

**NOTION VTEC BERHAD**

**Registration No: - 200301035125 (637546-D)**

**UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2020 RM'000	Preceding Year Corresponding Quarter 30.06.2019 RM'000	Current Year To Date 30.06.2020 RM'000	Preceding Year To Date 30.06.2019 RM'000
Revenue	40,052	56,357	172,707	172,752
Cost of Sales	<u>(40,821)</u>	<u>(48,339)</u>	<u>(154,732)</u>	<u>(151,945)</u>
Gross Profit/ (Loss)	(769)	8,018	17,975	20,807
Other Operating Income	326	1,911	20,908	8,491
Operating Expenses	<u>(9,774)</u>	<u>(7,706)</u>	<u>(32,616)</u>	<u>(30,185)</u>
Operating Income/ (Loss)	(10,217)	2,223	6,267	(887)
Finance Costs	<u>(1,127)</u>	<u>(1,282)</u>	<u>(3,385)</u>	<u>(3,622)</u>
Profit/ (Loss) before taxation	(11,344)	941	2,882	(4,509)
Tax Income/ (Expense)	<u>489</u>	<u>927</u>	<u>(3,328)</u>	<u>17</u>
Profit/ (Loss) after taxation	(10,855)	1,868	(446)	(4,492)
Other Comprehensive income/ (expense)				
-currency translation differences	2,387	3,220	(1,927)	2,950
-fair value changes of intangible assets	-	-	(890)	-
Total comprehensive income/ (expense) for the financial period	<u>(8,468)</u>	<u>5,088</u>	<u>(3,263)</u>	<u>(1,542)</u>
Profit/ (Loss) after taxation attributable to:				
-Owners of the Company	(10,855)	1,868	(446)	(4,492)
-Non-controlling Interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(10,855)</u>	<u>1,868</u>	<u>(446)</u>	<u>(4,492)</u>
Total comprehensive income/ (expense) for the financial period attributable to:				
-Owners of the Company	(8,468)	5,088	(3,263)	(1,542)
-Non-controlling Interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(8,468)</u>	<u>5,088</u>	<u>(3,263)</u>	<u>(1,542)</u>
Earnings/ (Loss) Per Share (sen)	<u>(2.15)</u>	<u>0.37 ^</u>	<u>(0.09)</u>	<u>(0.90) ^</u>
Proposed/ Declared Dividend Per Share (sen)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

^ Restated to reflect the Bonus Issue

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 30 September 2019 and the accompanying explanatory notes attached to the interim financial statements.

**NOTION VTEC BERHAD**

Registration No: - 200301035125 (637546-D)

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at End of Current Quarter 30.06.2020 RM'000	As at Preceding Year Ended 30.09.2019 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	327,125	328,709
Intangible Assets	3,852	4,609
	<u>330,977</u>	<u>333,318</u>
<b>Current assets</b>		
Inventories	48,533	44,074
Trade receivables	56,452	64,934
Other receivables and prepayments	26,598	7,459
Current tax assets	14,118	9,727
Cash and cash equivalents	47,792	68,834
	<u>193,493</u>	<u>195,028</u>
<b>Total assets</b>	<u>524,470</u>	<u>528,346</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share Capital	202,396	200,023
Share Option Reserve	3,319	2,416
Currency Translation Reserve	11,476	13,403
Capital Reserve	4,800	4,800
Revaluation Reserve	62	952
Retained Profits	190,608	194,411
<b>Equity attributable to owners of the Company</b>	<u>412,661</u>	<u>416,005</u>
Non-controlling Interests	-	-
<b>Total equity</b>	<u>412,661</u>	<u>416,005</u>
<b>Non-current liabilities</b>		
Loans and borrowings	48,104	52,609
Retirement Benefits	544	537
Deferred Tax Liabilities	15,507	12,099
Deferred Income Government Grant	5,092	2,618
	<u>69,247</u>	<u>67,863</u>
<b>Current Liabilities</b>		
Loans and borrowings	16,991	13,345
Trade payables	6,529	10,493
Other payables	19,042	20,486
Current Tax Liabilities	-	154
	<u>42,562</u>	<u>44,478</u>
<b>Total Liabilities</b>	<u>111,809</u>	<u>112,341</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>524,470</u>	<u>528,346</u>
Net assets per ordinary share (RM)	0.8172	0.8324 ^

^ Restated to reflect the Bonus Issue

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 September 2019 and the accompanying explanatory notes attached to the interim financial statements.

