

NOTIONVTEC

NOTION VTEC BERHAD

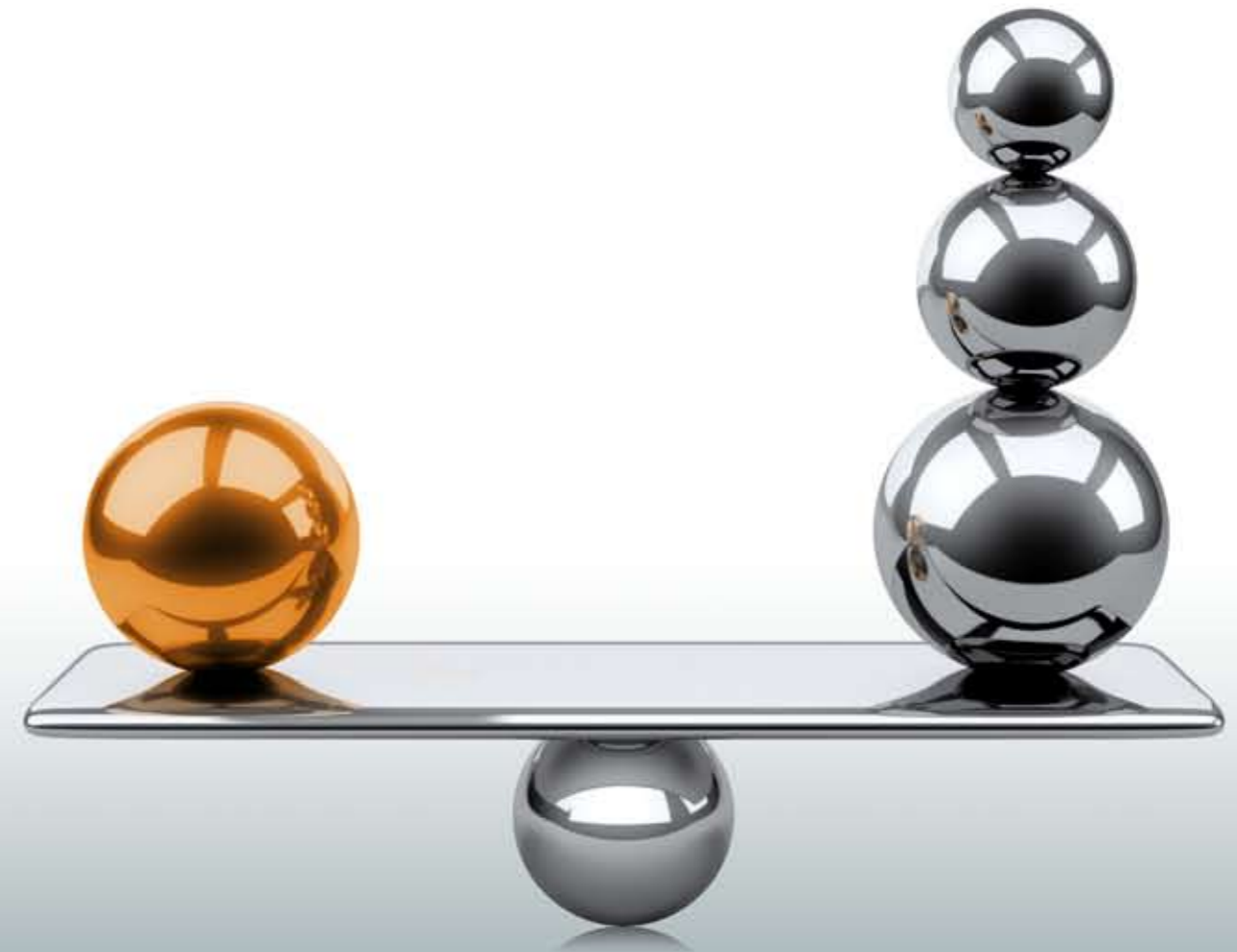
(Company No.637546-D)
(Incorporated in Malaysia)

NOTION VTEC BERHAD (637546-D)
Lot 6123, Jalan Haji Salleh, Batu 5 1/2, Jalan Meru, 41050 Klang, Selangor, Malaysia.

www.notionvtec.com

Annual Report 2015

NOTION VTEC BERHAD (637546-D)



Annual Report 2015

Vision & Mission

TO BE A LEADER AND WORLD CLASS SPECIALIST IN HIGH PRECISION COMPONENTS FOR THE DATA STORAGE, CONSUMER ELECTRONICS, DIGITAL IMAGING AND AUTOMOTIVE INDUSTRIES AND AN OUTSOURCING PROVIDER USING STATE OF THE ART HIGH PRECISION TECHNOLOGY

12TH Annual General Meeting

Place

Première Hotel,
Bandar Bukit Tinggi 1/KS6,
Jalan Langat, 41200 Klang,
Selangor Darul Ehsan

Time

9.30 am,
Wednesday,
23rd March 2016

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CORPORATE Information

BOARD OF DIRECTORS

Thoo Chow Fah
Executive Chairman

William Choo Wing Hong
Managing Director

John Choo Wing Onn
Executive Director

Lee Tian Yoke
Executive Director

Jerry Choo Wing Yew
Executive Director

Saw Tat Loon
Independent Non-Executive Director

Alwin Yike Chee Wah
Independent Non-Executive Director

Anita Chew Cheng Im
Independent Non-Executive Director

AUDIT COMMITTEE

Saw Tat Loon (Chairman)
Alwin Yike Chee Wah
Anita Chew Cheng Im

REMUNERATION COMMITTEE

Alwin Yike Chee Wah (Chairman)
Saw Tat Loon
Thoo Chow Fah
Anita Chew Cheng Im

NOMINATION COMMITTEE

Anita Chew Cheng Im (Chairman)
Alwin Yike Chee Wah
Saw Tat Loon

COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)
Tan Ai Ning (MAICSA 7015852)

HEAD / MANAGEMENT OFFICE

Lot 6123 Jalan Haji Salleh
Batu 5 1/2, Jalan Meru
41050 Klang
Selangor Darul Ehsan
Tel : (603) 3361 5615
Fax : (603) 3361 5618

REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : (603) 7720 1188
Fax : (603) 7720 1111

WEBSITE

www.notionvtec.com

SHARE REGISTRAR

**Tricor Investor & Issuing House
Services Sdn Bhd**
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Tel : (603) 2783 9299
Fax : (603) 2783 9222

AUDITORS

**Crowe Horwath
Chartered Accountants**
Level 16 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : (603) 2166 0000
Fax : (603) 2166 1000

PRINCIPAL BANKERS

**Standard Chartered Bank Malaysia
Berhad**
Level 16, Menara Standard Chartered
30 Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : (603) 2781 7013
Fax : (603) 2142 8933

HSBC Bank Malaysia Berhad
2, Jalan Tiara 2A, Bandar Baru Klang
41150 Klang, Selangor Darul Ehsan
Tel : (603) 3343 6111
Fax : (603) 3344 4249

Hong Leong Islamic Bank Berhad
Level 1, Wisma Hong Leong
18 Jalan Perak, 50450 Kuala Lumpur
Tel : (603) 2164 3939
Fax : (603) 2161 1278

STOCK EXCHANGE

**Main Market of Bursa Malaysia
Securities Berhad**

Shares

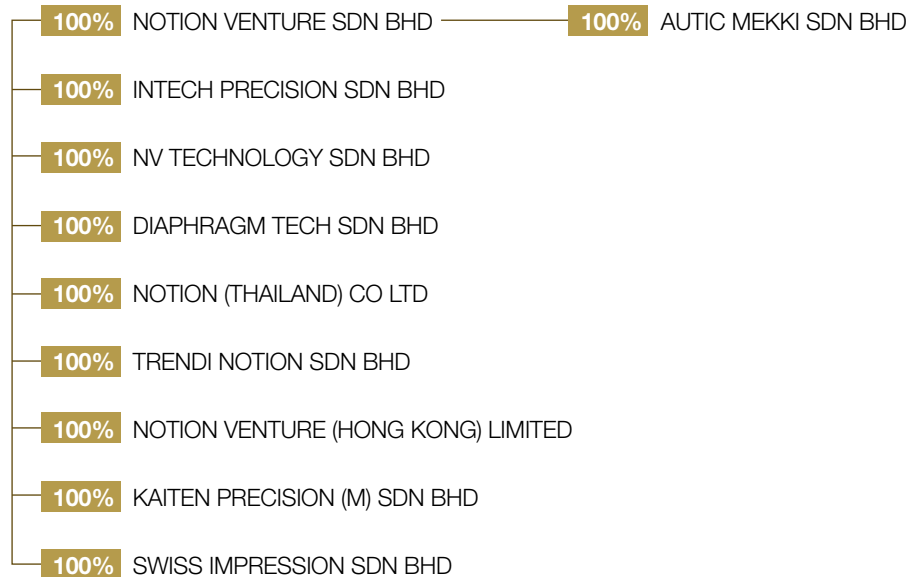
Stock Name : Notion
Stock Code : 0083

Warrants

Stock Name : Notion-WB
Stock Code : 0083WB

CORPORATE Structure

NOTIONVTEC
NOTION VTEC BERHAD
(Company No. 637546-D)
(Incorporated in Malaysia)



FINANCIAL Highlights

The table below sets out a summary of the audited consolidated results of the Notion Group for the financial years ended 30 September 2011 to 2015.

		2015	2014	2013	2012	2011
Revenue	(RM'000)	239,730	193,944	222,315	308,827	236,767
Profit/(Loss) before Tax	(RM'000)	(10,847)	(34,329)	29,513	57,322	55,808
Profit/(Loss) after Tax	(RM'000)	(13,024)	(27,736)	20,089	49,249	47,534
Profit/(Loss) attributable to owners of the Company	(RM'000)	(13,024)	(27,736)	20,089	49,264	47,464
Earning before interest, taxes, depreciation and amortisation (EBITDA)	(RM'000)	30,606	10,681	75,483	96,590	92,846
No. of shares in issue*	(000)	270,418	270,418	270,418	270,418	270,418
Net profit/(loss) per share (EPS)**	(Sen)	(4.9)	(10.3)	7.6	18.2	17.6

* The number of shares in issue has been restated as a result of the bonus issue made in the financial year 2012 (including treasury shares).

** EPS is based on the restated number of shares as a result of the bonus issue made in year 2012 for comparison purposes.

CHAIRMAN'S Statement

Dear Shareholders

On behalf of the Board of Directors of Notion VTec Berhad, I am pleased to present the annual report for the financial year ended 30 September 2015.

THE YEAR UNDER REVIEW

For the second year in a row the Group suffered a loss of RM13.0 million on a sales turnover of RM239.7 million in FY2015.

Investors were confused by the seemingly confusing financial loss when the USD rose strongly which should benefit exporting companies like Notion. Allow me to explain this. On 30 September 2014 our derivative contracts were at USD114.4 million and by 30 September 2015, the contracts have shrunk to USD22 million which is a significant reduction by USD92.4 million. Even if you allow for a 30 sen loss per USD1 since the USD rose from RM3.30 to RM4.45 in the intervening period, it became a RM28 million forex loss. So for FY2015 the Group faced locked in foreign exchange derivative losses which affected the profitability of the Group. There is risk in hedging and we recognize such risks are unpredictable. We have reviewed our hedging policy and in future we will not be overly exposed.

For each month from October 2015 to September 2016, the reduction is USD2 million per month and thus derivative losses should be well controlled and the Group will recover back to positive earnings again.

We are aware investors are disappointed and require the Group to have a steady sustainable quarter upon quarter before they feel comfortable. Notion intends to conserve its cash and build up its reserves for new opportunities.

During the year, we sold our factory located on Jalan Meru, relocated our machinery to our other 2 factories and restructured our operations to optimise production space.

The HDD anti disk business and clamps and spacer rings continued to remain as the main stay and there was lesser issue of quality as compared to previous year.

The SLR interchangeable lens and camera segment continued at a steady pace providing significant orders and likely to continue this year as well.

The Auto/Industrial segment should be the main growth driver going forward as demand for more such auto parts continued to be robust. The Euro exchange rate still remain steady and less volatile compared to the USD.

The government's implementation of GST and removal of subsidies affected our production costs either directly or indirectly as well.

We shall continue to encourage our staff and workers to upgrade their skills and multi task as much as possible to improve productivity and contain costs.

OPERATIONAL REVIEW

Our Group recorded higher revenue of RM239.7 million which was 23.6% higher than that achieved in 2014 of RM193.9 million. We continue to make a loss after tax of RM13.0 million compared to the loss after tax of RM27.7 million last year. The EBITDA was however a positive RM30.6 million.

The HDD segment continued to be the biggest revenue contributor to our group. The product mix for the year was 45%:28%:27% for the HDD: camera: industrial/auto segment respectively.

The 1st quarter of FY2015 recorded higher revenue of RM58.3 million compared to the previous quarter mainly due to increased orders and better average selling prices in the HDD segment. Despite the increased revenue, our group however recorded a loss of RM5.2 million due to the unrealized loss on our hedging contracts caused by the sharp rise of the USD.

Revenue continued to improve for the 2nd quarter of FY2015 due to better selling prices arising from the stronger USD. The auto segment was more robust this quarter while the HDD and camera segments remained stable. However, we continued to record losses due to the unfavourable locked in forward contracts as the USD continue to rise.

Performance in terms of revenue remained stable for the 3rd quarter. Sales from the camera segment was up by 41% for this quarter while shipments for the HDD and auto segment were lower by 23% and 5%, respectively compared to the last quarter. The higher profit after tax of RM7.3 million was predominantly due to the extraordinary gain arising from the disposal of our factory. We decided to terminate the smartphone business due to cash constraints and the competitive environment of the business.

For the 4th quarter, revenue was lower by 11.8% due to lower shipments of camera parts by 30%. Loss after tax recorded for the quarter increased to RM11 million due to further strengthening of the USD and impairment loss on the plant and machinery.

CHAIRMAN'S Statement

During the year the Group invested a modest RM12.3 million in capital expenditure.

The cash and cash equivalent improved in FY2015 at a healthy RM43.1 million.

CORPORATE EXERCISE

The Group did not embark on any corporate exercises during the year. Warrants A expired in FY2015. There were almost no conversion of the warrants into shares.

DIVIDEND

In light of another year of loss making, our Board has decided against any dividend payment for the year.

PROSPECTS

As the Federal Reserve initiated a first USD interest rate rise of 0.25% we expect going forward the USD interest will rise gradually until its objective of confronting inflation is achieved as the US economy begins to recover and employment and consumer spending rises.

The low crude oil environment helps to reduce the need for sharp rise in the USD interest rate but the impact to commodities dependent countries like Malaysia, Australia and Canada will be negative.

The Chinese stock markets plunging losses and its concern for the state of economy will continue to impact world economic recovery and is a cause for concern for Malaysia who trades much with China.

One positive technology trend in the future is the Internet of Things (IoT) which is a network of internet connected objects that are able to collect and exchange data. This IoT will impact society just as much as the internet has done. By 2020, there will be 24 billion IoT devices installed and USD6 trillion will be invested in IoT solutions over the next 5 years. Entities using the IoT ecosystems will include the government, businesses and consumers.

Manufacturers are already using smart sensors, the backbone of IoT. Sensors are embedded everywhere gathering data, indexing and sending information to cloud servers to power applications and analysis. There are globally 3 million installed ATMs in banks in 2015. The market for connected cars is projected to reach 220 million by 2020. The IoT market for healthcare is poised to hit USD117 billion by 2020 from patients monitoring to hospital operations, and drones and military robots will be major defence devices by 2020.

The strong trend in the IoT should provide opportunities for precision manufacturers like Notion Vtec to play a role in the supply chain of these devices.

Finally, I am cautiously confident that for FY2016, the group will recover into the positive territory.

THANK YOU

We wish to express our gratitude for the strong commitment of our management, staff and employees and stakeholders who continue to have trust and hope for a better future even in these challenging times.

Thoo Chow Fah
Executive Chairman

BOARD OF Directors

THOO CHOW FAH**Executive Chairman • Malaysian, aged 63**

Mr Thoo Chow Fah was first appointed to the Board on 8 February 2005. In his capacity as Executive Chairman, Mr Thoo's key role is the macro management and investors' relation of the Group. Mr Thoo is also a member of the Remuneration Committee.

He commenced his career with Sime Darby Plantations in 1978.

Subsequently, in 1990 he joined Sinar Mas group, one of the largest private plantation groups in Indonesia.

He left the group in 1995 before setting up his own palm oil factory engineering consultancy.

He also has a passive investment in an Indonesian company, PT Kwala Mas Sawit Abadi, with palm oil fruit processing factories in Sumatra.

Mr Thoo graduated from the University of Strathclyde, Glasgow, Scotland with a Bachelor's degree in Mechanical Engineering. He also has a Master's degree in Management Science from Imperial College, University of London.

WILLIAM CHOO WING HONG**Managing Director • Malaysian, aged 51**

Mr William Choo Wing Hong was first appointed to the Board on 8 February 2005. In his capacity as Managing Director, Mr William Choo plays a key role in executing the strategic growth and development plans of the Group. He is the key technical person of the Group.

Prior to setting up Notion Venture Sdn Bhd, the principal manufacturing arm of the Group in 1995, he has garnered more than 21 years of CNC precision machining experience at Fujitsu Electronics Sdn Bhd, Johor, TPK Engineering Pte Ltd, Singapore, Motorola (M) Sdn Bhd, Sungei Way, Yamazen Sdn Bhd, Selangor and Preciturn Sdn Bhd, Bangi.

He also heads the R&D division of the Notion Group which provides technical research on and development of new machining methods, new production methods and engineering processes.

Mr William Choo obtained his Diploma in Mechanical Engineering from the Federal Institute of Technology, Kuala Lumpur in 1985.

JOHN CHOO WING ONN**Executive Director • Malaysian, aged 49**

Mr John Choo Wing Onn was first appointed to the Board on 8 February 2005. His key role is in maintaining key disk drive manufacturer accounts and the constant monitoring and satisfying customer's need of quality components.

He has worked at American Express Malaysia Sdn Bhd, Kuala Lumpur and Schering AG Petaling Jaya and subsequently joined Schering Plough Sdn Bhd in various sales capacity.

He obtained his Certificate in Marketing from the Chartered Institute of Marketing, United Kingdom, in 1993.

LEE TIAN YOKE**Executive Director • Malaysian, aged 45**

Mr Lee Tian Yoke was first appointed to the Board on 8 February 2005. He heads the marketing team of the Notion Group, where his concentration is on non-HDD projects.

Mr Lee commenced his sales career in Mechcraft Trading Sdn Bhd, Kuala Lumpur. During his tenure with Mechcraft, he had made valuable contacts with many MNCs wanting to localize the manufacture and supply of component parts. In 1995, he moved to Preciturn Sdn Bhd where he was in charge of customer relations and new project development.

He received his Certificate in Marketing from HELP Institute, Kuala Lumpur in 1994.

JERRY CHOO WING YEW**Executive Director • Malaysian, aged 54**

Mr Jerry Choo was first appointed to the Board on 10 November 2009.

He is a member of the Chartered Institute of Management Accountants, United Kingdom and the Malaysian Institute of Accountants. He started his professional career with Deloitte Kassim Chan & Co., a public accounting firm in 1983. Later in 1990, he moved into financial management positions in various corporations including public companies.

Mr Jerry Choo joined the Notion Group as Financial Controller in May 2005 and is the key financial person of the Group.

