

NOTION VTEC BERHAD
Company No: - 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2017 RM'000	Preceding Year Corresponding Quarter 30.09.2016 RM'000	Current Year To Date 30.09.2017 RM'000	Preceding Year To Date 30.09.2016 RM'000
Revenue	67,851	59,937	272,195	230,707
Cost of Sales	<u>(58,393)</u>	<u>(45,799)</u>	<u>(224,661)</u>	<u>(188,507)</u>
Gross Profit	9,458	14,138	47,534	42,200
Other Operating Income	2,235	5,718	13,212	10,501
Operating Expenses	<u>(11,294)</u>	<u>(12,312)</u>	<u>(44,352)</u>	<u>(38,225)</u>
Operating Income	399	7,544	16,394	14,476
Derivative (Loss)/ Gain	-	(45)	-	5,265
Finance Costs	<u>(199)</u>	<u>(387)</u>	<u>(1,128)</u>	<u>(1,984)</u>
Profit before taxation	200	7,112	15,266	17,757
Income Tax Expense	<u>(1,244)</u>	<u>(2,201)</u>	<u>(2,664)</u>	<u>(12,080)</u>
(Loss)/ Profit after taxation	(1,044)	4,911	12,602	5,677
Other Comprehensive (expenses)/ income:				
-currency translation differences	<u>(423)</u>	<u>5,749</u>	<u>2,860</u>	<u>587</u>
Total comprehensive (expenses)/ income for the financial year	<u>(1,467)</u>	<u>10,660</u>	<u>15,462</u>	<u>6,264</u>
(Loss)/ Profit after taxation attributable to:				
-Owners of the Company	(1,044)	4,911	12,602	5,677
-Non-controlling Interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(1,044)</u>	<u>4,911</u>	<u>12,602</u>	<u>5,677</u>
Total comprehensive (loss)/ income for the financial year attributable to:				
-Owners of the Company	(1,467)	10,660	15,462	6,264
-Non-controlling Interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(1,467)</u>	<u>10,660</u>	<u>15,462</u>	<u>6,264</u>
(Loss)/ Earnings Per Share (sen)	<u>(0.32)</u>	<u>1.83</u>	<u>3.81</u>	<u>2.12</u>
Proposed/ Declared Dividend Per Share (sen)	<u>-</u>	<u>1.00</u>	<u>3.00</u>	<u>1.00</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 YEAR ENDED 30 SEPTEMBER 2017
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at End of Current Quarter 30.09.2017 RM'000	As at Preceding Year Ended 30.09.2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	213,174	206,291
Investment in an Associate	-	-
	<u>213,174</u>	<u>206,291</u>
Current assets		
Inventories	45,760	33,092
Trade receivables	60,885	54,691
Other receivables and deposits	9,537	5,793
Tax refundable	3,333	2,465
Short-term deposits with licensed banks	39,668	20,276
Cash and bank balances	46,690	21,581
	<u>205,873</u>	<u>137,898</u>
Total assets	<u>419,047</u>	<u>344,189</u>
EQUITY AND LIABILITIES		
Equity		
Share Capital	197,793	135,209
Share Premium	-	1
Treasury Shares	-	(2,244)
Currency Translation Reserves	9,861	7,001
Retained Profits	142,259	144,292
Other Capital Reserve	5,952	4,800
Equity attributable to owners of the Company	<u>355,865</u>	<u>289,059</u>
Non-controlling Interests	-	-
Total equity	<u>355,865</u>	<u>289,059</u>
Non-current liabilities		
Long-term borrowings	3,535	7,076
Deferred taxation	14,872	15,886
	<u>18,407</u>	<u>22,962</u>
Current Liabilities		
Trade payables	11,934	8,095
Other payables and accruals	24,113	10,941
Dividend payable	-	-
Short-term borrowings	7,782	13,132
Provision for taxation	946	-
	<u>44,775</u>	<u>32,168</u>
Total Liabilities	<u>63,182</u>	<u>55,130</u>
TOTAL EQUITY AND LIABILITIES	<u>419,047</u>	<u>344,189</u>
Net assets per ordinary share (RM)	1.0763	1.0775

