

**NOTION VTEC BERHAD**

Company No:- 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2009

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2009 RM'000	Preceding Year Corresponding Quarter 31.12.2008 RM'000	Current Year To Date 31.12.2009 RM'000	Preceding Year To Date 31.12.2008 RM'000
Revenue	56,329	45,277	56,329	45,277
Cost of Sales	(35,275)	(30,162)	(35,275)	(30,162)
Gross Profit	21,054	15,115	21,054	15,115
Other Operating Income	1,612	1,783	1,612	1,783
Operating Expenses	(3,923)	(7,563)	(3,923)	(7,563)
Operating Profit	18,743	9,335	18,743	9,335
Finance Costs	(1,033)	(874)	(1,033)	(874)
Share of Profit of Associate	391	176	391	176
Profit Before Taxation	18,101	8,637	18,101	8,637
Taxation	(4,108)	(1,359)	(4,108)	(1,359)
Profit for The Period	13,993	7,278	13,993	7,278
Attributable to :				
Equity holders of the Company	14,185	7,243	14,185	7,243
Minority Interests	(192)	35	(192)	35
	13,993	7,278	13,993	7,278
Basic Earnings Per Share (sen)	10.08	5.15	10.08	5.15
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 2009 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 DECEMBER 2009

**CONDENSED CONSOLIDATED BALANCE SHEETS**

	As at End of Current Quarter 31.12.2009 RM'000	As at Preceding Year Ended 30.09.2009 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	176,311	161,761
Investment in associate	2,245	1,939
	<u>178,556</u>	<u>163,700</u>
<b>Current assets</b>		
Inventories	28,690	20,058
Trade receivables	44,471	45,761
Other receivables and deposits	12,477	5,144
Tax refundable	57	255
Short term deposits with licensed banks	2,158	2,149
Cash and bank balances	16,608	18,321
	<u>104,461</u>	<u>91,688</u>
<b>Total assets</b>	<u>283,017</u>	<u>255,388</u>
<b>EQUITY AND LIABILITIES</b>		
Share Capital	70,358	70,358
Share Premium	1,296	166
Currency Translation Reserves	327	98
Retained Profits	109,519	95,334
Treasury Shares	(5,661)	(2,401)
<b>Total shareholders' equity</b>	<u>175,839</u>	<u>163,555</u>
Minority Interests	942	1,134
<b>Total equity</b>	<u>176,781</u>	<u>164,689</u>
<b>Non-current liabilities</b>		
Long term borrowings	41,222	40,072
Deferred taxation	6,935	7,263
	<u>48,157</u>	<u>47,335</u>
<b>Current liabilities</b>		
Trade payables	13,544	9,838
Other payables and accruals	14,946	7,333
Amount owing to an associate	3,151	2,554
Provision for taxation	4,304	1,972
Dividend payable	-	3,466
Short term borrowings	19,987	16,855
Bank overdrafts	2,147	1,346
	<u>58,079</u>	<u>43,364</u>
Total Liabilities	106,236	90,699
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>283,017</u>	<u>255,388</u>
Net assets per ordinary share (RM)	<u>1.2496</u>	<u>1.1623</u>

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the financial year ended 30 September 2009 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 DECEMBER 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
	← Non-distributable →	← Distributable →						
	Ordinary Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Currency Translation Reserves RM'000	Retained Profits RM'000			
<b>3 months ended 31 December 2009</b>								
As at 1 October 2009	70,358	166	(2,401)	98	95,334	163,555	1,134	164,689
Profit for the financial period	-	-	-	-	14,185	14,185	(192)	13,993
Currency translation differences	-	-	-	229	-	229	-	229
Treasury shares	-	1,130	(3,260)	-	-	(2,130)	-	(2,130)
As at 31 December 2009	<u>70,358</u>	<u>1,296</u>	<u>(5,661)</u>	<u>327</u>	<u>109,519</u>	<u>175,839</u>	<u>942</u>	<u>176,781</u>
<b>3 months ended 31 December 2008</b>								
As at 1 October 2008	70,358	-	-	(4)	66,420	136,774	1,057	137,831
Currency translation differences	-	-	-	(5)	-	(5)	-	(5)
Profit for the financial year	-	-	-	-	7,243	7,243	35	7,278
As at 31 December 2008	<u>70,358</u>	<u>-</u>	<u>-</u>	<u>(9)</u>	<u>73,663</u>	<u>144,012</u>	<u>1,092</u>	<u>145,104</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 2009 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 DECEMBER 2009

