

NOTIONVTEC

NOTION VTEC BERHAD

(Company No.637546-D)

(Incorporated in Malaysia under the Companies Act, 1965)



Annual Report **2018**



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


Fifteenth Annual General Meeting

PLACE

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

TIME

9.30 am, Wednesday,
6th March 2019



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Corporate Information

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

Dato' Abu Bakar Bin Mohd Nor
Independent Non-Executive Director

Anita Chew Cheng Im
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Saw Tat Loon (Chairman)
Dato' Abu Bakar Bin Mohd Nor
Anita Chew Cheng Im

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

REMUNERATION COMMITTEE

Dato' Abu Bakar Bin Mohd Nor (Chairman)
Saw Tat Loon
Anita Chew Cheng Im

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 Malaysia PLT 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

NOMINATION COMMITTEE

Anita Chew Cheng Im (Chairperson)
Dato' Abu Bakar Bin Mohd Nor
Saw Tat Loon

PRINCIPAL BANKERS

Standard Chartered Bank Malaysia Berhad
Level 16, Menara Standard Chartered
30 Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : (603) 2781 7013
Fax : (603) 2142 8933

HSBC Bank Malaysia Berhad
2, Jalan Tiara 2A, Bandar Baru Klang
41150 Klang, Selangor Darul Ehsan
Tel : (603) 3343 6111
Fax : (603) 3344 4249

Hong Leong Islamic Bank Berhad
Level 1, Wisma Hong Leong
18 Jalan Perak, 50450 Kuala Lumpur
Tel : (603) 2164 3939
Fax : (603) 2161 1278

STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad

Shares

Stock Name : Notion
Stock Code : 0083

Warrants

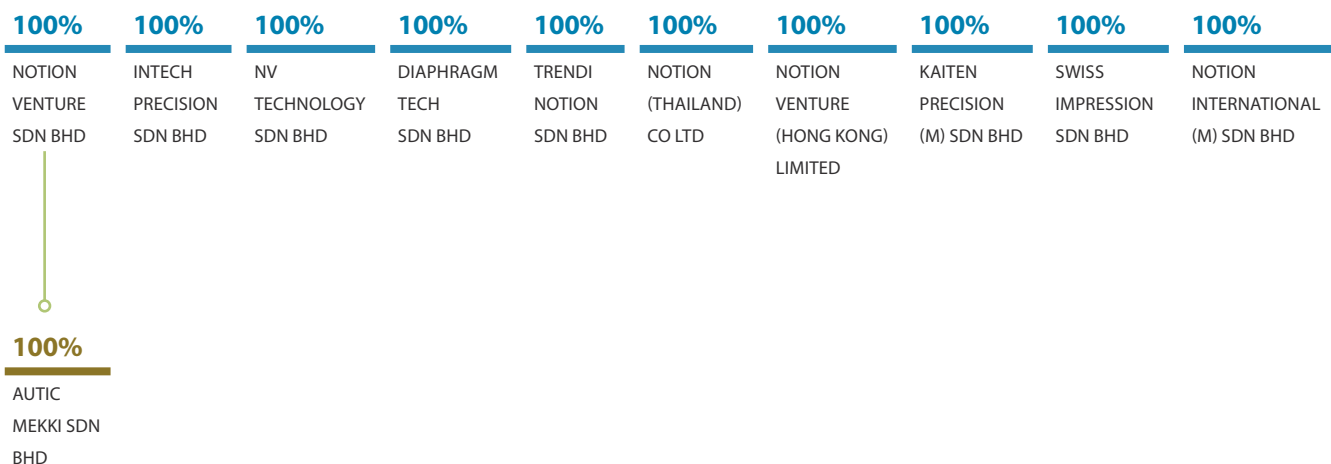
Stock Name : Notion-WC
Stock Code : 0083WC

Corporate Structure

NOTIONVTEC

NOTION VTEC BERHAD

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



Financial Highlights

The table below sets out a summary of the audited consolidated results of the Notion Group for the financial years ended 30 September 2014 to 2018:

		2018	2017	2016	2015	2014
Revenue	(RM'000)	255,946	275,232	230,707	239,730	193,944
Profit/(Loss) before Tax	(RM'000)	67,188	14,375	17,757	(10,847)	(34,329)
Profit/(Loss) after Tax	(RM'000)	47,584	12,958	5,677	(13,024)	(27,736)
Profit/(Loss) attributable to owners of the Company	(RM'000)	47,584	12,958	5,677	(13,024)	(27,736)
Earning before interest, taxes, depreciation and amortisation (EBITDA)	(RM'000)	96,826	47,717	53,695	30,606	10,681
No. of shares in issue	(000)	331,596*	297,635*	270,419	270,419	270,418
Net profit/(loss) per share	(Sen)	14.3*	4.4*	2.1	(4.9)	(10.3)

* Based on weighted average paid up share capital.

