- (b) Signal Multiplexing and Triggering Board. The board was successfully developed and built to support our flag-ship V810 project. The product receives multiple video signals from the sensing modules and channel these signals to designated image reconstruction processors simultaneously for real time 3D image reconstruction and processing.
- (c) 2-Phase Microstep Stepper Motor driver. The ViE Team successfully re-architect an improved stepper motor driver with 15 micro-step resolution setting & auto current reduction. The product provides more accuracy, reliability and flexibility for machine motion control over its predecessor.



High Speed Image Sensing Module



2-Phase Microstep Stepper Motor Driver

Operation

Our Corporate theme for the year was "riding on the wave of recovery", emphasizing our drive to expand our capacity and capability to support customers' rapid ramp up and also step up efforts to market new products and services to new customers when global economy recovered at the end of 2009.

I am glad to say that we successfully executed our hoshin plan of focusing on customers, continuously enhancing our technology in machine vision and embedded solution, and constantly delivering the most innovative, advanced and cost effective machine vision and electronics communication solutions on time in full to meet our customers' most stringent needs in 2010.

Managing Director's Review of Operations

Operation (Cont'd)

I am proud to present our key accomplishments in operations as follow:-

- Established manufacturing capability with our local contract manufacturers for our flag-ship products V510 & V810 in the middle of 2010. By the end of 2010, we successfully increased and stabilized our capability to build 20 AOIs per month and 2 AXIs per month. Despite this achievement, we continue to work with our partners to increase the manufacturing capability, improve the quality of the products as well as to reduce the manufacturing cost to prepare for the up-turn in demand for these new products in the next 3 years.
- We fulfilled all customer requests (CR) on time in full with regards to the Outsourcing Service Agreement (OSA) with Agilent since 2009. Our team of committed engineers worked seamlessly with customers on software related issues and enhancements for their existing AOI and AXI.
- We continue our efforts in Lean implementation for the entire organization. We proliferated Visual Control Board Management (VCB) and Value Stream Mapping (VSM) to business units to help each business units to eliminate wastes and improve the entire delivery system. Lean problem solving trainings were conducted by our in-house Lean deployment team to all levels of employees to ensure that everyone uses a common problem solving tool in their daily work, hence increase productivity and create a strong problem solving culture in the company.
- In-line with our long term plan to grow ViTrox to be global leading technology company in the next decade, we kicked-off the construction of a 120,000 square feet 4-storey ViTrox Innovation Centre, Phase 2 in 2010. We are investing RM20 million for the infrastructure expansion and commit to invest another RM25 Million in the next 2 years to expand our in-house R&D capability. The ViTrox Innovation Centre, Phase 2 project is expected to be completed in Q4' 2011.
- We were successfully granted the Strategic Trust Area & Research (STAR) Grant of RM7.1 million from Multimedia Development Corporation (MDeC) in 2010. The Grant gave us a strong boost in expediting our R&D in advanced optical and X-ray inspection.

We will continue our prudent financial management by focusing on business fundamentals despite our outstanding financial achievement in 2010. To us, this prudent approach in managing the company is tantamount to ensure long term growth & sustainability of ViTrox.

Investor Relation

2010 was an eventful year for ViTrox as stakeholders' interests improved in line with the resurgence in our business. We have conducted 4 analyst briefings in KL to retail and institutional investors and hosted more than 10 fund managers/analysts visits in 2010. We believe this is a crucial step in building a long lasting relationship with our shareholders and investors by keeping them informed about the latest developments in the company on a regular and prompt basis.

Research and Development

We invested RM12.9 million, representing 14.7% of our revenue in FY2010 for research and development activities. We capitalized RM 2.0 million as research and development expenditures under intangible assets. While controlling our operating expenses, we aggressively increased our R&D investments. This is a strategic step for the company, with its strong financial position, to further enhance our technology differentiation in machine vision and System-on-chip (SOC) technology, and product innovation. Our strong commitment towards product value innovations and technological advancements regardless of good and bad times will remain.

ViTrox's commitment to R&D investment does not end here. We have established a 3-year roadmap for our business with the primary objectives of creating key technology differentiation and expanding our product portfolio offerings. A series of new products or new technologies are scheduled to be released in 2011. Some of the key R&D projects in 2011 are:-

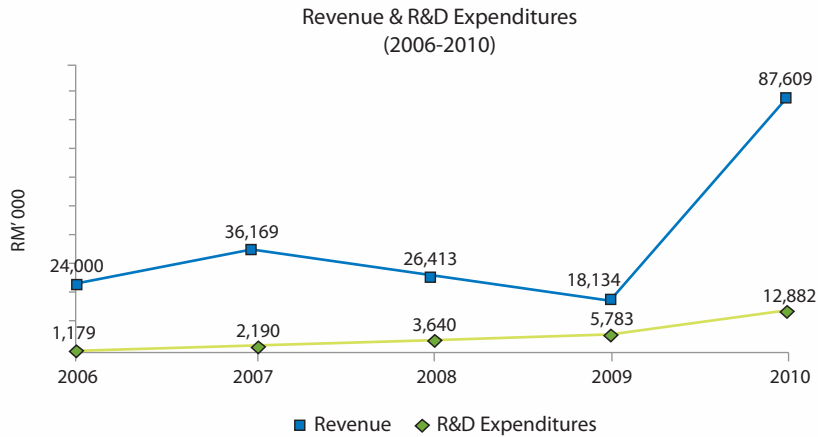
1. **Profilometric Hardware Mapping** to further extend the Advanced X-ray Inspection (AXI) system call accuracy from the best in class today to an even higher level.
2. **Variable Magnification AXI system to cater for the future inspection requirement.** Under this project, we are collaborating with a world technology leader who is driving the technology trend.
3. **Solder Paste Inspection AOI** to accomplish company long term strategy in enabling ViTrox as a one-stop solution provider for PCA inspections.
4. **XXL AOI** system to enable inspection with board sizes up to 620 mm x 690 mm in line with our goal to expand product portfolio offering.
5. **Tray to Tape & Reel Vision Inspection handler** for semiconductor component defect inspection. This is an extension to our newly launched TH1000 Tray inspection handler with capability to perform high speed tape & reel functions for various sizes of IC packages.

Managing Director's Review of Operations

Research and Development (Cont'd)

Furthermore, we will continue to revitalize our existing products so as to enhance user experience, create new value and technologies that will continue to keep our product ahead of our competitors.

In the midst of the busy year, we have also successfully registered 4 technology patents in optics design and lighting for semiconductor, LED and printed circuit board applications in 2010.



Sales & Marketing

ViTrox's MVS engaged 2 new sales representatives in year 2010, one in Taiwan and another in Japan, to market and provide technical support for our newly launched TH1000 Tray Vision Handler in these markets respectively. This strategy helped expedite the product introduction and acceptance to our potential customers due to their strong technical capability and established customer network.

For the standard vision module, we constantly engage with our key OEM customers to ensure that we always deliver the most cost-competitive, timely and complete vision solutions to address their customer demands, helping them to win deals and secure orders in the test handler product segment.

We successfully expanded the market reach from Asia to Europe, America and India in year 2010. This is a result of ViTrox's seamless effort in R&D and success in product benchmarking in many Tier-1 EMS companies around the world. The competitive product performance and confidence on the company leadership were the enablers for our global reach through partnering with prominent international sales representatives.

For the PCA-AOI & AXI business, we have extended our reach to customers from Tier-1 to Tier-2 and Tier-3, with locations spread globally. Already partnering major Tier-1 and Top 20 EMS/ODM companies, our long term business goals are to establish direct & close collaborations with OEM companies, to support their growing needs for enhanced inspection technologies and business expansion across multiple continents.

We are proud to announce that we have successfully installed more than 200 AOIs and 20 AXIs worldwide within a short duration of just over 1 year. In parallel, we have also quickly expanded our services and support footprint globally to guarantee timely and excellent service provided to our valued customers.

Business Strategies

We successfully executed our 'riding on the wave of recovery' strategies in 2010, focusing on the following areas: (1) defending our existing market share by providing best in class products and services to our key customers; (2) penetrating to adjacent and new markets; and (3) expanding our manufacturing capabilities. As a result of successful execution of our business strategies coupled with the strong recovery in the market we operate in, our revenue and profits jumped 5 folds and 16 folds respectively from the previous year.

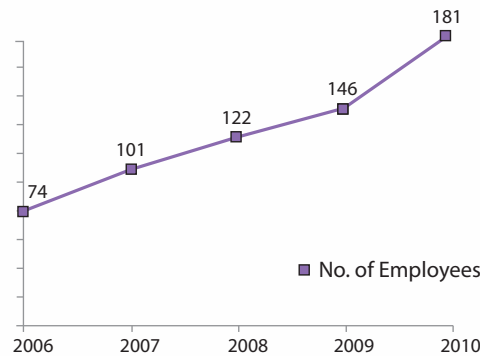
Moving forward, we will extend our 2010 strategies with a numerous key focus areas. Our theme for 2011 is "Dawn of a New Era. ViTrox 2.0 - Speed, Cost & Global", setting our priorities to deliver quality products and services to customers in the shortest time possible, at lower cost. Riding on the momentum from 2010, we are now taking a broader step with confidence, to offer more customers with value added world class products and services across wider market segments and broader geographical areas. We expect to extend our market reach and broaden our customer base for all business units in 2011, as we are optimistic about the outlook and are confident with our product offerings in the pipeline. We are determined to be a global player in the market we serve.

We will also implement value stream mapping on all major processes and launch e-ViTrox initiative internally to speed up our delivery system in 2011.

Managing Director's Review of Operations

Our People

Our people is the most important ingredient in our success. Through the full commitment from our people, we have the strength and courage to explore new opportunities and win. With a culture of 'dare to be different' and 'can do' attitude, we make impossible possible. Our team successfully ramped up the manufacturing capabilities and shipped more than 10,000 electronics communication system, 1700 machine vision systems, 150 AOIs and 6 AXIs in 2010.



We continue to strengthen our human capital by recruiting more talented people to our team. We grow our company from 146 people in 2009 to 181 people in 2010, representing a 24% growth over the previous year, primarily to support our key R&D, manufacturing and new business initiatives. Despite the busy year, we stepped up efforts to provide the necessary trainings and tools for our people to do their job more efficiently. We conducted 38 training programs ranging from basic to expert level on soft skills, management and technical trainings to all employees last year. Total hours of training utilized in 2010 were approximately 1312 hours.

To realize our culture of 'My ViTrox, My Home' concept, we continue to make our working environment more friendly, open and conducive. We allow our people to cook at the cafeteria during lunch time and we provide free breakfast for the early-comers, as well as lunch subsidy for those who choose Vegetarian diet on every Monday. We also initiated Friday 5S session to cultivate teamwork and cleanliness in the company. Besides, activities such as movie watching, Yoga class, Moon cake festival, Penang Bridge run, Durian buffet and many other team building and knowledge sharing programs were organized during the year.

Corporate Responsibility

As a responsible organisation, we explore ways to give back to society as much as we can. After all, long term business success can only be achieved in a stable society that is capable to create and retain adequate and suitable workforce for business sustainability. Over the years, ViTrox has been organizing various community activities to help people in need, improve the environments and bring hopes to the under-privileged. In 2010, despite the busy year, we carried out many CSR programs such as:-

- Go Green Initiative.** We set-up recycle areas inside our premises and encourage all employees to bring their recyclable wastes here. We implemented Rethink, Reduce, Reuse, Repair and Recycle (5R) concept in ViTrox to raise awareness in environment protection. We encourage all employees to observe vegetarian diet for better health and reduce carbon footprint.
- Penang Costal Cleaning Campaign.** About 30 ViTroxians took part in a coastal cleaning campaign organized by the State Government on 18th April 2010. The initiative is to keep Penang environment clean, especially at the seaside and beaches, which are among the main tourist attractions in Penang. It is also to create awareness on the importance of protecting our environment for the future generation.
- Donation to schools and charity organizations.** We made monetary contributions to a number of primary schools in the country to support school building expansions and co-curriculum programs. Besides this, ViTrox participated in the Penang Science Council's robotic program initiative by sponsoring Lego Robotic sets and providing trainings to school's students.

By giving back to society, we not only make others life better but also help ourselves to be a better person, and hence a better organisation.

Gratitudes

On behalf of the management team, I wish to thank the Board, our customers, shareholders, business associates and relevant governmental authorities who have helped us to be successful in 2010. I look forward to your continuous support in many years to come.

I would like to express my highest gratitude to my entire team, who are passionate, confident, dedicated and share the same vision to build a world leading technology company. I feel so fortunate that we are able to work as ONE team, regardless of race, religious and background to build up our business from very humble beginnings. ViTrox Boleh!

Chu Jenn Weng
Managing Director
20 May 2011

ViTrox “Go Green” Ground breaking Ceremony

The 3rd of August 2010 marks a significant milestone and the beginning of a new chapter for ViTrox Corporation.

It is the “ViTrox Groundbreaking Ceremony” with an environmental sustainability “Go Green” concept. The “Groundbreaking Ceremony” signifies the start of ViTrox Innovation Center (Phase 2) project. The construction of the highly anticipated second phase of the Innovation Center will commence today and in-line with ViTrox’s Go Green Concept, the event is carried out with a sustainability concept in mind.

ViTrox employees carry out various environmental friendly efforts such as healthy vegetarian food preparations, using recyclable wares, recycle of food residues and green & lean washing. These are some of the efforts taken by ViTroxians to play a part for the environment.

ViTrox Go Green Initiatives

In the year 2010, ViTrox has carried out various activities to raise awareness on environment protection and living in harmony with the earth.

Some of the “Go Green” activities which happened all year long was the Coastal Cleanup Campaign at Gurney Drive, Penang. ViTrox employees joined in the effort to keep Penang clean especially at the seaside and beaches, which are among the main tourist attractions in Penang.

Every Monday is ViTrox’s vegetarian lunch day. ViTrox is subsidizing partial vegetarian lunch to encourage a healthy diet among the employees.

Apart from that, ViTrox is encouraging the employees to practise a lean lifestyle by organizing various teambuilding activities with an eco-friendly concept. Activities are organised such as “*Making garbage enzyme from fruit skin*”, “*Environmental Protection programmes in Tzu Chi*” and visit to “*ESH Resource Management Sdn. Bhd.*” in Juru.

On top of that, ViTrox has also organized several student industrial visits from various Malaysian local universities such as USM and UTP. The purpose is to educate and inspire the future generations about Malaysia’s very own local company which are able to grow and become the best if we are bold enough to do it!



Penang Coastal Cleanup



Vegetarian Lunch Campaign

Visit to ESH Sdn. Bhd.

