

NOTION VTEC BERHAD

Company No:- 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2011**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.9.2011 RM'000	Preceding Year Corresponding Quarter 30.9.2010 RM'000	Current Year To Date 30.9.2011 RM'000	Preceding Year To Date 30.9.2010 RM'000
Revenue	61,966	51,551	236,767	225,401
Cost of Sales	<u>(48,348)</u>	<u>(43,954)</u>	<u>(176,019)</u>	<u>(170,622)</u>
Gross Profit	13,618	7,597	60,748	54,779
Other Operating Income	5,886	3,126	10,968	8,394
Operating Expenses	<u>(4,059)</u>	<u>(2,339)</u>	<u>(17,092)</u>	<u>(14,500)</u>
Operating Profit	15,445	8,384	54,624	48,673
Derivative Gain / (Loss)	69	-	6,722	-
Finance Costs	<u>(1,235)</u>	<u>(1,464)</u>	<u>(6,048)</u>	<u>(5,150)</u>
Share of Profit in an Associate	<u>-</u>	<u>(231)</u>	<u>-</u>	<u>749</u>
Profit Before Taxation	14,279	6,689	55,298	44,272
Taxation	<u>(1,849)</u>	<u>2,033</u>	<u>(8,409)</u>	<u>(6,241)</u>
Profit After Taxation	12,430	8,722	46,889	38,031
Other Comprehensive (loss) / income:				
-currency translation differences	<u>(334)</u>	<u>336</u>	<u>(669)</u>	<u>411</u>
Total comprehensive income for the period	<u>12,096</u>	<u>9,058</u>	<u>46,220</u>	<u>38,442</u>
Profit after taxation attributable to:				
-Owners of the parent	12,499	8,646	46,860	38,002
-Minority Interest	<u>(69)</u>	<u>76</u>	<u>29</u>	<u>29</u>
	<u>12,430</u>	<u>8,722</u>	<u>46,889</u>	<u>38,031</u>
Total comprehensive income for the period attributable to:				
-Owners of the parent	12,165	8,982	46,191	38,413
-Minority Interest	<u>(69)</u>	<u>76</u>	<u>29</u>	<u>29</u>
	<u>12,096</u>	<u>9,058</u>	<u>46,220</u>	<u>38,442</u>
Basic Earnings Per Share (sen)	<u>8.09</u>	<u>5.65</u>	<u>30.33</u>	<u>25.53</u>
Proposed/Declared Dividend Per Share (sen)	<u>-</u>	<u>4.50</u>	<u>3.00</u>	<u>4.50</u>

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 30 September 2010 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 2011

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at End of Current Quarter Quarter 30.9.2011 RM'000	As at Preceding Year Ended 30.9.2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	263,977	251,530
Investment in an associate	-	-
	<u>263,977</u>	<u>251,530</u>
Current assets		
Inventories	43,903	35,490
Trade receivables	61,132	53,710
Other receivables and deposits	8,445	7,571
Tax refundable	10,025	8,889
Derivative financial instruments	458	-
Short term deposits with licensed banks	2,264	2,209
Cash and bank balances	<u>22,066</u>	<u>34,793</u>
	<u>148,293</u>	<u>142,662</u>
Total assets	<u>412,270</u>	<u>394,192</u>
EQUITY AND LIABILITIES		
Equity		
Share Capital	77,280	77,280
Share Premium	25,193	29,482
Treasury Shares	(198)	(4,039)
Currency Translation Reserves	(160)	509
Retained Profits	<u>166,281</u>	<u>129,519</u>
Equity attributable to owners of the Company	268,396	232,751
Minority Interests	<u>1,192</u>	<u>1,163</u>
Total equity	269,588	233,914
Non-current liabilities		
Long term borrowings	58,152	69,467
Deferred taxation	<u>15,805</u>	<u>12,246</u>
	<u>73,957</u>	<u>81,713</u>
Current Liabilities		
Trade payables	11,727	13,784
Other payables and accruals	19,907	30,641
Provision for taxation	1,743	-
Derivative financial instruments	772	-
Short term borrowings	34,475	32,398
Bank overdrafts	<u>101</u>	<u>1,742</u>
	<u>68,725</u>	<u>78,565</u>
Total Liabilities	142,682	160,278
TOTAL EQUITY AND LIABILITIES	<u>412,270</u>	<u>394,192</u>
Net assets per ordinary share (RM)	<u>1.7375</u>	<u>1.5216</u>

