

NOTIONVTEC

NOTION VTEC BERHAD

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



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

Fourteenth Annual General Meeting

PLACE

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

TIME

9.30 am, Friday,
23rd February 2018

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BOARD OF DIRECTORS

Thoo Chow Fah

Executive Chairman

William Choo Wing Hong

Managing Director

John Choo Wing Onn

Executive Director

Lee Tian Yoke

Executive Director

Choo Wing Yew

Executive Director

Saw Tat Loon

Independent Non-Executive Director

Alwin Yike Chee Wah

Independent Non-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

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

Tricor's Customer Service Centre:

Unit G-3, Ground Floor

Vertical Podium, Avenue 3

Bangsar South, No. 8, Jalan Kerinchi

59200 Kuala Lumpur, Malaysia

AUDITORS

Crowe Horwath**Chartered Accountants**

Level 16 Tower C

Megan Avenue II

12 Jalan Yap Kwan Seng

50450 Kuala Lumpur

Tel : (603) 2788 9999

Fax : (603) 2788 9998

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

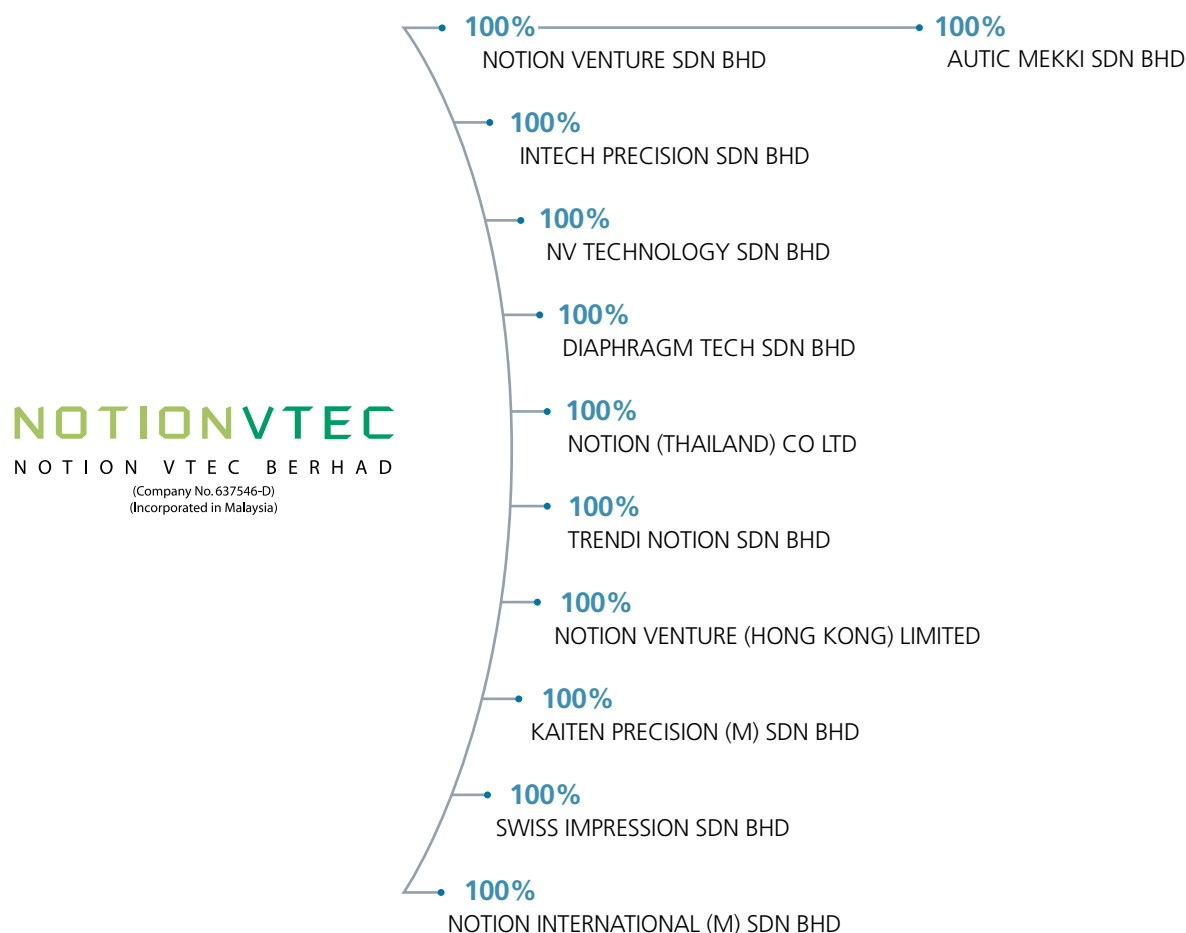
STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad**Shares**

Stock Name : Notion

Stock Code : 0083

Corporate STRUCTURE



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 2013 to 2017.

		2017	2016	2015	2014	2013
Revenue	(RM'000)	275,232	230,707	239,730	193,944	222,315
Profit/(Loss) before Tax	(RM'000)	14,375	17,757	(10,847)	(34,329)	29,513
Profit/(Loss) after Tax	(RM'000)	12,958	5,677	(13,024)	(27,736)	20,089
Profit/(Loss) attributable to owners of the Company	(RM'000)	12,968	5,677	(13,024)	(27,736)	20,089
Earning before interest, taxes, depreciation and amortisation (EBITDA)	(RM'000)	47,717	53,695	30,606	10,681	75,483
No. of shares in issue	(000)	297,635*	270,419	270,419	270,418	270,418
Net profit/(loss) per share	(Sen)	4.4*	2.1	(4.9)	(10.3)	7.6

* Based on weighted average paid up share capital.

Management

DISCUSSION AND ANALYSIS

OUR GROUP

Today, our Group supplies high precision, engineered, ready to assemble precision turned, milled, drilled and ground parts to renowned multi nationals all over the world.

We stand for complete service with a fast response time to customers' needs. We provide a complete spectrum of services from design to production, tooling development, quality assurance, surface coating and finishing, heat treatment and logistics.

With approximately 2500 employees, we currently operate at 4 facilities. Two factories located on 14 acres, collectively of our owned freehold land in Meru, Klang and two on a 6 acre land, collectively in Ayutthaya, Thailand. We have also established a manufacturing base in Gelang Patah, Johor to serve the southern region and Singapore. We are currently in the midst of acquiring another, also in Ayutthaya to facilitate our expansion.

Our products can be broken down to 3 main segments:

- (1) Hard Disk Drive (HDD)
- (2) Automotive (Braking system)
- (3) Engineered Products (Camera SLR interchangeable lens and others)

You can read more about our products on our website, www.notionvtec.com

FINANCIAL AND OPERATIONAL REVIEW

Our Group recorded a higher revenue of RM275.2 million than that achieved in FY2016 of RM230.7 million. Profit after tax of RM13 million was correspondingly higher than last year which recorded a profit after tax of RM5.7 million.

To better reflect the business operations of the Group, we have segmentalised our revenue by products as follows:

	Revenue			
	2017		2016	
	RM'000	%	RM'000	%
HDD	110,631	40.2	94,897	41.2
Automotive	94,648	34.4	74,724	32.4
Engineered Products				
- Camera	44,021	16.0	51,322	22.2
- Others	25,932	9.4	9,764	4.2
	275,232	100	230,707	100

We started the financial year strong with a revenue of RM68.1 million for the 1st quarter 2017 and a PAT of RM6.44 million due to an increase in sales from most of the segments with the automotive segment having the highest growth of 22%. In that quarter, a new anodizing line was successfully installed and the rented factories in Johor started production in December 2016. The Johor plants will cater for customers in the Engineered Products segment such as fasteners and electrical consumer goods. USD remained strong in this quarter. An interim dividend of 0.75 sen was declared.

The 2nd quarter of FY2017 recorded revenue of RM68.5 million and a PAT of RM4.44 million. The Automotive and Engineered Products segments continued to show strong growth whilst the Camera sub segment dropped significantly. The lower PAT this quarter compared to the previous quarter was mainly due to unrealized foreign exchange losses. The same interim dividend was declared for this quarter.

Revenue for the 3rd quarter FY2017 remained flat at RM67.8 million and our Group recorded a PAT of RM2.8 million. There was a drop in the revenue for all the segments except for the Camera which rebounded by 37%. The lower PAT was mainly due to the additional costs incurred for our Johor plant and upgrading of machinery in our Klang plant for the Automotive segment. Another interim dividend of 0.75 sen was declared in light of our strong cash flow.

For 4th quarter 2017, the revenue for our Group remained unchanged at RM67.8 million while PAT dropped from RM2.8 million to RM0.4 million. The much lower PAT is predominantly caused by the weaker USD and the drop in revenue from the Engineered segment which generally commands a higher margin. However, cash flow from operations remained strong.

Our Group's net asset value of RM357.3 million this financial year is higher than the previous year's RM289.1 million. Correspondingly our Group's net asset value per share is RM1.08 as at 30 September 2017.

Inventories amounted to RM33 million in FY2016 has increased substantially to RM45.8 million in the current year as a result of the increased revenue this financial year.

Our Group invested RM42 million in capital expenditure, mainly for the Johor plant and for the Automotive segment. There was also a disposal of certain equipment amounting to RM4 million.

Borrowings of our Group at 30 September 2017 have been brought down further to RM16.7 million compared to RM20.2 million in FY2016.

The cash and cash equivalent in FY2017 is a healthy RM86.4 million. Net cash flow from operations amounted RM46.9 million compared to last financial year's RM23.1 million.

CORPORATE EXERCISE

We announced on 5 January 2017 that our Company proposed the establishment of a long term incentive plan of up to 15% of the total number of issued shares of Notion (excluding treasury shares) for the eligible employees of Notion and its subsidiaries and Directors (including non-Executive), comprising an Employees Share Option Scheme (ESOS) and an Executive Share Grant Scheme (ESGS).

As at date of this report, the total number of shares issued for the ESOS is 1,577,100 shares.

On 20 April 2017, we completed a private placement exercise, following the listing of 26,829,000 shares on the Bursa Exchange raising approximately RM29.5 million for our Company. The amount has been fully utilized to date for capital expenditure, working capital and defrayment of expenses related to the exercise.

We announced on 18 December 2017 that the Company is proposing an issuance of up to 34,309,315 free warrants on the basis of 1 warrant for every 10 existing ordinary shares in the Company.

RISKS

Some immediate key risks related to our Group's operations are as follows:

1. Fluctuating prices of aluminium (our main raw material) which is somewhat mitigated by the ability of our Company to negotiate with the customers for a "pass on" cost.
2. Quality Assurance (QA) and Quality control. The failure to address this risk could result in higher percentage of rejects which could affect the profit margins. To further improve on our existing controls, we will assess if there is a need for a central plant QA function to include oversight and control over the other plants and to establish a core team of relevant leaders to conduct regular monthly review.
3. Over Reliance on a few key customers. We have over the last few years started supplying to other customers in different sectors and we will actively continue to do so.
4. Fire Disaster Recovery Plan, to be addressed under Subsequent Event below.

Management DISCUSSION AND ANALYSIS

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SUBSEQUENT EVENT

A fire broke out at our main plant in Klang on 20 October 2017. And as announced on 23 October 2017, we have made all the necessary reports required by the relevant authorities. We have engaged a professional consultant to assist us in the insurance claim process. We have submitted an initial claim to assist us in the recovery process which entails purchasing of some 290 units CNC and related equipment. Meanwhile we rented 2 temporary factories and in the midst of acquiring a ready to move in factory of approximately 60,000sq ft in Ayutthaya so that the affected operations can be immediately reinstated.

The repair or reinstatement of the damage is expected to take about a year. The Recovery plan is progressing well. Tenders have been called for the restoration of the burnt factory building which will be rebuilt. Most of our customers are understanding and helpful and we are confident that we will recover quickly.

Please be aware that 1st quarter of FY 2018 will record a huge loss as full provision resulting from the fire will be accounted for. The provision will be reversed when we received the amount from the insurers. On 5 January 2018, the Company received an advance claim payment of RM15 million through its wholly-owned subsidiary, Notion Venture Sdn Bhd whilst the insurer's investigations into the loss or damage to building, machinery and stocks by the fire are still in progress.

OUTLOOK

According to Conference Board, after exceeding expectations in 2017, the global economy is expected to carry momentum to generate a 3% growth rate in 2018. While the growth path of mature markets will remain solid in the short term, potential for much faster growth is limited and a growth slowdown is likely to set in later in the decade. As some emerging markets are maturing themselves, especially China, they are unlikely to return to growth trends of the past. The good news is that a larger role for qualitative growth factors - an improvement in labour force skills, digitization and especially stronger productivity growth - may help sustain and provide better conditions for businesses to thrive over the next decade.

