

# NOTIONVTEC

NOTION VTEC BERHAD

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



**2016**

**Annual**

**Report**



# Vision and 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

## 13<sup>th</sup> Annual General Meeting

### Place

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

### Time

9.30 am, Thursday, 23rd February 2017



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# Corporate Information

## BOARD OF DIRECTORS

**Thoo Chow Fah**  
Executive Chairman

**John Choo Wing Onn**  
Executive Director

**Saw Tat Loon**  
Independent Non-Executive Director

**William Choo Wing Hong**  
Managing Director

**Lee Tian Yoke**  
Executive Director

**Alwin Yike Chee Wah**  
Independent Non-Executive Director

**Choo Wing Yew**  
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 (Chairperson)  
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](http://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

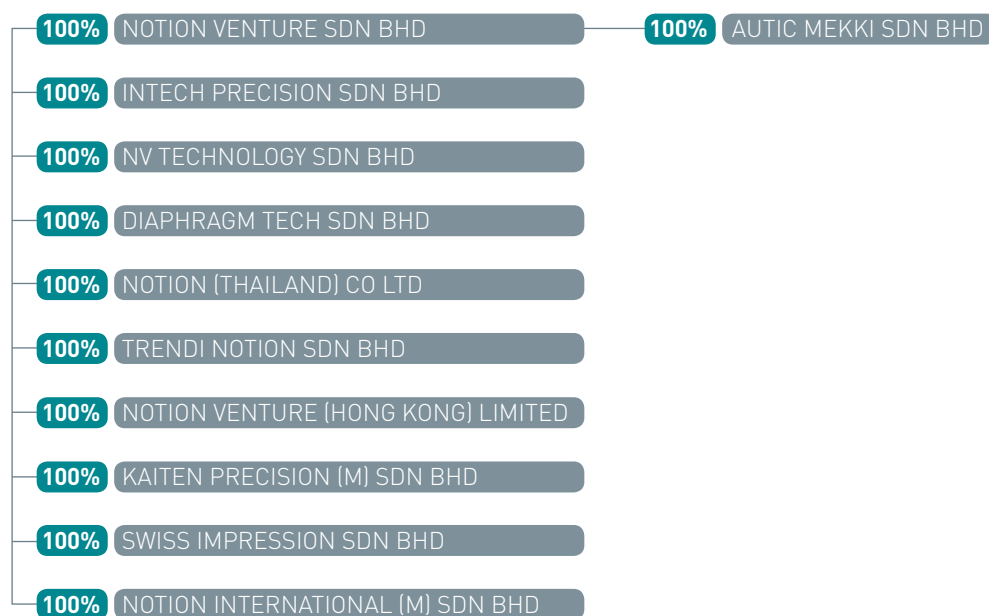
Stock Name : Notion-WB  
Stock Code : 0083WB

# 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 2012 to 2016.

|  |          | 2016           | 2015     | 2014     | 2013    | 2012    |
|--|----------|----------------|----------|----------|---------|---------|
| Revenue  | (RM'000) | <b>230,707</b> | 239,730  | 193,944  | 222,315 | 308,827 |
| Profit/(Loss) before Tax   | (RM'000) | <b>17,757</b>  | (10,847) | (34,329) | 29,513  | 57,322  |
| Profit/(Loss) after Tax  | (RM'000) | <b>5,677</b>   | (13,024) | (27,736) | 20,089  | 49,249  |
| Profit/(Loss) attributable to owners of the Company                    | (RM'000) | <b>5,677</b>   | (13,024) | (27,736) | 20,089  | 49,264  |
| Earning before interest, taxes, depreciation and amortisation (EBITDA) | (RM'000) | <b>53,695</b>  | 30,606   | 10,681   | 75,483  | 96,590  |
| No. of shares in issue*  | (000)    | <b>270,419</b> | 270,419  | 270,418  | 270,418 | 270,418 |
| Net profit/(loss) per share (EPS)**                                    | (Sen)    | <b>2.1</b>     | (4.9)    | (10.3)   | 7.6     | 18.3    |

\* 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 2016.

### THE YEAR UNDER REVIEW

Despite a slow start, the year ended positively with our Group achieving a net profit of approximately RM5.7 million. It was another challenging year with lower sales from the Hard Disk Drive (HDD) and camera segment. However, the automotive sector remains as the main growth driver as demand for auto parts continued to be robust.

The HDD industry continued to be challenging with the current global economic issues, slowdown in China as well as competition from the smartphones and other devices. According to Gartner, PC shipments worldwide totaled 64.8 million in the first fiscal quarter of 2016, a decrease of 9.6% from Q1 2015.

Likewise, the camera segment also faced similar competition from smart phones.

In the year under review, we have finally unwound our hedging position by the 3<sup>rd</sup> quarter and hence we expect less volatility in our earnings going forward. We have reviewed our hedging policy and will ensure that we will not be overly exposed.

During the year, we also acquired a new industrial property in Rojana Industrial Park, Ayuthaya as additional production space is required to fulfill new business orders from existing and new customers. We have also expanded to Johor by renting several factories with a total space of 52,000 sq ft to cater for new industrial customers in that region.

The government's implementation of Goods and Services Tax (GST), removal of subsidies and minimum wage rates continued to impact our production cost either directly or indirectly as well.

We have performed minor restructuring of our human resources and shall continue to encourage our staff and workers to upgrade their skills and multi task as much as possible to improve on productivity and to contain costs.

### OPERATIONAL REVIEW

Our Group recorded a revenue of RM230.7 million which was slightly lower than that achieved in FY2015 of RM239.7 million. We however made a profit after tax of RM5.7 million compared to a loss after tax of RM13 million last year.

Driven by favourable currency exchange rates and our Group's focus on enhancing operational efficiencies, the EBITDA increased from RM30.6 million in FY2015 to RM53.7 million this financial year.

The HDD segment continued to be the biggest revenue contributor to our group. The product mix for the year FY2016 was 45%:22%:33% for the HDD: camera: industrial/auto segment respectively compared to 45%:28:27% in FY2015 which indicated the strong growth in the automotive segment.

For 1<sup>st</sup> quarter of FY 2016, our Group recorded a higher revenue of RM61.1 million compared to previous quarter as all segments recorded higher orders in anticipation of the year end season. Gross profit however was lower due to the shut down of certain production lines and costs of moving from the factory that was sold earlier. The profit after tax of RM3.1 million was mainly due to the write back of provision for mark to market losses of USD hedging contracts.

The 2<sup>nd</sup> quarter of FY2016 recorded a lower revenue of RM56.6 million compared to the previous quarter mainly due to the drop in orders from both the HDD and camera segments. Despite the decreased revenue, our Group however recorded a profit of RM3.2 million due to the write back of provision for mark-to-market losses of USD hedging contracts.

# Chairman's Statement



Our Group's net asset value of RM289.1 million this financial year is marginally higher than the previous year's RM282.8 million. Correspondingly our Group's net asset value per share is RM1.08 as at 30 September 2016.

Inventories amounted to RM45 million in FY2015 has reduced substantially to RM33 million in the current year. In anticipation of the challenges ahead, cash preservation was key and hence capital expenditure for the year was modest RM12 million.

Borrowings of our Group have been brought down to RM20.2 million compared to RM37.4 million in FY2015. The cash and cash equivalent in FY2016 is a healthy RM41.9 million.

## CORPORATE EXERCISE

The Company is proposing to establish a long term incentive plan of up to 15% of the issued and paid-up share capital for the eligible employees and directors of the Group comprising an employee share option scheme and executive share grant scheme to be approved by shareholders at an Extraordinary General Meeting to be convened.

## DIVIDEND

In view that our Group has just turnaround and the future is looking brighter, our Board decided to declare an interim tax exempt dividend of 1 sen to be paid on 16 January 2017 and further proposes a final tax exempt dividend of another 1 sen to be approved by the shareholders at this coming annual general meeting. As always our Board is constantly mindful of striking a balance between paying dividends and conserving resources for expansion.

## OUTLOOK

According to Conference Board, the global economy has now entered its 6<sup>th</sup> year of stagnation, and the growth outlook for 2017 shows a continuation of this trend. A projected stabilization in energy and commodity may provide a small tailwind for resource rich economies in 2017, but the medium term trend continues to be dominated by weaker growth in key outputs, notably investment and labour supply. Modest positive signals emerge from the base scenario showing some strengthening in qualitative growth factors, such as more advanced technology, improved labour force skills and greater productivity.

As for our Group, we expect the HDD segment, although a current mainstay now, will gradually taper down as the competition from Solid State Drive (SDD) intensifies. We will therefore continue to invest and apply new technologies in precision machining which is and has always been our forte. Another area of focus is conducting Research and Development in developing cutting tools, which will hopefully provide us an edge over our competitors. Aerospace is another segment that we will be revisiting as we prepare for AS9100, the industry certification required for the manufacturing of aerospace components.

We are optimistic that our new expansion in Johor will start contributing to our Group for FY2017. Meanwhile the continued strength of the USD and the Euro should have positive impact for our business.

With all our new planned projects, I am cautiously confident that for FY2017, our Group is expected to be on a much stronger footing and will continue to be in 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 64 • Male

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.

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## **WILLIAM CHOO WING HONG**

Managing Director • Malaysian, aged 52 • Male

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.

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## **JOHN CHOO WING ONN**

Executive Director • Malaysian, aged 50 • Male

Mr John Choo Wing Onn was first appointed to the Board on 8 February 2005. His key role is in maintaining key HDD 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.



# Board of Directors



## LEE TIAN YOKE

Executive Director • Malaysian, aged 46 • Male

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.

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## CHOO WING YEW

Executive Director • Malaysian, aged 55 • Male

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

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## ALWIN YIKE CHEE WAH

Independent Non-Executive Director • Malaysian, aged 69 • Male

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.

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## SAW TAT LOON

Independent Non-Executive Director • Malaysian, aged 46 • Male

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.



# Board of Directors

## **ANITA CHEW CHENG IM**

Independent Non-Executive Director • Malaysian, aged 50 • Female

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 Boards of MK Land Holdings Berhad, Yi-Lai Berhad and K-One Technology Berhad.

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

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### **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 5 years.

#### **4. Attendances at Board Meetings**

The details of the Directors' attendance at Board Meetings are set out on page 22 of this Annual Report.

#### **5. Shareholdings**

The details of the Directors' interest in the securities of the Company are set out on pages 99 and 102 of this Annual Report.

# Key Management



## **JOE CHOO WING LEONG**

aged 49, Engineering Manager • Male • Malaysian

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.

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## **LOUIS CHEAH KING YOONG**

aged 50, Business Development Manager • Male • Malaysian

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.

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## **JOHN CHUA HENG SIANG**

aged 58, Business Development Manager • Male • Singaporean

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 Chua had attended supervisory management courses in the National Productivity Board of Singapore and also inventory management courses in the Singapore Institute of Material Management.

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## **DAVID CHOO WING KIN**

aged 43, Purchasing Manager • Male • Malaysian

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.



# Key Management

## **ER CHAI CHUAN**

aged 37, Quality Assurance Manager • Male • Malaysian

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.

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## **NOUYUKI SOGA**

aged 57, Business Development Manager • Male • Japanese

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.

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## **ARUMUGAM T NAGALINGAM**

aged 62, Surface Treatment Manager • Male • Malaysian

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.

# Key Management



## **SEGARAN M.VASUDAVAN**

aged 55, Production Manager • Male • Malaysian

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.

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## **ALEX LEW KAH SOON**

aged 45, Accounts and Finance Manager • Male • Malaysian

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.

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## **LER TCHE BOON**

aged 31, Manager of Operations in Notion (Thailand) Co, Ltd. • Male • Malaysian

He joined the Group in 2010 as an Account Assistant Manager. He was involved in the setting up of Notion (Thailand) during his initial career with the Group.

Currently, his responsibilities had expanded to daily operations of Notion (Thailand) which includes financial planning, manpower management, liaison with local authorities, supply chain and risk management. He is now the Manager of Operations in Notion (Thailand).

He obtained his Diploma in Business Studies from Tunku Abdul Rahman College in 2005, and his Bachelor Degree in Accounting and Finance from Sheffield Hallam University in 2007.

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## **KIM TAE HYUNG**

aged 42, Sales and Marketing Manager • Male • Korean

He joined the Group on 1 April 2010 as a Sales and Marketing Manager. His key responsibility areas are identifying and exploring new businesses, maintaining good relations with existing customers and following up on new business set up until mass production is smooth.

Previously, he serves as a Military Officer in the army and Instructor for Reserved Officer Training Corps. During his service with the army, he took up Japanese language for communication skills.

He obtained his Bachelor's Degree in Chemical Engineering from HongIk University, South Korea. He also holds a Master's Degree in Political Science in SungKyunKwan University, South Korea.



# Key Management

## **IKEDA TAKEO**

aged 59, Factory Manager of Notion Plant 3 • Male • Japanese

He joined the Group on 7 December 2011 as Factory Manager of Plant 3. He is responsible for the overall activities at Notion Plant 3 including production, quality assurance and manpower.

He is key person to support engineering method to Notion (Thailand) especially Hard Disk Drive for customer, Minibea Co.Ltd.

He was attached with Kensheisha Co, Ltd as Process Engineering Manager from year 1980 until 2004 and was later upgraded to Production General Manager. He then joined Taiyo Koki (under Mori Seiki Group) from 2004 until 2008 as Production General Manager. He left to join Kenseisha (M) Sdn Bhd from 2010 until 2011 as Engineering Assistant General Manager.

He obtained his highest education at Kanagawa University (Japan) with a Degree in Electrical Engineering in 1980.

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## **SALLEH BIN MANTANG**

aged 54, Production Manager of Notion Plant 3 • Male • Malaysian

He joined the Group as Production Manager on February 2012. His key responsibilities are managing the daily operations especially in planning and organising production schedules. He is also responsible for training of production staff and supervising their work, determining quality control standard, overseeing production processes and control of production output.

From 1984 till 1989, he joined Zinc Alu Casting Sdn.Bhd as Production Supervisor. After that, he joined Kensheisha (M) Sdn.Bhd. at Bandar Baru Bangi from 1989 till 2010 as a Casting Senior Manager. After leaving Kensheisha, he joined SDM Precision Casting from year 2010 till 2011 as Operation Director.

He graduated in Diploma in Mechanical Engineering from MARA Technology Institute in 1982 and obtained his Advance Diploma in Mechanical Engineering at Yokohama Kenshu Centre in year 2000.

## **Notes to Key Senior Management Information**

### **1. Family Relationships**

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

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

### **2. Conflict of Interest**

None of the Key Senior Management has any conflict of interest with the Company.

### **3. Conviction of Offences**

None of the Key Senior Management has any conviction for offences within the past 5 years.

### **4. Directorships**

None of the Key Senior Management hold any directorships in public companies and listed issuers.

# 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 formulated in 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.

## **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.

During the year under review, we conducted training programmes for two undergraduate students in the areas of surface treatment and quantity assurance and controls.



# Corporate Governance Statement



The Board of Directors recognises the importance of adopting high standards of corporate governance throughout the Company and the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the Group's financial performance.

The Board is committed to implementing the Malaysian Code on Corporate Governance 2012 (MCCG 2012 or the Code) wherever applicable and appropriate in the best interest of the shareholders of the Company.

This corporate governance statement (Statement) sets out how the Company has applied the Principles of the Code and observed the Recommendations supporting the Principles. Where a specific Recommendation of the MCCG 2012 has not been observed during the financial year under review, the non-observance – including the reasons thereof and where appropriate, the alternative practice, if any – is mentioned in this Statement.

## ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

### 1.1. Clear Functions of the Board and Management

The Board assumes full responsibilities for the overall performance of the Group by setting the policies, establishing goals and monitoring the achievement of the goals through strategic action plans and stewardship of the Group's assets and resources.

The Board, in carrying out its stewardship responsibility, has delegated certain responsibilities to the Audit Committee (AC), Nomination Committee (NC) and Remuneration Committee (RC). All the committees have clearly defined terms of reference which were set out in the Board Charter and Terms of Reference of the Company at [www.notionvtec.com](http://www.notionvtec.com). The chairman of the various committees will report to the Board on the outcome of the committee meetings. The ultimate responsibility for the final decision on all matters, however, rests with the Board.

The Executive Chairman leads the Board and is responsible for its effective performance. As Chairman, he also oversees the day-to-day operations to ensure the smooth and effective running of the Group within their specific areas of expertise or assigned responsibilities.

The Managing Director executes the Group's business plans, policies and decisions adopted by the Board. The heads of divisions are responsible for supporting and assisting the Managing Director in implementing and running the Group's day to day business.

The Independent Non-Executive Directors are actively involved in the various Board Committees and contribute significantly to areas such as performance monitoring and enhancement of corporate governance and controls. They provide a broader view, independent assessment and opinions on management proposals.

### 1.2. Board's Roles and Responsibilities

The Board is led by the Chairman and is supported by experienced Board members with a wide range of expertise, who play an important role in the stewardship of the direction and operations of the Group.

The Board is primarily responsible for the strategic direction of the Group. It delegates to and monitors the implementation of these directions by the Management.

The responsibilities of the Board include, inter-alia, the following:

- (a) Review and adopt a strategic plan for the Group.
  - The Board reviews the annual business plan and budgets and regularly monitors their progress throughout the year, using appropriate financial indicators and industry benchmarks.
  - The Board reviews the challenges of the Group's business, and approves the Management's proposed strategic plan for the Group.
- (b) Oversee the conduct of the Group's businesses to evaluate whether the businesses are being properly managed.
  - The Board guides the performance of the Group's business, not just year-to-year but in the long term.





# Corporate Governance Statement

- (c) Identify principal risks and ensure the implementation of appropriate systems to manage these risks.
  - The Board reviews the system and processes as well as the key responsibilities and assesses for reasonable assurance that the risks have been managed.
- (d) Review 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. Please refer to Statement on Risk Management and Internal Control for further details.
- (e) Succession planning – including appointing, training, fixing the compensation of and, where appropriate, replacing key management.
- (f) Develop and implement a Corporate Disclosure Policy for the Group.
  - The Company's Chairman designated Senior Management communicates with shareholders and audience constituents and responds to questions in relation to, amongst others, the corporate vision, strategies and developments, future prospects, financial results, business plans and operational matters.
  - The Board reviews the Corporate Disclosure Policy annually, as and when need arises.

## 1.3. Code of Conduct

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 Group.

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](http://www.notionvtec.com).

## 1.4. Sustainability of Business

The Board is mindful/aware of the importance of business sustainability, and takes into consideration the impact on the environment, economics and social aspects in conducting the Group's businesses. The Group also embraces sustainability in its operations.

## 1.5. Access to Information and Advice

The Board has access to information within the Group and the advice and services of the Company Secretary. The Directors may obtain independent professional advice to enhance their duties whenever necessary at the Company's expense, subject to approval by the Chairman or the Board and depending on the quantum of the fees involved.

In addition to the quarterly reports, the Board makes public releases through Bursa Malaysia Securities Berhad ("Bursa Securities") and is kept informed of various requirements and updates issued by various regulatory authorities.

Board members are provided with updates on operational, financial and corporate issues as well as minutes of meetings of the various Board Committees prior to the meetings to enable Directors to obtain further explanations/clarifications, if necessary, in order to ensure the effectiveness of the proceeding of the meetings.

# Corporate Governance Statement



## 1.6. Qualified and Competent Company Secretary

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.

## 1.7. Board Charter

The Board adopts the Board Charter to outline the manner in which its constitutional powers and responsibilities are exercised and discharged, having regard to principles of good corporate governance, international best practices and applicable laws.

