

NOTION VTEC BERHAD
Company No: - 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2017 RM'000	Preceding Year Corresponding Quarter 30.06.2016 RM'000	Current Year To Date 30.06.2017 RM'000	Preceding Year To Date 30.06.2016 RM'000
Revenue	67,778	53,124	204,344	170,770
Cost of Sales	<u>(57,959)</u>	<u>(46,030)</u>	<u>(166,268)</u>	<u>(142,708)</u>
Gross Profit	9,819	7,094	38,076	28,062
Other Operating Income	3,884	6,623	12,099	5,397
Operating Expenses	<u>(12,938)</u>	<u>(9,485)</u>	<u>(34,180)</u>	<u>(26,527)</u>
Operating Income	765	4,232	15,995	6,932
Derivative (Loss)/ Gain	-	(1,915)	-	5,310
Finance Costs	<u>(270)</u>	<u>(461)</u>	<u>(929)</u>	<u>(1,597)</u>
Profit before taxation	495	1,856	15,066	10,645
Income Tax Gain/ (Expense)	<u>2,274</u>	<u>(7,356)</u>	<u>(1,420)</u>	<u>(9,879)</u>
Profit after taxation	2,769	(5,500)	13,646	766
Other Comprehensive income/ (expenses):				
-currency translation differences	<u>(1,527)</u>	<u>(3,127)</u>	<u>3,283</u>	<u>(5,162)</u>
Total comprehensive income for the financial period	<u>1,242</u>	<u>(8,627)</u>	<u>16,929</u>	<u>(4,396)</u>
Profit after taxation attributable to:				
-Owners of the Company	2,769	(5,500)	13,646	766
-Non-controlling Interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,769</u>	<u>(5,500)</u>	<u>13,646</u>	<u>766</u>
Total comprehensive income for the financial period attributable to:				
-Owners of the Company	1,242	(8,627)	16,929	(4,396)
-Non-controlling Interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,242</u>	<u>(8,627)</u>	<u>16,929</u>	<u>(4,396)</u>
Earnings/ (Loss) Per Share (sen)	<u>0.84</u>	<u>(2.05)</u>	<u>4.13</u>	<u>0.29</u>
Proposed/ Declared Dividend Per Share (sen)	<u>0.75</u>	<u>-</u>	<u>3.00</u>	<u>-</u>

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 30 September 2016 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at End of Current Quarter 30.06.2017 RM'000	As at Preceding Year Ended 30.09.2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	215,427	206,291
Investment in an Associate	-	-
	<u>215,427</u>	<u>206,291</u>
Current assets		
Inventories	44,848	33,092
Trade receivables	64,029	54,691
Other receivables and deposits	11,429	5,793
Tax refundable	3,503	2,465
Short-term deposits with licensed banks	13,653	20,276
Cash and bank balances	<u>82,046</u>	<u>21,581</u>
	<u>219,508</u>	<u>137,898</u>
Total assets	<u>434,935</u>	<u>344,189</u>
EQUITY AND LIABILITIES		
Equity		
Share Capital	197,709	135,209
Share Premium	-	1
Treasury Shares	-	(2,244)
Currency Translation Reserves	10,284	7,001
Retained Profits	145,782	144,292
Other Capital Reserve	<u>5,016</u>	<u>4,800</u>
Equity attributable to owners of the Company	<u>358,791</u>	<u>289,059</u>
Non-controlling Interests	-	-
Total equity	<u>358,791</u>	<u>289,059</u>
Non-current liabilities		
Long-term borrowings	4,528	7,076
Deferred taxation	<u>14,167</u>	<u>15,886</u>
	<u>18,695</u>	<u>22,962</u>
Current Liabilities		
Trade payables	14,132	8,095
Other payables and accruals	30,012	10,941
Dividend payable	4,958	-
Short-term borrowings	6,073	13,132
Provision for taxation	2,274	-
	<u>57,449</u>	<u>32,168</u>
Total Liabilities	<u>76,144</u>	<u>55,130</u>
TOTAL EQUITY AND LIABILITIES	<u>434,935</u>	<u>344,189</u>
Net assets per ordinary share (RM)	<u>1.0855</u>	<u>1.0775</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 2016 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