USM Students Industrial Visit

ViTrox Expansion Drive

ViTrox Corp Bhd is embarking on a RM45mil research and development (R&D) expansion programme that will re-position the group as a high-tech inspection equipment manufacturer of advanced X-ray inspection (AXI) and optical inspection (AOI) in 2012.

The expansion programme would enable ViTrox to further carry out R&D activities into developing the next generation of advanced X-ray and optical inspection equipment which were capable of checking solder joint defects for printed circuit board (PCB) components such as motherboards at sub-micron level, with higher inspection speed and greater accuracy, from three dimensional perspective.



Human Resource Minister Award

ViTrox has garnered the Human Resource Minister Awards 2010 under the category of small and medium-sized employers, manufacturing sectors which was organized by Pembangunan Sumber Manusia Berhad at Sunway Pyramid Convention Centre on 19th November 2010.

The award recognises the outstanding organisation in their Human Resource Development (HRD). They are all exemplary organisations, dedicated and committed to Human Resource Development and should be emulated by others.



Highlights of 2010

ViTrox's Newly Launched Range of Products

The year 2010 sees the launched of a series of products namely Tray Vision Inspection Handler (TH1000), Advanced X-Ray Inspection (V810 AXI), and PCB Automated Optical Inspection (V2000 AOI).

Our R&D team has been working very hard to produce a range of innovative and competitive products.

The V810 was launched in March 2010. A superior AXI solution for SMT line, the V810 is the fastest AXI system in the world. It is a 3D in-line automated X-Ray machine that inspects double-sided panels with high defect coverage, high inspection speed, high accuracy and low false calls rate. Deploying state of the art hardware, scanning and image acquisition technology, ViTrox's V810 is known to be the fastest system in the world without sacrificing accuracy.

A superior AXI solution for SMT line, the V810 is the world fastest and best test coverage AXI system.



The V2000 Automated Optical Inspection was also launched with improved advanced features and technologies. The V2000 performs automated inspection on flex and PCB bare boards. Incorporating latest multi-core CUDA processing, high speed 12K camera, maintenance free LED light source, bi-directional scanning and pin or margin guided capable, the V2000 is now jam-packed with advanced features.



ViTrox's Tray Vision Inspection Handler (TH1000) was launched in March 2010 which performed final inspection on various IC devices handled in tray. The TH1000 is packed with new innovative features specially catered to the targeted needs. It ensures seamless integration of the handler, advanced computing configurations, easy calibrations, user friendly software and hardware features couples with advanced vision inspections. TH1000 is the machine which gives you only what you want in a vision handler.



ViTrox New Patents

On top of ViTrox's 3 previously filed patents, we have also obtained new patents in year 2010. Details are as follows:-

- a) A method and means for measuring Positions of Contact Elements for an electronic components (No.: PI20082704)
- b) Front Light for 3D SMD Semiconductor Inspection (No.: PI20095353)
- c) Vision illumination apparatus for Semi Translucent Device (No.: PI2010003652)
- d) An illumination system (No.: PI2010004059)



33 Ubi Ave3 Vertex #08-34 ○

Singapore 408868 ○

Tel: +65 6509 3409 Fax: +65 6509 3405 ○

sales@v2tech.com.sg www.v2tech.com.sg ○

Vital Vision Technology



A vision components specialist supplying a wide range of quality vision components. Our products include area scan cameras (GigE, Firewire, CameraLink Camera), line scan cameras (CameraLink, GigE cameras), night vision cameras (low light), frame grabbers, telecentric and low distortion macro lens, optical filters, illumination and image processing software libraries.

Other products

We also provide advance technology devices such as industrial endoscope, thermal cameras, broadband data converters, magnetrons, klystrons, thyratrons and high reliability microprocessors to support clients in their continuous improvement.



With extensive experience in the field of vision, we provide reliable products quality, timely delivery, up-to-date and accurate information in selecting the best tools for any vision projects.

Vital Vision is proud to be an official partner of ViTrox. With this opportunity, we would like to thank you for the partnership and wish you many more successful year ahead!

**“CONGRATULATION TO VITROX
ON YOUR 10TH ANNIVERSARY!”**





EDVANTEK PTE LTD

Special thanks to **ViTrox** for years of rewarding partnership

Edvantek Pte Ltd. is a distributor of customer-tailored solutions with an extensive range of the industry's premier manufacturers of **CCD cameras, frame grabbers, lenses and software products.** Edvantek Pte Ltd. offers all major components used in the design and development of high-performance imaging systems.

We maintain a big network of highly-trained application specialists to ensure immediate response and consistent technical support for our clients for the duration of each project. We also provide a host of value-added programs that cater to engineering and manufacturing environments.



Mega Pixel Telecentric Lens

Edvantek Pte Ltd

Add: 531, Upper Cross St #02-45, Hong Lim Complex, Singapore 050531

Tel: (65) 6844 8921

Fax: (65) 6844 8923

E-mail: sales@edvantek.com

www.edvantek.com

CS Advance Engineering Sdn Bhd

Proud to be Partnered with ViTrox

CS Advance Engineering started its operations in 2003 with an objective to be one of the top fabrication houses in Northern Region.

Our core business activities are **metal fabrication, plastic fabrication and machine parts.**

With right vision and good planning, we have grown from year to year thanks to the tremendous support given by our customers.

We had begun our mid term planning by moving to a bigger production facility. In line with it, we are always improving our production process by upgrading production facilities and lower costs.

We had acquired a much improved **AWEA AV 1000 CNC Machining Center** to boost our production.



CS Advance Engineering Sdn. Bhd.

No.1 , Lorong Mak Mandin 5/3, Kawasan Perindustrian Mak Mandin, Butterworth, 13400, Penang, Malaysia

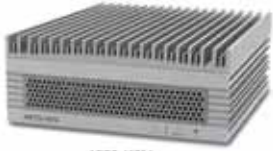
Tel: 04-3248403

Fax: 04-3328403

E-mail: csadvanceeng@yahoo.com

<http://csbrighten.tripod.com/csbright>

Special thanks to **ViTrox** for years of rewarding partnership



ARTO-1078A



IndelFe Sdn Bhd

19-1, Jalan PJU 1/3G, Sunway Mas Commercial Center,
47301 Petaling Jaya, Selangor, Malaysia
Tel: 603-78037845 Fax: 603-78037848

Penang office:

No. 2-7-4, Taman Sri Acres, Lebuhr Sg. Ara, 11900 Bayan Lepas,
Penang, Malaysia
Tel: 016-2285273 info@indelfe.com.my

www.indelfe.com.my

FL Northern Sdn Bhd

"Special thanks to ViTrox for years of rewarding partnership, congratulations to ViTrox on your 10 year Anniversary."

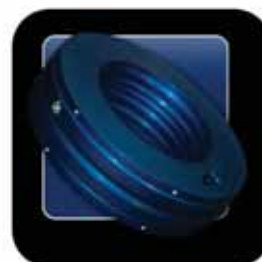


FL Northern Sdn Bhd has engaged in thermal management since 2005. We offer a wide range of business activities and services in the **metal fabrication, plastic fabrication and machine parts**.

To be one of the leading supplier for semiconductor and disc drives industries with our excellence quality and delivery.

To be able to provide resources and prompt and best services all the time to our valuable customers in term of their cost reduction and increasing the productivity.

To be a total customers satisfaction company.





Your Manufacturing Partner

Special thanks to **ViTrox** for years
of rewarding partnership

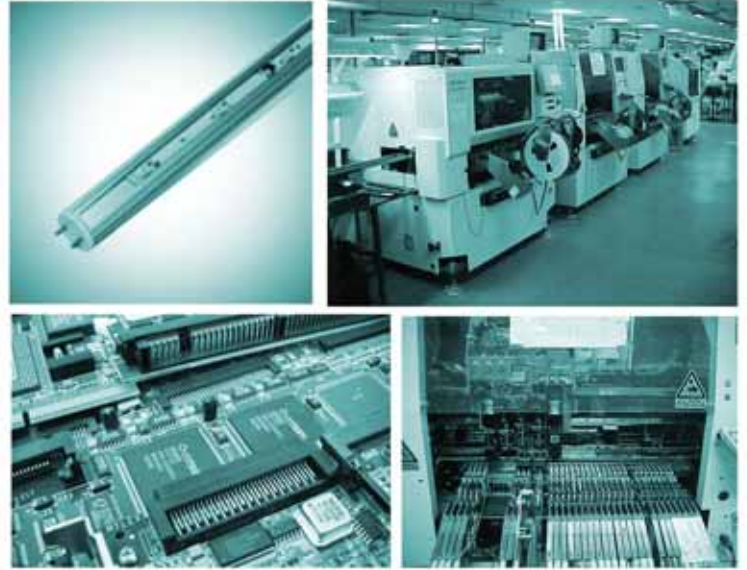
Set up 1994, P-Plus started as an EMS, and currently is expanding to manufacturing and marketing of LED lighting products in the industrial and commercial areas.

Electronic Manufacturing Services (EMS)

P-Plus integrates quality ISO certified systems and innovative assembly and packaging technologies to deliver market leading electronic products. From product PCB assembly through enclosures to testing and packaging, our facility utilized the most advanced technologies in the industry to deliver the best quality in our services.

LED Lighting

We design, manufacture and market a complete range of LED lighting products. P-Plus offers an innovative and attractive plan to assist customer Save Energy, Save Money.



Main Office:

L2-11A, PISA Indoor Stadium, Jalan Tun Dr Awang,
11900 Bayan Lepas, Penang, Malaysia
Tel: +6016-4178737 Fax: +604-6432178
Website: www.pplus.com.my

Factory Address:

1807, Jalan Industri 2, Bukit Panchor Industrial Park,
14300 Nibong Tebal, Penang, Malaysia
Tel: +604-5938971 Fax: +604-5938975



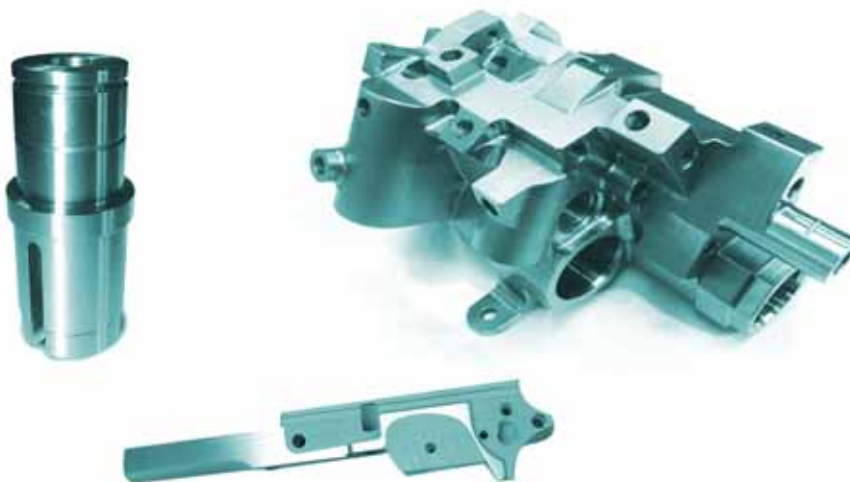
HOCK TECH ENGINEERING WORKS
*Proud to be Partnered with **ViTrox***

PRODUCTS & SERVICES

JIG & FIXTURES
PRECISION MACHINERY PARTS
MOLD ASSEMBLIES
CUSTOMISED AUTOMATED SOLUTION

FACILITIES

SURFACE GRINDING
CNC LATHES & MILLING
POWER PRESS MACHINE
HORIZONTAL MILLING MACHINE
MILLING AND LATHES MACHINE



HOCK TECH ENGINEERING WORKS

65, Presgrave Street, 10300 Penang

Tel: 604 - 262 8889

Fax: 604 - 261 5397

E-mail: hock_tech@yahoo.com



S • O • L • U • T • I • O • N S D N B H D

Congratulations to ViTrox on your 10 Years Anniversary

Pentech Solution is an IT system/solution provider, specialized in:

- ▶ *System Integration*
- ▶ *Storage Solution*
- ▶ *Networking & Security Solution*
- ▶ *Backup & Recovery Solution*
- ▶ *Virtualization Solution*
- ▶ *Maintenance & Services Contract*
- ▶ *Structured Cabling Design & Installation*

PenTech Solution Sdn Bhd

B-03-18 & 19, Krystal Point , 303, Jalan Sultan Azlan Shah , 11900 Sungai Nibong , Pulau Pinang

Tel: 04-640 5531

Fax: 04-640 5532

E-mail : cmyeoh@pentechsolution.com.my

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 good 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.

1. Board of Directors

1.1 Composition and Board Balance

The Board comprises 3 Executive Directors, 1 Non-Independent Non-Executive Director and 3 Independent Non-Executive Directors. The composition of the Board reflects fairly the investment of all shareholders in the Company and a good 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 Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“LR”) which requires that independent non-executive directors make up at least 2 members or 1/3 of the membership of the Board, whichever is higher.

CORPORATE GOVERNANCE STATEMENT

VITROX CORPORATION BERHAD [649966-K]

1. Board of Directors (Cont'd)

1.2 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.
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) 2010 was as follows:

Director	No. of Meetings Held	No. of Meetings Attended
Dato' Seri Kiew Kwong Sen	4	4
Chu Jenn Weng	4	4
Siaw Kok Tong	4	4
Yeoh Shih Hoong	4	4
Prof. Ir. Dr. Ahmad Fadzil Bin Mohamad Hani	4	3
Chuah Poay Ngee	4	2
Chang Mun Kee (appointed on 25 June 2010)	2	2

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 resolution 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 LR 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.

CORPORATE GOVERNANCE STATEMENT

VITROX CORPORATION BERHAD [649966-K]

1. Board of Directors (Cont'd)

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 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 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 three (3) 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, 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") prescribed by Bursa Malaysia.

Other than Prof. Ir. Dr. Ahmad Fadzil Bin Mohamad Hani who was not able to attend any training due to his tight traveling schedules, the rest of the Directors of the Company attended various seminars and training programmes during FY2010 as follows:

1. Essential of Media, Stakeholder and Investor Relations
2. Jobstreet HR Networking
3. Hoshin Planning Workshop
4. Compensation and Benefit
5. Lean Problem Solving
6. Global Treasury Seminar
7. The Strategies and Tactics of Business Negotiation
8. Introductory Course First Aid and CPR
9. 10 Step Business Planning Process
10. Corporate Transfer Pricing Taxation

CORPORATE GOVERNANCE STATEMENT

VITROX CORPORATION BERHAD [649966-K]

1. Board of Directors (Cont'd)

1.7 Directors' Training (Cont'd)

11. The 11th National Human Resources Summit
12. Harvard Business Centre-Marketing for Directors and Senior Executives by Prof. Das
13. Influencing Difficult People in the Workplace
14. Financial Statement Fraud
15. Tiger Global Internet Conference 2010

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:-

Board Committee	Date established
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 28 to 30 of the Annual Report 2010.