The Board Charter is established to provide guidance and clarity for the Board's roles and responsibilities as well as the powers between the Board and the Management, the different committees established by the Board, as well as between the Chairman and Group Managing Director. The Board Charter can be viewed on our website.

The Board will review the Board Charter annually and make necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices. Any updates to the principles and practices set out in this Charter will be made available on the Company's website.

## STRENGTHEN COMPOSITION OF THE BOARD

During the financial period under review, the Board consists of 8 members comprising an Executive Chairman, four Executive Directors and three Independent Non-Executive Directors. This composition fulfills the requirements as set out in Paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Securities ("LR"), which requires that at least two or one-third of the Board members, whichever is the higher, comprises Independent Non-Executive Directors. The profile of each Director is presented on page 6 to page 8 of this Annual Report. The Directors, with their diverse backgrounds and specialisation, collectively bring with them a wide range of experience and expertise in relevant fields which are vital for the strategic success of the Group.

### 2.1. Nomination Committee ("NC")

The role of the NC is to assist the Board in ensuring that the Board comprises individuals with the requisite skills, knowledge, professional expertise and character.

The NC comprises exclusively Non-Executive Directors who are independent. Currently, the members are as follows:

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

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.



# Corporate Governance Statement

## 2.2. Develop, maintain and review criteria for recruitment process and annual assessment of Directors

### *Appointment to the Board and Re-election of Directors*

The Board delegates to the NC the responsibility of recommending the appointment of any new Director. The NC is responsible to ensure that the procedure for appointing new Directors is transparent and that appointments are made on merit. In evaluating the suitability of candidates for the Board, the NC shall ensure that the candidates possess the necessary background, skills, professional expertise and character.

The Company's Articles of Association provides that at least one-third of the Directors be subject to retirement by rotation at each Annual General Meeting ("AGM"), and that all Directors retire once every three years and be eligible to offer themselves for re-election. The Articles of Association also provides that a Director who is appointed during the year be subject to re-election at the next AGM following his appointment.

Pursuant to Section 129(6) of the Act, a Director who is over 70 years, shall retire at the AGM of the Company and may offer himself/herself for re-appointment to hold office until the next AGM.

The NC is also responsible for recommending to the Board those Directors who are eligible to stand for re-election/re-appointment pursuant to Article 77 of the Company's Articles of Association.

At the forthcoming AGM, the three Directors who will be retiring by rotation are Thoo Chow Fah, Choo Wing Hong and Lee Tian Yoke and they, being eligible, have offered themselves for re-election.

### *Summary of Activities*

#### Summary of Activities of the NC

During the financial year ended 30 September 2016, 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 AGM;
- 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 and Managing Director;
- 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.

# Corporate Governance Statement

## *Boardroom 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 46 to 69.

## **2.3. Remuneration policies and procedures**

The RC currently comprises the following members:

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

The primary functions of the RC are setting up the policy framework and recommending remuneration packages and other terms of employment of the executive directors to the Board. The remuneration of Executive Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to effectively manage the business of the Group.

Determining the remuneration for the Independent Non-Executive Directors is decided by the Board as a whole, with the Director concerned abstaining from deliberations and voting on the decision of his/her individual remuneration package. The Board recommends the Directors' fees payable to Independent Non-Executive Directors on a yearly basis to the shareholders for approval at the AGM.

The aggregate remuneration of directors for the financial year ended 30 September 2016 is disclosed in Note 28 (a) to the financial statements.

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

## **REINFORCE INDEPENDENCE OF THE BOARD**

### **3.1. Annual Assessment of Independence**

The Board recognises the importance of independence and objectivity in its decision-making process. The presence of the Independent Non-Executive Directors is essential in providing unbiased and impartial opinions, advice and judgment to ensure the interests of the Group, shareholders, employees, customers and other communities where the Group conducts its businesses are well represented and taken into account.

The Board, through the NC, has assessed the independence of its Independent Non-Executive Directors based on the criteria set out in the LR for the financial year ended 30 September 2016.

The current Independent Directors of the Company, have fulfilled the criteria for "independence" as prescribed under Paragraph 1.01 and Practice Note 13 of the LR. The Company has also fulfilled the requirement of at least one-third of its Board members being Independent Non-Executive Directors.



# Corporate Governance Statement

## 3.2. Tenure of Independent Directors

Recommendation 3.2 of the MCCG 2012 recommends that the tenure of an Independent Director does not exceed a cumulative term of nine years. Upon completion of the nine years, an Independent Director may continue to serve on the Board, subject to the re-designation of the Independent Director to Non-Independent Director.

Recommendation 3.3 of the MCCG 2012 also recommends that the Board justifies and seeks shareholders' approval in the event it retains an Independent Director who has served for more than nine years.

The Board does not have term limits for its Independent Directors and is of the view that the independence of the Independent Directors should not be determined solely or arbitrarily by their tenure of service. The Board believes that the Independent Directors' continued contribution, especially their invaluable knowledge of the Group and its operations gained through the years, will provide stability and benefits to the Board and the Company as a whole. The calibre, qualification, experience and personal qualities, and more importantly, the Director's integrity and objectivity in discharging his responsibilities in the best interest of the Company, predominantly determines the ability of the Director to serve effectively as an Independent Director.

The Board is also confident that the Independent Directors themselves, after having provided all the relevant confirmation on their independence, will be able to determine if they can continue to bring independent and objective judgement on Board deliberations and decision making.

Saw Tat Loon, Alwin Yike Chee Wah and Anita Chew Cheng Im have served the Company as independent directors for a cumulative term of more than 9 years. The Board has retained them as an Independent Directors, notwithstanding their service tenure of more than 9 years.

Nevertheless, in line with Recommendation 3.3 of the MCCG 2012, the Board will seek the approval of the shareholders of the Company at the forthcoming AGM to support the Board's decision to retain them as an Independent Directors based on the following justifications:

- (a) They have fulfilled the criteria under the definition of Independent Director as stated in the LR and will thus be able to function as a check and balance, and bring an element of objectivity to the Board.
- (b) Their vast experience in the finance and corporate industries will enhance the Board's diverse set of experience, expertise and independent judgement.
- (c) They have been with the Company for more than nine years and has good knowledge of the Company's business operations.
- (d) They have devoted sufficient time and attention to their professional obligations for informed and balanced decision making.
- (e) They have exercised due care during their tenure as Independent Non-Executive Directors of the Company and carried out their professional duties in the best interest of the Company and shareholders.

## 3.3. 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.

# Corporate Governance Statement



## 3.4. Board Composition and Balances

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 2016, 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 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 judgment 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 to 8.

## 3.5 Non-Independent Chairman

Our Executive Chairman, although not an independent member of the Board, provides strong leadership and objective judgment 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.

## FOSTER COMMITMENT OF DIRECTORS

### 4.1. Time Commitment

The Board conducts at least five meetings in each financial year. An annual meeting calendar is prepared and circulated to the Directors before the beginning of each year to help the Directors plan their schedule ahead. Additional meetings are also held as and when required. Scheduled Board meetings are structured with pre-set agendas. Board and Board Committee papers prepared by the Management provide the relevant facts and analysis for the Directors' information. The meeting agenda, the relevant reports and Board papers are furnished to the Directors and Board Committee members before the meeting to allow the Directors sufficient time to read them for effective discussion and decision making at the meetings.

The Board adheres to the Recommendation of the Code, which requires the Directors to notify the Chairman, including an indication of time that will be spent in the new appointment, before accepting any new directorship. This information on their directorships will be shared with the Board in a quarterly update.

# Corporate Governance Statement

The Board is satisfied with the level of time commitment given by the Directors in fulfilling their roles and responsibilities. Details of the Board members' attendance at the Board and Board Committee meetings for the financial year ended 30 September 2016 are as follows:

| Director               | Number of Meetings attended |
|------------------------|-----------------------------|
| Thoo Chow Fah          | 6/6                         |
| William Choo Wing Hong | 6/6                         |
| John Choo Wing Onn     | 5/6                         |
| Lee Tian Yoke          | 5/6                         |
| Choo Wing Yew          | 6/6                         |
| Saw Tat Loon           | 6/6                         |
| Alwin Yike Chee Wah    | 6/6                         |
| Anita Chew Cheng Im    | 6/6                         |

## 4.2. Directors' Training

All Directors have completed the Mandatory Accreditation Programme as required by Bursa Securities.

The Board believes that continuous training for Directors is vital for the Board members to enhance their skills and knowledge and to enable them to discharge their duties effectively. As such, the Directors will continuously attend the necessary training programmes, conferences, seminars and/or forums to keep abreast with the current developments in the various industries as well as the current changes in laws and regulatory requirements.

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

- Malaysian Institute of Accountants (MIA) Conference 2015 organised by MIA
- 2016 Tax and Budget Outlook by Crowe Horwath KL Tax Sdn Bhd
- Managing Across Generation by Zubedy (M) Sdn Bhd
- Drawing Up Your Human Resource Policy & Handbook by Malaysian Export Academy
- Transfer Pricing Conference 2016 by MIA
- Outwit Your Brain with Emotional Intelligence by MIA
- Director Overview of Fraud and Corruption by Bursa Securities
- Improving Board Risk Oversight and Control by Bursa Securities
- Future of Auditor Reporting by Bursa Securities
- Business Sustainability, The Inside Story of Annual Report and Annual General Meeting by Tricor Knowledge House Sdn Bhd
- Standard Chartered Bank's "Economic Outlook 2016"
- HSBC's "Economic & Foreign Exchange Outlook 2016"
- Potential Failure Mode Effect Analysis by Neville-Clarke (M) Sdn Bhd

The Board will continuously evaluate and determine the training needs of its members to assist them in the discharge of their duties as Directors.



# Corporate Governance Statement



## UPHOLD INTEGRITY IN FINANCIAL REPORTING

### 5.1. Compliance with Applicable Financial Reporting Standards

The Board strives to provide a clear, balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year through the annual audited financial statements and quarterly financial reports, as well as corporate announcements on significant developments affecting the Company in accordance with the LR.

The Board is also responsible for ensuring the annual financial statements are prepared in accordance with the provisions of the Act and the applicable financial reporting standards in Malaysia.

The Board is assisted by the AC in the discharge of its duties on financial reporting and ensuring that the Group maintains a proper financial reporting process and high quality financial reporting. A full AC Report detailing its composition, and a summary of activities during the financial year is set out on pages 25 to 27 of the Annual Report.

### 5.2. Statement of Directors' Responsibility in respect of the Financial Statements

The Act requires the Directors to prepare financial statements for each financial year, which gives a true and fair view of the state of affairs of the Company and the Group, and the results and cash flows of the Company and the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable financial reporting standards have been followed, subject to any material departure disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company and the Group to enable them to ensure that the financial statements comply with the Act and applicable financial reporting standards in Malaysia. The Directors are also responsible for safeguarding the assets of the Group and taking reasonable steps to prevent and detect fraud and other irregularities.

### 5.3. Assessment of external auditors

The AC is responsible for the annual assessment of the competency and independence of the external auditors. Having assessed their performance, the AC will recommend their re-appointment to the Board, who will then seek the shareholders' approval at the AGM.

The external auditors are required to declare their independence annually to the AC as specified by the By-Laws issued by the Malaysian Institute of Accountants. The external auditors have provided the declaration in their annual audit plan presented to the AC of the Company.

## RECOGNISE AND MANAGE RISK

The Board has established a framework to formulate and review risk management policies and risk strategies. Information on the Group's internal control is presented in the Statement on Risk Management and Internal Control.

The Group's internal audit function is carried out by an external independent firm, which reports its activities based on the approved annual Internal Audit Plan, directly to the AC.

The appointment, resignation and dismissal of the external independent firm of internal auditors is reviewed and approved by the AC.





# Corporate Governance Statement

## ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Company has established a corporate disclosure policy, which is made available on the corporate website, to ensure accurate, clear, timely and high quality disclosure of material information. To augment the process of disclosure, the Board has a section on the Company's website that provides information on the Company's announcements to the regulators, the salient features of the Board Charter and the Company's Annual Report.

## STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS

### 6.1. Shareholders participation at general meeting

The AGM is the principal forum for dialogue and interaction with shareholders. At the AGM, the Board provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. The Acting Chairman/ED, Group CEO and when necessary, the external auditors, are available to provide explanations on queries raised by shareholders and proxies during the general meetings. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. The Notice of AGM is circulated at least 21 days before the date of the meeting to enable shareholders to make the necessary arrangements to attend the AGM and go through the Annual Report and papers supporting the resolutions proposed.

### 6.2. Poll Voting

In line with the recent amendments to the Main Market Listing Requirements of Bursa Securities under Paragraph 8.29A(1), the Company will implement poll voting for all the resolutions set out in the Notice of AGM via electronic means at the AGM to expedite verification and counting of votes. In addition, the Company will appoint scrutineer to validate the votes cast at the AGM.

### 6.3. Communication and Engagement with Shareholders and Prospective Investors

The Group recognises the need to inform the shareholders of all significant developments concerning the Group on a timely basis, with strict adherence to the LR. Shareholders and prospective investors are kept informed of all major developments within the Group by way of announcements via the Bursa Link, the Company's Annual Reports, website and other circulars to shareholders with an overview of the Group's financial and operational performance.

## 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 Board of Directors ("Board") is pleased to present the report of the Audit Committee for the financial year ended 30 September 2016.

## MEMBERSHIP

The members of Audit Committee are Non-Executive Directors with majority of them being Independent Directors, namely:

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

Saw Tat Loon, who is the Chairman of the Audit Committee, is a fellow of the Institute of Chartered Accountants in England and Wales, a member of the Malaysian Institute of Accountants ("MIA"), a fellow member of the Chartered Tax Institute of Malaysia and a chartered member of the Institute of Internal Auditors Malaysia. This statement is made in compliance with Paragraph 15.09 (1)(c)(i) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad ("Bursa Securities") ("LR").

## MEETINGS OF THE AUDIT COMMITTEE

The AC met five (5) times during the financial year ended 30 September 2016. The details of their attendance at meetings are as follows:

| Audit Committee     | Number of Meetings Attended |
|---------------------|-----------------------------|
| Saw Tat Loon        | 5/5                         |
| Alwin Yike Chee Wah | 5/5                         |
| Anita Chew Cheng Im | 5/5                         |

The Terms of Reference of the Audit Committee is made available on the corporate website at [www.notionvtec.com](http://www.notionvtec.com)

## SUMMARY OF WORK OF THE AUDIT COMMITTEE

In discharging its functions and duties in accordance with its Terms of Reference, the Audit Committee ("AC") had carried out the following work during the financial year ended 30 September 2016:

1. At their meetings held on 18 January 2016 and 18 August 2016, the AC met with the external auditors in the absence of the Executive Board Members to discuss on any significant audit issues which may have arisen in the course of their audit of the Group.
2. The AC had ensured that the quarterly financial results of the Group complied with the Malaysian Financial Reporting Standard ("MRFSS") and Appendix 9B of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The quarterly financial results for the fourth quarter ended 30 September 2015, first quarter ended 31 December 2015, second quarter ended 31 March 2016 and third quarter ended 30 June 2016 were reviewed by the AC at their meetings held on 19 November 2015, 18 February 2016, 18 May 2016 and 18 August 2016 respectively.
3. The AC received and discussed the Internal Audit Reports containing the audit findings and recommendations made by the internal auditors on weaknesses in the systems of internal control and the Management responses on those issues. The AC monitored the progress on the corrective actions taken by the Management on a quarterly basis until it is satisfied that the weaknesses identified had been adequately addressed.
4. At their meeting held on 18 August 2016, the AC met with the internal auditors in the absence of the Executive Board Members to discuss on any significant audit issues which may have arisen in the course of their audit of the Group.





# Audit Committee Report

5. The report of Related Party Transactions (“RPTs”) of the Group was tabled and reviewed by the AC at every quarterly meeting. The AC was satisfied that all RPTs were within arm’s length, fair, reasonable and on normal commercial terms and not detrimental to the interest of the minority shareholders.
6. At their meeting held on 19 November 2015, the AC reviewed and discussed the following:-
  - a. The Audit Review Memorandum from the external auditors on the significant audit findings in respect of their audit of the Group for the financial year ended 30 September 2015.
  - b. The Internal Audit Review on the Business Development Function of the Company by its outsourced Internal Auditors.
  - c. The assessment of the adequacy of the scope, functions, competency and resources of the internal audit function.
7. At their meeting held on 18 January 2016, the AC reviewed and discussed the following:-
  - a. The Directors’ Report and Audited Financial Statements for the financial year ended 30 September 2015 and the Directors’ and Auditors’ Report.
  - b. The Audit Review Memorandum of the Company for the financial year ended 30 September 2015, which was circulated at the Meeting.
  - c. Reports for inclusion in the 2015 Annual Report, i.e. Audit Committee Report and Statement on Risk Management and Internal Control.
  - d. Risk Management Framework.
  - e. Audit Fee for the financial year ended 30 September 2015.
  - f. Re-appointment of Messrs Crowe Horwath as External Auditors for the financial year ending 30 September 2016 and recommended to the Board of Directors for their consideration.
8. At their meeting held on 18 February 2016, the AC reviewed and discussed the following:-
  - a. The Internal Audit Reports which were circulated at the meetings.
  - b. Risk Management Framework.
9. At their meeting held on 18 May 2016, the AC reviewed and discussed the following:-
  - a. The Internal Audit Review on the Effectiveness of Production Yield Management of the Company and the Internal Audit Planning for year 2016 of the Company by its outsourced Internal Auditors.
  - b. Risk Management Framework.
  - c. Revised the Terms of Reference of AC.
10. At their meeting held on 18 August 2016, the AC reviewed and discussed the following:-
  - a. The Internal Audit Review on the Effectiveness of Product Costing of the Company by its outsourced Internal Auditors.
  - b. The AC reviewed and approved the Audit Plan for the financial year ended 30 September 2016 presented by the external auditors.

## INTERNAL AUDIT FUNCTION

The Group’s internal audit function is carried out by an independent external firm of professional Internal Auditors (IA), which reports directly to the Audit Committee on its activities based on the approved annual Internal Audit Plan. The approved annual Internal Audit Plan is designed to cover entities across all level of operations within the Group.

The principle role of IA is to provide the Audit Committee with reports on the state of internal controls of the operating entities within the Group and the extent of compliance of such entities within the Group’s established policies and procedures.

During the financial year under review, IAD conducted series of audit assignments on entities in all operating segments of the Group. The Internal Audit assignments are designed to review and assess the procedures, systems and controls whether they are adequate and effective to meet the requirement of:

- Compliance with applicable laws and regulations and Standard Operation Procedures (SOP);
- Reliability and integrity of information; and
- Safeguarding of assets.

# Audit Committee Report



Among the audit assignments are:

- Effectiveness of Business Development
- Follow up Review of Previous Internal Audit Findings
- Effectiveness of Production Yield Management
- Effectiveness of Product Costing Process
- Effectiveness of Quality Management System

The cost incurred for the internal audit function of the Group for the financial year ended 30 September 2016 was approximately RM52,000.



# Statement on 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.

# Statement on Risk Management and Internal Control

## 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;
- 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 access 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, there were some weaknesses detected in certain divisions. 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 2016 was RM52,000.



# Statement on Risk Management and Internal Control

## REVIEW OF THIS STATEMENT BY EXTERNAL AUDITOR

The external auditors have reviewed this statement on risk management and internal control for inclusion in the Annual Report of the Company for the financial year ended 30 September 2016 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 the Statement 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 2016 and up to the date of issuance of the financial statements. Although there were certain weaknesses detected during the process of the internal audit function, the management is committed to rectify these weaknesses and follow up reviews will be constantly performed. 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



|           |   |
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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 2016.

