

NOTION VTEC BERHAD
Company No: - 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2014 RM'000	Preceding Year Corresponding Quarter 31.12.2013 RM'000	Current Year To Date 31.12.2014 RM'000	Preceding Year To Date 31.12.2013 RM'000
Revenue	58,251	47,706	58,251	47,706
Cost of Sales	<u>(43,408)</u>	<u>(45,229)</u>	<u>(43,408)</u>	<u>(45,229)</u>
Gross Profit	14,843	2,477	14,843	2,477
Other Operating Income	6,313	1,771	6,313	1,771
Operating Expenses	<u>(10,935)</u>	<u>(8,048)</u>	<u>(10,935)</u>	<u>(8,048)</u>
Operating Income/ (Loss)	10,221	(3,800)	10,221	(3,800)
Derivative loss	(17,037)	(3,304)	(17,037)	(3,304)
Finance Costs	(1,001)	(1,228)	(1,001)	(1,228)
Share of Loss of Associate	<u>-</u>	<u>(1,121)</u>	<u>-</u>	<u>(1,121)</u>
Loss before taxation	(7,817)	(9,453)	(7,817)	(9,453)
Taxation	<u>2,569</u>	<u>(570)</u>	<u>2,569</u>	<u>(570)</u>
Loss after taxation	(5,248)	(10,023)	(5,248)	(10,023)
Other Comprehensive income:				
-currency translation differences	<u>934</u>	<u>165</u>	<u>934</u>	<u>165</u>
Total comprehensive loss for the period	<u>(4,314)</u>	<u>(9,858)</u>	<u>(4,314)</u>	<u>(9,858)</u>
Loss after taxation attributable to:				
-Owners of the Company	(5,248)	(10,023)	(5,248)	(10,023)
-Non-controlling Interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(5,248)</u>	<u>(10,023)</u>	<u>(5,248)</u>	<u>(10,023)</u>
Total comprehensive loss for the period attributable to:				
-Owners of the Company	(4,314)	(9,858)	(4,314)	(9,858)
-Non-controlling Interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(4,314)</u>	<u>(9,858)</u>	<u>(4,314)</u>	<u>(9,858)</u>
Loss Per Share (sen)	<u>(1.96)</u>	<u>(3.74)</u>	<u>(1.96)</u>	<u>(3.74)</u>
Proposed/Declared Dividend Per Share (sen)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 September 2014 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 31 DECEMBER 2014
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at End of Current Quarter 31.12.2014 RM'000	As at Preceding Year Ended 31.12.2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	260,449	267,544
Investment in an Associate	-	-
	260,449	267,544
Current assets		
Inventories	56,961	49,404
Trade receivables	50,667	46,115
Other receivables and deposits	8,955	4,912
Tax refundable	1,605	3,653
Short-term deposits with licensed banks	2,482	2,469
Cash and bank balances	<u>14,686</u>	<u>20,656</u>
	135,356	127,209
Total assets	395,805	394,753
EQUITY AND LIABILITIES		
Equity		
Share Capital	135,209	135,209
Treasury Shares	(2,244)	(2,244)
Currency Translation Reserves	1,343	409
Retained Profits	146,389	151,637
Other Capital Reserve	<u>4,800</u>	<u>4,800</u>
Equity attributable to owners of the Company	285,497	289,811
Non-controlling Interests	-	-
Total equity	285,497	289,811
Non-current liabilities		
Long-term borrowings	33,239	36,570
Deferred taxation	<u>6,790</u>	<u>11,417</u>
	40,029	47,987
Current Liabilities		
Trade payables	14,070	11,643
Other payables and accruals	17,135	14,323
Provision for taxation	-	847
Derivative liabilities	17,328	4,760
Short-term borrowings	21,746	25,382
	<u>70,279</u>	<u>56,955</u>
Total Liabilities	110,308	104,942
TOTAL EQUITY AND LIABILITIES	395,805	394,753
Net assets per ordinary share (RM)	<u>1.0642</u>	<u>1.0803</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 September 2014 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 31 DECEMBER 2014
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	←-----Attributable to equity holders of the parent-----→								
	Ordinary Share Capital RM'000	Share Premium RM'000	←-----Non-distributable-----→			←Distributable→		Non- Controlling Interests RM'000	Total Equity RM'000
			Treasury Shares RM'000	Currency Translation Reserves RM'000	Other Capital Reserve RM'000	Retained Profits RM'000	Total RM'000		
3 months ended 31 December 2014									
As at 1 October 2014	135,209	*	(2,244)	409	4,800	151,637	289,811	-	289,811
Loss for the financial period	-	-	-	-	-	(5,248)	(5,248)	-	(5,248)
Currency translation differences	-	-	-	934	-	-	934	-	934
As at 31 December 2014	135,209	*	(2,244)	1,343	4,800	146,389	285,497	-	285,497