BOARD OF Directors

ALWIN YIKE CHEE WAH

Independent Non-Executive Director • Malaysian, aged 68

Mr Alwin Yike Chee Wah was first appointed to the Board on 9 February 2005. Mr Alwin Yike is the Chairman of the Remuneration Committee as well as a member of the Audit and Nomination Committees.

He started work at Shook Lin & Bok from 1967 and then Ng Ek Teong & Partners before joining Amanah Butler (M) Sdn Bhd, Kuala Lumpur as a foreign exchange and money broker. In 1991, he joined TA Securities Sdn Bhd as a dealer's representative. He has had more than 20 years of experience in investment and financial matters, with exposure to foreign exchange transactions. In 1996, he became a Pastor with Community Baptist Church, Petaling Jaya for a period of 5 years.

SAW TAT LOON

Independent Non-Executive Director • Malaysian, aged 45

Mr Saw Tat Loon was first appointed to the Board on 9 February 2005. He is also Chairman of the Audit Committee as well as a member of the Remuneration and Nomination Committees.

He was previously with Crowe Horwath, Chartered Accountants for 4 years in which he undertook a variety of audit assignments.

He was also extensively involved in a successful public listing exercise on Hong Kong Stock Exchange in 1999. Subsequently, he joined a global media specialist in 2000 as a Finance Manager, overseeing the group financial reporting, Sarbanes-Oxley's compliance and treasury functions. In 2008, he continued his career with a petrochemical company as a Financial Controller, responsible for the group financial and treasury management.

He is a member of the Malaysian Institute of Accountants and fellow member of the Association of Chartered Certified Accountants.

ANITA CHEW CHENG IM

Independent Non-Executive Director • Malaysian, aged 49

Ms Anita Chew Cheng Im was first appointed to the Board on 29 June 2007. She is the Chairman of the Nomination Committee as well as a member of the Audit and Remuneration Committees.

She started her career as an audit assistant at KPMG, Melbourne in 1989. In 1992, she joined the corporate finance department of Bumiputra Merchant Bankers Berhad and subsequently worked at Alliance Investment Bank Berhad and HwangDBS Investment Bank Berhad. She was involved in most related areas of corporate finance work during her 15 years tenure in the various investment banks, having advised clients on IPO, fund raising and corporate restructuring exercises. Her last held position at HwangDBS was senior vice president, equity capital market.

She also sits on the Board of MK Land Holdings Berhad, Nirvana Asia Limited and Yi-Lai Berhad.

Ms Anita Chew graduated from Monash University, Australia with a Bachelor of Economics degree majoring in Accounting.

Notes to Directors' profile:

1. Family Relationships

William Choo Wing Hong, John Choo Wing Onn and Jerry Choo Wing Yew are siblings. They are also brothers-in-law of Mr Thoo Chow Fah.

The other Directors do not have any family relationship with any Director and/or major shareholders of the Company.

2. Conflict of Interest

None of the Directors has any conflict of interest with the Company.

3. Conviction of Offences

None of the Directors has any conviction for offences within the past 10 years.

4. Attendances at Board Meetings

The details of the Directors' attendance at Board Meetings are set out on page 14 of this Annual Report.

5. Shareholdings

The details of the Directors' interest in the securities of the Company are set out on pages 100 and 103 of this Annual Report.

KEY Management

JOE CHOO WING LEONG
aged 48, Engineering Manager

He is the Engineering Manager of Notion Venture Sdn Bhd, the main manufacturing arm of the Group.

He was previously appointed as the QA Manager for the group since 1996. He is now responsible for the development and implementation of the policies, standards and procedures for the engineering and technical work performed in the group. He is also in charge of coordinating and directing projects, making detailed plans to accomplish goals and directing the integration of technical activities. Thus, he also analyses technology and resource needs, and market demand to plan and assess the feasibility of projects for the group.

LOUIS CHEAH KING YOONG
aged 49, Business Development Manager

He joined the Group in September 2005 and assists the marketing team in developing new business opportunities. Also he manages Intech Precision Sdn Bhd, a subsidiary company catering to the production of customised jigs and fixtures which support the Group's volume manufacturing. His current primary focus is in the manufacture of very fine turned components for the digital camera segment.

He started his career as a CNC machinist with a local SME firm making and fabricating high precision tools and dies/moulds for the semiconductor industry after graduating from a vocational institute in 1985. He subsequently joined Motorola (M) Sdn Bhd, Sungai Way in the tooling department.

After leaving Motorola, he began his marketing profession with a local machine tools trading company for a period of about 10 years, during which, he was responsible for the sales and service of CNC wire-cut EDM machines. He was the Deputy General Manager at the time he left the company.

JOHN CHUA HENG SIANG
aged 57, Business Development Manager

He is in charge of establishing contacts with potential overseas customers in key industries. He has worked in China with Spindex Precision Engineering (Suzhou) Co Ltd and also MCE Industries (Shanghai) Co Ltd in operational and senior management positions.

He also has work experience in metal stamping, tool fabrication and CNC machining in his previous employment in Singapore. John had attended supervisory management courses in the National Productivity Board of Singapore and also inventory management courses in the Singapore Institute of Material Management.

DAVID CHOO WING KIN
aged 42, Purchasing Manager

David has more than 20 years of experience in manufacturing industries. He joined the Notion Group in 1996. Prior to that he was a Factory Manager in a precision manufacturing company. Presently, his primary function includes supply chain management, inventory turnover, sourcing and supplier management, plant productivity, cost and quality assurance.

ER CHAI CHUAN
aged 36, Quality Assurance Manager

He joined the group in 2003 as a fresh graduate. In the initial part of his career with the group, he was involved in various departments, namely Quality Assurance, Engineering and Production.

In this position, he is responsible for the successful implementation of quality management system in compliance with BS EN 9001:2008, ISO 14001:2009, and TS 16949, the standards that are used in all aspects of production in the group. He oversees the training for inspection process, data collection and its analysis, usage of measuring equipment and the execution of regular quality activity that ensures good and consistent manufacturing process.

He obtained his Diploma in Mechanical Engineering from TAR College in 2001, and his Bachelor Degree in Mechanical and Manufacturing Engineering from Sheffield Hallam University in 2003. He attended various training programmes related to quality and management.

KEY Management

NOUYUKI SOGA

aged 56, Business Development Manager

He joined the group in 2005 and was responsible for camera parts business. The following year he was assigned to manage business development function related to camera parts specifically targeted at Japanese clients namely NIKON, CANON and SONY.

He coordinates meetings and discussions with clients and the company R&D team. He reports directly to the Executive Director, Business Development and Marketing.

His past experience includes about 20 years with Japan Victor Company (JVC) of Japan, and also about 5 year stint with JVC Malaysia as Advisor for VTR Production.

ARUMUGAM T NAGALINGAM

aged 61, Surface Treatment Manager

He joined the Group in August 2010 and oversees all in-house surface treatment processes namely black anodising for precision machined camera components, hard anodising for automotive components and electroless nickel plating process for HDD components.

He implements production/processing methods and controls to meet quality standards, production output in the most cost effective means. He also identifies, investigates, trouble shoots and resolves production deficiencies.

He has 33 years of experience in surface treatment and specialises in anodising processes, electrolytic black anodising for architectural applications and, hard anodising for engineering and automotive components.

He holds a Bachelor of Science degree from University of Madras, India.

SEGARAN M.VASUDAVAN

aged 54, Production Manager

He joined the Group in May 2012 as a production manager and oversees all the primary processes which consist of CNC machining, double disk and Centreless grinding.

The main responsibilities include managing the manpower, machine and other resources effectively and productively to meet sales demand. He also controls and monitors all the production primary processes to ensure ISO, EMS and TS standards are adhered to and achieve good and consistent quality.

He has 23 years of experience in the manufacturing of VCR and Camcorder at JVC Manufacturing Malaysia from 1989 to 2012.

He obtained his Diploma in Electrical Engineering from TAFE College Seremban.

ALEX LEW KAH SOON

Aged 44, Accounts and Finance Manager

He joined the Group in September 2010 and is responsible for the accounting, financial and human resource functions. He oversees the administration and accounts department of the subsidiaries and assists in accounting and human resource at the Group level.

He has about 20 years of experience, mainly in accounting, administration and information technology.

He obtained his post graduate Diploma in Accounting from University of Abertay, Dundee and his Bachelor Degree in Accounting and Finance Management from University of Sunderland in 2009.

CORPORATE SOCIAL Responsibility Statement

Our Group recognises corporate social responsibility (CSR) commitments based on ethical values and respect for the community, employees, the environment, shareholders and other stakeholders.

We have defined CSR as follows:

- Conducting business in a socially responsible and ethical manner;
- Protecting the environment and the safety of people;
- Supporting human rights; and
- Engaging, learning from, respecting and supporting the communities and cultures with which we work.

At Notion, all matters of CSR are considered and supported in our operations and administrative matters, which are consistent with Notion's stakeholder's best interest. We are working towards demonstrating responsibility in our relationships with the world and communities, whether in business or socially. The Board and the management of Notion recognise that in doing so, it will add significant value for our shareholders.

We have adopted a CSR policy which could be applied into our operational activities and our employees day-to-day work activities. The Board and Management will act as role models by incorporating CSR considerations and values into decision-making in all business activities and will ensure that appropriate organisational structures and systems are in place to effectively identify, monitor and manage CSR issues and performance relevant to the Group's businesses.

OUR VALUES

Our CSR policy is built on the values that reflect existing and emerging standards of CSR, which are as follows:

Business Ethics and Transparency

We are committed to maintaining the highest standards of integrity and corporate governance practices in order to maintain excellence in our daily operations, and to promote confidence in our management and governance systems.

We will advise our business partners, customers and suppliers of our CSR policy and look forward towards working with them to achieve consistency with our policy.

Environment Health & Safety

We believe in protecting the health and safety of all individuals affected by our activities, including our employees and contractors and the public. We provide a safe and healthy working environment and will not compromise the health and safety of our employees.

Our management and employees are responsible and accountable for contributing towards a safe working environment including fostering safe working attitudes and operating in an environmentally responsible manner.

We value the importance of pollution prevention, biodiversity, environmental protection and also resource conservation, which are essential to a sustainable environment. To this end, we have complied with the European Union's policy on the restriction use of hazardous substance in electrical and electronic equipment which came to effect in June 2007. We shall continue to work with industry peers and suppliers to identify technologies and processes that will help to reduce hazardous substances in our manufacturing processes and products. We will further ensure that our suppliers understand and are also committed to comply with the policy.

Reusing and recycling of office stationery and paper, switching off the lights and air conditioners when they are not in use are among some of the conservation measures taken by our Group.

CORPORATE SOCIAL Responsibility Statement

Stakeholder Relations

We are committed to timely and meaningful dialogues with all stakeholders, including shareholders, customers, employees, regulators, etc.

Employee Relations

Our management apply fair labour practices, while respecting the national laws of the country and communities where we operate. We treat our employees fairly and with dignity and take into consideration their goals and aspirations while ensuring that diversity in the workplace is embraced. We believe in providing equal opportunity in all aspects of employment and will not tolerate unlawful workplace conducts, including discrimination, intimidation, or harassment at workplace.

Our Company has a formal policy as at the year ended 30 September 2015 for its workforce.

We are committed to manage diversity, which may result from a range of factors including age, gender, ethnicity, nationality, sexual orientation, cultural background or other personal factors, as a means of enhancing the Group's performance by recognising and utilising contribution of diverse skills and talents from its directors, officers and employees.

We practise diversity as can be seen in our multi racial and multi national gender balance workforce with ages of employees ranging from 19 to 62.

Human Rights

We strive to work within our scope of influence with government agencies and other governmental bodies to provide our support and respect for human rights. In addition, we will always work towards building trust, to deliver mutual advantage and demonstrate respect for human dignity and rights in all relationships that we enter into, including respect for cultures, customs and values of individual and groups.

Community

We will emphasise on collaborative, consultative, partnership approaches in our community investment programmes. We are working towards integrating community investment considerations and values into decision-making and business practices, and to also develop mutually beneficial relationships with communities in which the Group operates.

CORPORATE GOVERNANCE Statement

INTRODUCTION

The Board is fully committed to ensuring and maintaining a high standard of corporate governance within the Group. Good corporate governance establishes and maintains a legal and ethical environment which strives to preserve and enhance the interests of all shareholders.

This statement describes how the Company has applied its corporate governance framework and practices of the Group to comply with the Principles and Recommendations as prescribed in the new Malaysian Code on Corporate Governance 2012 (Code), unless stated otherwise, during the year ended 30 September 2015.

A. BOARD OF DIRECTORS

Role of the Board of Directors

The Board oversees management and ensures that shareholders' long-term interests are served. Through oversight, review and counsel, the Board establishes and promotes the Group's business and organizational objectives, provides leadership to the Group, oversees business affairs and integrity, works with management to determine the Group's mission and long-term strategy.

The Board has delegated certain responsibilities to committees which operate in accordance with the Board Charter and respective terms of reference approved by the Board and delegated the day to day operations of the business of the Group to Management and the Managing Director.

The Board is responsible for overseeing risk management of the Group. The Board exercises direct oversight of strategic risks to the Company and other risk areas are delegated to one of its committees.

The Board shall reserve a formal schedule of matters for its decision to ensure that the direction and control of the Group is firmly in its hands. This includes strategic issues and planning, material acquisition and disposal of assets, capital expenditure, risk management policies, appointment of auditors and review of the financial statements, financing and borrowing activities, ensuring regulatory compliance and reviewing the adequacy and integrity of internal controls.

The principal duties and responsibilities of the Board including those adopted from the Code are:

- reviewing and adopting a strategic plan including setting performance objectives and approving operating budgets for the Group and ensuring that the strategies promote sustainability;
- monitoring the Company's performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and within a framework of prudent and effective controls which enables risk to be assessed and managed;
- reviewing the procedures to identify principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- set, review and ensure compliance with the Company's principles, values and ethos of the Company;
- establishing proper succession planning, including appointing, assessing, training, fixing the compensation of and where appropriate, replacing Board and senior management;
- developing and implementing an investor relations programme or shareholder communications policy for the Group;
- reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines; and
- ensuring that the Company adheres to high standards of ethics and corporate behaviour.

In overseeing the conduct of the Group's business, the Board shall ensure that an appropriate financial planning, operating and reporting framework as well as an embedded risk management framework is established. Elements under this combined framework include the business plan, the budget, financial statements and risk management reports.

CORPORATE GOVERNANCE Statement

Board Composition and Balance

The strength of the Board lies in the composition of its members, who have a wide range of expertise, extensive experience and diverse background in business, finance and technical knowledge.

As at 30 September 2015, the Board consists of eight (8) directors of whom three (3) are non-executive and independent. The composition of independent non-executive directors is in compliance with the minimum prescribed in the Listing Requirements. The list of directors is as follows:

Executive Directors

Thoo Chow Fah	-	Executive Chairman
William Choo Wing Hong	-	Managing Director
John Choo Wing Onn	-	Executive Director
Lee Tian Yoke	-	Executive Director
Jerry Choo Wing Yew	-	Executive Director

Independent Non-Executive Directors

Saw Tat Loon
Alwin Yike Chee Wah
Anita Chew Cheng Im

The composition of the Board has been reviewed by the NC which is of the view that the current Board size of eight (8) directors, is appropriate and effective, taking into account the nature and scope of the Company's operations. The Board is satisfied that the current Board composition fairly reflects the interests of the minority shareholders in the Company and provides the appropriate balance and size to govern the Company effectively.

The Board comprises persons who as a group provide the relevant core competencies and mix of skills in the areas of financial, technical and business to meet the Company's requirements. The directors' objective judgement on corporate affairs and collective experience and knowledge are invaluable to the Group. Profiles of the members of the Board are set out on pages 6 and 7.

Clear Division of Roles

There is a clear division of responsibilities between the Chairman and Managing Director, who also assumes the role of the Chief Executive Officer (CEO), to ensure that there is a balance of power and authority. In ensuring this balance, the positions of the Chairman and Managing Director are held by separate members of the Board as recommended under the Code.

Mr Thoo Chow Fah, the Chairman of the Board, is responsible for, among others, the exercise of control over quantity, quality and timeliness of the flow of information between the management of the Company and the Board. He also schedules Board meetings, oversees the preparation of the agenda for Board meetings and assists in ensuring adherence to the Group's guidelines on corporate governance.

He is assisted by the Managing Director, Mr William Choo Wing Hong, who also assumes the role of the CEO. Mr William Choo, together with the other Executive Directors and management comprising each subsidiary's general managers and key senior managers, are responsible for the day-to-day management of the Group.

The separation of the roles of the Chairman and CEO ensures a balance of power and authority such that considerable concentration of power does not lie with any one individual.

Senior Independent Director

The Board does not consider it necessary to appoint a Senior Independent Director as all current members of the Board are always available and issues are discussed openly in Board meetings.

Non-Independent Chairman

Our Executive Chairman, although not an independent member of the Board, provides strong leadership and objective judgement with regard to ensuring the adequacy and effectiveness of the Board's governance process. He is a founding member of the Group and has vast knowledge and experience in the industry that we are operating in. He has also been actively engaging with the investing community since the listing of our Company. Our Board is of the view that the separation of the positions of the Chairman and the Managing Director together with the independent directors, provide further assurance that there is a balance of power and authority on the Board, and effective stewardship of the Company in terms of strategies and business performance.

Under the Code, it is recommended that if the Chairman is not an independent director, the Board must comprise a majority of independent directors. The Board opines that there is sufficient balance of independent and non-independent directors on the Board such that decisions made are fully discussed and examined, taking into account the interests of all stakeholders. The Board has been able to discharge its duties professionally and effectively, and uphold good governance in its conduct. The Board will constantly review the recommendations and work towards adoption of corporate governance best practices.

CORPORATE GOVERNANCE Statement

Independence of Directors

The independent directors play a pivotal role in corporate accountability, which is reflected in their membership of the various Board committees and their attendance of meetings. The independent directors provide unbiased views and impartiality to the Board's deliberations and decision-making process. In addition, the non-executive directors ensure that matters and issues brought to the Board are fully discussed and examined, taking into account the interest of all stakeholders in the Group.

The NC reviews the independence of each director on an annual basis based on the Listing Requirements' definition of what constitutes an independent director. The NC is of the view that the three (3) independent directors (who represent more than one-third of the Board) are independent and no individual or small group of individuals dominates the Board's decision-making process.

The Code recommends that the tenure of an independent director should not exceed a cumulative term of 9 years.

Saw Tat Loon and Alwin Yike Chee Wah have served the Company as independent directors for a cumulative term of more than 9 years. Anita Chew Cheng Im would have served as an independent director for a cumulative term of more than 9 years on 29 July 2016. The NC and Board have assessed and determined that they remain objective and independent in expressing their views and are satisfied with the skills, contributions and independent judgement they bring to the Board.

In view thereof, the Board would be seeking shareholders' approval at the forthcoming 12th AGM of the Company for Saw Tat Loon, Alwin Yike Chee Wah and Anita Chew Cheng Im to continue as independent directors of the Company.

Time Commitment

The Board meets at least five (5) times a year and on other occasions, as and when necessary, to inter-alia, approve quarterly results, Annual Report and budgets as well as to review the performance of the Group, other business development and corporate activities and the adequacy and integrity of the Group's internal control systems. Senior management and external advisors are invited to attend the Board and Board Committee meetings to advise on relevant agenda items to enable the Board and its Committees to arrive at a considered decision.

