

NOTION VTEC BERHAD
Company No: - 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2016 RM'000	Preceding Year Corresponding Quarter 31.03.2015 RM'000	Current Year To Date 31.03.2016 RM'000	Preceding Year To Date 31.03.2015 RM'000
Revenue	56,593	63,942	117,646	122,193
Cost of Sales	<u>(47,573)</u>	<u>(53,835)</u>	<u>(96,678)</u>	<u>(97,243)</u>
Gross Profit	9,020	10,107	20,968	24,950
Other Operating Income/ (Loss)	(1,755)	5,747	7,153	12,060
Operating Expenses	<u>(9,037)</u>	<u>(8,734)</u>	<u>(25,421)</u>	<u>(19,669)</u>
Operating (Loss)/ Income	(1,772)	7,120	2,700	17,341
Derivative Gain/ (Loss)	4,384	(12,651)	7,225	(29,688)
Finance Costs	<u>(535)</u>	<u>(1,103)</u>	<u>(1,136)</u>	<u>(2,104)</u>
Profit/ (Loss) before taxation	2,077	(6,634)	8,789	(14,451)
Taxation	<u>1,075</u>	<u>2,090</u>	<u>(2,523)</u>	<u>4,659</u>
Profit/ (Loss) after taxation	3,152	(4,544)	6,266	(9,792)
Other Comprehensive income/ (loss):				
-currency translation differences	<u>(1,966)</u>	<u>2,580</u>	<u>(2,035)</u>	<u>3,514</u>
Total comprehensive income/ (loss) for the year	<u>1,186</u>	<u>(1,964)</u>	<u>4,231</u>	<u>(6,278)</u>
Profit/ (Loss) after taxation attributable to:				
-Owners of the Company	3,152	(4,544)	6,266	(9,792)
-Non-controlling Interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>3,152</u>	<u>(4,544)</u>	<u>6,266</u>	<u>(9,792)</u>
Total comprehensive income/ (loss) for the year attributable to:				
-Owners of the Company	1,186	(1,964)	4,231	(6,278)
-Non-controlling Interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,186</u>	<u>(1,964)</u>	<u>4,231</u>	<u>(6,278)</u>
Earnings/ (Loss) Per Share (sen)	<u>1.17</u>	<u>(1.69)</u>	<u>2.34</u>	<u>(3.65)</u>
Proposed/ Declared Dividend Per Share (sen)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 September 2015 and the accompanying explanatory notes attached to the interim financial statements.

NOTION VTEC BERHAD
Company No: - 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at End of Current Quarter 31.03.2016 RM'000	As at Preceding Year Ended 30.09.2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	215,204	232,379
Investment in an Associate	-	-
	<u>215,204</u>	<u>232,379</u>
Current assets		
Inventories	39,363	45,194
Trade receivables	45,984	51,551
Other receivables and deposits	6,586	5,033
Tax refundable	3,514	1,761
Short-term deposits with licensed banks	424	417
Cash and bank balances	<u>38,678</u>	<u>42,689</u>
	<u>134,549</u>	<u>146,645</u>
Total assets	<u>349,753</u>	<u>379,024</u>
EQUITY AND LIABILITIES		
Equity		
Share Capital	135,209	135,209
Share Premium	1	1
Treasury Shares	(2,244)	(2,244)
Currency Translation Reserves	4,379	6,414
Retained Profits	144,881	138,615
Other Capital Reserve	<u>4,800</u>	<u>4,800</u>
Equity attributable to owners of the Company	<u>287,026</u>	<u>282,795</u>
Non-controlling Interests	-	-
Total equity	<u>287,026</u>	<u>282,795</u>
Non-current liabilities		
Long-term borrowings	16,491	20,898
Deferred taxation	<u>8,222</u>	<u>5,851</u>
	<u>24,713</u>	<u>26,749</u>
Current Liabilities		
Trade payables	7,357	11,092
Other payables and accruals	10,802	15,889
Derivative liabilities	4,384	21,777
Amount owing to a director	3,698	3,698
Short-term borrowings	11,549	16,541
Provision for taxation	224	483
	<u>38,014</u>	<u>69,480</u>
Total Liabilities	<u>62,727</u>	<u>96,229</u>
TOTAL EQUITY AND LIABILITIES	<u>349,753</u>	<u>379,024</u>
Net assets per ordinary share (RM)	<u>1.0699</u>	<u>1.0542</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 September 2015 and the accompanying explanatory notes attached to the interim financial statements.

