

NOTION VTEC BERHAD
Company No: - 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2017 RM'000	Preceding Year Corresponding Quarter 31.03.2016 RM'000	Current Year To Date 31.03.2017 RM'000	Preceding Year To Date 31.03.2016 RM'000
Revenue	68,490	56,593	136,566	117,646
Cost of Sales	<u>(54,711)</u>	<u>(47,573)</u>	<u>(108,309)</u>	<u>(96,678)</u>
Gross Profit	13,779	9,020	28,257	20,968
Other Operating Income	2,263	(1,755)	8,215	7,153
Operating Expenses	<u>(10,124)</u>	<u>(9,037)</u>	<u>(21,242)</u>	<u>(25,421)</u>
Operating Income/ (Loss)	5,918	(1,772)	15,230	2,700
Derivative Gain	-	4,384	-	7,225
Finance Costs	<u>(321)</u>	<u>(535)</u>	<u>(659)</u>	<u>(1,136)</u>
Profit before taxation	5,597	2,077	14,571	8,789
Income Tax (Expense)/ Gain	<u>(1,160)</u>	<u>1,075</u>	<u>(3,694)</u>	<u>(2,523)</u>
Profit after taxation	4,437	3,152	10,877	6,266
Other Comprehensive income/ (expenses):				
-currency translation differences	<u>1,573</u>	<u>(1,966)</u>	<u>4,810</u>	<u>(2,035)</u>
Total comprehensive income for the financial period	<u>6,010</u>	<u>1,186</u>	<u>15,687</u>	<u>4,231</u>
Profit after taxation attributable to:				
-Owners of the Company	4,437	3,152	10,877	6,266
-Non-controlling Interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,437</u>	<u>3,152</u>	<u>10,877</u>	<u>6,266</u>
Total comprehensive income for the financial period attributable to:				
-Owners of the Company	6,010	1,186	15,687	4,231
-Non-controlling Interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>6,010</u>	<u>1,186</u>	<u>15,687</u>	<u>4,231</u>
Earnings Per Share (sen)	<u>1.65</u>	<u>1.17</u>	<u>4.05</u>	<u>2.34</u>
Proposed/ Declared Dividend Per Share (sen)	<u>1.50</u>	<u>-</u>	<u>2.25</u>	<u>-</u>

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

NOTION VTEC BERHAD
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UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at End of Current Quarter 31.03.2017 <u>RM'000</u>	As at Preceding Year Ended 30.09.2016 <u>RM'000</u>
ASSETS		
Non-current assets		
Property, plant and equipment	204,480	206,291
Investment in an Associate	-	-
	<u>204,480</u>	<u>206,291</u>
Current assets		
Inventories	38,649	33,092
Trade receivables	65,987	54,691
Other receivables and deposits	11,754	5,793
Tax refundable	2,182	2,465
Short-term deposits with licensed banks	2,494	20,276
Cash and bank balances	<u>35,518</u>	<u>21,581</u>
	<u>156,584</u>	<u>137,898</u>
Total assets	<u>361,064</u>	<u>344,189</u>
EQUITY AND LIABILITIES		
Equity		
Share Capital	135,231	135,209
Share Premium	1	1
Treasury Shares	(2,244)	(2,244)
Currency Translation Reserves	11,811	7,001
Retained Profits	147,482	144,292
Other Capital Reserve	<u>5,016</u>	<u>4,800</u>
Equity attributable to owners of the Company	<u>297,297</u>	<u>289,059</u>
Non-controlling Interests	-	-
Total equity	<u>297,297</u>	<u>289,059</u>
Non-current liabilities		
Long-term borrowings	5,563	7,076
Deferred taxation	<u>14,726</u>	<u>15,886</u>
	<u>20,289</u>	<u>22,962</u>
Current Liabilities		
Trade payables	10,497	8,095
Other payables and accruals	14,183	10,941
Dividend payable	5,004	-
Short-term borrowings	9,648	13,132
Provision for taxation	4,146	-
	<u>43,478</u>	<u>32,168</u>
Total Liabilities	<u>63,767</u>	<u>55,130</u>
TOTAL EQUITY AND LIABILITIES	<u>361,064</u>	<u>344,189</u>
Net assets per ordinary share (RM)	<u>1.1081</u>	<u>1.0775</u>

