

NOTION VTEC BERHAD
Company No:- 637546-D
CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2008

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2008 RM'000	Preceding Year Corresponding Quarter 31.03.2007 RM'000	Current Year To Date 31.03.2008 RM'000	Preceding Year To Date 31.03.2007 RM'000
Revenue	35,274	28,278	65,942	58,024
Cost of Sales	(23,432)	(16,361)	(42,613)	(33,611)
Gross Profit	11,842	11,917	23,329	24,413
Other Operating Income	1,829	1,073	3,498	1,773
Operating Expenses	(2,651)	(2,759)	(4,958)	(4,856)
Operating Profit	11,020	10,231	21,869	21,330
Finance Costs	(561)	(221)	(792)	(616)
Share of Profit of Associate	192	-	263	-
Profit Before Taxation	10,651	10,010	21,340	20,714
Taxation				
- Company and Subsidiaries	(2,945)	(2,144)	(4,633)	(5,175)
- Associate	(24)	-	(31)	-
Net Profit for The Period	7,682	7,866	16,676	15,539
Attributable to :				
Equity holders of the Company	7,625	7,662	16,398	15,270
Minority Interests	57	204	278	269
Net Profit for The Period	7,682	7,866	16,676	15,539
Basic and Diluted Earnings Per Share (sen)	1.30	1.31	2.80	2.60
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 MARCH 2008

	As at End of Current Quarter 31.03.2008 RM'000	As at Preceding Year Ended 30.09.2007 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	124,478	89,238
Investment in associate	968	736
	<u>125,446</u>	<u>89,974</u>
Current assets		
Inventories	21,747	14,997
Trade receivables	28,222	22,146
Other receivables and deposits	6,191	2,762
Tax refundable	80	114
Short term deposits with licensed banks	3,265	16,171
Cash and bank balances	7,452	3,947
	<u>66,957</u>	<u>60,137</u>
Total assets	<u>192,403</u>	<u>150,111</u>
EQUITY AND LIABILITIES		
Share Capital	58,632	58,632
Share Premium	7,971	7,971
Retained Profits	57,208	47,260
Total shareholders' equity	<u>123,811</u>	<u>113,863</u>
Minority Interest	1,791	1,512
Total equity	<u>125,602</u>	<u>115,375</u>
Non-current liabilities		
Long term borrowings	8,741	4,035
Deferred taxation	7,409	6,666
	<u>16,150</u>	<u>10,701</u>
Current liabilities		
Trade payables	7,426	4,662
Other payables and accruals	22,123	6,268
Provision for taxation	2,820	157
Dividend payable	6,450	5,863
Short term borrowings	10,111	6,596
Bank overdrafts	1,721	489
	<u>50,651</u>	<u>24,035</u>
Total Liabilities	66,801	34,736
TOTAL EQUITY AND LIABILITIES	<u>192,403</u>	<u>150,111</u>
Net assets per ordinary share (RM)	<u>0.2112</u>	<u>0.1942</u>

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 MARCH 2008**

	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 2008						
As at 1 October 2007	58,632	7,971	-	47,260	-	113,863
Dividend declared	-	-	-	(6,450)	-	(6,450)
Net profit for 6 months period ended 31 March 2008	-	-	-	16,398	-	16,398
As at 31 March 2008	<u>58,632</u>	<u>7,971</u>	<u>-</u>	<u>57,208</u>	<u>-</u>	<u>123,811</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
6 months ended 31 March 2007						
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 paid	-	-	-	-	(5,863)	(5,863)
Net profit for 6 months period ended 31 March 2007	-	-	-	15,270	-	15,270
As at 31 March 2007	<u>58,632</u>	<u>7,971</u>	<u>-</u>	<u>41,773</u>	<u>-</u>	<u>108,376</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 MARCH 2008

	Current Year To Date 31.03.2008 RM'000	Preceding Year To Date 31.03.2007 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit before taxation	21,340	20,714
Adjustments for:		
Depreciation of property, plant and equipment	5,772	4,834
Fixed assets written-off	1	2
Share of profit of associate	(263)	-
Interest expenses	539	583
Interest income	(121)	(250)
Operating profit before working capital changes	27,268	25,883
Increase in inventories	(6,750)	(6,158)
Increase in receivables	(8,931)	(1,104)
Increase in payables	18,080	2,957
NET CASH FROM OPERATIONS	29,667	21,578
Interest paid	(539)	(583)
Tax refunded	79	10
Tax paid	(1,307)	(1,100)
NET CASH FROM OPERATING ACTIVITIES	27,900	19,905
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Interest received	121	250
Purchase of property, plant and equipment	(41,015)	(6,216)
Capital work-in-progress	-	(1,516)
Proceeds from disposal of plant and equipment	2	-
NET CASH FOR INVESTING ACTIVITIES	(40,892)	(7,482)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Drawdown of hire purchase	15,057	2,451
Repayment of hire-purchase and lease obligations	(7,394)	(4,358)
Net Drawdown of bank borrowings	559	1,316
Dividend paid	(5,863)	(5,863)
NET CASH FLOWS FOR FINANCING ACTIVITIES	2,359	(6,454)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(10,633)	5,969
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) 8,996	15,963

Note (A)

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

Cash and bank balances	7,452	11,282
Short term deposits with licensed banks	3,265	5,951
Bank overdrafts	(1,721)	(1,270)
	8,996	15,963

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 March 2008.

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.

A13. CONTINGENT LIABILITIES

- a) The Company has provided corporate guarantees for hire purchase facilities granted to subsidiaries for total amount of RM59,345,940. As at 31 March 2008, the said hire purchase total balance stood at RM 15,722,261.
- b) The Company has also provided corporate guarantees for bank facilities granted to subsidiaries for a total amount of RM 52,600,000. As at 31 March 2008, the utilisation of the bank facilities stood at RM 4,476,754.

