

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2007 RM'000	Preceding Year Corresponding Quarter 31.12.2006 RM'000	Current Year To Date 31.12.2007 RM'000	Preceding Year To Date 31.12.2006 RM'000
Revenue	30,668	29,746	30,668	29,746
Cost of Sales	(19,181)	(17,250)	(19,181)	(17,250)
Gross Profit	11,487	12,496	11,487	12,496
Other Operating Income	1,438	732	1,438	732
Operating Expenses	(2,076)	(2,129)	(2,076)	(2,129)
Operating Profit	10,849	11,099	10,849	11,099
Finance Costs	(231)	(395)	(231)	(395)
Share of Profit of Associate	71	-	71	-
Profit Before Taxation	10,689	10,704	10,689	10,704
Taxation				
- Company and Subsidiaries	(1,688)	(3,031)	(1,688)	(3,031)
- Associate	(7)	-	(7)	-
Net Profit for The Period	8,994	7,673	8,994	7,673
Attributable to :				
Equity holders of the Company	8,773	7,608	8,773	7,608
Minority Interests	221	65	221	65
Net Profit for The Period	8,994	7,673	8,994	7,673
Basic and Diluted Earnings Per Share (sen)	1.50	1.30	1.50	1.30
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 2007 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 DECEMBER 2007

	As at End of Current Quarter 31.12.2007 RM'000	As at Preceding Year Ended 30.09.2007 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	106,149	89,238
Investment in associate	801	736
	106,950	89,974
Current assets		
Inventories	18,195	14,997
Trade receivables	27,527	22,146
Other receivables and deposits	4,407	2,762
Tax refundable	40	114
Short term deposits with licensed banks	3,254	16,171
Cash and bank balances	2,368	3,947
	55,791	60,137
Total assets	162,741	150,111
EQUITY AND LIABILITIES		
Share Capital	58,632	58,632
Share Premium	7,971	7,971
Retained Profits	56,033	47,260
Total shareholders' equity	122,636	113,863
Minority Interest	1,733	1,512
Total equity	124,369	115,375
Non-current liabilities		
Long term borrowings	4,726	4,035
Deferred taxation	6,996	6,666
	11,722	10,701
Current liabilities		
Trade payables	4,915	4,662
Other payables and accruals	12,671	6,268
Provision for taxation	813	157
Dividend payable	-	5,863
Short term borrowings	7,778	6,596
Bank overdrafts	473	489
	26,650	24,035
Total Liabilities	38,372	34,736
TOTAL EQUITY AND LIABILITIES	162,741	150,111
Net assets per ordinary share (RM)	0.2092	0.1942

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the financial year ended 30 September 2007 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 DECEMBER 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
3 months ended 31 December 2007						
As at 1 October 2007	58,632	7,971	-	47,260	-	113,863
Net profit for 3 months period ended 31 December 2007	-	-	-	8,773	-	8,773
As at 31 December 2007	<u>58,632</u>	<u>7,971</u>	<u>-</u>	<u>56,033</u>	<u>-</u>	<u>122,636</u>

	Ordinary Share Capital RM'000	Share Premium RM'000	Negative Goodwill RM'000	Retained Profits RM'000	Proposed Dividend RM'000	Total RM'000
3 months ended 31 December 2006						
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	<u>58,632</u>	<u>7,971</u>	<u>-</u>	<u>26,503</u>	<u>5,863</u>	<u>98,969</u>
Dividend declared	-	-	-	-	(5,863)	(5,863)
Net profit for 3 months period ended 31 December 2006	-	-	-	7,608	-	7,608
As at 31 December 2006	<u>58,632</u>	<u>7,971</u>	<u>-</u>	<u>34,111</u>	<u>-</u>	<u>100,714</u>

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 2007 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 DECEMBER 2007

	Current Year To Date 31.12.2007 RM'000	Preceding Year To Date 31.12.2006 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit before taxation	10,689	10,704
Adjustments for:		
Depreciation of property, plant and equipment	3,279	2,403
Fixed assets written-off	1	-
Share of profit of associate	(71)	-
Interest expenses	191	224
Interest income	(97)	(112)
Operating profit before working capital changes	13,992	13,219
Increase in inventories	(3,198)	(3,970)
Increase in receivables	(6,993)	(1,998)
Increase in payables	6,656	3,925
NET CASH FROM OPERATIONS	10,457	11,176
Interest paid	(191)	(224)
Tax refunded	25	-
Tax paid	(686)	(719)
NET CASH FROM OPERATING ACTIVITIES	9,605	10,233
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Interest received	97	112
Purchase of property, plant and equipment	(20,192)	(4,891)
Capital work-in-progress	-	(177)
NET CASH FOR INVESTING ACTIVITIES	(20,095)	(4,956)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Drawdown of hire purchase	3,621	2,451
Repayment of hire-purchase and lease obligations	(2,568)	(2,029)
Net Drawdown of bank borrowings	820	2,737
Dividend paid	(5,863)	-
NET CASH FLOWS FOR FINANCING ACTIVITIES	(3,990)	3,159
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(14,480)	8,436
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	19,629	9,994
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	(A) 5,149	18,430