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

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UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	←-----Attributable to equity holders of the parent-----→								
	Ordinary Share Capital RM'000	Share Premium RM'000	←-----Non-distributable-----→			←Distributable→		Non- Controlling Interests RM'000	Total Equity RM'000
			Treasury Shares RM'000	Currency Translation Reserves RM'000	Other Capital Reserve RM'000	Retained Profits RM'000	Total RM'000		
6 months ended 31 March 2017									
Balance as at 1 October 2016	135,209	1	(2,244)	7,001	4,800	144,292	289,059	-	289,059
Profit after taxation	-	-	-	-	-	10,877	10,877	-	10,877
Interim tax-exempt dividend of 1.0 sen per ordinary share in respect of the previous financial year	-	-	-	-	-	(2,683)	(2,683)	-	(2,683)
Final tax-exempt dividend of 1.0 sen per ordinary share in respect of the previous financial year	-	-	-	-	-	(2,683)	(2,683)	-	(2,683)
Interim tax-exempt dividend of 0.75 sen per ordinary share in respect of the current financial year	-	-	-	-	-	(2,321)	(2,321)	-	(2,321)
Currency translation differences	-	-	-	4,810	-	-	4,810	-	4,810
Issuance of shares	22	-	-	-	-	-	22	-	22
Share Option Reserve	-	-	-	-	216	-	216	-	216
Balance as at 31 March 2017	135,231	1	(2,244)	11,811	5,016	147,482	297,297	-	297,297
6 months ended 31 March 2016									
Balance as at 1 October 2015	135,209	1	(2,244)	6,414	4,800	138,615	282,795	-	282,795
Profit after taxation	-	-	-	-	-	6,266	6,266	-	6,266
Currency translation differences	-	-	-	(2,035)	-	-	(2,035)	-	(2,035)
Balance as at 31 March 2016	135,209	1	(2,244)	4,379	4,800	144,881	287,026	-	287,026

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

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UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Current Year-To-Date 31.03.2017 RM'000	Preceding Year-To-Date 31.03.2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	14,571	8,789
Adjustments for:		
Depreciation of property, plant and equipment	16,773	17,874
Interest expense	556	987
Reversal of inventories written down	(27)	(2)
Bad debts written off	-	1
Gain on disposal of plant and equipment	(1,060)	(39)
Unrealised loss/ (gain) on foreign currency translation	5,604	(1,737)
Fair value gain on derivatives liabilities	-	(17,393)
Interest income	(337)	(222)
Employee share option reserve	216	-
Operating profit before working capital changes	36,296	8,258
(Increase)/ Decrease in inventories	(5,512)	5,828
(Increase)/ Decrease in trade and other receivables	(15,471)	2,917
Increase/ (Decrease) in trade and other payables	5,020	(6,385)
CASH FROM OPERATIONS	20,333	10,618
Interest paid	(556)	(987)
Tax refunded	364	500
Tax paid	(962)	(2,847)
NET CASH FROM OPERATING ACTIVITIES	19,179	7,284
CASH FLOWS FROM/ (FOR) INVESTING ACTIVITIES		
Interest received	337	222
Proceeds from disposal of plant and equipment	2,795	326
Purchase of property, plant and equipment	(13,218)	(5,109)
NET CASH FOR INVESTING ACTIVITIES	(10,086)	(4,561)
CASH FLOWS FOR FINANCING ACTIVITIES		
Repayment of hire-purchase and lease obligations	(1,941)	(1,857)
Repayment of term loan	(4,633)	(6,576)
Drawdown of bank borrowings	1,794	-
Repayment of bank borrowings	(216)	-
Dividend paid	(2,683)	-
Proceeds from exercising of issuance of warrants	22	-
NET CASH FLOWS FOR FINANCING ACTIVITIES	(7,657)	(8,433)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	1,436	(5,710)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	41,837	43,075
Currency translation differences – subsidiaries	(5,261)	1,737
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	38,012	39,102
Note (A)		
Cash and cash equivalents at the end of the period comprise the following:		
Short term deposits with licensed banks	2,494	424
Cash and bank balances	35,518	38,678
	38,012	39,102