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

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.

CORPORATE GOVERNANCE STATEMENT

VITROX CORPORATION BERHAD [649966-K]

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 FY2010 are as follows :

Category	Salaries, Bonuses & Employee Provident Fund			Total RM
	Fees RM	RM	Allowances RM	
Executive	-	716,613	108,000	824,613
Non-Executive	126,000	15,780	6,000	147,780
Total				972,393

The remuneration bands of the Directors are as follows:

Range	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	4
RM200,001 - RM250,000	1	-
RM300,001 - RM350,000	2	-

4. Accountability and Audit

The Board is fully aware of its responsibility to safeguard and enhance the value of shareholders in the Company. 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.

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 twice 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 32 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT

VITROX CORPORATION BERHAD [649966-K]

5. Relationship with Shareholders and Investors

In line with the recommendations by the LR 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 Malaysia 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 20 May 2011.

AUDIT COMMITTEE REPORT

VITROX CORPORATION BERHAD [649966-K]

AUDIT COMMITTEE

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’ Seri Kiew Kwong Sen
Chairman
Independent Non-Executive Director

Prof. Ir. Dr. Ahmad Fadzil Bin Mohamad Hani
Member
Non-Independent Non-Executive Director

Chuah Poay Ngee
Member
Independent Non-Executive Director

Chang Mun Kee (appointed on 26 August 2010)
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. All the Committee member must be Non-Executive Directors, with 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 twice 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 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/internal auditors may wish to discuss (excluding the attendance of other directors and employees of ViTrox);
- 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, competency 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.

AUDIT COMMITTEE REPORT

VITROX CORPORATION BERHAD [649966-K]

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.

6. Attendance at Meetings

The information on the attendance of each member at the Committee meetings held during the Financial Year 2010 is as follows:

Member	No. of Meetings Held	No. of Meetings Attended
Dato' Seri Kiew Kwong Sen	4	4
Prof. Ir. Dr. Ahmad Fadzil Bin Mohamad Hani	4	3
Chuah Poay Ngee	4	2
Chang Mun Kee (appointed on 26 August 2010)	2	2

7. Activities of the Audit Committee

The main activities carried out by the Committee during the Financial Year 2010 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 2010;
- 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.
- Reviewed the draft audited Financial Statements of the Company and Group for the financial year ended 31 December 2010 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 Bursa Malaysia Securities Berhad Main Market Listing Requirements, 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 Financial Year 2010, the Internal Auditors have assisted the Committee to undertake the following:

- plan the conduct of internal audit for Financial Year 2010
- review the risk management and the state of internal control of certain operating cycles within the Group
- presented the internal audit report to the Audit Committee

The cost incurred for the internal audit function in the financial year 2010 was made up of a fee paid to the professional internal audit firm of RM8,089.

STATEMENT ON INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements

VITROX CORPORATION BERHAD [649966-K]

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’ investment 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. The cost incurred for the internal audit function in the financial year 2010 was made up of a fee paid to the professional internal audit firm of RM8,089.

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.

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 20 May 2011.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Pursuant to Paragraph 15.26(a) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements

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 20 May 2011.

ADDITIONAL COMPLIANCE INFORMATION

VITROX CORPORATION BERHAD [649966-K]

1. Utilization of Proceeds

During the financial year, there were no proceeds raised by the Company from any corporate proposals.

2. Share Buy-backs

The Company obtained the approval to purchase its own shares at the Extraordinary General Meeting held on 21 November 2008.

During the financial year ended 31 December 2010, the details of the shares purchased by the Company were as follows:-

Transaction date	Number of Shares (Units)	Unit Price			Consideration paid* RM
		Lowest RM	Highest RM	Average RM	
May 2010	88,000	0.72	0.72	0.72	63,440
June 2010	140,100	0.72	0.75	0.75	105,353
	<u>228,100</u>				<u>168,793</u>

* including brokerage, clearing house fee and stamp duty.

All the shares so purchased during the financial year were retained as treasury shares. No resale of treasury share during the year.

There has been no cancellation of treasury shares by the Company during the financial year ended 31 December 2010.

3. Options, Warrants or Convertible Securities

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

4. American Depositary Receipt ("ADR") or the Global Depositary 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

Non-audit fees amounting to RM11,400 were incurred for services rendered to the Company and its subsidiaries for the financial year by the Company's external auditor and a company affiliated to the external auditors.

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 17 February 2011.

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.

ADDITIONAL COMPLIANCE INFORMATION

VITROX CORPORATION BERHAD [649966-K]

10. Revaluation Policy

It is the Group's policy that landed properties shall be stated at cost and in 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 major shareholders' interests either still subsisting as at 31 December 2010 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.

36 - 40	Directors' Report
41	Statement by Directors
41	Statutory Declaration
42 - 43	Independent Auditors' Report
44	Consolidated Statement of Financial Position
45	Consolidated Statement of Comprehensive Income
46	Consolidated Statement of Changes in Equity
47	Consolidated Statement of Cash Flows
48	Statement of Financial Position
49	Statement of Comprehensive Income
50	Statement of Changes in Equity
51	Statement of Cash Flows
52 - 80	Notes to the Financial Statements
81	Supplementary Information-Realised and Unrealised Profits or Losses

DIRECTORS' REPORT

VITROX CORPORATION BERHAD [649966-K]

The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and development of 3D and line scan vision inspection system. The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM	The Company RM
Profit for the financial year	31,812,939	11,776,525

DIVIDENDS

During the financial year, the Company declared an interim dividend of 3 sen per share (tax exempt) amounting to RM4,568,559 in respect of the financial year ended 31 December 2010. The dividend was paid on 18 January 2011.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES OR DEBENTURES

There was no issue of shares or debentures by the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No share options were granted by the Company during the financial year.

PURCHASE OF OWN SHARES

The shareholders of the Company, by a resolution passed at the Extraordinary General Meeting held on 21 November 2008, approved the Company's plan to purchase its own shares. The directors are committed to enhancing the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interests of the Company and its shareholders. The details of the shares purchased from the open market using internally generated funds and held as treasury shares during the financial year are as follows:-

Month	Number of Shares	Unit Cost			Total Cost RM
		Lowest RM	Highest RM	Average RM	
May 2010	88,000	0.72	0.72	0.72	63,440
June 2010	140,100	0.72	0.75	0.75	105,353
	228,100	0.72	0.75	0.74	168,793

The mandate given by the shareholders at the Annual General Meeting held on 25 June 2010 will expire at the forthcoming Annual General Meeting at which an ordinary resolution will be tabled for shareholders to grant a fresh mandate for another year.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the allowance made for doubtful debts inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain whether any current assets which would be 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 that would render the values attributed to the current assets in the financial statements of the Group and the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

DIRECTORS' REPORT

VITROX CORPORATION BERHAD [649966-K]

CONTINGENT AND OTHER LIABILITIES

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

- (i) any charge on the assets of the Group or the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group or the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group or the Company 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 the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or in the financial statements of the Group and the Company that would render any amount stated in the respective financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

Except for any effects arising from the changes in accounting policies following the adoption of the amended/revised/new Financial Reporting Standards as disclosed in Note 2.2 to the financial statements, the results of the operations of the Group and the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

DIRECTORS OF THE COMPANY

The directors who served since the date of the last report are:-

Dato' Seri Kiew Kwong Sen
Prof. Ir. Dr. Ahmad Fadzil Bin Mohamad Hani
Chu Jenn Weng
Siaw Kok Tong
Yeoh Shih Hoong
Chuah Poay Ngee
Chang Mun Kee (appointed on 25.6.2010)

DIRECTORS OF THE COMPANY (CONT'D)

Particulars of the interests in shares in the Company of the directors in office at the end of the financial year, as shown in the Register of Directors' Shareholdings, are as follows:-

Name of Director	Number of Ordinary Shares of RM0.10 each			Balance at 31.12.2010
	Balance at 1.1.2010/*	Bought	(Sold)	
Dato' Seri Kiew Kwong Sen - Direct	2,500,000	0	0	2,500,000
Prof. Ir. Dr. Ahmad Fadzil Bin Mohamad Hani - Direct	500,000	0	0	500,000
Chu Jenn Weng - Direct	51,495,103	0	(2,520,000)	48,975,103
Siaw Kok Tong - Direct	36,917,343	5,000	(1,837,500)	35,084,843
Yeoh Shih Hoong - Direct	19,481,590	10,000	(892,500)	18,599,090
Chuah Poay Ngee - Direct	10,000	0	0	10,000
Chang Mun Kee - Direct	100*	0	0	100
- Indirect	4,244,766*	0	0	4,244,766

* *Date of appointment*

By virtue of their interests in shares in the Company, Chu Jenn Weng and Siaw Kok Tong are also deemed to have interests in shares in the subsidiaries to the extent of the Company's interests, pursuant to Section 6A of the Companies Act 1965.

DIRECTORS' REPORT

VITROX CORPORATION BERHAD [649966-K]

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the directors' remuneration disclosed 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 the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 31 MARCH 2011**

Chu Jenn Weng

Siaw Kok Tong

STATEMENT BY DIRECTORS

VITROX CORPORATION BERHAD [649966-K]

We, Chu Jenn Weng and Siaw Kok Tong, being two of the directors of ViTrox Corporation Berhad, do hereby state that in the opinion of the directors, the financial statements set out on pages 44 to 80 have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2010 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the directors, the supplementary information set out on page 81 is prepared, in all material respects, in accordance with Guidance on Special Matter No. 1 *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 31 MARCH 2011

Chu Jenn Weng

Siaw Kok Tong

STATUTORY DECLARATION

I, Chu Jenn Weng, being the director primarily responsible for the financial management of ViTrox Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 44 to 80 are, to the best of my knowledge and belief, 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 Chu Jenn Weng at Georgetown in the State of Penang on this **31 MARCH 2011**

Chu Jenn Weng

Before me

Goh Suan Bee
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF VITROX CORPORATION BERHAD

VITROX CORPORATION BERHAD [649966-K]

Report on the Financial Statements

We have audited the financial statements of ViTrox Corporation Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 44 to 80.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2010 and of their financial performance and cash flows for the financial year then ended.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF VITROX CORPORATION BERHAD (cont'd)

VITROX CORPORATION BERHAD [649966-K]

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

- (i) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (ii) We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 7 to the financial statements.
- (iii) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (iv) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out on page 81 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("the MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Date: 31 March 2011

Penang

Eddy Chan Wai Hun
Approval No: 2182/10/11 (J)
Chartered Accountant

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

	Note	31.12.2010 RM	31.12.2009 RM (Restated)	1.1.2009 RM (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	4	13,411,867	10,680,074	11,187,239
Investment property	5	600,000	600,000	600,000
Development expenditure	6	3,941,093	2,964,444	1,994,366
Investments in club memberships - at cost		91,250	91,250	91,250
		<u>18,044,210</u>	<u>14,335,768</u>	<u>13,872,855</u>
CURRENT ASSETS				
Inventories	8	14,053,179	4,499,981	4,073,514
Trade and other receivables	9	18,133,724	5,237,189	4,774,698
Prepayments		311,009	507,198	453,310
Current tax assets		21,406	501,713	431,468
Cash and cash equivalents	10	43,403,278	27,682,736	28,783,273
		<u>75,922,596</u>	<u>38,428,817</u>	<u>38,516,263</u>
CURRENT LIABILITIES				
Trade and other payables	11	11,275,422	2,965,166	2,267,730
Advance payments from customers		696,304	0	0
Dividend payable		4,568,559	0	0
Current tax liabilities		169,072	3,228	3,326
		<u>16,709,357</u>	<u>2,968,394</u>	<u>2,271,056</u>
NET CURRENT ASSETS		<u>59,213,239</u>	<u>35,460,423</u>	<u>36,245,207</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities	12	450,000	316,000	298,000
Deferred income on government grants	13	523,153	269,645	0
		<u>973,153</u>	<u>585,645</u>	<u>298,000</u>
NET ASSETS		<u>76,284,296</u>	<u>49,210,546</u>	<u>49,820,062</u>
EQUITY				
Share capital	14	15,500,000	15,500,000	15,500,000
Treasury shares	14	(1,021,498)	(852,705)	0
Share premium		1,222,055	1,222,055	1,222,055
Currency translation reserve		(4,022)	(2,185)	125
Retained profits		60,587,761	33,343,381	33,097,882
TOTAL EQUITY		<u>76,284,296</u>	<u>49,210,546</u>	<u>49,820,062</u>

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

	Note	2010 RM	2009 RM (Restated)
Revenue	15	87,608,713	18,133,636
Other income		1,793,678	1,203,542
Amortisation of development expenditure		(1,013,399)	(509,840)
Changes in work-in-progress and finished goods		4,563,056	698,193
Depreciation of property, plant and equipment		(836,997)	(1,034,200)
Directors' remuneration	16	(972,393)	(597,086)
Employee benefits expense	17	(14,168,252)	(6,123,095)
Raw materials consumed		(33,385,719)	(5,244,236)
Other expenses		(11,041,998)	(4,457,277)
Profit before tax	18	<u>32,546,689</u>	<u>2,069,637</u>
Tax expense	19	(733,750)	(129,085)
Profit for the financial year		<u>31,812,939</u>	<u>1,940,552</u>
Other comprehensive income:-			
Currency translation differences for foreign operation		(1,837)	(2,310)
Other comprehensive income for the financial year		<u>(1,837)</u>	<u>(2,310)</u>
Total comprehensive income for the financial year		<u>31,811,102</u>	<u>1,938,242</u>
Earnings per share:-	20		
- Basic (sen)		<u>20.88</u>	<u>1.27</u>
- Diluted (sen)		<u>20.88</u>	<u>1.27</u>

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

	Share capital RM	Treasury shares RM	Non-distributable		Distributable	Total equity RM
			Share premium RM	Currency translation reserve RM	Retained profits RM	
Balance at 1 January 2009	15,500,000	0	1,222,055	125	33,097,882	49,820,062
Purchase of own shares	0	(852,705)	0	0	0	(852,705)
Dividends (Note 21)	0	0	0	0	(1,695,053)	(1,695,053)
Total comprehensive income for the financial year	0	0	0	(2,310)	1,940,552	1,938,242
Balance at 31 December 2009	15,500,000	(852,705)	1,222,055	(2,185)	33,343,381	49,210,546
Purchase of own shares	0	(168,793)	0	0	0	(168,793)
Dividend (Note 21)	0	0	0	0	(4,568,559)	(4,568,559)
Total comprehensive income for the financial year	0	0	0	(1,837)	31,812,939	31,811,102
Balance at 31 December 2010	15,500,000	(1,021,498)	1,222,055	(4,022)	60,587,761	76,284,296