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the financial year ended 30 September 2010 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 2011
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	←-----Attributable to equity holders of the parent-----→							Total Equity RM'000
	Ordinary Share Capital RM'000	Share Premium RM'000	←-----Non-distributable-----→		← Distributable-→		Minority Interest RM'000	
			Treasury Shares RM'000	Currency Translation Reserves RM'000	Retained Profits RM'000	Total RM'000		
12 months ended 30 June 2011								
As at 1 October 2010	77,280	29,482	(4,039)	509	129,519	232,751	1,163	233,914
-as previously stated								
Effect of adopting FRS 139	-	-	-	-	626	626	-	626
-as restated	77,280	29,482	(4,039)	509	130,145	233,377	1,163	234,540
Total Comprehensive Income for the financial period	-	-	-	(669)	46,860	46,191	29	46,220
Interim tax-exempt dividend of 4.5 sen per ordinary share of RM 0.50 each in respect of the financial year ended 30.09.2010	-	-	-	-	(6,862)	(6,862)	-	(6,862)
Interim dividend in respect of the financial year ending 30.9.2011								
- 2.0 sen less 25% tax per ordinary share of RM0.50 each	-	-	-	-	(2,317)	(2,317)	-	(2,317)
- tax-exempt dividend of 1.0 sen ordinary share of RM 0.50 each	-	-	-	-	(1,545)	(1,545)	-	(1,545)
Purchase of own shares	-	-	(782)	-	-	(782)	-	(782)
Distribution of share dividend on the basis of 13 treasury shares for every 1,000 shares held	-	(4,623)	4,623	-	-	-	-	-
Expenses in respect of the Bonus Issue and transfer to Main Board in FYE 30.9.2008	-	334	-	-	-	334	-	334
As at 30 September 2011	<u>77,280</u>	<u>25,193</u>	<u>(198)</u>	<u>(160)</u>	<u>166,281</u>	<u>268,396</u>	<u>1,192</u>	<u>269,588</u>
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
Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost arising from acquisition of a subsidiary	-	-	-	-	632	632	-	632
Profit for the financial period	-	-	-	-	37,370	37,370	29	37,399
Currency translation differences	-	-	-	411	-	411	-	411
Final tax-exempt dividend of 2.5 sen per ordinary share in respect of the financial year ended 30.9.2008	-	-	-	-	(3,817)	(3,817)	-	(3,817)
Shares issuance	6,922	26,858	-	-	-	33,780	-	33,780
Expenses in connection with new shares issued	-	(183)	-	-	-	(183)	-	(183)
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>509</u>	<u>129,519</u>	<u>232,751</u>	<u>1,163</u>	<u>233,914</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 2010 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 2011

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Current Year-To-Date 30.9.2011 RM'000	Preceding Year-To-Date 30.9.2010 RM'000
CASH FLOWS FROM/ (FOR) OPERATING ACTIVITIES		
Profit before taxation	55,298	44,272
Adjustments for:		
Depreciation of property, plant and equipment	31,565	23,611
Interest expense	5,427	4,702
Plant and equipment written off	-	18
Gain on disposal of plant and equipment	(194)	(142)
Unrealised foreign currency translation gain / (loss)	(2,489)	594
Allowance for doubtful debt no longer required	-	(16)
Derivative loss	940	-
Interest income	(304)	(400)
Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost arising from acquisition of a subsidiary	-	(632)
Expenses in connection with Bonus Issue and transfer to Main Board	334	-
Share of profit in an associate	-	(749)
Operating profit before working capital changes	90,577	71,258
Increase in inventories	(8,414)	(15,180)
Increase in trade and other receivables	(5,107)	(5,522)
Increase/ (Decrease) in trade and other payables	(12,226)	21,569
CASH FROM OPERATIONS	64,830	72,125
Interest paid	(5,427)	(4,702)
Tax refunded	77	63
Tax paid	(4,756)	(12,518)
NET CASH FROM OPERATING ACTIVITIES	54,724	54,968
CASH FLOWS (FOR) / FROM INVESTING ACTIVITIES		
Interest received	304	400
Proceeds from disposal of plant and equipment	819	510
Purchase of property, plant and equipment	(44,812)	(111,053)
Net cash outflow for acquisition of subsidiary	-	(1,640)
NET CASH FOR INVESTING ACTIVITIES	(43,689)	(111,783)
CASH FLOWS (FOR) / FROM FINANCING ACTIVITIES		
Dividends paid	(10,724)	(7,283)
Drawdown from hire-purchase and lease obligations	2,376	15,761
Repayment of hire-purchase and lease obligations	(15,739)	(16,342)
Drawdown of term loan	17,374	42,631
Repayment of term loan	(11,530)	(3,358)
Drawdown of bank borrowings	15,171	25,949
Repayment of bank borrowings	(17,843)	(19,280)
Proceeds from issuance of shares	-	33,781
Expenses in connection with new shares issued	-	(184)
Proceeds from sale of treasury shares	-	10,573
Buy-back of shares	(782)	(9,570)
NET CASH FLOWS (FOR) / FROM FINANCING ACTIVITIES	(21,697)	72,678
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(10,662)	15,863
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	35,259	19,124
Currency translation differences – subsidiaries	(368)	273
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	24,229	35,260