**NOTION VTEC BERHAD**

**Registration No: - 200301035125 (637546-D)**

**UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	←-----Attributable to equity holders of the parent-----→						
	←-----Non-distributable-----→			←-Distributable-→			
	Share Capital	Share Option Reserve	Currency Translation Reserve	Capital Reserve	Revaluation Reserve	Retained Profits	Total Equity
<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>9 months ended 30 June 2020</b>							
Balance as at 1 October 2019	200,023	2,416	13,403	4,800	952	194,411	416,005
Loss after taxation	-	-	-	-	-	(446)	(446)
Fair value changes of intangible assets	-	-	-	-	(890)	-	(890)
Currency translation differences	-	-	(1,927)	-	-	-	(1,927)
Share-based payments	-	1,680	-	-	-	-	1,680
Issuance of shares	2,373	(777)	-	-	-	-	1,596
Interim single tier tax-exempt dividend of 1 sen per share payable on 15 January 2020 in respect of financial year ended 30 September 2019	-	-	-	-	-	(3,357)	(3,357)
Balance as at 30 June 2020	<u>202,396</u>	<u>3,319</u>	<u>11,476</u>	<u>4,800</u>	<u>62</u>	<u>190,608</u>	<u>412,661</u>
<b>9 months ended 30 June 2019</b>							
Balance as at 1 October 2018	199,791	2,492	11,551	4,800	-	190,199	408,833
Loss after taxation	-	-	-	-	-	(4,492)	(4,492)
Currency translation differences	-	-	2,950	-	-	-	2,950
Issuance of shares	155	-	-	-	-	-	155
Interim single tier tax exempt dividend of 1 sen per share paid on 17 January 2019 in respect of financial year ended 30 September 2018	-	-	-	-	-	(3,331)	(3,331)
Balance as at 30 June 2019	<u>199,946</u>	<u>2,492</u>	<u>14,501</u>	<u>4,800</u>	<u>-</u>	<u>182,376</u>	<u>404,115</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 2019 and the accompanying explanatory notes attached to the interim financial statements.

**NOTION VTEC BERHAD**

**Registration No: - 200301035125 (637546-D)**

**UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	Current Year-To-Date 30.06.2020 <u>RM'000</u>	Preceding Year-To-Date 30.06.2019 <u>RM'000</u>
<b>CASH FLOWS FROM/ (FOR) OPERATING ACTIVITIES</b>		
Profit/ (Loss) before taxation	2,882	(4,509)
Adjustments for:		
Amortization of deferred income on government grant	(93)	(117)
Depreciation of property, plant and equipment	23,336	24,602
Gain on disposal of plant and equipment	(250)	(331)
Interest expense	2,919	3,444
Interest income	(980)	(1,838)
Inventories written down	1,511	4,536
Fair value adjustment of intangible assets	-	(47)
Reversal of inventories written down	(103)	-
Reversal of impairment loss on plant and equipment	-	(1,255)
Provision for retirement benefit	-	324
Share-based payments	1,680	-
Unrealised (gain)/ loss on foreign currency translation	(375)	(386)
	<hr/>	<hr/>
Operating profit before working capital changes	30,527	24,423
Increase in inventories	(5,874)	(9,407)
(Increase)/ Decrease in trade and other receivables	(10,389)	87,906
Decrease in trade and other payables	(4,762)	(26,513)
	<hr/>	<hr/>
<b>CASH FROM OPERATIONS</b>	9,502	76,409
Interest paid	(2,919)	(3,419)
Tax refunded	399	1,094
Tax paid	(5,176)	(21,042)
	<hr/>	<hr/>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	1,806	53,042
<b>CASH FLOWS FROM/ (FOR) INVESTING ACTIVITIES</b>		
Interest received	980	1,838
Proceeds from disposal of plant and equipment	1,215	3,375
Purchase of property, plant and equipment	(22,355)	(53,463)
Grant received	2,567	2,805
	<hr/>	<hr/>
<b>NET CASH FOR INVESTING ACTIVITIES</b>	(17,593)	(45,445)
<b>CASH FLOWS FROM/ (FOR) FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	1,596	155
Drawdown of hire purchase	8,680	30,503
Repayment of hire-purchase and lease obligations	(6,446)	(5,342)
Drawdown of term loan	-	12,655
Repayment of term loan	(3,093)	(4,492)
Repayment of short-term borrowings	-	(8,576)
Repayment to a director	-	(2,853)
Dividend paid	(3,357)	(3,331)
	<hr/>	<hr/>
<b>NET CASH FLOWS FROM/ (FOR) FINANCING ACTIVITIES</b>	(2,620)	18,719
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(18,407)	26,316
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	68,834	41,864
Currency translation differences – subsidiaries	(2,635)	2,927
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<u>47,792</u>	<u>71,107</u>
<b>Note (A)</b>		
Cash and cash equivalents at the end of the period comprise the following:		
Short term deposits with licensed banks	19,642	46,690
Cash and bank balances	28,150	24,417
	<hr/>	<hr/>
	<u>47,792</u>	<u>71,107</u>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 September 2019 and the accompanying explanatory notes attached to the interim financial statements.