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

	Note	2010 RM	2009 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		32,546,689	2,069,637
Adjustments for:-			
Allowance for slow moving inventories		1,088,837	634,918
Amortisation and depreciation		1,850,396	1,544,040
Amortisation of deferred income		(18,195)	(9,922)
Development expenditure written off		5,948	5,238
Impairment loss on loans and receivables		31,500	196,910
Interest income		(582,370)	(554,964)
Loss on disposal of property, plant and equipment		120	0
Property, plant and equipment written off		2,500	0
Reversal of impairment loss on loans and receivables		(967)	(134,505)
Unrealised loss/(gain) on foreign exchange		776,441	(19,721)
Operating profit before working capital changes		35,700,899	3,731,631
Changes in:-			
Inventories		(10,642,035)	(1,061,385)
Receivables and prepayments		(13,241,272)	(272,697)
Payables and advance payments		9,024,812	695,638
Cash generated from operations		20,842,404	3,093,187
Tax paid		(365,588)	(181,428)
Tax refunded		411,989	0
Net cash from operating activities		20,888,805	2,911,759
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions of development expenditure		(1,995,996)	(1,485,156)
Grants received		355,344	14,983
Interest received		610,103	520,823
Proceeds from disposal of property, plant and equipment		3,555	0
Purchase of property, plant and equipment		(3,575,707)	(527,104)
Net cash used in investing activities		(4,602,701)	(1,476,454)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		0	(1,695,053)
Purchase of own shares		(168,793)	(852,705)
Net cash used in financing activities		(168,793)	(2,547,758)
Currency translation differences		(396,769)	11,916
Net increase/(decrease) in cash and cash equivalents		15,720,542	(1,100,537)
Cash and cash equivalents brought forward		27,682,736	28,783,273
Cash and cash equivalents carried forward	10	43,403,278	27,682,736

The annexed notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

	Note	2010 RM	2009 RM
NON-CURRENT ASSETS			
Property, plant and equipment	4	166,291	0
Investments in subsidiaries	7	8,042,013	8,542,012
		<u>8,208,304</u>	<u>8,542,012</u>
CURRENT ASSETS			
Trade and other receivables	9	15,533,216	5,734,651
Prepayments		27,609	0
Current tax assets		0	9,268
Cash and cash equivalents	10	8,655,353	5,227,828
		<u>24,216,178</u>	<u>10,971,747</u>
CURRENT LIABILITIES			
Other payables	11	1,936,995	717,351
Dividend payable		4,568,559	0
Current tax liabilities		807	0
		<u>6,506,361</u>	<u>717,351</u>
NET CURRENT ASSETS		17,709,817	10,254,396
NON-CURRENT LIABILITIES			
Deferred income on government grants	13	82,540	0
NET ASSETS		<u>25,835,581</u>	<u>18,796,408</u>
EQUITY			
Share capital	14	15,500,000	15,500,000
Treasury shares	14	(1,021,498)	(852,705)
Share premium		1,222,055	1,222,055
Retained profits		10,135,024	2,927,058
TOTAL EQUITY		<u>25,835,581</u>	<u>18,796,408</u>

The annexed notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

	Note	2010 RM	2009 RM
Revenue	15	16,870,000	3,984,676
Other income		1,044,205	77,263
Depreciation of property, plant and equipment		(16,466)	0
Directors' remuneration	16	(451,579)	(279,166)
Employee benefits expense	17	(4,118,496)	(1,517,591)
Impairment loss on investment in a subsidiary		(499,999)	0
Other expenses		(1,028,848)	(381,876)
Profit before tax	18	11,798,817	1,883,306
Tax expense	19	(22,292)	0
Profit for the financial year		11,776,525	1,883,306
Other comprehensive income for the financial year		0	0
Total comprehensive income for the financial year		11,776,525	1,883,306

The annexed notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

	Share capital RM	Treasury shares RM	Non- distributable Share premium RM	Distributable Retained profits RM	Total equity RM
Balance at 1 January 2009	15,500,000	0	1,222,055	2,738,805	19,460,860
Purchase of own shares	0	(852,705)	0	0	(852,705)
Dividends (Note 21)	0	0	0	(1,695,053)	(1,695,053)
Total comprehensive income for the financial year	0	0	0	1,883,306	1,883,306
Balance at 31 December 2009	15,500,000	(852,705)	1,222,055	2,927,058	18,796,408
Purchase of own shares	0	(168,793)	0	0	(168,793)
Dividend (Note 21)	0	0	0	(4,568,559)	(4,568,559)
Total comprehensive income for the financial year	0	0	0	11,776,525	11,776,525
Balance at 31 December 2010	15,500,000	(1,021,498)	1,222,055	10,135,024	25,835,581

The annexed notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

	Note	2010 RM	2009 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		11,798,817	1,883,306
Adjustments for:-			
Amortisation of deferred income		(8,220)	0
Depreciation		16,466	0
Dividend income		(14,650,000)	(620,000)
Impairment loss on investment in a subsidiary		499,999	0
Interest income		(117,283)	(77,263)
Operating (loss)/profit before working capital changes		(2,460,221)	1,186,043
Changes in:-			
Receivables and prepayments		(9,836,307)	3,258,822
Payables		1,219,644	510,811
Cash (absorbed by)/generated from operations		(11,076,884)	4,955,676
Tax paid		(12,217)	(5,800)
Net cash (used in)/from operating activities		(11,089,101)	4,949,876
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		14,650,000	620,000
Grants received		90,760	0
Interest received		127,416	65,219
Purchase of property, plant and equipment		(182,757)	0
Net cash from investing activities		14,685,419	685,219
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		0	(1,695,053)
Purchase of own shares		(168,793)	(852,705)
Net cash used in financing activities		(168,793)	(2,547,758)
Net increase in cash and cash equivalents		3,427,525	3,087,337
Cash and cash equivalents brought forward		5,227,828	2,140,491
Cash and cash equivalents carried forward	10	8,655,353	5,227,828

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

1. GENERAL INFORMATION

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

The principal activities of the Company are those of investment holding and development of 3D and line scan vision inspection system. The principal activities of its subsidiaries are disclosed in Note 7.

The registered office of the Company is located at 57-G, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang and its principal place of business is located at Plot 85A, Lintang Bayan Lepas 11, Bayan Lepas Industrial Park Phase IV, 11900 Bayan Lepas, Penang.

The consolidated financial statements set out on pages 44 to 47 together with the notes thereto cover the Company and its subsidiaries ("the Group"). The separate financial statements of the Company set out on pages 48 to 51 together with the notes thereto cover the Company solely.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 31 March 2011.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

The financial statements of the Group and the Company are prepared under the historical cost convention, modified to include other bases of measurement as disclosed in other sections of the significant accounting policies, and in accordance with Financial Reporting Standards ("FRSs") and the Companies Act 1965 in Malaysia.

The financial statements are presented in Ringgit Malaysia ("RM").

The following amended/revised/new FRSs became effective for the financial year under review:-

FRS	Effective for financial periods beginning on or after
Amendments to FRS 1 <i>First-time Adoption of Financial Reporting Standards</i> and FRS 127 <i>Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	1 January 2010
Amendments to FRS 2 <i>Share-based Payment: Vesting Conditions and Cancellations</i>	1 January 2010
Amendments to FRS 132 <i>Financial Instruments: Presentation</i>	1 January 2010
Amendments to FRS 139 <i>Financial Instruments: Recognition and Measurement</i> , FRS 7 <i>Financial Instruments: Disclosures</i> and IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 January 2010
Amendments to FRS 139 <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
Amendments to FRSs contained in the document entitled " <i>Improvements to FRSs (2009)</i> "	1 January 2010
FRS 4 <i>Insurance Contracts</i>	1 January 2010
FRS 7 <i>Financial Instruments: Disclosures</i>	1 January 2010
FRS 8 <i>Operating Segments</i>	1 July 2009
FRS 101 <i>Presentation of Financial Statements</i> (revised in 2009)	1 January 2010

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of Preparation of Financial Statements (cont'd)

FRS	Effective for financial periods beginning on or after
FRS 123 <i>Borrowing Costs</i>	1 January 2010
FRS 139 <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 January 2010
IC Interpretation 10 <i>Interim Financial Reporting and Impairment</i>	1 January 2010
IC Interpretation 11 <i>FRS 2 - Group and Treasury Share Transactions</i>	1 January 2010
IC Interpretation 13 <i>Customer Loyalty Programmes</i>	1 January 2010
IC Interpretation 14 <i>FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	1 January 2010

The adoption of the above amended/revised/new FRSs did not result in any significant changes in the accounting policies of the Group and the Company except as disclosed in Note 2.2.

The Group and the Company have not applied the following amended/revised/new FRSs which have been issued as at the end of the reporting period but are not yet effective:-

FRS	Effective for financial periods beginning on or after
Amendment to FRS 1 <i>Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters</i>	1 January 2011
Amendments to FRS 1 <i>Additional Exemptions for First-time Adopters</i>	1 January 2011
Amendments to FRS 2 <i>Share-based Payment</i>	1 July 2010
Amendments to FRS 2 <i>Group Cash-settled Share-based Payment Transactions</i>	1 January 2011
Amendments to FRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 July 2010
Amendments to FRS 7 <i>Improving Disclosures about Financial Instruments</i>	1 January 2011
Amendments to FRS 132 <i>Financial Instruments: Presentation</i>	1 March 2010
Amendments to FRS 138 <i>Intangible Assets</i>	1 July 2010
Amendments to IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 July 2010
Amendments to IC Interpretation 14 <i>Prepayments of a Minimum Funding Requirement</i>	1 July 2011
Amendments to FRSs contained in the document entitled " <i>Improvements to FRSs (2010)</i> "	1 January 2011
FRS 1 <i>First-time Adoption of Financial Reporting Standards</i> (revised in 2010)	1 July 2010
FRS 3 <i>Business Combinations</i> (revised in 2010)	1 July 2010
FRS 124 <i>Related Party Disclosures</i> (revised in 2010)	1 January 2012
FRS 127 <i>Consolidated and Separate Financial Statements</i> (revised in 2010)	1 July 2010
IC Interpretation 4 <i>Determining whether an Arrangement contains a Lease</i>	1 January 2011
IC Interpretation 12 <i>Service Concession Arrangements</i>	1 July 2010
IC Interpretation 15 <i>Agreements for the Construction of Real Estate</i>	1 January 2012
IC Interpretation 16 <i>Hedges of a Net Investment in a Foreign Operation</i>	1 July 2010
IC Interpretation 17 <i>Distributions of Non-cash Assets to Owners</i>	1 July 2010
IC Interpretation 18 <i>Transfers of Assets from Customers</i>	1 January 2011
IC Interpretation 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 July 2011

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of Preparation of Financial Statements (cont'd)

Management foresees that the initial application of the above amended/revised/new FRSs will not have any significant impacts on the financial statements except as follows:-

FRS 3 *Business Combinations* (revised in 2010)

FRS 3 (revised in 2010), which supersedes FRS 3 *Business Combinations* (issued in 2005), introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all acquisition-related costs, other than the costs to issue debt or equity securities, shall be recognised in profit or loss as incurred. In accordance with the transitional provisions of FRS 3 (revised in 2010), the Group and the Company will apply the standard prospectively to business combinations for which the acquisition date is on or after the effective date.

FRS 127 *Consolidated and Separate Financial Statements* (revised in 2010)

FRS 127 (revised in 2010), which supersedes FRS 127 *Consolidated and Separate Financial Statements* (revised in 2005), requires the total comprehensive income of a subsidiary to be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The revised standard also requires the changes in a parent's ownership interest in a subsidiary that do not result in a loss of control to be accounted for as equity transactions. In accordance with the transitional provisions of FRS 127 (revised in 2010), the aforementioned amendments will be applied prospectively.

2.2 Changes in Accounting Policies

Significant changes in the accounting policies of the Group and the Company following the adoption of the amended/revised/new FRSs are summarised below:-

Amendments to FRS 117 *Leases*

Included in *Improvements to FRSs (2009)* are amendments to FRS 117 which clarify that the classification of leasehold land as a finance lease or an operating lease shall be based on the extent to which risks and rewards incidental to ownership lie.

Prior to the adoption of the amendments to FRS 117, leasehold land was classified as an operating lease and recognised as prepaid lease payments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in Accounting Policies (cont'd)

Amendments to FRS 117 Leases (cont'd)

In accordance with the transitional provisions of the amendments, the Group has reassessed the classification on the effective date on the basis of information existing at the inception of the lease. Accordingly, the effects of adopting the amendments have been accounted for retrospectively in accordance with FRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors* by restating the following comparative figures:-

	As previously reported RM	Effects of adopting amendments to FRS 117 RM	As restated RM
<u>Consolidated Statement of Financial Position (Extract)</u>			
<u>As at 1 January 2009</u>			
Property, plant and equipment	8,407,282	2,779,957	11,187,239
Prepaid lease payments	2,779,957	(2,779,957)	0
<u>As at 31 December 2009</u>			
Property, plant and equipment	7,949,220	2,730,854	10,680,074
Prepaid lease payments	2,730,854	(2,730,854)	0
<u>Consolidated Statement of Comprehensive Income (Extract)</u>			
<u>For the financial year ended 31 December 2009</u>			
Amortisation of prepaid lease payments	49,103	(49,103)	0
Depreciation of property, plant and equipment	985,097	49,103	1,034,200

FRS 139 *Financial Instruments: Recognition and Measurement*

FRS 139 sets out the accounting principles for recognising and measuring financial instruments. Some of the key principles established are disclosed in Notes 2.11 and 2.12.

Prior to the adoption of FRS 139 (and the amendments thereto), financial assets and financial liabilities were mainly recorded at cost less, in the case of a financial asset, any allowance for diminution in value or impairment.

In accordance with the transitional provisions of FRS 139, the Group and the Company have applied the standard prospectively and concluded that no material adjustment to any opening balance as at 1 January 2010 was necessary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Basis of Consolidation

A subsidiary is an entity that is controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the end of the reporting period using the purchase method. The results of the subsidiary acquired or disposed of during the financial year are included in the consolidated financial statements from the date of acquisition or up to the date of disposal. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation.

The excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired at the acquisition date represents goodwill. Goodwill is recognised as an asset at cost less accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.9. When the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired at the acquisition date exceeds the cost of acquisition, the excess (hereinafter referred to as "negative goodwill"), after reassessment, is recognised in profit or loss.