A14. CAPITAL COMMITMENTS

	As at End of Current Quarter 31.03.2008 RM'000	As at End of Preceding Quarter 31.12.2007 RM'000	As at Preceding Year's Corresponding Quarter 31.03.2007 RM'000
Approved and contracted for : - purchase of plant and equipment	13,652	7,187	3,444
	13,652	7,187	3,444

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 RM35.27 million and RM10.65 million respectively for the second quarter ended 31 March 2008. 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 RM35.27 million in the quarter under review ("Q2 2008") as compared to RM30.67 million achieved in the previous quarter ("Q1 2008").

For Q2 2008, the Group achieved a product mix ratio (HDD:Camera:Industrial:Handphone) of 39%:47%:13%:1% compared to 52%:34%:13%:1% ratio achieved in Q1 2008. For the first time the SLR camera segment has become the top contributor to the Group's revenue overtaking the HDD segment. In fact, Nikon became the top customer for the Group in this quarter also signifying the Group's successful effort to diversify away from the predominant hard disk drive sector. The balancing between the different segments of the Group's core business will continue.

As a major portion of the Group's revenue is in USD currency, the USD/MYR exchange rate will have a strong bearing on the Group's top line as well as its profitability. In Q1 2008, the average USD/MYR assumed for conversion was 3.333 and for Q2 2008, the conversion rate declined to 3.213 which is reflective of the fast weakening USD. This represented a decline of 3.6% quarter on quarter thus reducing the revenue and also its profitability.

Despite the Group's efforts at selling forward the USD at much higher exchange rates using various hedging instruments, the hedging gains in each quarter is in 90 days arrears as the USD receivables are on credit of 90 days. Thus in a declining USD trend, the hedging gains appear to have little impact on the other operating income.

Even in the declining USD currency trend, the Group recorded much higher revenue and this was contributed by higher revenue achieved from the SLR camera segment compared to the previous quarter.

However, PBT decreased marginally from RM10.69 million in Q1 2008 to RM10.65 million in Q2 2008. PBT margin decreased from 34.9% in Q1 2008 to 30.2% in Q2 2008 due to the following:

- 1) declining US Dollar;
- 2) higher initial tooling and fixture cost for the camera projects; and
- 3) higher rejects rate from new camera projects due to the mobilisation of more than 200 new employees requiring training.

The Board also wishes to advise that some of these initial problems are being reduced and under control as the production processes are being reviewed and improved.

Also, for Q2 2008, the taxation of the Group increased significantly due to a timing variance arising from the delay in claiming capital and reinvestment allowances due to the increase in the repayment period to hire purchase creditors from 3 to 5 years for machineries purchased in the current financial year.

	Current Quarter Ended 31.03.2008 RM'000	Preceding Quarter Ended 31.12.2007 RM'000	Difference	
			RM'000	%
Revenue	35,274	30,668	4,606	15.02
PBT	10,651	10,689	(38)	-0.36
PAT (before minority interest)	7,682	8,994	(1,312)	-14.59

B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The new second factory has already started initial mass production since late April 2008 with the delivery of ordered CNCs and the deployment of new production workers. The acquisition of the said property was completed during the quarter. The production from the new factory is expected to result in an improvement in the Group's performance.

Barring, any unforeseen circumstances, the Board expects good strong growth and better 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 should not materially deviate from 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	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To Date	To Date
	31.03.2008	31.03.2007	31.03.2008	31.03.2007
	RM'000	RM'000	RM'000	RM'000
Company and Subsidiaries				
Current taxation	2,532	1,082	3,890	3,152
Deferred taxation	413	1,062	743	2,023
	2,945	2,144	4,633	5,175
Associate				
Current taxation	24	-	31	-
	24	-	31	-
	2,969	2,144	4,664	5,175

The effective tax rate of approximately 22% 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 March 2008.

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. 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. On 17 April 2008, it was announced that MITI has approved the allocation of the final tranche of 10,000,000 NVB shares to a Bumiputera investor. Therefore, NVB has complied with the 30% Bumiputera equity condition as imposed by the authorities pursuant to the National Development Policy requirement.

On 28 March 2008, the Company announced that they propose to undertake the following:

- (a) bonus issue of 117,263,904 new Shares to be credited as fully paid-up on the basis of one (1) new Share for every five (5) existing Shares held;
- (b) amendments to the Articles of Association of Notion; and
- (c) transfer of the listing of and quotation for the entire issued and paid-up share capital of Notion from the MESDAQ Market to the Main Board of Bursa Securities.

On 25 April 2008, it was announced that the applications to the Securities Commission and Bursa Securities have been submitted. As to date, these proposals are still pending approval.

B9. BORROWINGS AND DEBTS SECURITIES

The Group's borrowings as at 31 March 2008 are as follows:

	Short Term	Long Term	Total
	RM'000	RM'000	RM'000
Secured			
Bills payable	3,030	-	3,030
Hire purchase and lease creditors	7,081	8,741	15,822
	10,111	8,741	18,852

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 RM14.75 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 May 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 70.8 million	May 2008 to April 2010

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, and thereafter approved by the shareholders during the Annual General Meeting held on 28 March 2008, to be payable on 10 June 2008.

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	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To Date	To Date
	31.03.2008	31.03.2007	31.03.2008	31.03.2007
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period/year (RM'000)	7,625	7,662	16,398	15,270
No. of ordinary shares in issue ('000)	586,320	586,320	586,320	586,320
Basic and diluted earnings per share (sen)	1.30	1.31	2.80	2.60

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 13 May 2008.

By Order of the Board

Mah Li Chen (MAICSA 7022751)
Company Secretary
Kuala Lumpur
13 May 2008