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

NOTION VTEC BERHAD

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UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

NOTES TO THE QUARTERLY FINANCIAL REPORT

A1. BASIS OF PREPARATION

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

These explanatory notes to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiaries ("The Group"). This interim financial report should be read in conjunction with the Group's annual audited financial report for the financial year ended ("FYE") 30 September 2016.

The accounting policies and methods of computations adopted in these interim financial statements are consistent with those adopted in the financial statements for the FYE 30 September 2016.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements of the Group for the FYE 30 September 2016 was not subject to any qualification.

A3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

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

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

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

A5. MATERIAL CHANGES IN ESTIMATES

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

A6. CHANGES IN DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayments of debts and equity securities during the quarter under review saved for the following:-

As at 31 March 2017, the Company held 2,150,273 repurchased shares as treasury shares out of its total issued and paid up share capital of 270,433,747 ordinary shares of RM 0.50 each. The treasury shares are held at a carrying amount of RM 2,244,383.

As at 31 March 2017, the total number of shares issued for the conversion of Warrant-B to ordinary shares at an issue price of RM 1.00 per share was 21,853 amounting to RM 21,853.

Arising from the migration to the no par value regime under the Companies Act 2016, par value is no longer relevant. Pursuant to Section 74 of the Companies Act 2016, the share capital and number of issued shares of the Company is represented by 270,440,836 ordinary shares, equivalent to RM 135,231,345 as at 31 March 2017.

A7. DIVIDEND PAID

The Board has on 24 November 2016, declared and approved as interim tax-exempt dividend of 1.0 sen per ordinary share in respect of the financial year ended 30 September 2016. The dividend was paid on 16 January 2017.

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

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

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UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**NOTES TO THE QUARTERLY FINANCIAL REPORT (continued)****A8. SEGMENTAL INFORMATION**

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

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

A9. VALUATION OF ASSETS

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

A10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE QUARTER

Apart from that stated in Note B6, there were no material events between the end of the reporting quarter and the date of this announcement saved for the following:-

On 19 May 2017, the Company resold 2,150,273 treasury shares at an average price of RM 1.27 in the open market for a total consideration of RM 2,723,494. The issued capital remain unchanged, i.e. 329,996,253 shares.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

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

A12. CONTINGENT LIABILITIES

- a) The Company has provided corporate guarantees for hire purchase facilities granted to subsidiaries for total amount of RM 35,497,608. As at 31 March 2017, the outstanding hire purchase balance stood at RM 1,219,500.
- b) The Group has also provided corporate guarantees for bank facilities granted for a total amount of RM 148,210,949. As at 31 March 2017, the utilisation of the bank facilities stood at RM 13,992,055.

A13. CAPITAL COMMITMENTS

	As at End of Current Quarter 31.03.2017 RM'000	As at End of Preceding Quarter 31.12.2016 RM'000
Approved and contracted for:		
-purchase of plant and equipment	<u>16,166</u>	<u>16,102</u>

A14. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

ADDITIONAL INFORMATION REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. GROUP PERFORMANCE REVIEW

The Group recorded revenue and profit after taxation ("PAT") of RM 68.5 million and RM 4.44 million respectively for the quarter ended 31 March 2017 ("Q2FY2017"). Refer Notes B2 and B3 below for a detailed review of the Group's performance.