A total of 7 Board meetings were held for the financial year ended 30 September 2015. The record of attendance of individual directors at Board meetings is detailed as follows:

Director	Number of Meetings Attended
Thoo Chow Fah	7/7
William Choo Wing Hong	7/7
John Choo Wing Onn	7/7
Lee Tian Yoke	4/7
Jerry Choo Wing Yew	7/7
Saw Tat Loon	7/7
Alwin Yike Chee Wah	7/7
Anita Chew Cheng Im	7/7

Supply and Access to Information

To assist the Board in fulfilling its responsibilities, the directors are sent an agenda and the Board papers providing complete, adequate and timely information prior to Board meetings to allow the directors time to consider on the issues to be raised at the meetings. The Board has full and unrestricted access to all information pertaining to the businesses and affairs from senior management as well as advice and services of the Company Secretary to enable them to discharge their duties effectively. In addition to quantitative information, the directors are also provided with updates on other areas such as market developments, customer and risk management.

The Board believes that the current Company Secretaries are capable of carrying out their duties to ensure effective functioning of the Board. The terms of their appointment permits their removal and appointment of successor as a matter for the Board as a whole to decide. The Company Secretaries ensure that all Board and Board Committee meetings are properly convened and that accurate and proper records of the deliberations, proceedings and resolutions passed are recorded and statutory registers are properly maintained at the registered office of the Company.

The full Board or in their individual capacity in furtherance of their duties, shall be able to obtain an independent professional advice at the Company's expense through an agreed procedure laid down formally.

CORPORATE GOVERNANCE Statement

Appointments and Re-election

In compliance with the Code, the NC has the responsibility of proposing new candidates for appointment to the Board. One third (1/3) of the directors shall retire from office and be eligible for re-election at each Annual General Meeting in accordance with the Company's Articles of Association. Reappointments are not automatic and all directors shall retire from office at least once in every three (3) years but shall be eligible for re-election by shareholders at the Annual General Meeting.

Each member of the Board holds not more than five (5) directorships in public listed companies. This ensures that the Board's commitment, resources and time are focused on the affairs of the Group to enable them to discharge their duties effectively.

A director should inform the Board's Chairman before accepting any new directorships in public listed companies and other companies, if there is any conflict of interest.

Continuing Board Development

All directors have been with the Company for several years and are familiar with their duties and responsibilities as directors. In addition, any newly appointed directors will be given briefings and orientation by the Executive Chairman and top management of the Company on the business activities of the Group and its strategic directions, as well as their duties and responsibilities as directors.

The Board fully supports the need for its members to further enhance their skills and knowledge on relevant new laws and regulations and changing commercial risks to keep abreast with the developments in the economy, industry, technology and the changing business environment within which the Group operates.

During the financial year, our Board members attended several relevant seminars, forums and training programmes as follows:

- Directors' Roles and Responsibilities under the Listing Requirements-common breaches by Tricor Knowledge House Sdn Bhd
- Malaysian Institute of Accountants (MIA) conference 2014 organised MIA
- Risk Management and Internal Control workshop by CG Board Asia Pacific
- The Audit Oversight Board conversation with Audit Committees organised by the Securities Commission
- Risk Management and Internal Control at Bursa Malaysia

- Bursa Malaysia Corporate Governance Breakfast Series with Directors - How to Maximise Internal Control and Bringing out the best in the Boardroom.
- Market and Economic 2015 by HSBC
- Global Research Briefing 2015 by Standard Chartered

In addition, the directors receive regular briefings and updates on the Group's businesses, operations, risk management activities, Listing Requirements and relevant law updates.

Board Charter, Code of Conduct and Whistle Blowing Policy

The Board Charter is established to promote high standards of corporate governance and is designed to provide guidance and clarity for Directors and Management with regard to the role of the Board and its committees.

The Company has also set out a Code of Conduct for its Directors, management and employees. The Code of Conduct is established to promote the corporate culture which engenders ethical conduct that permeates throughout the Company.

The whistle blowing policy provides an avenue for any directors, managers, officers and employees to report on any allegations of suspected improper activities, including those relating to financial reports, unethical or illegal conduct on a confidential basis. Whistle blowers are protected from being dismissed or penalised and mitigating circumstances will be considered if the whistle blower himself or herself is involved in the activity he or she reports.

If managers, officers and employees have concerns about unethical or illegal conduct in the workplace, they may report directly to the Chairman of Audit Committee (relating to financial reporting) and Head of Human Resources (employment - related matters).

The Board Charter, Code of Conduct and Whistle Blowing Policy shall be reviewed annually or as and when required, summary of which is available on the corporate website at www.notionvtec.com.

Board Committees

To ensure the effective discharge of their fiduciary duties, the Board has delegated specific responsibilities to the following Board Committees. The Board Committees will deliberate in greater detail and examine the issues within their terms of reference as set out by the Board in compliance with the Code.

CORPORATE GOVERNANCE Statement

B. NOMINATION COMMITTEE (NC)

The NC was established on 19 August 2005 and the members of the NC, all of whom are independent non-executive directors, are:

Anita Chew Cheng Im	-	Chairman
Alwin Yike Chee Wah	-	Member
Saw Tat Loon	-	Member

The primary duties of the NC are as follows:

- To recommend to the Board, candidates for directorships and to review the Board's policies and procedures for the selection of Board members. In making its recommendations, to consider and assess the candidates':
 - skills, knowledge, expertise and experience;
 - professionalism;
 - time commitment to effectively discharge his/her role as a director;
 - contribution and performance;
 - character, integrity and competence; and
 - in the case of candidate for the position of independent non-executive directors, to evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors.
- To develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors.
- To recommend the Directors to sit on respective Board committees.
- To facilitate Board induction programme for newly appointed Directors.
- To administer the annual assessment of Directors, including a review of the skill, qualification and competencies of the Board as a whole, the committees of the Board and for assessing the contribution of each individual director, including independent non-executive directors, as well as the chief executive officer and to review the character, experience, integrity, competence and time to effectively discharge the roles of each of its director, chief executive and chief financial officer. All assessments and evaluations carried out have to be properly documented.
- To identify suitable educational and training programmes for continuous development of Directors.
- To review the Board and senior management's succession plans.
- To recommend to Board protocol for accepting new directorships.

In developing its procedures and making recommendations to the Board, the NC will take into account of:

- The provisions in the Company's Articles of Association, the Companies Act, 1965, the Bursa Malaysia Securities Berhad's Listing Requirements and other laws and regulations, if any, in respect of the appointment, removal, etc of directors;
- The need for the Board to operate an open and transparent appointment process. This may include public advertisement or direct approaches being made to individuals who may be suitable or organizations that may be able to advise; and
- The overall composition and balance of the Board.

No new board members were appointed during the financial year.

For the financial year under review, the NC held one (1) meeting, which was attended by all members of the NC.

Summary of Activities of the NC

During the financial year ended 30 September 2015, the NC undertook the following activities in the discharge of its duties:

- Reviewed the criteria for evaluating the Board's performance. Based on the recommendation of the NC, the Board has established processes and conducted evaluation on the effectiveness of the Board as a whole. All assessments and evaluations carried out by the NC were properly documented;
- Reviewed and recommended to the Board for its approval, the re-election of directors at the forthcoming Annual General Meeting;

CORPORATE GOVERNANCE Statement

- Reviewed and recommended to the Board for its approval, the continuity of Saw Tat Loon, Alwin Yike Chee Wah and Anita Chew Cheng Im to act as Independent Directors;
- Reviewed the independence of Independent Directors;
- Evaluated the effectiveness of the Board and Board committees;
- Reviewed the mix of skills and experience of the Directors;
- Assessed the character, experience, integrity, competence and time commitment of the Directors, Managing Director and Chief Financial Officer;
- Discussed on the succession plans of the Board and Senior Management; and
- Assessed Directors' training needs.

The assessment criteria of the Board and Board committees include an evaluation of the size and composition of the Board and Board committees, access to information, accountability, processes, Board's and Board committees' performance in relation to discharging its principal responsibilities, communication with Management and standards of conduct by the directors and committee members.

Board Diversity

The Board has every intention of meeting the Corporate Governance Blueprint 2011 on increasing women's participation to reach 30% by 2016. The Board however believes that it is more important to have the right mix and skills at the Board instead of merely looking at percentages in order to carry out its duties effectively.

A Diversity Policy was adopted by the Board on 21 January 2015.

At present, there is a female Independent Director on Board. The ages of our Directors ranged from 45 to 68.

C. REMUNERATION COMMITTEE (RC)

The RC was established on 30 May 2005 and members of the RC, the majority of whom are independent, are:

Alwin Yike Chee Wah	-	Chairman
Saw Tat Loon	-	Member
Thoo Chow Fah	-	Member
Anita Chew Cheng Im	-	Member

The members of the RC have many years of corporate experience and are knowledgeable in the field of executive compensation. In addition, the RC has access to professional advice on remuneration matters as and when necessary.

The responsibilities of the RC include the following:

- seek comparative information on remuneration and conditions of service in comparable organisations;
- review directors' fees to ensure that they are at sufficiently competitive levels;
- consider severance payments that represent public interest and avoid any inappropriate use of public funds;
- recommend and advise the Board on the terms of appointment and remuneration of its members; and
- establish a formal and transparent procedure for developing policy on remuneration packages of individual directors.

The RC reviews all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, options and benefit-in-kind.

For the financial year under review, the RC held one (1) meeting, which was attended by all members of the RC.

D. DIRECTORS' REMUNERATION

Level and Mix of Remuneration

In setting remuneration packages, the RC takes into consideration the pay and employment conditions within the industry and in comparable companies. As part of the review, the RC ensures that the performance related elements and remuneration form a significant part of the total remuneration package of executive directors and is designed to align the directors' interests with those of shareholders and link rewards to corporate and individual performance. The RC also reviews all matters concerning the remuneration of non-executive directors to ensure that the remuneration commensurate with the contributions and responsibilities of the directors.

The Company seeks shareholders' approval of directors' fees at each Annual General Meeting.

CORPORATE GOVERNANCE

Statement

Disclosure on Remuneration

Remuneration of non-executive directors is determined by the Board as a whole and individual directors do not participate in determining their own remuneration package. The Board, based on the sum to be authorized by the Company's shareholders, determines fees payable to non-executive directors. Non-executive directors are also entitled to meeting allowances and reimbursement of expenses incurred in the course of their duties as directors.

The aggregate remuneration of directors for the financial year ended 30 September 2015 is categorised as follows:

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Fees	-	216
Salaries and other emoluments	5,520	43
	5,520	259

Analysis of Remuneration

Range of Remuneration	No. of Directors	
	Executive	Non-Executive
Between RM50,001 and RM100,000	-	3
Between RM900,001 and RM950,000	1	-
Between RM1,050,001 and RM1,100,000	3	-
Between RM1,150,001 and RM1,200,000	1	-

The Board has chosen to disclose the remuneration in bands pursuant to the Listing Requirements as separate and detailed disclosure of individual director's remuneration will not add significantly to the understanding and evaluation of the Company's governance.

E. ACCOUNTABILITY AND AUDIT

Compliance with Applicable Financial Reporting Standards

The Board aims to present a balanced and clear assessment of the Group's financial performance and prospects in presenting the annual financial statements and quarterly reports as well as announcements to the Bursa Malaysia Securities Berhad ("Bursa Securities"). The Board is assisted by the Audit Committee in reviewing the Group's financial reporting process and accuracy of its financial results, and scrutinising information for disclosure to ensure compliance with the accounting standards, accuracy, adequacy and completeness. Timely release of the quarterly results reflects the Board's commitment to provide transparent and up to date disclosure of the performance of the Group.

Assessment of Suitability and Independence of External Auditors

The Board has established a formal and transparent arrangement for maintaining appropriate relationships with the external auditors in seeking professional advice and ensuring compliance with the provisions of the Companies Act, 1965 and applicable Accounting Standards approved by the Malaysian Accounting Standards Board. The Audit Committee is committed to meet with the external auditors at least twice a year to discuss their audit plan, audit findings and the financial statements. The Audit Committee undertakes an annual assessment of the suitability and independence of the external auditors and the external auditors provide a written assurance, confirming their independence throughout the conduct of the audit engagement with the Group in accordance with the independence criteria as set out by the Malaysian Institute of Accountants.

Having satisfied itself with their performance and level of independence, the Audit Committee will recommend their re-appointment to the Board, upon which the shareholders' approval will be sought at the Annual General Meeting. In this regard, the Audit Committee has reviewed the declaration of independence of Messrs Crowe Horwath as external auditors of the Company as well as reviewed the level of non audit services rendered by them for the financial year ended 30 September 2015. The Audit Committee was satisfied with the Company's external auditors' technical competency and audit independence.

CORPORATE GOVERNANCE Statement

Recognise and Manage Risks

The Group has in place a Risk Management Policy and maintains an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

The Board has established an independent internal audit function that reports directly to the Audit Committee, details as set out on page 20 of the Audit Committee Report

F. COMMUNICATION WITH SHAREHOLDERS

Communication with Shareholders

The Company believes that a high standard of disclosure is key to raising the level of corporate governance.

The Executive Chairman meets with analysts, institutional shareholders and investors throughout the year. Presentations based on permissible disclosures are made to explain the Group's performance and major development programmes. Price-sensitive and any information that may be regarded as undisclosed material information about the Group is however not disclosed in these sessions until after the prescribed announcement to Bursa Securities has been made.

The Company also has in place a Corporate Disclosure Policies and Procedures to facilitate the disclosure and communication channel between the Company and the public.

The Company's website has a dedicated section which provides investors with detailed information of its analysts' reports, performance indicators, presentation materials to the public and questions and answers with the Executive Chairman.

The Annual General Meeting (AGM)

The AGM is the principal forum for dialogue with shareholders. The Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, corporate developments in the Group, the resolutions being proposed and the business of the Group in general at every AGM and Extraordinary General Meeting (if any) of the Company.

The Board encourages participation at general meetings and will generally carry out resolutions by show of hand, unless otherwise demanded by shareholders in accordance with the Articles of Association of the Company.

The Chairman will respond to shareholders' questions during the meeting. Representatives of the Group are also in attendance to answer questions, thereby ensuring a high level of accountability, transparency and identification with the Group's business operations, strategies and goals.

Compliance with the Code

The Board is satisfied that the Company has complied with the Code and observed its Principles and Recommendations throughout the year, save for the appointment of a Senior Independent director and the role of the Chairman which is not held by an independent director.

AUDIT COMMITTEE Report

The Audit Committee (AC) reviews and monitors the integrity of the Group's financial reporting process, in addition to reviewing the Group's system of internal controls. It also reviews the Group's audit process, compliance with legal and regulatory requirements, code of business conduct and any other matters that are specifically delegated by the Board.

The AC was established on 14 February 2005. The AC members are as follows:

Saw Tat Loon	-	Chairman
Alwin Yike Chee Wah	-	Member
Anita Chew Cheng Im	-	Member

As at the reporting date, the qualifying criteria as per the Listing Requirements for composition of AC members were met.

AUDIT COMMITTEE MEETINGS

The AC met six (6) times during the financial year ended 30 September 2015. The details of their attendance at meetings are as follows:

Audit Committee	Number of Meetings Attended
Saw Tat Loon	6/6
Alwin Yike Chee Wah	6/6
Anita Chew Cheng Im	6/6

The Group's external auditors, internal auditors and certain designated members of senior management also attended the meetings at the invitation of the AC.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 30 September 2015, the AC carried out its duties as set out in the terms of reference which included the following:

- Reviewed quarterly financial reports before recommending to the Board for their approval and subsequent release of the results to Bursa Securities;
- Reviewed related party transactions on a quarterly basis, and the policies and procedures to ensure the compliance with laws and regulations;

- Met the external auditors to review the audit planning memorandum, scope of work and audit fees;
- Reviewed and discussed the results and issues arising from the audit and their resolutions;
- Met with the outsourced firm of internal auditors to review and approve the internal audit plan and their scope of work and fees;
- Reviewed the internal audit reports and the findings on the effectiveness and adequacy of the system of risk management and internal controls and other compliance and governance processes;
- Met with the external and internal auditors twice during the financial year without the presence of the executive directors or management; and
- Monitored the compliance requirements in line with the new updates from Bursa Securities, Securities Commission, Malaysian Financial Reporting Standards and other legal and regulatory bodies.

INTERNAL AUDIT FUNCTION

The Company has outsourced its internal audit function to an independent internal audit service provider for the financial year ended 30 September 2015. The functions and activities of the internal audit are:

- Perform audit work in accordance with the pre-approved internal audit plan;
- Carry out review of the system of risk management and internal controls of the Group;
- Review and comment on the effectiveness and adequacy of the existing control policies and procedures; and
- Provide recommendations, if any, for the improvement of the control policies and procedures.

The total costs incurred for the internal audit function of the Group in respect of the financial year ended 30 September 2015 amounted to RM45,000.

AUDIT COMMITTEE Report

TERMS OF REFERENCE

1. Composition

The Committee shall be appointed from amongst the Board and shall comprise no fewer than three (3) members, a majority of whom shall be independent directors and all members should be non-executive directors. At least one (1) member must be a member of the Malaysian Institute of Accountants or possess such other qualifications and/or experience as approved by the Bursa Malaysia Securities Berhad (Bursa Securities).

In the event of any vacancy which will result in the number of members being reduced to below three, the vacancy shall be filled within two (2) months but in any case not later than three (3) months. Therefore a member of the AC who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

The terms of office and performance of an AC and each of its members must be reviewed by the Board of Directors at least once every three (3) years to determine whether such AC and members have carried out their duties in accordance with their terms of reference.

2. Chairman

The Chairman, who shall be elected by the AC, shall be an independent director. In the event of the Chairman's absence, the meeting shall be chaired by an independent director.

The Chairman should engage on a continuous basis with senior management, such as the chairman, the chief executive officer, the finance director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.

3. Secretary

The Company Secretary shall be the Secretary of the AC and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the AC and circulating them to the AC Members. The AC Members may inspect the minutes of the AC at the Registered Office or such other place as may be determined by the AC.

4. Meetings

The AC shall meet at least four (4) times in each financial year and may regulate its own procedure in lieu of convening a formal meeting by means of video or teleconference. The quorum for a meeting shall be the majority of members present, who shall be independent directors.

The AC may call for a meeting as and when required with reasonable notice as the AC Members deem fit.

All decisions at such meeting shall be decided on a show of hands on a majority of votes.

The external auditors and internal auditors have the right to appear at any meetings of the AC and shall appear before the AC when required to do so by the AC. The external auditors may also request a meeting if they consider it necessary.

5. Rights

The AC shall:

- have authority to investigate any matter within its terms of reference;
- have the resources which are required to perform its duties;
- have full and unrestricted access to any information pertaining to the Group;
- have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- have the right to obtain independent professional or other advice at the Company's expense;
- have the right to convene meetings with the external auditors, excluding the presence of the executive board members, at least twice a year and whenever deemed necessary;
- promptly report to the Bursa Securities, or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the directors resulting in a breach of the listing requirements;

AUDIT COMMITTEE Report

- have the right to pass resolutions by a simple majority vote from the AC and that the Chairman shall have the casting vote should a tie arise;
- meet as and when required on a reasonable notice; and
- the Chairman shall call for a meeting upon the request of the external auditors.