Management Discussion & 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 on our own freehold land in Meru, Klang and three 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.

Our products can be broken down to three 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

For FY2018, our group recorded a revenue of RM256 million which was approximately 7% lower than previous year profit of RM275 million. Profit after tax of RM47.6 million was higher due to the write back of the insurance claim.

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

	Revenue			
	2018		2017	
	RM'000	%	RM'000	%
HDD	124,276	48.6	110,631	40.2
Automotive	84,760	33.1	94,648	34.4
Engineered Products				
- Camera	24,034	9.4	44,021	16.0
- Others	22,876	8.9	25,932	9.4
Total	255,946	100.0	275,232	100

The financial year started badly for our group when a fire broke out at our main plant in Klang on 20 October 2017. The final material loss claim was finalised at RM159 million of which RM80 million was received in FY2018 and the balance of RM79 million in the first quarter of FY2019. The only outstanding claim is the business interruption loss which has been forwarded to the insurer for its determination and assessment. We expect some conclusion to this claim in the very near future.

Meanwhile, the focus is on the completion of the main factory which is expected to be fully restored by the 2nd half of FY2019. The replacement machinery at the main plant will be the latest and most modern which will put us in a good position for new business opportunities.

For 1Q of FY2018, the Group recorded a revenue of RM58.3 million and Loss After Tax of RM28.9 million. Revenue was 14% lower in the current quarter compared to the preceding quarter mainly attributable to reduction in sale orders following the fire incident. HDD, Automotive and Engineered Product posted lower sales of 4%, 26%, and 14%, respectively. Camera and Automotive sector was the most affected as the products are mainly manufactured in our Klang factories whereas HDD are evenly spread within our facilities in Klang, Johor and Thailand. Our stocks of about two months were useful during this period of shortage in production capacity. Loss after taxation was RM28.9 million compared to RM1.0 million in 4Q17 after providing for write off of plant and equipment and inventories amounting to RM40.7 million and RM8.1 million respectively.

Management Discussion & Analysis

For Q2 of FY2018, the Group recorded a revenue of RM60.4 million and PAT of RM18.0 million. Revenue was 4% higher in the current quarter compared to the preceding quarter. It would have been a better quarter if not for the fire incident at our main plant. For the quarter under review, HDD, Automotive and Other Segment of Engineered Products posted higher sales of 11%, 23% and 17%, respectively as we recover from the low of Q1FY2018. Sales for Cameras were still on a decline but were expected to turn around in the coming quarters with new orders for the replacement models couple with the capacity recovery from the aftermath of the fire incident. Profit after taxation was RM18.0 million in Q2FY2018 compare to a loss of RM28.9 million in Q1FY2018 as the write off of plant, equipment and inventories amounting to RM40.7 million and RM 8.7 million, respectively have been taken up in the preceding quarter.

For Q3 of FY2018, the Group recorded revenue of RM67.3 million and PAT of RM19.2 million. Revenue was 12% higher in the current quarter compared to the preceding quarter. This represents two consecutive quarters of growth following the fire incident. The uncertainty in market conditions is also a drawback as customers turn cautious on their outlook. For the quarter under review, HDD, Automotive and Other Segment of Engineered Products posted higher sales of 11%, 7% and 24%. Despite the higher revenue, margins were low due to higher cost of operations arising from makeshift operations to cope with orders and replacement expenses.

For Q4 of FY2018, the Group recorded revenue of RM70.1 million and PAT of RM36.5 million. Revenue was 4% higher in the current quarter compared to the preceding quarter due mainly to better performance in HDD and Camera segments achieved on the back of higher orders and a stronger USD. Engineered Product also posted higher sales of 28% compared to Q3FY2018.