Note (A)

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

Cash and bank balances	2,368	12,852
Short term deposits with licensed banks	3,254	5,917
Bank overdrafts	(473)	(339)
	5,149	18,430

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the financial year ended 30 September 2007 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 2007.

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 2007.

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 2007 except for the adoption of the following new/ revised FRSs issued by the Malaysian Accounting Standards Board that are effective for financial period beginning on or after 1 July 2007.

FRS 107	: Cash Flow Statements
FRS 112	: Income Taxes
FRS 118	: Revenue
FRS 137	: Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 119 ²⁰⁰⁴	: Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures
Amendment to FRS 121	: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation

The adoption of all the above FRSs does not have any significant financial impact on the Group.

A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements of the Group for the FYE 30 September 2007 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 period ended 31 December 2007.

A8. DIVIDEND PAID

The Company had paid an interim tax-exempt dividend of 1.0 sen per ordinary share totaling RM5,863,195.20 in respect of FYE 30 September 2007 on 9 November 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 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, except for the following :

On 7 January 2008, Notion Venture Sdn Bhd (NVSB), a wholly-owned subsidiary of the Company, had entered into a conditional Sale and Purchase Agreement with L.F. Kim Holdings Sdn Bhd (Company No.: 112026-X) to purchase a detached industrial premise held under GM 1108, Lot 5009, Place: 5th Mile Sungai Binjai Road, Mukim of Kapar, District of Klang, State of Selangor Darul Ehsan, measuring approximately 3.03125 acres for a total cash consideration of RM8,000,000.

On 21 January 2008, NVSB had accepted a Target Redemption Forward Currency Option granted by Standard Chartered Bank Malaysia Berhad amounting to USD17,600,000 or equivalent of RM58,400,000 for the purpose of hedging sales proceeds in US Dollars.

On 30 January 2008, NVSB had accepted a term loan facilities amounting to RM6,400,000 granted by Standard Chartered Bank Malaysia Berhad for the purpose of financing the purchase of the above mentioned premise held under GM 1108, Lot 5009, Place: 5th Mile Sungai Binjai Road, Mukim of Kapar, District of Klang, State of Selangor Darul Ehsan, as stipulated in the Letters of Offer of the Bank dated 16 January 2008 and 29 January 2008 including any variations, additions or substitutions thereto.

On 31 January 2008, NVSB had accepted a Non-Revolving Industrial Hire Purchase-i facilities amounting to RM30,000,000 granted by OCBC Bank (Malaysia) Berhad to part finance purchase of equipment upon terms and conditions as stipulated in the Bank's Letter of Offer dated 31 January 2008.

A12. CHANGES IN THE COMPOSITION OF THE GROUP

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

A13. CONTINGENT LIABILITIES

- The Company has provided corporate guarantees for hire purchase facilities granted to subsidiaries for total amount of RM29,345,940. As at 31 December 2007, the said hire purchase total balance stood at RM 8,976,123.
- The Company has also provided corporate guarantees for bank facilities granted to subsidiaries for a total amount of RM 44,700,000. As at 31 December 2007, the utilisation of the bank facilities stood at RM 32,647,895 which include the forward foreign exchange sale contract to hedge proceeds in US Dollars of RM 28,453,300.

A14. CAPITAL COMMITMENTS

	As at End of Current Quarter 31.12.2007 RM'000	As at End of Preceding Quarter 30.09.2007 RM'000	As at Preceding Year's Corresponding Quarter 31.12.2006 RM'000
Approved and contracted for :			
- purchase of plant and equipment	7,187	18,239	2,092
- forward contract to hedge proceeds in US Dollars	28,453	20,718	-
	35,640	38,957	2,092

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 RM30.67 million and RM10.69 million respectively for the first quarter ended 31 December 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 much higher revenue of RM30.67 million in the quarter under review ("Q1 2008") as compared to RM24.24 million achieved in the previous quarter ("Q4 2007"). PBT increased from RM7.94 million in Q4 2007 to RM10.69 million in Q1 2008. PBT margin also increased from 32.8% in Q4 2007 to 34.9% in Q1 2008.