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 YEAR ENDED 30 SEPTEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	←-----Attributable to equity holders of the parent-----→								
	Ordinary Share Capital	Share Premium	Treasury Shares	←-----Non-distributable-----→		←-----Distributable-----→		Non- Controlling Interests	Total Equity
				Currency Translation Reserves	Other Capital Reserve	Retained Profits	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
12 months ended 30 September 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	-	-	-	-	-	12,602	12,602	-	12,602
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)
Interim tax-exempt dividend of 0.75 sen per ordinary share in respect of the current financial year	-	-	-	-	-	(2,479)	(2,479)	-	(2,479)
Disposal of treasury shares	-	-	2,244	-	-	489	2,733	-	2,733
Currency translation differences	-	-	-	2,860	-	-	2,860	-	2,860
Issuance of shares	62,583	-	-	-	-	-	62,583	-	62,583
Share Option Reserve	-	-	-	-	1,152	-	1,152	-	1,152
Balance as at 30 September 2017	197,793	-	-	9,861	5,952	142,259	355,865	-	355,865
12 months ended 30 September 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	-	-	-	-	-	5,677	5,677	-	5,677
Currency translation differences	-	-	-	587	-	-	587	-	587
Balance as at 30 September 2016	135,209	1	(2,244)	7,001	4,800	144,292	289,059	-	289,059

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 YEAR ENDED 30 SEPTEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Current Year-To-Date 30.09.2017 <u>RM'000</u>	Preceding Year-To-Date 30.09.2016 <u>RM'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	15,267	17,757
Adjustments for:		
Depreciation of property, plant and equipment	34,425	34,620
Interest expense	943	1,842
Reversal of inventories written down	-	(13)
Inventories written down	14	-
Allowance for impairment losses on trade receivables	-	327
Bad debts written off	-	14
Deposit forfeited	-	4
Plant and equipment written off	670	-
Gain on disposal of plant and equipment	(715)	(178)
Unrealised loss/ (gain) on foreign currency translation	5,728	(1,579)
Interest income	(1,316)	(524)
Compensation received	-	(3,698)
Waiver of debts from trade payables	-	(52)
Provision for share option expenses	1,152	-
Operating profit before working capital changes	56,168	48,520
(Increase)/ Decrease in inventories	(12,758)	12,115
Increase in trade and other receivables	(7,815)	(2,748)
Increase/ (Decrease) in trade and other payables	15,563	(29,691)
CASH FROM OPERATIONS	51,158	28,196
Interest paid	(943)	(1,842)
Tax refunded	531	-
Tax paid	(3,864)	(3,232)
NET CASH FROM OPERATING ACTIVITIES	46,882	23,122
CASH FLOWS FROM/ (FOR) INVESTING ACTIVITIES		
Interest received	1,316	524
Proceeds from disposal of plant and equipment	4,016	1,984
Purchase of property, plant and equipment	(42,062)	(11,971)
NET CASH FOR INVESTING ACTIVITIES	(36,730)	(9,463)
CASH FLOWS FROM/ (FOR) FINANCING ACTIVITIES		
Drawdown of hire-purchase and lease	308	-
Repayment of hire-purchase and lease obligations	(3,063)	(3,739)
Repayment of term loan	(9,147)	(13,708)
Drawdown of bank borrowings	5,021	216
Repayment of bank borrowings	(2,010)	-
Dividend paid	(15,124)	-
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	1,262	-
Proceeds from issuance of shares – private placement	29,512	-
NET CASH FLOWS FROM/ (FOR) FINANCING ACTIVITIES	41,301	(17,231)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	51,453	(3,572)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	41,857	43,106
Currency translation differences – subsidiaries	(6,952)	2,323
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>86,358</u>	<u>41,857</u>
Note (A)		
Cash and cash equivalents at the end of the period comprise the following:		
Short term deposits with licensed banks	39,771	20,276
Cash and bank balances	46,587	21,581
	<u>86,358</u>	<u>41,857</u>

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

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UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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:-

Pursuant to the Company's employee share option scheme, a total of 104,300 shares equivalent to RM 83,440 was issued during the quarter. As at 30 September 2017, the total number of shares stands at 1,577,100 shares equivalent to RM 1,261,680.

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.

The Board has on 17 August 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 21 September 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.