Note (A)

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

Short term deposits with licensed banks	2,264	2,209
Cash and bank balances	22,066	34,793
Bank overdrafts	(101)	(1,742)
	24,229	35,260

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the financial year ended 30 September 2010 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 2011

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 2010.

The accounting policies and methods of computations adopted in these interim financial statements are consistent with those adopted in the financial statements for the FYE 30 September 2010.

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:

<u>FRSs/IC Interpretations</u>		<u>Effective date</u>
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 Issue 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 and Revised FRS 3 (2010)		1 July 2010
Annual improvements to FRSs (2009)		1 January 2010

Other than for the application of FRS 101 and FRS 139, the application of the above FRSs, Amendments to FRSs and Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

NOTION VTEC BERHAD**Company No:- 637546-D****UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2011****NOTES TO THE QUARTERLY FINANCIAL REPORT (continued)**FRS 101 (Revised): Presentation of Financial Statements

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consist of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the financial statements presented will consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements.

The exchange difference on translation of foreign operations that was recognised in equity in the preceding year corresponding period is presented as components in the other comprehensive income in the statement of comprehensive income. The total comprehensive income for the preceding year corresponding period is presented separately and allocation is made to show the amount attributable to owners of the parent and to non-controlling interests.

The total comprehensive income is presented as a one-line item in the statement of changes in equity. Comparative information had been re-presented so that it is in conformity with the revised standard. The standard does not have any impact on the financial position and results of the Group.

FRS 139: Financial Instruments: Recognition and Measurement

Prior to the adoption of FRS 139, financial derivatives were recognised on their settlement dates. Outstanding derivatives at the balance sheet date were not recognised. With the adoption of FRS 139, all financial assets and financial liabilities, including derivatives, are recognised at contract dates when, and only when, the Group become a party to the contractual provision of the instruments.

At the initial recognition, all financial assets and financial liabilities which were not at fair value through profit and loss are measured at their value plus transaction costs directly attributable to the acquisition or issuance of the instruments.

With the adoption of FRS 139, the classification of categories and subsequent measurement of the financial assets and financial liabilities are as follows:-

Category	Measurement basis
Financial instrument at fair value through profit and loss	At fair value through profit and loss
Available for sale investments	At fair value through other comprehensive income, unless fair value cannot be reliably measured, in which case, they are measured at cost
Held-to-Maturity investments	At amortised cost effective interest method
Loans and receivables	At amortised cost effective interest method
Loans and other financial liabilities	At amortised cost effective interest method

Financial assets and financial liabilities designated as hedged items and hedging financial derivatives are accounted for using the specified hedge accounting requirements for FRS 139. All financial assets other than those classified as at fair value through profit and loss are subject to impairment test of FRS 139.

In accordance with FRS 139, the recognition, de-recognition, measurement and hedge accounting requirements are applied prospectively and the comparatives are not restated. The effects of the re-measurement on 1 October 2010 of the financial assets and liabilities brought forward from previous financial year are adjusted to the opening retained profits and other opening reserves as disclosed in the statement of changes in equity.

The application of the above policy has the following effect:

	Retained earnings (RM'000)
At 1 October 2010, as previously stated	129,519
Adjustment arising from adoption of FRS 139 – derivative gain previously not recognised	626
At 1 October 2010, as restated	<u>130,145</u>

NOTION VTEC BERHAD

Company No:- 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2011**NOTES TO THE QUARTERLY FINANCIAL REPORT (continued)****A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the financial statements of the Group for the FYE 30 September 2010 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 during the quarter under review.