As for our Group, we expect the HDD segment, although a current mainstay now, will gradually taper down as the competition from SSD intensifies although both are expected to co-exist. HDD's growth will mainly be in the data centers and cloud storage while SSD will dominate the consumer drives in 5 years time. Disk drive shipment will slow down from 400 million in 2016 to 330 million by 2020. Our customer, Western Digital has the biggest share of the HDD market with 44% market share while the other 2 major players, Seagate and Toshiba with 40% and 16%, respectively.

We are confident that the Automotive sector where we supply components for the Electronic Braking System (EBS) will grow by 30% year on year. Our EBS components are currently being installed in both cars and trucks. We expect revenue from this segment to represent 35% of our Group's revenue in the next few years.

Sales from the SLR Camera segment has been declining year on year. The shipment of SLR Camera has been undergoing a steady decline since 2012. The biggest impact came from the popularity of camera mobile phone and its messaging applications which facilitated the ease and speed of sharing photos. We think the only way SLR has any hope of making a comeback is through product innovation and new technology to disrupt the market.

We are happy that our Engineered Products with higher margin such as components for the consumer electronics, semiconductor and aerospace industries are showing great promise. Sales from this segment for FY2017 more than doubled for FY2016. The Johor Plant was set up to mainly cater for this segment.

Meanwhile the continued strengthening of the MYR will have a negative impact for our business. We will therefore continue to invest and apply new technologies in precision machining which is and has always been our forte. Having obtained all the stringent certificates necessary for the automotive and aerospace, marketing efforts will be intensified to identify customers with higher margin products.

Board of DIRECTORS

THOO CHOW FAH

| Executive Chairman | Malaysian
| Aged 65 | 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.

WILLIAM CHOO WING HONG

| Managing Director | Malaysian
| Aged 53 | 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.

JOHN CHOO WING ONN

| Executive Director | Malaysian
| Aged 51 | 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.

LEE TIAN YOKE

| Executive Director | Malaysian
| Aged 47 | 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.

CHOO WING YEW

| Executive Director | Malaysian
| Aged 56 | 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.

Board of DIRECTORS

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ALWIN YIKE CHEE WAH

I Independent Non-Executive Director I Malaysian
I Aged 70 I 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.

SAW TAT LOON

I Independent Non-Executive Director I Malaysian
I Aged 47 I 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.

ANITA CHEW CHENG IM

I Independent Non-Executive Director I Malaysian
I Aged 51 I Female

Ms Anita Chew Cheng Im was first appointed to the Board on 29 June 2007. She is the Chairperson 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.

Notes to Directors' profile:

1. Family Relationships

William Choo Wing Hong, John Choo Wing Onn and 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 page 83 of this Annual Report.

JOE CHOO WING LEONG

I Aged 50 | Engineering Manager
I 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.

LOUIS CHEAH KING YOONG

I Aged 51 | Business Development Manager
I 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, Sungei 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.

JOHN CHUA HENG SIANG

I Aged 59 | Business Development Manager
I 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.

DAVID CHOO WING KIN

I Aged 44 | Purchasing Manager
I 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

I Aged 38 | Quality Assurance Manager
I 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.

NOUYUKI SOGA

I Aged 58 | Business Development Manager
I 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 years stint with JVC Malaysia as Advisor for VTR Production.

ARUMUGAM T NAGALINGAM

I Aged 63 | Surface Treatment Manager
I 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.

SEGARAN M.VASUDAVAN

I Aged 56 | Production Manager
I 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.

ALEX LEW KAH SOON

I Aged 46 | Accounts and Finance Manager
I 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.

LER TCHE BOON

I Aged 32 | Manager of Operations in Notion (Thailand) Co, Ltd.
I 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.

KIM TAE HYUNG

I Aged 43 | Sales and Marketing Manager
I 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.

IKEDA TAKEO

I Aged 60 | Factory Manager of Notion Plant 3
I 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.

Key MANAGEMENT

SALLEH BIN MANTANG

I Aged 55 | Production Manager of Notion Plant 3
I 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.

The Board has taken cognisance of the new Malaysian Code on Corporate Governance published in April 2017 (MCCG 2017), which is applicable to the financial year ended 31 December 2017 onwards.

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. 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.

Corporate GOVERNANCE STATEMENT

- (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.
- (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 and designated Senior Management communicates with shareholders and respond 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.

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.

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 7 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.

The Board is also of the view that the current number of Independent Non Executive Directors are sufficient for this Company but will consider increasing the numbers should there be a suitable candidate.

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.

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 John Choo Wing Onn, Alwin Yike Chee Wah and Anita Chew Cheng Im and they, being eligible for re-election (save for Alwin Yike Chee Wah), have offered themselves for re-election.

Alwin Yike Chee Wah, who has served the Company for more than 12 years as Independent Non-Executive Director, has expressed his intention not to seek for re-election at the forthcoming AGM of the Company. Hence, he will retain office until the conclusion of the 14th AGM.

The Nomination Committee will identify a suitable candidate in replacement of Alwin Yike Chee Wah.

Summary of Activities

Summary of Activities of the NC

During the financial year ended 30 September 2017, 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 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 47 to 70.

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.

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 2017 are as follows:

	Executive Directors RM'000	Non-Executive Directors RM'000
Fees	-	216
Salaries and other emoluments	5,414	27
Defined contribution plan	616	-
Share based payment	391	80
Total	6,421	323

Analysis of Remuneration

Range of Remuneration	No of Directors	
	Executive	Non-Executive
Between RM100,001 and RM150,000	-	3
Between RM1,150,001 and RM1,250,000	4	-
Between RM1,600,001 and RM1,650,000	1	-
	5	3

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

Corporate GOVERNANCE STATEMENT

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 judgement 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 2017.

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.

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 as well as taking cognisance of Practice 4.2 of MCCG 2017, 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 (save for Alwin Yike Chee Wah) as an Independent Directors based on the following justifications and using the two tier voting process for Keith Saw Tat Loon who has served for more than 12 years.

- (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.

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 2017, 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 LR.

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 judgement 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 7 to 8.

3.5 Non-Independent Chairman

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

Corporate GOVERNANCE STATEMENT

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.

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 2017 are as follows:

Director	Number of Meetings attended
Thoo Chow Fah	7/7
William Choo Wing Hong	7/7
John Choo Wing Onn	6/7
Lee Tian Yoke	5/7
Choo Wing Yew	7/7
Saw Tat Loon	5/7
Alwin Yike Chee Wah	7/7
Anita Chew Cheng Im	6/7

The dates of these meetings are 24 November 2016, 5 January 2017, 23 February 2017, 27 March 2017, 23 May 2017, 17 August 2017 and 21 September 2017.

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.

Corporate GOVERNANCE STATEMENT

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

- 2017 Tax & Budget Conference organised by Crowe Horwath CPE Sdn Bhd
- Driving Financial Integrity and Performance enhancing Financial Literacy for Audit Committee organised by Bursa Malaysia
- Review of the Malaysian Code on Corporate Governance 2017 by Boardroom Corporate Services Sdn Bhd
- MIA Conference 2016 by Malaysian Institute of Accountants (MIA)
- Transfer Pricing 101 by MIA
- Understanding the Requirements of AS9100D for the Aerospace Industry by CAAT Solutions Pte
- Smart Manufacturing and Automation Technology 2017 by Malaysian Investment Development Authority (MIDA) and Rockwell Automation
- Bavaria Industry 4.0 workshop by MIDA and Selangor Government
- Accelerated Value Investing Programme by Equities Trackers.com
- HSBC's "Asian Outlook & RMB" Forum
- Standard Chartered Bank's "Economic & Foreign Exchange Outlook 2017"

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

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.

Corporate GOVERNANCE STATEMENT

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.

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 Paragraph 8.29A(1) of the LR, the Company has implemented 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 2017.

MEMBERSHIP

The members of Audit Committee are Non-Executive Directors with all 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 member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants ("MIA"). 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 2017. 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.

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 2017:

1. At their meetings held on 24 November 2016 and 17 August 2017, the AC met with the external auditors in the absence of the Executive Board Members and Management 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 ("MFRS") and Appendix 9B of the LR. The quarterly financial results for the fourth quarter ended 30 September 2016, first quarter ended 31 December 2016, second quarter ended 31 March 2017 and third quarter ended 30 June 2017 were reviewed by the AC at their meetings held on 24 November 2016, 23 February 2017, 23 May 2017 and 17 August 2017.
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 17 August 2017, the AC met with the internal auditors in the absence of the Executive Board Members and Management 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 Related Party Transactions ("RPTs"), if any of the Group was 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 24 November 2016, the AC reviewed and discussed the following, amongst others:-
 - 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 2016.
 - b. The Internal Audit Reports.
 - c. The assessment of the adequacy of the scope, functions, competency and resources of the internal audit function.
 - d. Update of the Risk Management Framework.
 - e. The quarterly financial results of the Group ended 30 September 2016.
7. At their meeting held on 5 January 2017, the AC reviewed and discussed the following:-
 - a. The Directors' Report and Audited Financial Statements for the financial year ended 30 September 2016 and the Directors' and Auditors' Report.
 - b. The Audit Review Memorandum of the Company for the financial year ended 30 September 2016, which was circulated at the Meeting.
 - c. Reports for inclusion in the 2016 Annual Report, i.e. Corporate Governance Statement, Audit Committee Report and Statement on Risk Management and Internal Control.
 - d. Audit Fee for the financial year ended 30 September 2016.
 - e. Re-appointment of Messrs Crowe Horwath as External Auditors for the financial year ending 30 September 2017 and recommended to the Board of Directors for their consideration.
8. At their meeting held on 23 February 2017, the AC reviewed and discussed the following:-
 - a. The Internal Audit Reports.
 - b. The quarterly financial results of the Group ended 31 December 2016.
9. At their meeting held on 23 May 2017, the AC reviewed and discussed the following:-
 - a. The Internal Audit reports.
 - b. Risk Management Framework.
 - c. The quarterly financial results of the Group ended 31 March 2017.
10. At their meeting held on 17 August 2017, the AC reviewed and discussed the following:-
 - a. The Internal Audit Reports.
 - b. Audit Planning Memorandum for the financial year ended 30 September 2017 presented by the external auditors.
 - c. Risk Management Framework.
 - d. The quarterly financial results of the Group ended 30 June 2017.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is carried out by an independent external firm of professional Internal Auditors, NGL Tricor Governance Sdn Bhd – headed by its Director, Mr Chang Ming Chew, who is a certified internal auditor and a professional member of the Institute of Internal Auditors Malaysian (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, IA 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 financial.

Among the audit assignments are:

- Review of the Effectiveness of Product Costing and Quality Management
- Review of Procurement Function
- Review of Production and Machinery/Equipment Maintenance Function
- Review of Finance - GST Accounting
- Review of Risk Management Function

The cost incurred for the internal audit function of the Group for the financial year ended 30 September 2017 was approximately RM90,500.

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 LR, 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.

During the financial year under review, the internal auditors conducted a review of the Group's current management function and noted that some major improvements are required. The Board subsequently appointed an independent firm which specialises in risk management, corporate governance, internal audit and compliance, Centegy Governance Advisory Sdn Bhd to improve the current framework and establish a better Risk Management Framework that is more sustainable.

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 place 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 assess 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 2017 was RM90,500.

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 2017 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 2017 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 fire that occurred on 20 October 2017 at the main plant was not due to any weaknesses in the internal controls. The Company has mitigated the risks of fire by ensuring the factories, all our machinery and loss of business are fully insured.

The Board is satisfied with the adequacy, effectiveness and integrity of the Group's system of risk management and internal control system.

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Directors' REPORT

The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 30 September 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and providing management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	12,958	13,977

DIVIDENDS

Since the end of the previous financial year, the Company paid the following dividends:

	RM'000
<u>In respect of financial year ended 30 September 2016:</u>	
- Interim single tier tax-exempt dividend of 1 sen per share, paid on 16 January 2017	2,683
- Final single tier tax-exempt dividend of 1 sen per share, paid on 14 April 2017	2,683
<u>In respect of financial year ended 30 September 2017:</u>	
- First interim single tier tax-exempt dividend of 0.75 sen per share, paid on 19 May 2017	2,320
- Second interim single tier tax-exempt dividend of 0.75 sen per share, paid on 7 July 2017	2,479
- Special single tier tax-exempt dividend of 0.75 sen per share, paid on 7 July 2017	2,479
- Third interim single tier tax-exempt dividend of 0.75 sen per share, paid on 21 September 2017	2,480
	<u>15,124</u>

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES OR DEBENTURES

During the financial year, the Company:

- (i) issued 26,829,000 new ordinary shares at an issue price of RM1.10 per ordinary share pursuant to a private placement exercise, for capital expenditure and working capital purposes.
- (ii) issued 1,577,100 new ordinary shares at an issue price of RM0.80 per ordinary share pursuant to the Employees' Share Option Scheme ("ESOS").
- (iii) issued 31,808,770 new ordinary shares at an exercise price of RM1.00 per warrant pursuant to the exercise of Warrants-B.
- (iv) reissued 2,150,273 treasury shares by resale in the open market for a total cash consideration of RM2,733,494.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

The Company did not issue any debentures during the financial year.