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NOTES TO THE QUARTERLY FINANCIAL REPORT (continued)

A9. VALUATION OF ASSETS

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

A10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE QUARTER

As announced on 20 October 2017, a fire had occurred at our main manufacturing plant in Klang. A subsequent announcement and update was made on 23 October 2017. We have made all the necessary reports required by the authorities such as the police and fire department. The repair or reinstatement of the damage is expected to take about a year. Recovery process is in quick progress. As at date of report, we have engaged a professional consultant to assist us in the insurance claim process, an initial order of some 290 units of CNC machines and related equipment have been placed, M&E and Civil Engineers have been engaged to evaluate the structure of the factory building and tenancy agreements for the rental of two temporary premises in Klang have been signed. We are entering into a S&P to purchase a ready to move in factory of about 60,000 sq ft in Thailand, so that the affected operation can be immediately reinstated to serve our Thailand based customers.

We are still in the process of compiling the list of items damaged by the fire together with the adjusters. We shall be providing further updates on the financial impact. The site work is almost completed and will be followed by the adjusters calling for tenders for the removal of the damaged machineries, debris and the reconstruction of the factory building. An interim claim has been submitted to the adjuster on 10 November 2017 for their further action.

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 September 2017, the outstanding hire purchase balance stood at RM 406,310.
- b) The Group has also provided corporate guarantees for bank facilities granted for a total amount of RM 148,210,949. As at 30 September 2017, the utilisation of the bank facilities stood at RM 10,910,706.

A13. CAPITAL COMMITMENTS

	As at End of Current Quarter 30.09.2017 <u>RM'000</u>
Approved and contracted for:	
-purchase of plant and equipment	<u>12,225</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 loss after taxation ("LAT") of RM 67.8 million and RM 1.0 million respectively for the quarter ended 30 September 2017 ("Q4FY2017"). Refer Notes B2 and B3 below for a detailed review of the Group's performance.

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

For Q4 of FY2017, the Group recorded revenue of RM 67.8 million (Q3FY2017: RM 67.8 million) and LAT of RM 1.0 million (Q3FY2017: RM 2.8 million) and loss per share of 0.32 sen (Q3FY2017: 0.84 sen). Total revenue is flat in the current quarter under review compared to the preceding quarter. HDD sector registered an increase of 9%, Auto sector is flat while Engineered Products declined by 13%. Loss after taxation was RM 1.0 million compared to RM 2.8 million in Q3FY2017 mainly due to lower contribution from Engineered Product and a weaker USD in the current quarter. The EBITDA for Q4FY2017 was RM 9.0 million compared to RM 8.7 million in Q3FY2017 (preceding year Q4FY2016: RM 15.3 million). The EBITDA for FY2017 was RM 49.3 million (FY2016: RM 53.7 million).

Product mix:

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

	Q4FY2017	Q3FY2017	Q4FY2016	YTD Q4 2017	YTD Q4 2016
REVENUE	RM'000	RM'000	RM'000	RM'000	RM'000
HDD	28,067	25,809	24,657	107,594	94,897
Automotive	23,887	23,708	18,024	94,648	74,724
<u>Engineered Products</u>					
Camera	11,017	11,632	12,622	44,021	51,322
Others	4,880	6,629	4,634	25,932	9,764
TOTAL	67,851	67,778	59,937	272,195	230,707

In Q4FY2017, HDD parts revenue recorded RM 28.1 million (Q3FY2017: RM 25.8 million), Automotive RM 23.9 million (Q3FY2017: RM 23.7 million) whilst the Engineered Products' revenue was at RM 15.9 million (Q3FY2017: RM 18.3 million). The product mix for Q4FY2017 was HDD: Automotive: Engineered Products of 41%: 35%: 24% compared to previous quarter's mix of 38%: 35%: 27%. Compared to the corresponding preceding year quarter, HDD and Auto had increased by 14% and 33% in revenue respectively whereas Engineered Products is lower by 8% mainly attributable to the decline in camera sales.