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		
9 months ended 30 June 2017									
Balance as at 1 October 2016	135,209	1	(2,244)	7,001	4,800	144,292	289,059	-	289,059
Transfer in accordance with Section 618(2) of the Companies Act 2016 (Note a)	1	(1)	-	-	-	-	-	-	-
Profit after taxation	-	-	-	-	-	13,646	13,646	-	13,646
Interim tax-exempt dividend of 1.0 sen per ordinary share in respect of the previous financial year	-	-	-	-	-	(2,683)	(2,683)	-	(2,683)
Final tax-exempt dividend of 1.0 sen per ordinary share in respect of the previous financial year	-	-	-	-	-	(2,683)	(2,683)	-	(2,683)
Interim tax-exempt dividend of 0.75 sen per ordinary share in respect of the current financial year	-	-	-	-	-	(2,321)	(2,321)	-	(2,321)
Interim tax-exempt dividend of 0.75 sen and special dividend of 0.75 sen per ordinary share in respect of the current financial year	-	-	-	-	-	(4,958)	(4,958)	-	(4,958)
Disposal of treasury shares	-	-	2,244	-	-	489	2,733	-	2,733
Currency translation differences	-	-	-	3,283	-	-	3,283	-	3,283
Issuance of shares	62,499	-	-	-	-	-	62,499	-	62,499
Share Option Reserve	-	-	-	-	216	-	216	-	216
Balance as at 30 June 2017	197,709	-	-	10,284	5,016	145,782	358,791	-	358,791
9 months ended 30 June 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	-	-	-	-	-	766	766	-	766
Currency translation differences	-	-	-	(5,162)	-	-	(5,162)	-	(5,162)
Balance as at 30 June 2016	135,209	1	(2,244)	1,252	4,800	139,381	278,399	-	278,399

Note a

With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the concept of authorized share capital and par value of share capital have been abolished. Consequently, the credit standing in the share premium account of RM 865 becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the New Act. There is no impact of the number of ordinary shares in issue.

Pursuant to subsection 618(3) of the New Act, the Group may exercise its right to use the credit amount being transferred from share premium account within 24 months after the commencement of the New Act. The Board of Directors will make a decision thereon by 31 January 2019.

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 2016 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Current Year-To-Date 30.06.2017 RM'000	Preceding Year-To-Date 30.06.2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	15,066	10,645
Adjustments for:		
Depreciation of property, plant and equipment	25,193	26,628
Interest expense	783	1,478
Reversal of inventories written down	-	(3)
Inventories written down	7	-
Bad debts written off	-	1
Gain on disposal of plant and equipment	(1,013)	(178)
Unrealised loss/ (gain) on foreign currency translation	3,423	(5,044)
Fair value gain on derivatives liabilities	-	(18,501)
Interest income	(744)	(363)
Provision for share option expenses	216	-
Operating profit before working capital changes	42,931	14,663
(Increase)/ Decrease in inventories	(11,610)	9,515
(Increase)/ Decrease in trade and other receivables	(12,543)	3,880
Increase/ (Decrease) in trade and other payables	24,011	(7,347)
CASH FROM OPERATIONS	42,789	20,711
Interest paid	(783)	(1,478)
Tax refunded	364	500
Tax paid	(1,477)	(3,213)
NET CASH FROM OPERATING ACTIVITIES	40,893	16,520
CASH FLOWS FROM/ (FOR) INVESTING ACTIVITIES		
Interest received	744	363
Proceeds from disposal of plant and equipment	4,819	1,984
Purchase of property, plant and equipment	(35,785)	(6,888)
NET CASH FOR INVESTING ACTIVITIES	(30,222)	(4,541)
CASH FLOWS FROM/ (FOR) FINANCING ACTIVITIES		
Drawdown of hire-purchase and lease	308	-
Repayment of hire-purchase and lease obligations	(2,726)	(2,791)
Repayment of term loan	(6,973)	(10,451)
Drawdown of bank borrowings	1,794	216
Repayment of bank borrowings	(2,010)	-
Dividend paid	(7,686)	-
Proceeds from sale of treasury shares	2,733	-
Proceeds from issuance of shares – exercising of warrants	31,809	-
Proceeds from issuance of shares – employee shares option	1,178	-
Proceeds from issuance of shares – private placement	29,512	-
NET CASH FLOWS FROM/ (FOR) FINANCING ACTIVITIES	47,939	(13,026)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	58,610	(1,047)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	41,837	43,075
Currency translation differences – subsidiaries	(4,748)	(1,933)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	95,699	40,095
Note (A)		
Cash and cash equivalents at the end of the period comprise the following:		
Short term deposits with licensed banks	13,653	2,436
Cash and bank balances	82,046	37,659
	95,699	40,095

