

**NOTION VTEC BERHAD**

Company No:- 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2009

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2009 RM'000	Preceding Year Corresponding Quarter 31.03.2008 RM'000	Current Year To Date 31.03.2009 RM'000	Preceding Year To Date 31.03.2008 RM'000
Revenue	28,242	35,274	73,519	65,942
Cost of Sales	(20,142)	(23,432)	(50,304)	(42,613)
Gross Profit	8,100	11,842	23,215	23,329
Other Operating Income	479	1,829	1,551	3,498
Operating Expenses	(2,698)	(2,651)	(9,550)	(4,958)
Operating Profit	5,881	11,020	15,216	21,869
Finance Costs	(917)	(561)	(1,791)	(792)
Share of Profit of Associate	228	192	404	263
Profit Before Taxation	5,192	10,651	13,829	21,340
Taxation	(678)	(2,969)	(2,037)	(4,664)
Profit for The Period	4,514	7,682	11,792	16,676
Attributable to :				
Equity holders of the Company	4,607	7,625	11,850	16,398
Minority Interests	(93)	57	(58)	278
	4,514	7,682	11,792	16,676
Basic Earnings Per Share (sen)	0.65	1.08	1.68	2.33
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 2008 and the accompanying explanatory notes attached to the interim financial statements.

**NOTION VTEC BERHAD**

Company No:- 637546-D

**UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2009**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

	As at End of Current Quarter 31.03.2009 RM'000	As at Preceding Year Ended 30.09.2008 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	159,654	151,862
Investment in associate	1,507	1,190
	161,161	153,052
<b>Current assets</b>		
Inventories	24,695	22,336
Trade receivables	24,382	39,374
Other receivables and deposits	2,878	4,978
Tax refundable	150	246
Short term deposits with licensed banks	2,131	8,873
Cash and bank balances	12,700	8,715
	66,936	84,522
<b>Total assets</b>	228,097	237,574
<b>EQUITY AND LIABILITIES</b>		
Share Capital	70,358	70,358
Share Premium	-	-
Currency Translation Reserves	4	(4)
Retained Profits	74,753	66,420
<b>Total shareholders' equity</b>	145,115	136,774
Minority Interests	999	1,057
<b>Total equity</b>	146,114	137,831
<b>Non-current liabilities</b>		
Long term borrowings	37,644	31,320
Deferred taxation	7,635	7,934
	45,279	39,254
<b>Current liabilities</b>		
Trade payables	4,642	10,019
Other payables and accruals	12,285	26,290
Provision for taxation	145	1,302
Dividend payable	3,518	3,518
Short term borrowings	15,101	18,402
Bank overdrafts	1,013	958
	36,704	60,489
<b>Total Liabilities</b>	81,983	99,743
<b>TOTAL EQUITY AND LIABILITIES</b>	228,097	237,574
Net assets per ordinary share (RM)	0.2063	0.1944

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the financial year ended 30 September 2008 and the accompanying explanatory notes attached to the interim financial statements.

NOTION VTEC BERHAD  
 Company No:- 637546-D  
 UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2009  
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent				Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Ordinary Share Capital RM'000	Share Premium RM'000	Currency Translation Reserves RM'000	Retained Profits RM'000			
<b>6 months ended 31 March 2009</b>							
As at 1 October 2008	70,358	-	(4)	66,420	136,774	1,057	137,831
Final - tax exempt dividend of 0.5 sen per share approved in respect of financial year ended 30 September 2008				(3,518)	(3,518)		(3,518)
Profit for the financial period	-	-	-	11,850	11,850	(58)	11,792
Currency translation differences	-	-	8	-	8	-	8
As at 31 March 2009	70,358	-	4	74,752	145,114	999	146,113
<b>6 months ended 31 March 2008</b>							
As at 1 October 2007	58,632	7,971	-	47,260	113,863	1,512	115,375
Final - tax exempt dividend of 1.1 sen per share approved in respect of financial year ended 30 September 2007				(6,450)	(6,450)		(6,450)
Profit for the financial period	-	-	-	16,398	16,398	278	16,676
As at 31 March 2008	58,632	7,971	-	57,208	123,811	1,790	125,601

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 2008 and the accompanying explanatory notes attached to the interim financial statements.