NOTION VTEC BERHAD

Company No: - 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	←-----Attributable to equity holders of the parent-----→								
	Ordinary Share Capital RM'000	Share Premium RM'000	←-----Non-distributable-----→			←Distributable→		Non- Controlling Interests RM'000	Total Equity RM'000
			Treasury Shares RM'000	Currency Translation Reserves RM'000	Other Capital Reserve RM'000	Retained Profits RM'000	Total RM'000		
6 months ended 31 March 2016									
Balance as at 1 October 2015	135,209	1	(2,244)	6,414	4,800	138,615	282,795	-	282,795
Profit after taxation	-	-	-	-	-	6,266	6,266	-	6,266
Currency translation differences	-	-	-	(2,035)	-	-	(2,035)	-	(2,035)
Balance as at 31 March 2016	135,209	1	(2,244)	4,379	4,800	144,881	287,026	-	287,026

6 months ended 31 March 2015

Balance as at 1 October 2014	135,209	*	(2,244)	409	4,800	151,637	289,811	-	289,811
Loss after taxation	-	-	-	-	-	(9,792)	(9,792)	-	(9,792)
Currency translation differences	-	-	-	3,514	-	-	3,514	-	3,514
Balance as at 31 March 2015	135,209	*	(2,244)	3,923	4,800	141,845	283,533	-	283,533

*denotes RM 57.50

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 September 2015 and the accompanying explanatory notes attached to the interim financial statements.

NOTION VTEC BERHAD
Company No: - 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Current Year-To-Date 31.03.2016 RM'000	Preceding Year-To-Date 31.03.2015 RM'000
CASH FLOWS FROM/ (FOR) OPERATING ACTIVITIES		
Profit/ (Loss) before taxation	8,789	(14,451)
Adjustments for:		
Depreciation of property, plant and equipment	17,874	19,556
Interest expense	987	1,999
Inventories written back	(2)	-
Inventories written off	2,805	4,375
Bad debts written off	1	-
(Gain) on disposal of property, plant and equipment	(39)	(145)
Unrealised (gain) on foreign currency translation	(1,737)	(3,577)
Fair value (gain)/ loss on derivatives	(17,393)	13,830
Interest income	(222)	(69)
Operating profit before working capital changes	11,063	21,518
(Increase)/ Decrease in inventories	3,023	(12,001)
(Increase)/ Decrease in trade and other receivables	2,917	(10,563)
Increase/ (Decrease) in trade and other payables	(6,385)	7,200
CASH FROM OPERATIONS	10,618	6,154
Interest paid	(987)	(1,999)
Tax refunded	500	-
Tax paid	(2,847)	(1,589)
NET CASH FROM OPERATING ACTIVITIES	7,284	2,566
CASH FLOWS (FOR) / FROM INVESTING ACTIVITIES		
Interest received	222	69
Proceeds from disposal of plant and equipment	326	2,721
Purchase of property, plant and equipment	(5,109)	(7,409)
NET CASH FROM/ (FOR) INVESTING ACTIVITIES	(4,561)	(4,619)
CASH FLOWS (FOR) / FROM FINANCING ACTIVITIES		
Repayment of hire-purchase and lease obligations	(1,857)	(1,967)
Repayment of term loan	(6,576)	(11,872)
Repayment of bank borrowings	-	(407)
Buy-back of shares	-	(1)
NET CASH FLOWS FOR FINANCING ACTIVITIES	(8,433)	(14,247)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,710)	(16,300)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	43,075	23,125
Currency translation differences – subsidiaries	1,737	1,613
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	39,102	8,438
Note (A)		
Cash and cash equivalents at the end of the financial year comprise the following:		
Short term deposits with licensed banks	424	411
Cash and bank balances	38,678	8,027
	39,102	8,438

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 September 2015 and the accompanying explanatory notes attached to the interim financial statements.

NOTION VTEC BERHAD

Company No: - 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

NOTES TO THE QUARTERLY FINANCIAL REPORT

A1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

These explanatory notes to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiaries ("The Group"). This interim financial report should be read in conjunction with the Group's annual audited financial report for the financial year ended ("FYE") 30 September 2015.

The accounting policies and methods of computations adopted in these interim financial statements are consistent with those adopted in the financial statements for the FYE 30 September 2015.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements of the Group for the FYE 30 September 2015 was not subject to any qualification.

A3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The results of the Group were not materially affected by any significant seasonal or cyclical factors during the quarter under review.

A4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE.

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter under review.

A5. MATERIAL CHANGES IN ESTIMATES

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

A6. CHANGES IN DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayments of debts and equity securities during the quarter under review.

As at 31 March 2016, 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 RM 0.50 each. The treasury shares are held at a carrying amount of RM 2,244,383.

A7. DIVIDEND PAID

No dividend was paid during the quarter under review.

A8. SEGMENTAL INFORMATION

The Group is primarily engaged in three business segment which is in the design and volume production of high precision metal manufacturing of hard disk drive ("HDD"), camera and automotive/ industries' components. Breakdown of segmental revenue and product mix is found in Note B2.