6. Duties

- To review the following with the external auditors:
 - audit plan, its scope and nature;
 - audit report;
 - results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
 - level of assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit.
- To review the adequacy of the scope, functions, competency and resources and set the standards of the internal audit function.
- To recommend such measures as to be taken by the Board of Directors on the effectiveness of the system of internal control and risk management practices of the Group.
- To review the adequacy of risk management and receive reports from the internal auditors on the effectiveness of controls in each major risk area.
- To comment on the proposals for implementation of risk management and express an opinion on the overall adequacy where applicable.
- To review the internal audit programme, processes the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal auditors.
- To review with management:
 - audit reports and management letter issued by the external auditors and the implementation of audit recommendations;
 - interim financial information; and
 - level of assistance given by the officers of the Company to external auditors.
- To discuss problems and reservations arising from interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary).
- To monitor related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the directors report such transactions annually to shareholders via the annual report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- To review the quarterly reports on consolidated results and annual financial statements prior to submission to the directors, focusing particularly on:
 - changes in or implementation of major accounting policy and practices;
 - significant and/or unusual matters arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- To consider the appointment and/or re-appointment of auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors to the board.

STATEMENT OF RISK MANAGEMENT and Internal Control

INTRODUCTION

The Board is committed to maintain a sound system of risk management and internal control within the Group in order to safeguard shareholders' investments and the Group's assets. Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Securities, the Board is pleased to provide this statement on risk management and internal control which is prepared in accordance with the guidelines set out in the Institute of Internal Auditors Malaysia's Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

RESPONSIBILITY OF THE BOARD

The Board affirms its overall responsibility for maintaining a sound system of risk management and internal control and for reviewing their adequacy and integrity so as to safeguard all its stakeholders' interests and protecting the Group's assets. These systems cover inter-alia, financial, operational and compliance systems controls and risk management. However, in view of the limitations that are inherent in any system of risk management and internal control, the system is designed to manage rather than to totally eliminate the risk of failure to achieve the Group's business activities.

Accordingly, the system of risk management and internal controls can only provide reasonable but not absolute assurance against material misstatement of losses and fraud.

The Board is pleased to disclose that there is an on-going systematic process in place for identifying, evaluating and managing the various diverse risks faced by the Group throughout the financial year under review. This process includes enhancing and regularly reviewing the system of risk management and internal control as and when there are changes to the business environment or regulatory guidelines.

The Board has received assurance from the Managing Director and Executive Director in charge of Finance that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

RISK MANAGEMENT FRAMEWORK

The Board acknowledges that the management of principal risks plays an important and integral part in achieving the Group's corporate objectives. The Group has an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. This is to ensure that all potential risks are adequately addressed at various levels within the Group including but not limited to the effects of natural disasters, rioting by workers, fire, acts of sabotage and other debilitating incidents.

The Board believes that the sound system of risk management and internal control is built on a clear understanding and appreciation of the Group's risk management framework with the following key elements:

- risk management is embedded in the Group's management and operational framework and the employees are exposed and subjected to training on the Group's policies and procedures;
- risk management processes applied should aim to take advantage of opportunities, manage uncertainties and minimize threats; and
- regular reporting and monitoring activities emphasise accountability and responsibility for managing risks.

THE SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL

The system of Group's risk management and internal control which is in placed during the financial year, encompasses, inter-alia, the following:

- ISO 9001:2008 Quality Management Systems has been implemented for the Company's main subsidiary, Notion Venture Sdn Bhd where documented internal procedures and standard operating procedures have been put in place. Internal quality audits are carried out by management and annual surveillance audits are conducted by an independent certification body to provide a high assurance of compliance;
- A strategic planning and an annual budgeting process has been established and monitored on a regular basis;

STATEMENT OF RISK MANAGEMENT and Internal Control

- An organisational structure with defined responsibilities and delegation of authorities for committees of the Board and the management committee;
- Companies policies and procedures, which set out guidelines and the expected standards for the Group's operations are under regular review and update so as to maintain its effectiveness at all times;
- Operational review meetings are held and attended by the executive directors and the department heads to assess the performance of the Group's operations; and
- Regular production meetings which involved the senior production management and related units to promptly address any production problems faced.

INTERNAL AUDIT FUNCTION

The internal audit function has the primary objective of carrying out reviews of the internal control systems to determine if the internal control procedures have been complied with as well as to make recommendations to strengthen the system so as to foster a strong management control environment.

The Board is fully aware of the importance of the internal audit function and has engaged an independent professional firm (IA Firm) to provide independent assurance the Board requires on the effectiveness and efficiency of the group's system of risk management and internal control.

The IA Firm adopts a risk based approach and prepares its audit strategy and plan based on the risk profiles from the risk assessment of the business units of the Group. Scheduled internal audits are carried out based on the annual audit plan approved by the Audit Committee. On a quarterly basis the IA Firm presents the Audit Committee with the internal audit reports which summarise the audit approach, scope, key risks, significant audit findings, the overall opinion for the internal control review, management comments on the audit findings and recommendations.

During the year under review, although the overall findings of the IA firm has been satisfactory, there were some weaknesses detected in certain divisions such as the human resource and scrap management. The management has subsequently addressed some of the issues and the others are being attended to for which a follow up of the findings will be conducted. Deadlines have been provided to ensure all issues will be addressed effectively.

The cost of internal audit function for the financial year ended 30 September 2015 was RM45,000.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITOR

The external auditors have reviewed this statement of risk management and internal control for inclusion in the Annual Report of the Company for the financial year ended 30 September 2015 and reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

STATE OF RISK MANAGEMENT AND INTERNAL CONTROL

The existing system of risk management and internal control has operated adequately for the year ended 30 September 2015 and up to the date of issuance of the financial statements. Although the Group made losses for the year under review, there were no losses caused by the weaknesses in the Group's system of risk management and internal control. The Board is committed towards operating a sound system and will strive for continuous improvement where necessary, to further enhance the said system.

The Board is satisfied with the adequacy, effectiveness and integrity of the Group's system of risk management and internal control system.

FINANCIAL Statements

NOTION VTEC BERHAD 637546-D

Annual Report 2015

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DIRECTORS' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 September 2015.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and providing management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Loss for the financial year	(13,024)	(6,446)
Attributable to:		
Owners of the Company	(13,024)	(6,446)

DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

- (a) there were no changes in the authorised share capital of the Company;
- (b) the Company increased its issued and paid-up capital from RM135,209,033 to RM135,209,492 comprising 270,418,983 ordinary shares of RM0.50 each by:-
 - (i) an issuance of 792 new ordinary shares of RM0.50 each at a price of RM1.44 per ordinary share pursuant to the exercise of 792 Warrants-A; and
 - (ii) an issuance of 126 new ordinary shares of RM0.50 each at a price of RM1.00 per ordinary share pursuant to the exercise of 126 Warrants-B.

The new shares issued rank pari passu in all respects with the existing shares of the Company; and

- (c) there were no issues of debentures by the Company.

DIRECTORS' Report

TREASURY SHARES

During the financial year, the Company purchased from the open market, 1,000 units of its own shares through purchases on the Main Market of Bursa Malaysia Securities Berhad at an average buy-back price of approximately RM0.49 per ordinary share. The total consideration paid for acquisition of the shares was RM492 and was financed by internally generated funds. The repurchased shares were held as treasury shares in accordance with Section 67A of the Companies Act 1965 in Malaysia.

As at 30 September 2015, the Company held 2,150,273 repurchased shares as treasury shares out of its total issued and paid up share capital of 270,418,983 ordinary shares of RM0.50 each. Such treasury shares were held at a carrying amount of RM2,244,383 (2014 - RM2,243,891).

WARRANTS

Warrants-A

On 4 August 2010, the Company issued 30,652,652 free warrants ("Warrants-A") on the basis of 1 Free Warrant for every 5 ordinary shares held by the shareholders of the Company.

The salient features of the Warrants-A are as follows:-

- (a) the Warrants may be exercised at any time after the date of issue of the Warrants until the expiry date which is the date occurring on the fifth (5th) anniversary of the issue date of the Warrants; and
- (b) subject to adjustments, in accordance with the Deed Poll, during the exercise period each Warrant entitles its registered holder to subscribe for one (1) new ordinary share of RM0.50 each at an exercise price of RM2.55 at any time from the date of issue up to the expiry date.

Pursuant to the Bonus Issue and Free Warrants Issue, an additional 30,652,652 Warrants-A ("Additional Warrants-A") were issued, whereby a holder of 1 existing Warrant-A received 1 new Warrant-A, and the exercise price of the Warrants-A was revised from RM2.55 to RM1.44 per Warrant-A with effect from 3 May 2012.

During the financial year, 792 of the Warrants-A were converted to ordinary shares. The number of outstanding Warrants-A of 61,304,512 has expired as at 3 August 2015.

Warrants-B

On 3 May 2012, the Company issued 38,618,857 free warrants ("Warrants-B") on the basis of 1 Warrant-B for every 4 ordinary shares held by the shareholders of the Company.

The salient features of the Warrants-B are as follows:-

- (a) the Warrants may be exercised at any time after the date of issue of the Warrants until the expiry date which is the date occurring on the fifth (5th) anniversary of the issue date of the Warrants; and
- (b) subject to adjustments, in accordance with the Deed Poll, during the exercise period each Warrant entitles its registered holder to subscribe for one (1) new ordinary share of RM0.50 each at an exercise price of RM1.00 at any time from the date of issue up to the expiry date.

During the financial year, 126 of the Warrants-B were converted to ordinary shares. The number of outstanding Warrants-B as at 30 September 2015 was 38,618,616 (2014 - 38,618,742).

DIRECTORS' Report

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 37 to the financial statements. At the date of this report, there does not exist:-

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

DIRECTORS' Report

ITEMS OF AN UNUSUAL NATURE

The financial statements of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:-

Thoo Chow Fah
Choo Wing Hong
Choo Wing Onn
Lee Tian Yoke
Yike Chee Wah
Saw Tat Loon
Anita Chew Cheng Im
Choo Wing Yew

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in the securities in the Company during the financial year are as follows:-

	Number Of Ordinary Shares Of RM0.50 Each			At 30.9.2015
	At 1.10.2014	Bought	Sold	
<i>Direct Interests:</i>				
Thoo Chow Fah	20,582,534	-	-	20,582,534
Choo Wing Hong	32,130,326	-	-	32,130,326
Choo Wing Onn	27,372,244	-	-	27,372,244
Lee Tian Yoke	12,117,631	-	-	12,117,631
Choo Wing Yew	5,960,725	-	-	5,960,725
<i>Indirect interests held through spouse*</i>				
Thoo Chow Fah	4,870,333	-	(4,115,000)	755,333

* Disclosure pursuant to Section 134(12)(c) of the Companies Act 1965 in Malaysia.

Saw Tat Loon, Yike Chee Wah and Anita Chew Cheng Im did not have any interest in shares and warrants in the Company during the financial year.

DIRECTORS' Report

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which one of the directors has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with a director and a company in which a director has a substantial financial interest as disclosed in Note 34 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENT OCCURRING DURING THE REPORTING PERIOD

The significant event occurring during the reporting period of the Group during the financial year is disclosed in Note 39 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

**Signed In Accordance With A Resolution Of The Directors
Dated 21 January 2016**

Thoo Chow Fah

Choo Wing Hong

STATEMENT BY Directors

We, Thoo Chow Fah and Choo Wing Hong, being two of the directors of Notion VTec Berhad, state that, in the opinion of the directors, the financial statements set out on pages 34 to 93 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 September 2015 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 42, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

**Signed In Accordance With A Resolution Of The Directors
Dated 21 January 2016**

Thoo Chow Fah

Choo Wing Hong

STATUTORY Declaration

I, Choo Wing Yew, being the director primarily responsible for the financial management of Notion VTec Berhad, do solemnly and sincerely declare that the financial statements set out on pages 34 to 93 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Choo Wing Yew, at Klang in the state
of Selangor Darul Ehsan on this 21 January 2016

Choo Wing Yew

Before Me
Goh Cheng Teak
Commissioner of Oaths

INDEPENDENT AUDITORS' Report

To The Members Of Notion VTec Berhad
(Incorporated in Malaysia) Company No : 637546 - D

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Notion VTec Berhad, which comprise the statements of financial position as at 30 September 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 34 to 93.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 September 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act;
- (b) We have considered the financial statements and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements;
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes; and
- (d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' Report

To The Members Of Notion VTec Berhad
(Incorporated in Malaysia) Company No : 637546 - D

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 42 on page 94 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath

Firm No : AF 1018
Chartered Accountants

21 January 2016

Ong Beng Chooi

Approval No : 3155/05/17 (J)
Chartered Accountant

STATEMENTS OF Financial Position

At 30 September 2015

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	47,793	55,353
Investment in an associate	6	-	-	-	-
Other investment	7	-	-	-	-
Property, plant and equipment	8	232,379	267,544	306	390
		232,379	267,544	48,099	55,743
CURRENT ASSETS					
Inventories	9	45,194	49,404	-	-
Trade receivables	10	51,551	46,148	-	-
Other receivables, deposits and prepayments	11	5,033	4,879	-	-
Amount owing by subsidiaries	12	-	-	62,957	71,067
Dividend receivable		-	-	4,000	-
Tax refundable		1,761	3,653	194	182
Short-term deposits with licensed banks	13	417	5,502	417	405
Cash and bank balances		42,689	17,624	2,698	2,092
		146,645	127,210	70,266	73,746
TOTAL ASSETS		379,024	394,754	118,365	129,489
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	135,209	135,209	135,209	135,209
Share premium	15	1	*	1	*
Treasury shares	16	(2,244)	(2,244)	(2,244)	(2,244)
Currency translation reserve		6,414	409	-	-
Other capital reserve		4,800	4,800	-	-
Retained profits/(Accumulated losses)	17	138,615	151,639	(21,117)	(14,671)
TOTAL EQUITY		282,795	289,813	111,849	118,294
NON-CURRENT LIABILITIES					
Long-term borrowings	18	20,898	35,392	-	2,235
Deferred taxation	19	5,851	11,417	-	-
		26,749	46,809	-	2,235

The annexed notes from an integral part of these financial statements.

STATEMENTS OF Financial Position

At 30 September 2015

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
CURRENT LIABILITIES					
Trade payables	20	11,092	11,644	-	-
Other payables and accruals	21	15,889	14,321	1,221	946
Derivative liabilities	22	21,777	4,760	-	-
Amount owing to a director	23	3,698	-	-	-
Amount owing to subsidiaries	12	-	-	2,257	2,263
Short-term borrowings	24	16,541	26,560	3,038	5,751
Provision for taxation		483	847	-	-
		69,480	58,132	6,516	8,960
TOTAL LIABILITIES		96,229	104,941	6,516	11,195
TOTAL EQUITY AND LIABILITIES		379,024	394,754	118,365	129,489
NET ASSETS PER ORDINARY SHARE (RM)	25	1.05	1.08		

* denotes amount less than RM1,000

STATEMENTS OF PROFIT OR LOSS AND Other Comprehensive Income

For the financial year ended 30 September 2015

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
REVENUE	26	239,730	193,944	10,240	6,240
COST OF SALES		(204,622)	(192,969)	-	-
GROSS PROFIT		35,108	975	10,240	6,240
OTHER OPERATING INCOME		31,905	17,051	209	331
		67,013	18,026	10,449	6,571
MARKETING AND DISTRIBUTION EXPENSES		(5,179)	(4,195)	-	-
ADMINISTRATIVE AND OTHER OPERATING EXPENSES		(69,066)	(43,580)	(16,606)	(22,484)
FINANCE EXPENSES		(3,615)	(4,580)	(289)	(403)
LOSS BEFORE TAXATION	27	(10,847)	(34,329)	(6,446)	(16,316)
INCOME TAX (EXPENSE)/REVERSAL	28	(2,177)	6,593	-	(61)
LOSS AFTER TAXATION FOR THE FINANCIAL YEAR		(13,024)	(27,736)	(6,446)	(16,377)
OTHER COMPREHENSIVE INCOME, NET OF TAX <u>Item that may be reclassified subsequently to profit or loss:</u>					
- foreign currency translations		6,005	4,694	-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		(7,019)	(23,042)	(6,446)	(16,377)

STATEMENTS OF PROFIT OR LOSS AND Other Comprehensive Income

For the financial year ended 30 September 2015

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
LOSS AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(13,024)	(27,736)	(6,446)	(16,377)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:-					
Owners of the Company		(7,019)	(23,042)	(6,446)	(16,377)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:					
- basic	29	(4.9) sen	(10.3) sen		
- diluted	29	N/A	N/A		
DIVIDEND PER SHARE					
	30			-	1.0 sen

N/A - Not applicable

STATEMENTS OF Changes in Equity

For the financial year ended 30 September 2015

The Group	Note	Non-Distributable					Distributable			Attributable To Owners Of The Company RM'000	Total Equity RM'000
		Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Currency Translation Reserve RM'000	Other Capital Reserve RM'000	Retained Profits RM'000	Other Capital Reserve RM'000	Retained Profits RM'000		
Balance at 1.10.2013		135,209	*	(2,243)	(4,285)	4,800	182,057	315,538	315,538	315,538	
Loss after taxation		-	-	-	-	-	(27,736)	(27,736)	(27,736)	(27,736)	
Other comprehensive income for the financial year:		-	-	-	-	-	-	-	-	-	
- foreign currency translations		-	-	-	4,694	-	-	-	4,694	4,694	
Total comprehensive expenses for the financial year		-	-	-	4,694	-	(27,736)	(23,042)	(23,042)	(23,042)	
Distributions to owners of the Company:		-	-	-	-	-	-	-	-	-	
- dividend	31	-	-	-	-	-	(2,682)	(2,682)	(2,682)	(2,682)	
- purchase of own shares		-	-	(1)	-	-	-	(1)	(1)	(1)	
Balance at 30.9.2014/1.10.2014		135,209	*	(2,244)	409	4,800	151,639	289,813	289,813	289,813	
Exercise of warrants		#	1	-	-	-	-	1	1	1	
Loss after taxation		-	-	-	-	-	(13,024)	(13,024)	(13,024)	(13,024)	
Other comprehensive income for the financial year:		-	-	-	-	-	-	-	-	-	
- foreign currency translations		-	-	-	6,005	-	-	-	6,005	6,005	
Total comprehensive expenses for the financial year		-	-	-	6,005	-	(13,024)	(7,019)	(7,019)	(7,019)	
Purchase of own shares		-	-	^	-	-	-	^	^	^	
Balance at 30.9.2015		135,209	1	(2,244)	6,414	4,800	138,615	282,795	282,795	282,795	

* denotes RM57

denotes RM459

^ denotes RM(492)

The annexed notes form an integral part of these financial statements.