A8. DIVIDEND PAID

	Cumulative Quarter	
	Current Year-To-Date 30.9.2011	Preceding Year-To-Date 30.9.2010
In respect of financial year ended 30 September 2011: -First interim dividend of 2.0 sen less tax of 25%, and tax-exempt dividend of 1.0 sen per ordinary share of RM0.50 each (paid on 10.6.2011)	3.0	-
In respect of financial year ended 30 September 2010: -Interim tax-exempt dividend of 4.5 sen per ordinary share of RM0.50 each (paid on 13.1.2011)	4.5	-
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
	7.5	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. Breakdown 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.

NOTION VTEC BERHAD

Company No:- 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2011

NOTES TO THE QUARTERLY FINANCIAL REPORT (continued)

A11. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE QUARTER

Subsequent to the end of the reporting period, on the 11 October 2011, the Board of Directors of the Company informed that Notion (Thailand) Co.Ltd ("Notion Thailand"), a subsidiary company, has stopped operations from 10 October 2011 due to unexpected severe flooding and even up to date the building is still submerged in 2.1 feet deep waters.

The Rojana Industrial Estate management has commenced pumping out the flood water since early November 2011 and it is expected that by end of the current month, the area will be completely drained.

We are preparing for remedial works to commence once the water recedes. 32 CNC machines at Notion Thailand have been submerged and we expect these machines to be replaced. The bulk of the Group's more than 1,200 CNCs are intact in Klang.

We expect our Thailand factory to restart only in early February 2012 as cleaning efforts and recovery works may take up to 2 months.

Meanwhile, we have resumed partial shipment of camera parts to our customer who is actively organising for the resumption of production by December 2011 and Notion will supply from the Klang plants. According to plans, the camera customer will regain full production only by end March 2012.

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 103,297,137. As at 30 September 2011, the outstanding hire purchase balance stood at RM 36,273,752.

b) The Group has also provided corporate guarantees for bank facilities granted for a total amount of RM298,146,630. As at 30 September 2011, the utilisation of the bank facilities stood at RM56,453,927.

On 10 December 2010, NVB has been served with a Writ and Statement of Claim dated 1 November 2010 and 26 October 2010 respectively from solicitors acting for Foo Kee Pack, Yong Kim Seng and Woi See Khoon (hereinafter collectively referred to as the "Plaintiffs") for alleged breach by NVB of the Share Sale Agreement dated 10 December 2009 entered into by NVB and the Plaintiffs in connection with the disposal of 350,000 ordinary shares of RM1.00 each in Swiss Impression Sdn Bhd, a subsidiary of NVB, to the Plaintiffs.

The Plaintiffs are seeking for, inter alia, a declaration that NVB has breached the Share Sale Agreement dated 10 December 2009, damages of RM4,500,000, general damages, punitive damages, interests, costs and such further relief and/or other relief as deemed fit and just.

Based on legal advice, the directors are of the opinion that the claim has no merits. Accordingly, no provision has been made in respect of the claim in the financial statements.

The Company has filed a counter-claim against the Plaintiffs for losses that have been caused to the Company, secret profits or benefits made by the Plaintiffs, and other related losses suffered by the Company.

A14. CAPITAL COMMITMENTS

	As at End of Current Quarter 30.9.2011 RM'000	As at End of Preceding Quarter 30.6.2011 RM'000	As at Preceding Year's Corresponding Quarter 30.9.2010 RM'000
Approved and contracted for : -purchase of plant and equipment	7,180	13,449	7,936

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

Company No:- 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2011

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 RM61.9 million and RM12.4 million respectively for the quarter ended 30 September 2011. 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 FY2011, the Group recorded revenue of RM61.9 million (3QFY2011 : RM60.9 million) and PAT of RM12.4 million (3QFY2011 : RM10.2 million) and earnings per share of 8.09 sen (3QFY2011 : 6.56 sen). The higher PAT of about RM2.2 million is mainly attributable to higher revenue and cost control. The EBITDA for 4Q of FY2011 was RM23.7 million compared to RM22.7 million recorded in 3Q.

For the current year-to-date, total revenue of RM236.8 million and PAT of RM46.9 million is 5.0% and 23.4%, respectively higher compared to the corresponding period of the preceding year revenue of RM225.4 million and PAT of RM38.0 million. The current year-to-date EBITDA of RM92.3 million is higher than preceding year-to-date of RM72.6 million.

