

NOTION VTEC BERHAD
Company No:- 637546-D
CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2007

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2007 (Unaudited) RM'000	Preceding Year Corresponding Quarter 31.03.2006 (Unaudited) RM'000	Current Year To Date 31.03.2007 (Unaudited) RM'000	Preceding Year To Date 31.03.2006 (Unaudited) RM'000
Revenue	28,278	20,316	58,024	39,751
Cost of Sales	(16,361)	(11,663)	(33,611)	(24,426)
Gross Profit	11,917	8,653	24,413	15,325
Other Operating Income	285	341	1,017	1,711
Operating Expenses	(1,971)	(1,332)	(4,100)	(2,587)
Operating Profit	10,231	7,662	21,330	14,449
Finance Costs	(221)	(262)	(616)	(566)
Profit Before Taxation	10,010	7,400	20,714	13,883
Taxation	(2,144)	(1,735)	(5,175)	(3,125)
Net Profit for The Period	7,866	5,665	15,539	10,758
Attributable to :				
Equity holders of the parent	7,662	5,535	15,270	10,514
Minority Interests	204	130	269	244
Net Profit for The Period	7,866	5,665	15,539	10,758
Basic and Diluted Earnings Per Share (sen)	1.31	0.94	2.60	1.79
Dividend Per Share (sen)	-	-	-	-

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 30 September 2006 and the accompanying explanatory notes attached to the interim financial statements.

NOTION VTEC BERHAD
Company No:- 637546-D
CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 31 MARCH 2007

	As at End of Current Quarter 31.03.2007 (Unaudited) RM'000	As at Preceding Year Ended 30.09.2006 (Restated) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	85,362	82,467
	85,362	82,467
Current assets		
Inventories	15,072	8,914
Trade receivables	25,687	26,283
Other receivables and deposits	3,534	1,499
Tax refundable	81	499
Short term deposits with licensed banks	5,951	7,022
Cash and bank balances	11,282	2,972
	61,607	47,189
Total assets	146,969	129,656
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	58,632	58,632
Share Premium	7,971	7,971
Proposed dividends	-	5,863
Retained Profits	41,773	26,503
	108,376	99,969
Minority Interest	1,158	889
Total equity	109,534	99,858
Non-current liabilities		
Long term borrowings	4,146	3,849
Deferred taxation	7,398	5,389
	11,544	9,238
Current liabilities		
Trade payables	9,594	7,297
Other payables and accruals	5,314	4,654
Provision for taxation	2,036	43
Dividend payable	-	-
Short term borrowings	7,677	8,566
Bank overdrafts	1,270	-
	25,891	20,560
Total Liabilities	37,435	29,798
TOTAL EQUITY AND LIABILITIES	146,969	129,656
Net assets per ordinary share (RM)	0.1848	0.1688

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the financial year ended 30 September 2006 and the accompanying explanatory notes attached to the interim financial statements.

NOTION VTEC BERHAD
Company No:- 637546-D
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2007

	Ordinary Share Capital RM'000	Share Premium RM'000	Negative Goodwill RM'000	Retained Profits RM'000	Proposed Dividend RM'000	Total RM'000
6 months ended 31 March 2007 (Unaudited)						
As at 1 October 2006						
As previously stated	58,632	7,971	14,299	12,204	5,863	98,969
- Effects of FRS 3 adoption	-	-	(14,299)	14,299	-	-
As restated	58,632	7,971	-	26,503	5,863	98,969
Dividend paid	-	-	-	-	(5,863)	(5,863)
Net profit for 6 months period ended 31 March 2007	-	-	-	15,270	-	15,270
As at 31 March 2007	58,632	7,971	-	41,773	-	108,376

	Ordinary Share Capital RM'000	Share Premium RM'000	Negative Goodwill RM'000	Retained Profits RM'000	Proposed Dividend RM'000	Total RM'000
6 months ended 31 March 2006 (Unaudited)						
As at 1 October 2005	29,316	37,267	16,015	7,420	-	90,018
Listing expenses	-	167	-	-	-	167
Amortisation of negative goodwill	-	-	(858)	-	-	(858)
Dividend paid	-	-	-	(5,863)	-	(5,863)
Net profit for 6 months period ended 31 March 2006	-	-	-	10,514	-	10,514
As at 31 March 2006	29,316	37,434	15,157	12,071	-	93,978

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 September 2006 and the accompanying explanatory notes attached to the interim financial statements.