**NOTION VTEC BERHAD****Registration No: - 200301035125 (637546-D)****UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020****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 2019.

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 2019.

**A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the financial statements of the Group for the FYE 30 September 2019 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. DEBT AND EQUITY SECURITIES**

As announced on 21 May 2020, subsequent to the Bonus Issue of 168,325,033 Ordinary Shares in NVB on the basis of 1 Bonus Share for every 2 existing Ordinary Shares in NVB held on 15 May 2020, the option price and number of unexercised options pursuant to the Employee Share Option Scheme ("ESOS") of NVB be adjusted in accordance with the By-Laws governing the existing options granted under the ESOS as follows:

O n	Date of offer ESOS Options	Before Adjustments		After Adjustments	
		Option Price (RM)	Total no.of unexercised ESOS Options	Option Price (RM)	Total no.of unexercised ESOS Options
2	27/2/2017	0.80	1,606,200	0.53	2,409,300
8	12/12/2017	0.44	4,367,000	0.29	6,550,500

On 28 May 2020, the Company issued a third offer of ESOS options to eligible employees and directors of NVB comprising 21,000,000 number of ESOS Options at an exercise price of RM 0.68.

There were no issuance and allotment of shares pursuant to the ESOS during the quarter under review.

As at 30 June 2020, the total number of unexercised ESOS Options are as follows: -

Date of offer ESOS Options	Option Price (RM)	Total no.of unexercised ESOS Options
27/2/2017	0.53	2,409,300
12/12/2017	0.29	6,550,500
28/5/2020	0.68	21,000,000
	TOTAL	29,959,800

For the quarter ended 30 June 2020, 168,325,033 Bonus Shares and 16,529,337 additional Warrants-C have been issued pursuant to the Bonus issue. The details of the issued and paid-up capital of the Company are as follows:

**NOTION VTEC BERHAD**

Registration No: - 200301035125 (637546-D)

**UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020****NOTES TO THE QUARTERLY FINANCIAL REPORT (continued)**

	No of shares	RM
As at 31 March 2020	336,647,253	202,392,632
Conversion of Warrant-C to ordinary shares 3,535 @ RM 0.84	3,535	2,969
As at entitlement date of 15 May 2020	336,650,788	202,395,601
1 Bonus Shares for every 2 existing Shares	168,325,033	-
Conversion of Warrant-C to Ordinary Shares 152 @ RM 0.56	152	85
As at 30 June 2020	504,975,973	202,395,686

Subsequent to the adjustment for Bonus Issue the number of Warrant-C in issue as at 30 June 2020 is 49,589,035 with an exercise price of RM 0.56.

Other than the above, there were no issuance and repayment of debt and equity securities, as well as share cancellations and resale of treasury shares during the current reporting quarter.

**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"), automotive industries' components and engineered products. Camera components are now classified under engineered products. 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.

**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 announcement saved for that mentioned in Note B9.

**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**

The Company has entered into financial guarantee contracts to provide financial guarantees to financial institutions for credit facilities granted to certain subsidiaries up to a total limit of approximately RM 134,400,000. The total utilisation of these credit facilities as at 30 June 2020 amounted to approximately RM 65,094,000.

**A13. CAPITAL COMMITMENTS**

	As at End of Current Quarter 30.06.2020 <u>RM'000</u>
Approved and contracted for:	
-purchase of property, plant and equipment	<u>6,909</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****Registration No: - 200301035125 (637546-D)****UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020****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 RM 40.1 million and RM 10.9 million respectively for the quarter ended 30 June 2020 ("Q3FY2020"). Refer Notes B2 and B3 below for a detailed review of the Group's performance.

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

For Q3 of FY2020, the Group recorded revenue of RM 40.1 million (Q2FY2020: RM 62.3 million) and LAT of RM 10.9 million (Q2FY2020: Loss after tax RM 3.8 million) and loss per share of 2.15 sen (Q2FY2020: loss 1.12 sen). The loss in Q3FY2020 is mainly attributable to the lower revenue. During the Movement Control Order ("MCO"), operations was stopped for about two weeks while applying for the authorities to approve our company as under essential industry. Thereafter, production was running at 50% of capacity to comply with the standard operating procedures imposed during the MCO period. Automotive customers was badly affected as their country was in lockdown at the height of the Covid-19 pandemic and as at date of report the sector is beginning to see signs of recovery.