SHARE OPTIONS

The shareholders of the Company, by a resolution passed at the Extraordinary General Meeting held on 23 February 2017, approved the Company's Long Term Incentive Plan comprising the ESOS and ESGS. The ESOS became effective on 24 February 2017.

The principal features of the ESOS are as follows:

- (i) At any point of time when the offer is made, the maximum number of shares to be issued under the ESOS shall not exceed 15 % of the total issued and fully paid-up share capital of the Company during the duration of the ESOS.
- (ii) An employee (including executive directors) of the Group shall be eligible to participate in the ESOS if, as at the date of offer, the employee is at least 18 years of age and has been confirmed and serving on a full time basis.
- (iii) All non-executive directors who have been appointed to the board shall be eligible to participate in the ESOS in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad and subject to the Article of Association of the Company.
- (iv) The ESOS shall be valid for a duration of 5 years from the effective date.
- (v) The exercise price shall be determined based on the weighted average market price of shares for the 5 market days immediately preceding the date of offer with a discount of not more than 10%.
- (vi) The employees' entitlement to the options is vested upon acceptance of the offer by the grantee, which shall be no later than 30 days from the date of offer.
- (vii) The new shares to be allotted and issued upon exercise of any options granted under the scheme will, upon allotment and issuance, rank pari passu in all respects with the then existing shares and paid-up shares in the Company, save and except that the new shares so allotted and issued will not be entitled to any right, dividend, allotment and/or distribution declared, made or paid, the entitlement date of which precedes the date of exercise of the options.

The movements in the number of options during the financial year are as follows:-

Date of Offer	Exercise Price RM	Number of Options over Ordinary Shares			
		Balance at 1.10.2016	Granted	Exercised	Balance at 30.9.2017
27 February 2017	0.80	-	3,509,100	(1,577,100)	1,932,000

Directors' REPORT

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and 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 the Company.

CURRENT ASSETS

Before the financial statements were prepared, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records have been written down to an amount which the current assets 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 or the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or 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 in respect of the Group or the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group or 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 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 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 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 or 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
Choo Wing Yew
Lee Tian Yoke
Saw Tat Loon
Anita Chew Cheng Im
Yike Chee Wah

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:-

Name of Director	Balance at 1.10.2016	Number of Ordinary Shares		Balance at 30.9.2017
		Bought	Sold	
Thoo Chow Fah				
- Direct	11,882,534	200,000	-	12,082,534
- Indirect *	5,308	1,700,000	(850,000)	855,308
Choo Wing Hong				
- Direct	31,630,326	200,000	-	31,830,326
Choo Wing Onn				
- Direct	26,547,844	-	-	26,547,844
Choo Wing Yew				
- Direct	5,960,725	-	-	5,960,725
Lee Tian Yoke				
- Direct	12,117,631	1,200,000	(1,200,000)	12,117,631

* Deemed interested through spouse's shareholding in the Company.

Directors' REPORT

DIRECTORS' INTERESTS (CONT'D)

Name of Director	Balance at 1.10.2016	Number of Ordinary Shares		Balance at 30.9.2017
		Bought	Sold	
Thoo Chow Fah	-	200,000	(200,000)	-
Choo Wing Hong	-	300,000	-	300,000
Choo Wing Onn	-	200,000	-	200,000
Choo Wing Yew	-	200,000	-	200,000
Lee Tian Yoke	-	200,000	(200,000)	-
Saw Tat Loon	-	75,000	-	75,000
Anita Chew Cheng Im	-	75,000	-	75,000
Yike Chee Wah	-	75,000	-	75,000

Save as disclosed above, none of the other directors in office at the end of the reporting year held any interests in shares in the Company or its related corporations 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 directors' remuneration disclosed in Note 14 to the financial statements) 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 have arisen by virtue of a related party transaction as disclosed in Note 19 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangement, apart from the Company's ESOS, 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.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There was no indemnity given to or liability insurance effected for any director or officer of the Group and of the Company during the financial year.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office. The auditors' remuneration is disclosed in Note 14 to the financial statements. There was no indemnity given to or liability insurance effected for the auditors during the financial year.

**Signed In Accordance With A Resolution Of The Directors
Dated 29 January 2018**

Thoo Chow Fah

Choo Wing Hong

Statement

BY DIRECTORS

Pursuant To Section 251(2) Of The Companies Act 2016

We, Thoo Chow Fah and Choo Wing Hong, being two of the directors of Notion VTec Berhad, do hereby state that, in the opinion of the directors, the financial statements set out on pages 43 to 79 give a true and fair view of the financial position of the Group and the Company as at 30 September 2017 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 2016 in Malaysia.

**Signed In Accordance With A Resolution Of The Directors
Dated 29 January 2018**

Thoo Chow Fah

Choo Wing Hong

Statutory

DECLARATION

Pursuant To Section 251(1)(b) Of The Companies Act 2016

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 43 to 79 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 29 January 2018

Choo Wing Yew

Before me
Azmi Bin Ishak
Commissioner of Oaths

Independent AUDITORS' REPORT

To the Members of Notion VTec Berhad
(Incorporated in Malaysia) Company No : 637546-D

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Notion VTec Berhad, which comprise the statements of financial position as at 30 September 2017 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 43 to 79.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 30 September 2017, 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 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants ("IESBA Code")*, and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and the Company of the current period. These matters were addressed in the context of our audit of the financial statements of the Group and the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<u>Valuation of inventories (Refer to Note 3 and 6 to the financial statements)</u> The Group carries significant inventories as disclosed in Note 6 to the financial statements. The assessment of inventories written off/down due to excess quantities, obsolescence or decline in net realisable value below cost involved judgement and estimation uncertainty in forming expectations about future sales and demands.	<p>Our audit procedures included, amongst others:-</p> <ul style="list-style-type: none">• Obtaining an understanding of:<ul style="list-style-type: none">- the Group's inventory management process;- how the Group identifies and assesses inventories written down; and- how the Group ascertain the accounting estimates for inventories written down.• Reviewing net realisable value of major inventories.• Reviewing the ageing analysis of inventories and testing the reliability thereof.• Examining the perpetual records for inventories movements and to identify slow moving items.• Making inquiries of management regarding the action plans to clear slow moving and obsolete inventories.

Independent AUDITORS' REPORT

To the Members of Notion VTec Berhad
(Incorporated in Malaysia) Company No : 637546-D

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the directors' report (but does not include the financial statements of the Group and the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial statements of the Group and the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and request that a correction be made. If the directors refuse to make the correction, we shall take appropriate action considering our legal rights and obligations, to seek to have the uncorrected material misstatement appropriately brought to the attention of users for whom our auditors' report is prepared.

Responsibilities of Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statement.

Independent AUDITORS' REPORT

To the Members of Notion VTec Berhad
(Incorporated in Malaysia) Company No : 637546-D

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent AUDITORS' REPORT

To the Members of Notion VTec Berhad
(Incorporated in Malaysia) Company No : 637546-D

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that we have not acted as auditors of a subsidiary, Notion (Thailand) Co. Ltd.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 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

29 January 2018

Ong Beng Chooi

Approval No : 03155/05/2019 J
Chartered Accountant

Statements of FINANCIAL POSITION

At 30 September 2017

NOTION VTEC BERHAD 637546-D

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Annual Report 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	4	218,025	206,291	139	222
Investments in subsidiaries	5	-	-	50,544	47,793
		218,025	206,291	50,683	48,015
CURRENT ASSETS					
Inventories	6	46,076	33,092	-	-
Trade and other receivables	7	69,008	60,429	66,383	48,079
Prepayments		28	55	-	-
Current tax assets		2,885	2,465	251	218
Cash and cash equivalents	8	86,359	41,857	66,391	21,917
		204,356	137,898	133,025	70,214
TOTAL ASSETS		422,381	344,189	183,708	118,229
EQUITY AND LIABILITIES					
EQUITY					
Share capital	9	197,793	135,209	197,793	135,209
Treasury shares		-	(2,244)	-	(2,244)
Share premium		-	1	-	1
Share option reserve		687	-	687	-
Currency translation reserve		10,797	7,001	-	-
Capital reserve		4,800	4,800	-	-
Retained profits/(Accumulated losses)		143,176	144,292	(17,545)	(17,448)
TOTAL EQUITY		357,253	289,059	180,935	115,518
NON-CURRENT LIABILITIES					
Loans and borrowings	10	2,212	7,076	-	-
Deferred tax liabilities	11	14,155	15,886	-	-
		16,367	22,962	-	-
CURRENT LIABILITIES					
Loans and borrowings	10	9,105	13,132	-	-
Trade and other payables	12	39,656	19,036	2,773	2,711
		48,761	32,168	2,773	2,711
TOTAL LIABILITIES		65,128	55,130	2,773	2,711
TOTAL EQUITY AND LIABILITIES		422,381	344,189	183,708	118,229

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

Statements of COMPREHENSIVE INCOME

For the financial year ended 30 September 2017

NOTION VTEC BERHAD 637546-D

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Annual Report 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
REVENUE	13	275,232	230,707	21,545	9,926
COST OF SALES		(242,464)	(197,743)	-	-
GROSS PROFIT		32,768	32,964	21,545	9,926
OTHER INCOME		16,954	14,783	1,086	488
		49,722	47,747	22,631	10,414
MARKETING AND DISTRIBUTION EXPENSES		(6,099)	(4,419)	-	-
ADMINISTRATIVE AND OTHER OPERATING EXPENSES		(28,156)	(23,589)	(8,691)	(6,667)
FINANCE COSTS		(1,092)	(1,982)	(3)	(45)
PROFIT BEFORE TAX	14	14,375	17,757	13,937	3,702
TAX (EXPENSE)/INCOME	15	(1,417)	(12,080)	40	(33)
PROFIT FOR THE FINANCIAL YEAR		12,958	5,677	13,977	3,669
OTHER COMPREHENSIVE INCOME:-					
<i>Item that may be reclassified subsequently to profit or loss:-</i>					
Currency translation differences for foreign operation		3,796	587	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		16,754	6,264	13,977	3,669
EARNINGS PER SHARE:	16				
- Basic (sen)		4.35	2.12		
- Diluted (sen)		4.34	2.12		

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

Statements of

CHANGES IN EQUITY

For the financial year ended 30 September 2017

NOTION VTEC BERHAD 637546-D

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Annual Report 2017

Group	Non-distributable					Distributable		
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Share option reserve RM'000	Currency translation reserve RM'000	Capital reserve RM'000	Retained profits RM'000	Total equity RM'000
Balance at 1 October 2015	135,209	(2,244)	1	-	6,414	4,800	138,615	282,795
Profit for the financial year	-	-	-	-	-	-	5,677	5,677
Currency translation differences for foreign operation (representing other comprehensive income for the financial year)	-	-	-	-	587	-	-	587
Total comprehensive income for the financial year	-	-	-	-	587	-	-	587
Balance at 30 September 2016	135,209	(2,244)	1	-	7,001	4,800	144,292	289,059
Profit for the financial year	-	-	-	-	-	-	12,958	12,958
Currency translation differences for foreign operation (representing other comprehensive income for the financial year)	-	-	-	-	3,796	-	-	3,796
Total comprehensive income for the financial year	-	-	-	-	3,796	-	12,958	16,754
Share-based payments	-	-	-	1,248	-	-	-	1,248
Issuance of shares pursuant to:								
- Employees' Share Option Scheme	1,262	-	-	(561)	-	-	561	1,262
- conversion of warrants	31,809	-	-	-	-	-	-	31,809
- private placement	29,512	-	-	-	-	-	-	29,512
Transfer from share premium upon implementation of the Companies Act 2016	1	-	(1)	-	-	-	-	-
Reissuance of treasury shares	-	2,244	-	-	-	-	489	2,733
Dividends to owners of the Company (Note 17)	-	-	-	-	-	-	(15,124)	(15,124)
Total transactions with owners	62,584	2,244	(1)	687	-	-	(14,074)	51,440
Balance at 30 September 2017	197,793	-	-	687	10,797	4,800	143,176	357,253