NOTION VTEC BERHAD
Company No:- 637546-D
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE CUMULATIVE QUARTER ENDED 31 MARCH 2007

	Current Year To Date (Unaudited) 31.03.2007 RM'000	Preceding Year To Date (Unaudited) 31.03.2006 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit before taxation	20,714	13,883
Adjustments for:		
Depreciation of property, plant and equipment	4,834	3,443
Loss/(Gain) on disposal of plant and equipment	-	(102)
Fixed assets written-off	2	-
Amortisation of negative goodwill	-	(858)
Interest expenses	583	511
Interest income	(250)	(321)
Operating profit before working capital changes	25,883	16,556
Increase in inventories	(6,158)	(2,983)
(Increase)/Decrease in receivables	(1,104)	1,837
Increase/(Decrease) in payables	2,957	(10)
NET CASH FROM OPERATIONS	21,578	15,400
Interest paid	(583)	(511)
Tax refunded	10	-
Tax paid	(1,100)	(1,492)
NET CASH FROM OPERATING ACTIVITIES	19,905	13,397
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Interest received	250	321
Purchase of property, plant and equipment	(6,216)	(5,040)
Capital work-in-progress	(1,516)	(10,481)
Proceeds from disposal of plant and equipment	-	304
NET CASH FOR INVESTING ACTIVITIES	(7,482)	(14,896)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Drawdown of hire purchase	2,451	-
Repayment of hire-purchase and lease obligations	(4,358)	(4,805)
Drawdown/(Repayment) of bank borrowings	1,316	(1,081)
Dividend paid	(5,863)	(5,863)
NET CASH FLOWS FOR FINANCING ACTIVITIES	(6,454)	(11,749)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	5,969	(13,248)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	9,994	35,778
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	(A) 15,963	22,530

Note (A)

Cash and cash equivalents at the end of the financial period comprise the following:

Cash and bank balances	11,282	9,022
Short term deposits with licensed banks	5,951	13,508
Bank overdrafts	(1,270)	-
	15,963	22,530

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the financial year ended 30 September 2006 and the accompanying explanatory notes attached to the interim financial statements.

NOTION VTEC BERHAD ("Notion")

Company No:- 637546-D

PART A - EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD ("FRS") 134 - INTERIM FINANCIAL REPORTING

A1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with FRS 134 : Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the MESDAQ Market.

These explanatory notes to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of Notion VTEC Berhad and its subsidiaries ("The Group"). This interim financial report should be read in conjunction with the Group's annual audited financial report for the financial year ended ("FYE") 30 September 2006.

The accounting policies and methods of computations adopted in this interim financial statements are consistent with those adopted in the financial statements for the FYE 30 September 2006.

A2. CHANGES IN ACCOUNTING POLICIES

The accounting policies and methods of computations adopted in these interim financial statements are consistent with those adopted in the audited financial statements for the FYE 30 September 2006 except for the adoption of the following new/ revised FRSs issued by the Malaysian Accounting Standards Board that are effective for financial period beginning 1 January 2006 and/or 1 October 2006:

FRS 3 Business Combinations
FRS 101 Presentation of Financial Statements
FRS 102 Inventories
FRS 108 Accounting Policies, Changes in Estimates and Errors
FRS 110 Events after the Balance Sheet Date
FRS 116 Property, Plant and Equipment
FRS 121 The Effects of Changes in Foreign Exchange Rates
FRS 124 Related Party Disclosures
FRS 127 Consolidated and Separate Financial Statements
FRS 132 Financial Instruments: Disclosure and Presentation
FRS 133 Earnings Per Share
FRS 136 Impairment of Assets
FRS 138 Intangible Assets