STATEMENTS OF Changes in Equity

For the financial year ended 30 September 2015

The Company	Note	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Retained Profits/ (Accumulated Losses) RM'000	Total Equity RM'000
Balance at 1.10.2013		135,209	*	(2,243)	4,388	137,354
Total comprehensive expenses for the financial year		-	-	-	(16,377)	(16,377)
Distributions to owners of the Company:						
- dividend	31	-	-	-	(2,682)	(2,682)
- purchase of own shares		-	-	(1)	-	(1)
Balance at 30.9.2014/1.10.2014		135,209	*	(2,244)	(14,671)	118,294
Exercise of warrants		#	1	-	-	1
Total comprehensive expenses for the financial year		-	-	-	(6,446)	(6,446)
Purchase of own shares		-	-	^	-	^
Balance at 30.9.2015		135,209	1	(2,244)	(21,117)	111,849

* denotes RM57

denotes RM459

^ denotes RM(492)

STATEMENTS OF Cash Flows

For the financial year ended 30 September 2015

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Loss before taxation	(10,847)	(34,329)	(6,446)	(16,316)
Adjustments for:-				
Allowance for impairment loss on investments in subsidiaries	-	-	7,560	-
Allowance for impairment loss on investment in an associate	-	14,669	-	14,669
Allowance for impairment loss on plant and equipment	1,412	-	-	-
Amount owing by an associate written off	-	1,464	-	1,464
Deposit forfeited	-	356	-	-
Depreciation of property, plant and equipment	38,126	40,594	84	29
Fair value loss on derivatives liabilities	21,777	4,760	-	-
Interest expense	3,447	4,416	281	402
Inventories written down	153	289	-	-
Inventories written off	9,092	12,952	-	-
Plant and equipment written off	373	-	-	-
Dividend income	-	-	(4,000)	-
(Gain)/Loss on disposal of property, plant and equipment	(9,220)	527	-	(48)
Interest income	(120)	(174)	(209)	(283)
Reversal of inventories written down	(599)	-	-	-
Net unrealised (gain)/loss on foreign currency translations	(4,492)	(1,588)	401	-
Operating profit/(loss) before working capital changes	49,102	43,936	(2,329)	(83)
(Increase)/Decrease in inventories	(4,436)	324	-	-
(Increase)/Decrease in trade and other receivables	(901)	17,678	-	1,500
(Decrease)/Increase in trade and other payables	(3,925)	(21,010)	275	(588)
CASH FROM/(FOR) OPERATIONS	39,840	40,928	(2,054)	829
Interest paid	(3,447)	(4,416)	(281)	(402)
Income tax paid	(5,937)	(6,567)	(12)	(37)
Real Property Gains Tax paid	(278)	-	-	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES AND BALANCE CARRIED FORWARD	30,178	29,945	(2,347)	390

STATEMENTS OF Cash Flows

For the financial year ended 30 September 2015

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
BALANCE BROUGHT FORWARD		30,178	29,945	(2,347)	390
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Interest received		120	174	209	283
Investment in an associate		-	(14,669)	-	(14,669)
Purchase of property, plant and equipment		(12,272)	(10,288)	-	(419)
Proceeds from disposal of property, plant and equipment		23,269	1,913	-	48
Repayment from subsidiaries		-	-	8,104	25,318
NET CASH FROM/(FOR) INVESTING ACTIVITIES		11,117	(22,870)	8,313	10,561
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Advances from a director		3,698	-	-	-
Advances to an associate		-	(1,464)	-	(1,464)
Dividend paid		-	(2,682)	-	(2,682)
Repayment of hire purchase and lease obligations		(3,835)	(9,097)	-	-
Drawdown of term loan		-	17,514	-	9,257
Repayment of bills payable		(407)	(3,859)	-	-
Repayment of term loans		(20,672)	(33,002)	(5,349)	(14,934)
Treasury shares		-	(1)	-	(1)
Proceeds from exercising of issuance of warrants		1	-	1	-
NET CASH FOR FINANCING ACTIVITIES		(21,215)	(32,591)	(5,348)	(9,824)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		20,080	(25,516)	618	1,127
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		23,126	42,658	2,497	1,370
Exchange differences on translation of opening balance		(518)	5,517	-	-
Effect of foreign exchange rate changes		418	467	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	32	43,106	23,126	3,115	2,497

The annexed notes from an integral part of these financial statements.

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office : Lot 6.05, Level 6,
KPMG Tower, 8 First Avenue,
Bandar Utama,
47800 Petaling Jaya,
Selangor Darul Ehsan.

Principal place of business : Lot 6123, Jalan Haji Salleh,
Batu 5½, Jalan Meru,
41050 Klang,
Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 21 January 2016.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and providing management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

MFRSs and IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities

Amendments to MFRS 119: Defined Benefit Plans - Employee Contributions

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets

Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting

IC Interpretation 21 Levies

Annual Improvements to MFRSs 2010 - 2012 Cycle

Annual Improvements to MFRSs 2011 - 2013 Cycle

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers & Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Defers until further notice
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities - Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements - Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture - Bearer Plants	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates And Judgements (Cont'd)

(iii) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(v) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(vi) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and equity.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

(i) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(ii) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

(iii) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(iv) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Functional and Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(iii) Foreign Operations

Assets and liabilities of foreign operations are translated to Ringgit Malaysia at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under the translation reserve. On the disposal of the foreign operations, the cumulative amount recognised in other comprehensive income relating to that particular foreign operations is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

(d) Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/ deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognise the inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

- *Held-to-maturity Investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

- *Loans and Receivables Financial Assets*

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

- *Available-for-sale Financial Assets*

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

(ii) Financial Liabilities

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(iii) Equity Instruments

Instruments classified as equity are measured at cost and are not remeasured subsequently.

- *Ordinary Shares*

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

- *Treasury Shares*

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

(iv) Hedge Activities

The Group enters into derivative financial instruments to manage its exposure to foreign currency risk. None of its derivative financial instruments are designated as hedges and accordingly, the Group does not apply hedge accounting.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

(f) Investments in Associates

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the associate made up to the end of the reporting period. The Group's share of the post-acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

However, the Group will continue to use the equity method if the dilution does not result in a loss of significant influence or when an investment in a joint venture becomes an investment in an associate. Under such changes in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the associate will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in associates are recognised in profit or loss.

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Property, Plant and Equipment

Property, plant and equipment other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost less impairment losses, if any, and is not depreciated.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Factory buildings	2% - 11%
Factory equipment and machinery	10% - 25%
Furniture, fittings and office equipment	10% - 30%
Motor vehicles	20%
Renovation	20%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and will be transferred to the relevant category of long term assets and depreciated accordingly when the assets are completed and ready for commercial use.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these plant and equipment.

(h) Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment (Cont'd)

(ii) *Impairment of Non-financial Assets*

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) **Assets under Hire Purchase**

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 4(g) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

(j) **Assets Under Finance Leases**

Leases of plant and equipment where substantially all the benefits and risks of ownership are transferred to the Group are classified as finance leases.

Plant and equipment acquired under finance leases are capitalised as long-term assets, based on the lower of the fair value of the leased plant and equipment or present value of the minimum lease payments at the inception of the lease.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding obligations due under the finance lease after deducting finance charges are included as liabilities in the financial statements.

Finance charges are allocated to the statements of profit or loss and other comprehensive income over the period of the respective lease agreements.

Plant and equipment acquired under finance leases are depreciated over the useful lives of the assets. If there is no reasonable certainty that the ownership will be transferred to the Group, the assets are depreciated over the shorter of the lease terms and their useful lives.

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis, and comprises the purchase price, production or convention costs and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Borrowing Costs

Borrowing costs, directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

(m) Income Taxes

Income taxes for the financial year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity.

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(o) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

(p) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(q) Related Parties

A party is related to an entity if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Related Parties (Cont'd)

(b) An entity is related to a reporting entity if any of the following conditions applies (Cont'd):-

- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(r) Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

(s) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Revenue and Other Income

(i) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and discounts.

(ii) Services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(iii) Dividend Income

Dividend income from investment in subsidiaries is recognised upon declaration by the subsidiaries.

(iv) Interest Income

Interest income is recognised on an accrual basis, based on the effective yield of the investment.

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2015 RM'000	2014 RM'000
Unquoted investments		
At cost	55,353	55,353
Allowance for impairment loss	(7,560)	-
At net carrying amount	47,793	55,353
Unquoted investment in Malaysia	47,745	48,205
Unquoted investment outside Malaysia	48	7,148
	47,793	55,353

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:-

Name of Subsidiary	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
Notion Venture Sdn. Bhd.	Malaysia	100	100	Design and volume production of high precision metal machining of hard disk drive, computer, consumer electronic and electrical and automotive industries' components, and related research and development activities.
Autic Mekki Sdn. Bhd.*	Malaysia	100	100	Provision of surface treatment, electrolysis nickel plating, chrome plating, electro-plating and anodizing metal or like substances.
Notion (Thailand) Co. Ltd.#	Thailand	100	100	Design and manufacture of precision components.
Kaiten Precision (M) Sdn. Bhd.	Malaysia	100	100	Design and development leading to the mass-production of high precision microparts and related research and development activities.
Swiss Impression Sdn. Bhd.	Malaysia	100	100	Design of tooling and volume manufacturing of precision appearance parts using progressive die stamping for digital cameras, motion picture experts group audio layer 3 ("MP3") players and other consumer electronic devices.
Trendi Notion Sdn. Bhd.	Malaysia	100	100	Design and manufacture, advertising, marketing through channels and including online internet marketing of consumer electronic products including smartphones, mobile devices and tablets. However, the Company ceased its operations after the end of the reporting period.
Intech Precision Sdn. Bhd.	Malaysia	100	100	Dormant.
NV Technology Sdn. Bhd.	Malaysia	100	100	Dormant.
Diaphragm Tech Sdn. Bhd.	Malaysia	100	100	Dormant.
Notion Venture (Hong Kong) Limited#	Hong Kong	100	100	Dormant.

* held through Notion Venture Sdn. Bhd.

not audited by Messrs. Crowe Horwath.

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

6. INVESTMENT IN AN ASSOCIATE

	The Group And The Company	
	2015 RM'000	2014 RM'000
Quoted shares in Australia, at cost	14,669	14,669
Reclassified to other investment (Note 7)	(14,669)	-
	-	14,669
Allowance for impairment loss:-		
At 1 October 2014/2013	(14,669)	-
Impairment during the financial year	-	(14,669)
Reclassified to other investment (Note 7)	14,669	-
At 30 September	-	(14,669)
Net carrying amount	-	-
Market value of quoted shares	*	*

Details of the associate are as follows:-

Name of Associate	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
Alcyone Resources Ltd.	Australia	*	12.7	Production of silver as well as the exploration and evaluation of gold, silver and other base metal projects.

* No market information is available as the quoted security has been suspended and delisted from the Official Quotation of Australian Securities Exchange since 17 March 2014 and 1 September 2015 respectively.

- (a) Joint and several Receivers and Managers, and Administrators have been subsequently appointed for the associate on 17 November 2014 and 19 November 2014 respectively. Additional joint and several Receivers and Managers were appointed on 27 November 2014 under a different debenture charge. The Group no longer has significant influence upon the appointment of joint and several Receivers and Managers. Accordingly, the said investment was reclassified as an other investment in Note 7 to the financial statements.
- (b) The investment in the associate has been fully impaired after taking into consideration the corporate development of the associate as stated above.

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

7. OTHER INVESTMENT

	The Group And The Company	
	2015 RM'000	2014 RM'000
Investment in a delisted entity which was previously quoted on the Australian Securities Exchange, at cost, reclassified from investment in an associate (Note 6)	14,669	-
Allowance for impairment loss:-		
At 1 October 2014/2013	-	-
Reclassified from investment in an associate (Note 6)	(14,669)	-
At 30 September	(14,669)	-
Net carrying amount	-	-

8. PROPERTY, PLANT AND EQUIPMENT

The Group Net Carrying Amount	At 1.10.2014 RM'000	Additions RM'000	Disposals RM'000	Written Off RM'000	Impairment Loss RM'000	Depreciation Charge RM'000	Foreign Currency Exchange Differences RM'000	At 30.9.2015 RM'000
Freehold land and buildings	68,423	300	(7,411)	-	-	(1,257)	2,903	62,958
Factory equipment and machinery	175,950	5,454	(5,416)	(366)	(1,412)	(29,622)	3,339	147,927
Furniture, fittings and office equipment	6,492	475	(441)	(7)	-	(1,902)	53	4,670
Motor vehicles	1,250	378	-	-	-	(623)	40	1,045
Renovation	13,388	3,911	(781)	-	-	(4,722)	57	11,853
Capital work-in-progress	2,041	1,754	-	-	-	-	131	3,926
Total	267,544	12,272	(14,049)	(373)	(1,412)	(38,126)	6,523	232,379

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group Net Carrying Amount	At 1.10.2013 RM'000	Additions RM'000	Disposal RM'000	Transfers RM'000	Depreciation Charge RM'000	Foreign Currency Exchange Differences RM'000	At 30.9.2014 RM'000
Freehold land and buildings	61,564	403	-	7,841	(1,185)	(200)	68,423
Factory equipment and machinery	201,986	6,376	(2,440)	2,288	(31,969)	(291)	175,950
Furniture, fittings and office equipment	7,767	957	-	-	(2,223)	(9)	6,492
Motor vehicles	1,563	367	-	-	(672)	(8)	1,250
Renovation	15,847	2,094	-	-	(4,545)	(8)	13,388
Capital work-in-progress	12,386	91	-	(10,129)	-	(307)	2,041
Total	301,113	10,288	(2,440)	-	(40,594)	(823)	267,544

The Group At 30.9.2015	Cost RM'000	Accumulated Impairment Loss RM'000	Accumulated Depreciation RM'000	Net Carrying Amount RM'000
Freehold land and buildings	67,080	-	(4,122)	62,958
Factory equipment and machinery	361,217	(1,412)	(211,878)	147,927
Furniture, fittings and office equipment	17,899	-	(13,229)	4,670
Motor vehicles	6,033	-	(4,988)	1,045
Renovation	29,221	-	(17,368)	11,853
Capital work-in-progress	4,101	-	(175)	3,926
Total	485,551	(1,412)	(251,760)	232,379

At 30.9.2014

Freehold land and buildings	74,190	-	(5,767)	68,423
Factory equipment and machinery	364,945	-	(188,995)	175,950
Furniture, fittings and office equipment	18,989	-	(12,497)	6,492
Motor vehicles	5,969	-	(4,719)	1,250
Renovation	27,822	-	(14,434)	13,388
Capital work-in-progress	2,041	-	-	2,041
Total	493,956	-	(226,412)	267,544

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	At	Depreciation	At
Net Carrying Amount	1.10.2014	Charge	30.9.2015
	RM'000	RM'000	RM'000
Motor vehicles	390	(84)	306

Net Carrying Amount	At	Addition	Depreciation	At
	1.10.2013	RM'000	Charge	30.9.2014
	RM'000		RM'000	RM'000
Motor vehicles	-	419	(29)	390

The Company	Cost	Accumulated	Net Carrying
At 30.9.2015	RM'000	Depreciation	Amount
		RM'000	RM'000
Furniture, fittings and office equipment	12	(12)	-
Motor vehicles	587	(281)	306
Total	599	(293)	306

At 30.9.2014

Furniture, fittings and office equipment	12	(12)	-
Motor vehicles	587	(197)	390
Total	599	(209)	390

Assets held under hire purchase and lease terms and term loans

Included in the net carrying amount of property, plant and equipment at the end of the reporting period were the following assets acquired under hire purchase and lease terms and by term loans respectively:-

	The Group	
	2015	2014
	RM'000	RM'000
<u>Hire purchase and lease</u>		
Factory equipment and machinery	13,368	19,324
<u>Term loans</u>		
Freehold land and buildings	17,022	24,655
Factory equipment and machinery	14,759	43,394

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Assets pledged as security

Property, plant and equipment of the Group pledged as security for banking facilities granted to certain subsidiaries are as follows:-

	The Group	
	2015 RM'000	2014 RM'000
At net carrying amount		
Freehold land and buildings	17,022	24,655
Factory equipment and machinery	18,169	62,718

9. INVENTORIES

	The Group	
	2015 RM'000	2014 RM'000
At cost:-		
Raw materials	20,903	20,273
Work-in-progress	7,933	12,412
Finished goods	16,006	12,984
	44,842	45,669
At net realisable value:-		
Finished goods	352	3,735
	45,194	49,404
Recognised in profit or loss:-		
Inventories recognised as cost of sales	204,469	179,728
Inventories written down	153	289
Inventories written off	9,092	12,952
Reversal of inventories written down	(599)	-

10. TRADE RECEIVABLES

	The Group	
	2015 RM'000	2014 RM'000
Gross trade receivables	51,560	46,157
Allowance for impairment losses	(9)	(9)
Net trade receivables	51,551	46,148

The Group's normal trade credit terms range from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group	
	2015 RM'000	2014 RM'000
Other receivables	1,332	1,739
Deposits	1,586	1,925
Prepayments	2,115	1,215
	5,033	4,879

12. AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amounts owing are non-trade in nature and unsecured, and are in respect of interest-free advances and payments made on behalf. The amounts owing are repayable within the next twelve months and are to be settled in cash.

13. SHORT-TERM DEPOSITS WITH LICENSED BANKS

The interest rates of the short-term deposits of the Group and of the Company at the end of the reporting period ranged from 2.25% to 2.40% (2014 - 2.0% to 3.20%) and 2.25% to 2.40% (2014 - 2.70%) per annum respectively. The maturity periods of the short-term deposits of the Group and of the Company ranged from 1 to 30 days (2014 - 1 to 365 days) and 1 to 30 days (2014 - 30 days) respectively.

14. SHARE CAPITAL

	The Company			
	2015 Number Of Ordinary Shares ('000)	2014	2015 RM'000	2014 RM'000
Authorised				
Ordinary shares of RM0.50 each	1,000,000	1,000,000	500,000	500,000
Issued And Fully Paid				
Ordinary shares of RM0.50 each:-				
At 1 October 2014/2013	270,418	270,418	135,209	135,209
Exercise of warrants	1	-	#	-
At 30 September	270,419	270,418	135,209	135,209

denotes RM459

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

15. SHARE PREMIUM

The share premium account is not distributable by way of cash dividends but may be utilised in the manner set out in Section 60(3) of the Companies Act 1965 in Malaysia.

16. TREASURY SHARES

During the financial year, the Company purchased from the open market, 1,000 units of its own shares through purchases on the Main Market of Bursa Malaysia Securities Berhad at an average buy-back price of approximately RM0.49 per ordinary share. The total consideration paid for acquisition of the shares was RM492 and was financed by internally generated funds. The repurchased shares were held as treasury shares in accordance with Section 67A of the Companies Act 1965 in Malaysia.

As at 30 September 2015, the Company held 2,150,273 repurchased shares as treasury shares out of its total issued and paid up share capital of 270,418,983 ordinary shares of RM0.50 each. Such treasury shares were held at a carrying amount of RM2,244,383 (2014 - RM2,243,891).

17. ACCUMULATED LOSSES

The Company has no unutilised tax losses as at the end of the reporting period.

18. LONG-TERM BORROWINGS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Hire purchase and lease payables (Note 24)	3,161	6,900	-	-
Term loans (Note 24)	17,737	28,492	-	2,235
	20,898	35,392	-	2,235

19. DEFERRED TAXATION

	The Group	
	2015 RM'000	2014 RM'000
At 1 October 2014/2013	11,417	19,037
Recognised in profit or loss (Note 28)	(5,566)	(7,620)
At 30 September	5,851	11,417

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

19. DEFERRED TAXATION (CONT'D)

The components of the deferred tax assets and liabilities at the end of the reporting period prior to offsetting are as follows:-

	The Group	
	2015 RM'000	2014 RM'000
<u>Deferred tax assets</u>		
Unrealised foreign exchange loss	5,444	1,190
Unutilised tax losses	-	49
Unabsorbed capital allowances	9,490	7,722
Others	278	-
	15,212	8,961
<u>Deferred tax liabilities</u>		
Unrealised foreign exchange gain	(2,745)	(637)
Accelerated capital allowances	(18,318)	(19,741)
	(21,063)	(20,378)
	(5,851)	(11,417)

20. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days.

21. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other payables	9,176	7,772	198	226
Accruals	6,713	6,549	1,023	720
	15,889	14,321	1,221	946

22. DERIVATIVE LIABILITIES

	The Group			
	Contract/Notional Amount		Liabilities	
	2015 USD'000	2014 USD'000	2015 RM'000	2014 RM'000
Forward foreign currency contracts:				
- US Dollar	22,500	114,400	(21,777)	(4,760)

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

22. DERIVATIVE LIABILITIES (CONT'D)

The Group does not apply hedge accounting.