## 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<br>RM'000 | The Company<br>RM'000 |
|--|---------------------|-----------------------|
| Profit after taxation for the financial year | 5,677               | 3,669                 |
| Attributable to:-                            |                     |                       |
| Owners of the Company                        | 5,677               | 3,669                 |

## DIVIDENDS

On 24 November 2016, the directors declared an interim tax-exempt dividend of RM0.01 per ordinary share of RM0.50 each amounting to RM2,682,687 in respect of the financial year ended 30 September 2016. The said dividend was payable on 16 January 2017.

At the forthcoming Annual General Meeting, a final tax-exempt dividend of RM0.01 per ordinary share of RM0.50 each amounting to RM2,682,687 in respect of the financial year ended 30 September 2016 will be proposed for shareholders' approval.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the statements of changes in equity and Note 24 to the financial statements.

## ISSUES OF SHARES AND DEBENTURES

During the financial year,

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

## TREASURY SHARES

There were no shares repurchased during the financial year.

As at 30 September 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 RM0.50 each. Such treasury shares were held at a carrying amount of RM2,244,383 (2015 - RM2,244,383).

## WARRANTS

### Warrants-B

On 3 May 2012, the Company issued 38,618,857 free warrants ("Warrants-B") on the basis of 1 Warrant 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, none of the Warrants-B was converted to ordinary shares. The number of outstanding Warrants-B as at 30 September 2016 was 38,618,616 (2015 - 38,618,616).

## OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

## 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 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.



# Directors' Report

## CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 32 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.

## ITEMS OF AN UNUSUAL NATURE

The results of the operations 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<br>30.9.2016 |
|--|--|---------|-------------|-----------------|
|  | At<br>1.10.2015                          | Bought  | Sold        |                 |
| <i>Direct Interests:</i>                       |  |         |             |                 |
| Thoo Chow Fah                                  | 20,582,534                               | -       | (8,700,000) | 11,882,534      |
| Choo Wing Hong                                 | 32,130,326                               | -       | (500,000)   | 31,630,326      |
| Choo Wing Onn                                  | 27,372,244                               | 125,600 | (950,000)   | 26,547,844      |
| 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                                  | 755,333                                  | -       | (750,025)   | 5,308           |

\* 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' 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 the director 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 29 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 DURING THE FINANCIAL YEAR

The significant event during the reporting period is disclosed in Note 34 to the financial statements.



# Directors' Report

## **SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD**

The significant events occurring after the reporting period is disclosed in Note 35 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 5 January 2017**

**Thoo Chow Fah**

**Choo Wing Hong**

# Statement by Directors

Pursuant To Section 169(15) Of The Companies Act 1965

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 40 to 94 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 at 30 September 2016 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 38, 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 5 January 2017**

**Thoo Chow Fah**

**Choo Wing Hong**

## Statutory Declaration

Pursuant To Section 169(16) Of The Companies Act 1965

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 40 to 94 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 5 January 2017

**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 2016 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 40 to 94.

### *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 2016 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 37 on page 95 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

5 January 2017

### **Ong Beng Chooi**

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

# Statements of Financial Position

At 30 September 2016

|   | Note | The Group      |                | The Company     |                |
|---|------|----------------|----------------|-----------------|----------------|
|   |      | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000  | 2015<br>RM'000 |
| <b>ASSETS</b>                               |      |                |                |                 |                |
| NON-CURRENT ASSETS                          |      |                |                |                 |                |
| Investments in subsidiaries                 | 5    | -              | -              | <b>47,793</b>   | 47,793         |
| Other investment                            | 6    | -              | -              | -               | -              |
| Property, plant and equipment               | 7    | <b>206,291</b> | 232,379        | <b>222</b>      | 306            |
|   |      | <b>206,291</b> | 232,379        | <b>48,015</b>   | 48,099         |
| CURRENT ASSETS                              |      |                |                |                 |                |
| Inventories                                 | 8    | <b>33,092</b>  | 45,194         | -               | -              |
| Trade receivables                           | 9    | <b>54,691</b>  | 51,551         | -               | -              |
| Other receivables, deposits and prepayments | 10   | <b>5,793</b>   | 5,033          | <b>10</b>       | -              |
| Amount owing by subsidiaries                | 11   | -              | -              | <b>48,069</b>   | 66,957         |
| Current tax assets                          |      | <b>2,465</b>   | 1,761          | <b>218</b>      | 194            |
| Short-term deposits with licensed banks     | 12   | <b>20,276</b>  | 417            | <b>15,981</b>   | 417            |
| Cash and bank balances                      |      | <b>21,581</b>  | 42,689         | <b>5,936</b>    | 2,698          |
|   |      | <b>137,898</b> | 146,645        | <b>70,214</b>   | 70,266         |
| <b>TOTAL ASSETS</b>                         |      | <b>344,189</b> | 379,024        | <b>118,229</b>  | 118,365        |
| <b>EQUITY AND LIABILITIES</b>               |      |                |                |                 |                |
| EQUITY                                      |      |                |                |                 |                |
| Share capital                               | 13   | <b>135,209</b> | 135,209        | <b>135,209</b>  | 135,209        |
| Share premium                               | 14   | <b>1</b>       | 1              | <b>1</b>        | 1              |
| Treasury shares                             | 15   | <b>(2,244)</b> | (2,244)        | <b>(2,244)</b>  | (2,244)        |
| Currency translation reserve                |      | <b>7,001</b>   | 6,414          | -               | -              |
| Other capital reserve                       |      | <b>4,800</b>   | 4,800          | -               | -              |
| Retained profits/(Accumulated losses)       | 16   | <b>144,292</b> | 138,615        | <b>(17,448)</b> | (21,117)       |
| <b>TOTAL EQUITY</b>                         |      | <b>289,059</b> | 282,795        | <b>115,518</b>  | 111,849        |
| NON-CURRENT LIABILITIES                     |      |                |                |                 |                |
| Long-term borrowings                        | 17   | <b>7,076</b>   | 20,898         | -               | -              |
| Deferred tax liabilities                    | 18   | <b>15,886</b>  | 5,851          | -               | -              |
|   |      | <b>22,962</b>  | 26,749         | -               | -              |

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

# Statements of Financial Position

At 30 September 2016

|                                    | Note | The Group      |                | The Company    |                |
|------------------------------------|------|----------------|----------------|----------------|----------------|
|                                    |      | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| CURRENT LIABILITIES                |      |                |                |                |                |
| Trade payables                     | 19   | <b>8,095</b>   | 11,092         | -              | -              |
| Other payables and accruals        | 20   | <b>10,941</b>  | 15,889         | <b>454</b>     | 1,221          |
| Derivative liabilities             |      | -              | 21,777         | -              | -              |
| Amount owing to a director         |      | -              | 3,698          | -              | -              |
| Amount owing to subsidiaries       | 11   | -              | -              | <b>2,257</b>   | 2,257          |
| Short-term borrowings              | 21   | <b>13,132</b>  | 16,541         | -              | 3,038          |
| Current tax liabilities            |      | *              | 483            | -              | -              |
|                                    |      | <b>32,168</b>  | 69,480         | <b>2,711</b>   | 6,516          |
|                                    |      |                |                |                |                |
| TOTAL LIABILITIES                  |      | <b>55,130</b>  | 96,229         | <b>2,711</b>   | 6,516          |
|                                    |      |                |                |                |                |
| TOTAL EQUITY AND LIABILITIES       |      | <b>344,189</b> | 379,024        | <b>118,229</b> | 118,365        |
|                                    |      |                |                |                |                |
| NET ASSETS PER ORDINARY SHARE (RM) | 22   | <b>1.08</b>    | 1.05           |                |                |

\* denotes RM9

# Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 September 2016

|   | Note | The Group        |                | The Company    |                |
|---|------|------------------|----------------|----------------|----------------|
|   |      | 2016<br>RM'000   | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| REVENUE   | 23   | <b>230,707</b>   | 239,730        | <b>9,926</b>   | 10,240         |
| COST OF SALES   |      | <b>(197,743)</b> | (204,622)      | -              | -              |
| GROSS PROFIT  |      | <b>32,964</b>    | 35,108         | <b>9,926</b>   | 10,240         |
| OTHER INCOME  |      | <b>14,783</b>    | 31,905         | <b>488</b>     | 209            |
|   |      | <b>47,747</b>    | 67,013         | <b>10,414</b>  | 10,449         |
| MARKETING AND DISTRIBUTION EXPENSES   |      | <b>(4,419)</b>   | (5,179)        | -              | -              |
| ADMINISTRATIVE AND OTHER OPERATING EXPENSES                                 |      | <b>(23,589)</b>  | (69,066)       | <b>(6,667)</b> | (16,606)       |
| FINANCE COSTS   |      | <b>(1,982)</b>   | (3,615)        | <b>(45)</b>    | (289)          |
| PROFIT/(LOSS) BEFORE TAXATION   | 24   | <b>17,757</b>    | (10,847)       | <b>3,702</b>   | (6,446)        |
| INCOME TAX EXPENSE  | 25   | <b>(12,080)</b>  | (2,177)        | <b>(33)</b>    | -              |
| PROFIT/(LOSS) AFTER TAXATION FOR THE FINANCIAL YEAR                         |      | <b>5,677</b>     | (13,024)       | <b>3,669</b>   | (6,446)        |
| OTHER COMPREHENSIVE INCOME, NET OF TAX                                      |      |                  |                |                |                |
| <u>Item that may be reclassified subsequently to profit or loss:</u>        |      |                  |                |                |                |
| - foreign currency translation differences                                  |      | <b>587</b>       | 6,005          | -              | -              |
| TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR                |      | <b>6,264</b>     | (7,019)        | <b>3,669</b>   | (6,446)        |
| PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO OWNERS OF THE COMPANY          |      | <b>5,677</b>     | (13,024)       | <b>3,669</b>   | (6,446)        |
| TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO OWNERS OF THE COMPANY |      | <b>6,264</b>     | (7,019)        | 3,669          | (6,446)        |
| EARNINGS/(LOSS) PER SHARE:  |      |                  |                |                |                |
| - Basic   | 26   | <b>2.1 sen</b>   | (4.9) sen      |                |                |
| - Diluted   | 26   | <b>N/A</b>       | N/A            |                |                |

N/A - Not applicable

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

# Statements of Changes in Equity

For the financial year ended 30 September 2016

| The Group  | Non-Distributable    |                      |                        |                                     | Distributable                |                         |                | 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 |                |                     |
| Balance at 1.10.2014   | 135,209              | *                    | (2,244)                | 409                                 | 4,800                        | 151,639                 | 289,813        |                     |
| Exercise of warrants   | #                    | 1                    | -                      | -                                   | -                            | -                       | 1              |                     |
| Loss after taxation  | -                    | -                    | -                      | -                                   | -                            | (13,024)                | (13,024)       |                     |
| Other comprehensive income for the financial year:           | -                    | -                    | -                      | -                                   | -                            | -                       | -              |                     |
| - foreign currency translations differences                  | -                    | -                    | -                      | 6,005                               | -                            | -                       | 6,005          |                     |
| Total comprehensive income/(expenses) for the financial year | -                    | -                    | -                      | 6,005                               | -                            | (13,024)                | (7,019)        |                     |
| Purchase of own shares                                       | -                    | -                    | ^                      | -                                   | -                            | -                       | ^              |                     |
| Balance at 30.9.2015/1.10.2015                               | 135,209              | 1                    | (2,244)                | 6,414                               | 4,800                        | 138,615                 | 282,795        |                     |
| Profit after taxation  | -                    | -                    | -                      | -                                   | -                            | 5,677                   | 5,677          |                     |
| Other comprehensive income for the financial year:           | -                    | -                    | -                      | -                                   | -                            | -                       | -              |                     |
| - foreign currency translations differences                  | -                    | -                    | -                      | 587                                 | -                            | -                       | 587            |                     |
| Total comprehensive income for the financial year            | -                    | -                    | -                      | 587                                 | -                            | 5,677                   | 6,264          |                     |
| Balance at 30.9.2016   | <b>135,209</b>       | <b>1</b>             | <b>(2,244)</b>         | <b>7,001</b>                        | <b>4,800</b>                 | <b>144,292</b>          | <b>289,059</b> |                     |

\* 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 2016

| The Company   | Non-Distributable       |                         |                           | Distributable                                       | Total Equity<br>RM'000 |
|---|-------------------------|-------------------------|---------------------------|---|------------------------|
|   | Share Capital<br>RM'000 | Share Premium<br>RM'000 | Treasury Shares<br>RM'000 | Retained Profits/<br>(Accumulated Losses)<br>RM'000 |                        |
| Balance at 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 30.9.2015/1.10.2015                      | 135,209                 | 1                       | (2,244)                   | (21,117)  | 111,849                |
| Total comprehensive income for the financial year   | -                       | -                       | -                         | 3,669   | 3,669                  |
| Balance at 30.9.2016                                | <b>135,209</b>          | <b>1</b>                | <b>(2,244)</b>            | <b>(17,448)</b>                                     | <b>115,518</b>         |

\* denotes RM57

# denotes RM459

^ denotes RM(492)

# Statements of Cash Flows

For the financial year ended 30 September 2016

|   | The Group       |                | The Company    |                |
|---|-----------------|----------------|----------------|----------------|
|   | 2016<br>RM'000  | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| <b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>                       |                 |                |                |                |
| Profit/(Loss) before taxation   | <b>17,757</b>   | (10,847)       | <b>3,702</b>   | (6,446)        |
| Adjustments for:-   |                 |                |                |                |
| Allowance for impairment losses on:                                     |                 |                |                |                |
| - trade receivables   | <b>327</b>      | -              | -              | -              |
| - investments in subsidiaries   | -               | -              | -              | 7,560          |
| - plant and equipment   | -               | 1,412          | -              | -              |
| Bad debts written off   | <b>14</b>       | -              | -              | -              |
| Deposit forfeited   | <b>4</b>        | -              | -              | -              |
| Depreciation of property, plant and equipment                           | <b>34,620</b>   | 38,126         | <b>84</b>      | 84             |
| Fair value loss on derivatives liabilities                              | -               | 21,777         | -              | -              |
| Interest expense  | <b>1,842</b>    | 3,447          | <b>42</b>      | 281            |
| Inventories written down  | -               | 153            | -              | -              |
| Inventories written off   | <b>9,243</b>    | 9,092          | -              | -              |
| Plant and equipment written off   | -               | 373            | -              | -              |
| Compensation received   | <b>(3,698)</b>  | -              | -              | -              |
| Dividend income   | -               | -              | <b>(3,686)</b> | (4,000)        |
| Gain on disposal of property, plant and equipment                       | <b>(178)</b>    | (9,220)        | -              | -              |
| Interest income   | <b>(524)</b>    | (120)          | <b>(288)</b>   | (209)          |
| Net unrealised (gain)/loss on foreign currency translations             | <b>(1,579)</b>  | (4,492)        | -              | 401            |
| Reversal of inventories written down                                    | <b>(13)</b>     | (599)          | -              | -              |
| Waiver of debts from trade payables                                     | <b>(52)</b>     | -              | -              | -              |
|   |                 |                |                |                |
| Operating profit/(loss) before working capital changes                  | <b>57,763</b>   | 49,102         | <b>(146)</b>   | (2,329)        |
| Decrease/(Increase) in inventories                                      | <b>2,872</b>    | (4,436)        | -              | -              |
| Increase in trade and other receivables                                 | <b>(2,748)</b>  | (901)          | <b>(10)</b>    | -              |
| (Decrease)/Increase in trade and other payables                         | <b>(29,691)</b> | (3,925)        | <b>(767)</b>   | 275            |
|   |                 |                |                |                |
| CASH FROM/(FOR) OPERATIONS  | <b>28,196</b>   | 39,840         | <b>(923)</b>   | (2,054)        |
| Interest paid   | <b>(1,842)</b>  | (3,447)        | <b>(42)</b>    | (281)          |
| Income tax paid   | <b>(3,232)</b>  | (5,937)        | <b>(57)</b>    | (12)           |
| Real Property Gains Tax paid  | -               | (278)          | -              | -              |
|   |                 |                |                |                |
| NET CASH FROM/(FOR) OPERATING ACTIVITIES AND<br>BALANCE CARRIED FORWARD | <b>23,122</b>   | 30,178         | <b>(1,022)</b> | (2,347)        |

# Statements of Cash Flows

For the financial year ended 30 September 2016

|  | Note | The Group       |                | The Company    |                |
|--|------|-----------------|----------------|----------------|----------------|
|  |      | 2016<br>RM'000  | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| BALANCE BROUGHT FORWARD                                      |      | <b>23,122</b>   | 30,178         | <b>(1,022)</b> | (2,347)        |
| CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES                   |      |                 |                |                |                |
| Dividend received  |      | -               | -              | <b>3,686</b>   | 4,000          |
| Interest received  |      | <b>524</b>      | 120            | <b>288</b>     | 209            |
| Purchase of property, plant and equipment                    |      | <b>(11,971)</b> | (12,272)       | -              | -              |
| Proceeds from disposal of property, plant and equipment      |      | <b>1,984</b>    | 23,269         | -              | -              |
| Repayment from subsidiaries                                  |      | -               | -              | <b>18,888</b>  | 4,104          |
| NET CASH (FOR)/FROM INVESTING ACTIVITIES                     |      | <b>(9,463)</b>  | 11,117         | <b>22,862</b>  | 8,313          |
| CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES                   |      |                 |                |                |                |
| Advances from a director                                     |      | -               | 3,698          | -              | -              |
| Repayment of hire purchase obligations                       |      | <b>(3,739)</b>  | (3,835)        | -              | -              |
| Increase/(Decrease) of bills payable                         |      | <b>216</b>      | (407)          | -              | -              |
| Repayment of term loans                                      |      | <b>(13,708)</b> | (20,672)       | <b>(3,038)</b> | (5,349)        |
| Proceeds from exercising of issuance of warrants             |      | -               | 1              | -              | 1              |
| NET CASH FOR FINANCING ACTIVITIES                            |      | <b>(17,231)</b> | (21,215)       | <b>(3,038)</b> | (5,348)        |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS         |      | <b>(3,572)</b>  | 20,080         | <b>18,802</b>  | 618            |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR |      | <b>43,106</b>   | 23,126         | <b>3,115</b>   | 2,497          |
| Exchange differences on translation of opening balance       |      | <b>2,220</b>    | (518)          | -              | -              |
| Effect of foreign exchange rate changes                      |      | <b>103</b>      | 418            | -              | -              |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR       | 27   | <b>41,857</b>   | 43,106         | <b>21,917</b>  | 3,115          |

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



# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 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 5 January 2017.

## 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.

- (a) No new accounting standards and interpretations (including the consequential amendments) have been adopted by the Group during the current financial year.
- (b) 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)**

|   | <b>Effective Date</b>         |
|---|-------------------------------|
| MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)   | 1 January 2018                |
| MFRS 14 Regulatory Deferral Accounts  | 1 January 2016                |
| MFRS 15 Revenue from Contracts with Customers   | 1 January 2018                |
| MFRS 16 Leases  | 1 January 2019                |
| Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions                                  | 1 January 2018                |
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred until further notice |
| Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations                                       | 1 January 2016                |
| Amendments to MFRS 15: Effective Date of MFRS 15  | 1 January 2018                |
| Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'                                  | 1 January 2018                |
| Amendments to MFRS 101: Disclosure Initiative   | 1 January 2016                |

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 3. BASIS OF PREPARATION (CONT'D)

| (b) MFRSs and IC Interpretations (Including The Consequential Amendments) (Cont'd)                        | Effective Date |
|---|----------------|
| Amendments to MFRS 107: Disclosure Initiative   | 1 January 2017 |
| Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses                          | 1 January 2017 |
| 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: 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) are expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

### MFRS 9 (IFRS 9 issued by IASB in July 2014)

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. The Group is currently assessing the financial impact of adopting MFRS 9.

