

NOTION VTEC BERHAD
Company No: - 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2011
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Individual Quarter | | Cumulative Quarter | |
|---|---|---|---|---|
| | Current Year Quarter 31.12.2011 RM'000 | Preceding Year Corresponding Quarter 31.12.2010 RM'000 | Current Year To Date 31.12.2011 RM'000 | Preceding Year To Date 31.12.2010 RM'000 |
| Revenue | 39,630 | 59,981 | 39,630 | 59,981 |
| Cost of Sales | <u>(34,192)</u> | <u>(43,083)</u> | <u>(34,192)</u> | <u>(43,083)</u> |
| Gross Profit | 5,438 | 16,898 | 5,438 | 16,898 |
| Other Operating Income | 884 | 2,479 | 884 | 2,479 |
| Operating Expenses | <u>(9,626)</u> | <u>(4,160)</u> | <u>(9,626)</u> | <u>(4,160)</u> |
| Operating (Loss) / Profit | (3,304) | 15,217 | (3,304) | 15,217 |
| Derivative Gain/ (Loss) | (53) | 2,021 | (53) | 2,021 |
| Finance Costs | <u>(1,249)</u> | <u>(1,447)</u> | <u>(1,249)</u> | <u>(1,447)</u> |
| (Loss) / Profit before Taxation | (4,606) | 15,791 | (4,606) | 15,791 |
| Taxation | <u>(180)</u> | <u>(2,342)</u> | <u>(180)</u> | <u>(2,342)</u> |
| (Loss) / Profit after Taxation | (4,786) | 13,449 | (4,786) | 13,449 |
| Other Comprehensive (loss) / income: | | | | |
| -currency translation differences | <u>(518)</u> | <u>(14)</u> | <u>(518)</u> | <u>(14)</u> |
| Total comprehensive (loss) / income for the period | <u>(5,304)</u> | <u>13,435</u> | <u>(5,304)</u> | <u>13,435</u> |
| (Loss) / Profit after taxation attributable to: | | | | |
| -Owners of the parent | (4,831) | 13,409 | (4,831) | 13,409 |
| -Minority Interest | <u>45</u> | <u>40</u> | <u>45</u> | <u>40</u> |
| | <u>(4,786)</u> | <u>13,449</u> | <u>(4,786)</u> | <u>13,449</u> |
| Total comprehensive (loss) / income for the period attributable to: | | | | |
| -Owners of the parent | (5,349) | 13,395 | (5,349) | 13,395 |
| -Minority Interest | <u>45</u> | <u>40</u> | <u>45</u> | <u>40</u> |
| | <u>(5,304)</u> | <u>13,435</u> | <u>(5,304)</u> | <u>13,435</u> |
| Basic (Loss) / Earnings per Share (sen) | <u>(3.13)</u> | <u>8.79</u> | <u>(3.13)</u> | <u>8.79</u> |
| Proposed/Declared Dividend per Share (sen) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 30 September 2011 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 2011
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | As at End of Current Quarter Quarter 31.12.2011 <u>RM'000</u> | As at Preceding Year Ended 30.09.2011 <u>RM'000</u> |
|---|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 259,358 | 263,924 |
| Current assets | | |
| Inventories | 56,589 | 43,959 |
| Trade receivables | 37,386 | 61,132 |
| Other receivables and deposits | 14,967 | 8,781 |
| Tax refundable | 3,154 | 9,299 |
| Short term deposits with licensed banks | 13,047 | 10,884 |
| Cash and bank balances | <u>21,056</u> | <u>13,446</u> |
| | <u>146,199</u> | <u>147,501</u> |
| Total assets | <u>405,557</u> | <u>411,425</u> |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share Capital | 77,280 | 77,280 |
| Share Premium | 25,193 | 25,193 |
| Treasury Shares | (199) | (198) |
| Currency Translation Reserves | (884) | (366) |
| Retained Profits | <u>162,054</u> | <u>166,885</u> |
| Equity attributable to owners of the Company | 263,444 | 268,794 |
| Minority Interests | <u>1,278</u> | <u>1,233</u> |
| Total equity | 264,722 | 270,027 |
| Non-current liabilities | | |
| Long term borrowings | 51,258 | 58,172 |
| Deferred taxation | <u>16,347</u> | <u>16,323</u> |
| | <u>67,605</u> | <u>74,495</u> |
| Current Liabilities | | |
| Trade payables | 15,427 | 12,110 |
| Other payables and accruals | 25,731 | 20,223 |
| Provision for taxation | - | - |
| Derivative financial instruments | 158 | 14 |
| Short term borrowings | 30,680 | 34,455 |
| Bank overdrafts | <u>1,234</u> | <u>101</u> |
| | <u>73,230</u> | <u>66,903</u> |
| Total Liabilities | 140,835 | 141,398 |
| TOTAL EQUITY AND LIABILITIES | <u>405,557</u> | <u>411,425</u> |
| Net assets per ordinary share (RM) | <u>1.7054</u> | <u>1.7400</u> |

