

NOTION VTEC BERHAD

Company No:- 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2010**CONDENSED CONSOLIDATED INCOME STATEMENTS**

| | Individual Quarter | | Cumulative Quarter | |
|---------------------------------|--|--|--|--|
| | Current Year Quarter 30.9.2010 RM'000 | Preceding Year Corresponding Quarter 30.9.2009 RM'000 | Current Year To Date 30.9.2010 RM'000 | Preceding Year To Date 30.9.2009 RM'000 |
| Revenue | 52,989 | 54,481 | 226,839 | 172,709 |
| Cost of Sales | (44,655) | (33,730) | (171,323) | (112,458) |
| Gross Profit | 8,334 | 20,751 | 55,516 | 60,251 |
| Other Operating Income | 2,479 | 959 | 7,747 | 3,387 |
| Operating Expenses | (2,644) | (4,277) | (14,805) | (17,683) |
| Operating Profit | 8,169 | 17,433 | 48,458 | 45,955 |
| Finance Costs | (1,464) | (1,290) | (5,150) | (3,977) |
| Share of Profit in an Associate | - | 293 | 980 | 985 |
| Profit Before Taxation | 6,705 | 16,436 | 44,288 | 42,963 |
| Taxation | 1,451 | (3,360) | (6,823) | (6,988) |
| Profit for the Period | 8,156 | 13,076 | 37,465 | 35,975 |
| Attributable to : | | | | |
| Equity holders of the Company | 8,076 | 12,961 | 37,432 | 35,898 |
| Minority Interests | 80 | 115 | 33 | 77 |
| | 8,156 | 13,076 | 37,465 | 35,975 |
| Basic Earnings Per Share (sen) | 5.23 | 9.21 | 24.88 | 25.51 |
| Dividend Paid Per Share (sen) | - | - | 5.00 | 5.00 |

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 YEAR ENDED 30 SEPTEMBER 2010