The adoption of FRS 101, 102, 108, 110, 116, 121, 124,127, 132, 133, 136 and 138 does not have any significant financial impact on the Group. The principal effects of the changes of some accounting policies resulting from the adoption of the new/revised FRSs are discussed below :

FRS 3 : Business Combinations

Goodwill acquired in a business combination is now stated at cost less any accumulated impairment losses. The adoption of these new FRSs has resulted in the Group ceasing annual amortisation of goodwill. Instead, goodwill is allocated to cash-generating units and the carrying amount is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. The adoption of this accounting policy has not resulted in any financial impact to the Group as there was no goodwill as at 1 October 2006.

Negative goodwill, which represents the excess in fair value of the net identifiable assets acquired over the cost of the acquisition, is now recognised immediately to the income statement. Prior to 1 October 2006, negative goodwill was recognised and amortised in the income statement over the weighted average useful life of those identifiable depreciable assets. The change in this accounting policy has been accounted for which resulted in the derecognition of negative goodwill of RM14,299,120 as at 1 October 2006 with a corresponding increase in retained profits.

A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements of the Group for the FYE 30 September 2006 was not subject to any qualification.

A4. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The results of the Group were not materially affected by any significant seasonal or cyclical factors during the quarter under review.

A5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter under review.

A6. MATERIAL CHANGES IN ESTIMATES

The adoption of FRS 116 : Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end. The group revised the residual values of certain machineries and motor vehicles with effect from 1 October 2006. The revision were accounted for as change in accounting estimates and as a result, the depreciation charges for the current quarter and the current financial period ended 31 March 2007 have been reduced by RM140,000 and RM279,000 respectively.

There were no other changes in estimates that have had a material effect in the current quarter results.

A7. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There was no issuance and repayment of debt and equity securities, share buy-backs, share cancellation or shares held as a treasury shares and resale of treasury shares for the current financial period ended 31 March 2007.

A8. DIVIDEND PAID

The Company had paid the second interim tax-exempt dividend of 1.0 sen per ordinary share totaling RM5,863,195.20 in respect of FYE 30 September 2006 on 12 February 2007.

A9. SEGMENTAL INFORMATION

Segmental information is not presented as the Group is primarily engaged in only one business segment which is in the design and volume production of high precision metal manufacturing of hard disk drive ("HDD"), computer, consumer electronic and electrical and automotive industries' components, and its related research and development activities.

The Group's operations are conducted predominantly in Malaysia.

A10. VALUATION OF ASSETS

There was no revaluation of property, plant and equipment for the quarter under review.

A11. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE QUARTER

There were no material events between the end of the reporting quarter and the date of this announcement.

A12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current quarter under review, except for the following :

Notion Venture Sdn Bhd, a wholly-owned subsidiary of the Group, has on 11 April 2007 subscribed for 4 new ordinary shares of RM1.00 each in the company, Autic Mekki Sdn Bhd, for a cash consideration of RM4.00, representing 40% of the total issued and share capital of Autic Mekki Sdn Bhd.

The incorporation of Autic Mekki Sdn Bhd will not have any material effect on the earnings or net tangible assets of the Group.

A13. CONTINGENT LIABILITIES

a) Notion VTec Berhad ("The Company") has provided corporate guarantees for hire purchase facilities granted to subsidiaries for total amount of RM20,340,053. As at 31 March 2007, the said hire purchase total balance stood at RM 6,393,803.

b) The Company has also provided corporate guarantees for bank facilities granted to subsidiaries for a total amount of RM 25,200,000. As at 31 March 2007, the utilisation of the bank facilities stood at RM 4,460,420.