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the financial year ended 30 September 2011 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 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 | | |
| 3 months ended 31 December 2011 | | | | | | | | |
| As at 1 October 2011 | 77,280 | 25,193 | (198) | (366) | 166,885 | 268,794 | 1,233 | 270,027 |
| Total Comprehensive (Loss) / Income for the financial period | - | - | - | (518) | (4,831) | (5,349) | 45 | (5,304) |
| Purchase of own shares | - | - | (1) | - | - | (1) | - | (1) |
| As at 31 December 2011 | 77,280 | 25,193 | (199) | (884) | 162,054 | 263,444 | 1,278 | 264,722 |
| 3 months ended 31 December 2010 | | | | | | | | |
| As at 1 October 2010 -as previously stated | 77,280 | 29,482 | (4,039) | 509 | 129,519 | 232,751 | 1,163 | 233,914 |
| 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 | - | - | - | (14) | 13,409 | 13,395 | 40 | 13,435 |
| 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) |
| Purchase of own shares | - | - | (780) | - | - | (780) | - | (780) |
| As at 31 December 2010 | 77,280 | 29,482 | (4,819) | 495 | 136,692 | 239,130 | 1,203 | 240,333 |

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 2011 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2011
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

| | Current Year-To-Date 31.12.2011 | Preceding Year-To-Date 31.12.2010 |
|---|---------------------------------------|---|
| <u>Note</u> | <u>RM'000</u> | <u>RM'000</u> |
| CASH FLOWS FROM/ (FOR) OPERATING ACTIVITIES | | |
| (Loss) / Profit before taxation | (4,606) | 15,791 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 8,070 | 7,571 |
| Interest expense | 1,219 | 1,411 |
| Plant and equipment written off | 5,455 | - |
| Inventories written off | 2,328 | - |
| Provision for repair and maintenance | 4,006 | - |
| Provision for interim insurance claim | (6,312) | - |
| (Loss) / Gain on disposal of plant and equipment | 1 | (88) |
| Unrealised foreign currency translation gain / (loss) | (182) | (243) |
| Derivative (gain) / loss | 144 | 36 |
| Interest income | (54) | (82) |
| Operating profit before working capital changes | 10,069 | 24,396 |
| Increase in inventories | (14,959) | (924) |
| Decrease / (Increase) in trade and other receivables | 24,277 | (1,943) |
| Increase/ (Decrease) in trade and other payables | 5,302 | (15,407) |
| CASH FROM OPERATIONS | 24,689 | 6,122 |
| Interest paid | (1,219) | (1,411) |
| Tax refunded | 6,967 | 4 |
| Tax paid | (1,028) | (3,852) |
| NET CASH FROM OPERATING ACTIVITIES | 29,409 | 863 |
| CASH FLOWS (FOR) / FROM INVESTING ACTIVITIES | | |
| Interest received | 54 | 82 |
| Proceeds from disposal of plant and equipment | - | 91 |
| Purchase of property, plant and equipment | (8,981) | (7,837) |
| NET CASH FROM INVESTING ACTIVITIES | (8,927) | (7,664) |
| CASH FLOWS (FOR) / FROM FINANCING ACTIVITIES | | |
| Drawdown from hire-purchase and lease obligations | 772 | 1,404 |
| Repayment of hire-purchase and lease obligations | (4,084) | (4,203) |
| Drawdown of term loan | - | 17,374 |
| Repayment of term loan | (3,326) | (2,300) |
| Drawdown of bank borrowings | 403 | 4,103 |
| Repayment of bank borrowings | (4,914) | (8,141) |
| Buy-back of shares | (1) | (780) |
| NET CASH FLOWS (FOR) / FROM FINANCING ACTIVITIES | (11,150) | 7,457 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 9,332 | 656 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD | 24,229 | 35,259 |
| Currency translation differences – subsidiaries | (692) | (243) |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD | 32,869 | 35,672 |

Note (A)

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

| | | |
|---|---------------|---------------|
| Short term deposits with licensed banks | 13,047 | 7,462 |
| Cash and bank balances | 21,056 | 29,383 |
| Bank overdrafts | (1,234) | (1,173) |
| | 32,869 | 35,672 |

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the financial year ended 30 September 2011 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 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 2011.