**Product mix:**

	Individual Quarter			Cumulative Quarter		
	Q3FY2020 RM'000	Q2FY2020 RM'000	% change	Q3FY2020 RM'000	Q3FY2019 RM'000	% change
<b>REVENUE</b>						
HDD	21,681	24,927	-13%	74,260	73,074	2%
Automotive	9,484	22,489	-58%	57,402	67,959	-16%
<b>Engineered Products</b>						
Camera	1,749	3,037	-42%	9,802	12,055	-19%
Electronic Manufacturing Services (EMS) & Others	7,139	11,863	-40%	31,243	19,664	59%
<b>TOTAL</b>	<b>40,053</b>	<b>62,316</b>	<b>-36%</b>	<b>172,707</b>	<b>172,752</b>	<b>0%</b>

In Q3FY2020, HDD parts revenue recorded RM 21.6 million (Q2FY2020: RM 24.9 million), Automotive RM 9.5 million (Q2FY2020: RM 22.5 million) whilst the Engineered Products' revenue was at RM 8.9 million (Q2FY2020: RM 14.9 million). The product mix for Q3FY2020 was HDD: Automotive: Engineered Products of 54%: 24%: 22% compared to previous quarter's mix of 40%: 36%: 24%.

The EBITDA for Q3FY2020 was a loss of RM 3.1 million compared to earnings of RM 4.9 million in Q2FY2020 (preceding year Q3FY2019: RM 9.9 million).

**NOTION VTEC BERHAD**

**Registration No: - 200301035125 (637546-D)**

**UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

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

**B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR**

**Q3 FY2020: Business Outlook:**

The Q3 from April to June coincided with an unprecedented lockdown during the MCO with restrictions on movement, vehicles and restriction on factories and commerce.

Notion's operations were not spared this sudden turn of events resulting in loss of orders and production loss as both supply chain and customers were also similarly impacted.

Delays in Miti approval for partial resumption of operations were experienced and work from home further caused disruptions.

Orders in Apr and May were more than 50% down from previous months and fortunately we had some stock to meet orders.

HDD demand remained while Auto and EMS were sharply lower.

There was recovery in June after coming out of full to partial lockdown. We expect the orders from the EMS sector to be strong from Q4 onwards.

Plans were set to consider Healthcare business as a stop gap in the light of global uncertainties.

Orders were placed for face mask machinery and PP meltblown machinery as well as purchase of raw materials.

Valuable time were spent learning new processes and machines and also time to improve and rectify as well. Meanwhile cleanrooms and laboratory and storage space commenced to accelerate this program.

We started initial production in early July and the learning curve is at times steep but we have reached a confident stage where both 3 ply surgical mask and PP meltblown fabric are in production and sales has started. Novid is our brand.

The initial planned capacities will be completed by September. Now we are planning the next phase of expansion after knowing the market and conditions better.

On going certification of these products for different markets are in progress.

We will expand 3 ply and meltblown capacity and include kids mask and N95 respirators. Additional purchase of new factory to cater for this expansion is needed soon.

The face mask and gloves market are inter related as the same customers will request for both. In this light, we are looking at possible trading and manufacture of gloves too as an adjunct to our Healthcare business if there's opportunity to invest. We are being inundated with various proposals that need further study.

Loss making in Q3 is both due to insufficient orders and also cost provision of ESOS requirement which we locked in July of RM 1.68 million.

Finally, we expect all these new plans to impact favorably FY21 fully and we are at this juncture in a better state than at the start of April when the global pandemic played out. Although we see challenging times ahead but our options to sustain and expand are much varied and hopeful even if a vaccine or a cure is found.



**NOTION VTEC BERHAD**

Registration No: - 200301035125 (637546-D)

**UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

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**

Company and Subsidiaries	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To Date	To Date
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Taxation				
- current	(1,537)	563	894	1,220
- under/ (over) provision in prior year	(956)	(78)	(956)	(78)
Deferred taxation (income)/ expense	2,004	(1,412)	3,390	(1,159)
	<u>(489)</u>	<u>(927)</u>	<u>3,328</u>	<u>(17)</u>

The reconciling difference between the applicable tax rate, which is the statutory income tax rate and the effective tax rate is mainly attributable to the utilisation of tax credits brought forward from prior year.

