

NOTION VTEC BERHAD
Company No:- 637546-D
CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2007

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2007 (Unaudited) RM'000	Preceding Year Corresponding Quarter 30.09.2006 (Restated) RM'000	Current Year To Date 30.09.2007 (Unaudited) RM'000	Preceding Year To Date 30.09.2006 (Restated) RM'000
Revenue	24,506	27,791	104,757	89,912
Cost of Sales	(16,299)	(19,532)	(67,467)	(59,270)
Gross Profit	8,207	8,259	37,290	30,642
Other Operating Income	1,662	729	2,494	2,045
Operating Expenses	(2,289)	(2,091)	(8,354)	(6,333)
Operating Profit	7,580	6,897	31,430	26,354
Finance Costs	(52)	(466)	(962)	(1,278)
Share of Loss of Associates	(63)	-	(63)	-
Profit Before Taxation	7,465	6,431	30,405	25,076
Taxation	718	(374)	(3,371)	(4,093)
Net Profit for The Period	8,183	6,057	27,034	20,983
Attributable to :				
Equity holders of the parent	8,002	5,974	26,406	20,657
Minority Interests	181	83	628	326
Net Profit for The Period	8,183	6,057	27,034	20,983
Basic and Diluted Earnings Per Share (sen)	1.36	1.02	4.50	3.52
Proposed/Declared Dividend Per Share (sen)	1.10	1.00	2.10	2.00 *

* adjusted for bonus issue on the basis of 1 for 1 implemented on 2 August 2006.

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 30 SEPTEMBER 2007

	As at End of Current Quarter 30.09.2007 (Unaudited) RM'000	As at Preceding Year Ended 30.09.2006 (Restated) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	88,881	82,467
Investment in associate	737	-
	89,618	82,467
Current assets		
Inventories	14,996	8,914
Trade receivables	22,081	26,283
Other receivables and deposits	3,208	1,499
Tax refundable	174	499
Short term deposits with licensed banks	9,321	7,022
Cash and bank balances	10,797	2,972
	60,577	47,189
Total assets	150,195	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	5,863
Retained Profits	47,046	26,503
	119,512	98,969
Minority Interest	1,517	889
Total equity	121,029	99,858
Non-current liabilities		
Long term borrowings	4,035	3,849
Deferred taxation	6,391	5,389
	10,426	9,238
Current liabilities		
Trade payables	5,093	7,297
Other payables and accruals	6,367	4,654
Provision for taxation	222	43
Short term borrowings	6,569	8,566
Bank overdrafts	489	-
	18,740	20,560
Total Liabilities	29,166	29,798
TOTAL EQUITY AND LIABILITIES	150,195	129,656
Net assets per ordinary share (RM)	0.2038	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 30 SEPTEMBER 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
12 months ended 30 September 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 the year ended						
30 September 2007	-	-	-	26,406	-	26,406
Proposed dividend	-	-	-	(5,863)	5,863	-
As at 30 September 2007	58,632	7,971	-	47,046	5,863	119,512

	Ordinary Share Capital RM'000	Share Premium RM'000	Negative Goodwill RM'000	Retained Profits RM'000	Proposed Dividend RM'000	Total RM'000
12 months ended 30 September 2006 (Restated)						
As at 1 October 2005						
As previously stated	29,316	37,267	16,015	7,420	-	90,018
- Effects of FRS 3 adoption	-	-	(16,015)	16,015	-	-
As restated	29,316	37,267	-	23,435	-	90,018
Issuance of ordinary shares pursuant to the bonus issue	29,316	(29,316)	-	-	-	-
Overaccrual of listing expenses	-	167	-	-	-	167
Expenses in connection with new shares issued	-	(147)	-	-	-	(147)
Dividend paid	-	-	-	(11,726)	-	(11,726)
Net profit for the year ended						
30 September 2006	-	-	-	20,657	-	20,657
Proposed dividend	-	-	-	(5,863)	5,863	-
As at 30 September 2006	58,632	7,971	-	26,503	5,863	98,969