Despite the higher revenue, margins are still low due to higher costs of operations such as financing cost and amortization of newly acquired machinery and other replacement expenses incurred as we recover from the fire incident. Profit after taxation was RM36.5 million in Q4 FY2018 compared to RM19.1 million in Q3 FY2018. The exceptional profit is due to the insurance claim settlement as explained earlier. In that quarter, an impairment loss of RM21.5 million was made in respect of plant and equipment for certain underperforming business units. We had to write down RM5.4 million worth of inventories due to stock obsolescence.

Our group's net asset value of 408.8 million this financial year is higher than the previous year's 357.3 million. Correspondingly our Group's net asset value per share is RM1.21 as at 30 September 2018.

Borrowings of our Group at 30 September 2018 increased to RM43.9 million compared to RM16.7 million in FY2017.

The cash and equivalent in FY2018 is a healthy 41.86 million.

CORPORATE EXERCISES

We had on 18 December 2017 announced 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 ("Free Warrants Issue").

The Free Warrants Issue in NVB was approved in the Company's Extraordinary General Meeting held on 23 February 2018.

The Board has on 26 February 2018 fixed the exercise price of Warrants at RM0.84 per Warrant.

The Free Warrants Issue has been completed following the listing of and quotation for 33,063,385 Warrants on the Main Market of Bursa Securities on 20 March 2018.

DIVIDEND

No dividend was declared in the earlier quarters as the Board was of the view that we should be conservative due to the fire incident.

However, based on healthier cash position at the financial year end, our Board decided to declare an interim single tier dividend of one sen on 26 November 2018 in respect of the financial year ended 30 September 2018.

We are constantly mindful of the need to strike a balance between conserving resources for expansion and paying regular dividends.

Management Discussion & Analysis

RISKS

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

1. The strength of the USD will bear strongly on the Group's future as an exporter.
2. Over reliance on a few key customers. We have over the last few years started supplying to other customers in different sectors and will actively continue to do so.
3. 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.
4. 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 plants and to establish a core team of relevant leaders to conduct regular monthly review.

OUTLOOK

According to OECD Economic Outlook, November 2018, the global expansion has peaked. Global GDP growth is projected to ease gradually from 3.7% in 2018 to around 3.5% in 2019 and 2020, broadly in line with underlying global potential output growth. In the near term, policy support and strong job growth continue to underpin domestic demand. However, macroeconomic policies are projected to become less accommodative over time, and headwinds from trade tensions, tighter financial conditions and higher oil prices are set to continue.

According to the Ministry of Finance ("MOF") economic outlook 2019 report, MOF has forecast a growth rate of 4.9% for Malaysia next year, supported by sound domestic demand.

The MOF is also projecting that the manufacturing sector will record steady growth in tandem with developments in the global semiconductor industry. The manufacturing sector increased 5.1% year-on-year during the first half of 2018 and for the whole year, it is expected to grow 4.9%, largely driven by export-oriented industries.

In 2019, the manufacturing sector is forecast to expand 4.7% supported by export-oriented industries following continuous expansion in electrical and electronics (E&E), as well as chemicals and chemical products subsections," it added. This comes as the MOF expects firm demand for Malaysian exports, including E&E, petroleum, chemical, rubber and plastic products, as a result of continuous expansion in the electronics cycle and favourable global industrial activities.

Most of the sectors we are operating in will be facing challenges times ahead.

Our mainstay, the HDD segment is losing share to NAND in client computing systems (PCs and Consumers) but have a commanding lead as Enterprise Performance HDDs for high performance server and storage. This will augur well for our spacers and anti-disks demand. However, growth of base plates will be slow and clamps is expected to be static.

Sales from SLR Camera segment will continue its decline the coming year with the continued threat by the popularity of the mobile phone camera. We haven't seen much new technologies that could help SLR Camera make a comeback.

As for our Automotive segment, the global automotive outlook will remain stable according to Moody. However, we expect strong growth in our sales of components for the Electronic Braking System ("EBS"). Our EBS components are currently being installed in both cars and trucks.

In early 2018, we have a new customer in the semi-conductor industry. The sales from this business unit was disappointing in 2018 and the semi-conductor industry is expected to decline further in 2019 before an expected upturn in 2020.

The continued strong USD will have a positive impact on the Group. Despite a challenging year ahead, we will continue to focus on productivity improvement in automation and optical inspection systems. We will adopt industry 4.0 initiatives; technologies and human resources in our core businesses to ensure continuous growth for our Group.

Board of Directors

THOO CHOW FAH

| Executive Chairman | Malaysian
| Aged 66 | 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.

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.