Forward foreign currency contracts are used to mitigate the effects of foreign exchange fluctuations as a portion of the Group's sales is denominated in United States Dollar for which firm commitments existed at the end of the reporting period. The duration of these contracts are typically 12 to 24 months from the date of the contract with an early settlement "knock-out" feature.

The method in determining the fair value of these derivatives is disclosed in Note 40(d) to the financial statements.

23. AMOUNT OWING TO A DIRECTOR

The amount owing is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

24. SHORT-TERM BORROWINGS

Short-term borrowings comprise the following:-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Bills payable	-	407	-	-
Hire purchase and lease payables	3,739	3,835	-	-
Term loans	12,802	22,318	3,038	5,751
	16,541	26,560	3,038	5,751

The hire purchase and lease payables and term loans are secured as follows:-

- (a) by legal charges over certain property, plant and equipment belonging to certain subsidiaries of the Company; and
- (b) by corporate guarantees issued by the Company.

Details of the hire purchase and lease payables outstanding at the end of the reporting period are as follows:-

	The Group	
	2015 RM'000	2014 RM'000
Minimum hire purchase and lease payments:		
- not later than one year	4,063	4,410
- later than one year and not later than five years	3,252	7,315
	7,315	11,725
Less: Future finance charges	415	990
Present value of hire purchase and lease payables	6,900	10,735

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

24. SHORT-TERM BORROWINGS (CONT'D)

	The Group	
	2015 RM'000	2014 RM'000
Current portion:		
- not later than one year	3,739	3,835
Non-current portion:		
- later than one year and not later than five years (Note 18)	3,161	6,900
	6,900	10,735

The term loans are repayable as follows:-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Term loans	30,539	50,810	3,038	7,986
Portion repayable within twelve months	(12,802)	(22,318)	(3,038)	(5,751)
Portion repayable after twelve months (Note 18)	17,737	28,492	-	2,235

Details of the term loans outstanding at the end of the reporting period are as follows:-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current portion:				
- repayable within one year	12,802	22,318	3,038	5,751
Non-current portion:				
- repayable between one to two years	11,505	17,074	-	2,235
- repayable between two to five years	6,232	11,418	-	-
Total non-current portion	17,737	28,492	-	2,235
	30,539	50,810	3,038	7,986

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

24. SHORT-TERM BORROWINGS (CONT'D)

The repayment terms of the term loans are as follows:-

Term loan 1 at LIBOR + 3.0% per annum	Repayable in 23 quarterly instalments of RM1,432,885, effective from March 2011.
Term loan 2 at IFR	Repayable in 84 monthly instalments of RM197,000, effective from September 2013.
Term loan 3 at IFR + 0.25% per annum	Repayable in 60 monthly instalments of RM155,917, effective from October 2013.
Term loan 4 at IFR + 0.25% per annum	Repayable in 60 monthly instalments of RM95,647, effective from March 2013.
Term loan 5 at IFR + 0.25% per annum	Repayable in 60 monthly instalments of RM106,510, effective from September 2013.
Term loan 6 at COF + 2.0% per annum	Repayable in 18 quarterly instalments of RM1,000,000, effective from September 2013.

25. NET ASSETS PER ORDINARY SHARE

The net assets per ordinary share of the Group is calculated based on the net assets value at the end of the reporting period of approximately RM282,795,000 (2014 - RM289,813,000) divided by the number of ordinary shares in issue at the end of the reporting period of approximately 268,268,000 (2014 - 268,269,000) excluding treasury shares held by the Company.

26. REVENUE

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue represents:-				
Invoiced value of goods sold and services rendered less discounts and returns	239,730	193,944	-	-
Dividend income	-	-	4,000	-
Management fee	-	-	6,240	6,240
	239,730	193,944	10,240	6,240

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

27. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Auditors' remuneration:				
- statutory audit:				
- Crowe Horwath	164	167	48	48
- others	16	16	-	-
- underprovision in the previous financial year	(2)	10	-	4
Allowance for impairment loss on investment in:				
- an associate	-	14,669	-	14,669
- subsidiaries	-	-	7,560	-
Allowance for impairment loss on plant and equipment	1,412	-	-	-
Amount owing by an associate written off	-	1,464	-	1,464
Deposit forfeited	-	356	-	-
Depreciation of property, plant and equipment	38,126	40,594	84	29
Directors' remuneration:				
- fee	216	216	216	216
- other emoluments	5,520	4,932	5,520	4,932
Fair value loss on derivative liabilities	21,777	4,760	-	-
Interest expense:				
- bank overdraft	5	26	-	-
- bills payable	11	43	-	-
- hire purchase and lease	576	993	-	-
- term loans	2,855	3,354	281	402
Inventories written down	153	289	-	-
Inventories written off	9,092	12,952	-	-
Loss on foreign currency:				
- realised:				
- translations	1,480	118	1,432	54
- derivative contract	22,490	-	-	-
- unrealised:				
- translations	401	-	401	-
Plant and equipment written off	373	-	-	-
Rental of premises				
- third party	1,336	1,218	-	-
- a director and a company in which a director has a substantial financial interest	300	270	-	-
Rental of office equipment	-	11	-	-
Staff costs:				
- salaries, bonuses and wages	40,040	41,718	688	451
- defined contribution plan	1,413	1,562	85	61

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

27. LOSS BEFORE TAXATION (CONT'D)

Loss before taxation is arrived at after charging/(crediting):-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Dividend income	-	-	(4,000)	-
(Gain)/Loss on disposal of property, plant and equipment	(9,220)	527	-	(48)
Gain on foreign currency:				
- realised:				
- translations	(10,633)	-	-	-
- derivative contract	-	(4,458)	-	-
- unrealised:				
- translations	(4,893)	(1,588)	-	-
Interest income	(120)	(174)	(209)	(283)
Insurance received	-	(3,676)	-	-
Reversal of inventories written down	(599)	-	-	-

28. INCOME TAX EXPENSE/(REVERSAL)

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current tax expense:				
- for the financial year	5,916	2,306	-	29
- under/(over)provision in the previous financial year	1,549	(1,279)	-	32
	7,465	1,027	-	61
Deferred tax expense (Note 19):				
- for the financial year	(7,384)	(7,518)	-	-
- under/(over)provision in the previous financial year	1,818	(102)	-	-
	(5,566)	(7,620)	-	-
Real Property Gains Tax	278	-	-	-
	2,177	(6,593)	-	61

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

28. INCOME TAX EXPENSE/(REVERSAL) (CONT'D)

A reconciliation of income tax expense applicable to the loss before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Loss before taxation	(10,847)	(34,329)	(6,446)	(16,316)
Tax at the statutory tax rate of 25%	(2,712)	(8,582)	(1,612)	(4,079)
Tax effects of:-				
Non-deductible expenses:				
- depreciation on non-qualifying assets	79	95	-	-
- expenses disallowed for tax purposes	2,496	5,125	1,612	4,108
Non-taxable income	(1,146)	(394)	-	-
Under/(Over)provision in the previous financial year:				
- current tax	1,549	(1,279)	-	32
- deferred tax	1,818	(102)	-	-
Real Property Gains Tax	278	-	-	-
Deferred tax assets not recognised during the financial year	66	72	-	-
Reinvestment allowances	-	(1,528)	-	-
Others	(251)	-	-	-
Income tax expense/(reversal) for the financial year	2,177	(6,593)	-	61

Subject to agreement with the tax authorities, the Group has unabsorbed capital allowances and unutilised tax losses of approximately RM40,520,000 (2014 - RM32,402,000) and RM208,000 (2014 - RM392,000) respectively at the end of the reporting period available for offset against future taxable business income.

The components of the deferred tax assets and liability at the end of the reporting period prior to offsetting are as follows:-

	The Group	
	2015 RM'000	2014 RM'000
Deferred tax assets		
Unabsorbed capital allowances	340	378
Unutilised tax losses	52	48
	392	426
Deferred tax liability		
Accelerated capital allowances	(44)	(144)
Net deferred tax assets not recognised	348	282

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

28. INCOME TAX EXPENSE/(REVERSAL) (CONT'D)

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profit of these subsidiaries will be available against which the deductible temporary differences can be utilised.

A subsidiary incorporated in Thailand was granted promotional privileges under the Investment Promotional Act, B.E. 2520 for production of metal product and producing a part of plastic component according to the promotion certificate No. 5001 (2)/2558 by the Board of Investment, Thailand, on 12 January 2015. The main promotional privileges are as follows:

- (i) Exemption from corporate income tax on net profit derived from promoted activities in the total amount of income tax exempted not exceeding 150 percent of the total investment capital; excluding land cost and working capital for the period of eight (8) years from the date income is first derived from the promoted activities;
- (ii) Exemption from corporate income tax on dividends received from the profits of the promoted operations throughout the corporate income tax exemption period; and
- (iii) Exemption from import duty of imported raw materials and supplies for production for export for a period of one (1) year (commencing from the first import date).

29. LOSS PER SHARE

The calculation of the basic loss per share is based on the consolidated loss after taxation attributable to owners of the Company for the financial year divided by the weighted average number of ordinary shares of RM0.50 each in issue during the financial year excluding the treasury shares held by the Company.

	The Group	
	2015 RM'000	2014 RM'000
Loss after taxation attributable to owners of the Company (RM'000)	(13,024)	(27,736)
Number of ordinary shares at beginning of the financial year ('000)	270,418	270,418
Effect of purchase of own shares and held as treasury shares ('000)	(2,150)	(2,149)
Effect of conversion of warrants ('000)	*	-
Weighted average number of ordinary shares in issue ('000)	268,268	268,269
Basic loss per share (sen)	(4.9)	(10.3)
Weighted average number of ordinary shares for basic loss per share ('000)	268,268	268,269
Effects of dilution:		
- conversion of Warrants-A	N/A #	-
- conversion of Warrants-B	-	-
	268,268	268,269
Diluted loss per share (sen)	N/A	N/A

The diluted loss per share is not presented as the assumed conversion of the warrants would be unlikely as the average market price for the share is below the warrant exercise price.

N/A - Not applicable

* denotes 158 units

Warrant A expired as at 3 August 2015.

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

30. DIVIDEND PER SHARE

	The Company	
	2015 Sen	2014 Sen
In respect of the financial year ended 30 September 2013:		
Interim tax-exempt dividend of 1.0 sen per ordinary share of RM0.50 each, paid on 15 January 2014	-	1.0

31. DIVIDEND

	The Company	
	2015 RM'000	2014 RM'000
Interim tax-exempt dividend of 1.0 sen per ordinary share of RM0.50 each in respect of the financial year ended 30 September 2013	-	2,682

32. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short-term deposits with licensed banks	417	5,502	417	405
Cash and bank balances	42,689	17,624	2,698	2,092
	43,106	23,126	3,115	2,497

33. DIRECTORS' REMUNERATION

(a) The aggregate amounts of emoluments received and receivable by directors of the Group and of the Company during the financial year are as follows:-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Executive directors:				
- non-fee emoluments	4,905	4,306	4,905	4,306
- defined contribution plan	572	596	572	596
	5,477	4,902	5,477	4,902

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

33. DIRECTORS' REMUNERATION (CONT'D)

- (a) The aggregate amounts of emoluments received and receivable by directors of the Group and of the Company during the financial year are as follows (Cont'd):-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-executive directors:				
- fee	216	216	216	216
- allowance	43	30	43	30
	259	246	259	246
Total directors' remuneration	5,736	5,148	5,736	5,148
Represented by:-				
Directors' fee	216	216	216	216
Directors' non-fee emoluments	5,520	4,932	5,520	4,932
	5,736	5,148	5,736	5,148

- (b) Details of directors' emoluments of the Group received and receivable for the financial year in bands of RM50,000 are as follows:-

	Number Of Directors	
	2015	2014
Executive directors:-		
RM900,001 - RM950,000	1	4
RM1,050,001 - RM1,100,000	3	-
RM1,150,001 - RM1,200,000	-	1
RM1,350,001 - RM1,400,000	1	-
Non-executive directors:-		
RM50,001 - RM100,000	3	3
	8	8

34. SIGNIFICANT RELATED PARTY DISCLOSURES

- (a) Identities of related parties

The Company has related party relationships with:-

- (i) its subsidiaries;
- (ii) an entity in which a director has a substantial financial interest; and
- (iii) the directors and other members of key management personnel.

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

34. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

- (b) In addition to the information detailed elsewhere in the financial statements, the Company carried out the following significant transactions with the related parties during the financial year:-

	The Company	
	2015 RM'000	2014 RM'000
Dividend income from subsidiaries	4,000	-
Management fee from subsidiaries	6,240	6,240

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Key management personnel compensation:				
- short-term employee benefits	8,126	6,797	5,839	5,148
Rental expense paid to a director and a company in which a director has a substantial financial interest	300	270	-	-

35. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance.

For management purposes, the Group is organised into the following main business segments:-

Manufacturing Manufacturer of high volume precision components and tools.

Investing Investment holding and provision of management services.

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly investments and related income, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

35. OPERATING SEGMENTS (CONT'D)

Business Segments

2015	Manufacturing RM'000	Investing RM'000	Group RM'000
Revenue			
External revenue	239,730	-	239,730
Inter-segment revenue	71,195	10,240	81,435
	<u>310,925</u>	<u>10,240</u>	<u>321,165</u>
Adjustments and eliminations			<u>(81,435)</u>
Consolidated revenue			<u>239,730</u>
Results			
Segment results	76,112	(13,266)	62,846
Adjustments and eliminations	(7,799)	7,560	(239)
	<u>68,313</u>	<u>(5,706)</u>	<u>62,607</u>
Interest income	85	35	120
Other material items of income	25,345	-	25,345
Depreciation of property, plant and equipment	(38,042)	(84)	(38,126)
Other material items of expenses	(56,777)	(401)	(57,178)
	<u>(1,076)</u>	<u>(6,156)</u>	<u>(7,232)</u>
Finance expenses			(3,615)
Income tax expense			(2,177)
Consolidated loss after taxation			<u>(13,024)</u>
Assets			
Segment assets			377,263
Unallocated assets			1,761
Consolidated total assets			<u>379,024</u>
Liabilities			
Segment liabilities			90,378
Deferred taxation			5,851
Consolidated total liabilities			<u>96,229</u>
Other Segment Items			
Additions to non-current assets other than financial instruments:			
- property, plant and equipment	12,272	-	12,272

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

35. OPERATING SEGMENTS (CONT'D)

Business Segments

2014	Manufacturing RM'000	Investing RM'000	Group RM'000
Revenue			
External revenue	193,944	-	193,944
Inter-segment revenue	58,215	6,240	64,455
	<u>252,159</u>	<u>6,240</u>	<u>258,399</u>
Adjustments and eliminations			(64,455)
Consolidated revenue			<u>193,944</u>
Results			
Segment results	63,676	(15,980)	47,696
Adjustments and eliminations	(7,936)	-	(7,936)
	<u>55,740</u>	<u>(15,980)</u>	<u>39,760</u>
Interest income	126	48	174
Other material items of income	5,998	48	6,046
Depreciation of property, plant and equipment	(40,565)	(29)	(40,594)
Other material items of expenses	(35,135)	-	(35,135)
	<u>(13,836)</u>	<u>(15,913)</u>	<u>(29,749)</u>
Finance expenses	(4,177)	(403)	(4,580)
Income tax expense			6,593
Consolidated loss after taxation			<u>(27,736)</u>
Assets			
Segment assets	388,214	2,887	391,101
Unallocated assets			3,653
Consolidated total assets			<u>394,754</u>
Liabilities			
Segment liabilities			93,524
Deferred taxation			11,417
Consolidated total liabilities			<u>104,941</u>
Other Segment Items			
Additions to non-current assets other than financial instruments:			
- property, plant and equipment	9,869	419	10,288
- investment in an associate	-	14,669	14,669
	<u>9,869</u>	<u>15,088</u>	<u>24,957</u>

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

35. OPERATING SEGMENTS (CONT'D)

(a) Other material items of income consist of the following:-

	The Group	
	2015 RM'000	2014 RM'000
Gain on disposal of property, plant and equipment	9,220	-
Gain on foreign currency translations:		
- realised	10,633	-
- unrealised	4,893	1,588
Realised gain on foreign currency derivative contract	-	4,458
Reversal of inventories written down	599	-
	25,345	6,046

(b) Other material items of expenses consist of the following:-

	The Group	
	2015 RM'000	2014 RM'000
Allowance for impairment loss on investment in an associate	-	14,669
Allowance for impairment loss on plant and equipment	1,412	-
Amount owing by an associate written off	-	1,464
Deposits forfeited	-	356
Fair value loss on derivatives liabilities	21,777	4,760
Inventories written down	153	289
Inventories written off	9,092	12,952
Loss on disposal of plant and equipment	-	527
Realised loss on foreign currency derivative contract	22,490	-
Loss on foreign currency translations:		
- realised	1,480	118
- unrealised	401	-
Plant and equipment written off	373	-
	57,178	35,135

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

35. OPERATING SEGMENTS (CONT'D)

Geographical Information

	Source Of Revenue		Total Assets Employed	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Belgium	12,413	16,547	-	-
China	12,281	3,361	-	-
Hong Kong	1,973	-	-	-
Japan	6,058	4,161	-	-
Malaysia	43,759	35,951	322,747	353,086
Mexico	1,464	-	-	-
Poland	21,583	14,290	-	-
Thailand	132,568	107,566	56,277	41,668
United States of America	5,792	7,898	-	-
Others	1,839	4,170	-	-
	239,730	193,944	379,024	394,754

Major Customers

The following are the major customers with revenue equal to or more than 10% of Group's revenue:-

	Revenue		Segment
	2015 RM'000	2014 RM'000	
Customer A	38,403	33,321	Manufacturing
Customer B	35,511	20,719	Manufacturing
Customer C	24,484	33,276	Manufacturing

36. FOREIGN CURRENCY RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of the foreign currency balances at the end of the reporting period are as follows:-

	The Group	
	2015 RM	2014 RM
Chinese Yuan Renminbi	0.69	0.53
Euro	4.94	4.15
Singapore Dollar	3.09	2.57
Swiss Franc	4.51	3.44
Thai Baht	0.12	0.10
United States Dollar	4.40	3.28

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

37. CONTINGENT LIABILITIES

	The Company	
	2015 RM'000	2014 RM'000
Unsecured:-		
(i) Corporate guarantees given to financial institutions for banking facilities granted to subsidiaries	27,025	44,804
(ii) Corporate guarantees given to financial institutions for hire purchase facilities granted to subsidiaries	6,900	11,945
	33,925	56,749

38. CAPITAL COMMITMENT

	The Group	
	2015 RM	2014 RM
Capital expenditure in respect of purchase of property, plant and equipment:-		
- contracted but not provided for	696	161

39. SIGNIFICANT EVENT OCCURRING DURING THE REPORTING PERIOD

On 19 June 2015, a wholly-owned subsidiary, Notion Venture Sdn. Bhd. ("NVSB") entered into a Sale And Purchase Agreement ("SPA") with a third party to dispose of an industrial land together with a unit of three (3) storey office building annexed to a single storey detached factory building and ancillary buildings for a total consideration of RM17,875,000.

40. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risks

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are Chinese Yuan Renminbi, Euro, Singapore Dollar, Swiss Franc, Thai Baht and United States Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group enters into forward foreign currency contracts to hedge against its foreign currency risk.