*denotes RM 57.50

3 months ended 31 December 2013

As at 1 October 2013	135,209	*	(2,243)	(4,285)	4,800	182,057	315,538	-	315,538
Loss for the financial period	-	-	-	-	-	(10,023)	(10,023)	-	(10,023)
Currency translation differences	-	-	-	6,221	-	-	6,221	-	6,221
Interim tax-exempt dividend of 1.0 sen per ordinary share of RM 0.50 each in respect of the financial year ended 30.09.2013	-	-	-	-	-	(2,683)	(2,683)	-	(2,683)
As at 31 December 2013	135,209	*	(2,243)	1,936	4,800	169,351	309,053	-	309,053

*denotes RM 57.50

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 2014 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 31 DECEMBER 2014**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	Current Year-To-Date 31.12.2014 RM'000	Preceding Year-To-Date 31.12.2013 RM'000
CASH FLOWS FROM/ (FOR) OPERATING ACTIVITIES		
Loss before taxation	(7,817)	(9,453)
Adjustments for:		
Depreciation of property, plant and equipment	9,818	10,130
Interest expense	936	1,187
Share of loss in an Associate	-	1,121
Gain on disposal of plant and equipment	(161)	-
Unrealised foreign currency translation gain	(4,056)	(1,809)
Derivative loss	12,568	2,782
Interest income	(30)	(37)
Operating profit before working capital changes	11,258	3,921
(Increase)/ Decrease in inventories	(7,557)	6,377
(Increase)/ Decrease in trade and other receivables	(5,960)	21,913
Increase/ (Decrease) in trade and other payables	5,303	(17,232)
CASH FROM OPERATIONS	3,044	14,979
Interest paid	(936)	(1,187)
Tax paid	(825)	(5,540)
NET CASH FROM OPERATING ACTIVITIES	1,283	8,252
CASH FLOWS (FOR) / FROM INVESTING ACTIVITIES		
Interest received	30	37
Proceeds from disposal of plant and equipment	1,705	-
Purchase of property, plant and equipment	-	(3,236)
Investment in an associate	-	(14,669)
NET CASH FOR INVESTING ACTIVITIES	1,735	(17,868)
CASH FLOWS (FOR) / FROM FINANCING ACTIVITIES		
Repayment of hire-purchase and lease obligations	(960)	(2,775)
Repayment of term loan	(6,175)	(5,620)
Drawdown of bank borrowings	-	9,296
Repayment of bank borrowings	(407)	(11,431)
Buy-back of shares	(1)	(1)
NET CASH FLOWS FOR FINANCING ACTIVITIES	(7,543)	(10,531)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,525)	(20,147)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	23,125	42,961
Currency translation differences – subsidiaries	(1,432)	5,407
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	17,168	28,221
Note (A)		
Cash and cash equivalents at the end of the financial period comprise the following:		
Short term deposits with licensed banks	2,482	2,410
Cash and bank balances	14,686	26,811
Bank overdrafts	-	(1,000)
	17,168	28,221

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 September 2014 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 31 DECEMBER 2014

NOTES TO THE QUARTERLY FINANCIAL REPORT

A1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with MFRS 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 2014.

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 2014.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements of the Group for the FYE 30 September 2014 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 issuance, cancellation, repurchase, resale and repayments of debts and equity securities during the quarter under review save for 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 0.45 per ordinary share. The total consideration paid for acquisition of the shares was RM 491. The repurchased shares are held as treasury shares in accordance with Section 67A of the Companies Act 1965 in Malaysia.

As at 31 December 2014, the Company held 2,150,273 repurchased shares as treasury shares out of its total issued and paid up share capital of 270,418,065 ordinary shares of RM 0.50 each. The treasury shares are held at a carrying amount of RM 2,244,383.