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 54 | 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 52 | 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 48 | 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 57 | 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

SAW TAT LOON

| Independent Non-Executive Director | Malaysian
| Aged 48 | Male

Mr Saw Tat Loon was first appointed to the Board on 9 February 2005. He is also Chairman of the Audit and Risk Management 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

| Independent Non-Executive Director | Malaysian
| Aged 52 | 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 Risk Management 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.

DATO' ABU BAKAR BIN MOHD NOR

| Independent Non-Executive Director | Malaysian
| Aged 65 | Male

Dato' Abu Bakar Bin Mohd Nor was appointed to the Board on 7 May 2018. He is also a Chairman of the Remuneration Committee as well as a member of the Audit and Risk Management and Nomination Committees.

Dato' Abu Bakar started his career as Deputy Chief Internal Auditor in Bank Bumiputra Malaysia Bhd for a year. Subsequently, he joined Malaysia Mining Corporation in the Tin Marketing Department in 1981. In 1982, he joined Perbadanan Nasional Berhad (PERNAS) as a General Manager in Corporate Services for a period of 8 years. He was formerly the Chief Executive Officer of Peremba Berhad for three years. He then joined Landmarks Berhad as an Executive Director for one year. He was also served as Managing Director of Tradewinds (M) Berhad from 1994 to 1996. During the same year, he joined Saujana Consolidated Berhad as Managing Director and also act as a member of the Audit Committee until March 2009. Currently, he serves on the Board of Saujana Hotel Sdn Bhd, which owns The Saujana Kuala Lumpur. He also sits on board of various other private limited companies involved in the hotel and leisure industry. He is also a Director of University Technology Malaysia (UTM).

He graduated with a B. Sc (Hons) in Business Administration Accounting from University of Wales in 1976, and is a Chartered Accountant, Institute of Chartered Accountant, England and Wales.

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 14 of this Annual Report.

5. Shareholdings

The details of the Directors' interest in the securities of the Company are set out on page 86 of this Annual Report.

Key Senior Management

THOO CHOW FAH

| Executive Chairman | Malaysian
| Aged 66 | Male

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He left the group in 1995 before setting up his own palm oil factory engineering consultancy.

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 54 | 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.

Key Senior Management

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| Executive Director | Malaysian
| Aged 52 | Male

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LEE TIAN YOKE

| Executive Director | Malaysian
| Aged 48 | 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 57 | 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.

Notes to Key Senior Management Information

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 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

Other than Notion VTec Berhad, all Key Senior Management do not hold any directorships in public companies and listed issuers.

Sustainability Statement

Our group recognises its social responsibility to integrate sustainability into its culture and its respect for the community, employees, shareholders, customers, suppliers and the environment, based on ethical values.

We believe in conducting business in a socially responsible and ethical manner; protecting the environment and safety of its people; and engaging, learning from, respecting and supporting the communities and cultures with which we work.

We have adopted a 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 considerations and values that are sustainable 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 issues and performance relevant to the Group's businesses.

ECONOMICS

We are committed to maintaining the highest standard of integrity and corporate governance practices in order to maintain excellence in our daily operations and to promote confidence in our management, customers, suppliers and governance systems.

Stakeholders	Type of engagement	Sustainability matters discussed
1. Shareholders	<ul style="list-style-type: none"> - AGM - Website - Investor briefings - Dialogues 	<ul style="list-style-type: none"> - Company performance - Outlook of the economy and company
2. Customers	<ul style="list-style-type: none"> - Regular meetings - Visitation - Feedback 	<ul style="list-style-type: none"> - Consistent quality product - Product innovation
3. Suppliers	<ul style="list-style-type: none"> - Regular meeting - Site visit - Dialogues 	<ul style="list-style-type: none"> - Transparent procurement practices - Ethical practices

CORPORATE GOVERNANCE PRACTICES

We endeavour to comply with most of the recommendation as provided in the MCCG. We have policies on code of ethics and conduct of management and employees and whistle blowing policy which we disclosed on our website.

ENVIRONMENT

We believe in protecting the health and safety of all individuals affected by our activities, including our employees, 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 run 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.

Sustainability Statement

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.

We are committed to manage our other resources, like water and energy better.

Water

- to value the amount of water utilised throughout our manufacturing facilities.
- to ensure that water discharged into the environment is clean.

Energy

- raise awareness among employees on maximising productivity and minimise waste.