CONDENSED CONSOLIDATED BALANCE SHEETS

| | As at End of Current Quarter 30.9.2010 RM'000 | As at Preceding Year Ended 30.09.2009 RM'000 |
|---|--|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 251,536 | 161,761 |
| Investment in an associate | - | 1,939 |
| | <u>251,536</u> | <u>163,700</u> |
| Current assets | | |
| Inventories | 34,788 | 20,058 |
| Trade receivables | 55,131 | 45,761 |
| Other receivables and deposits | 6,953 | 5,144 |
| Tax refundable | 172 | 255 |
| Short term deposits with licensed banks | 2,209 | 2,149 |
| Cash and bank balances | 34,793 | 18,321 |
| | <u>134,046</u> | <u>91,688</u> |
| Total assets | <u>385,582</u> | <u>255,388</u> |
| EQUITY AND LIABILITIES | | |
| Share Capital | 77,280 | 70,358 |
| Share Premium | 29,482 | 166 |
| Treasury Shares | (4,039) | (2,401) |
| Currency Translation Reserves | 505 | 98 |
| Retained Profits | 129,581 | 95,334 |
| Total shareholders' equity | <u>232,809</u> | <u>163,555</u> |
| Minority Interests | 1,167 | 1,134 |
| Total equity | <u>233,976</u> | <u>164,689</u> |
| Non-current liabilities | | |
| Long term borrowings | 69,647 | 40,072 |
| Deferred taxation | 11,895 | 7,263 |
| | <u>81,542</u> | <u>47,335</u> |
| Current liabilities | | |
| Trade payables | 13,069 | 9,838 |
| Other payables and accruals | 30,952 | 7,333 |
| Amount owing to an associate | - | 2,554 |
| Provision for taxation | (7,916) | 1,972 |
| Dividend payable | - | 3,466 |
| Short term borrowings | 32,217 | 16,855 |
| Bank overdrafts | 1,742 | 1,346 |
| | <u>70,064</u> | <u>43,364</u> |
| Total Liabilities | 151,606 | 90,699 |
| TOTAL EQUITY AND LIABILITIES | <u>385,582</u> | <u>255,388</u> |
| Net assets per ordinary share (RM) | <u>1.5063</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 YEAR ENDED 30 SEPTEMBER 2010
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 | Treasury Shares RM'000 | Currency Translation Reserves RM'000 | Retained Profits RM'000 | | | |
| 12 months ended 30 September 2010 | | | | | | | | |
| As at 1 October 2009 | 70,358 | 166 | (2,401) | 98 | 95,334 | 163,555 | 1,134 | 164,689 |
| Currency translation differences | - | - | - | 407 | - | 407 | - | 407 |
| Negative goodwill arising during the financial period | - | - | - | - | 632 | 632 | - | 632 |
| Profit for the financial period | - | - | - | - | 37,432 | 37,432 | 33 | 37,465 |
| Final tax-exempt dividend of 2.5 sen per ordinary share of RM0.50 each in respect of the financial year ended 30.9.2009 | - | - | - | - | (3,817) | (3,817) | - | (3,817) |
| Shares Issuance | 6,922 | 26,859 | - | - | - | 33,781 | - | 33,781 |
| Expenses in connection with new shares issued | - | (184) | - | - | - | (184) | - | (184) |
| Purchase of own shares | - | - | (9,570) | - | - | (9,570) | - | (9,570) |
| Disposal of treasury shares | - | 2,641 | 7,932 | - | - | 10,573 | - | 10,573 |
| As at 30 September 2010 | <u>77,280</u> | <u>29,482</u> | <u>(4,039)</u> | <u>505</u> | <u>129,581</u> | <u>232,809</u> | <u>1,167</u> | <u>233,976</u> |
| 12 months ended 30 September 2009 | | | | | | | | |
| As at 1 October 2008 | 70,358 | - | - | (4) | 66,420 | 136,774 | 1,057 | 137,831 |
| Currency translation differences | - | - | - | 102 | - | 102 | - | 102 |
| Profit for the financial period | - | - | - | - | 35,898 | 35,898 | 77 | 35,975 |
| Final tax-exempt dividend of 0.5 sen per ordinary share of RM0.10 in respect of the financial year ended 30.9.2008 | - | - | - | - | (3,518) | (3,518) | - | (3,518) |
| Interim tax-exempt dividend of 0.5 sen per ordinary share of RM0.10 in respect of the financial year ended 30.9.2009 | - | - | - | - | (3,466) | (3,466) | - | (3,466) |
| Purchase of own shares | - | - | (2,798) | - | - | (2,798) | - | (2,798) |
| Disposal of treasury shares | - | 166 | 397 | - | - | 563 | - | 563 |
| As at 30 September 2009 | <u>70,358</u> | <u>166</u> | <u>(2,401)</u> | <u>98</u> | <u>95,334</u> | <u>163,555</u> | <u>1,134</u> | <u>164,689</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 YEAR ENDED 30 SEPTEMBER 2010