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

Note	Current Year To Date 31.12.2009 RM'000	Preceding Year To Date 31.12.2008 RM'000
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>		
Profit before taxation	18,101	8,637
Adjustments for:		
Depreciation of property, plant and equipment	4,934	4,321
Interest expense	1,003	904
Share of profit in an associate	(391)	(176)
Interest income	(20)	(55)
Operating profit before working capital changes	23,627	13,631
Increase in inventories	(8,632)	(2,324)
(Increase)/Decrease in receivables	(6,011)	11,057
(Decrease)/Increase in payables	11,919	(6,648)
<b>CASH FROM OPERATIONS</b>	<b>20,903</b>	<b>15,716</b>
Interest paid	(1,003)	(904)
Tax paid	(1,858)	(2,032)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>18,042</b>	<b>12,780</b>
<b>CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES</b>		
Interest received	20	55
Purchase of property, plant and equipment	(19,484)	(11,169)
<b>NET CASH FOR INVESTING ACTIVITIES</b>	<b>(19,464)</b>	<b>(11,114)</b>
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>		
Dividends paid	(3,466)	-
Drawdown from hire-purchase and lease obligations	5,749	13,177
Repayment of hire-purchase and lease obligations	(3,892)	(9,443)
Repayment of term loan	(225)	(225)
Drawdown of bank borrowings	3,740	10,764
Repayment of bank borrowings	(1,091)	(10,594)
Proceeds from sale of treasury shares	3,637	-
Buy-back of shares	(5,766)	-
<b>NET CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>	<b>(1,314)</b>	<b>3,679</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2,736)</b>	<b>5,345</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		
Currency translation differences	19,124	16,629
- subsidiaries	231	(5)
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	<b>16,619</b>	<b>21,969</b>

**Note (A)**

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

Short term deposits with licensed banks	2,158	3,364
Cash and bank balances	16,608	19,586
Bank overdrafts	(2,147)	(981)
	<b>16,619</b>	<b>21,969</b>

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the financial year ended 30 September 2009 and the accompanying explanatory notes attached to the interim financial statements.

## NOTES TO THE QUARTERLY FINANCIAL REPORT

### 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 2009.

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 2009.

### A2. CHANGES IN ACCOUNTING POLICIES

The following Financial Reporting Standards ("FRS"), amendments to FRSs and IC Interpretations have been issued by the MASB but are not yet effective:

FRS 139	Financial Instruments: Recognition and Measurement
FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 123	Borrowing Costs
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 1	First-time Adoption of Financial Reporting Standard and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

All the new FRSs, amendments to FRSs and IC Interpretations above are effective from 1 January 2010 with the exception of FRS 8, which is effective from 1 July 2009.

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

The auditors' report on the financial statements of the Group for the FYE 30 September 2009 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. CHANGES IN DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities other than the following:-

- a) On 18 August 2009, NVB announced that the Company proposes to implement the consolidation of every five (5) ordinary shares of RM0.10 each in NVB into one (1) ordinary share of RM0.50 each in NVB ("Proposed Share Consolidation") and amendment to the Memorandum of Association of NVB which shall involve the amendment of the authorised share capital of NVB from RM100,000,000 comprising 1,000,000,000 ordinary shares of RM0.10 each to RM100,000,000 comprising 200,000,000 ordinary shares of RM0.50 each.

Bursa Securities had vide its letter dated 7 September 2009 approved the Proposed Share Consolidation and the listing of the Consolidated Shares to be issued.

The Proposed Share Consolidation and the Proposed Amendment to the Memorandum of Association have been approved by the shareholders of NVB at the Extraordinary General Meeting held on 16 October 2009.

On 16 October 2009, NVB announced that the entitlement date for the Share Consolidation would be on 5 November 2009. Upon completion of the Share Consolidation on 6 November 2009, the issued and paid-up share capital of NVB was consolidated into 140,716,684 ordinary shares of RM0.50 each.

- b) During the Annual General Meeting held on 19 February 2009, the shareholders of the Company approved the Company's plan to repurchase its own ordinary shares of up to 10% of the issued and paid-up share capital of the Company.