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 September 2016 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

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 2016.

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 2016.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements of the Group for the FYE 30 September 2016 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 was no issuance, cancellation, repurchase, resale and repayments of debts and equity securities during the quarter under review saved for the following:-

- i) On 19 May 2017, the Company resold the entire holding of 2,150,273 treasury shares at an average price of RM 1.27 in the open market for a total consideration of RM 2,733,255.
- ii) Pursuant to the terms and conditions stipulated in the Deed of Poll dated 17 April 2012 governing the Warrants, the Exercise Rights of the Warrants expired at 5.00 pm on 2 May 2017.

The last date and time for trading of the Warrants was on 12 April 2017 at 5.00 pm. The Warrants were suspended from trading on Bursa with effect from 9.00 am on 13 April 2017 until 5.00 pm on the Expiry Date. The Warrants which were not exercised by 5.00 pm on the Expiry Date will lapse and become null and void. The Warrants were removed from the Official List of Bursa with effect from 9.00 am on 3 May 2017.

As at 30 June 2017, the total number of shares issued for the conversion of Warrants-B to ordinary shares at an issue price of RM 1.00 per share was 31,808,770 amounting to RM 31,808,770.

- iii) The proposed private placement has been completed on 20 April 2017, following the listing of and quotation for 26,829,000 shares, being the first and only tranche of the Proposed Private Placement on the said date on the Main Market of Bursa Securities at an issue price per share of RM 1.10 per share equivalent to RM 29,511,900.
- iv) As at 30 June 2017, the total number of shares issued for the employee share option share option scheme is 1,472,800 shares equivalent to RM 1,178,240.

Arising from the migration to the no par value regime under the Companies Act 2016, par value is no longer relevant. Pursuant to Section 74 of the Companies Act 2016, the share capital and number of issued shares of the Company is represented by 330,529,553 ordinary shares, equivalent to RM 197,709,267 as at 30 June 2017.

NOTION VTEC BERHAD**Company No: - 637546-D****UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017****NOTES TO THE QUARTERLY FINANCIAL REPORT (continued)****A7. DIVIDEND PAID**

The shareholders have on 23 February 2017, at the Company's Thirteenth Annual General Meeting, approved the proposed final tax-exempt dividend of 1.0 sen per ordinary share for the financial year ended 30 September 2016. The dividend was paid on 14 April 2017.

The Board has on 23 February 2017, declared and approved an interim tax-exempt dividend of 0.75 sen per ordinary share in respect of the financial year ending 30 September 2017. The dividend was paid on 19 May 2017.

The Board has on 23 May 2017, declared and approved an interim tax-exempt dividend of 0.75 sen and a special tax-exempt dividend of 0.75 sen per ordinary share in respect of the financial year ending 30 September 2017. The dividend was paid on 7 July 2017.

A8. SEGMENTAL INFORMATION

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

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

A9. VALUATION OF ASSETS

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

A10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE QUARTER

Apart from that stated in Note B6, there were no material events between the end of the reporting quarter and the date of this announcement.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

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 30,000,000. As at 30 June 2017, the outstanding hire purchase balance stood at RM 743,194.
- b) The Group has also provided corporate guarantees for bank facilities granted for a total amount of RM 148,210,949. As at 30 June 2017, the utilisation of the bank facilities stood at RM 9,858,216.