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| Note | Current Year To Date 30.9.2010 RM'000 | Preceding Year To Date 30.9.2009 RM'000 |
|---|--|--|
| CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES | | |
| Profit before taxation | 44,287 | 42,963 |
| Adjustments for: | | |
| Allowance for doubtful debts | - | 249 |
| Bad debts written off | - | 67 |
| Deposit forfeited | - | 61 |
| Depreciation of property, plant and equipment | 23,585 | 18,245 |
| Interest expense | 4,702 | 3,607 |
| Inventories written off | - | 865 |
| Gain on disposal of plant and equipment | (142) | (6) |
| Unrealised foreign currency translation loss | 594 | 61 |
| Plant and equipment written off | 18 | - |
| Allowance for doubtful debts no longer required | - | (70) |
| Interest income | (400) | (198) |
| Share of profit in an associate | (980) | (985) |
| Operating profit before working capital changes | 71,664 | 64,859 |
| (Increase)/Decrease in inventories | (14,479) | 1,413 |
| Increase in trade and other receivables | (6,943) | (6,921) |
| Increase/(Decrease) in trade and other payables | 21,882 | (6,653) |
| CASH FROM OPERATIONS | 72,124 | 52,698 |
| Interest paid | (4,702) | (3,607) |
| Tax refunded | 63 | - |
| Tax paid | (12,518) | (6,762) |
| NET CASH FROM OPERATING ACTIVITIES | 54,967 | 42,329 |
| CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES | | |
| Interest received | 400 | 198 |
| Proceeds from disposal of plant and equipment | 510 | 43 |
| Purchase of property, plant and equipment | (111,053) | (28,181) |
| Net cash outflow for acquisition of subsidiary | (1,640) | - |
| NET CASH FOR INVESTING ACTIVITIES | (111,783) | (27,940) |
| CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES | | |
| Proceeds from issuance of shares | 33,781 | - |
| Expenses in connection with new shares issued | (184) | - |
| Advances from an associate | - | 2,166 |
| Dividends paid | (7,283) | (7,036) |
| Drawdown from hire-purchase and lease obligations | 15,761 | 10,357 |
| Repayment of hire-purchase and lease obligations | (16,342) | (14,349) |
| Drawdown of term loan | 42,631 | - |
| Repayment of term loan | (3,357) | (900) |
| Drawdown of bank borrowings | 25,949 | - |
| Repayment of bank borrowings | (19,280) | - |
| Proceeds from sale of treasury shares | 10,573 | 563 |
| Buy-back of shares | (9,570) | (2,798) |
| NET CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES | 72,679 | (11,997) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 15,863 | 2,392 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR | | |
| Currency translation differences | 19,124 | 16,630 |
| - subsidiaries | 273 | 102 |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR | 35,260 | 19,124 |

Note (A)

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

| | | |
|---|---------------|---------------|
| Short term deposits with licensed banks | 2,209 | 2,149 |
| Cash and bank balances | 34,793 | 18,321 |
| Bank overdrafts | (1,742) | (1,346) |
| | 35,260 | 19,124 |

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.

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

Company No:- 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2010

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 Main Market 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:

| FRSs/IC Interpretations | Effective date |
|--|-----------------------------|
| Revised FRS 1 (2010) First-time Adoption of Financial Reporting Standards | 1 July 2010 |
| Revised FRS 3 (2010) Business Combinations | 1 July 2010 |
| FRS 4 Insurance Contracts | 1 January 2010 |
| FRS 7 Financial Instruments: Disclosures | 1 January 2010 |
| FRS 8 Operating Segments | 1 July 2009 |
| Revised FRS 101 (2009) Presentation of Financial Statements | 1 January 2010 |
| Revised FRS 123 (2009) Borrowing Costs | 1 January 2010 |
| Revised FRS 127 (2010) Consolidated and Separate Financial Statements | 1 July 2010 |
| Revised FRS 139 (2010) Financial Instruments: Recognition and Measurement | 1 January 2010 |
| Amendments to FRS 1 and FRS 127 Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate | 1 January 2010 |
| Amendment to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters | 1 January 2011 |
| Amendments to FRS 2 Vesting Conditions and Cancellations | 1 January 2010 |
| Amendments to FRS 2 Scope of FRS 2 and Revised FRS 3 (2010) | 1 July 2010 |
| Amendments to FRS 5 Plan to Sell the Controlling Interest in a Subsidiary | 1 July 2010 |
| Amendments to FRS 7, FRS 139 and IC Interpretation 9 | 1 January 2010 |
| Amendments to FRS 7 Improving Disclosures about Financial Instruments | 1 January 2011 |
| Amendments to FRS 132 Classification of Rights Issues and the Transitional Provision In Relation To Compound Instruments | 1 January 2010/1 March 2010 |
| Amendments to FRS 138 Consequential Amendments Arising from Revised FRS 3 (2010) | 1 July 2010 |
| IC Interpretation 9 Reassessment of Embedded Derivatives | 1 January 2010 |
| IC Interpretation 10 Interim Financial Reporting and Impairment | 1 January 2010 |
| IC Interpretation 11 FRS 2 - Group and Treasury Share Transactions | 1 January 2010 |
| IC Interpretation 12 Service Concession Arrangements | 1 July 2010 |
| IC Interpretation 13 Customer Loyalty Programmes | 1 January 2010 |
| IC Interpretation 14 FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction | 1 January 2010 |
| IC Interpretation 15 Agreements for the Construction of Real Estate | 1 July 2010 |
| IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation | 1 July 2010 |
| IC Interpretation 17 Distributions of Non-cash Assets to Owners | 1 July 2010 |
| Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and Revised FRS 3 (2010) | 1 July 2010 |
| Annual Improvements to FRSs (2009) | 1 January 2010 |