2.4 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.9.

Capital work-in-progress is not depreciated. Leasehold land is depreciated on a straight-line basis over the lease terms of 50 to 60 years. Other property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:-

Buildings	2%
Furniture, fittings and equipment	18% - 25%
Motor vehicle	25%
Renovation and electrical installation	25%

The residual value, useful life and depreciation method of an asset are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

2.5 Investment Property

Investment property, being a property held to earn rentals and/or for capital appreciation, is stated at fair value. Any gain or loss arising from a change in the fair value of investment property is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Research and Development Expenditure

Research expenditure is recognised in profit or loss 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 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 expenditure which does not meet these criteria is recognised in profit or loss when incurred.

Capitalised development expenditure, considered to have finite useful lives, is stated at cost less accumulated amortisation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.9. Amortisation is calculated on a straight-line basis over the estimated commercial lives of the underlying products of not more than 5 years. The amortisation period and method are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

2.7 Investments in Subsidiaries

As required by the Companies Act 1965, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.9.

2.8 Investments in Club Memberships

Investments in club memberships are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.9.

2.9 Impairment of Non-financial Assets

At the end of each reporting period, the Group and the Company assess whether there is any indication that a non-financial asset, other than inventories and investment property stated at fair value, may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs to sell and its value in use, is estimated. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss.

An impairment loss on an asset is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. The reversal is recognised in profit or loss.

2.10 Inventories

Inventories of materials and goods are valued at the lower of cost (determined principally on the weighted average basis) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial Assets

Financial assets of the Group and the Company consist of receivables and cash and cash equivalents.

Recognition and Measurement

A financial asset is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A financial asset is initially recognised at fair value plus directly attributable transaction costs. After initial recognition, the financial asset is measured at amortised cost using the effective interest method. Any gain or loss is recognised in profit or loss when the financial asset is derecognised or impaired as well as through the amortisation process.

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset have expired or all the risks and rewards of ownership have been substantially transferred.

Impairment

At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted using the asset's original effective interest rate. The asset's carrying amount is reduced through the use of an allowance account and the impairment loss is recognised in profit or loss. The gross carrying amount and the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the increased carrying amount does not exceed what the amortised cost would have been had no impairment loss been recognised at the reversal date. The reversal is recognised in profit or loss.

Determination of Fair Values

The carrying amounts of receivables and cash and cash equivalents which are short-term in nature or repayable on demand are assumed to be reasonable approximations of fair values.

2.12 Financial Liabilities

Financial liabilities of the Group and the Company consist of payables.

Recognition and Measurement

A financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is initially recognised at fair value less directly attributable transaction costs. After initial recognition, the financial liability is measured at amortised cost using the effective interest method. Any gain or loss is recognised in profit or loss when the financial liability is derecognised as well as through the amortisation process.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial Liabilities (cont'd)

Determination of Fair Values

The carrying amounts of payables which are short-term in nature or repayable on demand are assumed to be reasonable approximations of fair values.

2.13 Foreign Currency Transactions and Translation

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the end of the reporting period, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in profit or loss. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. in profit or loss or in other comprehensive income.

In translating the financial position and results of a foreign operation whose functional currency is not the required presentation currency, i.e. Ringgit Malaysia, assets and liabilities are translated into the presentation currency using the closing rate whereas income and expenses are translated using the exchange rates at transaction dates. All resulting exchange differences are recognised in other comprehensive income and accumulated in equity as currency translation reserve until the foreign operation is disposed of, at which time the cumulative exchange differences previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

2.14 Share Capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Own shares purchased are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act 1965. The total amount of consideration paid, including directly attributable costs, is recognised directly in equity. When treasury shares are distributed as share dividends, the cost of the shares distributed is applied in the reduction of share premium and/or distributable reserves. When treasury shares are cancelled, an amount equivalent to their nominal value is transferred from share capital to a capital redemption reserve and the total cost of the treasury shares cancelled is adjusted to share premium and/or other suitable reserves.

Dividends on shares declared and unpaid at the end of the reporting period are recognised as a liability whereas dividends proposed or declared after the reporting period are disclosed in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Income Recognition

Income from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

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

Interest income is recognised using the effective interest method.

2.16 Government Grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to the grants and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants related to assets are presented in the statement of financial position as deferred income which is amortised on a straight-line basis over the estimated useful lives of the assets. Grants related to income are presented under "other income" in the statement of comprehensive income.

2.17 Employee Benefits

Short-term Employee Benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised in profit or loss or included in development expenditure, where appropriate, in the period in which the associated services are rendered by the employee.

Defined Contribution Plans

As required by law, employers in Malaysia make contributions to the statutory pension scheme, Employees Provident Fund ("EPF"). The Group's foreign subsidiary makes contributions to its country's statutory pension scheme. Contributions to defined contribution plans are recognised in profit or loss or included in development expenditure, where appropriate, in the period in which the associated services are rendered by the employee.

2.18 Income Taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax represents the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability and its tax base except for those temporary differences associated with goodwill, negative goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Income Taxes (cont'd)

A deferred tax liability is recognised for all taxable temporary differences whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. 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 the tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.19 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, term deposits (including those pledged as security), bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. JUDGEMENTS AND ESTIMATION UNCERTAINTY

Judgements Made in Applying Accounting Policies

In the process of applying the accounting policies of the Group and the Company, management makes the following judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements:-

(i) Classification of leasehold land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to ownership of the land through a finance lease.

Sources of Estimation Uncertainty

The key assumptions about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

(i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. Management estimates the useful lives to be within 4 to 50 years. Changes in the expected level of usage and technological development will impact on the economic useful lives and residual values of the assets and therefore, future depreciation charges may be revised. The carrying amounts of property, plant and equipment are disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

3. JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONT'D)

Sources of Estimation Uncertainty (cont'd)

(ii) Capitalisation and amortisation of development expenditure

The Group follows the guidance of FRS 138 *Intangible Assets* in determining the amount and nature of development expenditure to be capitalised as intangible asset and its subsequent amortisation. The assessment of the capitalisation criteria as disclosed in Note 2.6 requires ongoing estimates on the future outcome of the development project. Any changes in expectations from previous estimates will impact on the initial and subsequent capitalisation of the intangible asset as well as its future amortisation charges. The carrying amounts of development expenditure are disclosed in Note 6.

(iii) Impairment of non-financial assets

When the recoverable amount of a non-financial asset is determined based on its value in use, estimates on future cash flows and appropriate discount rate are required to determine the present value of those cash flows. The carrying amounts of non-financial assets subject to impairment assessment are disclosed in Notes 4 and 6.

(iv) Allowance for inventories

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews require the use of judgements and estimates. Possible changes in these estimates may result in revisions to the valuation of inventories. The carrying amounts of inventories are disclosed in Note 8.

(v) Impairment of loans and receivables

The Group and the Company make allowance for impairment based on an assessment of the recoverability of loans and receivables. Allowance is applied to loans and receivables when there is objective evidence that the balances may not be recoverable. Management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment. Where expectations are different from previous estimates, the difference will impact on the carrying amounts of loans and receivables as disclosed in Note 9.

(vi) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimates. The Group and the Company recognise tax assets/liabilities based on their understanding of the prevailing tax laws and estimates of whether such assets/liabilities will be realised/settled in the ordinary course of business. Where the final tax outcome of these matters is different from the amounts initially recognised, the difference will impact on the tax recognition in the period in which the outcome is determined. The carrying amounts of tax assets/liabilities as at 31 December 2010 are as follows:-

	The Group RM	The Company RM
Current tax assets	21,406	0
Current tax liabilities	169,072	807
Deferred tax liabilities	450,000	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

4. PROPERTY, PLANT AND EQUIPMENT

The Group

Cost	Short-term	Long-term	Buildings	Furniture, fittings and equipment	Motor vehicle	Renovation and electrical installation	Capital work-in- progress	Total
	leasehold land RM	leasehold land RM						
Balance at 1 January 2009	0	0	7,221,386	3,877,183	8,396	76,615	0	11,183,580
- As previously reported	255,102	2,691,103	0	0	0	0	0	2,946,205
- Effects of adopting amendments to FRS 117								
- As restated	255,102	2,691,103	7,221,386	3,877,183	8,396	76,615	0	14,129,785
Additions	0	0	0	527,104	0	0	0	527,104
Currency translation differences	0	0	0	(261)	0	0	0	(261)
Balance at 31 December 2009	255,102	2,691,103	7,221,386	4,404,026	8,396	76,615	0	14,656,628
Balance at 1 January 2010	0	0	7,221,386	4,404,026	8,396	76,615	0	11,710,423
- As previously reported	255,102	2,691,103	0	0	0	0	0	2,946,205
- Effects of adopting amendments to FRS 117								
- As restated	255,102	2,691,103	7,221,386	4,404,026	8,396	76,615	0	14,656,628
Additions	0	0	0	615,410	0	85,700	2,874,597	3,575,707
Disposals/Write-offs	0	0	0	(7,740)	0	0	0	(7,740)
Currency translation differences	0	0	0	(1,567)	0	0	0	(1,567)
Balance at 31 December 2010	255,102	2,691,103	7,221,386	5,010,129	8,396	162,315	2,874,597	18,223,028

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group

	Short-term leasehold land RM	Long-term leasehold land RM	Buildings RM	Furniture, fittings and equipment RM	Motor vehicle RM	Renovation and electrical installation RM	Capital work-in-progress RM	Total RM
<u>Accumulated Depreciation</u>								
Balance at 1 January 2009	0	0	434,043	2,302,281	8,396	31,578	0	2,776,298
- As previously reported	35,430	130,818	0	0	0	0	0	166,248
- Effects of adopting amendments to FRS 117								
- As restated	35,430	130,818	434,043	2,302,281	8,396	31,578	0	2,942,546
Depreciation	4,251	44,852	146,393	820,184	0	18,520	0	1,034,200
Currency translation differences	0	0	0	(192)	0	0	0	(192)
Balance at 31 December 2009	39,681	175,670	580,436	3,122,273	8,396	50,098	0	3,976,554
<u>Balance at 1 January 2010</u>								
- As previously reported	0	0	580,436	3,122,273	8,396	50,098	0	3,761,203
- Effects of adopting amendments to FRS 117	39,681	175,670	0	0	0	0	0	215,351
- As restated	39,681	175,670	580,436	3,122,273	8,396	50,098	0	3,976,554
Depreciation	4,253	44,851	146,394	616,571	0	24,928	0	836,997
Disposals/Write-offs	0	0	0	(1,565)	0	0	0	(1,565)
Currency translation differences	0	0	0	(825)	0	0	0	(825)
Balance at 31 December 2010	43,934	220,521	726,830	3,736,454	8,396	75,026	0	4,811,161
<u>Carrying Amount</u>								
Balance at 1 January 2009 (Restated)	219,672	2,560,285	6,787,343	1,574,902	0	45,037	0	11,187,239
Balance at 31 December 2009 (Restated)	215,421	2,515,433	6,640,950	1,281,753	0	26,517	0	10,680,074
Balance at 31 December 2010	211,168	2,470,582	6,494,556	1,273,675	0	87,289	2,874,597	13,411,867

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The carrying amounts of property, plant and equipment pledged as security for credit facilities granted to the Group are as follows:-

	The Group	
	2010 RM	2009 RM
Long-term leasehold land	2,470,582	2,515,433
Building	5,801,825	5,930,456
	<u>8,272,407</u>	<u>8,445,889</u>

The Company

	Furniture, fittings and equipment RM	Renovation RM	Total RM
<u>Cost</u>			
Balance at 1 January 2009	0	0	0
Movement during the year	0	0	0
Balance at 31 December 2009	0	0	0
Additions	97,057	85,700	182,757
Balance at 31 December 2010	<u>97,057</u>	<u>85,700</u>	<u>182,757</u>
<u>Accumulated Depreciation</u>			
Balance at 1 January 2009	0	0	0
Movement during the year	0	0	0
Balance at 31 December 2009	0	0	0
Depreciation	9,470	6,996	16,466
Balance at 31 December 2010	<u>9,470</u>	<u>6,996</u>	<u>16,466</u>
<u>Carrying Amount</u>			
Balance at 1 January 2009	0	0	0
Balance at 31 December 2009	0	0	0
Balance at 31 December 2010	<u>87,587</u>	<u>78,704</u>	<u>166,291</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

5. INVESTMENT PROPERTY

The Group

Fair Value

Shoplots
RM

Balance at 1 January 2009	600,000
Movement during the year	0
Balance at 31 December 2009	<u>600,000</u>
Movement during the year	0
Balance at 31 December 2010	<u>600,000</u>

The fair values of investment property were determined based on the market values given by independent professional valuers using the comparison method.

6. DEVELOPMENT EXPENDITURE

The Group

RM

Cost

Balance at 1 January 2009	2,323,555
Additions - internal development	1,485,156
Write-offs	(5,238)
Balance at 31 December 2009	<u>3,803,473</u>
Additions - internal development	1,995,996
Write-offs	(1,756,995)
Balance at 31 December 2010	<u>4,042,474</u>

Accumulated Amortisation

Balance at 1 January 2009	329,189
Amortisation	509,840
Balance at 31 December 2009	<u>839,029</u>
Amortisation	1,013,399
Write-offs	(1,751,047)
Balance at 31 December 2010	<u>101,381</u>

Carrying Amount

Balance at 1 January 2009	<u>1,994,366</u>
Balance at 31 December 2009	<u>2,964,444</u>
Balance at 31 December 2010	<u>3,941,093</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

6. DEVELOPMENT EXPENDITURE (CONT'D)

Included in additions of development expenditure during the year is employee benefits expense as follows:-

	2010 RM	2009 RM
Short-term employee benefits	339,620	828,440
Defined contribution plans	40,877	101,641
	<u>380,497</u>	<u>930,081</u>

7. INVESTMENTS IN SUBSIDIARIES

The Company

	2010 RM	2009 RM
Unquoted shares, at cost	8,542,012	8,542,012
Impairment loss	(499,999)	0
	<u>8,042,013</u>	<u>8,542,012</u>

The details of the subsidiaries are as follows:-

Name of Subsidiary	Country of Incorporation	Effective Ownership Interest		Principal Activity
		2010	2009	
ViTrox Technologies Sdn. Bhd.	Malaysia	100%	100%	Development and production of automated vision inspection system and digital automated vision inspection equipment and modules
ViE Technologies Sdn. Bhd.	Malaysia	100%	100%	Design, development and manufacture of printed circuit board assemblies for microprocessor applications
ViTrox International Sdn. Bhd.	Malaysia	100%	100%	Investment holding for setting up foreign subsidiaries and catering for future foreign investments
ViTrox Technologies (Suzhou) Co., Ltd.*	China	**100%	**100%	As sales and support office

* Not audited by Crowe Horwath

** Interest held through ViTrox International Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

8. INVENTORIES

The Group

	2010 RM	2009 RM
Raw materials	7,859,456	2,869,314
Work-in-progress	368,908	147,925
Finished goods	5,824,815	1,482,742
	<u>14,053,179</u>	<u>4,499,981</u>

9. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade receivables:-				
- Subsidiary	0	0	2,281,633	2,531,633
- Unrelated parties	17,271,097	5,392,110	740,000	0
- Allowance for impairment	(31,500)	(829,512)	0	0
	<u>17,239,597</u>	<u>4,562,598</u>	<u>740,000</u>	<u>0</u>
	17,239,597	4,562,598	3,021,633	2,531,633
Grants receivable	439,003	356,474	197,448	0
Other receivables:-				
- Subsidiaries	0	0	12,311,225	3,189,974
- Unrelated parties	455,124	318,117	2,910	13,044
	<u>455,124</u>	<u>318,117</u>	<u>12,314,135</u>	<u>3,203,018</u>
	<u>18,133,724</u>	<u>5,237,189</u>	<u>15,533,216</u>	<u>5,734,651</u>

The currency profile of trade and other receivables is as follows:-

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Ringgit Malaysia	4,776,545	3,932,901	15,533,216	5,734,651
US Dollar	13,332,204	1,297,644	0	0
Renminbi	24,975	6,644	0	0
	<u>18,133,724</u>	<u>5,237,189</u>	<u>15,533,216</u>	<u>5,734,651</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

9. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade Receivables

Trade receivables are unsecured and non-interest bearing. The amount owing by subsidiary is repayable on demand. The amounts owing by unrelated parties are generally on 30 to 270 day terms.