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

Statements of CHANGES IN EQUITY

For the financial year ended 30 September 2017

NOTION VTEC BERHAD 637546-D

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Annual Report 2017

Company	← Non-distributable →				Distributable	
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Share option reserve RM'000	Accumulated losses RM'000	Total equity RM'000
Balance at 1 October 2015	135,209	(2,244)	1	-	(21,117)	111,849
Profit (representing total comprehensive income) for the financial year	-	-	-	-	3,669	3,669
Balance at 30 September 2016	135,209	(2,244)	1	-	(17,448)	115,518
Profit (representing total comprehensive income) for the financial year	-	-	-	-	13,977	13,977
Share-based payments	-	-	-	1,248	-	1,248
Issuance of shares pursuant to:						
- Employees' Share Option Scheme	1,262	-	-	(561)	561	1,262
- conversion of warrants	31,809	-	-	-	-	31,809
- private placement	29,512	-	-	-	-	29,512
Transfer from share premium upon implementation of the Companies Act 2016	1	-	(1)	-	-	-
Reissuance of treasury shares	-	2,244	-	-	489	2,733
Dividends to owners of the Company (Note 17)	-	-	-	-	(15,124)	(15,124)
Total transactions with owners	62,584	2,244	(1)	687	(14,074)	51,440
Balance at 30 September 2017	197,793	-	-	687	(17,545)	180,935

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

Statements of CASH FLOWS

For the financial year ended 30 September 2017

NOTION VTEC BERHAD 637546-D

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Annual Report 2017

Note	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before tax	14,375	17,757	13,937	3,702
Adjustments for:-				
Compensation received	-	(3,698)	-	-
Depreciation of property, plant and equipment	33,735	34,620	83	84
Dividend income	-	-	(15,305)	(3,686)
Gain on disposal of plant and equipment	(1,311)	(178)	-	-
Impairment loss on loans and receivables	-	345	-	-
Interest expense	923	1,842	-	42
Interest income	(1,316)	(524)	(1,086)	(288)
Plant and equipment written off	670	-	-	-
Reversal of impairment loss on loans and receivables	(110)	-	-	-
Reversal of inventories written down	-	(13)	-	-
Share based payments	1,248	-	497	-
Unrealised loss/(gain) on foreign exchange	988	(1,579)	-	-
Waiver of debts from trade payables	-	(52)	-	-
Operating profit/(loss) before working capital changes	49,202	48,520	(1,874)	(146)
Changes in:-				
Inventories	(12,984)	12,115	-	-
Receivables and prepayments	(9,693)	(2,748)	(52)	(10)
Payables	20,971	(29,691)	71	(767)
CASH FROM/(FOR) OPERATIONS	47,496	28,196	(1,855)	(923)
Interest paid	(923)	(1,842)	-	(42)
Tax (paid)/refunded	(3,568)	(3,232)	7	(57)
NET CASH FROM/(FOR) OPERATING ACTIVITIES AND BALANCE CARRIED FORWARD	43,005	23,122	(1,848)	(1,022)

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

Statements of CASH FLOWS

For the financial year ended 30 September 2017

NOTION VTEC BERHAD 637546-D

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Annual Report 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
BALANCE BROUGHT FORWARD		43,005	23,122	(1,848)	(1,022)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Dividend received		-	-	15,305	3,686
Interest received		1,316	524	1,086	288
Purchase of property, plant and equipment	18	(48,259)	(11,971)	-	-
Proceeds from disposal of plant and equipment		6,926	1,984	-	-
Repayment from subsidiaries		-	-	-	18,888
Subscription of shares in a subsidiary		-	-	(2,000)	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(40,017)	(9,463)	14,391	22,862
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Advances to subsidiaries		-	-	(18,261)	-
Dividends paid		(15,124)	-	(15,124)	-
Proceeds from issuance of shares		62,583	-	62,583	-
Proceeds from reissuance of treasury shares		2,733	-	2,733	-
Repayment of hire purchase obligations		(3,117)	(3,739)	-	-
Repayment of term loans		(9,147)	(13,708)	-	(3,038)
Net increase in short-term loans and borrowings		3,011	216	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		40,939	(17,231)	31,931	(3,038)
CURRENCY TRANSLATION DIFFERENCES		575	2,323	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		44,502	(1,249)	44,474	18,802
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		41,857	43,106	21,917	3,115
CASH AND CASH EQUIVALENTS CARRIED FORWARD	8	86,359	41,857	66,391	21,917

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

Notes to the FINANCIAL STATEMENTS

For the financial year ended 30 September 2017

1. GENERAL INFORMATION

The Company is a public company limited by shares, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company are those of investment holding and providing management services. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

The registered office of the Company is located at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan and its principal place of business is located at Lot 6123, Jalan Haji Salleh, Batu 5½ Jalan Meru, 41050 Klang, Selangor Darul Ehsan.

The presentation currency of the financial statements is Ringgit Malaysia ("RM").

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 29 January 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

The financial statements of the Group and the Company 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 2016 in Malaysia.

The following MFRSs become effective for the financial year under review:-

MFRSs	Effective for annual periods beginning on or after
MFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: <i>Investment Entities - Applying the Consolidation Exception</i>	1 January 2016
Amendments to MFRS 11: <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 101: <i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138: <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 116 and MFRS 141: <i>Agriculture -Bearer Plants</i>	1 January 2017
Amendments to MFRS 127: <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016

The adoption of the above accounting standards (including the consequential amendments, if any) are expected to have no material impact on the financial statements of the Group and the Company upon their initial application.

Notes to the FINANCIAL STATEMENTS

For the financial year ended 30 September 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of Preparation of Financial Statements (Cont'd)

The Group and the Company have not applied the following MFRSs which have been issued as at the end of the reporting period but are not effective:-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective for annual periods beginning on or after
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 2: <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 4: <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	1 January 2018
Amendments to MFRS 9: <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to MFRS 15: <i>Effective Date of MFRS 15</i>	1 January 2018
Amendments to MFRS 15: <i>Clarifications to MFRS 15 'Revenue from Contracts with Customers'</i>	1 January 2018
Amendments to MFRS 107: <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 112: <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 128: <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 140 - <i>Transfers of Investment Property</i>	1 January 2018
Annual Improvements to MFRS Standards 2014 - 2016 Cycles:	
• Amendments to MFRS 12: <i>Clarification of the Scope of the Standard</i>	1 January 2017
• Amendments to MFRS 1: <i>Deletion of Short-term Exemptions for First-time Adopters</i>	1 January 2018
• Amendments to MFRS 128: <i>Measuring an Associate or Joint Venture at Fair Value</i>	1 January 2018

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of Consolidation

A subsidiary is an entity that is controlled by another entity. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the end of the reporting period using the acquisition method. Under the acquisition method, the consideration transferred, the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values. The components of non-controlling interests that are present ownership interests are measured at the present ownership instruments' proportionate share in the recognised amounts of the identifiable net assets acquired. All other components of non-controlling interests are measured at their acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. All acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss as incurred.

Goodwill at the acquisition date is measured as the excess of (a) over (b) below:-

- (a) The aggregate of:
 - (i) The acquisition-date fair value of the consideration transferred;
 - (ii) The amount of any non-controlling interests; and
 - (iii) In a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquire.
- (b) The net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

Goodwill is recognised as an asset at the aforementioned amount less accumulated impairment losses, if any. The impairment policy is disclosed in Noted 2.5. When the above (b) exceeds (a), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

A subsidiary is consolidated from the acquisition date, being the date on which control is obtained, and continues to be consolidated until the date when control is lost. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. 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.

Upon loss of control of a subsidiary, the assets (including any goodwill) and liabilities of, and any non-controlling interests in the subsidiary are derecognised. All amounts recognised in other comprehensive income in relation to the subsidiary are accounted for on the same basis as would be required if the related assets or liabilities had been directly disposed of. Any consideration received and any investment retained in the former subsidiary is recognised at their fair values. The resulting difference is then recognised as a gain or loss in profit or loss.

Notes to the FINANCIAL STATEMENTS

For the financial year ended 30 September 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Property, Plant and Equipment

Property, plant and equipment, other than freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work-in-progress are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.5.

Capital work-in-progress which is not yet available for use and freehold land are not depreciated. Other property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:

Factory buildings	2% - 11%
Factory equipment and machinery	10% - 25%
Furniture, fittings and office equipment	10% - 30%
Motor vehicles	20%
Renovation	20%

The residual value, useful life and depreciation method of an asset are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

Fully depreciated property, plant and equipment are retained in the financial statements and no further charge for depreciation is made, until they are no longer in use.

2.4 Investments in Subsidiaries

As required by the Companies Act 2016, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.5.

2.5 Impairment of Non-financial Assets

At the end of the reporting period, the Group and the Company assess whether there is any indication that a non-financial asset, other than inventories, may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs of disposal and its value in use, is estimated. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss.

An impairment loss on an asset, other than goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. The reversal is recognised in profit or loss. An impairment loss on goodwill is not reversed.

2.6 Inventories

Inventories of materials and goods are valued at the lower of cost (determined principally on the weighted average basis) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial Assets

Financial assets of the Group and the Company consist of receivables and cash and cash equivalents.

Recognition and Measurement

A financial asset is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A financial asset is initially recognised at fair value plus directly attributable transaction costs. After initial recognition, the financial asset is measured at amortised cost using the effective interest method. Any gain or loss is recognised in profit or loss when the financial asset is derecognised or impaired as well as through the amortisation process.

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset have expired or all the risks and rewards of ownership have been substantially transferred.

Impairment

At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted using the asset's original effective interest rate. The asset's carrying amount is reduced through the use of an allowance account and the impairment loss is recognised in profit or loss. The gross carrying amount and the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, 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 to the extent that the increased carrying amount does not exceed what the amortised cost would have been had no impairment loss been recognised at the reversal date. The reversal is recognised in profit or loss.

2.8 Financial Liabilities

Financial liabilities of the Group and the Company consist of payables, loans and borrowings and financial guarantee contracts.

Recognition and Measurement

A financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is initially recognised at fair value less directly attributable transaction costs. After initial recognition, all financial liabilities, except for financial guarantee contracts, are measured at amortised cost using the effective interest method. Any gain or loss is recognised in profit or loss when the financial liability is derecognised as well as through the amortisation process. After initial recognition at fair value, if any, financial guarantee contracts are measured at the higher of the amount initially recognised less appropriate amortisation and the estimate of any probable obligation.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

Notes to the FINANCIAL STATEMENTS

For the financial year ended 30 September 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Leases

Finance Lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee.

A finance lease, including hire purchase, is initially recognised as an asset and liability at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The minimum lease payments are subsequently apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. The depreciation policy for depreciable leased assets is consistent with that for equivalent owned assets.

Operating Lease

An operating lease is a lease other than a finance lease.

Lease payments under an operating lease are recognised in profit or loss on a straight-line basis over the lease term.

2.10 Foreign Currency Transactions and Translation

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operate. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the end of the reporting period, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in profit or loss. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. in profit or loss or in other comprehensive income.

In translating the financial position and results of a foreign operation whose functional currency is not the presentation currency, i.e. Ringgit Malaysia, assets and liabilities are translated into the presentation currency using the closing rate whereas income and expenses are translated using the exchange rates at transaction dates. All resulting exchange differences are recognised in other comprehensive income and accumulated in equity as currency translation reserve until the foreign operation is disposed of, at which time the cumulative exchange differences previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

Any goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation to be expressed in its functional currency and translated into the presentation currency using the closing rate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Share Capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Own shares purchased are held as treasury shares in accordance with the requirements of Section 127 of the Companies Act 2016. The total amount of consideration paid, including directly attributable costs, is recognised directly in equity. When treasury shares are distributed as share dividends, the cost of the shares distributed is applied in the reduction of distributable reserves. When treasury shares are resold in the open market, the difference between the sale consideration and the cost of the shares resold is adjusted to share capital. When treasury shares are cancelled, the cost of the shares cancelled is applied in the reduction of distributable reserves and the issued share capital is diminished by the shares so cancelled.

Dividends on shares declared and unpaid at the end of the reporting period are recognised as a liability whereas dividends proposed or declared after the reporting period are disclosed in the notes to the financial statements.

2.12 Fair Value Measurement

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.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The valuation techniques used include the following:

- (i) Market approach - which uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities.
- (ii) Cost approach - which reflects the amount that would be required currently to replace the service capacity of an asset.
- (iii) Income approach - which converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount.

The inputs to valuation techniques used to measure fair value are categorised into the following levels of fair value hierarchy:

- (i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- (ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- (iii) Level 3 - unobservable inputs for the asset or liability.