**NOTION VTEC BERHAD**

Company No:- 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2009

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

Note	Current Year To Date 31.03.2009 RM'000	Preceding Year To Date 31.03.2008 RM'000
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>		
Profit before taxation	13,829	21,340
Adjustments for:		
Depreciation of property, plant and equipment	8,951	5,772
Interest expenses	1,781	539
Plant and equipment written-off	-	1
Gain on disposal of property, plant and equipment	(6)	-
Share of profit of associate	(404)	(263)
Interest income	(152)	(121)
Operating profit before working capital changes	23,999	27,268
Increase in inventories	(2,358)	(6,750)
Decrease/(Increase) in receivables	17,214	(8,931)
(Decrease)/Increase in payables	(19,502)	18,080
<b>NET CASH FROM OPERATIONS</b>	<b>19,353</b>	<b>29,667</b>
Interest paid	(1,781)	(539)
Tax refunded	40	79
Tax paid	(3,350)	(1,307)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>14,262</b>	<b>27,900</b>
<b>CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES</b>		
Interest received	152	121
Proceeds from disposal of property, plant and equipment	43	2
Purchase of property, plant and equipment	(16,782)	(41,015)
<b>NET CASH FOR INVESTING ACTIVITIES</b>	<b>(16,587)</b>	<b>(40,892)</b>
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>		
Drawdown from hire-purchase and lease obligations	15,064	15,057
Repayment of hire-purchase and lease obligations	(6,680)	(7,394)
Net Drawdown/ (repayment) of bank borrowings	(5,360)	559
Dividend paid	(3,518)	(5,863)
<b>NET CASH FLOWS FOR FINANCING ACTIVITIES</b>	<b>(494)</b>	<b>2,359</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,819)</b>	<b>(10,633)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR</b>	<b>16,629</b>	<b>19,629</b>
Currency translation differences		
- subsidiaries	8	-
<b>CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD</b>	<b>(A) 13,818</b>	<b>8,996</b>

**Note (A)**

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

Cash and bank balances	12,700	7,452
Short term deposits with licensed banks	2,131	3,265
Bank overdrafts	(1,013)	(1,721)
	<b>13,818</b>	<b>8,996</b>

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the financial year ended 30 September 2008 and the accompanying explanatory notes attached to the interim financial statements.

**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").

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 2008.

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 2008.

**A2. CHANGES IN ACCOUNTING POLICIES**

There was no change to the accounting policies during the financial period.

**A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the financial statements of the Group for the FYE 30 September 2008 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 2009, except for the following :

On 23 December 2008, it was announced that the Company intends to seek its shareholders' approval on the proposed purchase by the Company of its own ordinary shares on Bursa Malaysia Securities Berhad of not more than ten per centum (10%) of the issued and paid-up share capital of the Company, upon which was approved by the passing of ordinary resolution during the Annual General Meeting held on 19 February 2009.

**A8. DIVIDEND PAID**

The Company had paid an interim tax-exempt dividend of 0.5 sen per ordinary share totalling RM3,517,917 in respect of FYE 30 September 2008 on 7 January 2009.

**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 RM 72,099,295. As at 31 March 2009, the said hire purchase total balance stood at RM46,531,141.
- b) The Company has also provided corporate guarantees for bank facilities granted to subsidiaries for a total amount of RM 56,400,000. As at 31 March 2009, the utilisation of the bank facilities stood at RM7,227,125.

**A14. CAPITAL COMMITMENTS**

	As at End of Current Quarter 31.03.2009 RM'000	As at End of Preceding Quarter 31.12.2008 RM'000	As at Preceding Year's Corresponding Quarter 31.03.2008 RM'000
Approved and contracted for :			
- purchase of plant and equipment	-	4,000	13,652
	-	4,000	13,652

**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.

NOTION VTEC BERHAD ("Notion" or "The Company")

Company No:- 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2009

ADDITIONAL INFORMATION REQUIRED BY LISTING REQUIREMENTS OF BURSA

MALAYSIA SECURITIES BERHAD

**B1. GROUP PERFORMANCE REVIEW**

The Group recorded revenue and profit after taxation ("PAT") of approximately RM28.24 million and RM4.51 million respectively for the second quarter ended 31 March 2009. 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 a lower revenue of RM28.24 million in the quarter under review ("Q2 2009") as compared to RM45.27 million achieved in the previous quarter ("Q1 2009") representing a decrease of 38%.

For Q2 2009, the Group achieved a product mix ratio (HDD:Camera:Industrial) of 60%:32%:8% compared to 37%:54%:9% ratio achieved in Q1 2009.