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 2011.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements of the Group for the FYE 30 September 2011 was not subject to any qualification.

A3. 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.

A4. 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.

A5. MATERIAL CHANGES IN ESTIMATES

There were no other changes in estimates that have had a material effect in the current quarter results.

A6. CHANGES IN DEBT AND EQUITY SECURITIES

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

During the quarter, the Company purchased from the open market 1,000 units of its own shares of RM 0.50 each at a buy-back price of RM 1.53 per ordinary share. The total consideration paid for acquisition of the shares was RM 1,572. The repurchased shares are held as treasury shares in accordance with Section 67A of the Companies Act 1965 in Malaysia.

As at 31 December 2011, the Company held 85,948 repurchased shares as treasury shares out of its total issued and paid up share capital of 154,561,378 ordinary shares of RM 0.50 each. The treasury shares are held at a carrying amount of RM 199,565.

A7. DIVIDEND PAID

No dividend was paid during the quarter under review.

A8. 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 Note B2.

The Group's operations are conducted in Malaysia and Thailand.

A9. VALUATION OF ASSETS

There was no revaluation of property, plant and equipment for the quarter under review.

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UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2011**NOTES TO THE QUARTERLY FINANCIAL REPORT (continued)****A10. 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 save as disclosed in Note B3.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current quarter under review.

A12. CONTINGENT LIABILITIES

- a) The Company has provided corporate guarantees for hire purchase facilities granted to subsidiaries for total amount of RM 100,120,486. As at 31 December 2011, the outstanding hire purchase balance stood at RM 33,298,954.
- b) The Group has also provided corporate guarantees for bank facilities granted for a total amount of RM 234,646,630. As at 31 December 2011, the utilisation of the bank facilities stood at RM 49,873,500.

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 RM 4,500,000, 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.

A13. CAPITAL COMMITMENTS

| | As at End of Current Quarter 31.12.2011 RM'000 | As at End of Preceding Quarter 30.9.2011 RM'000 | As at Preceding Year's Corresponding Quarter 30.9.2010 RM'000 |
|----------------------------------|---|--|--|
| Approved and contracted for: | | | |
| -purchase of plant and equipment | <u>31,317</u> | <u>7,180</u> | <u>7,936</u> |

A14. 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.

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UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2011

ADDITIONAL INFORMATION REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. GROUP PERFORMANCE REVIEW

The Group recorded revenue and loss after taxation ("LAT") of approximately RM 39.6 million and RM 4.8 million respectively for the quarter ended 31 December 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 1Q of FY2012, the Group recorded revenue of RM 39.6 million (4QFY2011: RM 61.9 million) and LAT of RM 4.8 million (4QFY2011 PAT: RM 8.4 million) and loss per share of 3.13 sen (4QFY2011: EPS of 5.50 sen). The losses were mainly attributable to the lower revenue of about 36% as two of our major customers temporarily ceased operations in October 2011 due to severe flooding in Thailand and the recognition of flood related property damage losses and the associated claims in relation to the Group's production facilities in Ayutthaya, Thailand. The EBITDA for 1Q of FY2012 was RM 4.7 million compared to RM 19.7 million recorded in 4QFY2011.

For the current year revenue of RM 39.6 million and LAT of RM 4.8 million compared to the corresponding period of the preceding year revenue of RM 60.0 million and PAT of RM 13.4 million. The current year EBITDA of RM 4.7 million is lower than the preceding year of RM 24.7 million. The lower results were mainly attributable to the reasons as enumerated above.

Unusual items related to flood affecting net income for the quarter are summarised below:-

| Unusual items related to flood in Thailand | RM'000 |
|---|-----------------------|
| Write offs of plant and machinery & inventories relate to property damage (at book value) | (7,783) |
| Provision for repair and maintenance of plant and building facilities | (4,006) |
| Interim claims on property damage (at replacement or book value) | 6,312 |
| Net Provisional loss in insurance claim | <u>(5,477)</u> |

The claims are still subject to further review by the loss adjustor. The full extent of the property damage will only be known when the Thailand factory returns to normal operations after restoration work has been completed.