Any transfers between the levels of fair value hierarchy are deemed to have occurred at the end of the reporting period.

Financial Assets and Financial Liabilities

The carrying amounts of receivables, cash and cash equivalents, payables and loans and borrowings which are short-term nature or repayable on demand are reasonable approximations of fair values. The fair values of long-term loans and borrowings are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2).

Notes to the FINANCIAL STATEMENTS

For the financial year ended 30 September 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Income Recognition

Income from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Income from the rendering of services is recognised when the services are performed.

Dividend income is recognised when the shareholder's right to receive payment is established.

Interest income is recognised using the effective interest method.

2.14 Employee Benefits

Short-term Employee Benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised in profit or loss or included in property development costs, where appropriate, in the period in which the associated services are rendered by the employee.

Defined Contribution Plans

As required by law, employers in Malaysia make contributions to the statutory pension scheme, Employees Provident Fund ("EPF"). Contributions to defined contribution plans are recognised in profit or loss or included in property development costs, where appropriate, in the period in which the associated services are rendered by the employee.

Share-based Payments

The Employees' Share Option Scheme ("ESOS") of the Company grants the Group's eligible employees options to subscribe for shares in the Company at pre-determined subscription prices. These equity compensation benefits are treated as equity-settled share-based payment transactions and recognised in profit or loss with a corresponding increase in equity over the vesting period as share option reserve. The total amount to be recognised is determined by reference to the fair value of the share options at grant date and the estimated number of share options expected to vest on vesting date.

Upon expiry or exercise of the share option, the share option reserve is transferred to retained profits and to share capital if new ordinary shares are issued, respectively.

2.15 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset, until such time as the asset is substantially ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Income Taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax represents the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability and its tax base except for those temporary differences associated with goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

A deferred tax liability is recognised for all taxable temporary differences whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.17 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, term deposits that are withdrawable on demand 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. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

3. JUDGEMENTS AND ESTIMATION UNCERTAINTY

Judgements Made in Applying Accounting Policies

In the process of applying the accounting policies of the Group and the Company, management is not aware of any judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements.

Sources of Estimation Uncertainty

The key assumptions about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

Valuation 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 may result in revisions to the valuation of inventories.

Impairment of loans and receivables

The Group and the Company make allowance for impairment based on an assessment of the recoverability of loans and receivables. Allowance is applied to loans and receivables when there is objective evidence that the balances may not be recoverable. Management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment. Where expectations are different from previous estimates, the difference will impact on the carrying amounts of loans and receivables.

Notes to the FINANCIAL STATEMENTS

For the financial year ended 30 September 2017

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings RM'000	Factory equipment and machineries RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
Cost							
Balance at 1 October 2015	70,587	355,007	17,744	6,496	28,813	2,565	481,212
Additions	1,628	4,693	586	138	3,265	1,661	11,971
Disposals	-	(3,672)	-	-	-	-	(3,672)
Transfer	-	1,143	-	-	-	(1,143)	-
Currency translation differences	(667)	(1,062)	(24)	(22)	(12)	(102)	(1,889)
Balance at 30 September 2016	71,548	356,109	18,306	6,612	32,066	2,981	487,622
Additions	165	39,894	1,227	300	6,755	280	48,621
Disposals	-	(14,454)	(94)	(46)	-	(173)	(14,767)
Write-offs	-	-	(289)	-	(6,550)	-	(6,839)
Transfer	19	826	66	-	(4)	(907)	-
Currency translation differences	1,376	2,142	47	51	32	193	3,841
Balance at 30 September 2017	73,108	384,517	19,263	6,917	32,299	2,374	518,478

Depreciation and Impairment Losses

Balance at 1 October 2015

Accumulated depreciation	7,613	204,283	12,943	5,073	17,509	-	247,421
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Accumulated impairment loss	-	1,412	-	-	-	-	1,412
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	7,613	205,695	12,943	5,073	17,509	-	248,833
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Depreciation	1,090	27,443	1,194	408	4,485	-	34,620
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Disposals	-	(1,866)	-	-	-	-	(1,866)
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Currency translation differences	(31)	(214)	(6)	(5)	-	-	(256)
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Balance at
30 September 2016

Accumulated depreciation	8,672	229,646	14,131	5,476	21,994	-	279,919
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Accumulated impairment loss	-	1,412	-	-	-	-	1,412
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Balance brought forward	8,672	231,058	14,131	5,476	21,994	-	281,331
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Notes to the FINANCIAL STATEMENTS

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4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold land and buildings RM'000	Factory equipment and machineries RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
Balance carried forward	8,672	231,058	14,131	5,476	21,994	-	281,331
Depreciation	964	26,792	1,107	354	4,518	-	33,735
Disposals	-	(9,025)	(81)	(46)	-	-	(9,152)
Write-offs	-	-	(131)	-	(6,038)	-	(6,169)
Currency translation differences	79	600	15	14	-	-	708
Balance at 30 September 2017							
Accumulated depreciation	9,715	248,013	15,041	5,798	20,474	-	299,041
Accumulated impairment loss	-	1,412	-	-	-	-	1,412
	9,715	249,425	15,041	5,798	20,474	-	300,453
<u>Carrying Amount</u>							
Balance at 1 October 2015	62,974	149,312	4,801	1,423	11,304	2,565	232,379
Balance at 30 September 2016	62,876	125,051	4,175	1,136	10,072	2,981	206,291
Balance at 30 September 2017	63,393	135,092	4,222	1,119	11,825	2,374	218,025

The carrying amounts of property, plant and equipment pledged as security for credit facilities granted to the Group are as follows:-

	Group	
	2017 RM'000	2016 RM'000
Freehold land and buildings	16,742	16,882
Factory equipment and machinery	10,148	13,761
	26,890	30,643

The carrying amounts of plant and equipment acquired under hire purchase financing which remained outstanding as at the end of the reporting period are as follows:-

	Group	
	2017 RM'000	2016 RM'000
Factory equipment and machinery	2,575	3,882

Notes to the FINANCIAL STATEMENTS

For the financial year ended 30 September 2017

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The carrying amounts of property, plant and equipment acquired under term loan facilities which remained outstanding as at the end of the reporting period are as follows:-

	Group	
	2017 RM'000	2016 RM'000
Freehold land and buildings	16,742	16,882
Factory equipment and machinery	7,573	9,879
	24,315	26,761

Company	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
<u>Cost</u>			
Balance at 1 October 2015	12	587	599
Movement during the year	-	-	-
Balance at 30 September 2016	12	587	599
Movement during the year	-	-	-
Balance at 30 September 2017	12	587	599
<u>Accumulated Depreciation</u>			
Balance at 1 October 2015	12	281	293
Depreciation	-	84	84
Balance at 30 September 2016	12	365	377
Depreciation	-	83	83
Balance at 30 September 2017	12	448	460
<u>Carrying amount</u>			
Balance at 1 October 2015	-	306	306
Balance at 30 September 2016	-	222	222
Balance at 30 September 2017	-	139	139

Notes to the FINANCIAL STATEMENTS

For the financial year ended 30 September 2017

5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017 RM'000	2016 RM'000
Unquoted shares, at cost	57,353	55,353
Employees' share options granted to employees of subsidiaries	751	-
Accumulated impairment losses	(7,560)	(7,560)
	50,544	47,793

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Effective Equity Interest		Principal Activities
		2017 %	2016 %	
Notion Venture Sdn. Bhd. ("NVSB")	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.
Notion International (M) Sdn. Bhd.	Malaysia	100	100	Design and manufacture of precision components.
Notion (Thailand) Co. Ltd. ^(a)	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 micro-parts and related research and development activities.
Swiss Impression Sdn. Bhd.	Malaysia	100	100	Inactive.
Trendi Notion Sdn. Bhd.	Malaysia	100	100	Inactive.
Intech Precision Sdn. Bhd.	Malaysia	100	100	Inactive.
NV Technology Sdn. Bhd.	Malaysia	100	100	Inactive.
Diaphragm Tech Sdn. Bhd.	Malaysia	100	100	Inactive.
Notion Venture (Hong Kong) Limited ^(b)	Hong Kong	100	100	Inactive.
<u>Subsidiary of NVSB</u>				
Autic Mekki Sdn. Bhd.	Malaysia	100	100	Provision of surface treatment, electrolysis nickel plating, chrome plating, electro-plating and anodizing metal or like substances.

^(a) not audited by Crowe Horwath.

^(b) not required to be audited, and consolidated using unaudited financial statements.

Notes to the FINANCIAL STATEMENTS

For the financial year ended 30 September 2017

6. INVENTORIES

	Group	
	2017 RM'000	2016 RM'000
At cost:-		
Raw materials	21,733	18,303
Work-in-progress	8,073	6,434
Finished goods	16,270	8,355
	46,076	33,092

7. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade receivables:				
- Unrelated parties	61,752	55,027	-	-
- Allowance for impairment	(164)	(272)	-	-
	61,588	54,755	-	-
Other receivables:				
- Unrelated parties	7,482	5,738	62	10
- Allowance for impairment	(62)	(64)	-	-
	7,420	5,674	62	10
- Subsidiaries	-	-	66,321	48,069
	7,420	5,674	66,383	48,079
	69,008	60,429	66,383	48,079

The currency profile of trade and other receivables is as follows:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Euro	19,147	16,686	-	-
Ringgit Malaysia	17,574	9,419	66,383	48,079
Thai Baht	10,119	7,250	-	-
US Dollar	21,975	27,044	-	-
Other	193	30	-	-
	69,008	60,429	66,383	48,079

Notes to the FINANCIAL STATEMENTS

For the financial year ended 30 September 2017

7. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade Receivables

Trade receivables are unsecured, non-interest bearing and generally on 30 to 90 day terms.

The movements in allowance for impairment are as follows:-

	2017 RM'000	Group 2016 RM'000
Balance at 1 October 2016/2015	272	9
Impairment loss recognised	-	277
Impairment loss reversed	(108)	-
Impairment loss written off	-	(14)
Balance at 30 September	164	272

All the above impairment losses were individually determined after considering the adverse financial conditions of the debtors who have defaulted/delayed in payments.

The ageing analysis of trade receivables not impaired is as follows:-

	2017 RM'000	Group 2016 RM'000
Not past due	46,119	43,049
Past due 1 to 30 days	11,020	9,619
Past due 31 to 120 days	4,136	1,579
Past due more than 120 days	313	508
	61,588	54,755

Trade receivables that are neither past due nor impaired mainly relate to creditworthy customers who have regular transactions and good payment records with the Group.

Management determines credit risk concentrations in terms of counterparties and geographical areas. As at 30 September 2017, there were 3 (2016 - 2) major customers that accounted for approximately 10% or more of the Group's trade receivables and the total outstanding balances due from these major customers amounted to RM30,592,578 (2016 - RM18,505,153).

Notes to the FINANCIAL STATEMENTS

For the financial year ended 30 September 2017

7. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade Receivables (Cont'd)

The credit risk concentration profile by geographical areas of trade receivables is as follows:-

	Group	
	2017 RM'000	2016 RM'000
Belgium	2,486	2,787
China	5,424	5,577
Hong Kong	707	949
Japan	2,155	1,542
Malaysia	10,418	7,642
Mexico	2,024	1,516
Poland	6,887	6,466
Thailand	28,644	26,056
United States of America	1,210	1,580
Others	1,633	640
	61,588	54,755

Other Receivables

Other receivables are unsecured and non-interest bearing. The amounts owing by subsidiaries are repayable on demand. The amounts owing by unrelated parties mainly consist of advances and refundable deposits which have no fixed repayment terms.

The movements in allowance for impairment are as follows:-

	Group	
	2017 RM'000	2016 RM'000
Balance at 1 October 2016/2015	64	-
Impairment loss recognised	-	68
Impairment loss reversed	(2)	-
Impairment written off	-	(4)
Balance at 30 September	62	64

All the above impairment losses were individually determined after considering the adverse financial conditions of the debtors who have defaulted/delayed in payments.

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8. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Term deposits with licensed banks (fixed rate)	57,660	20,418	56,552	16,018
Cash and bank balances	28,699	21,439	9,839	5,899
	86,359	41,857	66,391	21,917

The effective interest rates of term deposits as at the end of reporting period ranged from 1.00% to 3.50% (2016 - 2.05% to 3.12%) per annum.