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ADDITIONAL INFORMATION REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (continued)**B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR**Business Review and Outlook:12 months to date

<u>Financials</u>	<u>FY17</u>	<u>FY16</u>	<u>FY15</u>	<u>FY14</u>	<u>FY13</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	272,195	230,707	239,730	193,944	222,315
GP	47,534	32,964	35,108	6,609	31,270
PAT/ (LAT)	12,602	5,677	(13,024)	(27,736)	20,089
Depreciation	34,425	34,620	38,126	40,594	40,105

Cash flow:

Op Activities	46,882	23,122	30,178	26,086	58,012
Invest Activities	(36,730)	(9,463)	11,117	(22,870)	(18,956)
Fin Activities	41,301	(17,231)	(21,215)	(28,732)	(30,326)
Net increase	51,453	(3,572)	20,080	(25,516)	8,730
Cash					

Rolling 5 Quarters

<u>Financials</u>	<u>Q4FY17</u>	<u>Q3FY17</u>	<u>Q2FY17</u>	<u>Q1FY17</u>	<u>Q4FY16</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	67,851	67,778	68,490	68,076	59,599
GP	9,458	9,819	13,779	8,974	5,643
(LAT)/ PAT	(1)	2,769	4,437	6,440	4,640
Cash	86,358	95,699	38,012	41,323	41,933
Borrowings	11,317	10,601	15,211	16,721	20,208
Net Cash	75,041	85,098	22,801	24,602	21,725

1) Segmental growth/decline:

Revenue FY17 of RM272 million grew 18% over FY16 of RM230 million.

	<u>FY16</u>	<u>FY17</u>	<u>Change</u>
HDD:	95 mil	107 mil	+13%
Auto:	75 mil	95 mil	+27%
Camera:	51 mil	44 mil	- 14%
Others:	10 mil	26 mil	+ 60%

2) PAT: FY16 of RM5.6 million improved to FY17 of RM13 million.**3) Cash from Operating Activities:** FY16 of 23 million improved to FY17 of RM46.8 million.**4) Cash Position:** For FY17 the cash and cash equivalent ended with RM86.3 million and the bank borrowings of RM11.3 million with net cash position of RM75 million.**5) Capex:** The Group invested RM42 million in capital expenditure mainly for the Johor plant and also for the auto braking components manufacture and disposed of PPE of RM4 million for the year.**6) Q4 FY17 Review:** The revenue was static at RM68 million with lower gross profit of RM9.5 million and higher other operating expenses resulting in a reduced LAT of RM1.0 million. This is attributable to higher aluminium prices, lower USD exchange rate and lower contribution from other operating income.

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

7) Future prospects:**7.1 Impact from the fire at main plant in Klang on 22 October 2017:**

We are still in the process of ascertaining the computation of claim as the adjuster and our team continues to work through the numbers and agree on the loss suffered but eventually we will finalized the claimed amount in the short months ahead. We have put in an initial claim to the insurers to help us in the recovery process as the Group has ordered more than 290 CNCs worth about RM75 million and also buying a 60,000 sf built up ready to move in factory in Ayutthaya, Thailand on 3.5 acres freehold land for Baht 73 million or RM10 million. We have also rented another 2 factories in Klang to provide additional space for recovery as well as production space.

7.2 Recovery Plan:

We have redistributed work to use whatever spare capacity we have within the Group factories while awaiting the arrival of the new machines and double up the work wherever we are able to try and meet the production lost in the main fire. We must thank the readiness and eagerness of all parties especially the staff and management to help in this massive effort.

Tenders have been called for the reinstatement of the factory building that will be removed and rebuilt.

Most of our customers are understanding and helpful and we will recover to full as quickly as we can.

Please bear in mind, we will be impairing the fire loss in Q1FY2018.

7.3 New and Existing Businesses:

The auto braking plungers business is expected to have a double-digit growth in FY2018 especially in electric and hybrid cars.

The production for the lifestyle consumer electronics segment will take to production as soon as possible as it is a high volume product.

We have also made inroads to a major MNC production equipment maker in the semi-conductor space which has good prospects.

The Group continues to invest in new technologies and diversifying its customer and industry bases.

Finally, due to the need to conserve cash in the light of the fire incident the Board has decided to defer any dividend payment for this and next quarter until things are back to normal.