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

For Q2 of FY2017, the Group recorded revenue of RM 68.5 million (Q1FY2017: RM 68.1 million) and PAT of RM 4.44 million (Q1FY2017: RM 6.44 million) and earnings per share of 1.65 sen (Q1FY2017: 2.40 sen). Total revenue is flat in the current quarter under review compared to the preceding quarter. Nevertheless, Auto sector registered an increase of 9%, HDD is flat while Engineered Products is 12% negative due mainly to 34% down for Camera whereas Other Engineered Products recorded an increase of 36%. Profit after taxation was RM 4.44 million compared to RM 6.44 million in Q1FY2017 mainly due to unrealised foreign exchange losses. The EBITDA for Q2FY2017 was RM 13.9 million compared to RM 17.6 million in Q1FY2017 (preceding year Q2FY2016: RM 11.3 million).

Product mix:

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

	Q2FY2017	Q1FY2017	Q2FY2016	YTD Q2 2017	YTD Q2 2016
REVENUE	RM'000	RM'000	RM'000	RM'000	RM'000
HDD	26,669	27,049	24,998	53,718	51,443
Automotive	25,048	22,005	19,400	47,053	36,600
<u>Engineered Products</u>					
Camera	8,471	12,901	11,000	21,372	26,800
Others	8,302	6,121	1,202	14,423	2,857
TOTAL	68,490	68,076	56,600	136,566	117,700

In Q2FY2017, HDD parts revenue recorded RM 26.7 million (Q1FY2017: RM 27.0 million), Automotive RM 25.0 million (Q1FY2017: RM 22.0 million) whilst the Engineered Products' revenue was at RM 16.8 million (Q1FY2017: RM 19.0 million). The product mix for Q2FY2017 was HDD: Automotive: Engineered Products of 39%: 37%: 24% compared to previous quarter's mix of 40%: 32%: 28%. Compared to the corresponding preceding year quarter, all sectors had posted positive growth with HDD, Auto and Engineered Products registering 7%, 29% and 37% increase in revenue respectively.

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

B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR**Business Review and Outlook**

Financials:	6 months to date				
	FY17	FY16	FY15	FY14	FY13
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	136,566	117,646	122,193	91,907	99,981
GP	28,257	20,968	24,950	1,365	13,996
PAT	10,877	6,266	(9,792)	(17,384)	(20,341)
Depreciation	16,773	17,874	19,556	20,262	19,909

Cashflow:

Operating activities	19,179	7,284	2,566	13,809	2,129
Investing activities	(10,086)	(4,561)	(4,619)	(19,244)	(17,783)
Finance activities	(7,657)	(8,433)	(14,247)	(14,029)	6,091
Net increase cash	1,436	(5,710)	(16,300)	(19,464)	(9,563)

Financials:	Rolling 5 quarters				
	Q2FY17	Q1FY17	Q4FY16	Q3FY16	Q2FY16
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	68,490	68,076	59,599	53,124	56,593
GP	13,779	8,974	5,643	1,856	2,077
PAT	4,437	6,440	4,640	(5,500)	3,152
Cash	38,012	41,323	41,933	40,095	39,102
Borrowings	15,211	16,721	20,208	23,446	28,040
Net Cash	22,801	24,602	21,725	16,649	11,062

For H1 FY17, the revenue has improved 16% compared to H1 FY16 (RM136.5 million against RM117.6 million). The PAT has improved 74% to RM10.8 million compared to previous RM6.2 million. The cashflow from operating activities increased by 163% to RM19.1 million from previous RM7.2 million. For Q2FY17, the cash balance is RM38 million and total borrowings is RM15.2 million resulting in a net cash position of RM22.7 million.

The Group has since raised RM29.5 million from a new 10% share placement to selected institutional funds and also RM31.8 million from conversion of Warrant B. The Group's financial position is strong to meet any new opportunities and expansion especially in the Engineered Products and Automotive Braking segments. The Johor expansion has brought new customers and businesses. There are concerted efforts to focus on productivity gains and improvement in processes. The Ringgit has strengthened to 4.32 from previous 4.42 levels but we note the Euro is strong with rates 4.80 to the Ringgit.

The Group's revenue currency mix is now approximately 30% Euro: 40% USD: 10% baht: 20% RM. For the remaining H2 FY17, there is strong growth in the Auto braking components while the Camera components segment is expected to bounce back. The Engineering Products segment is a target for growth and expansion.