PBT decreased from RM8.64 million in Q1 2009 to RM5.19 million in Q2 2009. PBT margin declined from 19.1% in Q1 2009 to 18.4% in Q2 2009 due to the reduction in revenue.

	Current Quarter Ended 31.03.2009 RM'000	Preceding Quarter Ended 31.12.2008 RM'000	Difference	
			RM'000	%
Revenue	28,242	45,277	(17,035)	-37.62
PBT	5,192	8,637	(3,445)	-39.89
PAT (before minority interest)	4,514	7,278	(2,764)	-37.98

**B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR**

The automotive segment was severely affected followed by the SLR camera segment but surprisingly, the HDD segment was the least affected from amongst the 3 core segments. Many consumer electronics giants were reporting heavy losses for the period and considering the severity of the downturn, the Notion Group has performed well.

The Board is delighted to report the effectiveness of various cost cutting measures implemented thus far.

The steepest plunge in consumer confidence is probably over and although the world recession is far from over, we are confident that the combined actions of the G-20 countries will begin to bear fruit in the coming months and years.

Notion Group's sales has stabilized and is recovering quite strongly and there will be a gradual improvement in the orders visibility over the next quarters.

With this improving trend, the Board is confident that the Group's financial performance will be positive for the year as we take further steps to control cost and improve productivity.

**B4. PROFIT FORECAST, PROFIT GUARANTEE AND INTERNAL TARGETS**

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 Year Quarter 31.03.2009 RM'000	Preceding Year Corresponding Quarter 31.03.2008 RM'000	Current Year To Date 31.03.2009 RM'000	Preceding Year To Date 31.03.2008 RM'000
Company and Subsidiaries				
Taxation	607	2,532	2,249	3,890
Deferred taxation	18	413	(298)	743
	625	2,945	1,951	4,633
Associate				
Taxation	53	24	86	31
	53	24	86	31
	678	2,969	2,037	4,664

The effective tax rate of approximately 15% was lower than the statutory tax rate of 25% 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 2009.

**B8. STATUS OF CORPORATE PROPOSALS**

There are no other corporate proposals announced but pending completion for the quarter under review.

**B9. BORROWINGS AND DEBTS SECURITIES**

The Group's borrowings as at 31 March 2009 are as follows:

<u>Secured</u>	Current RM'000	Non-Current RM'000	Total RM'000
Bank Overdraft	1,013	-	1,013
Bills payable	639	-	639
Hire purchase and lease creditors	13,562	32,969	46,531
Term loan	900	4,675	5,575
	<u>16,114</u>	<u>37,644</u>	<u>53,758</u>

**B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

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

Description	Notional Amount	Effective Period
Forward Contracts - to hedge USD receivables	USD46.8 million	May 2009 up to Apr 2011
Forward Contracts - to hedge USD payables	USD4.75 million	May 2009 to Sep 2009
Forward Contracts - to hedge Euro receivables	Euro 1.6 million	May 2009 to Dec 2009

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

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**

As approved by the shareholders of the Company at the Annual General Meeting held on 19 February 2009, a final tax-exempt dividend of 0.5 sen per ordinary share for the financial year ended 30 September 2008, has been paid on 13 April 2009 to Depositors whose names appeared in the Record of Depositors of the Company on 16 March 2009.

**B13. EARNINGS PER SHARE**

The earnings per share is calculated by dividing profit attributable to the equity holders of the Company by the total number of ordinary shares in issue (2007 - has been restated to take into account the bonus issue undertaken in FYE 2008).

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2009 (Unaudited)	Preceding Year Corresponding Quarter 31.03.2008 (Restated #)	Current Year To Date 31.03.2009 (Unaudited)	Preceding Year To Date 31.03.2008 (Restated #)
Profit attributable to equity holders of the Company (RM'000)	4,607	7,625	11,850	16,398
Number of ordinary shares in issue ('000)	703,583	703,583	703,583	703,583
Basic and diluted earnings per share (sen)	<u>0.65</u>	<u>1.08</u>	<u>1.68</u>	<u>2.33</u>

# Restated as to take into effect the bonus shares issued on 7 August 2008 of which 117,263,904 shares were issued on the basis of one bonus share for every five existing shares held in the Company.

**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 12 May 2009.

By Order of the Board  
Mah Li Chen (MAICSA 7022751)  
Lee Huey Fen (MAICSA 7053908)  
Company Secretaries  
Kuala Lumpur  
12 May 2009