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risks (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk is as follows:-

The Group 2015	Chinese Yuan Renminbi RM'000	Euro RM'000	Ringgit Malaysia RM'000	Singapore Dollar RM'000	Swiss Franc RM'000	Thai Baht RM'000	United States Dollar RM'000	Total RM'000
Financial assets								
Trade receivables	7	10,407	9,181	13	-	4,141	27,802	51,551
Other receivables and deposits	-	-	2,873	-	-	45	-	2,918
Short-term deposits with licensed banks	-	-	417	-	-	-	-	417
Cash and bank balances	25	2,925	25,041	111	-	5,473	9,114	42,689
	32	13,332	37,512	124	-	9,659	36,916	97,575
Financial liabilities								
Trade payables	-	536	4,179	470	-	3,109	2,798	11,092
Other payables and accruals	-	618	14,195	143	37	815	81	15,889
Derivative liabilities	-	-	-	-	-	-	21,777	21,777
Amount owing to a director	-	-	3,698	-	-	-	-	3,698
Hire purchase and lease payables	-	-	6,900	-	-	-	-	6,900
Term loans	-	-	27,501	-	-	-	3,038	30,539
	-	1,154	56,473	613	37	3,924	27,694	89,895
Net financial assets/ (liabilities)	32	12,178	(18,961)	(489)	(37)	5,735	9,222	7,680
Less: Net financial assets/(liabilities) denominated in the entity's functional currencies	-	-	18,961	-	-	(5,735)	-	13,226
Less: Forward foreign currency contracts (contracted nominal principal)	-	-	-	-	-	-	(28,571)	(28,571)
Currency exposure	32	12,178	-	(489)	(37)	-	(19,349)	(7,665)

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risks (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk is as follows:-

The Group 2014	Euro RM'000	Japanese Yen RM'000	Ringgit Malaysia RM'000	Singapore Dollar RM'000	Swiss Franc RM'000	Thai Baht RM'000	United States Dollar RM'000	Total RM'000
Financial assets								
Trade receivables	8,605	-	5,905	9	-	3,217	28,412	46,148
Other receivables and deposits	-	-	3,563	-	-	101	-	3,664
Short-term deposits with licensed banks	-	-	5,502	-	-	-	-	5,502
Cash and bank balances	1,666	57	5,178	173	-	2,138	8,412	17,624
	10,271	57	20,148	182	-	5,456	36,824	72,938
Financial liabilities								
Trade payables	868	-	6,772	686	-	425	2,893	11,644
Other payables and accruals	-	-	13,859	165	77	109	111	14,321
Derivative liabilities	-	-	-	-	-	-	4,760	4,760
Bills payable	-	-	-	-	-	-	407	407
Hire purchase and lease payables	-	-	10,735	-	-	-	-	10,735
Term loans	-	-	39,904	-	-	-	10,906	50,810
	868	-	71,270	851	77	534	19,077	92,677
Net financial assets/ (liabilities)	9,403	57	(51,122)	(669)	(77)	4,922	17,747	(19,739)
Less: Net financial liabilities/(assets) denominated in the entity's functional currencies	-	-	51,122	-	-	(4,922)	-	46,200
Less: Forward foreign currency contracts (contracted nominal principal)	-	-	-	-	-	-	(40,784)	(40,784)
Currency exposure	9,403	57	-	(669)	(77)	-	(23,037)	(14,323)

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risks (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Company's exposure to foreign currency risk is as follows:-

The Company 2015	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
Financial assets			
Amount owing by subsidiaries	-	62,957	62,957
Dividend receivables	-	4,000	4,000
Short-term deposits with licensed banks	-	417	417
Cash and bank balances	-	2,698	2,698
	-	70,072	70,072
Financial liabilities			
Other payables and accruals	-	1,221	1,221
Amount owing to subsidiaries	-	2,257	2,257
Term loan	3,038	-	3,038
	3,038	3,478	6,516
Net financial (liabilities)/assets	(3,038)	67,594	64,556
Less: Net financial assets denominated in the Company's functional currency	-	(67,594)	(67,594)
Currency exposure	(3,038)	-	(3,038)

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risks (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Company's exposure to foreign currency risk is as follows:-

The Company 2014	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
Financial assets			
Amount owing by subsidiaries	-	71,067	71,067
Short-term deposits with licensed banks	-	405	405
Cash and bank balances	-	2,092	2,092
	-	73,564	73,564
Financial liabilities			
Other payables and accruals	-	946	946
Amount owing to subsidiaries	-	2,263	2,263
Term loan	7,986	-	7,986
	7,986	3,209	11,195
Net financial (liabilities)/assets	(7,986)	70,355	62,369
Less: Net financial assets denominated in the Company's functional currency	-	(70,355)	(70,355)
Currency exposure	(7,986)	-	(7,986)

The Group's details of the outstanding forward foreign currency contracts as at 30 September 2015 are disclosed in Note 22 to the financial statements.

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risks (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:-

	The Group	
	2015 Increase/ (Decrease) RM'000	2014 Increase/ (Decrease) RM'000
Effects on loss after taxation		
Chinese Yuan Renminbi:		
- strengthened by 5%	(1)	-
- weakened by 5%	1	-
Euro:		
- strengthened by 5%	(457)	(353)
- weakened by 5%	457	353
Singapore Dollar:		
- strengthened by 5%	18	25
- weakened by 5%	(18)	(25)
Swiss Franc:		
- strengthened by 5%	1	3
- weakened by 5%	(1)	(3)
United States Dollar:		
- strengthened by 5%	726	869
- weakened by 5%	(726)	(869)

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risks (Cont'd)

(i) Foreign Currency Risk (Cont'd)

	The Company	
	2015	2014
	Increase/ (Decrease)	Increase/ (Decrease)
	RM'000	RM'000
Effects on loss after taxation		
United States Dollar:		
- strengthened by 5%	114	299
- weakened by 5%	(114)	(299)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from its interest-bearing borrowings. The Group's policy is to obtain the most favourable interest rate available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 40(a)(iii) to the financial statements.

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:-

	The Group	
	2015	2014
	Increase/ (Decrease)	Increase/ (Decrease)
	RM'000	RM'000
Effects on loss after taxation		
Increase of 100 basis points (bp)	229	465
Decrease of 100 bp	(229)	(465)

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risks (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest rate risk sensitivity analysis (Cont'd)

	The Company	
	2015	2014
	Increase/ (Decrease)	Increase/ (Decrease)
	RM'000	RM'000
Effects on loss after taxation		
Increase of 100 bp	23	57
Decrease of 100 bp	(23)	(57)

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

(ii) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group's major concentration of credit risk related to amounts owing by two (2) customers which constituted approximately 29% (2014 - 34%) of its trade receivables as at the end of the reporting period.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

The exposure of credit risk for trade receivables by geographical region is as follows:-

	The Group	
	2015 RM'000	2014 RM'000
Belgium	2,649	2,426
China	4,180	2,467
Hong Kong	370	672
Japan	1,313	1,076
Malaysia	9,371	10,542
Mexico	783	473
Philippines	38	-
Poland	3,595	2,190
Singapore	38	-
Thailand	27,617	24,453
United States of America	1,456	1,411
Others	141	438
	51,551	46,148

Ageing analysis

The ageing analysis of the Group's trade receivables as at the reporting period is as follows:-

	Gross amount RM'000	Individual impairment RM'000	Net carrying amount RM'000
2015			
Not past due	34,568	-	34,568
Past due:			
- less than 3 months	15,408	-	15,408
- 3 to 6 months	1,186	-	1,186
- over 6 months	398	(9)	389
	51,560	(9)	51,551

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Ageing analysis

The ageing analysis of the Group's trade receivables as at the reporting period is as follows:-

2014	Gross amount RM'000	Individual impairment RM'000	Net carrying amount RM'000
Not past due	34,409	-	34,409
Past due:			
- less than 3 months	8,692	-	8,692
- 3 to 6 months	2,821	-	2,821
- over 6 months	235	(9)	226
	46,157	(9)	46,148

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

Trade receivables that are past due but not impaired

The Group believes that no allowance for impairment is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due, which are deemed to have higher credit risk, are monitored individually.

(iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group 2015	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000
Trade payables	-	11,092	11,092	11,092	-
Other payables and accruals	-	15,889	15,889	15,889	-
Derivatives liabilities	-	21,777	21,777	21,777	-
Amount owing to a director	-	3,698	3,698	3,698	-
Hire purchase and lease payables	6.61	6,900	7,315	4,063	3,252
Term loans	6.23	30,539	36,197	14,153	22,044
Total		89,895	95,968	70,672	25,296
2014					
Trade payables	-	11,644	11,644	11,644	-
Other payables and accruals	-	14,321	14,321	14,321	-
Derivatives liabilities	-	4,760	4,760	4,760	-
Bills payable	2.05	407	407	407	-
Hire purchase and lease payables	6.72	10,735	11,725	4,410	7,315
Term loans	7.41	50,810	53,515	23,540	29,975
Total		92,677	96,372	59,082	37,290

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

The Company 2015	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000
Other payables and accruals	-	1,221	1,221	1,221	-
Amount owing to subsidiaries	-	2,257	2,257	2,257	-
Term loan	3.33	3,038	3,139	3,139	-
Total		6,516	6,617	6,617	-
2014					
Other payables and accruals	-	946	946	946	-
Amount owing to subsidiaries	-	2,263	2,263	2,263	-
Term loan	3.25	7,986	8,319	5,991	2,328
Total		11,195	11,528	9,200	2,328

(b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholder' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as total borrowings from financial institutions less short-term deposits with licensed banks and cash and bank balances divided by total equity. In previous financial years, the net debt components comprise borrowings plus trade and other payables less short-term deposits with licensed banks and cash and bank balances.

There was no change in the Group's overall strategy approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total debts.

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

40. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification of Financial Instruments

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financial Assets				
<u>Loans and receivables financial assets</u>				
Trade receivables	51,551	46,148	-	-
Other receivables and deposits	2,918	3,664	-	-
Dividend receivable	-	-	4,000	-
Amount owing by subsidiaries	-	-	62,957	71,067
Short-term deposits with licensed banks	417	5,502	417	405
Cash and bank balances	42,689	17,624	2,698	2,092
	97,575	72,938	70,072	73,564
Financial Liabilities				
<u>Fair value through profit or loss</u>				
Derivative liabilities	21,777	4,760	-	-
<u>Other financial liabilities</u>				
Trade payables	11,092	11,644	-	-
Other payables and accruals	15,889	14,321	1,221	946
Bills payable	-	407	-	-
Amount owing to a director	3,698	-	-	-
Amount owing to subsidiaries	-	-	2,257	2,263
Hire purchase payables	6,900	10,735	-	-
Term loans	30,539	50,810	3,038	7,986
	68,118	87,917	6,516	11,195

(d) Fair Value Information

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values.

The following summarises the methods used to determine the fair values of the financial instruments:-

- (i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.
- (ii) The fair values of hire purchase payables and term loans are determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.
- (iii) The fair value of forward foreign currency contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

40. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Value Information (Cont'd)

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

The Group	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2015								
Financial Liabilities								
<i>Fair value through profit or loss:</i>								
Derivative liabilities	-	21,777	-	-	-	-	21,777	21,777
<i>Other Financial Liabilities:</i>								
Hire purchase and lease payables	-	-	-	-	6,900	-	6,900	6,900
Term loans	-	-	-	-	30,539	-	30,539	30,539
2014								
Financial Liabilities								
<i>Fair value through profit or loss:</i>								
Derivative liabilities	-	4,760	-	-	-	-	4,760	4,760
<i>Other Financial Liabilities:</i>								
Hire purchase and lease payables	-	-	-	-	10,735	-	10,735	10,735
Term loans	-	-	-	-	50,810	-	50,810	50,810

NOTES TO THE Financial Statements

For the financial year ended 30 September 2015

40. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Value Information (Cont'd)

The Company

2015	Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value RM'000	Total Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
Financial liability					
Other financial liability:					
- Term loan	-	3,038	-	3,038	3,038
2014					
Financial liability					
Other financial liability:					
- Term loan	-	7,986	-	7,986	7,986

41. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the current financial year's presentation:-

Group	As Previously Reported RM'000	Reclassification RM'000	As Restated RM'000
<u>Statement of Profit or Loss and Other Comprehensive Income</u> (Extract):-			
Cost of sales	(187,335)	(5,634)	(192,969)
Other operating income	12,235	4,816	17,051
Administrative and other operating expenses	(44,398)	818	(43,580)
<u>Statements of Cash Flows (Extract):-</u>			
<u>Cash flows from/(for) operating activities</u>			
Adjustments for:-			
Inventories written off	7,318	5,634	12,952
(Increase)/Decrease in inventories	5,958	(5,634)	324
Decrease in trade and other payables	(24,869)	3,859	(21,010)
<u>Cash flows (for)/from financing activities</u>			
Repayment of bills payable	-	(3,859)	(3,859)

SUPPLEMENTARY Information

42. DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

The breakdown of the retained profits/(losses) of the Group and of the Company as at the end of the reporting period into realised and unrealised profits are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total share of retained profits/(accumulated losses) of the Company and its subsidiaries:				
- realised	185,195	187,325	(21,117)	(14,671)
- unrealised	(12,194)	(13,768)	-	-
	173,001	173,557	(21,117)	(14,671)
Less: Consolidation adjustments	(34,386)	(21,918)	-	-
Total retained profits/(accumulated losses) at 30 September	138,615	151,639	(21,117)	(14,671)

LIST OF Properties

Held as at 30 September 2015

Location	Approximate Age of building (years)	Date of Acquisition / Completion	Land Area (sq ft)	Tenure	Net Book Value (RM)
<p>1 1/2 Storey Semi-Detached Light Industrial Factory held under H.S.(M) No.22229, P.T. No.27966, Mukim Kapar, Daerah Klang</p> <p>Address: No.11, Jalan Teruntum 20 KU/8, Jalan Teratai, Batu 5 1/2, Jalan Meru, 41050 Klang, Selangor Darul Ehsan</p>	11	26 February 2004	7,653	Freehold	493,134
<p>1 1/2 Storey Semi-Detached Light Industrial Factory held under H.S.(M) No.22230, P.T. No.27967, Mukim Kapar, Daerah Klang</p> <p>Address: No.11A, Jalan Teruntum 20 KU/8, Jalan Teratai, Batu 5 1/2, Jalan Meru, 41050 Klang, Selangor Darul Ehsan</p>	11	26 February 2004	7,653	Freehold	493,134
<p>3 Storey Office Building with Factory Building held under H.S.(D)No.13321, P.T. No.371 & H.S.(D) No.22781, P.T. No.10649, Mukim Kapar, Daerah Klang</p> <p>Address: Lot 6123, Jalan Haji Salleh, Batu 5 1/2, Jalan Meru, 41050 Klang, Selangor Darul Ehsan</p>	10	10 August 2006	304,988	Freehold	20,214,949
<p>Factory Buildings under the land title Deed No.9845, Lot No.112, Survey Page No.623, Khan Ham Sub District, U Thai District, Ayutthaya Province, Thailand</p> <p>Address: No.1/48, Rojana Industrial Park Moo 5, Tambol Kanham, Amphur U-Thai. Pranakorn Sri Ayutthaya, 13210, Thailand</p>	18	02 October 2009	262,937	Freehold	17,819,688

LIST OF Properties

Held as at 30 September 2015

Location	Approximate Age of building (years)	Date of Acquisition / Completion	Land Area (sq ft)	Tenure	Net Book Value (RM)
1 1/2 Storey Light Industrial Factory held under H.S.(M) 19366, P.T.24011, Mukim Kapar, Daerah Klang Address: No.31, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan	19	28 January 2010	1,959	Freehold	185,778
1 1/2 Storey Light Industrial Factory held under H.S.(M) 19373, P.T.24018, Mukim Kapar, Daerah Klang Address: No.45, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan	19	28 January 2010	1,970	Freehold	185,778
1 1/2 Storey Light Industrial Factory held under H.S.(M) 19374, P.T.24019, Mukim Kapar, Daerah Klang Address: No.47, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan	19	28 January 2010	1,970	Freehold	185,778
1 1/2 Storey Light Industrial Factory held under H.S.(M) 19375, P.T.24020, Mukim Kapar, Daerah Klang Address: No.49, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan	19	28 January 2010	1,970	Freehold	185,778
1 1/2 Storey Light Industrial Factory held under H.S.(M) 19376, P.T.24021, Mukim Kapar, Daerah Klang Address: No.51, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan	19	28 January 2010	3,197	Freehold	371,555
2 Storey Office Building with Factory Building held under H.S.(D)No.22776 P.T. No.10644, Mukim Kapar, Daerah Klang Address: Lot 6123, Jalan Haji Salleh, Batu 5 1/2, Jalan Meru, 41050 Klang, Selangor Darul Ehsan	19	29 April 2010	108,931	Freehold	3,925,947

LIST OF Properties

Held as at 30 September 2015

Location	Approximate Age of building (years)	Date of Acquisition / Completion	Land Area (sq ft)	Tenure	Net Book Value (RM)
<p>1 1/2 Storey Light Industrial Factory held under H.S.(M) 19372, P.T.24017, Mukim Kapar, Daerah Klang</p> <p>Address: No.43 Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan</p>	19	08 February 2012	1,970	Freehold	219,011
<p>1 Storey Factory with a 2 Storey Office held under H.S.(D)No.135933, P.T .No.52829, Mukim Kapar, Daerah Klang</p> <p>Address: Lot 6071, Jalan Haji Manan, Batu 5 1/2, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan</p>	23	13 March 2012	283,952	Freehold	17,821,546
<p>1 1/2 Storey Linked Terrace Industrial Lot held under Geran 92792, Mukim Kapar, Daerah Klang</p> <p>Address: Lot 35141, Jalan Haji Manan, Batu 5 1/2, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan</p>	8	08 October 2012	3,337	Freehold	192,550
<p>1 1/2 Storey Linked Terrace Industrial Lot held under Geran 92798, Mukim Kapar, Daerah Klang</p> <p>Address: Lot 35147, Jalan Haji Manan, Batu 5 1/2, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan</p>	8	08 October 2012	3,337	Freehold	192,550
<p>1 1/2 Storey Linked Terrace Industrial Lot held under Geran 92800, Mukim Kapar, Daerah Klang</p> <p>Address: Lot 35149, Jalan Haji Manan, Batu 5 1/2, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan</p>	8	08 October 2012	3,337	Freehold	192,550
<p>1 Storey Linked Terrace Industrial Lot held under Geran 92801, Mukim Kapar, Daerah Klang</p> <p>Address: Lot 35150, Jalan Haji Manan, Batu 5 1/2, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan</p>	8	08 October 2012	3,337	Freehold	192,550

ANALYSIS OF SHAREHOLDINGS and Warrant Holdings

As at 29 January 2016

SHAREHOLDINGS

Authorised Share Capital	: RM500,000,000 divided into 1,000,000,000 ordinary shares of RM0.50 each
Issued and Paid-Up Share Capital	: RM135,209,491.50 comprising 270,418,983 ordinary shares of RM0.50 each
Class of Shares	: Ordinary shares of RM0.50 each
Voting Rights	: Every member of the Company, present in person and entitled to vote, or by proxy or by attorney or other duly authorised representative, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each ordinary share held
Number of shareholders	: 4,996