The Board is optimistic that FY17 will be a turnaround for the Groups' revenue and profitability. In line with the results, the Board is pleased to recommend a Second Interim Tax-Exempt Dividend of 0.75 sen per share and also a special dividend of 0.75 sen per share making it a total of 1.5 sen per share.

B4. PROFIT FORECAST, PROFIT GUARANTEE AND INTERNAL TARGETS

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

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

B5. TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To Date	To Date
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Company and Subsidiaries				
Taxation				
- current	2,129	201	4,805	430
Deferred taxation	(969)	(1,276)	(1,111)	2,093
	<u>1,160</u>	<u>(1,075)</u>	<u>3,694</u>	<u>2,523</u>

The effective tax rate of approximately 25% was higher than the statutory tax rate of 24% was mainly due to expenses disallowed for tax purposes.

B6. STATUS OF CORPORATE PROPOSALS

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

PROPOSED LTIP

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

As announced, Bursa Securities had, via its letter dated 17 January 2017, resolved to approve the listing of and quotation for such number of new NVB Shares representing up to 15% of the issued and paid-up capital of NVB (excluding treasury shares) to be issued pursuant to the Proposed LTIP subject to the following:

- (1) The Company is required to submit a confirmation through its Adviser, ie. Hong Leong Investment Bank to Bursa Securities of full compliance of the Proposed LTIP pursuant to Paragraph 6.43 (1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting; and
- (2) NVB is required to furnish Bursa Securities on a quarterly basis a summary of the total number of NVB Shares listed pursuant to the Proposed LTIP as at the end of each quarter together with a detailed computation of listing fees payable.

The Proposed LTIP was approved by the shareholders at the EGM held on 23 February 2017.

The LTIP was implemented with effect from 24 February 2017, being the date on which the Company is in full compliance with Paragraph 6.43(1) of the Listing Requirement.

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

As at date of report, the total number of shares issued for the employee share option scheme is 939,500 shares equivalent to RM 751,600.

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

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

PROPOSED PRIVATE PLACEMENT ("PPP")

On 31 March 2017, the BOD through Kenanga Investment Bank Berhad announced that the Company proposes to undertake the PPP.

The proposed utilisation of proceeds to be raised to the PPP are provided in the following table:-

Proposed utilisation of proceeds	Expected timeframe for utilisation from the completion of PPP	RM'000
Capital Expenditure	Within 12 months	26,027
Working Capital	Within 12 months	3,085
Defrayment of expenses related to PPP	Upon completion	400
Total		29,512

The BOD had on 12 April 2017, fixed the issue price for the placement of 26,829,000 at RM 1.10 per share.

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

As at date of report other than the defrayment of expenses related to the PPP, the proceeds is unutilised as the capital commitment for the CNC machines of RM 16.2 million is not due for payment yet.

EXPIRY AND LAST DATE FOR THE EXERCISE OF WARRANTS 2012/2017

Pursuant to the terms and conditions stipulated in the Deed Poll dated 17 April 2012 governing Warrants, the Exercise Rights of the Warrants expired at 5.00 pm on 02 May 2017.

The last date and time for trading of the Warrants was on 12 April 2017 at 5.00pm. The Warrants were suspended from trading on Bursa with effect from 9.00 am on 13 April 2017 until 5.00 pm on the Expiry Date. The Warrants which were not exercised by 5.00 pm on the Expiry Date will lapse and become null and void. The Warrants were removed from the Official List of Bursa with effect from 9.00 am on 03 May 2017.

As at the date of report, the total number of shares issued for the conversion of Warrant-B to ordinary shares was 31,808,770 equivalent to RM 31,808,770 for the current financial year.