The currency profile of cash and cash equivalents is as follows:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Euro	2,066	3,838	-	-
Ringgit Malaysia	78,330	31,338	66,391	21,917
Thai Baht	4,877	1,932	-	-
US Dollar	1,012	4,625	-	-
Others	74	124	-	-
	86,359	41,857	66,391	21,917

9. SHARE CAPITAL

	No. of Ordinary Shares ('000)	RM'000
<u>Authorised:-</u>		
Balance at 1 October 2015 ^(a) / 30 September 2016 ^(a)	1,000,000	500,000
Cancellation upon implementation of the Companies Act 2016	(1,000,000)	(500,000)
Balance at 30 September 2017	-	-
<u>Issued and fully paid:-</u>		
Balance at 1 October 2015 ^(a) / 30 September 2016 ^(a)	270,419	135,209
Issuance of shares pursuant to:		
- Employees' Share Option Scheme	1,577	1,262
- Conversion of warrants	31,809	31,809
- Private placement	26,829	29,512
Transfer from share premium upon implementation of the Companies Act 2016	-	1
Balance at 30 September 2017 ^(b)	330,634	197,793

^(a) Ordinary shares of RM0.50 each

^(b) Ordinary shares with no par value

Notes to the FINANCIAL STATEMENTS

For the financial year ended 30 September 2017

9. SHARE CAPITAL (CONT'D)

Pursuant to Section 74 of the Companies Act 2016, all shares issued before or upon the commencement of the Act of 31 January 2017 shall have no par value. Accordingly, the amount standing to the credit of share premium has been transferred to share capital.

The shareholders of the Company, by a resolution passed at the Extraordinary General Meeting held on 16 April 2012, approved the Company's plan to purchase its own shares. The details of the shares purchased from the open market using internally generated funds and held as treasury shares are as follows:-

	2017		2016	
	Number of shares	RM'000	Number of shares	RM'000
Balance at 1 October 2016/2015	(1,772)	(2,244)	(1,772)	(2,244)
Shares reissued	1,772	2,244	-	-
Balance at 30 September	-	-	(1,772)	(2,244)

During the financial year, by a resolution passed at the Extraordinary General Meeting held on 23 February 2017, approved the Company's Long Term Incentive Plan comprising the ESOS and Executive Share Grant Scheme. The ESOS became effective on 24 February 2017.

The principal features of the ESOS are as follows:

- (i) At any point of time when the offer is made, the maximum number of shares to be issued under the ESOS shall not exceed 15 % of the total issued and fully paid-up share capital of the Company during the duration of the ESOS.
- (ii) An employee (including executive directors) of the Group shall be eligible to participate in the ESOS if, as at the date of offer, the employee is at least 18 years of age and has been confirmed and serving on a full time basis.
- (iii) All non-executive directors who have been appointed to the board shall be eligible to participate in the ESOS in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad and subject to the Article of Association of the Company.
- (iv) The ESOS shall be valid for a duration of 5 years from the effective date.
- (v) The exercise price shall be determined based on the weighted average market price of shares for the 5 market days immediately preceding the date of offer with a discount of not more than 10%.
- (vi) The employees' entitlement to the options is vested upon acceptance of the offer by the grantee, which shall be no later than 30 days from the date of offer.
- (vii) The new shares to be allotted and issued upon exercise of any options granted under the scheme will, upon allotment and issuance, rank pari passu in all respects with the existing shares and paid-up shares in the Company, save and except that the new shares so allotted and issued will not be entitled to any right, dividend, allotment and/or distribution declared, made or paid, the entitlement date of which precedes the date of exercise of the options.

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9. SHARE CAPITAL (CONT'D)

The movements in the number of options during the financial year are as follows:-

	Number of Options Over Ordinary Shares	Weighted Average Exercise Price RM	Weighted Average Share Price RM	Weighted Average Remaining Contractual Life
As at 1 October 2016	-	-		
Granted	3,509,100	0.80		
Exercised	(1,577,100)	0.80	1.18	
Outstanding at 30 September 2017	1,932,000	0.80		4.4 years
Exercisable at 30 September 2017	1,932,000			
Grant date				27.2.2017
Fair value at grant date (RM)				0.36

The fair value of share options granted since the effective date of the ESOS are measured using the Black Scholes Model with the following inputs:-

Weighted average share price (RM)	0.88
Exercise price (RM)	0.80
Expected volatility (%)	45.25
Option life (years)	4.4
Expected dividends (%)	2.26
Risk-free interest rate (%)	3.69

The expected volatility reflects the assumption that historical volatility is indicative of future trends but may not necessarily be the actual outcome. No other features of the share options granted were incorporated into the measurement of fair value.

Notes to the FINANCIAL STATEMENTS

For the financial year ended 30 September 2017

10. LOANS AND BORROWINGS

Group	2017 RM'000	2016 RM'000
<u>Secured</u>		
Hire purchase payables (fixed rate)	406	3,161
Term loans (floating rate)	7,684	16,831
<u>Unsecured</u>		
Banker acceptances (fixed rate)	3,227	216
	11,317	20,208
Disclosed as:		
- Current liabilities	9,105	13,132
- Non-current liabilities	2,212	7,076
	11,317	20,208

Hire purchase payables are secured against the assets acquired thereunder (Note 4). Other secured term loans are secured against certain property, plant and equipment (Note 4).

The effective interest rates of loans and borrowings as at 30 September 2017 ranged from 6.54% to 6.79% (2016 - 6.50% to 6.96%) per annum.

Except for hire purchase payables and term loans, loans and borrowings are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

Hire Purchase Payables

Hire purchase payables are repayable over 3 to 4 years. The repayment analysis is as follows:-

	2017 RM'000	2016 RM'000
Minimum hire purchase payments:		
- Within 1 year	198	3,127
- Later than 1 year and not later than 2 years	72	125
- Later than 2 years and not later than 5 years	181	-
Total contractual undiscounted cash flows	451	3,252
Future finance charges	(45)	(91)
Present value of hire purchase payables:		
- Within 1 year	180	3,037
- Later than 1 year and not later than 2 years	59	124
- Later than 2 years and not later than 5 years	167	-
	406	3,161

The fair values of hire purchase payables are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2). The fair values measured are considered to be reasonably close to the carrying amounts reported as the observable current market interest rates also approximate to the effective interest rates of hire purchase payables.

Notes to the FINANCIAL STATEMENTS

For the financial year ended 30 September 2017

10. LOANS AND BORROWINGS (CONT'D)

Term Loans

Term loans are repayable over 2 years. The repayment analysis is as follows:-

	2017 RM'000	2016 RM'000
Gross loan instalments:		
- Within 1 year	6,114	10,843
- Later than 1 year and not later than 2 years	2,119	7,192
- Later than 2 years and not later than 5 years	-	3,189
Total contractual undiscounted cash flows	8,233	21,224
Future finance charges	(549)	(4,393)
Present value of term loans:		
- Within 1 year	5,698	9,879
- Later than 1 year and not later than 2 years	1,986	4,927
- Later than 2 years and not later than 5 years	-	2,025
	7,684	16,831

The fair values of term loans are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2). The fair values measured are considered to be reasonably close to the carrying amounts reported as the observable current market interest rates also approximate the effective interest rates of term loans.

11. DEFERRED TAX LIABILITIES

Group	2017 RM'000	2016 RM'000
Balance at 1 October 2016/2015	15,886	5,851
Deferred tax (income)/expense relating to origination and reversal of temporary differences	(1,615)	267
Deferred tax income relating to change in tax rate	-	(662)
Deferred tax liabilities (over)/under provided in the prior year	(116)	10,430
Balance at 30 September	14,155	15,886
In respect of deductible/(taxable) temporary differences of:		
- Inventories	11	-
- Financial instruments	147	(1,334)
- Property, plant and equipment	(14,313)	(14,552)
	(14,155)	(15,886)

Notes to the FINANCIAL STATEMENTS

For the financial year ended 30 September 2017

12. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade payables	12,915	8,094	-	-
Other payables:				
- Subsidiaries	-	-	2,248	2,257
- Unrelated parties	26,741	10,941	525	454
	26,741	10,941	2,773	2,711
	39,656	19,036	2,773	2,711

The currency profile of trade and other payables is as follows:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Japanese Yen	7,167	-	-	-
Ringgit Malaysia	25,616	13,115	2,773	2,711
Thai Baht	3,732	2,221	-	-
US Dollar	2,516	3,205	-	-
Others	625	495	-	-
	39,656	19,036	2,773	2,711

Trade and other payables are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

Trade Payables

Trade payables are unsecured, non-interest bearing and generally on 30 to 90 day terms.

Other Payables

Other payables are unsecured and non-interest bearing. The amount owing to subsidiaries is repayable on demand. The amounts owing to unrelated parties mainly consist of sundry payables for acquisition of plant and equipment, and accruals for operating expenses which are generally due within 30 to 90 days.

13. REVENUE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sale of goods	275,232	230,707	-	-
Dividend income	-	-	15,305	3,686
Management fee	-	-	6,240	6,240
	275,232	230,707	21,545	9,926

Notes to the FINANCIAL STATEMENTS

For the financial year ended 30 September 2017

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14. PROFIT BEFORE TAX

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit before tax is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- Current financial year	229	219	63	60
- Previous financial year	10	33	10	5
Depreciation of property, plant and equipment	33,735	34,620	83	84
Employee benefits expense:				
- Directors' remuneration:				
- Fee	216	216	216	216
- Other short-term employee benefits	5,441	4,901	5,441	4,901
- Defined contribution plans	616	593	616	593
- Share-based payments	471	-	471	-
- Other employees:				
- Short-term employee benefits	44,673	38,625	535	404
- Defined contribution plans	1,620	1,351	65	60
- Share-based payments	777	-	26	-
Impairment loss on loans and receivables	-	345	-	-
Interest expense for financial liabilities not at fair value through profit or loss	923	1,842	-	42
Unrealised loss on foreign exchange	988	-	-	-
Property, plant and equipment written off	670	-	-	-
Rental of premises	1,605	1,779	-	-
Compensation from a director	-	(3,698)	-	-
Dividend income from a subsidiary	-	-	(15,305)	(3,686)
Gain on disposal of plant and equipment	(1,311)	(178)	-	-
Gain on foreign exchange:				
- Realised	(6,009)	(3,129)	-	(200)
- Unrealised	-	(1,579)	-	-
Interest income for financial assets not at fair value through profit or loss	(1,316)	(524)	(1,086)	(288)
Plant and equipment written off	(670)	-	-	-
Reversal of impairment loss on loans and receivables	(110)	-	-	-
Reversal of inventories written down	-	(13)	-	-
Waiver of debts from trade payables	-	(52)	-	-

Notes to the FINANCIAL STATEMENTS

For the financial year ended 30 September 2017

15. TAX EXPENSE/(INCOME)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Tax based on results for the year:				
- Malaysian income tax	3,560	1,641	-	40
- Deferred tax	(1,615)	(395)	-	-
	1,945	1,246	-	40
Tax (over)/under provided in prior year:				
- Malaysian income tax	(412)	404	(40)	(7)
- Deferred tax	(116)	10,430	-	-
Tax expense/(income)	1,417	12,080	(40)	33

The numerical reconciliation between the applicable tax rate, which is the statutory income tax rate, and the average effective tax rate on results for the year is as follows:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit before tax	14,375	17,757	13,937	3,702
Tax at the statutory tax rate of 24%	3,450	4,262	3,345	888
Tax incentives claimed	(661)	-	-	-
Non-deductible expenses	513	451	328	108
Non-taxable income	(834)	(1,806)	(3,673)	(956)
Decrease in unrecognised deferred tax assets	-	(23)	-	-
Effect of differential in tax rates	(1,284)	-	-	-
Deferred tax income relating to change in tax rate	-	(662)	-	-
Tax (over)/under provided in prior year:				
- Malaysian income tax	(412)	404	(40)	(7)
- Deferred tax	(116)	10,430	-	-
Others	761	(976)	-	-
Tax expense/(income)	1,417	12,080	(40)	33

Notes to the FINANCIAL STATEMENTS

For the financial year ended 30 September 2017

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16. EARNINGS PER SHARE

Group

The earnings per share is calculated by dividing the Group's profit for the financial year by the weighted average number of ordinary shares in issue during the financial year as follows:-

	2017	2016
Profit for the financial year (RM'000)	12,958	5,677
Number of shares in issue at 1 October 2016/2015 ('000)	270,419	270,419
Effect of purchase of own shares and held as treasury shares ('000)	-	(2,150)
Effect of share reissued ('000)	966	-
Effect of shares issued pursuant to: ('000)		
- ESOS	661	-
- Conversion of warrants	13,534	-
- Private placement	12,055	-
Weighted average number of shares for computing basic earnings per share ('000)	297,635	268,269
Number of shares under ESOS deemed to have been issued for no consideration ('000)	414	-
Weighted average number of shares for computing diluted earnings per share ('000)	298,049	268,269
Basic earnings per share (sen)	4.35	2.12 ^(a)
Diluted earnings per share (sen)	4.34	2.12 ^(a)

^(a) The diluted earnings per share equals the basic earnings per share as the Company did not have any dilutive potential ordinary shares during the financial year.