B4. PROFIT FORECAST, PROFIT GUARANTEE AND INTERNAL TARGETS

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

B5. TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2017 RM'000	Preceding Year Corresponding Quarter 30.09.2016 RM'000	Current Year To Date 30.09.2017 RM'000	Preceding Year To Date 30.09.2016 RM'000
Company and Subsidiaries				
Taxation				
- current	686	734	4,096	1,641
- (over)/ under provision in the previous financial year	(40)	19	(414)	404
Deferred taxation	598	1,448	(1,018)	10,035
	<u>1,244</u>	<u>2,201</u>	<u>2,664</u>	<u>12,080</u>

The effective tax rate of approximately 17% was lower than the statutory tax rate of 24% was mainly due to reinvestment allowances claimed during the year.

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ADDITIONAL INFORMATION REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (continued)****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 1,577,100 shares equivalent to RM 1,261,680.

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.

PROPOSED PRIVATE PLACEMENT (PPP)

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
		RM'000	RM'000
Capital Expenditure	Within 12 months	27,367	27,367
Working Capital	Within 12 months	1,788	1,788
Defrayment of expenses related to PPP	Upon completion	357	357
Total		29,512	29,512

B7. BORROWINGS AND DEBTS SECURITIES

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

	<u>RM'000</u>
Long-term	
Secured	
Hire purchase and lease payables	227
Term loan	<u>3,308</u>
	<u>3,535</u>
Short-term	
Secured	
Portion of hire purchase and lease payables due within one year	180
Portion of term loan due within one year	4,375
Other short term borrowings	<u>3,227</u>
	<u>7,782</u>
	<u>11,317</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 YEAR ENDED 30 SEPTEMBER 2017
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 30.09.2017 <u>RM'000</u>	As at Preceding Year Quarter 30.09.2016 <u>RM'000</u>
Total retained profits:		
-realised	157,971	153,696
-unrealised	<u>(15,712)</u>	<u>(9,404)</u>
	<u>142,259</u>	<u>144,292</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 30.09.2017 <u>RM'000</u>	Preceding Year Corresponding Quarter 30.09.2016 <u>RM'000</u>	Current Year To Date 30.09.2017 <u>RM'000</u>	Preceding Year To Date 30.09.2016 <u>RM'000</u>
a) Interest income	(572)	(161)	(1,316)	(524)
b) Other income	(1,356)	(4,222)	(4,825)	(7,255)
c) Interest expense	160	364	943	1,842
d) Depreciation and amortisation	9,232	7,992	34,425	34,620
e) Gain/ (Loss) on disposal of property, plant and equipment	298	-	(715)	(178)
f) Foreign exchange (gain)/ loss	(571)	2,380	(6,247)	557
g) Loss/ (Gain) from derivatives (please refer to Note B10)	-	45	-	(5,265)
h) Bad debts written off	-	13	-	14
i) Bad debts recovered	(34)	-	(109)	-
j) Employee share option reserve	936	-	1,152	-

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 30.09.2017 <u>RM'000</u>	Preceding Year Corresponding Quarter 30.09.2016 <u>RM'000</u>	Current Year To Date 30.09.2017 <u>RM'000</u>	Preceding Year To Date 30.09.2016 <u>RM'000</u>
Loss from foreign currency hedging contracts:				
-settlement of hedging contracts	-	(3,321)	-	(16,512)
-fair value changes due to movement in MTM position on non-designated hedging contracts	-	3,276	-	21,777
Gain from derivative contracts	<u>-</u>	<u>(45)</u>	<u>-</u>	<u>5,265</u>

B11. DERIVATIVE FINANCIAL INSTRUMENTS

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.

NOTION VTEC BERHAD**Company No: - 637546-D****UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017
ADDITIONAL INFORMATION REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (continued)****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 30 September 2017 (Q4FY2016: 1 sen).

B14. EARNINGS PER SHARE

The (loss)/ 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 30.09.2017 (Unaudited)	Preceding Year Corresponding Quarter 30.09.2016 (Unaudited)	Current Year To Date 30.09.2017 (Unaudited)	Preceding Year To Date 30.09.2016 (Unaudited)
(Loss)/ Profit attributable to owners of the Company (RM'000)	(1,044)	4,911	12,602	5,677
Number of ordinary shares in issue (excluding the treasury shares held by the Company) ('000)	330,634	268,269	330,634	268,269
(Loss)/ Earnings per share (sen)	<u>(0.32)</u>	<u>1.83</u>	<u>3.81</u>	<u>2.12</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 28 November 2017.

By Order of the Board

Petaling Jaya

28 November 2017