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 29 April 2010, the Board of Directors announced that the Company proposed to undertake the following (collectively referred to as "Proposals"):
 - i) Proposed issue of 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;
 - ii) Proposed issue of up to 34,003,503 free warrants in NVB ("Free Warrants") on the basis of 1 Free Warrant for every 5 NVB Shares held by the shareholders of the Company; and
 - iii) Proposed increase in the authorised share capital of the Company from RM100,000,000 comprising 200,000,000 NVB Shares to RM500,000,000 comprising 1,000,000,000 NVB Shares.

In relation to the Proposals, Bursa Malaysia Securities Berhad had vide its letter dated 10 June 2010 approved the following:

- Listing of up to 15,426,353 new ordinary shares of RM0.50 each to be issued pursuant to the Proposed Private Placement;
- Admission to the Official List and the listing and quotation of up to 34,003,503 Warrants to be issued pursuant to the Proposed Free Warrants Issue; and
- Listing of up to 34,003,503 new ordinary shares of RM0.50 each in NVB to be issued pursuant to the exercise of the Free Warrants.

In relation to the Proposals, Bank Negara Malaysia had vide its letter dated 9 June 2010 approved the issuance of up to 34,003,503 Free Warrants to the non-resident shareholders of NVB and such additional Free Warrants which may be issued subject to adjustments in accordance to the provisions of the deed poll constituting the Free Warrants.

The shareholders of NVB have at the EGM held on 6 July 2010 approved the Proposals.

The Company has on 15 July 2010 fixed the exercise price for the Free Warrants Issue at RM2.55 per Free Warrant.

The entitlement date for the Free Warrants was set on 3 August 2010. The listing and quotation of the Free Warrants on the Main Market of Bursa Malaysia Securities Berhad was completed on 10 August 2010.

- b) During the Annual General Meeting held on 23 February 2010, 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 300,000 units of its own shares of RM0.50 each through purchases on the Main Market of Bursa Securities at an average buy-back price of RM1.86 per ordinary share. The total consideration paid for acquisition of the shares was RM556,610 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.

As at 30 September 2010, the Company held 1,597,840 repurchased shares as treasury shares out of its total issued and paid up share capital of 154,561,378 ordinary shares of RM0.50 each. The treasury shares are held at a carrying amount of RM4,039,212.

A8. DIVIDEND PAID

| | Cumulative Quarter | |
|--|---------------------------|-----------------------|
| | Current Year | Preceding Year |
| | To Date | To Date |
| | 30.9.2010 | 30.9.2009 |
| In respect of financial year ended 30 September 2008: | | |
| - Interim tax-exempt dividend of 0.5 sen per ordinary share of RM0.10 each (paid on 7.1.2009)# | | 2.5 |
| - Final tax-exempt dividend of 0.5 sen per ordinary share of RM0.10 each (paid on 13.4.2009)# | | 2.5 |
| In respect of financial year ended 30 September 2009: | | |
| - Interim tax-exempt dividend of 0.5 sen per ordinary share of RM0.10 each (paid on 11.11.2009)# | 2.5 | |
| - Final tax-exempt dividend of 2.5 sen per ordinary share of RM0.50 each (paid on 5.4.2010) | 2.5 | |
| | 5.0 | 5.0 |

Restated as to take into effect the consolidation of every five (5) ordinary shares of RM0.10 each into one (1) ordinary share of RM0.50 each.

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 and Thailand.

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, save for the following:

NVB had on 24 September 2010, incorporated a wholly-owned subsidiary known as Notion HiTec Sdn Bhd under the Companies Act, 1965.