SOCIAL

Employees

Our management apply fair labour practices, while respecting laws of the country and communities in which we operate. We treat our employees fairly and with dignity. We also take their goals and aspirations into consideration 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.

Community

We will strongly take part in collaborative, consultative and partnership-like approaches in our community investment programmes. We are working towards turning community investment considerations and values into decision-making and business practices. We also aim to develop mutually beneficial relationships with communities in which the Group operates.

We have in the past conduct training programmes for undergraduate students from vocational schools.

Corporate Governance Overview 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 2017 ("MCCG 2017" or "the Code") wherever applicable and appropriate in the best interest of the shareholders of the Company.

This Corporate Governance Overview Statement ("Statement") sets out how the Company has applied the Principles of the Code and observed the Recommendations supporting the Principles and is to be read together with the Corporate Governance Report 2018 ("CG Report"), which is available for reference on the Company's corporate website at www.notionvtec.com as well as announcement on the website of Bursa Malaysia Securities Berhad and in conjunction with the other statements in the Annual Report (e.g. Statement on Risk Management and Internal Control, Audit and Risk Management Report and Sustainability Statement). Where a specific Recommendation of the MCCG 2017 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.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

1. Board's Roles and Responsibilities

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

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

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

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

Corporate Governance Overview Statement

(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 and Procedures annually, as and when need arises.

In discharging its duties, the Board delegates certain of its responsibilities to the Board Committees, namely Audit and Risk Management Committee ("ARMC"), Nomination Committee ("NC") and Remuneration Committee ("RC") which operate within defined Terms of Reference. The Chairman of the respective Board Committees report to the Board on key matters deliberated at the respective Board Committee meetings and makes recommendations to the Board for final decision, where necessary.

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 2018 are as follows:

Director	Board	ARMC	NC	RC
Thoo Chow Fah [^]	8/8	-	-	2/2
William Choo Wing Hong	8/8	-	-	-
John Choo Wing Onn	7/8	-	-	-
Lee Tian Yoke	7/8	-	-	-
Choo Wing Yew	8/8	-	-	-
Saw Tat Loon	8/8	5/5	2/2	2/2
Anita Chew Cheng Im	8/8	5/5	2/2	2/2
Dato' Abu Bakar Bin Mohd Nor [#]	2/2	2/2	0/0	0/0
Alwin Yike Chee Wah [*]	4/4	2/2	1/1	1/1

Remarks:

[^] Mr Thoo Chow Fah ceased as member of the RC on 7 May 2018.

[#] Dato' Abu Bakar Bin Mohd Nor appointed as Independent Non-Executive Director, Chairman of the RC and member of ARMC and NC on 7 May 2018.

^{*} Mr Alwin Yike Chee Wah retired as Independent Non-Executive Director and ceased as Chairman of the RC and member of the Audit Committee and NC on 23 February 2018.

Corporate Governance Overview Statement

2. Board Charter

In August 2018, the revised Board Charter, revised Terms of Reference on the Board Committee, the Code of Ethics, Code of Conduct, Whistle Blower Policy, Corporate Disclosure Policy and Procedures and Directors' Remuneration Policy were tabled and approved by the Board to be in line with the Corporate Governance Practices set out in MCGG 2017.

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 Managing Director. The Board Charter can be viewed on our website at www.notionvtec.com.

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.

3. Code of Conduct and Code of Ethics

The Company has also set out a Code of Conduct and Code of Ethics ("the Codes") for its Directors, management and employees. The Codes are established to promote the corporate culture which engenders ethical conduct that permeates throughout the Group.

The Codes shall be reviewed annually or as and when required, summary of which is available on the corporate website at www.notionvtec.com.

4. Whistle Blower Policy

The Company has adopted a Whistle Blower Policy as the Board believes that a sound whistleblowing system will strengthen, support good management and at the same time, demonstrate accountability, good risk management and sound corporate governance practices. The policy is to encourage reporting of any major concerns over any wrongdoings within the Group.

The whistle blower 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.

The policy outlines the relevant procedures such as when, how and to whom a concern may be properly raised about the genuinely suspected or instances of wrongdoing at the Company and its subsidiaries. The identity of the whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retaliation. All such concerns shall be set forth in writing and forwarded in a sealed envelope to either the Chairman of the ARMC (for matter relating to financial reporting, unethical or illegal conduct) or Head of Human Resources (for employment-related concerns).

5. 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.