During the quarter, the Company purchased from the open market 10,154,100 units of its own shares of RM0.10 each and 200,000 units of RM0.50 each (post share consolidation) through purchases on the Main Board of Bursa Malaysia Securities Berhad at an average buy-back price of RM0.51 and RM2.71 per ordinary share respectively. The total consideration paid for acquisition of the shares was RM5,766,138 and was financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with Section 67A of the Companies Act 1965 in Malaysia. During the quarter, the Company had

also disposed of 7,800,000 units of its treasury shares of RM0.10 each in the market for RM3,636,620.

As at 31 December 2009, the Company held 2,269,740 repurchased shares as treasury shares out of its total issued and paid up share capital of 140,716,684 ordinary shares of RM0.50 each. The treasury shares are held at a carrying amount of RM5,660,725.

#### A8. DIVIDEND PAID

On 11 November 2009, the Company paid an interim tax-exempt dividend of 0.5 sen per ordinary share of RM0.10 each amounting to RM3,466,174 in respect of FYE 30 September 2009.

#### A9. SEGMENTAL INFORMATION

The Group is primarily engaged in three business segment which is in the design and volume production of high precision metal manufacturing of hard disk drive ("HDD"), camera and automotive industries' components. Analysis of segmental revenue and product mix is found in Notes B2.

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:

- a) On 22 October 2009, the Board of Directors announced that the Company proposed to issue new ordinary shares of RM0.50 each in NVB, not exceeding ten percent (10%) of the issued and paid-up share capital of the Company through a private placement exercise ("Proposed Private Placement").

On 28 October 2009, the Company submitted to Bursa Securities the additional listing application for the listing of up to 13,884,694 new ordinary shares of RM0.50 each in NVB to be issued pursuant to the Proposed Private Placement. Bursa Securities has approved the said application on 5 November 2009 and has given the Company 6 months to complete the transaction.

On 6 January 2010, the Board of Directors announced that the Company has fixed the issue price for the new 13,844,694 ordinary shares of RM0.50 each in NVB ("NVB Shares") to be issued pursuant to the Private Placement ("Placement Shares") at RM2.44 per Placement Share. The issue price of RM2.44 per Placement Share represents a discount of approximately 10% to the volume weighted average market price of NVB Shares for the five (5) market days immediately preceding 6 January 2010 of RM2.7066. The Placement Shares were listed on 18 January 2010.

The issued and paid up capital after the Proposed Private Placement is RM77,280,689 comprising 154,561,378 ordinary shares of RM0.50 each.

- b) On 2 October 2009, Notion (Thailand) Co. Ltd., a wholly-owned subsidiary of the Company, entered into a Sale And Purchase Agreement with Taiko Electronics (Thailand) Company Limited, a company incorporated in Thailand, to acquire a piece of property for a consideration of RM5,049,000. The acquisition of the property has been completed and announced on 13 January 2010.

#### 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 99,224,702. As at 31 December 2009, the said hire purchase total balance stood at RM52,188,056.
- b) The Group has also provided corporate guarantees for bank facilities granted for a total amount of RM144,400,000. As at 31 December 2009, the utilisation of the bank facilities stood at RM11,167,279.

#### A14. CAPITAL COMMITMENTS

Approved and contracted for :  
- purchase of plant and equipment

As at End of Current Quarter 31.12.2009 RM'000	As at End of Preceding Quarter 30.09.2009 RM'000	As at Preceding Year's Corresponding Quarter 31.12.2008 RM'000
30,662	28,856	4,000

#### 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 DECEMBER 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 RM56.3 million and RM14.0 million respectively for the quarter ended 31 December 2009. Refer Notes B2. and B3. below for a detailed review of the Group's performance.

**B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS****Financials:**

For 1Q of FY2010 the Group recorded revenue of RM56.3 million (Q4FY09 : RM54.3 million) and PAT of RM14.0 million (Q4FY09 : RM13.1 million) and earnings per share of 10.08 sen (Q4FY09 : 9.25 sen). The better performance compared to the preceding quarter is mainly attributable to revenue growth in the camera sector and economies of scale.

The Group recorded PBT of RM18.1 million as compared to the immediate preceding quarter of RM16.5 million, an increase of 9.7%. This is mainly attributable to higher product mix contribution from the camera sector which contributes better overall margins.

For the current year to date, total revenue was RM56.3 million and PAT was RM14.0 million compared to the corresponding period of the preceding year of RM45.3 million and RM7.3 million respectively. Yoy the revenue and PAT was 24% and 92% higher respectively. The strong growth in revenue and PAT is mainly attributable to the recovery in all the business segments and favourable foreign exchange rates.