A13. CONTINGENT LIABILITIES

- a) The Company has provided corporate guarantees for hire purchase facilities granted to subsidiaries for total amount of RM103,297,137. As at 30 September 2010, the outstanding hire purchase balance stood at RM49,545,561.
- b) The Group has also provided corporate guarantees for bank facilities granted for a total amount of RM276,268,740. As at 30 September 2010, the utilisation of the bank facilities stood at RM54,060,766.

A14. CAPITAL COMMITMENTS

Approved and contracted for :
- purchase of plant and equipment

| As at End of Current Quarter 30.9.2010 RM'000 | As at End of Preceding Quarter 30.6.2010 RM'000 | As at Preceding Year's Corresponding Quarter 30.9.2009 RM'000 |
|--|--|--|
| 7,936 | 45,193 | 28,856 |

A15. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Directors of Notion are of the opinion that there is no related party transaction which would have a 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 30 SEPTEMBER 2010

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 RM53.0 million and RM8.2 million respectively for the quarter ended 30 September 2010. Refer Notes B2. and B3. below for a detailed review of the Group's performance.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Financials:

For 4Q of FY2010 the Group recorded revenue of RM53.0 million (3QFY2010 : RM60.8 million) and PAT of RM8.2 million (3QFY2010 : RM3.1 million) and earnings per share of 5.23 sen (3QFY2010 : 1.92 sen). The lower revenue is mainly attributable to decrease in sales from HDD segment and the lower USD foreign exchange rate versus the Malaysian Ringgit. The improvement in PAT of about RM5.1 million is mainly attributable to lower R&D cost, improved material yield, less incidence of rework and quality issue, foreign exchange gain from hedging contracts and reinvestment allowances resulting in lower taxation.

The Group recorded PBT of RM6.7 million as compared to the immediate preceding quarter of RM3.9 million, an increase of 68.7%.

For the current year to date, total revenue was RM226.8 million and PAT was RM37.5 million compared to the corresponding period of the preceding year of RM172.7 million and RM35.9 million respectively. Yoy the revenue and profit after tax was 31.3% and 4% higher respectively.

Product mix:

In Q4FY2010, HDD parts revenue recorded RM18.3 million (Q3FY2010: RM27.9 million), camera parts recorded RM25.6 million (Q3FY2010: RM23.3 million) whilst the industrial/automotive revenue was at RM9.1 million (Q3FY2010: RM9.6 million). The product mix for Q4FY2010 was HDD:Camera:Industrial/Automotive of 35%:48%:17% compared to previous quarter's mix of 46%:38%:16%.

B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

Business Outlook for FY2011

Management is anticipating a high teen double digit growth in revenue for the financial year 2011. The growth will be derived from the SLR camera segment and some contribution from the auto/industrial segment. The HDD segment for Notion is expected to remain static as the industry grapples with the negative impact of the tablet computer such as the iPad, on the smaller form factor 2.5" HDD. There will still be growth in the 3.5" HDD segment.

Rising aluminium prices to current USD2,400 per ton on the LME market is mainly due to speculative activities similar to other soft commodities and base metals.

On a macro level, the recent announcement by the US Federal Reserve Bank on a second round of USD600 bil quantitative easing (QE2) will most certainly cause the dollar to fall further and therefore, management will have to review, plan and execute currency hedging counter measures. Various governments have voiced their concerns on QE2 and there may even give rise to currency and trade problems in the future.

On the national level, 2011 will see the beginning of the massive infrastructure and buildings growth plans recently announced by the Government to energise the local economy. Notion is mainly an exporting company and whilst these plans will have little impact on the business of the Company, the management is concerned of the rapid rising costs of labour, materials, energy and other resources needed for our operations.

For the Notion Group, it will continue to invest in areas of opportunities and the primary focus for 2011 will be:

- a) the camera parts business and ensuring its successful execution and
- b) increasing the non-USD business segment to counter the effects of a weaker dollar.