## 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 expense and deferred tax balances in the year in which such determination is made.

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 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 loans 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) Impairment of Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

#### (vii) Fair Value Estimates for Certain Financial Assets and Financial Liabilities

The Group carries certain financial assets and financial 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, if any) 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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.

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (b) Basis of Consolidation (Cont'd)

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

#### (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. 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.

#### (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 for 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 2016

## 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 ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

#### (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. Income, expenses and other comprehensive income 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; attributed to the owners of the Company and non-controlling interests, as appropriate.

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.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Financial Instruments

Financial assets and financial liabilities 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 financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. 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 statements of financial position are disclosed in the individual policy statement associated with each item.

#### (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*

As at the end of the reporting period, there were no financial assets classified under this category.

- *Held-to-maturity Investments*

As at the end of the reporting period, there were no financial assets classified under this category.

- *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.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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.

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Financial Instruments (Cont'd)

#### (i) Financial Assets (Cont'd)

- *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.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

#### (ii) Financial Liabilities

##### *Other Financial Liabilities*

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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

#### (iii) Equity Instruments

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

- *Ordinary Shares*

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

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

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Financial Instruments (Cont'd)

#### (iii) Equity Instruments (Cont'd)

- *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. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are sold, the difference between the sales consideration and the carrying amount of the treasury shares are shown as a movement in equity. When the consideration received is more than the carrying amount, the credit difference arising is taken to the share premium account. Where the consideration received is less than the carrying amount, the debit difference is offset against reserves.

#### (iv) 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.

### (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 the 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) 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.



# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (f) Property, Plant and Equipment (Cont'd)

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on 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.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of 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 property, 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, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for 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.

### (g) Impairment

#### (i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss and investments in subsidiaries), 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.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity into profit or loss.

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (g) Impairment (Cont'd)

#### (i) Impairment of Financial Assets (Cont'd)

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.

#### (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 an annual impairment assessment is compulsory or 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. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. 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 using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rate basis.

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.

### (h) Leased Assets

#### Finance Assets

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property.

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (i) 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.

### (j) Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

### (k) Income Taxes

#### (i) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

#### (ii) Deferred Tax

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or 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 taxes relate to the same taxable entity and 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 and deferred tax arising from a business combination is adjusted against goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (k) Income Taxes (Cont'd)

#### (iii) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST. However, when the GST incurred are related to purchases of assets or services which are recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

Receivables and payables are stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

### (l) 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.

### (m) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, 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. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and excluded fixed deposits pledged to secure banking facilities.

### (n) Employee Benefits

#### (i) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss 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.

### (o) Related Parties

A party is related to an entity (referred to as the "reporting 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.

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 reporting entity.

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (o) Related Parties (Cont'd)

- (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.
  - (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).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

### (p) Contingent Liabilities

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.

### (q) Earnings per ordinary shares

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

### (r) 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 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.

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (r) Fair Value Measurements (Cont'd)

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.

### (s) 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 trade 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 investments is recognised when the right to receive dividend payment is established.

#### (iv) Interest Income

Interest income is recognised on an accrual basis, using the effective interest method.

## 5. INVESTMENTS IN SUBSIDIARIES

|                                       | The Company    |                |
|---------------------------------------|----------------|----------------|
|                                       | 2016<br>RM'000 | 2015<br>RM'000 |
| Unquoted investments:-                |                |                |
| At cost                               | 55,353         | 55,353         |
| Allowance for impairment loss         | (7,560)        | (7,560)        |
| At net carrying amount                | 47,793         | 47,793         |
|                                       |                |                |
| Unquoted investments in Malaysia      | 47,745         | 47,745         |
| Unquoted investments outside Malaysia | 48             | 48             |
|                                       | 47,793         | 47,793         |

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:-

| Name of Subsidiary                  | Principal Place of Business | Effective Equity Interest |        | Principal Activities  |
|-------------------------------------|-----------------------------|---------------------------|--------|---|
|                                     |                             | 2016 %                    | 2015 % |   |
| 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 high 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.  |
| 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.

^ ceased operations.

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 6. OTHER INVESTMENT

|  | The Group and<br>The Company |                |
|--|------------------------------|----------------|
|  | 2016<br>RM'000               | 2015<br>RM'000 |
| Investment in a delisted entity which was previously quoted on the Australian Securities Exchange, at cost | 14,669                       | 14,669         |
| Allowance for impairment loss  | (14,669)                     | (14,669)       |
| Net carrying amount  | -                            | -              |

Details of the other investment are as follows:-

| Name of Company        | Principal<br>Place of<br>Business | Effective<br>Equity Interest |           | Principal Activity  |
|------------------------|-----------------------------------|------------------------------|-----------|---|
|                        |                                   | 2016<br>%                    | 2015<br>% |   |
| Alcyone Resources Ltd. | Australia                         | *                            | *         | 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 delisted from the Official Quotation of Australian Securities Exchange on 1 September 2015.

- 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. Additional joint and several deed administrators and liquidators were appointed on 15 January 2015 and 25 July 2015 respectively. The Group no longer has significant influence upon the appointment of joint and several Receivers and Managers.
- The other investment has been fully impaired after taking into consideration the corporate development of the company as stated above.
- Other investment is designated as available-for-sale financial assets but is stated at cost less accumulated impairment losses as its fair value cannot be reliably measured using valuation techniques due to the lack of marketability of the shares.



# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 7. PROPERTY, PLANT AND EQUIPMENT

| The Group<br>2016<br>Net Book Value      | At<br>1.10.2015<br>RM'000 | Additions<br>RM'000 | Disposal<br>RM'000 | Transfer<br>RM'000 | Depreciation<br>Charge<br>RM'000 | Foreign<br>Currency<br>Exchange<br>Differences<br>RM'000 | At<br>30.9.2016<br>RM'000 |
|--|---------------------------|---------------------|--------------------|--------------------|----------------------------------|--|---------------------------|
| Freehold land and buildings              | 62,958                    | 1,628               | -                  | -                  | (1,090)                          | (636)  | <b>62,860</b>             |
| Factory equipment and machinery          | 147,927                   | 4,693               | (1,806)            | 1,143              | (27,443)                         | (849)  | <b>123,665</b>            |
| Furniture, fittings and office equipment | 4,670                     | 586                 | -                  | -                  | (1,194)                          | (18)   | <b>4,044</b>              |
| Motor vehicles                           | 1,045                     | 138                 | -                  | -                  | (408)                            | (16)   | <b>759</b>                |
| Renovation                               | 11,853                    | 3,265               | -                  | -                  | (4,485)                          | (12)   | <b>10,621</b>             |
| Capital work-in-progress                 | 3,926                     | 1,661               | -                  | (1,143)            | -                                | (102)  | <b>4,342</b>              |
| <b>Total</b>                             | <b>232,379</b>            | <b>11,971</b>       | <b>(1,806)</b>     | <b>-</b>           | <b>(34,620)</b>                  | <b>(1,633)</b>   | <b>206,291</b>            |

| The Group<br>2015<br>Net Book Value      | At<br>1.10.2014<br>RM'000 | Additions<br>RM'000 | Disposal<br>RM'000 | Written<br>Off<br>RM'000 | Impairment<br>Loss<br>RM'000 | Depreciation<br>Charge<br>RM'000 | Foreign<br>Currency<br>Exchange<br>Differences<br>RM'000 | At<br>30.9.2015<br>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                     |
| <b>Total</b>                             | <b>267,544</b>            | <b>12,272</b>       | <b>(14,049)</b>    | <b>(373)</b>             | <b>(1,412)</b>               | <b>(38,126)</b>                  | <b>6,523</b>   | <b>232,379</b>            |

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| The Group<br>At 30.9.2016                | Cost<br>RM'000 | Accumulated<br>Impairment<br>Loss<br>RM'000 | Accumulated<br>Depreciation<br>RM'000 | Net Book<br>Value<br>RM'000 |
|--|----------------|---|---------------------------------------|-----------------------------|
| Freehold land and buildings              | 68,708         | -   | (5,848)                               | 62,860                      |
| Factory equipment and machinery          | 363,381        | (1,412)                                     | (238,304)                             | 123,665                     |
| Furniture, fittings and office equipment | 18,485         | -   | (14,441)                              | 4,044                       |
| Motor vehicles                           | 6,171          | -   | (5,412)                               | 759                         |
| Renovation                               | 32,486         | -   | (21,865)                              | 10,621                      |
| Capital work-in-progress                 | 4,619          | -   | (277)                                 | 4,342                       |
| <b>Total</b>                             | <b>493,850</b> | <b>(1,412)</b>                              | <b>(286,147)</b>                      | <b>206,291</b>              |

### At 30.9.2015

|  |                |                |                  |                |
|--|----------------|----------------|------------------|----------------|
| 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          |
| <b>Total</b>                             | <b>485,551</b> | <b>(1,412)</b> | <b>(251,760)</b> | <b>232,379</b> |

| The Company<br>2016<br>Net Book Value | At<br>1.10.2015<br>RM'000 | Depreciation<br>Charge<br>RM'000 | At<br>30.9.2016<br>RM'000 |
|---------------------------------------|---------------------------|----------------------------------|---------------------------|
| Motor vehicles                        | 306                       | (84)                             | 222                       |

| 2015<br>Net Book Value | At<br>1.10.2014<br>RM'000 | Depreciation<br>Charge<br>RM'000 | At<br>30.9.2015<br>RM'000 |
|------------------------|---------------------------|----------------------------------|---------------------------|
| Motor vehicles         | 390                       | (84)                             | 306                       |

| The Company<br>At 30.9.2016              | Cost<br>RM'000 | Accumulated<br>Depreciation<br>RM'000 | Net Book<br>Value<br>RM'000 |
|--|----------------|---------------------------------------|-----------------------------|
| Furniture, fittings and office equipment | 12             | (12)                                  | -                           |
| Motor vehicles                           | 587            | (365)                                 | 222                         |
| <b>Total</b>                             | <b>599</b>     | <b>(377)</b>                          | <b>222</b>                  |

### At 30.9.2015

|  |            |              |            |
|--|------------|--------------|------------|
| Furniture, fittings and office equipment | 12         | (12)         | -          |
| Motor vehicles                           | 587        | (281)        | 306        |
| <b>Total</b>                             | <b>599</b> | <b>(293)</b> | <b>306</b> |

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### Assets held under hire purchase terms and term loans

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

|                                 | The Group      |                |
|---------------------------------|----------------|----------------|
|                                 | 2016<br>RM'000 | 2015<br>RM'000 |
| <u>Hire purchase</u>            |                |                |
| Factory equipment and machinery | <b>3,882</b>   | 13,368         |
| <u>Term loans</u>               |                |                |
| Freehold land and buildings     | <b>16,882</b>  | 17,022         |
| Factory equipment and machinery | <b>9,879</b>   | 14,759         |

### 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      |                |
|---------------------------------|----------------|----------------|
|                                 | 2016<br>RM'000 | 2015<br>RM'000 |
| <u>At net book value</u>        |                |                |
| Freehold land and buildings     | <b>16,882</b>  | 17,022         |
| Factory equipment and machinery | <b>13,761</b>  | 18,169         |

## 8. INVENTORIES

|   | The Group      |                |
|---|----------------|----------------|
|   | 2016<br>RM'000 | 2015<br>RM'000 |
| Raw materials                               | <b>18,303</b>  | 20,903         |
| Work-in-progress                            | <b>6,434</b>   | 7,933          |
| Finished goods                              | <b>8,355</b>   | 16,358         |
|   | <b>33,092</b>  | 45,194         |
| Recognised in profit or loss:-              |                |                |
| Inventories recognised as cost of sales     | <b>188,513</b> | 204,469        |
| Amount written down to net realisable value | -              | 153            |
| Inventories written off                     | <b>9,243</b>   | 9,092          |
| Reversal of inventories written down        | <b>(13)</b>    | (599)          |

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 9. TRADE RECEIVABLES

|                                    | The Group      |                |
|------------------------------------|----------------|----------------|
|                                    | 2016<br>RM'000 | 2015<br>RM'000 |
| Gross trade receivables            | <b>55,027</b>  | 51,560         |
| Allowance for impairment losses:   |                |                |
| At 1 October 2015/2014             | (9)            | (9)            |
| Addition during the financial year | (327)          | -              |
| At 30 September                    | (336)          | (9)            |
| Net trade receivables              | <b>54,691</b>  | 51,551         |

The Group's normal trade credit terms range from 30 to 105 days (2015 - 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

## 10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

|                   | The Group      |                | The Company    |                |
|-------------------|----------------|----------------|----------------|----------------|
|                   | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Other receivables | <b>3,681</b>   | 2,876          | <b>5</b>       | -              |
| Deposits          | <b>2,057</b>   | 1,586          | <b>5</b>       | -              |
| Prepayments       | <b>55</b>      | 571            | -              | -              |
|                   | <b>5,793</b>   | 5,033          | <b>10</b>      | -              |

## 11. 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.

## 12. 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 2.05% to 3.12% (2015 - 2.25% to 2.40%) and 2.25% to 3.12% (2015 - 2.25% to 2.40%) per annum respectively. The maturity periods of the short-term deposits of the Group and of the Company ranged from 4 to 30 days (2015 - 1 to 30 days) and 28 to 30 days (2015 - 1 to 30 days) respectively.

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 13. SHARE CAPITAL

|                                  | The Company                                 |           |                |                |
|----------------------------------|---|-----------|----------------|----------------|
|                                  | 2016<br>Number Of<br>Ordinary Shares ('000) | 2015      | 2016<br>RM'000 | 2015<br>RM'000 |
| <b>Authorised</b>                |   |           |                |                |
| Ordinary shares of RM0.50 each   | <b>1,000,000</b>                            | 1,000,000 | <b>500,000</b> | 500,000        |
| <b>Issued and Fully Paid</b>     |   |           |                |                |
| Ordinary shares of RM0.50 each:- |   |           |                |                |
| At 1 October 2015/2014           | <b>270,419</b>                              | 270,418   | <b>135,209</b> | 135,209        |
| Exercise of warrants             | -   | 1         | -              | #              |
| At 30 September                  | <b>270,419</b>                              | 270,419   | <b>135,209</b> | 135,209        |

# denotes RM459

## 14. SHARE PREMIUM

The share premium reserve represents the premium paid on subscription of ordinary shares in the Company over and above the par value of the shares issued, net of transaction costs, if any. The share premium reserve is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965 in Malaysia.

## 15. TREASURY SHARES

As at 30 September 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 RM0.50 each. Such treasury shares were held at a carrying amount of RM2,244,383 (2015 - RM2,244,383).

## 16. ACCUMULATED LOSSES

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

## 17. LONG-TERM BORROWINGS

|                                  | The Group      |                | The Company    |                |
|----------------------------------|----------------|----------------|----------------|----------------|
|                                  | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Hire purchase payables (Note 21) | <b>124</b>     | 3,161          | -              | -              |
| Term loans (Note 21)             | <b>6,952</b>   | 17,737         | -              | -              |
|                                  | <b>7,076</b>   | 20,898         | -              | -              |

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 18. DEFERRED TAXATION

|  | The Group      |                |
|--|----------------|----------------|
|  | 2016<br>RM'000 | 2015<br>RM'000 |
| At 1 October 2015/2014                 | 5,851          | 11,417         |
| Recognised in profit or loss (Note 25) | 10,035         | (5,566)        |
| At 30 September                        | 15,886         | 5,851          |

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

|                                     | The Group      |                |
|-------------------------------------|----------------|----------------|
|                                     | 2016<br>RM'000 | 2015<br>RM'000 |
| <u>Deferred tax assets</u>          |                |                |
| Unrealised loss on foreign exchange | -              | 5,444          |
| Unabsorbed capital allowances       | -              | 9,490          |
| Others                              | 99             | 278            |
|                                     | 99             | 15,212         |
| <u>Deferred tax liabilities</u>     |                |                |
| Unrealised gain on foreign exchange | (1,433)        | (2,745)        |
| Accelerated capital allowances      | (14,552)       | (18,318)       |
|                                     | (15,985)       | (21,063)       |
|                                     | (15,886)       | (5,851)        |

## 19. TRADE PAYABLES

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

## 20. OTHER PAYABLES AND ACCRUALS

|                | The Group      |                | The Company    |                |
|----------------|----------------|----------------|----------------|----------------|
|                | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Other payables | 9,666          | 9,176          | 8              | 198            |
| Accruals       | 1,275          | 6,713          | 446            | 1,023          |
|                | 10,941         | 15,889         | 454            | 1,221          |

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 21. SHORT-TERM BORROWINGS

Short-term borrowings comprise the following:-

|                        | The Group      |                | The Company    |                |
|------------------------|----------------|----------------|----------------|----------------|
|                        | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Bills payable          | 216            | -              | -              | -              |
| Hire purchase payables | 3,037          | 3,739          | -              | -              |
| Term loans             | 9,879          | 12,802         | -              | 3,038          |
|                        | <b>13,132</b>  | <b>16,541</b>  | <b>-</b>       | <b>3,038</b>   |

The hire purchase 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 payables outstanding at the end of the reporting period are as follows:-

|  | The Group      |                |
|--|----------------|----------------|
|  | 2016<br>RM'000 | 2015<br>RM'000 |
| Minimum hire purchase payments:                          |                |                |
| - not later than 1 year                                  | 3,127          | 4,063          |
| - later than 1 year and not later than 5 years           | 125            | 3,252          |
|  | <b>3,252</b>   | <b>7,315</b>   |
| Less: Future finance charges                             | 91             | 415            |
| Present value of hire purchase payables                  | <b>3,161</b>   | <b>6,900</b>   |
| Current portion:   |                |                |
| - not later than 1 year                                  | 3,037          | 3,739          |
| Non-current portion:                                     |                |                |
| - later than 1 year and not later than 5 years (Note 17) | 124            | 3,161          |
|  | <b>3,161</b>   | <b>6,900</b>   |

The hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 6.53% to 6.96% (2015 - 6.53% to 6.94%) per annum. The interest rates are fixed at the inception of the hire purchase arrangement.

The term loans are repayable as follows:-

|   | The Group      |                | The Company    |                |
|---|----------------|----------------|----------------|----------------|
|   | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Term loans                                      | 16,831         | 30,539         | -              | 3,038          |
| Portion repayable within twelve months          | (9,879)        | (12,802)       | -              | (3,038)        |
| Portion repayable after twelve months (Note 17) | <b>6,952</b>   | <b>17,737</b>  | <b>-</b>       | <b>-</b>       |

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 21. SHORT-TERM BORROWINGS (CONT'D)

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

|                                  | The Group      |                | The Company    |                |
|----------------------------------|----------------|----------------|----------------|----------------|
|                                  | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Current portion:                 |                |                |                |                |
| - repayable within 1 year        | <b>9,879</b>   | 12,802         | -              | 3,038          |
| Non-current portion:             |                |                |                |                |
| - repayable between 1 to 2 years | <b>4,927</b>   | 11,505         | -              | -              |
| - repayable between 2 to 5 years | <b>2,025</b>   | 6,232          | -              | -              |
| Total non-current portion        | <b>6,952</b>   | 17,737         | -              | -              |
|                                  | <b>16,831</b>  | 30,539         | -              | 3,038          |

The interest rate profile of the term loans is summarised below:-

|                          | Effective Interest Rate |                     | The Group      |                |
|--------------------------|-------------------------|---------------------|----------------|----------------|
|                          | 2016<br>% per annum     | 2015<br>% per annum | 2016<br>RM'000 | 2015<br>RM'000 |
| Floating rate term loans | <b>6.50</b>             | 6.23                | <b>16,831</b>  | 30,539         |

Certain term loans amounting to RM11,316,398 (2015 - RM18,481,690) at the end of reporting period are secured by a negative pledge that imposes certain covenants on those subsidiaries that have obtained those loans. The significant covenants of the term loans are as follows:-

- One subsidiary's gearing ratio shall not exceed 0.8 times and the other subsidiary shall not exceed 3.0 times; and
- A principal subsidiary's tangible net worth shall not fall below RM10,000,000 at any one time.