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Shares
1 - 99	871	17.434	37,903	0.014
100 - 1,000	383	7.666	178,126	0.067
1,001 - 10,000	1,949	39.011	10,605,440	3.953
10,001 - 100,000	1,559	31.205	49,864,262	18.587
100,001 - 13,413,434 (*)	231	4.624	140,613,770	52.415
13,413,435 and above (**)	3	0.060	66,969,209	24.964
TOTAL	4,996	100.000	268,268,710	100.000

Notes:

* less than 5% of issued shares

** 5% and above of issued shares

excluding 2,150,273 treasury shares as at 29 January 2016

LIST OF THIRTY (30) LARGEST REGISTERED SHAREHOLDERS

	Name	No. of Share Held	Percentage %
1	HSBC Nominees (Asing) Sdn Bhd Exempt An For Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	25,328,562	9.442
2	Choo Wing Onn	22,294,244	8.310
3	Lembaga Tabung Haji	19,346,403	7.212
4	Lee Tian Yoke	12,117,631	4.517
5	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Choo Wing Hong	12,000,000	4.473
6	Thoo Chow Fah	11,882,534	4.429
7	Choo Wing Hong	10,954,326	4.083
8	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Choo Wing Hong (8095431)	6,676,000	2.489

ANALYSIS OF SHAREHOLDINGS and Warrant Holdings

As at 29 January 2016

LIST OF THIRTY (30) LARGEST REGISTERED SHAREHOLDERS (CONT'D)

	Name	No. of Share Held	Percentage %
9	Choo Wing Leong	5,071,550	1.890
10	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Choo Wing Onn	4,128,000	1.539
11	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Choo Wing Yew (471952)	3,806,000	1.419
12	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad MIDF Amanah Asset Management Berhad For Yayasan Sarawak (JG281)	2,840,000	1.059
13	Ng Boo Kean @ Ng Beh Kian	2,528,100	0.942
14	Ng Jin Gee	2,200,200	0.820
15	Choo Wing Yew	2,154,725	0.803
16	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Choo Wing Hong	2,000,000	0.746
17	Lui Onn Kit Basil	1,844,054	0.687
18	Yap Zi He	1,587,000	0.592
19	Choo Wing Sing	1,447,821	0.540
20	Loo Pooi Ling	1,400,000	0.522
21	Alvin Tan Hong Yeow	1,250,000	0.466
22	Abdul Sathar bin M S M Abdul Kadir	1,226,579	0.457
23	Goh Kim Cheok	1,209,864	0.451
24	Yap Ma Tit	1,199,949	0.447
25	Tan Kin Seng	1,023,000	0.381
26	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mohd Radzuan Bin Ab Halim	988,152	0.368
27	Teoh Boon Beng @ Teoh Eng Kuan	978,860	0.365
28	Goh Kim Cheok	928,800	0.346
29	HSBC Nominees (Asing) Sdn Bhd TNTC For LSV Emerging Markets Small Cap Equity Fund, LP	829,315	0.309
30	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt An For Kumpulan Sentiasa Cemerlang Sdn Bhd (TSTAC/CLNT)	796,913	0.297
	Total	162,038,582	60.401

Note:

excluding 2,150,273 treasury shares as at 29 January 2016

ANALYSIS OF SHAREHOLDINGS and Warrant Holdings

As at 29 January 2016

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 29 JANUARY 2016

Name	No. of share held as at 29 January 2016			
	Direct	%#	Indirect	%#
Choo Wing Onn	26,422,244	9.849	-	-
Choo Wing Hong	31,630,326	11.791	-	-
Nikon Corporation	25,328,562	9.441	-	-
Lembaga Tabung Haji	19,346,403	7.212	-	-

Notes:

excluding 2,150,273 treasury shares as at 29 January 2016

DIRECTORS' SHAREHOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 29 JANUARY 2016

Name	No. of share held as at 29 January 2016			
	Direct	%#	Indirect	%#
Thoo Chow Fah	11,882,534	4.429	5,308*	0.002
Choo Wing Hong	31,630,326	11.791	-	-
Choo Wing Onn	26,422,244	9.849	-	-
Lee Tian Yoke	12,117,631	4.517	-	-
Choo Wing Yew	5,960,725	2.222	-	-
Saw Tat Loon	-	-	-	-
Yike Chee Wah	-	-	-	-
Anita Chew Cheng Im	-	-	-	-

Notes:

excluding 2,150,273 treasury shares as at 29 January 2016

* deemed interested in shares held by his spouse, Choo Wai Sook, pursuant to Section 134(12)(c) of the Companies Act, 1965

ANALYSIS OF SHAREHOLDINGS and Warrant Holdings

As at 29 January 2016

WARRANT-B HOLDINGS

No. of warrants in issue	:	38,618,616
Exercise price of the warrants	:	RM1.00
Expiry date of the warrants	:	2 May 2017
Voting Rights	:	Every warrant holder present in person or by proxy at any Warrant holders' Meeting, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each ordinary warrant held

ANALYSIS OF WARRANT-B HOLDINGS

Size of Holdings	No. of Holders	% of Holders	No. of Warrants	% of Warrants Held
1 - 99	798	27.254	17,976	0.047
100 - 1,000	1,064	36.339	478,970	1.240
1,001 - 10,000	743	25.376	2,066,460	5.351
10,001 - 100,000	242	8.265	9,305,289	24.095
100,001 - 1,930,929 (*)	80	2.732	23,243,753	60.188
1,930,930 and above (**)	1	0.034	3,506,168	9.079
Total	2,928	100.000	38,618,616	100.000

Notes:

* Less than 5% of issued warrants

** 5% and above of issued warrants

LIST OF THIRTY (30) LARGEST WARRANT-B HOLDERS

	Name	No. of warrants held	Percentage of warrants held (%)
1	HSBC Nominees (Asing) Sdn Bhd Exempt An For Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	3,506,168	9.079
2	Go Hang Thong	1,425,000	3.690
3	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Chee Heng King (MY0938)	1,201,000	3.110
4	Tey Heong Tiong	945,400	2.448
5	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Siow Chock Shume	829,500	2.148
6	Chew Ah Chay	690,300	1.787
7	Chai Beng Hock	600,000	1.554
8	See Hock Chuan	550,000	1.424
9	Kon Thiam Sen	525,000	1.359

ANALYSIS OF SHAREHOLDINGS and Warrant Holdings

As at 29 January 2016

LIST OF THIRTY (30) LARGEST WARRANT-B HOLDERS (CONT'D)

	Name	No. of warrants held	Percentage of warrants (%)
10	Koh Chi Kway	500,000	1.295
11	Yap Choon Yeow	500,000	1.295
12	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tee See Kim	410,000	1.062
13	Chay Chee Ken	400,000	1.036
14	Tan Sze Hung	400,000	1.036
15	Tee See Kim	400,000	1.036
16	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Chang Hook	398,000	1.030
17	Wong Yunn Lai	391,633	1.014
18	Abdul Sathar bin M S M Abdul Kadir	379,308	0.982
19	Khor Hai Soon	350,900	0.908
20	Oh Sooi Kiang	349,300	0.904
21	Bong Lah Fok	342,000	0.885
22	Affin Hwang Nominees (Asing) Sdn Bhd Phillip Securities Pte Ltd For Wei Jack Ngoh	337,665	0.874
23	Lee Ooi Kee	326,700	0.846
24	Lee Ooi Kee	326,300	0.845
25	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Fong Kwee Min (E-KPG)	310,000	0.803
26	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Siow Chock Shume (8120071)	300,700	0.779
27	Chiam Hun Chon	300,000	0.777
28	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ting Hing Chooi (011)	300,000	0.777
29	Poon Wai Ching	300,000	0.777
30	Yeong Yew Kwan	300,000	0.777
	Total	17,894,874	46.337

ANALYSIS OF SHAREHOLDINGS and Warrant Holdings

As at 29 January 2016

DIRECTORS' WARRANT-B HOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' WARRANT-B HOLDINGS AS AT 29 JANUARY 2016

Name	No. of Warrants-B held as at 29 January 2016			
	Direct	% [#]	Indirect	% [#]
Thoo Chow Fah	-	-	-	-
Choo Wing Hong	-	-	-	-
Choo Wing Onn	-	-	-	-
Lee Tian Yoke	-	-	-	-
Choo Wing Yew	-	-	-	-
Saw Tat Loon	-	-	-	-
Yike Chee Wah	-	-	-	-
Anita Chew Cheng Im	-	-	-	-

ADDITIONAL Information

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for ensuring that the financial statements of the Group are drawn up in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and the Company as at 30 September 2015 and the results and cashflows of the Group and the Company for the financial year ended on that date.

In preparing the financial statements, the Directors have:

- (a) Adopted suitable accounting policies and applied them consistently;
- (b) Made judgements and estimates that are reasonable and prudent;
- (c) Ensured the adoption of applicable approved accounting standards; and
- (d) Used the going concern basis for the preparation of the financial statements.

The Directors are responsible for ensuring proper accounting records are kept which disclose with reasonable accuracy of the financial position of the Group and Company and are kept in accordance with the Companies Act, 1965. The Directors are also responsible for ensuring that a proper internal control is in place to safeguard the Group's assets and to prevent and detect fraud and other irregularities.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving the Company's Directors' and/or major shareholders' interests, either still subsisting at the end of the financial year, or which were entered into since the end of the previous financial year.

OPTIONS AND CONVERTIBLE SECURITIES

During the financial year ended 30 September 2015:

- (i) 792 of the Warrants-A were converted to ordinary shares. The number of outstanding Warrants-A of 61,304,512 expired on 3 August 2015; and
- (ii) 126 of Warrants-B were converted to ordinary shares. The number of outstanding Warrants-B as at 30 September 2015 was 38,616,616.

The Company has not issued any options or convertible securities during the financial year.

ADDITIONAL Information

SHARE BUY-BACK

The shareholders of the Company at the Eleventh AGM held on 23 March 2015 granted the authority to the Company to purchase its own shares provided that the aggregate number of shares shall not exceed 10% of the total issued and paid-up share capital of the Company at time of purchase.

During the financial year ended 30 September 2015, the Company purchased 1000 shares for a total consideration of RM491.

As at 30 September 2015, the Company held 2,150,273 repurchased shares or treasury shares out of its total issued and paid up share capital of 270,418,983 ordinary shares of RM0.50 each. Such treasury shares were held at a carrying amount of RM2,244,383.

DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any Depository Receipts during the financial year.

SANCTIONS AND/OR PENALTIES

There were no material sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by any regulatory bodies during the financial year.

PROFIT GUARANTEE

During the financial year, there was no profit guarantee issued or received by the Company.

NON-AUDIT FEES

The non-audit fees paid by the Group to external auditors or company affiliated to the external auditor's firm for the financial year ended 30 September 2015 amounted to RM57,900.

VARIATION IN RESULTS

There was no deviation of 10% or more between the results of the financial year ended 30 September 2015 as per audited financial statements and the unaudited results previously announced.

UTILISATION OF PROCEEDS

The Company did not implement any fund raising exercise during the financial year under review.

NOTICE OF Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of NOTION VTEC BERHAD (“Company”) will be held at Première Hotel, Bandar Bukit Tinggi 1/KS6, Jalan Langat, 41200 Klang, Selangor Darul Ehsan on Wednesday, 23 March 2016 at 9.30 a.m. for the following purposes:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 September 2015 together with the Reports of the Directors and Auditors thereon.
(Please refer to Note 1 of the Explanatory Notes)
2. To re-elect the following Directors who are retiring in accordance with Article 69 of the Articles of Association of the Company:
 - i) Choo Wing Yew
(Ordinary Resolution 1)
 - ii) Saw Tat Loon
(Ordinary Resolution 2)
 - iii) Anita Chew Cheng Im
(Ordinary Resolution 3)
3. To approve the Directors’ Fees for the financial year ended 30 September 2015.
(Ordinary Resolution 4)
4. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration.
(Ordinary Resolution 5)

Special Business

To consider and, if thought fit, with or without any modification, to pass the following resolutions:

5. **Authority for Saw Tat Loon to continue in office as Independent Non-Executive Director**

“**THAT** authority be and is hereby given to Saw Tat Loon who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with Malaysian Code on Corporate Governance 2012.”
(Ordinary Resolution 6)
6. **Authority for Yike Chee Wah to continue in office as Independent Non-Executive Director**

“**THAT** authority be and is hereby given to Yike Chee Wah who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with Malaysian Code on Corporate Governance 2012.”
(Ordinary Resolution 7)
7. **Authority for Anita Chew Cheng Im to continue in office as Independent Non-Executive Director**

“**THAT** authority be and is hereby given to Anita Chew Cheng Im who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with Malaysian Code on Corporate Governance 2012.”
(Ordinary Resolution 8)

NOTICE OF Annual General Meeting

8. Proposed Renewal of Authority to Allot Shares pursuant to Section 132D of the Act

“**THAT** pursuant to Section 132D of the Act, the Directors be and are hereby empowered to allot and issue Shares in the share capital of the Company at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of Shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company (excluding treasury shares) at the time of issue, subject to the Articles of Association of the Company and approval for the listing of and quotation for the additional Shares so issued on the Bursa Securities and other relevant bodies where such approval is necessary.”

(Ordinary Resolution 9)

By Order of the Board

Tai Yit Chan (MAICSA 7009143)
Tan Ai Ning (MAICSA 7015852)

Company Secretaries

Selangor Darul Ehsan
29 February 2016

Explanatory Notes:

(1) To receive the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 169(1) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

(2) Authority for Saw Tat Loon to continue in office as Independent Non-Executive Director

The Board of Directors (“Board”) has via the Nominating Committee conducted an annual performance evaluation and assessment of Saw Tat Loon, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

- a. he fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), and therefore was able to bring independent and objective judgment to the Board;
- b. his experience in the audit and accounting industries enable him to provide the Board with a diverse set of experience, expertise, skills and competence;
- c. he has been with the Company for long and therefore understand the Company’s business operations which enable him to participate actively and contribute during deliberations or discussions at Audit Committee and Board meetings;
- d. he has contributed sufficient time and efforts and attended all the Nominating Committee, Remuneration Committee, Audit Committee and Board meetings for informed and balanced decision making; and
- e. he has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

NOTICE OF Annual General Meeting

(3) Authority for Yike Chee Wah to continue in office as Independent Non-Executive Director

The Board has via the Nominating Committee conducted an annual performance evaluation and assessment of Yike Chee Wah, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

- a. he fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements, and therefore was able to bring independent and objective judgment to the Board;
- b. his experience enable him to provide the Board with a diverse set of experience, expertise, skills and competence;
- c. he has been with the Company for long and therefore understand the Company's business operations which enable him to participate actively and contribute during deliberations or discussions at Audit Committee and Board meetings;
- d. he has contributed sufficient time and efforts and attended all the Nominating Committee, Remuneration Committee, Audit Committee and Board meetings for informed and balanced decision making; and
- e. he has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

(4) Authority for Anita Chew Cheng Im to continue in office as Independent Non-Executive Director

The Board has via the Nominating Committee conducted an annual performance evaluation and assessment of Anita Chew Cheng Im, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended her to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

- a. she fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements, and therefore was able to bring independent and objective judgment to the Board;

- b. her experience enable her to provide the Board with a diverse set of experience, expertise, skills and competence;
- c. she has been with the Company for long and therefore understand the Company's business operations which enable her to participate actively and contribute during deliberations or discussions at Audit Committee and Board meetings;
- d. she has contributed sufficient time and efforts and attended all the Nominating Committee, Remuneration Committee, Audit Committee and Board meetings for informed and balanced decision making; and
- e. she has exercised due care during her tenure as Independent Non-Executive Director of the Company and carried out her professional duties in the interest of the Company and shareholders.

(5) Proposed Renewal of Authority to Allot Shares pursuant to Section 132D of the Act

The Company had, during its Eleventh AGM held on 23 March 2015, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Act. As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

The proposed Ordinary Resolution 9, if passed, will empower the Directors from the conclusion of this AGM, to allot and issue up to a maximum of 10% of the issued share capital of the Company (excluding treasury shares) at the time of issue (other than bonus or rights issue) for such purposes as they consider would be in the best interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

This authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for purpose of funding investment project(s), working capital and/or acquisition. At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

NOTICE OF Annual General Meeting

Notes:

- (1) A member entitled to attend and vote at the meeting may appoint another person as his proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. A proxy appointed to attend and vote at a meeting shall have the same rights as the member to speak at the meeting.
- (2) A member may appoint up to two (2) proxies to attend the meeting. Where a member appoints two (2) proxies, the appointment shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy. Where a member is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account (“omnibus account”) as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (3) The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (4) The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company’s Share Registrar’s office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time for holding of the meeting or adjourned meeting.
- (5) For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available a Record of Depositors as at 16 March 2016 and only members whose names appear on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the **“Purposes”**), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

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No. of Shares Held	CDS Account No.

I/We, _____ (name of shareholder as per NRIC)
NRIC No./Passport No./Company No. _____ (new) _____ (old)
of _____ (full address)
being a Member(s) of NOTION VTEC BERHAD, hereby appoint _____

_____ (name of proxy as per NRIC)
NRIC No. _____ (new) _____ (old)
of _____ (full address)
or failing him/her, _____ (name of proxy as per NRIC)
NRIC No. _____ (new) _____ (old)
of _____ (full address)

or # the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Twelfth Annual General Meeting of the Company to be held at Première Hotel, Bandar Bukit Tinggi 1/KS6, Jalan Langat, 41200 Klang, Selangor Darul Ehsan on Wednesday, 23 March 2016 at 9.30 a.m. or at any adjournment thereof and to vote as indicated below:-

Resolutions		For	Against
1 To re-elect Choo Wing Yew as Director	Ordinary Resolution 1		
2 To re-elect Saw Tat Loon as Director	Ordinary Resolution 2		
3 To re-elect Anita Chew Cheng Im as Director	Ordinary Resolution 3		
4 To approve the Directors' Fees for the financial year ended 30 September 2015	Ordinary Resolution 4		
5 To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration	Ordinary Resolution 5		
6 Special Business Authority for Saw Tat Loon to continue in office as Independent Non-Executive Director	Ordinary Resolution 6		
7 Special Business Authority for Yike Chee Wah to continue in office as Independent Non-Executive Director	Ordinary Resolution 7		
8 Special Business Authority for Anita Chew Cheng Im to continue in office as Independent Non-Executive Director	Ordinary Resolution 8		
9 Special Business Proposed Renewal of Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965	Ordinary Resolution 9		

Mark either box if you wish to direct the proxy how to vote. If you do not do so, the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two proxies or more and wish them to vote differently, this should be specified.

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

If you wish to appoint other person(s) to be your proxy/proxies, kindly strike out the words "The Chairman of the Meeting" and insert the name(s) of the person(s) desired.

* Delete if not applicable

Dated this _____ day of _____ 2016.

Signature of Shareholder or Common Seal

Contact No. _____

NOTES:

- A member entitled to attend and vote at the meeting may appoint another person as his proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. A proxy appointed to attend and vote at a meeting shall have the same rights as the member to speak at the meeting.
- A member may appoint up to two (2) proxies to attend the meeting. Where a member appoints two (2) proxies, the appointment shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy. Where a member is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time for holding of the meeting or adjourned meeting.
- For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available a Record of Depositors as at 16 March 2016 and only members whose names appear on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 February 2016.

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The Share Registrar
NOTION VTEC BERHAD (637546-D)

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Please fold here

NOTION VTEC BERHAD (637546-D)

Lot 6123, Jalan Haji Salleh, Batu 5 1/2, Jalan Meru, 41050 Klang, Selangor, Malaysia.

www.notionvtec.com