B7. BORROWINGS AND DEBTS SECURITIES

The Group's borrowings as at 31 March 2017 are as follows:

	<u>RM'000</u>
Long-term	
Secured	
Term loan	<u>5,563</u>
	<u>5,563</u>
Short-term	
Secured	
Portion of hire purchase and lease payables due within one year	1,219
Portion of term loan due within one year	6,635
Unsecured	
Other short term borrowings	<u>1,794</u>
	<u>9,648</u>
	<u>15,211</u>

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

NOTION VTEC BERHAD

Company No: - 637546-D

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

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

B8. RETAINED PROFITS

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

	As at End of Current Quarter 31.03.2017 <u>RM'000</u>	As at Preceding Year Quarter 31.12.2016 <u>RM'000</u>
Total retained profits:		
-realised	163,114	162,764
-unrealised	<u>(15,632)</u>	<u>(14,715)</u>
	<u>147,482</u>	<u>148,049</u>

B9. NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2017 <u>RM'000</u>	Preceding Year Corresponding Quarter 31.03.2016 <u>RM'000</u>	Current Year To Date 31.03.2017 <u>RM'000</u>	Preceding Year To Date 31.03.2016 <u>RM'000</u>
a) Interest income	(162)	(115)	(337)	(222)
b) Other income	(2,133)	(1,285)	(2,743)	(2,623)
c) Interest expense	253	413	556	987
d) Depreciation and amortisation	8,261	8,878	16,773	17,874
e) Gain on disposal of property, plant and equipment	-	-	(1,060)	(39)
f) Foreign exchange (gain)/ loss	32	3,773	(4,000)	4,111
g) Gain from derivatives (please refer to Note B10)	-	(4,384)	-	(7,225)
h) Bad debts written off	-	-	-	1
i) Bad debts recovered	-	-	(75)	-
j) Employee share option reserve	216	-	216	-

B10. DERIVATIVE GAIN/ (LOSS)

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2017 <u>RM'000</u>	Preceding Year Corresponding Quarter 31.03.2016 <u>RM'000</u>	Current Year To Date 31.03.2017 <u>RM'000</u>	Preceding Year To Date 31.03.2016 <u>RM'000</u>
Loss from foreign currency hedging contracts:				
-settlement of hedging contracts	-	(4,889)	-	(10,167)
-fair value changes due to movement in MTM position on non-designated hedging contracts	-	9,273	-	17,392
Gain from derivative contracts	<u>-</u>	<u>4,384</u>	<u>-</u>	<u>7,225</u>

NOTION VTEC BERHAD

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UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

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

B11. DERIVATIVE FINANCIAL INSTRUMENTS

Type of derivatives	Notional Value as at 31.03.2017	Fair Value as at 31.03.2017 Assets / (Liabilities)	Notional Value as at 31.03.2016	Fair Value as at 31.03.2016 Assets / (Liabilities)
	RM'000	RM'000	RM'000	RM'000
Foreign Currency Hedging Contracts				
-Less than 1 year	-	-	33,628	(4,384)
TOTAL	-	-	33,628	(4,384)

The foreign currency contracts in prior year were entered into as hedges for sales denominated in US Dollars to limit the exposure to potential changes in foreign exchange rates with respect to the subsidiary company's foreign currencies denominated estimated receipts. As at 30 September 2016, all the foreign currency contracts had matured and fully delivered.

B12. MATERIAL LITIGATION

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

B13. DIVIDENDS PER SHARE

The Board has on 23 May 2017, declared and approved second interim tax-exempt dividend of 0.75 sen and a special tax exempt dividend of 0.75 sen per ordinary share in respect of the financial year ending 30 September 2017. The entitlement date and payment date has been fixed on 20 June 2017 and 7 July 2017, respectively.

B14. EARNINGS PER SHARE

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2017 (Unaudited)	Preceding Year Corresponding Quarter 31.03.2016 (Unaudited)	Current Year To Date 31.03.2017 (Unaudited)	Preceding Year To Date 31.03.2016 (Unaudited)
Profit attributable to owners of the Company (RM'000)	4,437	3,152	10,877	6,266
Number of ordinary shares in issue (excluding the treasury shares held by the Company) ('000)	268,291	268,269	268,291	268,269
Earnings per share (sen)	1.65	1.17	4.05	2.34

AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 23 May 2017.

By Order of the Board

Petaling Jaya
23 May 2017