## 22. 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 RM289,059,000 (2015 - RM282,795,000) divided by the number of ordinary shares in issue at the end of the reporting period of approximately 268,269,000 (2015 - 268,268,000) excluding treasury shares held by the Company.

## 23. REVENUE

|  | The Group      |                | The Company    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Revenue represents:-   |                |                |                |                |
| Invoiced value of goods sold and services rendered<br>less discounts and returns | <b>230,707</b> | 239,730        | -              | -              |
| Dividend income  | -              | -              | <b>3,686</b>   | 4,000          |
| Management fee   | -              | -              | <b>6,240</b>   | 6,240          |
|  | <b>230,707</b> | 239,730        | <b>9,926</b>   | 10,240         |



# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 24. PROFIT/(LOSS) BEFORE TAXATION

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

|  | The Group      |                | The Company    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Allowance for impairment losses on:  |                |                |                |                |
| - trade receivables (Note 9)   | 327            | -              | -              | -              |
| - investments in subsidiaries  | -              | -              | -              | 7,560          |
| - plant and equipment  | -              | 1,412          | -              | -              |
| Audit fee:   |                |                |                |                |
| - Crowe Horwath  | 205            | 164            | 63             | 48             |
| - others   | 14             | 16             | -              | -              |
| - (over)/underprovision in the prior financial years                                   | 33             | (2)            | 5              | -              |
| Bad debts written off  | 14             | -              | -              | -              |
| Deposit forfeited  | 4              | -              | -              | -              |
| Depreciation of property, plant and equipment<br>(Note 7)                              | 34,620         | 38,126         | 84             | 84             |
| Directors' remuneration (Note 28(a))   | 5,728          | 5,736          | 5,728          | 5,736          |
| Fair value loss on derivatives liabilities   | -              | 21,777         | -              | -              |
| Interest expense on financial liabilities not at fair<br>value through profit or loss: |                |                |                |                |
| - bank overdraft   | 1              | 5              | -              | -              |
| - bills payable  | 2              | 11             | -              | -              |
| - hire purchase  | 324            | 576            | -              | -              |
| - term loans   | 1,515          | 2,855          | 42             | 281            |
| Inventories written down   | -              | 153            | -              | -              |
| Inventories written off  | 9,243          | 9,092          | -              | -              |
| Loss on foreign currency:  |                |                |                |                |
| - realised:  |                |                |                |                |
| - translations   | 2,336          | 1,480          | (200)          | 1,432          |
| - derivative contract  | -              | 22,490         | -              | -              |
| - unrealised:  |                |                |                |                |
| - translations   | -              | 401            | -              | 401            |

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 24. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

Profit/(Loss) before taxation is arrived at after charging/(crediting) (Cont'd):-

|  | The Group      |                | The Company    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Plant and equipment written off  | -              | 373            | -              | -              |
| Rental of premises paid to:  |                |                |                |                |
| - a third party  | 1,699          | 1,336          | -              | -              |
| - a director   | 60             | 60             | -              | -              |
| - a company in which a director has a substantial financial interest           | 20             | 240            | -              | -              |
| Staff costs (including other key management personnel as disclosed in Note 28) | 39,976         | 41,453         | 464            | 773            |
| Compensation received from a director (Note 34)                                | (3,698)        | -              | -              | -              |
| Dividend income from a subsidiary  | -              | -              | (3,686)        | (4,000)        |
| Gain on disposal of property, plant and equipment                              | (178)          | (9,220)        | -              | -              |
| Gain on foreign currency:  |                |                |                |                |
| - realised:  |                |                |                |                |
| - translations   | (200)          | (10,633)       | -              | -              |
| - derivative contract  | (5,265)        | -              | -              | -              |
| - unrealised:  |                |                |                |                |
| - translations   | (1,579)        | (4,893)        | -              | -              |
| Interest income on financial assets not at fair value through profit or loss   | (524)          | (120)          | (288)          | (209)          |
| Reversal of inventories written down   | (13)           | (599)          | -              | -              |
| Waiver of debts from trade payables  | (52)           | -              | -              | -              |

## 25. INCOME TAX EXPENSE

|   | The Group      |                | The Company    |                |
|---|----------------|----------------|----------------|----------------|
|   | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Current tax expense:  |                |                |                |                |
| - for the financial year  | 1,641          | 5,916          | 40             | -              |
| - under/(over)provision in the prior financial years            | 404            | 1,549          | (7)            | -              |
|   | 2,045          | 7,465          | 33             | -              |
| Deferred tax (Note 18):   |                |                |                |                |
| - for the financial year  | 267            | (7,384)        | -              | -              |
| - underprovision in the previous financial year                 | 10,430         | 1,818          | -              | -              |
| - effect of change in corporate income tax rate from 25% to 24% | (662)          | -              | -              | -              |
|   | 10,035         | (5,566)        | -              | -              |
| Real Property Gains Tax   | -              | 278            | -              | -              |
|   | 12,080         | 2,177          | 33             | -              |

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 25. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the profit/(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    |                |
|---|----------------|----------------|----------------|----------------|
|   | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Profit/(Loss) before taxation   | <b>17,757</b>  | (10,847)       | <b>3,702</b>   | (6,446)        |
| Tax at the statutory tax rate of 24% (2015 - 25%)                             | <b>4,262</b>   | (2,712)        | <b>888</b>     | (1,612)        |
| Tax effects of:-  |                |                |                |                |
| Non-deductible expenses:  |                |                |                |                |
| - depreciation on non-qualifying assets                                       | <b>341</b>     | 79             | -              | -              |
| - expenses disallowed for tax purposes  | <b>110</b>     | 2,496          | <b>108</b>     | 2,612          |
| Non-taxable income  | <b>(1,806)</b> | (1,146)        | <b>(956)</b>   | (1,000)        |
| Under/(Over)provision in the prior financial years:                           |                |                |                |                |
| - current tax   | <b>404</b>     | 1,549          | <b>(7)</b>     | -              |
| - deferred tax  | <b>10,430</b>  | 1,818          | -              | -              |
| Real Property Gains Tax   | -              | 278            | -              | -              |
| Deferred tax assets not recognised during the financial year                  | -              | 66             | -              | -              |
| Utilisation of deferred tax assets previously not recognised                  | <b>(23)</b>    | -              | -              | -              |
| Effect of change in corporate income tax rate from 25% to 24% on deferred tax | <b>(662)</b>   | -              | -              | -              |
| Others  | <b>(976)</b>   | (251)          | -              | -              |
| Income tax expense for the financial year                                     | <b>12,080</b>  | 2,177          | <b>33</b>      | -              |

During the current financial year, the statutory tax rate was reduced from 25% to 24%.

Subject to agreement with the tax authorities, the Group has unabsorbed capital allowances and unutilised tax losses of approximately RM1,008,000 (2015 - RM20,193,000, as restated) and RM392,000 (2015 - RM208,000) respectively at the end of the reporting period available for offset against future taxable business income.

The unabsorbed capital allowances of the previously year was originally disclosed as RM39,004,000. However, on the advice of the tax agent both the fair value loss on derivative liabilities of RM21.78 million and the realised loss on foreign currency derivative contract of RM22.49 million has been disallowed. This has resulted in a contraction of the unabsorbed capital allowances to RM16,513,783 which resulted in an increase of deferred tax liabilities of RM9,990,000.

Deferred tax assets have not been recognised in respect of the followings items:-

|                               | The Group      |                |
|-------------------------------|----------------|----------------|
|                               | 2016<br>RM'000 | 2015<br>RM'000 |
| Unabsorbed capital allowances | <b>242</b>     | 261            |
| Unutilised tax losses         | <b>94</b>      | 98             |

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

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 25. INCOME TAX EXPENSE (CONT'D)

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 was 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).

## 26. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share is based on the consolidated profit/(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      |          |
|--|----------------|----------|
|  | 2016           | 2015     |
| Profit/(Loss) after taxation attributable to owners of the Company (RM'000)    | <b>5,677</b>   | (13,024) |
| Number of ordinary shares at beginning of the financial year ('000)            | <b>270,419</b> | 270,418  |
| Effect of purchase of own shares and held as treasury shares ('000)            | <b>(2,150)</b> | (2,150)  |
| Effect of conversion of warrants ('000)  | -              | *        |
| Weighted average number of ordinary shares in issue ('000)                     | <b>268,269</b> | 268,268  |
| Basic earnings/(loss) per share (sen)  | <b>2.1</b>     | (4.9)    |
| Weighted average number of ordinary shares for basic earnings per share ('000) | <b>268,269</b> | 268,268  |
| Effects of dilution on conversion of warrants                                  | -              | -        |
|  | <b>268,269</b> | 268,268  |
| Diluted earnings per share (sen)   | <b>N/A</b>     | N/A      |

The diluted earnings 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

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 27. CASH AND CASH EQUIVALENTS

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

|   | The Group      |                | The Company    |                |
|---|----------------|----------------|----------------|----------------|
|   | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Short-term deposits with licensed banks | 20,276         | 417            | 15,981         | 417            |
| Cash and bank balances                  | 21,581         | 42,689         | 5,936          | 2,698          |
|   | <b>41,857</b>  | 43,106         | <b>21,917</b>  | 3,115          |

## 28. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

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

|   | The Group      |                | The Company    |                |
|---|----------------|----------------|----------------|----------------|
|   | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| <b>Directors</b>                        |                |                |                |                |
| <i>Executive Directors</i>              |                |                |                |                |
| Short-term employee benefits:           |                |                |                |                |
| - salaries, bonuses and other benefits  | 4,875          | 4,905          | 4,875          | 4,905          |
| - defined contribution plan             | 596            | 572            | 596            | 572            |
|   | <b>5,471</b>   | 5,477          | <b>5,471</b>   | 5,477          |
| <i>Non-executive Directors</i>          |                |                |                |                |
| Short-term employee benefits:           |                |                |                |                |
| - fee                                   | 216            | 216            | 216            | 216            |
| - other benefits                        | 41             | 43             | 41             | 43             |
|   | <b>257</b>     | 259            | <b>257</b>     | 259            |
| Total directors' Remuneration (Note 24) | <b>5,728</b>   | 5,736          | <b>5,728</b>   | 5,736          |
| <b>Other Key Management Personnel</b>   |                |                |                |                |
| Short-term employee benefits (Note 24)  |                |                |                |                |
| - salaries                              | 2,585          | 2,199          | 155            | 91             |
| - defined contribution plan             | 223            | 191            | 26             | 12             |
|   | <b>2,808</b>   | 2,390          | <b>181</b>     | 103            |

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 28. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

- (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 |          |
|--------------------------------|---------------------|----------|
|                                | 2016                | 2015     |
| <b>Executive Directors</b>     |                     |          |
| RM900,001 - RM950,000          | -                   | 1        |
| RM1,000,001 - RM1,050,000      | 4                   | -        |
| RM1,050,001 - RM1,100,000      | -                   | 3        |
| RM1,350,001 - RM1,400,000      | 1                   | 1        |
| <b>Non-executive Directors</b> |                     |          |
| RM50,001 - RM100,000           | 3                   | 3        |
|                                | <b>8</b>            | <b>8</b> |

## 29. 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.

- (b) Significant Related Party Transactions

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    |                |
|-----------------------------------|----------------|----------------|
|                                   | 2016<br>RM'000 | 2015<br>RM'000 |
| Dividend income from subsidiaries | 3,686          | 4,000          |
| Management fee from subsidiaries  | 6,240          | 6,240          |

|  | The Group      |                |
|--|----------------|----------------|
|  | 2016<br>RM'000 | 2015<br>RM'000 |
| Rental expense paid to a director and a company in which a director has a substantial financial interest | 80             | 300            |
| Compensation received from a director  | (3,698)        | -              |

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 30. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Management 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 reportable segments:-

Manufacturing            Manufacturer of high volume precision components and tools including design, other related activities and incidental services.

Investing                Investment holding and provision of management services.

Borrowings and investment-related activities are managed on a group basis by the central treasury function and are not allocated to reportable segments.

Each reportable segment assets is measured based on all assets of the segment other than other investment and tax-related assets.

Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.

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

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

### Business Segments

| 2016  | Manufacturing<br>RM'000 | Investing<br>RM'000 | Group<br>RM'000 |
|---|-------------------------|---------------------|-----------------|
| <b>Revenue</b>                              |                         |                     |                 |
| External revenue                            | 230,707                 | -                   | 230,707         |
| Inter-segment revenue                       | 43,269                  | 9,926               | 53,195          |
|   | <u>273,976</u>          | <u>9,926</u>        | <u>283,902</u>  |
| Consolidation adjustments                   |                         |                     | (53,195)        |
| Consolidated revenue                        |                         |                     | <u>230,707</u>  |
| <b>Results</b>                              |                         |                     |                 |
| Segment profit before interest and taxation | 25,199                  | 3,747               | 28,946          |
| Finance costs                               |                         |                     | (1,982)         |
| Unallocated expenses                        |                         |                     | (6,667)         |
| Consolidation adjustments                   |                         |                     | (2,540)         |
| Consolidated profit before taxation         |                         |                     | <u>17,757</u>   |

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 30. OPERATING SEGMENTS (CONT'D)

### Business Segments (Cont'd)

| 2016 | Manufacturing<br>RM'000 | Investing<br>RM'000 | Group<br>RM'000 |
|------|-------------------------|---------------------|-----------------|
|------|-------------------------|---------------------|-----------------|

#### Results (Cont'd)

Segment profit before interest and taxation includes the followings:-

|   |          |      |          |
|---|----------|------|----------|
| Interest income                                       | 269      | 255  | 524      |
| Depreciation of property, plant and equipment         | (34,536) | (84) | (34,620) |
| Gain on disposal of property, plant and equipment     | 178      | -    | 178      |
| Gain on foreign currency translations:                |          |      |          |
| - realised  | -        | 200  | 200      |
| - unrealised  | 1,579    | -    | 1,579    |
| Realised gain on foreign currency derivative contract | 5,265    | -    | 5,265    |
| Reversal of inventories written down                  | 13       | -    | 13       |
| Allowance for impairment losses on trade receivables  | (327)    | -    | (327)    |
| Inventories written off                               | (9,243)  | -    | (9,243)  |
| Realised loss on foreign currency translations        | (2,336)  | -    | (2,336)  |

#### Assets

|                           |         |        |         |
|---------------------------|---------|--------|---------|
| Segment assets            | 318,146 | 22,149 | 340,295 |
| Unallocated assets:       |         |        |         |
| - current tax assets      |         |        | 2,465   |
| Consolidated adjustments  |         |        | 1,429   |
| Consolidated total assets |         |        | 344,189 |

Additions to non-current assets other than financial instruments are:-

|                                 |        |   |        |
|---------------------------------|--------|---|--------|
| - property, plant and equipment | 11,971 | - | 11,971 |
|---------------------------------|--------|---|--------|

#### Liabilities

|                                |        |     |        |
|--------------------------------|--------|-----|--------|
| Segment liabilities            | 38,790 | 454 | 39,244 |
| Unallocated liabilities:       |        |     |        |
| - current tax liabilities      |        |     | *      |
| - deferred tax liabilities     |        |     | 15,886 |
| Consolidated total liabilities |        |     | 55,130 |

\* denotes amount less than RM1,000



# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 30. OPERATING SEGMENTS (CONT'D)

### Business Segments (Cont'd)

| 2015  | Manufacturing<br>RM'000 | Investing<br>RM'000 | Group<br>RM'000 |
|---|-------------------------|---------------------|-----------------|
| <b>Revenue</b>  |                         |                     |                 |
| 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>  |
| Consolidation adjustments   |                         |                     | (81,435)        |
| Consolidated revenue  |                         |                     | <u>239,730</u>  |
| <b>Results</b>  |                         |                     |                 |
| Segment loss before interest and taxation                           | 3,290                   | (6,156)             | (2,866)         |
| Finance costs   |                         |                     | (3,615)         |
| Unallocated expenses  |                         |                     | (9,045)         |
| Consolidation adjustments   |                         |                     | 4,679           |
| Consolidated loss before taxation                                   |                         |                     | <u>(10,847)</u> |
| Segment loss before interest and taxation includes the followings:- |                         |                     |                 |
| Interest income   | 85                      | 35                  | 120             |
| Depreciation of property, plant and equipment                       | (38,042)                | (84)                | (38,126)        |
| Reversal of inventories written down                                | 599                     | -                   | 599             |
| Gain on disposal of property, plant and equipment                   | 9,220                   | -                   | 9,220           |
| Gain on foreign currency translations:                              |                         |                     |                 |
| - realised  | 10,663                  | -                   | 10,663          |
| - unrealised  | 4,893                   | -                   | 4,893           |
| Allowance for impairment loss on plant and equipment                | (1,412)                 | -                   | (1,412)         |
| Fair value loss on derivatives                                      | (21,777)                | -                   | (21,777)        |
| Inventories written down  | (153)                   | -                   | (153)           |
| Inventories written off   | (9,092)                 | -                   | (9,092)         |
| Loss on foreign currency translations:                              |                         |                     |                 |
| - realised  | (1,480)                 | -                   | (1,480)         |
| - unrealised  | -                       | (401)               | (401)           |
| Realised loss on foreign currency derivative contract               | (22,490)                | -                   | (22,490)        |
| Plant and equipment written off                                     | (373)                   | -                   | (373)           |

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 30. OPERATING SEGMENTS (CONT'D)

### Business Segments (Cont'd)

| 2015   | Manufacturing<br>RM'000 | Investing<br>RM'000 | Group<br>RM'000 |
|--|-------------------------|---------------------|-----------------|
| <b>Assets</b>  |                         |                     |                 |
| Segment assets   | 375,623                 | 3,421               | 379,044         |
| Unallocated assets:  |                         |                     |                 |
| - current tax assets   |                         |                     | 1,761           |
| Consolidated adjustments   |                         |                     | (1,781)         |
| Consolidated total assets  |                         |                     | <u>379,024</u>  |
| Additions to non-current assets other than financial instruments are:- |                         |                     |                 |
| - property, plant and equipment  | 12,272                  | -                   | <u>12,272</u>   |
| <b>Liabilities</b>   |                         |                     |                 |
| Segment liabilities  | 85,636                  | 4,259               | 89,895          |
| Unallocated liabilities:   |                         |                     |                 |
| - current tax liabilities  |                         |                     | 483             |
| - deferred tax liabilities   |                         |                     | 5,851           |
| Consolidated total liabilities   |                         |                     | <u>96,229</u>   |

### Geographical Information

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments.