A14. CAPITAL COMMITMENTS

	As at End of Current Quarter 31.03.2007 RM'000	As at End of Preceding Quarter 31.12.2006 RM'000	As at Preceding Year's Corresponding Quarter 31.03.2006 RM'000
Approved and contracted for	3,444	2,092	10,199
Approved but not contracted for	-	-	-
	3,444	2,092	10,199

A15. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Directors of Notion are of the opinion that there is no related party transaction which would have material impact on the financial position and the business of the Group during the financial quarter.

PART B - EXPLANATORY NOTES IN COMPLIANCE WITH THE LISTING REQUIREMENTS OF THE BURSA SECURITIES**B1. GROUP PERFORMANCE REVIEW**

The Group recorded a revenue and profit before taxation ("PBT") of approximately RM 28.28 million and RM 10.01 million respectively for the second quarter ended 31 March 2007. Refer Notes B2. and B3. below for a detailed review of the Group's performance.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded lower revenue of RM28.28 million in the quarter under review ("Q2 2007") as compared to RM29.75 million achieved in the previous quarter ("Q1 2007"). PBT decreased from RM10.70 million in Q1 2007 to RM10.01 million in Q2 2007. PBT margin also decreased from 36.0% to 35.4% in Q2 2007.

The comparatively weaker performance in Q2 2007 was mainly attributed to the following:

(a) Impact of the strengthening Ringgit (RM) against the US Dollar (USD), particularly, for export orientated companies. Consequently, the Group suffered foreign exchange losses which arose from the difference in book RM/USD rate compared to the realized RM/USD rate.

The continuing strong RM will, to some extent, affect both revenue and profit margin of the Group.

(b) Lower contribution from the camera components business segment compared to Q1 2007, which is expected following robust seasonal sales experienced in Q1 2007. There had been a surge in orders in Q1 2007 for camera components from camera manufacturers, which were stock-piling in preparation for the end of the year peak sales season. The camera components enjoy better profit margin than the HDD components.

For Q2 2007, the Group achieved a product mix ratio (HDD: Camera: Industrial segments) of 54%: 29%: 17% compared to 45%: 39%: 16% ratio achieved in Q1 2007.

Notwithstanding the lower revenue and PBT margin, the Group recorded profit after tax ("PAT") of RM 7.87 million in Q2 2007, an increase of RM193,000 or 2.5% higher, as compared to Q1 2007 due to a marginally lower tax effect.

	Current Quarter Ended 31.03.2007 (Unaudited) RM'000	Preceding Quarter Ended 31.12.2006 (Restated) RM'000	Difference	
			RM'000	%
Revenue	28,278	29,746	(1,468)	-4.94
PBT	10,010	10,704	(694)	-6.48
PAT (before minority interest)	7,866	7,673	193	2.52

B3. PROSPECT FOR THE CURRENT FINANCIAL YEAR

The performance of the Group for Q2 2007 was creditable considering the negative impact of the strengthening RM on export orientated companies such as the Notion Group, which has net revenue exposure in USD. Recent analysts' reports released have predicted further appreciation of the RM against USD, with the possibility of the RM stabilising in the medium term. The continuing appreciation in the RM will, to some extent, affect Notion's revenue and bottom-line. The management of Notion is closely monitoring the exposed portion of its USD denominated sales to contain the risks, where possible. Hedging possibilities are also being considered by the management.

On a brighter note, the outlook for the HDD and digital camera markets continues to be positive in 2007. In a recent report by International Data Corporation ("IDC") (a global information technology and media research firm) on the Asia Pacific (excluding Japan) HDD market, IDC predicts that 2007 will see the region surpassing 270 million units, a growth of 26% year-on-year. Desktop personal computers are expected to take up 40% of the total HDD shipped to the region, followed by notebooks at 29%. The growth of HDD in consumer electronics will continue to be fueled by HDD-based digital video recorders and set-top boxes.