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

A9. VALUATION OF ASSETS

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

A10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE QUARTER

There were no material events between the end of the reporting quarter and the date of this announcement.

NOTION VTEC BERHAD**Company No: - 637546-D****UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016****NOTES TO THE QUARTERLY FINANCIAL REPORT (continued)****A11. CHANGES IN THE COMPOSITION OF THE GROUP**

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

A12. CONTINGENT LIABILITIES

- a) The Company has provided corporate guarantees for hire purchase facilities granted to subsidiaries for total amount of RM 35,497,608. As at 31 March 2016, the outstanding hire purchase balance stood at RM 5,042,408.
- b) The Group has also provided corporate guarantees for bank facilities granted for a total amount of RM 148,210,949. As at 31 March 2016, the utilisation of the bank facilities stood at RM 22,997,889.

A13. CAPITAL COMMITMENTS

	As at End of Current Quarter 31.03.2016 RM'000	As at End of Preceding Quarter 31.12.2015 RM'000
Approved and contracted for:		
-purchase of property, plant and equipment	-	704

A14. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Directors of Notion are of the opinion that there is no related party transaction which would have a material impact on the financial position and the business of the Group during the financial quarter.

NOTION VTEC BERHAD

Company No: - 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

ADDITIONAL INFORMATION REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. GROUP PERFORMANCE REVIEW

The Group recorded revenue and profit after taxation ("PAT") of RM 56.6 million and RM 3.2 million respectively for the quarter ended 31 March 2016 ("Q2FY2016"). Refer Notes B2 and B3 below for a detailed review of the Group's performance.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Financials:

For Q2 of FY2016, the Group recorded revenue of RM 56.6 million (Q1FY2016: RM 61.1 million) and Profit after tax (PAT) of RM 3.2 million (Q1FY2016: PAT of RM 3.1 million) and earnings per share of 1.17 sen (Q1FY2016: earnings per share of 1.16 sen). Revenue is 7.3% lower in the current quarter under review compared to the preceding quarter was mainly attributable to the 7% and 3% drop in HDD and camera segment orders respectively. The quarter benefited from the write back of provision for mark to market losses of USD foreign exchange hedging contracts amounting to about RM 9.3 million. The EBITDA for Q2FY2016 was RM 11.2 million compared to RM 16.2 million in Q1FY2016 (preceding year Q2FY2015: RM 4.1 million). On a cumulative year to date, the EBITDA up to Q2FY2016 was RM 27.4 million (YTD Q2FY2015: RM 7.0 million).

Product mix:

In Q2FY2016, HDD parts revenue recorded RM 26.2 million (Q1FY2016: RM 28.1 million), camera parts recorded RM 11.0 million (Q1FY2016: RM 15.8 million) whilst the industrial/ automotive revenue was at RM 19.4 million (Q1FY2016: RM 17.2 million). The product mix for Q2FY2016 was HDD: Camera: Industrial/Automotive of 46%: 20%: 34% compared to previous quarter's mix of 46%: 26%: 28%. On a cumulative year to date comparison, the Auto segment had grown by 16% in revenue year on year (YTD FY2016 at 46%: 23%: 31% and YTD FY2015 48%:26%:26%).

B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

Business Review and Outlook

For Q2 FY16 the turnover recorded dropped to RM56.6 million a 7.3% decrease from previous quarter mainly due to the January to March quarter been the new calendar year and generally less productive days due to lots of festive slowdown.

The profitability of the company has been maintained.

Both the HDD and especially the Camera segments were reduced except for the automotive segment.

For Q3 FY16 the HDD segment may slow down as the supply chain to the sector continues to be consolidated and meet more headwinds in the sluggish PC notebook market.

The Camera segment should see some rebound in Q3 as indicated by our customers.

The Automotive segment continues to grow strongly and more predictably.

On an EBITDA to date of RM27 mil on RM117.7 mil turnover which is 23% EBITDA margin and the market capitalization of about RM110 mil and if annualized it is approximately 2 times annual estimated EBITDA.

The bank loans continued to be paid off and currently stood at RM28 mil as at this quarter.

The cash and cash equivalent of the company is RM39 mil.

Barring any unforeseen circumstances the Board is of the opinion the business will be sustainable and profitable for the H2 of the FY2016 financial year.

NOTION VTEC BERHAD

Company No: - 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

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

B4. PROFIT FORECAST, PROFIT GUARANTEE AND INTERNAL TARGETS

The Group did not issue any profit guarantee and profit forecast during the current financial period to date.

B5. TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To Date	To Date
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Company and Subsidiaries				
Taxation				
- current	201	1,344	430	3,402
Deferred taxation	(1,276)	(3,434)	2,093	(8,061)
	<u>(1,075)</u>	<u>(2,090)</u>	<u>2,523</u>	<u>(4,659)</u>

The effective tax rate of approximately 28.7% for the current year to date was higher than the statutory tax rate of 24% was mainly due to expenses disallowed for tax purpose and claw back of reinvestment allowances on assets disposed.