Notes to the FINANCIAL STATEMENTS

For the financial year ended 30 September 2017

17. DIVIDENDS

Group and Company

	2017 RM'000	2016 RM'000
Interim single tier tax-exempt dividend on 1 sen per share in respect of the financial year ended 30 September 2016	2,683	-
Final single tier tax-exempt dividend on 1 sen per share in respect of the financial year ended 30 September 2016	2,683	-
First interim single tier tax-exempt interim dividend on 0.75 sen per share in respect of the financial year ended 30 September 2017	2,320	-
Second interim single tier tax-exempt dividend of 0.75 sen per share in respect of the financial year ended 30 September 2017	2,479	-
Special interim single tier tax-exempt interim dividend of 0.75 sen per share in respect of the financial year ended 30 September 2017	2,479	-
Third interim single tier tax-exempt dividend of 0.75 sen per share in respect of the financial year ended 30 September 2017	2,480	-
	15,124	-

18. PURCHASE OF PLANT AND EQUIPMENT

	2017 RM'000	Group 2016 RM'000
Cost of property, plant and equipment purchased	48,621	11,971
Amount financed through hire purchase	(362)	-
Net cash disbursed	48,259	11,971

19. RELATED PARTY DISCLOSURES

Significant transactions with related parties during the financial year are as follows:-

	2017 RM'000	Group 2016 RM'000	2017 RM'000	Company 2016 RM'000
Other key management personnel compensation:				
- Short-term employee benefits	2,757	2,167	206	195
- Defined contribution plan	233	209	28	25
- Shared-based payments	155	-	10	-
	3,145	2,376	244	220
Dividends received from subsidiaries	-	-	15,305	3,686
Management fees charged to subsidiaries	-	-	6,240	6,240
Rental of premises to other related party ^(a)	60	80	-	-

^(a) Being a company connected with a director

Notes to the FINANCIAL STATEMENTS

For the financial year ended 30 September 2017

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20. SEGMENT REPORTING

Group

Operating Segments

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the manufacture of high volume precision components and tools including design, other related activities and incidental services.

Geographical Information

In presenting information about geographical areas, segment revenue is based on the geographical location of customers whereas segment assets are based on the geographical location of assets.

	External Revenue		Non-current Assets	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Belgium	11,553	10,536	-	-
China	27,653	19,114	-	-
Hong Kong	4,002	3,029	-	-
Japan	7,391	6,403	-	-
Malaysia	49,481	37,103	168,051	158,598
Mexico	5,750	4,355	-	-
Poland	31,316	26,177	-	-
Thailand	129,523	116,953	49,974	47,693
United States of America	5,352	5,606	-	-
Others	3,211	1,431	-	-
	275,232	230,707	218,025	206,291

Major Customers

The major customers that contributed 10% or more of the Group's total revenue are as follows:-

	External Revenue	
	2017	2016
	RM'000	RM'000
Customer I ^(a)	55,304	48,105
Customer II ^(a)	38,140	23,999
Customer III ^(a)	31,316	26,177

^(a) The identity of the major customer has not been disclosed as permitted by MFRS 8 Operating Segments.

Notes to the FINANCIAL STATEMENTS

For the financial year ended 30 September 2017

21. COMMITMENT FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

Group

	2017 RM'000	2016 RM'000
Contracted but not provided for	5,569	2,294

22. FINANCIAL GUARANTEE CONTRACTS

Company

The Company has entered into financial guarantee contracts to provide financial guarantees to financial institutions for credit facilities granted to certain subsidiaries up to a total limit of approximately RM96,500,000 (2016 - RM96,500,000). The total utilisation of these credit facilities as at 30 September 2017 amounted to approximately RM8,090,000 (2016 - RM18,609,000).

The aforementioned financial guarantee contracts should have been recognised in the statement of financial position in accordance with the recognition and measurement policies as stated in Note 2.8. After considering that the probability of the subsidiaries defaulting on the credit lines is remote, the financial guarantee contracts have not been recognised as the fair values on initial recognition are not expected to be material.

23. FINANCIAL RISK MANAGEMENT

The activities of the Group expose it to certain financial risks, including credit risk, liquidity risk, currency risk and interest rate risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

Credit Risk

The Group's exposure to credit risk arises mainly from receivables and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statement of financial position. The Company is also exposed to credit risk in respect of its financial guarantees provided for credit facilities granted to certain subsidiaries. The maximum credit risk exposure of these financial guarantees is the total utilisation of the credit facilities granted as disclosed in Note 22.

As the Group only deals with reputable financial institutions, the credit risk associated with deposits placed with them is minimal. The Group manages its credit risk exposure of receivables by assessing counterparties' financial standings on an ongoing basis, setting and monitoring counterparties' limits and credit terms.

Liquidity Risk

The Group's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due. The remaining contractual maturities of financial liabilities are disclosed in their respective notes.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

Notes to the FINANCIAL STATEMENTS

For the financial year ended 30 September 2017

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23. FINANCIAL RISK MANAGEMENT (CONT'D)

Currency Risk

The Group's exposure to currency risk arises mainly from transactions entered into by individual entities within the Group in currencies other than their functional currencies. The major functional currencies within the Group are Ringgit Malaysia ("RM") and Thai Baht ("THB") whereas the major foreign currencies transacted are Euro ("EUR"), Japanese Yen ("JPY") and US Dollar ("USD").

The Group observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk. Where necessary, the Group enters into derivative contracts to hedge the exposure. Such exposure is also partly mitigated in the following ways:-

- (i) The Group's foreign currency sales and purchases provide a natural hedge against fluctuations in foreign currencies.
- (ii) The Group maintains part of its cash and cash equivalents in foreign currency accounts to meet future obligations in foreign currencies.

Based on a symmetric basis which uses the foreign currency as a stable denominator, the following table demonstrates the sensitivity of profit or loss to changes in exchange rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Increase/ (Decrease) in Profit 2017 RM'000	Group Increase/ (Decrease) in Profit 2016 RM'000
Appreciation of EUR against RM by 10%	1,612	1,560
Depreciation of EUR against RM by 10%	(1,612)	(1,560)
Appreciation of JPY against RM by 10%	(545)	-
Depreciation of JPY against RM by 10%	545	-
Appreciation of USD against RM by 10%	1,556	2,163
Depreciation of USD against RM by 10%	(1,556)	(2,163)

Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely loans and borrowings.

The Group observes the movements in interest rates and always strives to obtain the most favourable rates available for new financing or during repricing. It is also the Group's policy to maintain a mix of fixed and floating rate financial instruments.

Notes to the FINANCIAL STATEMENTS

For the financial year ended 30 September 2017

23. FINANCIAL RISK MANAGEMENT (CONT'D)

Interest Rate Risk (Cont'd)

As the Group does not account for its fixed rate financial instruments at fair value through profit or loss or as available-for-sale, any change in interest rates at the end of the reporting period would not affect its profit or loss or other comprehensive income. For floating rate financial instruments stated at amortised cost, the following table demonstrates the sensitivity of profit or loss to changes in interest rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group Increase/ (Decrease) in Profit 2017 RM'000	Increase/ (Decrease) in Profit 2016 RM'000
Increase in interest rates by 100 basis points	58	128
Decrease in interest rates by 100 basis points	(58)	(128)

24. CAPITAL MANAGEMENT

The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair return to the shareholders and benefits to other stakeholders. In order to meet this objective, the Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Group considers its total equity and total loans and borrowings to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, purchase own shares, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure.

The Group monitors capital using a debt-to-equity ratio, which is calculated as total loans and borrowings divided by total equity as follows:-

	Group 2017 RM'000	2016 RM'000
Total loans and borrowings	11,317	20,208
Total equity	357,253	289,059
Total capital	368,570	309,267
Debt-to-equity ratio	3%	7%

The aforementioned capital management objective, policies and processes have remained unchanged from the previous financial year.

Notes to the FINANCIAL STATEMENTS

For the financial year ended 30 September 2017

25. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (i) On 20 October 2017, a fire occurred at the Group's main manufacturing plant. The Group is currently conducting remedial and rehabilitation works to its production facility and expects its production to be reinstated to its original operational capacity in due course. The financial impact due to the damage caused by the fire cannot be ascertained with reasonable accuracy as the Group is currently in the midst of ascertaining the extent of the damage with its insurer.

On 5 January 2018, the Group has received an advance claim payment of RM15,000,000 from its insurer.

- (ii) On 12 December 2017, the Company proposed an issue of up to 34,309,315 free warrants on the basis of 1 warrant for every 10 existing ordinary shares. The said proposal is pending for approval from the authority.

List of PROPERTIES

Held as at 30 September 2017

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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	13	26 February 2004	7,653	Freehold	477,961
Address: No.11, Jalan Teruntum 20 KU/08, Jalan Teratai, Batu 5 1/2, Jalan Meru, 41050 Klang					
1 1/2 Storey Semi-Detached Light Industrial Factory held under HS(M) No.22230, PT No.27967, Mukim Kapar, Daerah Klang	13	26 February 2004	7,653	Freehold	477,960
Address: No.11A, Jalan Teruntum 20 KU/08, Jalan Teratai, Batu 5 1/2, Jalan Meru, 41050 Klang					
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	12	10 August 2006	304,988	Freehold	19,515,470
Address: Lot 6123, Jalan Haji Salleh, Batu 5 1/2, Jalan Meru, 41050 Klang, Selangor					
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	20	02 October 2009	262,937	Freehold	18,120,615
Address: No.1/48, Rojana Industrial Park Moo 5, Tambol Kanham, Amphur U-Thai. Pranakorn Sri Ayutthaya, 13210, Thailand					
1 1/2 Storey light industrial factory held under HS(M) 19366, PT24011, Mukim Kapar, Daerah Klang	21	28 January 2010	1,959	Freehold	180,445
Address: No.31, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor					
1 1/2 Storey light industrial factory held under HS(M) 19373, PT24018, Mukim Kapar, Daerah Klang	21	28 January 2010	1,970	Freehold	180,445
Address: No.45, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor					

List of PROPERTIES

Held as at 30 September 2017

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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 Address: No.47, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor	21	28 January 2010	1,970	Freehold	180,444
1 1/2 Storey light industrial factory held under HS(M) 19375, PT24020, Mukim Kapar, Daerah Klang Address: No.49, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor	21	28 January 2010	1,970	Freehold	180,444
1 1/2 Storey light industrial factory held under HS(M) 19376, PT24021, Mukim Kapar, Daerah Klang Address: No.51, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor	21	28 January 2010	3,197	Freehold	360,889
2 Storey Office Building with Factory Building held under HS(D)No.22776 PT No.10644, Mukim Kapar, Daerah Klang Address: Lot 6123, Jalan Haji Salleh, Batu 5 1/2, Jalan Meru, 41050 Klang, Selangor	21	29 April 2010	108,931	Freehold	3,677,170
1 1/2 Storey light industrial factory held under HS(M) 19372, PT24017, Mukim Kapar, Daerah Klang Address: No.43 Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor	21	08 February 2012	1,970	Freehold	212,878
1 Storey Factory with a 2 Storey Office held under HS(D)No.135933, PT No.52829, Mukim Kapar, Daerah Klang Address: Lot 6071, Jalan Haji Manan, Batu 5 1/2, Off Jalan Meru, 41050 Klang, Selangor	25	13 March 2012	283,952	Freehold	17,507,217

List of PROPERTIES

Held as at 30 September 2017

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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	10	08 October 2012	3,337	Freehold	184,848
Address: Lot 35141, Jalan Haji Manan, Batu 5 1/2, Off Jalan Meru, 41050 Klang, Selangor					
1 Storey Linked Terrace Industrial Lot held under Geran 92798, Mukim Kapar, Daerah Klang	10	08 October 2012	3,337	Freehold	184,848
Address: Lot 35147, Jalan Haji Manan, Batu 5 1/2, Off Jalan Meru, 41050 Klang, Selangor					
1 Storey Linked Terrace Industrial Lot held under Geran 92800, Mukim Kapar, Daerah Klang	10	08 October 2012	3,337	Freehold	184,848
Address: Lot 35149, Jalan Haji Manan, Batu 5 1/2, Off Jalan Meru, 41050 Klang, Selangor					
1 Storey Linked Terrace Industrial Lot held under Geran 92801, Mukim Kapar, Daerah Klang	10	08 October 2012	3,337	Freehold	184,848
Address: Lot 35150, Jalan Haji Manan, Batu 5 1/2, Off Jalan Meru, 41050 Klang, Selangor					
1 Storey Industrial Lot, Sri Ayutthaya, Thailand	23	11 August 2016	92,311	Freehold	3,089,560
Address: 63 Tambon Thanu, Amphur Uthai, Pra Nakhon Sri Ayutthaya Province, Thailand					

Analysis of Shareholdings

As at 29 December 2017

SHAREHOLDINGS

Issued Share Capital	:	RM197,791,841.50 comprising 330,633,853 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	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
Number of shareholders	:	6,388

ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	950	14.871	40,364	0.012
100 - 1,000	544	8.515	287,481	0.086
1,001 - 10,000	2,747	43.002	15,389,668	4.654
10,001 - 100,000	1,848	28.929	61,027,069	18.457
100,001 - 16,531,691 (*)	296	4.633	188,806,862	57.104
16,531,692 and above (**)	3	0.046	65,082,409	19.684
Total:	6,388	100.000	330,633,853	100.000

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

DIRECTORS' SHAREHOLDINGS

ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 29 DECEMBER 2017

Name	No. of Shares held as at 29 December 2017			
	Direct	%	Indirect	%
Thoo Chow Fah	12,082,534	3.654	855,308*	0.259
Choo Wing Hong	31,830,326	9.627	-	-
Choo Wing Onn	26,547,844	8.029	-	-
Lee Tian Yoke	12,117,631	3.665	-	-
Choo Wing Yew	5,960,725	1.803	-	-
Saw Tat Loon	-	-	-	-
Yike Chee Wah	-	-	-	-
Anita Chew Cheng Im	-	-	-	-

Note:

* Deemed interested in shares held by his spouse, Choo Wai Sook, pursuant to Section 59(11)(c) of the Companies Act 2016.