One project that is being planned is a fourth plant to be located in Ipoh, Kuala Selangor. This is an aluminium recovery plant which converts aluminium scrap into aluminium ADC12 ingots. The initial investment is estimated at RM3 million and the plant will have a maximum capacity of 800 tons of ingots per month. Management expects the plant to be ready by April 2011 and will start contributing from Q3 or latest Q4 FY2011. All the ingots will be sold in Ringgit to local customers.

B4. PROFIT FORECAST, PROFIT GUARANTEE AND INTERNAL TARGETS

The Group did not issue any profit guarantee and profit forecast for the financial year ended 30 September 2010. However, the Company has in the last quarter provided revised internal management target of between RM220 to RM240 million for revenue and RM35 million of profit after tax for the financial year ended 30 September 2010. The guidance is an internal management target and is not an estimate, forecast or projection. The internal targets have not been reviewed by the external auditors.

For the financial year ended 30 September 2010, the Group has met its revised internal management targets with the achievement of RM227 million for revenue and RM37 million for profit after tax.

B5. **TAXATION**

| | Individual Quarter | | Cumulative Quarter | |
|--------------------------|--------------------------------|--|--------------------------------|--------------------------------|
| | Current Year | Preceding Year | Current Year | Preceding Year |
| | Quarter 30.9.2010 RM'000 | Corresponding Quarter 30.9.2009 RM'000 | To Date 30.9.2010 RM'000 | To Date 30.9.2009 RM'000 |
| Company and Subsidiaries | | | | |
| Taxation | (987) | 2,094 | 2,251 | 4,343 |
| Deferred taxation | (464) | (570) | 4,341 | (868) |
| | (1,451) | 1,524 | 6,592 | 3,475 |
| Associate | | | | |
| Taxation | - | 67 | 231 | 153 |
| | - | 67 | 231 | 153 |
| | (1,451) | 1,591 | 6,823 | 3,628 |

The effective tax rate of approximately 15.4% 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 A7.

B9. **BORROWINGS AND DEBTS SECURITIES**

The Group's borrowings as at 30 September 2010 are as follows:

| | RM'000 |
|---|----------------|
| Long - term | |
| Secured | |
| Hire purchase and lease payables | 34,675 |
| Term loan | 34,972 |
| | <u>69,647</u> |
| Short - term | |
| Secured | |
| Portion of hire purchase and lease payables due within one year | 14,870 |
| Portion of term loan due within one year | 9,205 |
| Unsecured | |
| Bank Overdraft | 1,742 |
| Other short term borrowings | 8,142 |
| | <u>33,959</u> |
| | <u>103,606</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 | USD102.2 million | November 2010 up to November 2012 |
| Forward Contracts - to hedge Euro receivables | Euro1.75 million | November 2010 up to May 2011 |

The above contracts were entered into as hedges for sales denominated in US Dollars and Euro 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 PER SHARE

The Board has on 23 November 2010 declared an interim tax-exempt dividend of 4.5 sen per ordinary share of RM0.50 each in respect of the financial year ended 30 September 2010 and payable on 13 January 2011. (Q42009 - 2.5 sen, FY2009 - 5.0 sen). The entitlement date has been fixed on 31 December 2010.

B13. EARNINGS PER SHARE

The earnings per share is calculated by dividing profit attributable to the equity holders of the Company by the weighted average 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 30.9.2010 (Unaudited) | Preceding Year Corresponding Quarter 30.9.2009 (Restated #) | Current Year To Date 30.9.2010 (Unaudited) | Preceding Year To Date 30.9.2009 (Restated #) |
| Profit attributable to equity holders of the Company (RM'000) | 8,076 | 12,961 | 37,432 | 35,898 |
| Weighted Average Number of ordinary shares in issue ('000) | 154,561 | 140,717 | 150,427 | 140,717 |
| Basic and diluted earnings per share (sen) | 5.23 | 9.21 | 24.88 | 25.51 |

Restated as to take into effect the consolidation of every five (5) ordinary shares of RM0.10 each into one (1) ordinary share of RM0.50 each.

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 23 November 2010.

By Order of the Board

Petaling Jaya
23 November 2010