The movements in allowance for impairment are as follows:-

	The Group	
	2010 RM	2009 RM
Balance at 1 January	829,512	767,107
Impairment loss recognised	31,500	196,910
Impairment loss reversed	(967)	(134,505)
Impairment loss written off	(828,545)	0
Balance at 31 December	<u>31,500</u>	<u>829,512</u>

All the above impairment losses were individually determined after considering the adverse financial conditions of the debtors who have defaulted/delayed in payments.

The ageing analysis of trade receivables not impaired is as follows:-

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Not past due	11,309,967	3,350,075	3,021,633	2,531,633
Past due 1 to 30 days	1,895,586	461,980	0	0
Past due 31 to 120 days	1,422,898	16,667	0	0
Past due more than 120 days	2,611,146	733,876	0	0
	<u>17,239,597</u>	<u>4,562,598</u>	<u>3,021,633</u>	<u>2,531,633</u>

Trade receivables that are neither past due nor impaired mainly relate to creditworthy customers who have regular transactions and good payment records with the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

9. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade Receivables (cont'd)

Management determines credit risk concentrations in terms of counterparties and geographical areas. As at 31 December 2010, there were 3 (2009 : 2) major customers that accounted for 10% or more of the Group's trade receivables and the total outstanding balances due from these major customers amounted to RM9,829,395 (2009 : RM3,101,045). As at 31 December 2010, the entire trade receivables of the Company were due from a subsidiary and an unrelated major customer. The credit risk concentration profile by geographical areas of trade receivables is as follows:-

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Malaysia	4,002,111	3,240,649	3,021,633	2,531,633
Singapore	5,553,146	0	0	0
Taiwan	3,643,334	937,400	0	0
China	2,451,316	381,434	0	0
Mexico	1,428,950	0	0	0
Other countries	160,740	3,115	0	0
	17,239,597	4,562,598	3,021,633	2,531,633

Other Receivables

Other receivables are unsecured and non-interest bearing. The amounts owing by subsidiaries are repayable on demand. The amounts owing by unrelated parties mainly consist of refundable deposits which have no fixed repayment terms.

10. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Highly liquid investments	2,354,610	2,293,261	2,105,385	2,050,529
Term deposits with licensed banks (fixed rate)	38,521,673	24,020,584	6,163,047	3,100,937
Cash and bank balances	2,526,995	1,368,891	386,921	76,362
	43,403,278	27,682,736	8,655,353	5,227,828

A term deposit of the Group amounting to RM83,044 (2009 : RM80,738) has been pledged as security for credit facilities granted to the Group. Accordingly, this term deposit is not freely available for use.

The effective interest rates of term deposits as at 31 December 2010 ranged from 0.2% to 3.1% (2009 : 0.3% to 3.5%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

10. CASH AND CASH EQUIVALENTS (CONT'D)

The currency profile of cash and cash equivalents is as follows:-

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Ringgit Malaysia	27,770,991	26,340,932	8,655,353	5,227,828
US Dollar	15,524,626	1,310,320	0	0
Renminbi	26,117	31,484	0	0
Euro	81,544	0	0	0
	43,403,278	27,682,736	8,655,353	5,227,828

11. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade payables	4,384,313	1,391,393	0	0
Other payables	6,891,109	1,573,773	1,936,995	717,351
	11,275,422	2,965,166	1,936,995	717,351

The currency profile of trade and other payables is as follows:-

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Ringgit Malaysia	10,384,237	2,417,363	1,936,995	717,351
US Dollar	407,297	490,349	0	0
Singapore Dollar	113,502	43,067	0	0
Euro	366,615	7,822	0	0
Renminbi	3,771	6,565	0	0
	11,275,422	2,965,166	1,936,995	717,351

Trade and other payables are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

Trade Payables

Trade payables are unsecured, non-interest bearing and generally on 30 to 90 day terms.

Other Payables

Other payables are unsecured and non-interest bearing. The amounts mainly consist of sundry payables and accruals for operating expenses which are generally due within 7 to 90 days.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

12. DEFERRED TAX LIABILITIES

The Group

	2010 RM	2009 RM
Balance at 1 January	316,000	298,000
Deferred tax expense relating to origination and reversal of temporary differences	134,000	18,000
Balance at 31 December	<u>450,000</u>	<u>316,000</u>
In respect of taxable temporary differences of:-		
- Property, plant and equipment	292,000	266,000
- Investment property	50,000	50,000
- Development expenditure	108,000	0
	<u>450,000</u>	<u>316,000</u>

13. DEFERRED INCOME ON GOVERNMENT GRANTS

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Balance at 1 January	269,645	0	0	0
Grants related to:-				
- Property, plant and equipment	90,760	75,639	90,760	0
- Capitalised development expenditure	180,943	203,928	0	0
	<u>271,703</u>	<u>279,567</u>	<u>90,760</u>	<u>0</u>
Amortisation	(18,195)	(9,922)	(8,220)	0
Balance at 31 December	<u>523,153</u>	<u>269,645</u>	<u>82,540</u>	<u>0</u>

The Group and the Company received grants from the local government for certain research and development projects. The grants covered 50% of the project budgets as approved by the local government.

14. SHARE CAPITAL

	2010 RM	2009 RM
Authorised:-		
250,000,000 ordinary shares of RM0.10 each	<u>25,000,000</u>	<u>25,000,000</u>
Issued and fully paid-up:-		
155,000,000 ordinary shares of RM0.10 each	<u>15,500,000</u>	<u>15,500,000</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

14. SHARE CAPITAL (CONT'D)

Purchase of Own Shares

The shareholders of the Company, by a resolution passed at the Extraordinary General Meeting held on 21 November 2008, approved the Company's plan to purchase its own shares. The directors are committed to enhancing the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interests of the Company and its shareholders. The details of the shares purchased from the open market using internally generated funds and held as treasury shares during the financial year are as follows:-

	2010		2009	
	No. of Shares	RM	No. of Shares	RM
Balance at 1 January	2,486,600	852,705	0	0
Shares purchased	228,100	168,793	2,486,600	852,705
Balance at 31 December	<u>2,714,700</u>	<u>1,021,498</u>	<u>2,486,600</u>	<u>852,705</u>
Average unit cost for the year		<u>0.74</u>		<u>0.34</u>

The number of outstanding shares in issue after excluding the treasury shares is as follows:-

	2010	2009
	No. of Shares	No. of Shares
Balance at 1 January	152,513,400	155,000,000
Shares purchased	(228,100)	(2,486,600)
Balance at 31 December	<u>152,285,300</u>	<u>152,513,400</u>

15. REVENUE

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Income from sale of goods	87,608,713	18,133,636	2,220,000	3,364,676
Gross dividends from subsidiaries	0	0	14,650,000	620,000
	<u>87,608,713</u>	<u>18,133,636</u>	<u>16,870,000</u>	<u>3,984,676</u>

16. DIRECTORS' REMUNERATION

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Fees	126,000	78,000	126,000	78,000
Other short-term employee benefits	663,389	403,453	248,769	151,934
Defined contribution plans	183,004	115,633	76,810	49,232
	<u>972,393</u>	<u>597,086</u>	<u>451,579</u>	<u>279,166</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

17. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Short-term employee benefits	13,115,307	6,255,006	3,682,629	1,300,170
Defined contribution plans	1,433,442	798,170	435,867	217,421
	14,548,749	7,053,176	4,118,496	1,517,591
Employee benefits expense capitalised as development expenditure (Note 6)	(380,497)	(930,081)	0	0
Employee benefits expense recognised in profit or loss	14,168,252	6,123,095	4,118,496	1,517,591
Represented by:-				
- Short-term employee benefits	12,775,687	5,405,549	3,682,629	1,300,170
- Defined contribution plans	1,392,565	717,546	435,867	217,421
	14,168,252	6,123,095	4,118,496	1,517,591

18. PROFIT BEFORE TAX

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit before tax is arrived at after charging:-				
Allowance for slow moving inventories	1,088,837	634,918	0	0
Auditors' remuneration	39,500	33,213	12,000	9,500
Development expenditure written off	5,948	5,238	0	0
Direct operating expenditure for investment property generating rental income	2,582	2,462	0	0
Fee expense for financial instruments not at fair value through profit or loss	33,699	19,084	637	750
Impairment loss on loans and receivables	31,500	196,910	0	0
Loss on disposal of property, plant and equipment	120	0	0	0
Loss on foreign exchange:-				
- Realised	797,908	83,920	340	0
- Unrealised	776,441	0	0	0
Property, plant and equipment written off	2,500	0	0	0
Rental of premises	536,007	309,881	139,869	0
Research and development expenditure	10,592,692	2,779,358	4,066,357	1,513,852

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

18. PROFIT BEFORE TAX (CONT'D)

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
and crediting:-				
Amortisation of deferred income	18,195	9,922	8,220	0
Gain on foreign exchange:-				
- Realised	17,922	39	0	0
- Unrealised	0	19,721	0	0
Grants related to income	1,036,195	386,354	918,647	0
Interest income for financial assets not at fair value through profit or loss	582,370	554,964	117,283	77,263
Rental income:-				
- Investment property	24,000	38,400	0	0
- Others	79,200	57,600	0	0
Reversal of impairment loss on loans and receivables	967	134,505	0	0

19. TAX EXPENSE

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Tax based on results for the year:-				
Malaysian income tax	574,428	120,120	15,607	0
Deferred tax	134,000	18,000	0	0
	708,428	138,120	15,607	0
Tax under/(over) provided in prior year	25,322	(9,035)	6,685	0
	733,750	129,085	22,292	0

The numerical reconciliation between the applicable tax rate, which is the statutory income tax rate, and the average effective tax rate on results for the year is as follows:-

	The Group		The Company	
	2010 %	2009 %	2010 %	2009 %
Applicable tax rate	25.00	25.00	25.00	25.00
Non-deductible expenses	1.33	12.06	3.26	3.34
Non-taxable income	(0.92)	(5.47)	(33.12)	(8.90)
Pioneer income exempted	(27.53)	(38.83)	0.00	(26.39)
Effect of differential tax rates	4.30	13.91	4.99	6.95
Average effective tax rate	2.18	6.67	0.13	0.00

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

19. TAX EXPENSE (CONT'D)

As at 31 December 2010, the Company has sufficient tax credits and tax exempt income to frank/distribute its entire retained profits if paid out as dividends. It may also distribute its entire retained profits as at 31 December 2010 as tax exempt dividends under the single tier tax system.

Tax incentives applicable to the Group are summarised below:-

The Company

The Company has been granted Multimedia Super Corridor ("MSC") status by Multimedia Development Corporation Sdn. Bhd. 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, Printed Circuit Board Assemblies (PCBA), Advanced X-Ray Inspection and Advanced PCBA Optical Inspection System ("Pioneer Products"). By virtue of its MSC status, the Company has been granted pioneer status by the Ministry of International Trade and Industry Malaysia. Under this incentive, 100% of the Company's statutory income from the Pioneer Products is exempted from income tax for a period of 10 years commencing from 25 January 2005.

ViTrox Technologies Sdn. Bhd.

The subsidiary has been granted pioneer status by the Ministry of International Trade and Industry Malaysia for the development and production of digital automated vision inspection equipment and modules ("Pioneer Products"). Under this incentive, 100% of the subsidiary's statutory income from the Pioneer Products is exempted from income tax for a period of 10 years commencing from 1 April 2005.

ViE Technologies Sdn. Bhd.

The subsidiary has been granted pioneer status by the Ministry of International Trade and Industry Malaysia for the design, development and manufacture of printed circuit board assemblies for microprocessor applications ("Pioneer Products"). Under this incentive, 100% of the subsidiary's statutory income from the Pioneer Products is exempted from income tax for a period of 5 years commencing from 1 April 2007.

20. EARNINGS PER SHARE

The Group

The basic earnings per share is calculated by dividing the Group's profit for the financial year by the weighted average number of ordinary shares in issue during the year, after adjusting for the effect of shares purchased, as follows:-

	2010	2009
Profit for the financial year (RM)	<u>31,812,939</u>	<u>1,940,552</u>
Number of shares in issue as at 1 January	152,513,400	155,000,000
Effect of shares purchased	(141,209)	(2,148,687)
Weighted average number of shares in issue	<u>152,372,191</u>	<u>152,851,313</u>
Basic earnings per share (sen)	<u>20.88</u>	<u>1.27</u>

The diluted earnings per share equals the basic earnings per share as the Company did not have any dilutive potential ordinary shares during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

21. DIVIDENDS

The Group and the Company

	2010 RM	2009 RM
Special interim dividend of 0.7 sen per share (tax exempt) in respect of financial year ended 31 December 2008 paid in February 2009	0	1,085,000
Final dividend of 0.4 sen per share (tax exempt) in respect of financial year ended 31 December 2008 paid in July 2009	0	610,053
Interim dividend of 3 sen per share (tax exempt) in respect of financial year ended 31 December 2010 paid in January 2011	4,568,559	0
	<u>4,568,559</u>	<u>1,695,053</u>

22. RELATED PARTY DISCLOSURES

Significant transactions with related parties during the financial year are as follows:-

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Key management personnel compensation:-				
- Short-term employee benefits	939,045	569,175	374,769	229,934
- Defined contribution plans	199,468	125,769	76,810	49,232
	<u>1,138,513</u>	<u>694,944</u>	<u>451,579</u>	<u>279,166</u>
Dividends declared from subsidiaries	0	0	14,650,000	620,000
Sale of goods to a subsidiary	0	0	0	34,676

23. SEGMENT REPORTING

The Group

Operating Segments

Information about operating segments has not been reported separately as the Group's profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the development and production of vision inspection system and printed circuit board assemblies for microprocessor applications.