Product mix:

In Q1FY2012, HDD parts revenue recorded RM 13.6 million (Q4FY2011: RM 20.8 million), camera parts recorded RM 16.4 million (Q4FY2011: RM 30.9 million) whilst the industrial/automotive revenue was at RM 9.6 million (Q4FY2011: RM 10.2 million). The product mix for Q1FY2012 was HDD: Camera: Industrial/Automotive of 34%: 42%: 24% compared to previous quarter's mix of 34%: 50%: 16%.

B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

Business Review and Outlook

As per our last quarter guidance, the December quarter was predicted to be a loss making quarter impacted by reduced orders from affected customers. It was still an EBITDA positive quarter despite the loss due to mainly provisioning of Notion Thailand. With extra efforts from staff and management, the Board expects a strong rebound for the coming quarters.

Out of a very difficult situation, the Group managed to garner the support of 3 new customers in terms of new orders for 2.5 inch HDD baseplates and nickel coating of HDD covers. This turnaround was timely as we were able to utilise the spare capacity in the casting and machining sections in Factory 3 located in Klang. Also the spare line in the nickel plating section found in Factory 1 was utilised as such to meet the extra demand. Generally, the average selling prices of these components were higher than pre-flood level and higher in absolute monetary terms when compared to existing products.

For the month of January, the revenue shot up to RM 26 million which was 100% higher than the December month and also 30% above the pre-flood average monthly revenue. We expect this trend to continue and grow higher as orders for SLR camera parts are above pre-flood level. The catching up in orders is driving strong demand for our products.

The Group has invested further in machinery and surface treatment capacity to cope with demand when the HDD and camera industries recover further in the next few months.

One major challenge facing us is the shortage of available labour. We are addressing this matter urgently with the government as we may need an extra 1,000 to 2,000 workers.

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

The product mix will swing towards the HDD segment due to this new demand which is expected to be long term as the dynamics of the supply chain is altered forever due to the crisis.

Based on Management internal target, the Board estimates the revenue for FY2012 will grow by double digit over FY2011 even considering a very poor Q1 performance due to strong orders which need to be met and also new projects expected to come on stream. This estimate has not been reviewed by the external auditors.

The Board has decided to address the liquidity issue of our stocks by declaring a Bonus Issue on the basis of 3 shares for every 4 shares held and also Free Warrants on the basis of 1 Warrant for every 4 Shares held (before the Bonus Issue) to reward shareholders. The announcement of this corporate exercise will be made simultaneously.

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 31.12.2011 RM'000 | Preceding Year Corresponding Quarter 31.12.2010 RM'000 | Current Year To Date 31.12.2011 RM'000 | Preceding Year To Date 31.12.2010 RM'000 |
| Company and Subsidiaries | | | | |
| Taxation | 155 | 1,080 | 155 | 1,080 |
| Deferred taxation | 24 | 1,262 | 24 | 1,262 |
| | 179 | 2,342 | 179 | 2,342 |

The tax charge for the current quarter despite the loss reported is in respect of profits reported by certain subsidiaries.

B6. STATUS OF CORPORATE PROPOSALS

There are no other corporate proposals announced but pending completion as at 17 February 2012 save for the following:

As announced on 17 January 2012, an amount of RM 23.60 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 31 December 2011, the Company has utilised approximately RM 17.2 million for capital expenditure and RM 0.18 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 2013 for the utilisation of the remaining proceeds.

The delay in the utilisation was due to the major flood that hit the factory and the adjacent areas which caused industries such as semiconductor, automotive and hard disk drive sectors to suffer production halt.

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

B7. BORROWINGS AND DEBTS SECURITIES

The Group's borrowings as at 31 December 2011 are as follows:

| | RM'000 |
|---|---------------|
| Long-term | |
| Secured | |
| Hire purchase and lease payables | 16,789 |
| Term loan | <u>34,469</u> |
| | <u>51,258</u> |
| Short-term | |
| Secured | |
| Portion of hire purchase and lease payables due within one year | 16,510 |
| Portion of term loan due within one year | 13,211 |
| Unsecured | |
| Bank overdraft | 1,234 |
| Other short term borrowings | <u>959</u> |
| | <u>31,914</u> |
| | <u>83,172</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.