|                          | Revenue        |                | Non-Current Assets |                |
|--------------------------|----------------|----------------|--------------------|----------------|
|                          | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000     | 2015<br>RM'000 |
| <b>Group</b>             |                |                |                    |                |
| Belgium                  | <b>10,536</b>  | 12,413         | -                  | -              |
| China                    | <b>19,114</b>  | 12,281         | -                  | -              |
| Hong Kong                | <b>3,029</b>   | 1,973          | -                  | -              |
| Japan                    | <b>6,403</b>   | 6,058          | -                  | -              |
| Malaysia                 | <b>37,103</b>  | 43,759         | <b>158,598</b>     | 186,984        |
| Mexico                   | <b>4,355</b>   | 1,464          | -                  | -              |
| Poland                   | <b>26,177</b>  | 21,583         | -                  | -              |
| Thailand                 | <b>116,953</b> | 132,568        | <b>47,693</b>      | 45,395         |
| United States of America | <b>5,606</b>   | 5,792          | -                  | -              |
| Others                   | <b>1,431</b>   | 1,839          | -                  | -              |
|                          | <b>230,707</b> | 239,730        | <b>206,291</b>     | 232,379        |

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 30. OPERATING SEGMENTS (CONT'D)

### Business Segments (Cont'd)

#### Major Customers

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

|             | Revenue        |                | Segment       |
|-------------|----------------|----------------|---------------|
|             | 2016<br>RM'000 | 2015<br>RM'000 |               |
| Customer #1 | <b>48,105</b>  | 38,403         | Manufacturing |
| Customer #2 | <b>23,999</b>  | 35,511         | Manufacturing |
| Customer #3 | <b>26,177</b>  | 24,484         | Manufacturing |

## 31. 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      |                |
|-----------------------|----------------|----------------|
|                       | 2016<br>RM'000 | 2015<br>RM'000 |
| Chinese Yuan Renminbi | <b>0.62</b>    | 0.69           |
| Euro                  | <b>4.62</b>    | 4.94           |
| Singapore Dollar      | <b>3.03</b>    | 3.09           |
| Swiss Franc           | <b>4.27</b>    | 4.51           |
| Thai Baht             | <b>0.12</b>    | 0.12           |
| United States Dollar  | <b>4.14</b>    | 4.40           |

## 32. CONTINGENT LIABILITIES

No provisions were recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

|   | The Company    |                |
|---|----------------|----------------|
|   | 2016<br>RM'000 | 2015<br>RM'000 |
| Unsecured:-   |                |                |
| Corporate guarantees given to financial institutions for banking facilities granted to subsidiaries       | <b>15,448</b>  | 27,025         |
| Corporate guarantees given to financial institutions for hire purchase facilities granted to subsidiaries | <b>3,161</b>   | 6,900          |

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 33. CAPITAL COMMITMENT

|   | The Group      |                |
|---|----------------|----------------|
|   | 2016<br>RM'000 | 2015<br>RM'000 |
| Approved but not provided for purchase of plant and equipment | <b>2,294</b>   | 696            |

## 34. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 20 September 2016, a wholly-owned subsidiary, Notion Venture Sdn. Bhd. ("NVSB") entered into a Compensation Agreement ("CA") with a director of the Company for the compensation reimbursed by the said director for an amount of RM3,698,000 in respect of the improvements made by NVSB to an industrial premise which was controlled by the director. The compensation received was off-set against the amount owing to the director.

## 35. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the end of reporting period,

- i) the Company acquired 2 ordinary shares of RM1 each representing 100% of the equity interest in Notion International (M) Sdn. Bhd. from two of the directors of the Company for a total cash consideration of RM2;
- ii) On 24 November 2016, the directors declared an interim tax-exempt dividend of RM0.01 per ordinary share of RM0.50 each amounting to RM2,682,687 in respect of the financial year ended 30 September 2016. The said dividend is payable on 16 January 2017;
- iii) At the forthcoming Annual General Meeting, a final tax-exempt dividend of RM0.01 per ordinary share of RM0.50 each amounting to RM2,682,687 in respect of the financial year ended 30 September 2016 will be proposed for shareholders' approval; and
- iv) the Company proposed to establish a long term incentive plan of up to 15% of the issued and paid-up share capital of the Company (excluding treasury shares), for the eligible employees of the Company and its subsidiaries (excluding dormant subsidiaries) and directors (including non-executive directors) of the Company, comprising an employee share option scheme and an executive share grant scheme.

## 36. 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 the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily Chinese Yuan Renminbi ("RMB"), Euro ("EUR"), Singapore Dollar ("SGD"), Swiss Franc ("CHF"), Thai Baht ("THB") and United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 36. 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 (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

##### Foreign Currency Exposure

| The Group<br>2016   | Chinese<br>Yuan<br>Renminbi<br>RM'000 | Euro<br>Euro<br>RM'000 | Ringgit<br>Malaysia<br>RM'000 | Singapore<br>Dollar<br>RM'000 | Swiss<br>Franc<br>RM'000 | Thai<br>Baht<br>RM'000 | United<br>States<br>Dollar<br>RM'000 | Total<br>RM'000 |
|---|---------------------------------------|------------------------|-------------------------------|-------------------------------|--------------------------|------------------------|--------------------------------------|-----------------|
| <b>Financial assets</b>   |                                       |                        |                               |                               |                          |                        |                                      |                 |
| Trade receivables   | 28                                    | 16,686                 | 3,869                         | 2                             | -                        | 7,062                  | 27,044                               | 54,691          |
| Other receivables and<br>deposits   | -                                     | -                      | 5,550                         | -                             | -                        | 188                    | -                                    | 5,738           |
| Short-term deposits with<br>licensed banks  | -                                     | -                      | 20,276                        | -                             | -                        | -                      | -                                    | 20,276          |
| Cash and bank balances  | 117                                   | 3,838                  | 11,062                        | 7                             | -                        | 1,932                  | 4,625                                | 21,581          |
|   | 145                                   | 20,524                 | 40,757                        | 9                             | -                        | 9,182                  | 31,669                               | 102,286         |
| <b>Financial liabilities</b>  |                                       |                        |                               |                               |                          |                        |                                      |                 |
| Trade payables  | -                                     | 36                     | 4,739                         | 355                           | (4)                      | 21                     | 2,948                                | 8,095           |
| Other payables and<br>accruals  | -                                     | 77                     | 8,376                         | 17                            | 14                       | 2,200                  | 257                                  | 10,941          |
| Bills payable   | -                                     | -                      | 216                           | -                             | -                        | -                      | -                                    | 216             |
| Hire purchase and lease<br>payables   | -                                     | -                      | 3,161                         | -                             | -                        | -                      | -                                    | 3,161           |
| Term loans  | -                                     | -                      | 16,831                        | -                             | -                        | -                      | -                                    | 16,831          |
|   | -                                     | 113                    | 33,323                        | 372                           | 10                       | 2,221                  | 3,205                                | 39,244          |
| Net financial assets/<br>(liabilities)  | 145                                   | 20,411                 | 7,434                         | (363)                         | (10)                     | 6,961                  | 28,464                               | 63,042          |
| Less: Net financial<br>assets denominated in<br>the entity's functional<br>currencies | -                                     | -                      | (7,434)                       | -                             | -                        | (6,987)                | -                                    | (14,421)        |
| <b>Currency exposure</b>  | <b>145</b>                            | <b>20,411</b>          | <b>-</b>                      | <b>(363)</b>                  | <b>(10)</b>              | <b>(26)</b>            | <b>28,464</b>                        | <b>48,621</b>   |

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 36. FINANCIAL INSTRUMENTS (CONT'D)

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

#### (i) Market Risks (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

##### Foreign Currency Exposure (Cont'd)

| The Group<br>2015  | Chinese<br>Yuan<br>Renminbi<br>RM'000 | Euro<br>Euro<br>RM'000 | Ringgit<br>Malaysia<br>RM'000 | Singapore<br>Dollar<br>RM'000 | Swiss<br>Franc<br>RM'000 | Thai<br>Baht<br>RM'000 | United<br>States<br>Dollar<br>RM'000 | Total<br>RM'000 |
|--|---------------------------------------|------------------------|-------------------------------|-------------------------------|--------------------------|------------------------|--------------------------------------|-----------------|
| <b>Financial assets</b>  |                                       |                        |                               |                               |                          |                        |                                      |                 |
| Trade receivables  | 7                                     | 10,407                 | 9,181                         | 13                            | -                        | 4,141                  | 27,802                               | 51,551          |
| Other receivables and<br>deposits  | -                                     | -                      | 4,417                         | -                             | -                        | 45                     | -                                    | 4,462           |
| Short-term deposits with<br>licensed banks   | -                                     | -                      | 417                           | -                             | -                        | -                      | -                                    | 417             |
| Cash and bank balances   | 25                                    | 2,925                  | 25,041                        | 111                           | -                        | 5,473                  | 9,114                                | 42,689          |
|  | 32                                    | 13,332                 | 39,056                        | 124                           | -                        | 9,659                  | 36,916                               | 99,119          |
| <b>Financial liabilities</b>   |                                       |                        |                               |                               |                          |                        |                                      |                 |
| Trade payables   | -                                     | 536                    | 4,179                         | 470                           | -                        | 3,109                  | 2,798                                | 11,092          |
| Other payables and<br>accruals   | -                                     | 618                    | 14,195                        | 143                           | 37                       | 815                    | 81                                   | 15,889          |
| Derivative liabilities   | -                                     | -                      | -                             | -                             | -                        | -                      | 21,777                               | 21,777          |
| Amount owing to a<br>director  | -                                     | -                      | 3,698                         | -                             | -                        | -                      | -                                    | 3,698           |
| Hire purchase and lease<br>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/<br>(liabilities)   | 32                                    | 12,178                 | (17,417)                      | (489)                         | (37)                     | 5,735                  | 9,222                                | 9,224           |
| Less: Net financial<br>liabilities/(assets)<br>denominated in the<br>entity's functional<br>currencies | -                                     | -                      | 17,417                        | -                             | -                        | (5,735)                | -                                    | 11,682          |
| Less: Forward foreign<br>currency contracts<br>(contracted notional<br>principal)                      | -                                     | -                      | -                             | -                             | -                        | -                      | (28,571)                             | (28,571)        |
| <b>Currency exposure</b>   | <b>32</b>                             | <b>12,178</b>          | <b>-</b>                      | <b>(489)</b>                  | <b>(37)</b>              | <b>-</b>               | <b>(19,349)</b>                      | <b>(7,665)</b>  |

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 36. FINANCIAL INSTRUMENTS (CONT'D)

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

#### (i) Market Risks (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

##### Foreign Currency Exposure (Cont'd)

| The Company<br>2016   | United States<br>Dollar<br>RM'000 | Ringgit<br>Malaysia<br>RM'000 | Total<br>RM'000 |
|---|-----------------------------------|-------------------------------|-----------------|
| <b>Financial assets</b>   |                                   |                               |                 |
| Other receivables and deposits  | -                                 | 10                            | 10              |
| Amount owing by subsidiaries  | -                                 | 48,069                        | 48,069          |
| Short-term deposits with licensed banks                                       | -                                 | 15,981                        | 15,981          |
| Cash and bank balances  | *                                 | 5,936                         | 5,936           |
|   | *                                 | 69,996                        | 69,996          |
| <b>Financial liabilities</b>  |                                   |                               |                 |
| Other payables and accruals   | -                                 | 454                           | 454             |
| Amount owing to subsidiaries  | -                                 | 2,257                         | 2,257           |
|   | -                                 | 2,711                         | 2,711           |
| Net financial assets  | *                                 | 67,285                        | 67,285          |
| Less: Net financial assets denominated in the entity's<br>functional currency | -                                 | (67,285)                      | (67,285)        |
| <b>Currency exposure</b>  | *                                 | -                             | *               |

\* denotes RM3

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 36. FINANCIAL INSTRUMENTS (CONT'D)

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

#### (i) Market Risks (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

| The Company<br>2015   | United States<br>Dollar<br>RM'000 | Ringgit<br>Malaysia<br>RM'000 | Total<br>RM'000 |
|---|-----------------------------------|-------------------------------|-----------------|
| <b>Financial assets</b>   |                                   |                               |                 |
| Amount owing by subsidiaries  | -                                 | 66,957                        | 66,957          |
| Short-term deposits with licensed banks                                       | -                                 | 417                           | 417             |
| Cash and bank balances  | -                                 | 2,698                         | 2,698           |
|   | -                                 | 70,072                        | 70,072          |
| <b>Financial liabilities</b>  |                                   |                               |                 |
| 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 entity's<br>functional currency | -                                 | (67,594)                      | (67,594)        |
| <b>Currency exposure</b>  | (3,038)                           | -                             | (3,038)         |



# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 36. 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      |                |
|--|----------------|----------------|
|  | 2016<br>RM'000 | 2015<br>RM'000 |
| <b>Effects on profit/(loss) after taxation</b> |                |                |
| Chinese Yuan Renminbi:                         |                |                |
| - strengthened by 5%                           | 6              | (1)            |
| - weakened by 5%                               | (6)            | 1              |
| Euro:  |                |                |
| - strengthened by 5%                           | 776            | (457)          |
| - weakened by 5%                               | (776)          | 457            |
| Singapore Dollar:                              |                |                |
| - strengthened by 5%                           | (14)           | 18             |
| - weakened by 5%                               | 14             | (18)           |
| Swiss Franc:                                   |                |                |
| - strengthened by 5%                           | -              | 1              |
| - weakened by 5%                               | -              | (1)            |
| Thai Baht:                                     |                |                |
| - strengthened by 5%                           | (1)            | -              |
| - weakened by 5%                               | 1              | -              |
| United States Dollar:                          |                |                |
| - strengthened by 5%                           | 1,082          | 726            |
| - weakened by 5%                               | (1,082)        | (726)          |

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 36. 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 (Cont'd)

|  | The Company |        |
|--|-------------|--------|
|  | 2016        | 2015   |
|  | RM'000      | RM'000 |
| <b>Effects on profit/(loss) after taxation</b> |             |        |
| United States Dollar:                          |             |        |
| - strengthened by 5%                           | -           | 114    |
| - weakened by 5%                               | -           | (114)  |

##### (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 long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rate available and by maintaining a balanced portfolio of mix and floating rate borrowings.

The Group's fixed rate borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined MFRS 7 since neither they carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk that based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 17 and 21 to the financial statements.

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have material impact on the profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

##### (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 (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 36. FINANCIAL INSTRUMENTS (CONT'D)

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

#### (ii) Credit Risk (Cont'd)

The Company provides financial guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

#### Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 2 customers which constituted approximately 35% (2015 - 29%) of its trade receivables at the end of the reporting period.

#### Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item 36(a)(iii) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

#### Ageing Analysis

The ageing analysis of trade receivables is as follows:-

| The Group<br>2016    | Gross<br>amount<br>RM'000 | Individual<br>impairment<br>RM'000 | Net carrying<br>amount<br>RM'000 |
|----------------------|---------------------------|------------------------------------|----------------------------------|
| Not past due         | 42,931                    | -                                  | 42,931                           |
| Past due:            |                           |                                    |                                  |
| - less than 3 months | 11,168                    | -                                  | 11,168                           |
| - 3 to 6 months      | 330                       | -                                  | 330                              |
| - more than 6 months | 598                       | (336)                              | 262                              |
|                      | <b>55,027</b>             | <b>(336)</b>                       | <b>54,691</b>                    |
| <b>2015</b>          |                           |                                    |                                  |
| 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                            |
| - more than 6 months | 398                       | (9)                                | 389                              |
|                      | <b>51,560</b>             | <b>(9)</b>                         | <b>51,551</b>                    |

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 36. FINANCIAL INSTRUMENTS (CONT'D)

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

#### (ii) Credit Risk (Cont'd)

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.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

#### (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.

#### Maturity Analysis

The following table sets out the maturity profile of the financial liabilities 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<br>2016                           | Contractual<br>Interest<br>Rate<br>% | Carrying<br>Amount<br>RM'000 | Contractual<br>Undiscounted<br>Cash Flows<br>RM'000 | Within<br>1 Year<br>RM'000 | 1 - 5<br>Years<br>RM'000 |
|---|--------------------------------------|------------------------------|---|----------------------------|--------------------------|
| <u>Non-derivative Financial Liabilities</u> |                                      |                              |   |                            |                          |
| Trade payables                              | -                                    | 8,095                        | 8,095   | 8,095                      | -                        |
| Other payables and accruals                 | -                                    | 10,941                       | 10,941  | 10,941                     | -                        |
| Bills payable                               | 1.95                                 | 216                          | 216   | 216                        | -                        |
| Hire purchase payables                      | 3.50 - 3.70                          | 3,161                        | 3,252   | 3,127                      | 125                      |
| Term loans                                  | 6.30 - 6.70                          | 16,831                       | 21,224  | 10,842                     | 10,382                   |
| Total                                       |                                      | 39,244                       | 43,728  | 33,221                     | 10,507                   |

#### 2015

#### Non-derivative Financial Liabilities

|                             |             |        |        |        |        |
|-----------------------------|-------------|--------|--------|--------|--------|
| Trade payables              | -           | 11,092 | 11,092 | 11,092 | -      |
| Other payables and accruals | -           | 15,889 | 15,889 | 15,889 | -      |
| Amount owing to a director  | -           | 3,698  | 3,698  | 3,698  | -      |
| Hire purchase payables      | 3.47 - 3.70 | 6,900  | 7,315  | 4,063  | 3,252  |
| Term loans                  | 6.40 - 6.85 | 30,539 | 36,197 | 14,153 | 22,044 |

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 36. FINANCIAL INSTRUMENTS (CONT'D)

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

#### (iii) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

| The Group<br>2015                              | Contractual<br>Interest<br>Rate<br>% | Carrying<br>Amount<br>RM'000 | Contractual<br>Undiscounted<br>Cash Flows<br>RM'000 | Within<br>1 Year<br>RM'000 | 1 - 5<br>Years<br>RM'000 |
|--|--------------------------------------|------------------------------|---|----------------------------|--------------------------|
| <u>Derivative Financial Liabilities</u>        |                                      |                              |   |                            |                          |
| Forward currency contracts<br>(gross settled): |                                      |                              |   |                            |                          |
| - gross payments                               | -                                    | 21,777                       | 21,777  | 21,777                     | -                        |
| Total  |                                      | 89,895                       | 95,968  | 70,672                     | 25,296                   |

| The Company<br>2016                         | Contractual<br>Interest<br>Rate<br>% | Carrying<br>Amount<br>RM'000 | Contractual<br>Undiscounted<br>Cash Flows<br>RM'000 | Within<br>1 Year<br>RM'000 |
|---|--------------------------------------|------------------------------|---|----------------------------|
| <u>Non-derivative Financial Liabilities</u> |                                      |                              |   |                            |
| Other payables and accruals                 | -                                    | 454                          | 454   | 454                        |
| Amount owing to subsidiaries                | -                                    | 2,257                        | 2,257   | 2,257                      |
| Total                                       |                                      | 2,711                        | 2,711   | 2,711                      |

#### 2015

|   |      |       |       |       |
|---|------|-------|-------|-------|
| <u>Non-derivative Financial Liabilities</u> |      |       |       |       |
| 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 |

### (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 its businesses and maximise shareholders' 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 net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest.

The Group manages its capital based on debt-to-equity ratio. 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 external borrowings.