A13. CAPITAL COMMITMENTS

	As at End of Current Quarter 30.06.2017 RM'000	As at End of Preceding Quarter 31.03.2017 RM'000
Approved and contracted for:		
-purchase of plant and equipment	<u>12,225</u>	<u>16,166</u>

A14. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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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 67.8 million and RM 2.8 million respectively for the quarter ended 30 June 2017 ("Q3FY2017"). Refer Notes B2 and B3 below for a detailed review of the Group's performance.

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

For Q3 of FY2017, the Group recorded revenue of RM 67.8 million (Q2FY2017: RM 68.5 million) and PAT of RM 2.8 million (Q2FY2017: RM 4.4 million) and earnings per share of 0.84 sen (Q2FY2017: 1.65 sen). Total revenue is about flat in the current quarter under review compared to the preceding quarter. Auto sector registered a decrease of 5%, HDD is 3% lower while Engineered Products registered 9% growth arising from 37% recovery in Camera whereas Other Engineered Products declined by 20%. Profit after taxation was RM 2.8 million compared to RM 4.4 million in Q2FY2017 mainly due to setting up costs incurred in our Johor plant and upgrading of machineries in the Klang factory for automotive segment but sales is only expected to increase in the coming quarters. The EBITDA for Q3FY2017 was RM 8.7 million compared to RM 13.9 million in Q2FY2017 (preceding year Q3FY2016: RM 10.9 million).

Product mix:

To better reflect the business operations of the Group, we have from this financial year segmentalised our operations into the following:-

	Q3FY2017	Q2FY2017	Q3FY2016	YTD Q3 2017	YTD Q3 2016
REVENUE	RM'000	RM'000	RM'000	RM'000	RM'000
HDD	25,809	26,669	18,827	79,527	70,270
Automotive	23,708	25,048	20,100	70,761	56,700
<u>Engineered Products</u>					
Camera	11,632	8,471	11,900	33,004	38,700
Others	6,629	8,302	2,273	21,052	5,130
TOTAL	67,778	68,490	53,100	204,344	170,800

In Q3FY2017, HDD parts revenue recorded RM 25.8 million (Q2FY2017: RM 26.7 million), Automotive RM 23.7 million (Q2FY2017: RM 25.0 million) whilst the Engineered Products' revenue was at RM 18.3 million (Q2FY2017: RM 16.8 million). The product mix for Q3FY2017 was HDD: Automotive: Engineered Products of 38%: 35%: 27% compared to previous quarter's mix of 39%: 37%: 24%. Compared to the corresponding preceding year quarter, all sectors had posted positive growth with HDD, Auto and Engineered Products registering 37%, 18% and 29% increase in revenue respectively.

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

B3. PROSPECTS FOR THE CURRENT FINANCIAL YEARBusiness Outlook and Review:

Financials	9 months to date				
	FY17 RM'000	FY16 RM'000	FY15 RM'000	FY14 RM'000	FY13 RM'000
Revenue	204,344	170,770	184,280	144,097	162,137
GP	38,076	28,062	38,132	7,300	27,590
PAT	13,646	766	(2,514)	(16,117)	19,792
Depreciation	25,193	26,628	29,093	30,381	29,865

Cash flow:

Op Activities	40,893	16,520	(2,429)	19,018	20,597
Invest Activities	(30,222)	(4,541)	13,052	(21,625)	(24,613)
Fin Activities	47,939	(13,026)	(18,823)	(22,844)	(5,299)
Net increase	58,610	(1,047)	(8,200)	(25,451)	(9,315)

Cash

Financials	Rolling 5 Quarters				
	Q3FY17 RM'000	Q2FY17 RM'000	Q1FY17 RM'000	Q4FY16 RM'000	Q3FY16 RM'000
Revenue	67,778	68,490	68,076	59,599	53,124
GP	9,819	13,779	8,974	5,643	1,856
PAT	2,769	4,437	6,440	4,640	(5,500)
Cash	95,699	38,012	41,323	41,933	40,095
Borrowings	10,601	15,211	16,721	20,208	23,446
Net Cash	85,098	22,801	24,602	21,725	16,649

For the 9MFY17, the revenue has improved 20% compared to 9MFY16 (RM204.3 mil against RM170.7 mil). The PAT for 9MFY17 has improved 1789% to RM13.6 mil compared to previous RM0.77 mil. For Q3FY17, the cash balance is RM95.7 mil and the total borrowings is RM10.6 mil resulting in a net cash position of RM85 mil.