Analysis of Shareholdings

As at 29 December 2017

SUBSTANTIAL SHAREHOLDERS

ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 29 DECEMBER 2017

Name	No. of Shares held as at 29 December 2017			
	Direct	%	Indirect	%
Choo Wing Hong	31,830,326	9.627	-	-
Choo Wing Onn	26,547,844	8.029	-	-
Nikon Corporation	25,328,562	7.661	-	-
Lembaga Tabung Haji	18,965,003	5.736	-	-

LIST OF TOP 30 SHAREHOLDERS

No.	Name	Holdings	%
1.	HSBC Nominees (Asing) Sdn Bhd Exempt an for Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	25,328,562	7.661
2.	Choo Wing Onn	22,419,844	6.781
3.	Lembaga Tabung Haji	17,334,003	5.243
4.	Lee Tian Yoke	12,117,631	3.665
5.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Choo Wing Hong	12,000,000	3.629
6.	Choo Wing Hong	11,154,326	3.374
7.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Fong Siling (CEB)	9,380,000	2.837
8.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Choo Wing Hong (8095431)	6,676,000	2.019
9.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Thoo Chow Fah	5,500,000	1.663
10.	Choo Wing Leong	4,687,550	1.418
11.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chong Moo Ling	4,634,300	1.402
12.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Choo Wing Onn	4,128,000	1.249
13.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Thoo Chow Fah	3,900,000	1.180
14.	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Choo Wing Yew (471952)	3,806,000	1.151
15.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	3,397,200	1.027

Analysis of Shareholdings

As at 29 December 2017

NOTION VTEC BERHAD 637546-D

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LIST OF TOP 30 SHAREHOLDERS (CONT'D)

No.	Name	Holdings	%
16.	Chin Chin Seong	3,200,000	0.968
17.	Thoo Chow Fah	2,682,534	0.811
18.	Chin Chin Seong	2,600,000	0.786
19.	Ng Boo Kean @ Ng Beh Kian	2,489,700	0.753
20.	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koay Kee Lek (B Tinggi-CL)	2,400,000	0.726
21.	Choo Wing Yew	2,154,725	0.652
22.	Chor Wan Yoke	2,074,000	0.627
23.	Public Invest Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chong Moo Ling (M)	2,057,300	0.622
24.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chang Seng Kooi (KLC/KAF)	2,010,000	0.608
25.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Choo Wing Hong	2,000,000	0.605
26.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Lim Guat Kee (MM0666)	1,925,900	0.582
27.	Citigroup Nominees (Tempatan) Sdn Bhd Kenanga Islamic Investors Bhd for Lembaga Tabung Haji	1,631,000	0.493
28.	CIMB Islamic Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Bhd for BIMB I Dividend fund	1,630,000	0.493
29.	Yee Kok Leong	1,600,900	0.484
30.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Hong Leong Sea-5 Equity Fund (412383)	1,525,000	0.461
	Total	178,444,475	53.970

Additional COMPLIANCE

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 2016 so as to give a true and fair view of the state of affairs of the Group and the Company as at 30 September 2017 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 2016. 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/payable by the Group to external auditors or company affiliated to the external auditor's firm for the financial year ended 30 September 2017 are as follows:-

	Company (RM)	Group (RM)
Audit services rendered	63,000	229,000
Non-audit services rendered	95,000	143,100

Note: The non-audit services were mainly paid to Crowe Horwath KL Tax Sdn Bhd for advice relating to tax matters.

UTILISATION OF PROCEEDS

The Company raised an amount of RM29.51 million from a private placement exercise which was completed on 20 April 2017 which has been fully utilised.

LONG TERM INCENTIVE PLAN ("LTIP")

During the financial year under review, the Company established the LTIP comprising the ESOS and ESGS and granted 3,509,100 options pursuant to the LTIP. The LTIP shall be in force for a period of five (5) years from the effective date of 24 February 2017.

A detailed breakdown of the allocation of the options as at 30 September 2017 is as follows:-

- (a) The total number of options granted, exercised and outstanding during the financial year under review:

Number of Options	Grand Total	Directors
Granted	3,509,100	1,325,050
Exercised	1,577,100	400,000
Outstanding	1,932,000	925,000

- (b) Percentage of options applicable to Directors and Senior Management under the LTIP since the commencement of LTIP up to financial year ended 30 September 2017:

Directors and Senior Management	Since the commencement of the LTIP up to financial year ended 30 September 2017
Aggregate maximum allocation	17,558,500
Actual percentage granted	10%

- (c) The table below set out the options granted to Non-Executive Directors during the financial year under review:

Name	Granted	Exercised	Balance
Saw Tat Loon	75,000	-	75,000
Alwin Yike Chee Wah	75,000	-	75,000
Anita Chew Cheng Im	75,000	-	75,000

Pursuant to Paragraph 8.2 of the Listing Requirements, the Non-Executive Directors shall not sell, transfer or assign the new shares obtained through the exercise of the options offered to them within 1 year from the date of offer, 27 February 2017.

Notice of ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourteenth 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 Friday, 23 February 2018 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 2017 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) Choo Wing Onn **(Ordinary Resolution 1)**
 - ii) Anita Chew Cheng Im **(Ordinary Resolution 2)**
3. To approve the payment of Directors’ Fees of RM216,000 for the financial year ended 30 September 2017 and benefits payable of RM26,500 from 31 January 2017 to 30 September 2017. **(Ordinary Resolution 3)**
4. To approve the payment of Directors’ Fees of up to RM250,000 and benefits payable to the Directors of the Company and its subsidiary of up to RM50,000 from 1 October 2017 until the conclusion of the next Annual General Meeting of the Company. **(Ordinary Resolution 4)**
5. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 5)**

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.” **(Ordinary Resolution 6)**
7. **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.” **(Ordinary Resolution 7)**

Notice of ANNUAL GENERAL MEETING

8. **Proposed Renewal of Authority to Allot Shares pursuant to Section 76 of the Companies Act 2016 (“the Act”)**

“**THAT** pursuant to Section 76 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 total number of issued shares of the Company at the time of issue, subject always 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 8)

9. **Proposed Adoption of new Constitution of the Company (“Proposed Adoption”)**

“**THAT** the Company’s existing Memorandum and Articles of Association be deleted in its entirety and that the new Constitution as set out in Circular to Shareholders dated 30 January 2018 be and is hereby adopted as the new Constitution of the Company.

(Special Resolution)

AND THAT the Directors of the Company be and are hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Adoption with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities to give effect to the Proposed Adoption.”

10. To transact any other business for which due notice shall have been given in accordance with the Act.

By Order of the Board

Tai Yit Chan (MAICSA 7009143)

Tan Ai Ning (MAICSA 7015852)

Company Secretaries

Selangor Darul Ehsan

30 January 2018

Notice of ANNUAL GENERAL MEETING

Explanatory Notes on Special Business:

(1) Agenda 1 – To receive the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 340 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) Agenda 6 – 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 judgement 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.

Pursuant to the Malaysian Code on Corporate Governance 2017, the Company would use two-tier voting process in seeking annual shareholders' approval to retain an Independent Director beyond twelve years. The Board received performance evaluation of him and he was found to be effective in his role and he has given time commitment to attend the Company's Board meetings and performance of duties. The Board recommends that you support the resolution for the Director to continue office.

(3) Agenda 7 – 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 judgement 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;

Notice of ANNUAL GENERAL MEETING

- 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.

(4) **Agenda 8 – Proposed Renewal of Authority to Allot Shares pursuant to Section 76 of the Act**

The Company had, during its Thirteenth Annual General Meeting held on 23 February 2017, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 76 of the Act. As at the date of this Notice, the Company had issued 26,829,000 new ordinary shares at the subscription price of RM1.10 per share pursuant to this mandate obtained. The proceeds of RM29,511,900.00 raised from the private placement would be utilised as capital expenditure, working capital and defrayment of expenses incidental to the private placement.

The proposed Ordinary Resolution 8 is a renewal of the general mandate for issuance of shares by the Company under Section 76 of the Act. The mandate, 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 total number of issued shares of the Company 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.

(5) **Agenda 9 – Proposed Adoption of new Constitution of the Company**

The Special Resolution, if passed, shall streamline the Constitution of the Company to be aligned with the new Companies Act 2016 which came into force on 31 January 2017, the updated provision of the Listing Requirements of Bursa Malaysia Securities Berhad, and prevailing statutory and regulatory requirements as well as to render clarity and consistency throughout. Details of which as set out in the Circular to Shareholders dated 30 January 2018.

- (6) Alwin Yike Chee Wah who is retiring pursuant to Article 69 of the Articles of Association of the Company has expressed his intention not to seek for re-election. Hence, he will retire upon the conclusion of the 14th AGM.

Notice of ANNUAL GENERAL MEETING

Notes:

- (1) Pursuant to Paragraph 8.29A of the Listing Requirements, voting at General Meeting will be conducted by poll rather than show of hands. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.
- (2) 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.
- (3) 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.
- (4) 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.
- (5) 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 office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, Tricor's Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time for holding the meeting.
- (6) 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 15 February 2018 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.

Proxy FORM

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 Fourteenth Annual General Meeting of the Company to be held at Première Hotel, Bandar Bukit Tinggi 1/KS6,
Jalan Langat, 41200 Klang, Selangor Darul Ehsan, Malaysia on Friday, 23 February 2018 at 9.30 a.m. or at any adjournment thereof and to vote as indicated below:-

Resolutions			For	Against
1	To re-elect Choo Wing Onn as Director.	Ordinary Resolution 1		
2	To re-elect Anita Chew Cheng Im as Director.	Ordinary Resolution 2		
3	To approve the payment of Directors' Fees for the financial year ended 30 September 2017 and benefits payable from 31 January 2017 to 30 September 2017.	Ordinary Resolution 3		
4	To approve the payment of Directors' Fees and benefits payable of the Company and its subsidiary from 1 October 2017 until the conclusion of the next Annual General Meeting of the Company.	Ordinary Resolution 4		
5	To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 5		
6	Special Business Authority for Saw Tat Loon to continue in office as Independent Non-Executive Director.	Ordinary Resolution 6		
7	Special Business Authority for Anita Chew Cheng Im to continue in office as Independent Non-Executive Director.	Ordinary Resolution 7		
8	Special Business Proposed Renewal of Authority to Allot Shares pursuant to Section 76 of the Companies Act 2016.	Ordinary Resolution 8		
9	Special Business To approve the Proposed Adoption of new Constitution 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 _____ 2018

Signature of Shareholder or Common Seal

Contact No. _____

NOTES:

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- 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 office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, Tricor's Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time for holding the meeting.
- 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 15 February 2018 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 30 January 2018.

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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

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NOTION VTEC BERHAD 637546-D

Lot 6123, Jalan Haji Salleh, Batu 5 1/2,
Jalan Meru, 41050 Klang, Selangor Darul Ehsan,
Malaysia

www.notionvtec.com