Geographical Information

In presenting information about geographical areas, segment revenue is based on the geographical location of customers whereas segment assets are based on the geographical location of assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

23. SEGMENT REPORTING (CONT'D)

Geographical Information (cont'd)

	External Revenue		Non-current Assets	
	2010 RM	2009 RM	2010 RM	2009 RM
Malaysia	41,304,604	15,852,290	18,035,748	14,324,667
China	4,356,750	287,361	8,462	11,101
Taiwan	5,417,214	1,164,943	0	0
Singapore	30,127,772	534,058	0	0
Mexico	3,571,005	0	0	0
Other countries	2,831,368	294,984	0	0
	87,608,713	18,133,636	18,044,210	14,335,768

Major Customers

The major customers that contributed 10% or more of the Group's total revenue are as follows:-

	External Revenue	
	2010 RM	2009 RM
Customer I*	30,020,576	534,058
Customer II*	35,490,970	10,533,386
Customer III*	2,220,000	3,330,000

* The identity of the major customer has not been disclosed as permitted by FRS 8 Operating Segments.

24. COMMITMENT FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

The Group

	2010 RM	2009 RM
Contracted but not provided for	11,884,000	0

25. FINANCIAL RISK MANAGEMENT

The activities of the Group expose it to certain financial risks, including credit risk, liquidity risk and currency risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

25. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk

The Group's exposure to credit risk arises mainly from receivables and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statement of financial position.

As the Group only deals with reputable financial institutions, the credit risk associated with deposits placed with them is minimal. The Group manages its credit risk exposure of receivables by assessing counterparties' financial standings on an ongoing basis, setting and monitoring counterparties' limits and credit terms.

Liquidity Risk

The Group's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due. The remaining contractual maturities of financial liabilities are disclosed in their respective notes.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

Currency Risk

The Group's exposure to currency risk arises mainly from transactions entered into by individual entities within the Group in currencies other than their functional currencies. The major functional currency within the Group is Ringgit Malaysia ("RM") whereas the major foreign currency transacted is US Dollar ("USD").

The Group observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk. Such exposure is also partly mitigated in the following ways:-

- (i) The Group's foreign currency sales and purchases provide a natural hedge against fluctuations in foreign currencies.
- (ii) The Group maintains part of its cash and cash equivalents in foreign currency accounts to meet future obligations in foreign currencies.

Based on a symmetric basis which uses the foreign currency as a stable denominator, the following table demonstrates the sensitivity of profit or loss to changes in exchange rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	The Group	
	Increase/ (Decrease) in Profit 2010 RM	Increase/ (Decrease) in Profit 2009 RM
Appreciation of USD against RM by 10%	2,810,190	206,858
Depreciation of USD against RM by 10%	(2,810,190)	(206,868)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

VITROX CORPORATION BERHAD [649966-K]

26. CAPITAL MANAGEMENT

The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair returns to owners and benefits to other stakeholders. In order to meet this objective, the Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Group considers its total equity to be the key component of its capital structure and may, from time to time, adjust the dividend payouts, purchase own shares, issue new shares, redeem debts or sell assets, where necessary, to maintain an optimal capital structure. Management has not formulated any formal policies and processes for monitoring the Group's capital in view of its simple structure. Nevertheless, management will always strive to improve those policies and processes whenever the need arises.

SUPPLEMENTARY INFORMATION - REALISED AND UNREALISED PROFITS OR LOSSES

VITROX CORPORATION BERHAD [649966-K]

	The Group 2010 RM	The Company 2010 RM
Total retained profits of the Company and its subsidiaries:-		
- Realised	67,433,124	10,135,024
- Unrealised	(1,226,441)	0
	<hr/>	<hr/>
	66,206,683	10,135,024
Consolidation adjustments and eliminations	(5,618,922)	0
Total retained profits as per statement of financial position	<hr/>	<hr/>
	60,587,761	10,135,024

The above supplementary information is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad. Comparative figures are not required in the first financial year of complying with the directive.

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 / Build Up Area / Sq Metre	Net Book Value as at 31 December 2010 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	7 years / 60 years lease expiring on January 6, 2058	Semi-detached factory cum office	1,529 / 544	903,898	September 27, 2000 (Date of Acquisition)
	<u>Bearing Postal Address</u> No. 5, Lintang Bayan Lepas 2, Bayan Lepas Industrial Park, Phase 4, Bayan Lepas, 11900 Penang					
2.	<i>ViTrox Technologies Sdn. Bhd.</i> HSD 21704, Lot No. PT 5286, Mukim12, Daerah Barat Daya, Pulau Pinang	4 years / 60 years lease expiring on December 26, 2066	ViTrox Innovation Centre	12,152 / 2,900	8,272,408	July 27, 2004 (Date of Acquisition)
	<u>Bearing Postal Address</u> No. 85A, Lintang Bayan Lepas 11 Bayan Lepas Industrial Park Phase IV, 11900 Bayan Lepas Penang					
3.	<i>ViTrox Technologies Sdn. Bhd.</i> Lot 1241, Mukim 12, Daerah Barat Daya, Pulau Pinang	6 years / 99 years lease upon issuance of strata title	Shoplot for investment purposes	- / 96	300,000	December 31, 2010 (Date of Valuation)
	<u>Bearing Postal Address</u> Level No. 04, Unit No. 20, Kristal Point II, Lebu Bukit Kecil 6, 11900 Bayan Lepas, Penang					
4.	<i>ViTrox Technologies Sdn. Bhd.</i> Lot 1241, Mukim 12, Daerah Barat Daya, Pulau Pinang	6 years / 99 years lease upon issuance of strata title	Shoplot for investment purposes	- / 96	300,000	December 31, 2010 (Date of Valuation)
	<u>Bearing Postal Address</u> Level No. 04, Unit No. 21, Kristal Point II, Lebu Bukit Kecil 6, 11900 Bayan Lepas, Penang					

STATISTICS OF SHAREHOLDINGS

VITROX CORPORATION BERHAD [649966-K]

SHARE CAPITAL AS AT 28 APRIL 2011

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 28 APRIL 2011

Size of Holdings	No. of Holders	No. of Shares	%
1 - 99	22	981	0.00
100 - 1,000	518	120,179	0.08
1,001 - 10,000	315	1,595,728	1.03
10,001 - 100,000	184	6,104,821	3.94
100,001 - 7,749,999	52	45,044,855	29.06
7,750,000 and above	3	102,133,436	65.89
Total	1,094	155,000,000	100.00

THIRTY LARGEST SECURITIES HOLDERS AS AT 28 APRIL 2011

No.	Name	Shareholdings	%
1	Chu Jenn Weng	48,475,103	31.27
2	Siaw Kok Tong	35,059,243	22.62
3	Yeoh Shih Hoong	18,599,090	12.00
4	HSBC Nominees (Tempatan) Sdn Bhd Qualifier: Exempt an for HSBC (Malaysia) Trustee Berhad (LRCT-5741)	4,244,766	2.74
5	Teng Soo Fong	4,005,466	2.58
6	Citigroup Nominees (Asing) Sdn Bhd Qualifier: UBS AG for Hidden Jewels Fund	3,628,082	2.34
7	Tan Booï Charn	3,450,000	2.23
8	Sim Ah Yoong	3,347,533	2.16
9	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Qualifier: Exempt an for Kumpulan Sentiasa Cemerlang Sdn Bhd (TSTAC/CLNT)	2,680,000	1.73
10	Kiew Kwong Sen	2,500,000	1.61
11	Tan Hong Soon	2,500,000	1.61
12	Chua Siew Kim	1,357,166	0.88
13	Wong Ting Lik	1,326,996	0.86
14	Koay Soo Ming	1,016,529	0.66
15	Ang Nya @ Ang Ah Nya	1,000,000	0.65
16	Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Employees Provident Fund Board (PHEIM)	963,600	0.62
17	Chua Siew Kim	870,667	0.56
18	Citigroup Nominees (Asing) Sdn Bhd Qualifier: UBS AG for AOF Pan Asia II Llc	783,218	0.51
19	Su Peik Hoon	726,744	0.47
20	Chong Kok Cheng	700,000	0.45

STATISTICS OF SHAREHOLDINGS

VITROX CORPORATION BERHAD [649966-K]

THIRTY LARGEST SECURITIES HOLDERS AS AT 28 APRIL 2011 (CONT'D)

No.	Name	Shareholdings	%
21	HSBC Nominees (Asing) Sdn Bhd Qualifier: Exempt an for JPMorgan Chase Bank, National Association (Norges BK Lend)	670,000	0.43
22	Lim Yee @ Lim Wei Yee	654,400	0.42
23	Goh Thong Beng	600,000	0.39
24	Ahmad Fadzil Bin Mohamad Hani	500,000	0.32
25	Goh Siew Eng	500,000	0.32
26	Mak Tian Meng	460,000	0.30
27	AMSEC Nominees (Tempatan) Sdn Bhd Qualifier: AmTrustee Berhad for Apex Dana Al-Sofi-I (UT-Apex-Sofi)	438,000	0.28
28	Pang Kin Wai	434,067	0.28
29	CIMB Group Nominees (Asing) Sdn. Bhd. Qualifier: BHLB Trustee Berhad for Global Strategic Growth Fund (KSC 2)	400,000	0.26
30	Su Pek Fuen	375,866	0.24
	TOTAL	142,266,536	91.79

SUBSTANTIAL SHAREHOLDERS AS AT 28 APRIL 2011

Name	Direct Shareholding	%	Indirect Shareholding	%
Chu Jenn Weng	48,475,103	31.27	-	-
Siaw Kok Tong	35,084,843	22.64	-	-
Yeoh Shih Hoong	18,599,090	12.00	-	-

DIRECTORS' SHAREHOLDING AS AT 28 APRIL 2011

Name	Direct Shareholding	%	Indirect Shareholding	%
Chu Jenn Weng	48,475,103	31.27	-	-
Siaw Kok Tong	35,084,843	22.64	-	-
Yeoh Shih Hoong	18,599,090	12.00	-	-
Dato' Seri Kiew Kwong Sen	2,500,000	1.61	-	-
Prof. Ir. Dr. Ahmad Fadzil Bin Mohamad Hani	500,000	0.32	-	-
Chuah Poay Ngee	10,000	0.01	-	-
Chang Mun Kee	100	-	4,244,766*	2.74

* Registered in the name of HSBC (Malaysia) Trustee Berhad for Little Rain Children Trust. HSBC (Malaysia) Trustee Berhad - Little Rain Children Trust is the trustee of a discretionary trust, for charity and estate planning purpose, where the beneficiaries of which are members of Mr Chang Mun Kee's family and himself.

SHARE BUY-BACK STATEMENT

VITROX CORPORATION BERHAD [649966-K]

1. Disclaimer Statement

Bursa Malaysia Securities Berhad (“Bursa Securities”) has not perused this Share Buy-Back Statement prior its issuance, and hence, take no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the content of the Statement.

2. Rationale For the Share Buy-Back By ViTrox Corporation Berhad (“ViTrox” or “the Company”) Of its Own Ordinary Shares of RM0.10 Each (“Shares”) of up to 10% of its Existing Issued and Paid-Up Share Capital at any given point in time (“Proposed Share Buy-Back”)

The Proposed Share Buy-Back, if exercised, would potentially benefit the Company and its shareholders as follows:-

- a. To allow the Company to take preventive measures against speculation particularly when its Shares are undervalued which would in turn stabilise the market price of the Shares and hence, enhance investors’ confidence;
- b. To allow the Company flexibility in achieving the desired capital structure, in terms of the debt and equity composition, and the size of equity; and
- c. The Purchased Shares may be held as treasury shares and distributed to shareholders as dividends and/or resold in the open market with the intention of realising a potential capital gain if the Purchased Shares are resold at price(s) higher than their purchase price(s).

3. Retained Profits and Share Premium

Based on the audited financial statements of ViTrox as at 31 December 2010, the retained profits and share premium of the Company stood at RM10,135,024 and RM1,222,055 respectively.

4. Funding for the Proposed Share Buy-Back

The Proposed Share Buy-Back will be funded from internally generated funds. The Company has adequate resources to undertake the Proposed Share Buy-Back as the Company has net cash and cash equivalent balance of approximately of RM8.66 million based on the audited financial statements of ViTrox as at 31 December 2010. The fund utilised by the Company for the Proposed Share Buy-Back will reduce the resources available to ViTrox for its operations by a corresponding amount for shares bought back.

5. Interests of Directors’ and Substantial Shareholders’ and Persons Connected to them

Save for the inadvertent increase in the percentage shareholdings and/or voting rights of the shareholders in the Company as a consequence of the Proposed Share Buy-Back, none of the Directors and Substantial Shareholders of ViTrox nor persons connected to them has any interest, direct or indirect, in the Proposed Share Buy-Back and, if any, the resale of treasury shares.

SHARE BUY-BACK STATEMENT

VITROX CORPORATION BERHAD [649966-K]

5. Interests of Directors' and Substantial Shareholders' and Persons Connected to them (Cont'd)

Based on the Register of Directors and Register of Substantial Shareholders of ViTrox as at 28 April 2011 and assuming that ViTrox implements the Proposed Shares Buy-Back in full, the effects of the Proposed Share Buy-Back on the shareholdings of the Directors, Substantial Shareholders and Person Connected to them of ViTrox are as follows:-

	As at 28 April 2011 ^(a)				After Proposed Share Buy-Back ^(b)			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors and Substantial Shareholders								
Chu Jenn Weng ¹	48,475,103	31.27	-	-	48,475,103	34.75	-	-
Siaw Kok Tong	35,084,843	22.64	-	-	35,084,843	25.15	-	-
Yeoh Shih Hoong	18,599,090	12.00	-	-	18,599,090	13.33	-	-
Directors								
Dato' Seri Kiew Kwong Sen	2,500,000	1.61	-	-	2,500,000	1.79	-	-
Prof Ir. Dr Ahmad Fadzil Bin Mohamad Hani	500,000	0.32	-	-	500,000	0.36	-	-
Chuah Poay Ngee	10,000	0.01	-	-	10,000	0.01	-	-
Chang Mun Kee	100	negligible	4,244,766	2.74	100	negligible	4,244,766	3.04
Person Connected to Director/ Substantial Shareholder								
Su Pek Fuen ¹	375,866	0.24	-	-	375,866	0.27	-	-
HSBC (Malaysia) Trustee Berhad for Little Rain Children Trust ²	4,244,766	2.74	-	-	4,244,766	3.04	-	-

Notes:-

(a) Based on the existing issued and paid-up share capital of 155,000,000 Ordinary Shares of RM0.10 each.