For this quarter, the accounting profit is affected by losses mainly arising from Notion Thailand and Notion International, Johor due to insufficient orders covering the higher overheads but there are new orders from new customers in the coming quarters. However, the Net Cash on Operations hits a high of RM40.9 mil for the 9MFY17 against RM16.5 mil year on year which is a strong healthy cashflow.

Camera continues to be on a decline and the expected new businesses in the Engineered Products will likely contribute significantly in FY18 onwards while preparations for pre-mass production is made. The Group may be looking at an additional facility in the southern region to cater for this new growth.

The Board is again optimistic that the financial profitability of the Group is on a better and stronger recovery. In the light of its strong cashflow, the Board is pleased to declare a 3rd Interim dividend of 0.75 sen per share for this quarter.

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.

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

B5. TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To Date	To Date
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Company and Subsidiaries				
Taxation				
- current	(1,395)	201	3,410	430
- (over)/ under provision in the previous financial year	(374)	-	(374)	-
Deferred taxation	(505)	(1,276)	(1,616)	2,093
	(2,274)	(1,075)	1,420	2,523

The effective tax rate of approximately 9% was lower than the statutory tax rate of 24% was mainly due to reinvestment allowances claimed during the period.

B6. STATUS OF CORPORATE PROPOSALS

There are no other corporate proposals announced but pending completion as at the date of this report save for the following:

PROPOSED LTIP

As announced on 5 January 2017, the Company proposes to establish a long-term incentive plan of up to 15% of the issued and paid-up share capital of NVB (excluding treasury shares), for the eligible employees of NVB and its subsidiaries (excluding dormant subsidiaries) and directors (including non-executive directors) of NVB, comprising an employee share option scheme and an executive grant scheme ("Proposed LTIP").

On 27 February 2017, the Company has made the first offer of options to subscribe for new ordinary shares in the Company under the LTIP to its eligible employees and Directors of NVB. 3,509,100 Options was offered at an Exercise Price of RM 0.80. The closing market price of NVB shares on the date of offer was RM 0.865. The Options will be vested upon acceptance of the offer by the grantee, which shall be no later than 30 days from the date of offer.

As at date of report, the total number of shares issued for the employees share option scheme is 1,561,700 shares equivalent to RM 1,249,360.

In respect of the LTIP, the share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

On 31 March 2017, the BOD through Kenanga Investment Bank Berhad announced that the Company proposes to undertake the Proposed Private Placement ("PPP").

The BOD had on 12 April 2017, fixed the issue price for the placement of 26,829,086 at RM 1.10 per share.

The PPP had been completed on 20 April 2017, following the listing of and quotation for 26,829,000 shares, being the first and only tranche of the PPP on the said date on the Main Market of Bursa Securities at an issue price per share of RM 1.10 equivalent to RM 29,511,900.

As at date of report, the status of utilisation of proceeds raised from the Private Placement are as follows:-

Proposed utilisation of proceeds	Expected timeframe for utilisation from the completion of PPP	Proposed Utilisation	Actual Utilisation	Deviation Amount		Explanation
		RM'000	RM'000	RM'000	%	
Capital Expenditure	Within 12 months	27,367	5,297	22,070	81	Balance of Capital Expenditure is only due for payment subsequent to date of report.
Working Capital	Within 12 months	1,788	1,788	-	-	
Defrayment of expenses related to PPP	Upon completion	357	357	-	-	
Total		29,512	7,442	22,070		

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

B7. BORROWINGS AND DEBTS SECURITIES

The Group's borrowings as at 30 June 2017 are as follows:

	<u>RM'000</u>
Long-term	
Secured	
Hire purchase and lease payables	241
Term loan	<u>4,287</u>
	<u>4,528</u>
Short-term	
Secured	
Portion of hire purchase and lease payables due within one year	502
Portion of term loan due within one year	<u>5,571</u>
	<u>6,073</u>
	<u>10,601</u>

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

B8. RETAINED PROFITS

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

	As at End of Current Quarter 30.06.2017 RM'000	As at Preceding Year Quarter 30.06.2016 RM'000
Total retained profits:		
-realised	160,061	158,543
-unrealised	<u>(14,279)</u>	<u>(19,162)</u>
	<u>145,782</u>	<u>139,381</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 30.06.2017 RM'000	Preceding Year Corresponding Quarter 30.06.2016 RM'000	Current Year To Date 30.06.2017 RM'000	Preceding Year To Date 30.06.2016 RM'000
a) Interest income	(407)	(141)	(744)	(363)
b) Other income	(726)	(410)	(3,469)	(3,033)
c) Interest expense	143	491	783	1,478
d) Depreciation and amortisation	8,420	8,754	25,193	26,628
e) Gain/ (Loss) on disposal of property, plant and equipment	47	(139)	(1,013)	(178)
f) Foreign exchange (gain)/ loss	(1,676)	(5,934)	(5,676)	(1,823)
g) Loss/ (Gain) from derivatives (please refer to Note B10)	-	1,915	-	(5,310)
h) Bad debts written off	-	-	-	1
i) Bad debts recovered	-	-	(75)	-
j) Employee share option reserve	-	-	216	-

NOTION VTEC BERHAD

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UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

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

B10. DERIVATIVE GAIN/ (LOSS)

Derivative gain/ (loss) consists of realised gain/ (loss) on settlement of hedging contracts and fair value changes due to movement in mark-to-market (MTM) position on non-designated hedging contracts. There is no derivative gain or losses in the current period as all contracts had matured and delivered as at 30 September 2016 and none contracted in the current period under review.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2017 RM'000	Preceding Year Corresponding Quarter 30.06.2016 RM'000	Current Year To Date 30.06.2017 RM'000	Preceding Year To Date 30.06.2016 RM'000
Loss from foreign currency hedging contracts:				
-settlement of hedging contracts	-	(3,023)	-	(13,191)
-fair value changes due to movement in MTM position on non-designated hedging contracts	-	1,108	-	18,501
Gain from derivative contracts	-	1,915	-	5,310

B11. DERIVATIVE FINANCIAL INSTRUMENTS

Type of derivatives	Notional Value as at 30.06.2017 RM'000	Fair Value as at 30.06.2017 Assets / (Liabilities) RM'000	Notional Value as at 30.06.2016 RM'000	Fair Value as at 30.06.2016 Assets / (Liabilities) RM'000
Foreign Currency Hedging Contracts				
-Less than 1 year	-	-	16,882	(3,276)
TOTAL	-	-	16,882	(3,276)

The foreign currency contracts in prior year 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. As at 30 September 2016, all the foreign currency contracts had matured and fully delivered. 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

The Board has on 17 August 2017, declared and approved an interim tax-exempt dividend of 0.75 sen per share in respect of the financial year ending 30 September 2017. The entitlement date and payment date has been fixed on 7 September 2017 and 21 September 2017, respectively.

NOTION VTEC BERHAD

Company No: - 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

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

B14. EARNINGS PER SHARE

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2017 (Unaudited)	Preceding Year Corresponding Quarter 30.06.2016 (Unaudited)	Current Year To Date 30.06.2017 (Unaudited)	Preceding Year To Date 30.06.2016 (Unaudited)
Profit attributable to owners of the Company (RM'000)	2,769	(5,500)	13,646	766
Number of ordinary shares in issue (excluding the treasury shares held by the Company) ('000)	330,530	268,269	330,530	268,269
Earnings/ (Loss) per share (sen)	<u>0.84</u>	<u>(2.05)</u>	<u>4.13</u>	<u>0.29</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 17 August 2017.

By Order of the Board

Petaling Jaya
17 August 2017