**Product mix:**

In Q1FY2010, HDD parts revenue recorded RM19.2 million (Q4FY09: RM19.4 million), camera parts revenue rose to RM26.7 million (an increase of 11% from previous quarter RM24.1 million) whilst the industrial/automotive revenue was at RM10.5 million (Q4FY09: RM10.8 million). The product mix for the Q1FY2010 was HDD:Camera:Industrial/Automotive of 34%:47%:19% compared to previous quarter's mix of 38%:44%:18%.

**B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR****Business Outlook:**

The HDD industry is expected to remain robust in 2010 and even in 2011 due to technology sector and economic recovery. The SLR camera and lens segment will also grow in tandem with market demand.

Management expects a decrease in revenue in Q2 before growing strongly into Q3 and Q4. Q2 has always lagged other quarters being a shorter period as well as inventory trimming to coincide with the financial year ending 31 March 2010.

The Board is still confident that the previous guidance on earnings for the Group will be met amidst better optimism in consumer spending and turnaround.

The Thailand plant has commenced operations and plans for expansion of the additional floor space is being made.

We have began mass production of 2.5 inch baseplate for a Korean HDD client and new target is 2 million pieces per month by end 2010 which is a doubling of initial demand.

**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. However, the Company has in the last quarterly results, provided internal management targets for revenue of between RM220 million and RM240 million and profit after tax of between RM50 million and RM55 million for the financial year ending 30 September 2010, barring unforeseen circumstances. The guidance is an internal management target and is not an estimate, forecast or projection. The internal targets has not been reviewed by the external auditors. The results for the period under review is in line with the management targets.

**B5. TAXATION**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2009 RM'000	Preceding Year Corresponding Quarter 31.12.2008 RM'000	Current Year To Date 31.12.2009 RM'000	Preceding Year To Date 31.12.2008 RM'000
Company and Subsidiaries				
Taxation	4,351	1,642	4,351	1,642
Deferred taxation	(328)	(316)	(328)	(316)
	4,023	1,326	4,023	1,326
Associate				
Taxation	85	33	85	33
	85	33	85	33
	<b>4,108</b>	<b>1,359</b>	<b>4,108</b>	<b>1,359</b>

The effective tax rate of approximately 23% 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 save as disclosed in Note A7.

**B8. STATUS OF CORPORATE PROPOSALS**

There are no other corporate proposals announced but pending completion as at date of this report save as disclosed in Note A11 and the Share Sale Agreement to dispose of a 70% equity interest in Swiss Impression Sdn Bhd comprising 350,000 ordinary shares of RM1 each for a cash consideration of RM420,000 entered and announced on 10 December 2009 by the Company.

**B9. BORROWINGS AND DEBTS SECURITIES**

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

	RM'000
<b>Long - term</b>	
Secured	
Hire purchase and lease payables	37,222
Term loan	4,000
	<u>41,222</u>
<b>Short - term</b>	
Secured	
Portion of hire purchase and lease payables due within one year	14,966
Portion of term loan due within one year	900
Unsecured	
Bank Overdraft	2,147
Other short term borrowings	4,121
	<u>22,134</u>
	<u>63,356</u>

The hire purchase and lease payables and term loan are secured by legal charges over certain property, plant and equipment belonging to certain subsidiaries of the Company.

**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	USD51.8 million	Feb 2010 up to Apr 2011

The above contracts were entered into as hedges for sales denominated in US Dollars 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.

**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 NVB has proposed a final tax-exempt dividend of 2.50 sen per ordinary share of RM0.50 each for the financial year ended 30 September 2009 subject to the shareholders' approval at the forthcoming Annual General Meeting. The payment of the proposed dividend if approved at the forthcoming AGM will be paid on 5 April 2010 to shareholders appearing in the Record of Depositors on 24 March 2010.

**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 (FYE2009 comparative has been restated to take into account the share consolidation undertaken in FYE 2010).

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2009 (Unaudited)	Preceding Year Corresponding Quarter 31.12.2008 (Unaudited)	Current Year To Date 31.12.2009 (Unaudited)	Preceding Year To Date 30.09.2008 (Unaudited)
Profit attributable to equity holders of the Company (RM'000)	14,185	7,243	14,185	7,243
Number of ordinary shares in issue ('000)	140,717	140,717	140,717	140,717
Basic and diluted earnings per share (sen)	10.08	5.15	10.08	5.15

**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 10 February 2010.

**By Order of the Board**

Petaling Jaya  
10 February 2010