Product mix:

In Q4FY2011, HDD parts revenue recorded RM20.8 million (Q3FY2011 : RM21.7 million), camera parts recorded RM30.9 million (Q3FY2011 : RM29.2 million) whilst the industrial/automotive revenue was at RM10.2 million (Q3FY2011 : RM9.9 million). The product mix for Q4FY2011 was HDD : Camera : Industrial/Automotive of 34% : 50% : 16% compared to previous quarter's mix of 36% : 48% : 16%.

B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

Business Outlook for FY2011

Q1 FY2012 will be impacted by the loss of orders arising from the Thailand flood as sales for the month of October decreased by 40% from previous month as 2 of our major customers stopped orders as their factories in Thailand were inundated. The flood water is expected to be completely pumped out of Rojana Industrial Estate, Ayutthaya by end of November after which remedial works can begin.

The expected financial impact of Thailand flood is estimated to be:

- 1) Provisioning for approximately RM3 million worth of submerged finished goods in Notion Thailand's factory due to insufficient insurance coverage to be made in the quarter ending 31 December 2011.
- 2) Provisioning of approximately RM2 million was made arising from possible insurance discrepancy on the CNC machines and other machinery which will need replacement. The insurance adjustor may recommend cost of repairs to the machinery while management may insist on replacement. The Company expects the factory to be back in full operations by February 2012.
- 3) Loss of revenue for the first quarter of the financial year 2012 (October to December 2011 quarter) is expected to be approximately 45% less than the previous quarter due to this unexpected event that has not fully played out as yet. However, additional orders from customers both new and old are expected to lessen the impact of the loss of orders arising from the flood.
- 4) Resumption of orders of 60% of the usual monthly volume of camera parts is helping to ease the situation. Full resumption of camera parts orders is expected to only be possible by end March 2012. The timing for full resumption of HDD parts orders is a lot less clearer as the disruption to the supply chain takes time to be fully restored. Some reports suggested that full restoration of the HDD industry will take place only in second half of 2012.

NOTION VTEC BERHAD

Company No:- 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2011

ADDITIONAL INFORMATION REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (continued)

Overview of FY2012:

Q1 FY2012 will see reduction of revenue of up to 40% against normal quarter and will most probably be loss making due to the reduced revenue and provisioning for the losses sustained during the flood in Notion Thailand.

The Group is expected to recover in Q2 FY2012 and the catching up will take speed in the following quarters as our customers recover and resume full production.

There is a huge demand for our "excess" machinery capacity in 3 of our Klang plants as there are a lot of affected production factories that have large scale inundation of their productive CNC machines. Time is of the essence as many scramble to look for CNC machines but their place of work is still flooded and until the plans of their customers are certain, it is difficult to order new machines.

Notion is able to secure new orders from existing customers as well as new customers in the HDD and camera space and thus our temporary excess capacity is all filled.

Conclusion:

The flood is said to be the worst in 50 years which have affected 14,000 factories and many millions of people and it is a "black swan" event. The Notion Group is confident that the setback is temporary and the Group will emerge stronger.

We also have full confidence in our affected customers that they have very strong cash reserves which will ensure that their businesses will resume back to normal very soon.

The Board of Directors is of the opinion that taking into account the scale of the Thailand flood and its impact, it is likely that Group revenue will remain static compared to last financial year.

Due to this Thailand flood event and the need to conserve cash, the Board is not recommending any final dividend for this financial year considering that if we total the interim dividend and the value of the free treasury share dividend, the amount is equivalent to the 20% of net earnings attained for the year.

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 30.9.2011 RM'000	Preceding Year Corresponding Quarter 30.9.2010 RM'000	Current Year To Date 30.9.2011 RM'000	Preceding Year To Date 30.9.2010 RM'000
Company and Subsidiaries				
Taxation	491	(1,920)	4,850	1,549
Deferred taxation	1,358	(113)	3,559	4,692
	1,849	(2,033)	8,409	6,241

The effective tax rate of approximately 16% was lower than the statutory rate of 25% mainly due to the benefits from unutilised reinvestment allowances brought forward.

B6. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There was no disposal of investments and/or properties for the current quarter and financial year-to-date.

NOTION VTEC BERHAD

Company No:- 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2011

ADDITIONAL INFORMATION REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (continued)

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 saved for the following:

As announced on 13 January 2011, an amount of RM23.60 million (arising from the private placement which was completed on 18 January 2010 and allocated towards capital expenditure for the Company's new operations in Thailand) has yet to be fully utilised for its intended purposes. As of 30 September 2011, the Company has utilised approximately RM17.2 million for capital expenditure and RM0.18 million to defray expenses in connection with the private placement. The Board has resolved and approved an extension of time of one year until 17 January 2012 for the utilisation of the remaining proceeds.