IDC reported that global shipments of digital cameras grew by 15 per cent to about 106 million units in 2006, driven by strong demand for advanced models and in emerging markets. However, IDC predicts that market growth will slip to 8 per cent in 2007, and the market will shrink in 2011. This is mainly because demand for digital cameras will slow down over the next few years as the market enters a maturity phase. However, IDC predicts that shipments for digital SLR cameras aimed at enthusiasts and professionals are expected to remain strong, with average growth of about 9 per cent to 8.5 million units in 2011.

After considering the overall scenario, the Board of Directors of Notion is cautiously optimistic of the Group's prospects, and expects the performance of the Group for the second half of financial year ending 2007 to be comparable to the performance of its first half of financial year ending 2007. Nevertheless, the Group's performance for the financial year ending 2007 is expected to improve considerably over its performance for FY 2006.

B4. PROFIT FORECAST AND PROFIT GUARANTEE

The Group did not issue any profit guarantee and profit forecast during the current financial period to date.

B5. TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31.03.2007 (Unaudited) RM'000	Preceding Year Corresponding Quarter 31.03.2006 (Unaudited) RM'000	Current Year To Date 31.03.2007 (Unaudited) RM'000	Preceding Year To Date 31.03.2006 (Unaudited) RM'000
Current taxation	1,082	1,514	3,152	2,683
Deferred taxation	1,062	221	2,023	442
	<u>2,144</u>	<u>1,735</u>	<u>5,175</u>	<u>3,125</u>

The effective tax rate of approximately 25% was lower than the statutory tax rate of 27% which was mainly due to the benefits from previously utilised reinvestment allowances.

B6. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no disposal of investments and/or properties for the current quarter and financial year-to-date.

B7. DEALINGS IN QUOTED SECURITIES

There were no purchase or disposal of quoted securities for the current quarter under review.

The Group does not hold any quoted securities as at 31 March 2007.

B8. STATUS OF CORPORATE PROPOSALS

Save as disclosed below, there are no other corporate proposals announced but pending completion for the quarter under review :-

On 5 April 2007, the Company announced that the Securities Commission ("SC") has approved an extension of time until 26 October 2007 for the Company to comply with the 30% Bumiputera equity condition imposed by the authorities pursuant to the National Development Policy requirement. Notion expects to comply with the said equity condition by way of a collective placement of 147.5 million existing ordinary shares in Notion by the promoters of Notion ("Promoters Placement") to Bumiputera investors to be approved by the Ministry of International Trade and Industry ("MITI"). The Promoters Placement has also been approved by MITI on 15 May 2007. In view of the foregoing, the special issue comprising 30,000,000 new shares ("Special Issue") will not be undertaken and the approval of the SC for the Special Issue has been allowed to lapse.

B9. BORROWINGS AND DEBTS SECURITIES

The Group's borrowings as at 31 March 2007 are as follows:

<u>Secured</u>	Short Term RM'000	Long Term RM'000	Total RM'000
Bills payable	2,820	-	2,820
Hire purchase and lease creditors	4,857	4,146	9,003
	<u>7,677</u>	<u>4,146</u>	<u>11,823</u>

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no financial instruments with material off balance sheet risks as at date of this report.

B11. MATERIAL LITIGATION

There were no material litigations that might adversely and materially affect the position of the Group as at date of this report.

B12. DIVIDENDS

There was no dividend declared during the quarter under review.

B13. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2007 (Unaudited) RM'000	Preceding Year Corresponding Quarter 31.03.2006 (Restated) RM'000	Current Year To Date 31.03.2007 (Unaudited) RM'000	Preceding Year To Date 31.03.2006 (Restated) RM'000
Net profit for the financial period (RM'000)	7,662	5,535	15,270	10,514
Weighted average no. of ordinary shares in issue ('000)	586,320	586,320	586,320	586,320
Basic and diluted earnings per share (sen)	<u>1.31</u>	<u>0.94</u>	<u>2.60</u>	<u>1.79</u>

AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 22 May 2007.

By Order of the Board

Mah Li Chen (MAICSA 7022751)
Lim Siew Ting (MAICSA 7029466)
Company Secretaries
Kuala Lumpur
22 May 2007