Corporate Governance Overview Statement

6. Clear Functions of the Board and Management

The Executive Chairman leads the Board and is responsible for its effective performance. As Executive 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.

7. 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.

8. Directors' Training

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

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

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

- Training on the Companies Act 2016 and Malaysia Code on Corporate Governance, conducted by Boardroom Corporate Services (KL) Sdn Bhd
- 2019 Budget Tax Conference by Crowe CPE Sdn Bhd
- Economic Outlook 2018 by Standard Chartered Bank Malaysia
- Global Economic & Foreign Exchange Outlook 2018 by HSBC
- Malaysian Institute of Accountants (MIA) Conference 2017 by MIA
- Four Eyes New Zealand Training - Manufacturing Costing for Non-Costing Managers by SMI Centre of Excellence Asia Sdn Bhd
- VDA 6.3 Process Audit (3rd Edition 2016) by Neville Clarke (M) Sdn Bhd

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

Corporate Governance Overview Statement

9. 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.

10. 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.

Board members are provided with all meeting materials including updates on operational, financial and corporate issues as well as minutes of meetings of the various Board Committees within reasonable period 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.

II. BOARD COMPOSITION

1. Composition and Diversity

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 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.

The Board acknowledges that the current composition of the Board does not meet the recommendation of Practice 4.1 of the MCCG 2017, which requires at least half of the Board comprises Independent Directors. However, the NC is of the view that the current Board size and composition is appropriate and effective, taking into account the nature and scope of the Company's operations. 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. The Board is also 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. Nevertheless, the Board will consider increasing the number of Independent Directors should there be a suitable candidate.

Corporate Governance Overview Statement

2. 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)
Dato’ Abu Bakar Bin Mohd Nor (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.

3. 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.

4. Tenure of Independent Directors

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 and Anita Chew Cheng Im have served the Company as independent directors for a cumulative term of more than 12 years and 9 years respectively. The Board has retained them as an Independent Directors, notwithstanding their service tenure of more than 9 years.

Nevertheless, in line with 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 as an Independent Directors based on the following justifications by using the two tier voting process for Saw Tat Loon and single tier voting process for Anita Chew Cheng Im:-

- (a) they fulfilled the criteria under the definition of Independent Director as stated in the LR, and therefore were able to bring independent and objective judgment to the Board;
- (b) their experience in accounting and corporate finance enable them to provide the Board with a diverse set of experience, expertise, skills and competence;
- (c) they have been with the Company long and therefore understand the Company’s business operations which enable them to participate actively and contribute during deliberations or discussions at ARMC, NC, RC and Board meetings;

Corporate Governance Overview Statement

- (d) they have contributed sufficient time and efforts and attended all the NC, RC, ARMC and Board meetings for informed and balanced decision making; and
- (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 interest of the Company and shareholders.

5. 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.

Dato' Abu Bakar Bin Mohd Nor was appointed as Independent Non-Executive Director on 7 May 2018. In proposing its recommendation, the NC has considered and evaluated the candidate's required skills, knowledge, expertise, time commitment, gender and diversity before recommending to the Board for approval. Subsequent to the appointment, the Management has also conducted an Induction Programme to Dato' Abu Bakar Bin Mohd Nor for Dato' to familiarize with the Company succession planning, risk management and internal control, operation control and etc.

The Company's Constitution 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 Constitution also provides that a Director who is appointed during the year be subject to re-election at the next AGM following his appointment.

At the forthcoming AGM, two Directors namely Choo Wing Yew and Saw Tat Loon will be retiring by rotation pursuant to Clause 95 of the Company's Constitution and being eligible, offered themselves for re-election.

Whereas, the newly appointed Director, Dato' Abu Bakar Bin Mohd Nor will be retiring pursuant to Clause 102 of the Company's Constitution and being eligible, offered himself for re-election.

Summary of Activities of the NC

During the financial year ended 30 September 2018, 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 and Anita Chew Cheng Im to act as Independent Non-Executive Directors;
- Recommended Dato' Abu Bakar Bin Mohd Nor to be appointed as Independent Non-Executive Director, Chairman of the RC and a member of the ARMC and NC;
- Reviewed the independence of Independent Directors;
- Evaluated the effectiveness of the Board and Board committees;
- Reviewed the mix of skills, expertise, composition, size and experience of the Board;
- Assessed the character, experience, integrity, competence and time commitment of the Executive Chairman, Managing Director and Directors;

Corporate Governance Overview Statement

- Discussed the succession plans of the Board and Senior Management;
- Assessed Directors' training needs; and
- Reviewed the revised Terms of Reference of the NC and has tabled for Board's approval.