B8. 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 31.12.2011 RM'000 | As at End of Current Quarter 30.9.2011 RM'000 | As at Preceding Year Ended 31.12.2010 RM'000 |
|-------------------------|---|--|---|
| Total retained profits: | | | |
| -realised | 178,387 | 180,734 | 149,330 |
| -unrealised | <u>(16,333)</u> | <u>(13,849)</u> | <u>(12,638)</u> |
| | <u>162,054</u> | <u>166,885</u> | <u>136,692</u> |

B9. NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT

LAT is arrived at after charging / (crediting) the following items:

| | <u>Current Quarter RM'000</u> |
|---|---------------------------------------|
| a) Interest income | (54) |
| b) Other income | (651) |
| c) Interest expense | 1,219 |
| d) Depreciation and amortisation | 8,070 |
| e) Provision for doubtful debts | N/A |
| f) Bad debts written off | N/A |
| g) Inventories written off | N/A |
| h) Loss on disposal of plant and equipment | 1 |
| i) Impairment of assets | N/A |
| j) Foreign exchange loss / (gain) | (95) |
| k) Loss on derivatives (please refer to Note B12) | 53 |
| l) Unusual items – Provisional loss in insurance claims (please refer to Note B2) | 5,477 |

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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 31 December 2011 as compared to 1 October 2011 which comprised the following:

| | Individual Quarter | | Cumulative Quarter | |
|---|---|---|---|---|
| | Current Year Quarter 31.12.2011 RM'000 | Preceding Year Corresponding Quarter 31.12.2010 RM'000 | Current Year To Date 31.12.2011 RM'000 | Preceding Year To Date 31.12.2010 RM'000 |
| Gain / (Loss) from foreign currency hedging contracts: | | | | |
| -settlement of hedging contracts | 572 | 2,020 | 572 | 2,020 |
| -fair value changes due to movement in MTM position on non-designated hedging contracts | - | 1 | - | 1 |
| | <u>572</u> | <u>2,021</u> | <u>572</u> | <u>2,021</u> |
| Gain / (Loss) from commodity hedging contracts: | | | | |
| -settlement of hedging contracts | (481) | - | (481) | - |
| -fair value changes due to movement in MTM position on non-designated hedging contracts | (144) | - | (144) | - |
| | <u>(625)</u> | <u>-</u> | <u>(625)</u> | <u>-</u> |
| Net Gain / (Loss) from derivative contracts: | <u>(53)</u> | <u>2,021</u> | <u>(53)</u> | <u>2,021</u> |

B11. DERIVATIVE FINANCIAL INSTRUMENTS

| Type of derivatives | Notional Value as at 31/12/2011 RM'000 | Fair Value as at 31/12/2011 Assets / (Liabilities) RM'000 |
|------------------------------------|--|--|
| Foreign Currency Hedging Contracts | | |
| -Less than 1 year | 203,171 | 757 |
| -1 year to 2 years | <u>130,554</u> | <u>-</u> |
| | <u>333,725</u> | <u>757</u> |
| Commodity Hedging Contract | | |
| -Less than 1 year | <u>4,118</u> | <u>(915)</u> |
| TOTAL | <u>337,843</u> | <u>(158)</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.

B12. 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 PERIOD ENDED 31 DECEMBER 2011

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

B13. DIVIDENDS PER SHARE

No dividend has been proposed for the first quarter ended 31 December 2011 (Q1FY2011: Nil).

B14. (LOSS) / 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 31.12.2011 (Unaudited) | Preceding Year Corresponding Quarter 31.12.2010 (Unaudited) | Current Year To Date 31.12.2011 (Unaudited) | Preceding Year To Date 31.12.2010 (Unaudited) |
| (Loss) / Profit attributable to owners of the Company (RM'000) | (4,831) | 13,409 | (4,831) | 13,409 |
| Weighted Average Number of ordinary shares in issue (excluding the treasury shares held by the Company) ('000) | 154,475 | 152,495 | 154,475 | 152,495 |
| Basic and diluted (loss) / earnings per share (sen) | <u>(3.13)</u> | <u>8.79</u> | <u>(3.13)</u> | <u>8.79</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 20 February 2012.

By Order of the Board

Petaling Jaya
20 February 2012