B6. STATUS OF CORPORATE PROPOSALS

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

B7. BORROWINGS AND DEBTS SECURITIES

The Group's borrowings as at 31 March 2016 are as follows:

	<u>RM'000</u>
Long-term	
Secured	
Hire purchase and lease payables	1,219
Term loan	<u>15,272</u>
	<u>16,491</u>
Short-term	
Secured	
Portion of hire purchase and lease payables due within one year	3,823
Portion of term loan due within one year	7,726
Unsecured	
Bank overdraft	-
Other short term borrowings	<u>-</u>
	<u>11,549</u>
	<u>28,040</u>

The hire purchase and lease payables and term loan are secured by legal charges over certain property, plant and equipment belonging to certain subsidiaries of the Company.

NOTION VTEC BERHAD

Company No: - 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

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

B8. RETAINED PROFITS

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

	As at End of Current Quarter 31.03.2016 <u>RM'000</u>	As at Preceding Year Quarter 31.03.2015 <u>RM'000</u>
Total retained profits:		
-realised	161,257	163,649
-unrealised	<u>(16,376)</u>	<u>(21,805)</u>
	<u>144,881</u>	<u>141,844</u>

B9. NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2016 <u>RM'000</u>	Preceding Year Corresponding Quarter 31.03.2015 <u>RM'000</u>	Current Year To Date 31.03.2016 <u>RM'000</u>	Preceding Year To Date 31.03.2015 <u>RM'000</u>
a) Interest income	(115)	(39)	(222)	(69)
b) Other income	(1,285)	(2,946)	(2,623)	(3,597)
c) Interest expense	413	1,063	987	1,999
d) Depreciation and amortisation	8,878	9,738	17,874	19,556
e) (Gain)/ Loss on disposal of property, plant and equipment	-	16	(39)	(145)
f) Foreign exchange loss / (gain)	3,773	(1,490)	4,111	(6,514)
g) Loss/ (Gain) from derivatives (please refer to Note B10)	(4,384)	12,651	(7,225)	29,688
h) Inventories written off	1,162	2,204	2,805	4,375
i) Bad debts written off	-	-	1	-

B10. DERIVATIVE GAIN/ (LOSS)

Derivative gain/ (loss) consists of realised gain/ (loss) on settlement of hedging contracts during the quarter and fair value changes due to movement in mark-to-market (MTM) position on non-designated hedging contracts at 31 March 2016 which comprised the following:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2016 <u>RM'000</u>	Preceding Year Corresponding Quarter 31.03.2015 <u>RM'000</u>	Current Year To Date 31.03.2016 <u>RM'000</u>	Preceding Year To Date 31.03.2015 <u>RM'000</u>
Loss from foreign currency hedging contracts:				
-settlement of hedging contracts	(4,889)	(11,389)	(10,167)	(15,858)
-fair value changes due to movement in MTM position on non-designated hedging contracts	<u>9,273</u>	<u>(1,262)</u>	<u>17,392</u>	<u>(13,830)</u>
Loss from derivative contracts	<u>4,384</u>	<u>(12,651)</u>	<u>7,225</u>	<u>(29,688)</u>

NOTION VTEC BERHAD

Company No: - 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

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

B11. DERIVATIVE FINANCIAL INSTRUMENTS

Type of derivatives	Notional Value as at 31.03.2016 RM'000	Fair Value as at 31.03.2016 Assets / (Liabilities) RM'000
Foreign Currency Hedging Contracts		
-Less than 1 year	33,628	(4,384)
-1 year to 2 years	-	-
TOTAL	33,628	(4,384)

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

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

B12. MATERIAL LITIGATION

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

B13. DIVIDENDS PER SHARE

No dividend has been proposed for the quarter ended 31 March 2016 (Q2FY2015: Nil).

B14. EARNINGS/ (LOSS) PER SHARE

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2016 (Unaudited)	Preceding Year Corresponding Quarter 31.03.2015 (Unaudited)	Current Year To Date 31.03.2016 (Unaudited)	Preceding Year To Date 31.03.2015 (Unaudited)
Profit/ (Loss) attributable to owners of the Company (RM'000)	3,152	(4,544)	6,266	(9,792)
Number of ordinary shares in issue (excluding the treasury shares held by the Company) ('000)	268,269	268,268	268,269	268,268
Earnings/ (Loss) per share (sen)	<u>1.17</u>	<u>(1.69)</u>	<u>2.34</u>	<u>(3.65)</u>

AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 18 May 2016.

By Order of the Board

Petaling Jaya
18 May 2016