B9. BORROWINGS AND DEBTS SECURITIES

The Group's borrowings as at 30 September 2011 are as follows:

	RM'000
Long-term	
Secured	
Hire purchase and lease payables	20,541
Term loan	<u>37,611</u>
	<u>58,152</u>
Short-term	
Secured	
Portion of hire purchase and lease payables due within one year	15,733
Portion of term loan due within one year	13,272
Unsecured	
Bank overdraft	101
Other short term borrowings	<u>5,470</u>
	<u>34,576</u>
	<u>92,728</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. RETAINED PROFITS

The breakdown of the realised and unrealised profit/(losses) as at the end of the reporting period is as follows:

	As at End of Current Quarter 30.9.2011 RM'000	As at End of Preceding Quarter 30.6.2011 RM'000	As at Preceding Year Ended 30.9.2010 RM'000
Total retained profits:			
-realised	181,234	166,568	142,358
-unrealised	<u>(14,953)</u>	<u>(12,787)</u>	<u>(12,839)</u>
	<u>166,281</u>	<u>153,781</u>	<u>129,519</u>

NOTION VTEC BERHAD

Company No:- 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2011

ADDITIONAL INFORMATION REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (continued)

B11. DERIVATIVE GAIN / (LOSS)

Derivative gain consists of realised gain on settlement of hedging contracts during the quarter and fair value changes due to movement in mark-to-market (MTM) position on non-designated hedging contracts at 30 September 2011 as compared to 1 October 2010 which comprised the following:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.9.2011 RM'000	Preceding Year Corresponding Quarter 30.9.2010 RM'000	Current Year To Date 30.9.2011 RM'000	Preceding Year To Date 30.9.2010 RM'000
Gain / (Loss) from foreign currency hedging contracts:				
-settlement of hedging contracts	1,641	-	7,709	-
-fair value changes on non-designated hedging contracts	(753)	-	(168)	-
	<u>888</u>	<u>-</u>	<u>7,541</u>	<u>-</u>
Gain / (Loss) from commodity hedging contracts:				
-settlement of hedging contracts	(47)	-	(47)	-
-fair value changes on non-designated hedging contracts	(772)	-	(772)	-
	<u>(819)</u>	<u>-</u>	<u>(819)</u>	<u>-</u>
Net Gain / (Loss) from derivative contracts:	<u>69</u>	<u>-</u>	<u>6,722</u>	<u>-</u>

B12. DERIVATIVE FINANCIAL INSTRUMENTS

Type of derivatives	Notional Value as at 30/9/2011 RM'000	Fair Value as at 30/9/2011 Assets / (Liabilities) RM'000
Foreign Currency Hedging Contracts		
-Less than 1 year	217,481	458
-1 year to 2 years	<u>170,412</u>	<u>-</u>
	<u>387,893</u>	<u>458</u>
Commodity Hedging Contract		
-Less than 1 year	<u>6,615</u>	<u>(772)</u>
TOTAL	<u>394,508</u>	<u>(314)</u>

The foreign currency 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. The commodity derivative contract was entered into as hedges for purchases of aluminium to limit the exposure to potential fluctuation in prices.

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

B13. MATERIAL LITIGATION

Saved as disclosed in Note A13, there were no material litigations that might adversely and materially affect the position of the Group as at date of this report.

NOTION VTEC BERHAD

Company No:- 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2011

ADDITIONAL INFORMATION REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (continued)

B14. DIVIDENDS PER SHARE

No dividend has been proposed for the fourth quarter ended 30 September 2011 (current year to date: 3.0 sen).

B15. EARNINGS PER SHARE

The earnings per share is calculated by dividing profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue (excluding the treasury shares held by the Company).

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.9.2011 (Unaudited)	Preceding Year Corresponding Quarter 30.9.2010 (Unaudited)	Current Year To Date 30.9.2011 (Unaudited)	Preceding Year To Date 30.9.2010 (Unaudited)
Profit attributable to owners of the Company (RM'000)	12,499	8,646	46,860	38,002
Weighted Average Number of ordinary shares in issue (excluding the treasury shares held by the Company) ('000)	154,476	152,963	154,476	148,829
Basic and diluted earnings per share (sen)	<u>8.09</u>	<u>5.65</u>	<u>30.33</u>	<u>25.53</u>

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 2011.

By Order of the Board

Petaling Jaya
23 November 2011