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.

NOTION VTEC BERHAD**Company No: - 637546-D****UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014****NOTES TO THE QUARTERLY FINANCIAL REPORT (continued)****A9. VALUATION OF ASSETS**

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

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.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

Alcyone Resources Limited is no longer an associate of the Company. Save for that, 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 77,874,651. As at 31 December 2014, the outstanding hire purchase balance stood at RM 9,774,771.
- b) The Group has also provided corporate guarantees for bank facilities granted for a total amount of RM 278,288,839. As at 31 December 2014, the utilisation of the bank facilities stood at RM 45,210,705.

A13. CAPITAL COMMITMENTS

	As at End of Current Quarter 31.12.2014 <u>RM'000</u>	As at End of Preceding Quarter 30.09.2014 <u>RM'000</u>
Approved and contracted for:		
-purchase of property, plant and equipment	<u>1,635</u>	<u>161</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.

NOTION VTEC BERHAD

Company No: - 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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 58.3 million and RM 5.2 million respectively for the quarter ended 31 December 2014 ("Q1FY2015"). Refer Notes B2 and B3 below for a detailed review of the Group's performance.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Financials:

For Q1 of FY2015, the Group recorded revenue of RM 58.3 million (Q4FY2014: RM 55.3 million) and LAT of RM 5.2 million (Q4FY2014: LAT of RM 10.5 million) and loss per share of 1.96 sen (Q4FY2014: loss per share of 3.93 sen). Revenue is 5.0% higher in the current quarter under review compared to the previous quarter due to increased orders from HDD customers, better average selling price and the stronger USD. The Group posted a loss of RM 5.2 million was mainly due to provision for mark to market position on its USD foreign currency hedging contracts amounting to RM 12.6 million. The EBITDA for Q1FY2015 was a positive RM 2.9 million (Q4FY2014: Loss before interest, tax, depreciation and amortisation of RM 4.8 million).

Product mix:

In Q1FY2015, HDD parts revenue recorded RM 27.5 million (Q4FY2014: RM 24.1 million), camera parts recorded RM 16.5 million (Q4FY2014: RM 14.5 million) whilst the industrial/ automotive revenue was at RM 14.2 million (Q4FY2014: RM 16.7 million). The product mix for Q1FY2015 was HDD: Camera: Industrial/Automotive of 47%: 28%: 25% compared to previous quarter's mix of 44%: 26%: 30%.

B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

Business Review and Outlook

The Q1 result is much affected by the unrealized foreign exchange ("forex") loss provision of RM 12.6 million due to the sharp rise of the USD following the collapse of crude oil price to below USD 50 or less per barrel. The Group's forex structures were hedged at between 3.14 to 3.34 compared to the current 3.55 to 3.60 range resulting in such unrealized losses. The positive news is that most of the structures will terminate by mid-2015 after which the forex will reflect positively on the USD proceeds obtained from our export sales. This positive turnaround will be in second half of calendar year 2015.

The segmental businesses continue to perform to our expectations of slow growth.

Conservation of cash is given priority in this challenging environment. We continue to improve our business model by focussing on new process improvements as well as investing in the launching of a new online smartphone project expected to take off in April 2015.

FY2015 is a watershed and turnaround year and we are confident of prospects into 2016.

NOTION VTEC BERHAD

Company No: - 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014**ADDITIONAL INFORMATION REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (continued)****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 31.12.2014 RM'000	Preceding Year Corresponding Quarter 31.12.2013 RM'000	Current Year To Date 31.12.2014 RM'000	Preceding Year To Date 31.12.2013 RM'000
Company and Subsidiaries				
Taxation				
- current	2,058	1,264	2,058	1,264
- (over)/ under provision in the previous financial year	-	-	-	-
Deferred taxation	(4,627)	(694)	(4,627)	(694)
	<u>(2,569)</u>	<u>570</u>	<u>(2,569)</u>	<u>570</u>

The provision for the current year tax is mainly due to tax on the profits of a subsidiary and the deferred tax income is due to unabsorbed capital allowances carried forward and unrealised foreign exchange loss.

B6. STATUS OF CORPORATE PROPOSALS

There are no other corporate proposals announced but pending completion as at date of this report.