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 36. FINANCIAL INSTRUMENTS (CONT'D)

### (c) Classification of Financial Instruments

|  | The Group      |                | The Company    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| <b>Financial Assets</b>                                    |                |                |                |                |
| <u>Available-for-sales</u>                                 |                |                |                |                |
| Other investment (Note 6)                                  | -              | -              | -              | -              |
| <u>Loans and Receivables Financial Assets</u>              |                |                |                |                |
| Trade receivables (Note 9)                                 | <b>54,691</b>  | 51,551         | -              | -              |
| Other receivables and deposits (Note 10)                   | <b>5,738</b>   | 4,462          | <b>10</b>      | -              |
| Amount owing by subsidiaries (Note 11)                     | -              | -              | <b>48,069</b>  | 66,957         |
| Short-term deposits with licensed banks (Note 12)          | <b>20,276</b>  | 417            | <b>15,981</b>  | 417            |
| Cash and bank balances                                     | <b>21,581</b>  | 42,689         | <b>5,936</b>   | 2,698          |
|  | <b>102,286</b> | 99,119         | <b>69,996</b>  | 70,072         |
| <b>Financial Liabilities</b>                               |                |                |                |                |
| <u>Fair Value through Profit or Loss: Held-for-trading</u> |                |                |                |                |
| Derivative liabilities                                     | -              | 21,777         | -              | -              |
| <u>Other Financial Liabilities</u>                         |                |                |                |                |
| Trade payables (Note 19)                                   | <b>8,095</b>   | 11,092         | -              | -              |
| Other payables and accruals (Note 20)                      | <b>10,941</b>  | 15,889         | <b>454</b>     | 1,221          |
| Bills payable (Note 21)                                    | <b>216</b>     | -              | -              | -              |
| Amount owing to a director                                 | -              | 3,698          | -              | -              |
| Amount owing to subsidiaries (Note 11)                     | -              | -              | <b>2,257</b>   | 2,257          |
| Hire purchase payables (Note 21)                           | <b>3,161</b>   | 6,900          | -              | -              |
| Term loans (Note 21)                                       | <b>16,831</b>  | 30,539         | -              | 3,038          |
|  | <b>39,244</b>  | 68,118         | <b>2,711</b>   | 6,516          |

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 36. FINANCIAL INSTRUMENTS (CONT'D)

### (d) Fair Value Information

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

| The Group                           | Fair Value of<br>Financial Instruments Carried<br>at Fair Value |                   |                   | Fair Value of<br>Financial Instruments not<br>Carried at Fair Value |                   |                   | Total<br>Fair<br>Value | Carrying<br>Amount |
|-------------------------------------|---|-------------------|-------------------|---|-------------------|-------------------|------------------------|--------------------|
|                                     | Level 1<br>RM'000   | Level 2<br>RM'000 | Level 3<br>RM'000 | Level 1<br>RM'000   | Level 2<br>RM'000 | Level 3<br>RM'000 |                        |                    |
| <b>2016</b>                         |   |                   |                   |   |                   |                   |                        |                    |
| <u>Financial Liabilities</u>        |   |                   |                   |   |                   |                   |                        |                    |
| Other Financial Liabilities:        |   |                   |                   |   |                   |                   |                        |                    |
| Hire purchase payables              | -   | -                 | -                 | -   | 3,147             | -                 | 3,147                  | 3,161              |
| Term loans                          | -   | -                 | -                 | -   | 16,831            | -                 | 16,831                 | 16,831             |
| <b>2015</b>                         |   |                   |                   |   |                   |                   |                        |                    |
| <u>Financial Liabilities</u>        |   |                   |                   |   |                   |                   |                        |                    |
| Fair value through profit or loss:  |   |                   |                   |   |                   |                   |                        |                    |
| Derivative liabilities              |   |                   |                   |   |                   |                   |                        |                    |
| - forward currency contracts        | -   | 21,777            | -                 | -   | -                 | -                 | 21,777                 | 21,777             |
| <u>Other Financial Liabilities:</u> |   |                   |                   |   |                   |                   |                        |                    |
| Hire purchase payables              | -   | -                 | -                 | -   | 6,878             | -                 | 6,878                  | 6,900              |
| Term loans                          | -   | -                 | -                 | -   | 30,539            | -                 | 30,539                 | 30,539             |

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- (i) The fair value of hire purchases payables are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows range from 3.70% to 3.77 % (2015 - 3.50%).
- (ii) The carrying amounts of the term loans approximated their fair values as these floating rate instruments are repriced to market interest rates on or near the reporting date.

# Notes to the Financial Statements

For the financial year ended 30 September 2016

## 37. COMPARATIVE FIGURES

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

| The Company   | As Previously Reported<br>RM'000 | Reclassification<br>RM'000 | As Restated<br>RM'000 |
|---|----------------------------------|----------------------------|-----------------------|
| <u>Statements of Financial Position (Extract):-</u> |                                  |                            |                       |
| Amount owing by subsidiaries                        | 62,957                           | 4,000                      | 66,957                |
| Dividend receivable                                 | 4,000                            | (4,000)                    | -                     |
| <u>Statements of Cash Flows (Extract):-</u>         |                                  |                            |                       |
| <u>Cash flows (for)/from investing activities</u>   |                                  |                            |                       |
| Dividend received                                   | -                                | 4,000                      | 4,000                 |
| Repayment from subsidiaries                         | 8,104                            | (4,000)                    | 4,104                 |



# Supplementary Information

## 38. DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

The breakdown of the retained profits/(accumulated losses) of the Group and of the Company at the end of the reporting period into realised and unrealised profits/(losses) 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     |                |
|---|-----------------|----------------|-----------------|----------------|
|   | 2016<br>RM'000  | 2015<br>RM'000 | 2016<br>RM'000  | 2015<br>RM'000 |
| Total share of retained profits/(accumulated losses) of the Company and its subsidiaries: |                 |                |                 |                |
| - realised  | <b>170,640</b>  | 172,364        | <b>(17,448)</b> | (21,117)       |
| - unrealised  | <b>(9,404)</b>  | (12,472)       | -               | -              |
|   | <b>161,236</b>  | 159,892        | <b>(17,448)</b> | (21,117)       |
| Less: Consolidation adjustments   | <b>(16,944)</b> | (21,277)       | -               | -              |
| Total retained profits/(accumulated losses) at 30 September                               | <b>144,292</b>  | 138,615        | <b>(17,448)</b> | (21,117)       |

# List of Properties

Held as at 30 September 2016

| Location   | Approximate Age of building (years) | Date of Acquisition / Completion | Land Area (sq ft) | Tenure   | Net Book Value (RM) |
|--|-------------------------------------|----------------------------------|-------------------|----------|---------------------|
| 1 1/2 Storey Semi-Detached Light Industrial Factory held under HS(M) No.22229, PT No.27966, Mukim Kapar, Daerah Klang<br><br>Address:<br>No.11, Jalan Teruntum 20 KU/08, Jalan Teratai, Batu 5 1/2, Jalan Meru, 41050 Klang  | 12                                  | 26 February 2004                 | 7,653             | Freehold | 485,547             |
| 1 1/2 Storey Semi-Detached Light Industrial Factory held under HS(M) No.22230, PT No.27967, Mukim Kapar, Daerah Klang<br><br>Address:<br>No.11A, Jalan Teruntum 20 KU/08, Jalan Teratai, Batu 5 1/2, Jalan Meru, 41050 Klang   | 12                                  | 26 February 2004                 | 7,653             | Freehold | 485,547             |
| 3 Storey Office Building with Factory Building held under HS(D)No.13321, PT No.371 & HS(D)No.22781, PT No.10649, Mukim Kapar, Daerah Klang<br><br>Address:<br>Lot 6123, Jalan Haji Salleh, Batu 5 1/2, Jalan Meru, 41050 Klang, Selangor   | 11                                  | 10 August 2006                   | 304,988           | Freehold | 19,865,209          |
| 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<br><br>Address:<br>No.1/48, Rojana Industrial Park Moo 5, Tambol Kanham, Amphur U-Thai. Pranakorn Sri Ayutthaya, 13210, Thailand | 19                                  | 02 October 2009                  | 262,937           | Freehold | 17,073,428          |
| 1 1/2 Storey light industrial factory held under HS(M) 19366, PT24011, Mukim Kapar, Daerah Klang<br><br>Address:<br>No.31, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor   | 20                                  | 28 January 2010                  | 1,959             | Freehold | 183,111             |
| 1 1/2 Storey light industrial factory held under HS(M) 19373, PT24018, Mukim Kapar, Daerah Klang<br><br>Address:<br>No.45, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor   | 20                                  | 28 January 2010                  | 1,970             | Freehold | 183,111             |

# List of Properties

Held as at 30 September 2016

| 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 HS(M) 19374, PT24019, Mukim Kapar, Daerah Klang<br><br>Address:<br>No.47, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor                           | 20                                  | 28 January 2010                  | 1,970             | Freehold | 183,111             |
| 1 1/2 Storey light industrial factory held under HS(M) 19375, PT24020, Mukim Kapar, Daerah Klang<br><br>Address:<br>No.49, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor                           | 20                                  | 28 January 2010                  | 1,970             | Freehold | 183,111             |
| 1 1/2 Storey light industrial factory held under HS(M) 19376, PT24021, Mukim Kapar, Daerah Klang<br><br>Address:<br>No.51, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor                           | 20                                  | 28 January 2010                  | 3,197             | Freehold | 366,222             |
| 2 Storey Office Building with Factory Building held under HS(D)No.22776 PT No.10644, Mukim Kapar, Daerah Klang<br><br>Address:<br>Lot 6123, Jalan Haji Salleh, Batu 5 1/2, Jalan Meru, 41050 Klang, Selangor | 20                                  | 29 April 2010                    | 108,931           | Freehold | 3,687,557           |
| 1 1/2 Storey light industrial factory held under HS(M) 19372, PT24017, Mukim Kapar, Daerah Klang<br><br>Address:<br>No.43 Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor                            | 20                                  | 08 February 2012                 | 1,970             | Freehold | 215,945             |
| 1 Storey Factory with a 2 Storey Office held under HS(D)No.135933, PT No.52829, Mukim Kapar, Daerah Klang<br><br>Address:<br>Lot 6071, Jalan Haji Manan, Batu 5 1/2, Off Jalan Meru, 41050 Klang, Selangor   | 24                                  | 13 March 2012                    | 283,952           | Freehold | 17,664,382          |

# List of Properties

Held as at 30 September 2016

| Location  | Approximate Age of building (years) | Date of Acquisition / Completion | Land Area (sq ft) | Tenure   | Net Book Value (RM) |
|---|-------------------------------------|----------------------------------|-------------------|----------|---------------------|
| 1 Storey Linked Terrace Industrial Lot held under Geran 92792, Mukim Kapar, Daerah Klang<br><br>Address:<br>Lot 35141, Jalan Haji Manan, Batu 5 1/2,<br>Off Jalan Meru, 41050 Klang, Selangor | 9                                   | 08 October 2012                  | 3,337             | Freehold | 189,662             |
| 1 Storey Linked Terrace Industrial Lot held under Geran 92798, Mukim Kapar, Daerah Klang<br><br>Address:<br>Lot 35147, Jalan Haji Manan, Batu 5 1/2,<br>Off Jalan Meru, 41050 Klang, Selangor | 9                                   | 08 October 2012                  | 3,337             | Freehold | 189,662             |
| 1 Storey Linked Terrace Industrial Lot held under Geran 92800, Mukim Kapar, Daerah Klang<br><br>Address:<br>Lot 35149, Jalan Haji Manan, Batu 5 1/2,<br>Off Jalan Meru, 41050 Klang, Selangor | 9                                   | 08 October 2012                  | 3,337             | Freehold | 189,662             |
| 1 Storey Linked Terrace Industrial Lot held under Geran 92801, Mukim Kapar, Daerah Klang<br><br>Address:<br>Lot 35150, Jalan Haji Manan, Batu 5 1/2,<br>Off Jalan Meru, 41050 Klang, Selangor | 9                                   | 08 October 2012                  | 3,337             | Freehold | 189,662             |
| 1 Storey Industrial Lot, Sri Ayutthaya, Thailand<br><br>Address:<br>63 Tambon Thanu, Amphur Uthai,<br>Pra Nakhon Sri Ayutthaya Province, Thailand   | 22                                  | 11 August 2016                   | 92,311            | Freehold | 2,307,773           |

# Analysis of Shareholdings and Warrant Holdings

As at 30 December 2016

## SHAREHOLDINGS

|   |   |  |
|---|---|--|
| <b>Authorised Share Capital</b>         | : | RM500,000,000 divided into 1,000,000,000 ordinary shares of RM0.50 each  |
| <b>Issued and Paid-Up Share Capital</b> | : | RM135,209,491.50 comprising 270,418,983 ordinary shares of RM0.50 each   |
| <b>Class of Shares</b>                  | : | Ordinary shares of RM0.50 each   |
| <b>Voting Rights</b>                    | : | 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 |
| <b>Number of shareholders</b>           | : | 4,786  |

## ANALYSIS BY SIZE OF HOLDINGS

| Size of Holdings          | No. of Holders | %              | No. of Shares      | %              |
|---------------------------|----------------|----------------|--------------------|----------------|
| 1 - 99                    | 908            | 18.972         | 39,792             | 0.014          |
| 100 - 1,000               | 397            | 8.295          | 181,928            | 0.067          |
| 1,001 - 10,000            | 1,797          | 37.547         | 9,792,632          | 3.650          |
| 10,001 - 100,000          | 1,449          | 30.275         | 47,620,832         | 17.751         |
| 100,001 - 13,413,434 (*)  | 232            | 4.847          | 143,538,717        | 53.505         |
| 13,413,435 and above (**) | 3              | 0.062          | 67,094,809         | 25.010         |
| <b>Total:</b>             | <b>4,786</b>   | <b>100.000</b> | <b>268,268,710</b> | <b>100.000</b> |

Remark : \* - Less than 5% of issued shares  
 \*\* - 5% and above of issued shares

## DIRECTORS' SHAREHOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 30 DECEMBER 2016

| Name                | No. of Shares held as at 30 December 2016 |        |            |       |
|---------------------|---|--------|------------|-------|
|                     | Direct                                    | % #    | Indirect   | % #   |
| Thoo Chow Fah       | 11,882,534                                | 4.429  | 1,205,308* | 0.449 |
| Choo Wing Hong      | 31,630,326                                | 11.791 | -          | -     |
| Choo Wing Onn       | 26,547,844                                | 9.896  | -          | -     |
| 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 | -   | -      | -          | -     |

### Note:

# Excluding 2,150,273 shares held as treasury shares as at 30 December 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 30 December 2016

## SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 30 DECEMBER 2016

| Name                | No. of Shares held as at 30 December 2016 |        |          |     |
|---------------------|---|--------|----------|-----|
|                     | Direct                                    | % #    | Indirect | % # |
| Choo Wing Hong      | 31,630,326                                | 11.791 | -        | -   |
| Choo Wing Onn       | 26,547,844                                | 9.896  | -        | -   |
| Nikon Corporation   | 25,328,562                                | 9.441  | -        | -   |
| Lembaga Tabung Haji | 19,346,403                                | 7.211  | -        | -   |

### Note:

# Excluding 2,150,273 shares held as treasury shares as at 30 December 2016

## LIST OF TOP 30 SHAREHOLDERS

| No. | Name  | Holdings   | %     |
|-----|---|------------|-------|
| 1.  | HSBC Nominees (Asing) Sdn Bhd<br>Exempt An For Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.         | 25,328,562 | 9.441 |
| 2.  | Choo Wing Onn   | 22,419,844 | 8.357 |
| 3.  | Lembaga Tabung Haji   | 19,346,403 | 7.211 |
| 4.  | Lee Tian Yoke   | 12,117,631 | 4.516 |
| 5.  | RHB Capital Nominees (Tempatan) Sdn Bhd<br>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<br>Pledged Securities Account For Choo Wing Hong (8095431)      | 6,676,000  | 2.488 |
| 9.  | Choo Wing Leong   | 5,071,550  | 1.890 |
| 10. | RHB Capital Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Choo Wing Hong                  | 4,128,000  | 1.538 |
| 11. | Citigroup Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Choo Wing Yew (471952)            | 3,806,000  | 1.418 |
| 12. | CIMB Group Nominees (Tempatan) Sdn Bhd<br>MIDF Amanah Asset Management Berhad For Yayasan Sarawak (JG281) | 2,840,000  | 1.058 |
| 13. | Ng Boo Kean @ Ng Beh Kian   | 2,528,100  | 0.942 |
| 14. | Ng Jin Gee  | 2,440,000  | 0.909 |
| 15. | Choo Wing Sing  | 2,207,821  | 0.822 |
| 16. | Choo Wing Yew   | 2,154,725  | 0.803 |
| 17. | RHB Capital Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Choo Wing Hong                  | 2,000,000  | 0.745 |
| 18. | Lui Onn Kit Basil   | 1,844,054  | 0.687 |
| 19. | Tan Kin Seng  | 1,408,500  | 0.525 |

# Analysis of Shareholdings and Warrant Holdings

As at 30 December 2016

## LIST OF TOP 30 SHAREHOLDERS (CONT'D)

| No. | Name  | Holdings           | %             |
|-----|---|--------------------|---------------|
| 20. | Maybank Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Ang He Yam                                    | 1,275,000          | 0.475         |
| 21. | Goh Kim Cheok   | 1,209,864          | 0.450         |
| 22. | Choo Wai Sook   | 1,205,308          | 0.449         |
| 23. | RHB Capital Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Fong Siling (CEB)                         | 1,200,700          | 0.447         |
| 24. | Alvin Tan Hong Yeow   | 1,200,000          | 0.447         |
| 25. | Yap Ma Tit  | 1,199,949          | 0.447         |
| 26. | JF Apex Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Choo Wing Sing (STA2)                         | 1,078,000          | 0.401         |
| 27. | Maybank Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Mohd Radzuan Bin Ab Halim                     | 988,152            | 0.368         |
| 28. | Goh Kim Cheok   | 928,800            | 0.346         |
| 29. | Lim Hock Chan   | 894,200            | 0.333         |
| 30. | DB (Malaysia) Nominee (Tempatan) Sendirian Berhad<br>Exempt An For Kumpulan Sentiasa Cemerlang Sdn Bhd (TSTAC/CLNT) | 796,913            | 0.297         |
|     | <b>Total</b>  | <b>163,130,936</b> | <b>60.808</b> |

**Note:**

# excluding treasury shares as at 30 December 2016

# Analysis of Shareholdings and Warrant Holdings

As at 30 December 2016

## WARRANT-B HOLDINGS

|                                       |   |   |
|---------------------------------------|---|---|
| <b>No. of warrants in issue</b>       | : | 38,618,616  |
| <b>Exercise price of the warrants</b> | : | RM1.00  |
| <b>Expiry date of the warrants</b>    | : | 2 May 2017  |
| <b>Voting Rights</b>                  | : | 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 BY SIZE OF WARRANT-B HOLDINGS

| Size of Holdings         | No. of Holders | %              | No. of Warrants   | %              |
|--------------------------|----------------|----------------|-------------------|----------------|
| 1 - 99                   | 817            | 28.417         | 18,652            | 0.048          |
| 100 - 1,000              | 1,050          | 36.521         | 469,585           | 1.215          |
| 1,001 - 10,000           | 697            | 24.243         | 1,939,620         | 5.022          |
| 10,001 - 100,000         | 228            | 7.930          | 8,821,966         | 22.843         |
| 100,001 - 1,930,929 (*)  | 82             | 2.852          | 23,862,625        | 61.790         |
| 1,930,930 and above (**) | 1              | 0.034          | 3,506,168         | 9.078          |
| <b>Total:</b>            | <b>2,875</b>   | <b>100.000</b> | <b>38,618,616</b> | <b>100.000</b> |

Remark : \* - Less than 5% of issued warrants  
 \*\* - 5% and above of issued warrants