**B6. STATUS OF CORPORATE PROPOSALS**

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

**B7. BORROWINGS AND DEBTS SECURITIES**

The Group's borrowings as at 30 June 2020 are as follows:

	<b>RM'000</b>
<b>Long-term</b>	
Secured	
Hire purchase and lease payables	27,791
Term loan	<u>20,313</u>
	<u>48,104</u>
<b>Short-term</b>	
Secured	
Portion of hire purchase and lease payables due within one year	10,083
Portion of term loan due within one year	6,908
Unsecured	
Other short-term borrowings	<u>-</u>
	<u>16,991</u>
	<u>65,095</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**

Registration No: - 200301035125 (637546-D)

**UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

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

**B8. NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT**

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
i) Depreciation and amortisation	7,762	8,349	23,336	24,602
ii) Interest expense	763	1,217	2,919	3,444
iii) Inventories written down	1,511	1,257	1,511	4,536
iv) Gain on fair value adjustment of intangible assets	-	(681)	-	(47)
v) Unrealised gain on foreign exchange	(276)	(997)	(375)	(386)
vi) Amortization of deferred income on government grant	(72)	(70)	(93)	(117)
vii) Gain on disposal of property, plant and equipment	(184)	(120)	(250)	(331)
viii) Insurance claims income	-	-	(12,217)	-
ix) Interest income	(245)	(577)	(980)	(1,838)
x) Realised Gain on foreign exchange	(1,226)	(390)	(3,847)	(1,117)
xi) Reversal of impairment loss on property, plant and equipment	268	(9)	-	(1,255)
xii) Reversal of inventories written down	(6)	-	(103)	-
xiii) Share-based payments	1,680	-	1,680	-

**B9. MATERIAL LITIGATION**

Save for the following, there were no update of material litigations.

The Company had announced that AXA Affin General Insurance Berhad ("AXA") had made a payment on account (interim claim payment) of RM 10,000,000.00 for the Business Interruption claims, and subsequently the Company announced that AXA had made a full and final offer in the sum of RM 22,216,549.00 to settle the claims, but the offer was not agreed as full and final settlement by the wholly-owned subsidiaries of the Company, Notion Venture Sdn Bhd ("NVSB"), Kaiten Precision (M) Sdn Bhd ("KPSB") and Autic Mekki Sdn Bhd ("AMSB").

NVSB, KPSB and AMSB had, on 13 March 2020 filed a Writ of Summons ("the Writ") and Statement of Claim ("SOC") for due service on AXA and two other co-insurers, QBE Insurance (Malaysia) Berhad ("QBE") and MSIG Insurance (Malaysia) Berhad ("MSIG") through their solicitors in relation to a claim on an additional payment on account of RM 12,216,549.00 which AXA, QBE and MSIG have refused to pay in the instance of the offer not being accepted as full and final settlement.

NVSB, KPSB and AMSB have via the SOC, sought the following claims in the proportion of 55% from AXA, 35% from QBE and 15% from MSIG:-

- 1) The sum of RM 12,216,549.00 under the Business Interruption Loss;
- 2) Interest at 5% per annum on the sum of RM 12,216,549.00 calculated from 20 October 2017 (date of the fire incident) till full settlement.
- 3) Costs; and
- 4) Other reliefs which the Honourable Court deems fit and proper.

On 27 July 2020, the court has granted a stay of proceedings for the defendants and the case be referred to arbitration. Meanwhile, Company has agreed to waive the interest element on RM 12.2 million of interim payment and has communicated with the insurer and expect payment to be received within a month.

**B10. DIVIDENDS PER SHARE**

No dividend has been proposed for the quarter ended 30 June 2020 (Q3FY2019: Nil).

**NOTION VTEC BERHAD**

Registration No: - 200301035125 (637546-D)

**UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

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

**B11. EARNINGS PER SHARE**

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2020 <u>(Unaudited)</u>	Preceding Year Corresponding Quarter 30.06.2019 <u>(Unaudited)</u>	Current Year To Date 30.06.2020 <u>(Unaudited)</u>	Preceding Year To Date 30.06.2019 <u>(Unaudited)</u>
Profit/ (Loss) attributable to owners of the Company (RM'000)	(10,855)	1,868	(446)	(4,492)
Based on the weighted average number of ordinary shares in issue ('000)	504,976	499,764	504,976	499,764
Earnings/ (Loss) per share (sen)	<u>(2.15)</u>	<u>0.37 ^</u>	<u>(0.09)</u>	<u>(0.90) ^</u>

^ Restated to reflect the Bonus Issue

**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 24 August 2020.

**By Order of the Board**

Petaling Jaya  
24 August 2020