The Group continued to grow its revenue in all segments notwithstanding growing concerns of an impending recession in the USA. There were increased orders for existing and new products from its pool of customers.

For Q1 2008, the Group achieved a product mix ratio (HDD: Camera: Industrial: Handphone) of 52%: 34%: 13%: 1% compared to 45%: 29%: 22%: 4% ratio achieved in Q4 2007.

	Current Quarter Ended 31.12.2007 RM'000	Preceding Quarter Ended 30.09.2007 RM'000	Difference	
			RM'000	%
Revenue	30,668	24,240	6,428	26.52
PBT	10,689	7,944	2,745	34.55
PAT (before minority interest)	8,994	8,392	602	7.17

B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Board expects that the growth for the financial year ending 2008 will be dominated by the production of digital SLR camera components with increase in orders from a major customers. Most of the latest 130 CNC machines ordered earlier have already been delivered. A major order from an European customer in the electronic braking system with further opportunity to expand the product range is also anticipated to have a positive impact in the next few quarters.

To cater for the growing orders, the Group recently announced the acquisition of a factory erected on a 3 acre industrial land on Jalan Meru, Klang which should add a further 50% capacity to the Group.

Therefore, barring any unforeseen circumstances, the Board expects a strong growth in the financial performance for the current financial year 2008.

B4. PROFIT FORECAST, PROFIT GUARANTEE AND INTERNAL TARGETS

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

Based on the current financial performance and prospects of the Group as set out in B3 above, barring any unforeseen circumstances, the Group will be on track to meet the internal earnings target for the financial year ending 2008 as stated in the reply to Bursa Securities' query announced on 9 January 2007.

B5. TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2007 RM'000	Preceding Year Corresponding Quarter 31.12.2006 RM'000	Current Year To Date 31.12.2007 RM'000	Preceding Year To Date 31.12.2006 RM'000
Company and Subsidiaries				
Current taxation	1,358	2,070	1,358	2,070
Deferred taxation	330	961	330	961
	1,688	3,031	1,688	3,031
Associate				
Current taxation	7	-	7	-
	7	-	7	-
	1,695	3,031	1,695	3,031

The effective tax rate of approximately 16% was lower than the statutory tax rate of 26% 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 31 December 2007.

B8. STATUS OF CORPORATE PROPOSALS

Save as disclosed below and in Note A11, 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 31 December 2007 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured			
Bills payable	3,291	-	3,291
Hire purchase and lease creditors	4,487	4,726	9,213
	7,778	4,726	12,504

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

- a) Forward foreign exchange sales contracts that were entered into as at date of this report by a subsidiary company amounted to RM23.27 million. These contracts were entered into as hedges for sales denominated in US Dollars and to limit the exposure to potential changes in foreign exchange rates with respect to the subsidiary company's foreign currencies denominated estimated receipts. The maturity period of these contracts range from February 2008 to September 2008.

There is minimal credit risk as the contracts were entered into with reputable banks.

- b) Structured foreign exchange contract entered into by a subsidiary company and outstanding as at date of this report is as follows :

Description	Notional Amount	Effective Period
USD Target Redemption Forward	USD 17.6 million	March 2008 to December 2009

The above contract was entered into as hedges for sales denominated in US Dollars and to limit the exposure to potential changes in foreign exchange rates with respect to the subsidiary company's foreign currencies denominated estimated receipts.

There is minimal credit risk as the contract was entered into with reputable banks.

The Group has not adopted FRS 139 - Financial Instruments : Recognition and Measurement and the consequential amendments resulting from FRS 139 as the effective date is deferred to a date to be announced by the MASB. FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under Paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon first adoption of the standard as required by Paragraph 30(b) of FRS 108 is not disclosed.

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

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	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
	31.12.2007 RM'000	31.12.2006 RM'000	31.12.2007 RM'000	31.12.2006 RM'000
Net profit for the financial period/year (RM'000)	8,773	7,608	8,773	7,608
No. of ordinary shares in issue ('000)	586,320	586,320	586,320	586,320
Basic and diluted earnings per share (sen)	1.50	1.30	1.50	1.30

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 26 February 2008.

By Order of the Board

Mah Li Chen (MAICSA 7022751)
Lim Siew Ting (MAICSA 7029466)
Company Secretaries
Kuala Lumpur
26 February 2008