B7. BORROWINGS AND DEBTS SECURITIES

The Group's borrowings as at 31 December 2014 are as follows:

	<u>RM'000</u>
Long-term	
Secured	
Hire purchase and lease payables	5,961
Term loan	<u>27,278</u>
	<u>33,239</u>
Short-term	
Secured	
Portion of hire purchase and lease payables due within one year	3,814
Portion of term loan due within one year	17,932
Unsecured	
Bank overdraft	-
Other short term borrowings	-
	<u>21,746</u>
	<u>54,985</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.

NOTION VTEC BERHAD

Company No: - 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014**ADDITIONAL INFORMATION REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (continued)****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 31.12.2014 RM'000	As at Preceding Year Quarter 31.12.2013 RM'000
Total retained profits:		
-realised	168,853	197,436
-unrealised	<u>(22,464)</u>	<u>(28,086)</u>
	<u>146,389</u>	<u>169,350</u>

B9. NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2014 RM'000	Preceding Year Corresponding Quarter 31.12.2013 RM'000	Current Year To Date 31.12.2014 RM'000	Preceding Year To Date 31.12.2013 RM'000
a) Interest income	(30)	(37)	(30)	(37)
b) Other income	(7)	(23)	(7)	(23)
c) Interest expense	936	1,187	936	1,187
d) Depreciation and amortisation	9,818	10,130	9,818	10,130
e) Provision for doubtful debts	-	-	-	-
f) Deposit written off/ forfeited	-	-	-	-
g) Gain on disposal of plant and equipment	(161)	-	(161)	-
h) Impairment of investment in associate	-	-	-	-
i) Foreign exchange loss / (gain)	(5,024)	1,456	(5,024)	1,456
j) Loss from derivatives (please refer to Note B10)	17,037	3,304	17,037	3,304
k) Plant and equipment written off	-	-	-	-
l) Inventories written off - net	1,527	-	1,527	-
m) Cost to repair damaged plant	-	-	-	-
n) Insurance claim	-	-	-	-

B10.DERIVATIVE GAIN / (LOSS)

Derivative loss consists of realised loss 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 2014 which comprised the following:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2014 RM'000	Preceding Year Corresponding Quarter 31.12.2013 RM'000	Current Year To Date 31.12.2014 RM'000	Preceding Year To Date 31.12.2013 RM'000
Loss from foreign currency hedging contracts:				
-settlement of hedging contracts	(4,469)	(522)	(4,469)	(522)
-fair value changes due to movement in MTM position on non-designated hedging contracts	<u>(12,568)</u>	<u>(2,782)</u>	<u>(12,568)</u>	<u>(2,782)</u>
Net Loss from derivative contracts	<u>(17,037)</u>	<u>(3,304)</u>	<u>(17,037)</u>	<u>(3,304)</u>

NOTION VTEC BERHAD
Company No: - 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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

B11. DERIVATIVE FINANCIAL INSTRUMENTS

Type of derivatives	Notional Value as at 31.12.2014 <u>RM'000</u>	Fair Value as at 31.12.2014 Assets / (Liabilities) <u>RM'000</u>
Foreign Currency Hedging Contracts		
-Less than 1 year	166,029	(17,328)
-1 year to 2 years	50,440	-
TOTAL	<u>216,469</u>	<u>(17,328)</u>

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

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

B12. MATERIAL LITIGATION

There were no material litigations that might adversely and materially affect the position of the Group as at date of this report.

B13. DIVIDENDS PER SHARE

No dividend has been proposed for the fourth quarter ended 31 December 2014 (Q1FY2014: Nil).

B14. EARNINGS PER SHARE

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2014 <u>(Unaudited)</u>	Preceding Year Corresponding Quarter 31.12.2013 <u>(Unaudited)</u>	Current Year To Date 31.12.2014 <u>(Unaudited)</u>	Preceding Year To Date 31.12.2013 <u>(Unaudited)</u>
Loss attributable to owners of the Company (RM'000)	(5,248)	(10,023)	(5,248)	(10,023)
Number of ordinary shares in issue (excluding the treasury shares held by the Company) ('000)	268,268	268,270	268,268	268,270
Loss per share (sen) *	<u>(1.96)</u>	<u>(3.74)</u>	<u>(1.96)</u>	<u>(3.74)</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 25 February 2015.

By Order of the Board

Petaling Jaya
25 February 2015