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 30 SEPTEMBER 2007

	Current Year To Date (Unaudited) 30.09.2007 RM'000	Preceding Year To Date (Restated) 30.09.2006 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit before taxation	30,405	25,076
Adjustments for:		
Depreciation of property, plant and equipment	9,683	7,910
Gain on disposal of plant and equipment	(201)	(109)
Fixed assets written-off	130	354
Allowance for doubtful debts	-	449
Bad debts written-off	-	241
Share of loss of associate	63	-
Interest expenses	898	1,193
Interest income	(560)	(550)
Operating profit before working capital changes	40,418	34,564
Increase in inventories	(6,082)	(3,585)
Decrease/(Increase) in receivables	8,684	(6,943)
(Decrease)/Increase in payables	(6,685)	4,198
NET CASH FROM OPERATIONS	36,335	28,234
Interest paid	(898)	(1,193)
Tax refunded	57	-
Tax paid	(1,920)	(2,181)
NET CASH FROM OPERATING ACTIVITIES	33,574	24,860
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Interest received	560	550
Purchase of property, plant and equipment	(16,665)	(30,128)
Acquisition of shares in associate	(800)	-
Proceeds from disposal of plant and equipment	640	361
NET CASH FOR INVESTING ACTIVITIES	(16,265)	(29,217)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Drawdown of hire purchase	3,789	-
Repayment of hire-purchase and lease obligations	(6,567)	(8,765)
Net Drawdown/(Repayment) of bank borrowings	967	(956)
Listing expenses recovered	-	167
Expenses in connection with new shares issued	-	(147)
Dividend paid	(5,863)	(11,726)
NET CASH FLOWS FOR FINANCING ACTIVITIES	(7,674)	(21,427)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	9,635	(25,784)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	9,994	35,778
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR	19,629	9,994

Note (A)

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

Cash and bank balances	10,797	2,972
Short term deposits with licensed banks	9,321	7,022
Bank overdrafts	(489)	-
	19,629	9,994

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" or "The Company")

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 the Company 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

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 year ended 30 September 2007.

A8. DIVIDEND PAID

No dividend was paid during the quarter under review.

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 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 (NVSB), a wholly-owned subsidiary of the Company, has on 11 April 2007 subscribed for 4 new ordinary shares of RM1.00 each in the company, Autic Mekki Sdn Bhd (AMSB), for a cash consideration of RM4.00, representing 40% of the total issued and paid-up share capital of AMSB. Thereafter on 26 September 2007, NVSB has further subscribed for 799,996 new ordinary shares of RM1.00 each in AMSB for a cash consideration of RM799,996, representing 40% of the total issued and paid-up share capital of AMSB.

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) The Company has provided corporate guarantees for hire purchase facilities granted to subsidiaries for total amount of RM21,658,333. As at 30 September 2007, the said hire purchase total balance stood at RM 7,722,182.
- 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 30 September 2007, the utilisation of the bank facilities stood at RM 3,397,189.

A14. CAPITAL COMMITMENTS

	As at End of Current Quarter 30.09.2007 RM'000	As at End of Preceding Quarter 30.06.2007 RM'000	As at Preceding Year's Corresponding Quarter 30.09.2006 RM'000
Approved and contracted for :			
- purchase of plant and equipment	18,239	3,745	2,707
- forward contract to hedge proceeds in US Dollars	20,718	-	-
Approved but not contracted for :			
- purchase of plant and equipment	-	-	1,390
	<u>38,957</u>	<u>3,745</u>	<u>4,097</u>

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 revenue and profit before taxation ("PBT") of approximately RM 24.51 million and RM 7.47 million respectively for the fourth quarter ended 30 September 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 higher revenue of RM24.51 million in the quarter under review ("Q4 2007") as compared to RM22.23 million achieved in the previous quarter ("Q3 2007"). PBT increased from RM2.23 million in Q3 2007 to RM7.47 million in Q4 2007. PBT margin also increased from 10.0% in Q3 2007 to 30.5% in Q4 2007.

The comparatively improved performance in Q4 2007 was mainly attributed to the following:

- (a) Improvement in the HDD and camera segments as a result of increased sales orders.