## DIRECTORS' WARRANT-B HOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' WARRANT-B HOLDINGS AS AT 30 DECEMBER 2016

| No. | Name                | Holdings | %        |
|-----|---------------------|----------|----------|
| 1.  | Anita Chew Cheng Im | -        | -        |
| 2.  | Choo Wing Hong      | -        | -        |
| 3.  | Choo Wing Onn       | -        | -        |
| 4.  | Choo Wing Yew       | -        | -        |
| 5.  | Lee Tian Yoke       | -        | -        |
| 6.  | Saw Tat Loon        | -        | -        |
| 7.  | Thoo Chow Fah       | -        | -        |
| 8.  | Yike Chee Wah       | -        | -        |
|     | <b>Subtotal:</b>    | <b>-</b> | <b>-</b> |



# Analysis of Shareholdings and Warrant Holdings

As at 30 December 2016

## LIST OF TOP 30 WARRANT-B HOLDERS

| No. | Name  | Holdings  | %     |
|-----|---|-----------|-------|
| 1.  | HSBC Nominees (Asing) Sdn Bhd<br>Exempt An For Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. | 3,506,168 | 9.078 |
| 2.  | RHB Capital Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Siow Chock Shume        | 1,726,900 | 4.471 |
| 3.  | Amsec Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Tan Peng Nguang               | 1,500,000 | 3.884 |
| 4.  | Tey Heong Tiong   | 945,400   | 2.448 |
| 5.  | Khalizaki Bin Hairan  | 703,900   | 1.822 |
| 6.  | Public Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Lee Hee Fat (E-SKN/TTJ)      | 700,000   | 1.812 |
| 7.  | Chew Ah Chay  | 690,300   | 1.787 |
| 8.  | See Hock Chuan  | 550,000   | 1.424 |
| 9.  | Kon Thiam Sen   | 525,000   | 1.359 |
| 10. | Koo Fen Fang  | 440,900   | 1.141 |
| 11. | Chew Lay Kiow   | 436,100   | 1.129 |
| 12. | Chay Chee Ken   | 400,000   | 1.035 |
| 13. | Lim Weng Tai  | 400,000   | 1.035 |
| 14. | Pek Eng Seong   | 400,000   | 1.035 |
| 15. | Abdul Sathar Bin M S M Abdul Kadir  | 379,308   | 0.982 |
| 16. | Khor Hai Soon   | 350,900   | 0.908 |
| 17. | SJ Sec Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Halimi Bin Ibrahim (SMT)     | 350,200   | 0.906 |
| 18. | Oh Sooi Kiang   | 349,300   | 0.904 |
| 19. | Affin Hwang Nominees (Asing) Sdn Bhd<br>Phillip Securities Pte Ltd For Wei Jack Ngoh              | 337,665   | 0.874 |
| 20. | Mohd Jeffry Hew Bin Abdullah  | 328,100   | 0.849 |
| 21. | Tan Kiat Huat   | 326,800   | 0.846 |
| 22. | Lee Ooi Kee   | 326,300   | 0.844 |
| 23. | Public Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Fong Kwee Min (E-KPG)        | 310,000   | 0.802 |
| 24. | Azhar Bin Baharudin   | 300,000   | 0.776 |
| 25. | Chiam Hun Chon  | 300,000   | 0.776 |

# Analysis of Shareholdings and Warrant Holdings

As at 30 December 2016

## LIST OF TOP 30 WARRANT-B HOLDERS (CONT'D)

| No. | Name  | Holdings          | %             |
|-----|---|-------------------|---------------|
| 26. | Kenanga Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Ting Hing Chooi (011) | 300,000           | 0.776         |
| 27. | Lee Ooi Kee   | 300,000           | 0.776         |
| 28. | Lee Wat Yen @ Lui Wat Yen   | 300,000           | 0.776         |
| 29. | Wan Roselan Bin Wan Ab Ghani  | 300,000           | 0.776         |
| 30. | Yap Bee Hoong   | 299,960           | 0.776         |
|     | <b>Total</b>  | <b>18,083,201</b> | <b>46.825</b> |



## 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 2016 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.

## AUDIT AND NON-AUDIT FEES

The audit and 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 2016 are as follows:-

|                             | Company<br>(RM) | Group<br>(RM)  |
|-----------------------------|-----------------|----------------|
| Audit services rendered     | 63,000          | 205,000        |
| Non-audit services rendered | 12,700          | 53,600         |
| <b>Total</b>                | <b>75,700</b>   | <b>258,600</b> |

## 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 Thirteenth 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, Malaysia on Thursday, 23 February 2017 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 2016 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) Thoo Chow Fah **(Ordinary Resolution 1)**
  - ii) Choo Wing Hong **(Ordinary Resolution 2)**
  - iii) Lee Tian Yoke **(Ordinary Resolution 3)**
3. To approve the Directors’ Fees for the financial year ended 30 September 2016. **(Ordinary Resolution 4)**
4. To approve the declaration of the final tax exempt dividend of 1 sen per ordinary share in respect of the financial year ended 30 September 2016. **(Ordinary Resolution 5)**
5. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

### Special Business

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

6. **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 7)**
7. **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 8)**

# Notice of Annual General Meeting

## 8. 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 9)

## 9. Proposed Renewal of Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965 (“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 Annual General Meeting 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 Malaysia Securities Berhad and other relevant bodies where such approval is necessary.”

(Ordinary Resolution 10)

## 10. Proposed Amendments to the Articles of Association of the Company

“THAT the proposed amendments to the Articles of Association of the Company as set out in Appendix A of the Notice of Annual General Meeting be and is hereby approved AND THAT the Directors of the Company be and are hereby authorised to do all things and acts necessary to effect the amendments to the Articles of Association of the Company.”

(Special Resolution)

## NOTICE OF DIVIDEND ENTITLEMENT

**NOTICE IS ALSO HEREBY GIVEN** that the final tax exempt dividend of 1 sen per share for the financial year ended 30 September 2016, if approved at the Thirteenth Annual General Meeting, will be paid on Friday, 14 April 2017 to Depositors whose names appear in the Record of Depositors on Friday, 31 March 2017.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Shares transferred to the Depositor’s Securities Account before 4.00 p.m. on Friday, 31 March 2017 in respect of ordinary transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

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

Company Secretaries

Selangor Darul Ehsan  
31 January 2017



# Notice of Annual General Meeting

## Explanatory Notes on Special Business:

### (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 understands the Company’s business operations which enable him to participate actively and contribute during deliberations or discussions at 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.

### (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 understands the Company’s business operations which enable him to participate actively and contribute during deliberations or discussions at 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



## (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 understands the Company's business operations which enable her to participate actively and contribute during deliberations or discussions at 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 Twelfth Annual General Meeting held on 23 March 2016, 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 10, if passed, will empower the Directors from the conclusion of this Annual General Meeting, 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 Annual General Meeting 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.

## (6) Proposed Amendments to the Articles of Association of the Company

The Special Resolution, if passed, will render the Articles of Association of the Company to be in line with the Listing Requirements.





# 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 twenty-four (24) hours before the time appointed for the taking of the poll.
- (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 February 2017 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 Annual General Meeting 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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (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.



# Notice of Annual General Meeting

## Appendix A

### PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Articles of Association of the Company are proposed to be amended in the following manner:-

| Article No.         | Existing Articles   | Amended Articles   |
|---------------------|---|--|
| To amend Article 53 | The chairman, if any, of the board of Directors shall preside as chairman at every general meeting of the Company, or if there is no such chairman, or if he is not present within fifteen (15) minutes after the time appointed for the holding of the meeting or is unwilling to act, the Directors may choose one (1) of their number to be the Chairman of the Meeting. If none of the Directors is willing to act, the Members present shall elect one (1) of their number to be chairman of the meeting.  | The chairman, if any, of the board of Directors shall preside as chairman at every general meeting of the Company, or if there is no such chairman, or if he is not present within fifteen (15) minutes after the time appointed for the holding of the meeting or is unwilling to act, the Directors may choose one (1) of their number to be the Chairman of the Meeting. If none of the Directors is willing to act, the Members present shall elect one (1) of their number to be chairman of the meeting.<br><b>The election of the chairman shall by poll. No business except the election of the chairman or the adjournment of the meeting shall be transacted or discussed at any general meeting which the chair is vacant.</b>  |
| To amend Article 55 | <u>At any general meeting a resolution put to the vote of the meeting shall be decided on the show of hands unless a poll is (before or on the declaration of the result on the show of hands) demanded:-</u><br><br>(a) by the Chairman;<br><br>(b) by any Member or Members present in person or by proxy and representing not less than one-tenth (1/10) of the total sum paid up on all the shares conferring that right; or<br><br>(c) by a Member or Members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up which is equal to not less than one-tenth (1/10) of the total sum paid up on all the shares conferring that right.<br><br>Unless a poll is so demanded, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. The demand for a poll may, before the poll is taken, be withdrawn and a demand so withdrawn shall not be taken to have invalidated the results of a show of hands declared before the demand was made. | <b>Subject to the Listing Requirements, any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting shall be voted by poll. Subject to the Act, a poll may be demanded:</b><br><br>(a) by the Chairman;<br><br>(b) by any Member or Members present in person or by proxy and representing not less than one-tenth (1/10) of the total sum paid up on all the shares conferring that right; or<br><br>(c) by a Member or Members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up which is equal to not less than one-tenth (1/10) of the total sum paid up on all the shares conferring that right <b>and a demand by a person as proxy for or attorney of a Member (whether individual, corporate or otherwise) or as duly authorised representative for a corporate Member shall be the same as a demand by the Member.</b><br><br>Unless a poll is so demanded, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. The demand for a poll may, before the poll is taken, be withdrawn and a demand so withdrawn shall not be taken to have invalidated the results of a show of hands declared before the demand was made. |

# Notice of Annual General Meeting

| Article No.         | Existing Articles   | Amended Articles   |
|---------------------|---|--|
| To amend Article 56 | <u>If a poll is duly demanded it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the Chairman may direct, and the result of the poll shall be the resolution of the meetings at which the poll was demanded, but a poll demanded on the election of the chairman or on a question of adjournment shall be taken forthwith.</u> If a poll is demanded before the declaration of the results of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.   | <p>A poll shall be taken in such manner as the Chairman <b>of the meeting</b> may direct, and <b>at least one (1) scrutineer must be appointed to validate the votes cast at the general meeting. The appointed scrutineer must not be an officer of the Company or its related corporation, and must be independent of the person undertaking the polling process. The Chairman of the meeting may fix a time and place for declaring the result of the poll.</b> The result of the poll shall be the resolution of the meetings at which the poll was demanded.</p> <p><b>The poll may be conducted manually using voting slips or electronically using various forms of electronic devices. Such votes shall be counted by the poll administrator, and verified by the scrutineer, as may be appointed by the Chairman of the meeting for the purpose of determining the outcome of the resolution(s) to be decided on poll.</b></p> <p><b>Any poll duly demanded on the election of a Chairman of a meeting or on a question of adjournment shall be taken forthwith at the meeting and without adjournment. A poll demanded on any other question shall be taken either forthwith or at such time and place as the Chairman of the meeting directs.</b> If a poll is demanded before the declaration of the results of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.</p> |
| To amend Article 58 | Subject to any rights or restrictions for the time being attached to any class or classes of shares at meetings of Members or classes of Members, each Member shall be entitled to be present and to vote. The Member may vote in person or by proxy or by attorney or authorised representative. On resolution to be decided on a show of hands, every Member who is personally present and entitled to vote, or by proxy or by attorney or other duly authorised representative shall have one (1) vote. On a resolution to be decided by poll, every Member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for every one (1) share he holds. | Subject to <b>Article 55 and</b> any rights or restrictions for the time being attached to any class or classes of shares at meetings of Members or classes of Members, each Member shall be entitled to be present and to vote. The Member may vote in person or by proxy or by attorney or authorised representative. On resolution to be decided on a show of hands, every Member who is personally present and entitled to vote, or by proxy or by attorney or other duly authorised representative shall have one (1) vote. On a resolution to be decided by poll, every Member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for every one (1) share he holds.  |
| To amend Article 59 | <u>A</u> Member who is of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorder may vote, whether on a show of hands or on a poll, by his committee or by such other person as properly as the management of his estate, and any such committee or other person may vote by proxy or attorney.   | <b>Subject to Article 55,</b> a Member who is of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorder may vote, whether on a show of hands or on a poll, by his committee or by such other person as properly has the management of his estate, and any such committee or other person may vote by proxy or attorney.  |

# Notice of Annual General Meeting

| Article No.            | Existing Articles  | Amended Articles   |
|------------------------|--|--|
| To amend Article 63(b) | A Member may appoint up to two (2) proxies to attend the same 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.   | A Member may appoint up to two (2) proxies to attend the same 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. <b>In a voting by poll, each proxy shall be entitled to such number of votes equal to the proportion of the Members' shareholdings represented by such proxy.</b>   |
| To amend Article 67    | A vote given in accordance with the terms of an instrument of appointment of proxy or attorney shall be valid notwithstanding the subsequent death, unsoundness of mind or bankruptcy, or in the case of a body corporate, insolvency or liquidation of the principal or revocation of the instrument or of the authority under which the instrument was executed is given, if no intimation in writing of such death, unsoundness of mind or bankruptcy, or in the case of a body corporate, insolvency or liquidation, revocation or transfer as aforesaid has been received by the Company at the registered office before the commencement of the meeting or adjourned meeting at which the instrument is used. A member shall not be precluded from attending and voting in person at any general meeting after lodging the form of proxy <u>but however</u> such attendance shall <u>not</u> be an automatic revocation of the proxy's authority <u>unless an intimation in writing has been made to the Company at the Registered Office.</u> | A vote given in accordance with the terms of an instrument of appointment of proxy or attorney shall be valid notwithstanding the subsequent death, unsoundness of mind or bankruptcy, or in the case of a body corporate, insolvency or liquidation of the principal or revocation of the instrument or of the authority under which the instrument was executed is given, if no intimation in writing of such death, unsoundness of mind or bankruptcy, or in the case of a body corporate, insolvency or liquidation, revocation or transfer as aforesaid has been received by the Company at the registered office before the commencement of the meeting or adjourned meeting at which the instrument is used. A member shall not be precluded from attending and voting in person at any general meeting after lodging the form of proxy. Such attendance shall be an automatic revocation of the proxy's authority. |

# Notice of Annual General Meeting

| Article No.          | Existing Articles   | Amended Articles  |
|----------------------|---|---|
| To amend Article 117 | <p><u>The interval between the close of a financial year of the Company and the issue of accounts relating to it shall not exceed four (4) months.</u> The Company must issue to its shareholders an annual report relating to it within six (6) months after the expiry of its financial year end in printed form or in CD-ROM or in such other form of electronic media, not less than twenty-one (21) days before the date of the meeting (or such shorter period as may be agreed in any year of the receipt of notice of the meeting pursuant to Article 139), and be sent to every Member of, and to every holder of debentures of the Company and all other persons who are entitled to receive notice of any general meeting of the Company under the provisions of the Act or of these Articles. The requisite number of copies of each such document as may be required by Bursa Securities shall at the same time be likewise sent to Bursa Securities provided that this Article shall require a copy of these documents to be sent to any person whose address the Company is not aware of but any Member to whom copy of these documents has not been sent shall be entitled to receive a copy, free of charge on application to the Company at the Office. In the event that the annual report is sent in CD-ROM form or such form of electronic media and a Member requires a printed form of such documents, the Company shall send such documents to the Member within four (4) market days from the date of receipt of the Members' request.</p> | <p>The Company must issue to its shareholders an annual report in printed form or in CD-ROM or in such other form of electronic media, not less than twenty-one (21) days before the date of the meeting (or such shorter period as may be agreed in any year of the receipt of notice of the meeting pursuant to Article 139), and be sent to every Member of, and to every holder of debentures of the Company and all other persons who are entitled to receive notice of any general meeting of the Company under the provisions of the Act or of these Articles. The requisite number of copies of each such document as may be required by Bursa Securities shall at the same time be likewise sent to Bursa Securities provided that this Article shall require a copy of these documents to be sent to any person whose address the Company is not aware of but any Member to whom copy of these documents has not been sent shall be entitled to receive a copy, free of charge on application to the Company at the Office. In the event that the annual report is sent in CD-ROM form or such form of electronic media and a Member requires a printed form of such documents, the Company shall send such documents to the Member within four (4) market days from the date of receipt of the Members' request.</p> |

# Notice of Annual General Meeting

| Article No.          | Existing Articles   | Amended Articles   |
|----------------------|---|--|
| To amend Article 146 | <p>(a) <u>The Company shall not add to, amend or delete any of their existing Articles which have previously been approved by the Bursa Securities unless prior written approval has been sought and obtained from the Bursa Securities for such addition, amendment or deletion.</u></p> <p>(b) <u>The Articles have been drafted in a manner to incorporate the requirements of the relevant governing statutes and guidelines. Without prejudice to any provision in the Act or under these Articles pertaining to the amendments of the Articles, in the event the applicable provision of any relevant governing statutes, regulations and guidelines are from time to time amended, modified or varied, such amendments, modifications or variations shall be deemed inserted herein whereupon these Articles shall be read and construed subject to and in accordance with the amended, modified or varied statutes, regulations and guidelines. The Company shall comply with the provisions of the relevant governing statutes, regulations and/or guidelines as may be amended, modified or varied from time to time and any other applicable directive or requirement imposed by the Bursa Securities and/or any other regulatory authorities, to the extent required by law, notwithstanding any provision in these Articles to the contrary.</u></p> | Where any amendment is made by Bursa Securities to the Listing Requirements, the Company must make corresponding amendment to its Articles of Association to reflect the said amendment unless its Articles include the provision or its equivalent. |

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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 Thirteenth 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 Thursday, 23 February 2017 at 9.30 a.m. or at any adjournment thereof and to vote as indicated below:-

| Resolutions |  |                        | For | Against |
|-------------|--|------------------------|-----|---------|
| 1           | To re-elect Thoo Chow Fah as Director  | Ordinary Resolution 1  |     |         |
| 2           | To re-elect Choo Wing Hong as Director   | Ordinary Resolution 2  |     |         |
| 3           | To re-elect Lee Tian Yoke as Director  | Ordinary Resolution 3  |     |         |
| 4           | To approve the Directors' Fees for the financial year ended 30 September 2016  | Ordinary Resolution 4  |     |         |
| 5           | To approve the declaration of the final tax exempt dividend of 1 sen per ordinary share in respect of the financial year ended 30 September 2016 | Ordinary Resolution 5  |     |         |
| 6           | To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration                           | Ordinary Resolution 6  |     |         |
| 7           | Special Business<br>Authority for Saw Tat Loon to continue in office as Independent Non-Executive Director                                       | Ordinary Resolution 7  |     |         |
| 8           | Special Business<br>Authority for Yike Chee Wah to continue in office as Independent Non-Executive Director                                      | Ordinary Resolution 8  |     |         |
| 9           | Special Business<br>Authority for Anita Chew Cheng Im to continue in office as Independent Non-Executive Director                                | Ordinary Resolution 9  |     |         |
| 10          | Special Business<br>Proposed Renewal of Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965                            | Ordinary Resolution 10 |     |         |
| 11          | Special Business<br>To approve the Proposed Amendments to the Articles of Association of the Company.  | Special Resolution     |     |         |

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 \_\_\_\_\_ 2017.

\_\_\_\_\_  
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 twenty-four (24) hours before the time appointed for the taking of the poll.
- 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 February 2017 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 31 January 2017.

Please fold here

Affix  
Stamp Here



**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 Darul Ehsan,  
Malaysia