(b) Based on the issued and paid-up share capital of 139,500,000 Ordinary Shares after the Proposed Share Buy-Back is carried out in full and all the shares purchased are held as treasury shares.

¹ Being spouse to the Director/Substantial Shareholder.

² HSBC (Malaysia) Trustee Berhad for Little Rain Children Trust is the trustee of a discretionary trust, for charity and estate planning purpose, where the beneficiaries of which are members of Mr. Chang Mun Kee's family and himself.

6. Potential Advantages and Disadvantages of the Proposed Share Buy-Back

6.1 Potential Advantages of the Proposed Share Buy-Back

The Potential Advantages of the Proposed Share Buy-Back are set out in Section 2 of this Statement.

6.2 Potential Disadvantages of the Proposed Share Buy-Back

- The Proposed Share Buy-Back, if implemented, will reduce the financial resources of the Group and may result in the Group foregoing interest income and/or better investment opportunities that may emerge in the future; and
- As the Proposed Share Buy-Back can only be made out of retained profits and share premium accounts of the Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future.

SHARE BUY-BACK STATEMENT

VITROX CORPORATION BERHAD [649966-K]

6. Potential Advantages and Disadvantages of the Proposed Share Buy-Back (Cont'd)

Nevertheless, the Proposed Share Buy-Back is not expected to have any potential material disadvantage to the shareholders of the Company as well as the Group as it will be implemented only after careful consideration of the financial resources of the Group and the resultant impact on the shareholders of the Company.

7. Material Financial Effects of The Proposed Share Buy-Back

The material financial effects of the Proposed Share Buy-Back on the share capital, consolidated Net Tangible Assets (NTA), working capital, earnings, dividends and the substantial shareholders' shareholdings in ViTrox are set out below:

a. Share Capital

As at 28 April 2011, the issued and paid-up capital of ViTrox was RM15,500,000 comprising 155,000,000 shares. In the event that the 15,500,000 Shares representing 10% of the issued and paid-up share capital of the Company are purchased and cancelled, the effect on the share capital of the Company are illustrated as follows:-

	No. of Shares
Issued and fully paid-up share capital as at 28 April 2011	155,000,000
Assumed the Shares purchased and cancelled	<u>(15,500,000)</u>
Resultant issued and paid-up capital	<u>139,500,000</u>

If the Purchased Shares are retained as treasury shares, the Proposed Share Buy-Back will not have any effect on the issued and paid-up share capital of the Company. However, the rights attached to them in relation to voting, dividends and participation in any other distribution or otherwise will be suspended and the treasury shares shall not be taken into account in calculating the number or percentage of Shares or of a class of shares for any purposes including, without limiting the generality of Section 67A(3C) of the Companies Act, 1965, the provisions of any law or requirements of the Articles or the listing rules of a stock exchange on substantial shareholding, take-overs, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on the resolution at a meeting.

b. Earnings

The effects of the Proposed Share Buy-Back on the earnings of the Group will depend on, inter alia, the purchase prices of the Shares, the number of Shares purchased, the effective funding cost to ViTrox to finance the purchase of Shares or any loss in interest income to the Group and the proposed treatment of the Purchased Shares.

If the Purchased Shares are to be retained as treasury shares or cancelled subsequently, the number of Shares applied in the computation of the EPS will be reduced, and accordingly, all other things being equal, the Proposed Share Buy-Back will have a positive impact on the EPS of the Group.

In the event the Purchased Shares are resold subsequently, depending on the price at which the said Shares are resold, the Proposed Share Buy-Back may have a positive effect on the EPS of the Group if there is a gain on the disposal and vice-versa.

SHARE BUY-BACK STATEMENT

VITROX CORPORATION BERHAD [649966-K]

7. Material Financial Effects of The Proposed Share Buy-Back (Cont'd)

c. NTA

The effect of the Proposed Share Buy-Back on the consolidated NTA of the Group would depend on the purchase prices of the Shares, the number of Shares purchased and the effective funding cost to the Group to finance the purchase of Shares or any loss in interest income to the Group.

The Proposed Share Buy-Back will reduce the consolidated NTA per Share of the Group if the purchase price exceeds the consolidated NTA per Share at the time of the purchase, and vice versa.

In the event the treasury shares are resold on Bursa Securities, the consolidated NTA per Share will increase if the Company realizes a gain from the resale, and vice versa. If the treasury shares are distributed as share dividends, the consolidated NTA per Share will decrease by the cost of the treasury shares.

d. Working Capital

The Proposed Share Buy-Back is likely to reduce the working capital and cash flow of the Group, the quantum of which will depend on the purchase prices of the Shares, the number of Shares purchased and any associated costs incurred in making the purchase.

e. Substantial Shareholders

Shares bought back by the Company under the Proposed Share Buy-Back that are retained as treasury shares will result in a proportionate increase in the percentage shareholdings of the Substantial Shareholders in the Company. Please refer to Section 5 of this Statement for further details.

f. Dividends

Assuming the Proposed Share Buy-Back is implemented in full, dividends would be paid on the remaining issued and paid-up share capital of ViTrox (excluding the Shares already purchased). The Proposed Share Buy-Back may have an impact on the Company's dividend policy for the financial year ending 31 December 2011 as it would reduce the cash available which may otherwise be used for dividend payments. Nonetheless, the treasury shares purchased may be distributed as dividends to shareholders of the Company, if the Company so decides.

Any dividends to be declared by ViTrox in the future would depend on, inter-alia, the profitability and cashflow position of the Group.

8. Implication of the Proposed Share Buy-Back Relating to the Malaysian Code on Take-Overs and Mergers, 2010 ("Code")

In the event that the Proposed Share Buy-Back results in any Substantial Shareholder and/or persons acting in concert with him holding more than 33% of the voting shares of the Company, pursuant to the Code, the affected Substantial Shareholder and/or persons acting in concert with him will be obliged to make a mandatory offer for the remaining Shares not held by him.

In the event that the Proposed Share Buy-Back results in any Substantial Shareholder and/or persons acting in concert with him who already holds more than 33% of the voting shares of the Company increasing by more than 2% in any six (6) months period, pursuant to the Code, the affected Substantial Shareholder and/or persons acting in concert with him will be obliged to make a mandatory offer for the remaining Shares not held by him.

However, the affected Substantial Shareholder and/or persons acting in concert with him may apply for a waiver from the obligation to make a mandatory offer from the Securities Commission under Paragraph 24.1 of Practise Note 9 of the Code.

SHARE BUY-BACK STATEMENT

VITROX CORPORATION BERHAD [649966-K]

9. Purchases made by the Company of its own shares in financial year ended 31 December 2010

The information on purchases made by the Company of its own shares during the financial year ended 31 December 2010 is as set out on page 33 of this annual report.

10. Public Shareholding Spread

As at 28 April 2011, the Record of Depositors of ViTrox showed that 43,984,903 Shares representing approximately 28.38% of the issued and paid-up share capital were held by the public shareholders. In this regard, the Board undertakes that the Proposed Share Buy-Back will be conducted to the extent that the public shareholding spread of ViTrox shall not fall below 25% of the issued and paid-up share capital of the Company (excluding treasury shares) at all times in accordance with the laws and regulations prevailing at the time of the purchase as stipulated in Paragraphs 8.02(1) and 12.14 of the Bursa Securities Main Market Listing Requirements (LR).

11. Directors' Statement

The Board of Directors, having taken into consideration the rationale for the Proposed Share Buy-Back, is of the opinion that Proposed Share Buy-Back is in the best interest of the Company.

12. Directors' Recommendation

The Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Share Buy-back to be tabled at the forthcoming AGM to give effect to the Proposed Share Buy-Back.

13. Further Information

There is no other information concerning the Proposed Share Buy-Back as shareholders and other professional advisers would reasonably require and expect to find in the Statement for the purpose of making informed assessment as to the merits of approving the Proposed Share Buy-Back and the extent of the risks involved in doing so.

NOTICE OF ANNUAL GENERAL MEETING

VITROX CORPORATION BERHAD [649966-K]

NOTICE IS HEREBY GIVEN that the Seventh 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, 24 June 2011 at 10.30 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 December 2010 together with the reports of the Directors and Auditors thereon. (Please refer to Note A)
2. To declare the following Dividends for the year ended 31 December 2010:-
 - a) A Special Dividend of 2.5 sen per share exempt from Income Tax; (Resolution 1)
 - b) A Final Dividend of 0.5 sen per share exempt from Income Tax. (Resolution 2)
3. To approve the payment of additional Directors' Fee of RM18,000 for the financial year ended 31 December 2010. (Resolution 3)
4. To approve an increase of the Directors' Fee from RM108,000 to RM144,000 for the financial year ending 31 December 2011 and payment of such fees to the Directors. (Resolution 4)
5. To re-elect the following directors retiring under the respective provision of the Articles of Association of the Company, and who being eligible, offered themselves for re-election:-
 - a) Chu Jenn Weng Article 85 (Resolution 5)
 - b) Yeoh Shih Hoong Article 85 (Resolution 6)
 - c) Chang Mun Kee Article 92 (Resolution 7)
6. To re-appoint Messrs. Crowe Horwath as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (Resolution 8)
7. AS SPECIAL BUSINESSES

To consider and, if thought fit, to pass the following as Ordinary Resolutions:-

- a) Authority to Issue Shares (Resolution 9)

"That pursuant to Section 132D of the Companies Act, 1965 and approvals from the Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be authorised 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 its 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 (excluding treasury shares) of the Company for the time being, and that the Board of Directors be empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Securities."

- b) Renewal of Authority to Purchase its own Shares (Resolution 10)

"That subject to the Companies Act, 1965, provisions of the Company's Memorandum and Articles of Association ("M&A") and the requirements of the Bursa Securities and other relevant governmental and regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to purchase its own shares through Bursa Securities, subject to the following:-

- i) The maximum aggregate number of shares which may be purchased by the Company shall not exceed ten per centum (10%) of the issued and paid-up ordinary share capital of the Company at any point in time;

NOTICE OF ANNUAL GENERAL MEETING

VITROX CORPORATION BERHAD [649966-K]

7. AS SPECIAL BUSINESSES (CONT'D)

b) Renewal of Authority to Purchase its own Shares (cont'd)

- ii) The maximum fund to be allocated by the Company for the purpose of purchasing the Company's shares shall not exceed the retained profits and share premium account of the Company. As at the latest financial year ended 31 December 2010, the audited retained profits and share premium account of the Company stood at RM10,135,024 and RM1,222,055 respectively;
- iii) The authority conferred by this resolution will be effective immediately upon the passing of this resolution and shall continue to be in force until the conclusion of the next AGM of the Company, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions or the expiration of the period within which the next AGM is required by law to be held or unless revoked or varied by ordinary resolution passed by the shareholders in a general meeting, whichever occurs first;
- iv) Upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt with in the following manner:-
 - to cancel the shares so purchased; or
 - to retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of the Bursa Securities or subsequently cancelled; or
 - retain part of the shares so purchased as treasury shares and cancel the remainder.

The Directors of the Company be and are hereby authorised to take all such steps as are necessary and entering into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments, if any, as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares in accordance with the Companies Act, 1965, provisions of the Company's M&A, the requirements of the Bursa Securities and any other regulatory authorities, and other relevant approvals."

8. 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
HOW WEE LING (MAICSA 7033850)
OOI EAN HOON (MAICSA 7057078)
Secretaries

Penang
Date : 1 June 2011

NOTICE OF ANNUAL GENERAL MEETING

VITROX CORPORATION BERHAD [649966-K]

NOTES:

- A. *This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 and the Company's Articles of Association do not require a formal approval of the shareholders and hence, is not put forward for voting.*

Proxy

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

The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.

The instrument appointing a proxy must be deposited at the Registered Office, 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, Malaysia at least 48 hours before the time for holding the Meeting or any adjournments thereof.

Explanatory Note On Special Business:

1. Resolution pursuant to the Authority to issue Shares

The proposed Resolution No. 9 [Item 7(a)], if passed, will grant a renewed general mandate (Mandate 2011) and empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.

The Mandate 2011 will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited for further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

As at the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the Sixth Annual General Meeting. The Company did not issue any share pursuant to the mandate granted because there was no investment, acquisition or working capital that required fund raising activity.

2. Resolution pursuant to the Authority Purchase its own Shares

The proposed Resolution No. 10 [Item 7(b)], if passed, will give the Directors of the Company authority to purchase its own shares up to ten per centum (10%) of the issued and paid-up share capital of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT



VITROX CORPORATION BERHAD
(Company No. 649966-K)
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN that the following Dividends for the year ended 31 December 2010, if approved, will be paid on 28 July 2011 to depositors registered in the Records of Depositors on 30 June 2011:-

- a) A Special Dividend of 2.5 sen per share exempt from Income Tax; and
- b) A Final Dividend of 0.5 sen per share exempt from Income Tax.

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

- a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 30 June 2011 in respect of ordinary transfers;
- b) shares bought on the Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the rules of Bursa Securities.

By Order of the Board,

HOW WEE LING (MAICSA 7033850)
OOI EAN HOON (MAICSA 7057078)
Secretaries

Penang
Date: 1 June 2011

This page is intentionally left blank

Fold along this line

Stamp

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

Fold along this line



ViTrox Corporation Berhad (649966-K)
No. 85-A, Lintang Bayan Lepas 11,
Bayan Lepas Industrial Park, Phase 4,
11900 Bayan Lepas,
Penang, Malaysia
Tel : 604 646 6227 Fax : 604 646 6327

China Division
ViTrox Technologies (Suzhou) Co. Ltd
No. 58, Xing Hai Street,
Jia Cheng Garden, Building 11,
Room 2001, Section A, Industrial Park,
215021, Suzhou, China
Tel : 86 512 62519891 Fax : 86 512 62519892

ViTrox USA
1460 Koll Circle Suite A,
San Jose,
CA 95112, USA
Tel : 1 408 573 1077(ext. 213) Fax : 1 408 573 1079

Email : enquiry@vitrox.com

www.vitrox.com