For Q4 2007, the Group achieved a product mix ratio (HDD: Camera: Industrial: Handphone) of 45%: 29%: 22%: 4% compared to 53%: 22%: 22%: 3% ratio achieved in Q3 2007.

- (b) The increase in sales orders for new SLR camera models and new HDD components enabled the Group to undertake volume manufacture of components. The economies of scale from the volume manufacture of components enabled the Group to improve its PBT margin.
- (c) The Group has been able to successfully hedge forward a significant portion of US dollar sales during a period of relatively strong USD, thus negating to some extent the effect of the weakening of the USD on our revenue.

	Current Quarter Ended 30.09.2007 (Unaudited) RM'000	Preceding Quarter Ended 30.06.2007 (Unaudited) RM'000	Difference	
			RM'000	%
Revenue	24,506	22,227	2,279	10.25
PBT	7,465	2,226	5,239	235.35
PAT (before minority interest)	8,183	3,312	4,871	147.07

B3. PROSPECTS FOR THE NEXT FINANCIAL YEAR

For the FYE 2008, the Group is planning to purchase more than 130 CNCs for the production of a new HDD component and increase the production of cam barrels for the SLR camera segment. Barring any unforeseen circumstances, the expansion in the manufacturing capacity of the Group is expected to result in improved performance by the Group for the FYE 2008. The Group will also continue to hedge forward its USD sales in order to mitigate any negative effects in the event the USD weakens further.

B4. PROFIT FORECAST, PROFIT GUARANTEE AND INTERNAL TARGETS

Save as explained in the previous notes to the quarterly report as announced on 23 August 2007, the Group did not issue any profit guarantee and profit forecast during the current financial year to date.

B5. TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30.09.2007 (Unaudited) RM'000	Preceding Year Corresponding Quarter 30.09.2006 (Audited) RM'000	Current Year To Date 30.09.2007 (Unaudited) RM'000	Preceding Year To Date 30.09.2006 (Audited) RM'000
Current taxation	(33)	(1,284)	2,369	1,772
Deferred taxation	(685)	1,658	1,002	2,321
	<u>(718)</u>	<u>374</u>	<u>3,371</u>	<u>4,093</u>

The effective tax rate of approximately 11% was lower than the statutory tax rate of 27% which was mainly due to the benefits from unutilised reinvestment allowances brought forward.

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 30 September 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 decided 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 was approved by MITI on 15 May 2007. As to date, 137.5 million existing ordinary shares have been placed out to various Bumiputera investors approved by MITI. On 18 October 2007, it was announced that the SC had approved a further extension of time until 26 April 2008 for the Company to comply with the 30% Bumiputera equity condition.

B9. BORROWINGS AND DEBTS SECURITIES

The Group's borrowings as at 30 September 2007 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured			
Bills payable	2,471	-	2,471
Hire purchase and lease creditors	4,098	4,035	8,133
	<u>6,569</u>	<u>4,035</u>	<u>10,604</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

On 23 August 2007, the Board of Directors of Notion had declared an interim tax-exempt dividend of 1.0 sen per ordinary share in respect of the financial year ended 30 September 2007. The dividend was paid on 9 November 2007.

The Board of Directors has on 20 November 2007 recommended a final tax-exempt dividend of 1.1 sen per ordinary share for the financial year ended 30 September 2007, to be payable at a date to be determined, subject to shareholders' approval at the forthcoming Annual General Meeting.

B13. EARNINGS PER SHARE

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2007 (Unaudited) RM'000	Preceding Year Corresponding Quarter 30.09.2006 (Restated) RM'000	Current Year To Date 30.09.2007 (Unaudited) RM'000	Preceding Year To Date 30.09.2006 (Restated) RM'000
Net profit for the financial period/year (RM'000)	8,002	5,974	26,406	20,657
No. of ordinary shares in issue ('000)	586,320	586,320	586,320	586,320
Basic and diluted earnings per share (sen)	1.36	1.02	4.50	3.52

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 20 November 2007.

By Order of the Board

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