6. 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 one female Independent Director on Board. The ages of our Directors ranged from 48 to 66.

7. Annual Evaluation

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.

The evaluation process is led by the NC Chairman and supported by the Company Secretary via questionnaire on a yearly basis. The NC reviews the outcome of the evaluation and recommends to the Board on areas for continuous improvement and also for them to form the basis of recommending relevant directors for re-election at the AGM. During the year, the NC assessed the effectiveness of the Board, its Committees and the contribution of each Director by identifying the strengths and weakness of the Board.

8. 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 2018.

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

Corporate Governance Overview Statement

III. REMUNERATION

The RC currently comprises the following members:

Dato' Abu Bakar Bin Mohd Nor (Chairman)
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 who incidentally are also our top 5 key senior management 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 Executive Directors' remuneration are structured to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken. The RC shall also abide to the Directors' Remuneration Policy in recommending the remuneration packages of the Directors.

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.

Details of the Director Remuneration for the financial year ended 30 September 2018 are as follows:

The Company

Name	Salary RM	Fee RM	Other Emolument RM	Defined Contribution Plan RM	Share Based Payment RM
Thoo Chow Fah	800,000	-	236,459	106,600	129,900
Choo Wing Hong	1,080,000	-	230,900	143,000	194,850
Choo Wing Onn	800,000	-	187,567	106,600	129,900
Lee Tian Yoke	800,000	-	187,567	106,600	129,900
Choo Wing Yew	800,000	-	187,567	106,600	129,900
Saw Tat Loon	-	78,000	10,500	-	48,713
Anita Chew Cheng Im	-	78,000	10,000	-	48,713
Dato' Abu Bakar Bin Mohd Nor (appointed on 7 May 2018)	-	35,000	3,000	-	-
Alwin Yike Chee Wah (retired on 23 February 2018)	-	36,000	6,500	-	48,713
Total	4,280,000	227,000	1,060,060	569,400	860,589

Note: No remuneration were paid by the subsidiaries to the directors of the Company.

Corporate Governance Overview Statement

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. ARMC

The ARMC comprises three (3) Independent Non-Executive Directors and all of them are financial literate and have sufficient understanding of the Group's business. The Chairman of the ARMC is not the Chairman of the Board ensuring that the impairment of objectivity of the Board's review of the ARMC findings and recommendations remain intact. The ARMC assesses the performance (including independence) and recommends to the Board annually the appointment or re-appointment of the external auditors guided by the factors as prescribed under Paragraph 15.21 of the MMLR.

The ARMC's Term of Reference sets out its rights, duties, responsibilities and criteria on the composition of ARMC, which includes a former key audit partner of the Group to observe cooling-off period of at least two (2) years before being able to be appointed as member of ARMC.

The NC reviews the composition of the ARMC annually and recommends to the Board for approval ensuring that only Non-Executive Directors, majority of whom shall be Independent Directors, who are financially literate and are able to understand matters under the purview of the ARMC including financial reporting process are considered for membership on ARMC. All members of the ARMC undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

The external auditors would meet the ARMC without the presence of the executive Board members and management at least two (2) times a year on matters relating to the Group and its audit activities. During such meetings, the external auditors highlight and discuss the nature and scope of the audit, audit programme, internal controls and any other issues that may require the attention of the ARMC or the Board.

The Company has also adopted the External Auditors Assessment Policy which outlined the guidelines and procedures for the ARMC to review, assess and monitor performance, suitability and independence of the external auditors. The ARMC ensures the external audit function is independent of the activities it audits and reviews the contracts for the provision of non-audit services by the external auditors in order to ensure that does not give rise to a conflict of interest situation.

For the financial year ended 30 September 2018, fees paid to the external auditors, Crowe Malaysia PLT and its affiliated firms by the Company and the Group are stated in the table below:-

Nature of Services	Company (RM)	Group (RM)
Audit	63,000	230,000
Non-Audit:	7,000	59,100
Total	70,000	289,100

Corporate Governance Overview Statement

2. Risk Management and Internal Control Framework

The Board acknowledges the significance of a sound system of risk management and internal control to manage the overall risk exposure of the Group. As such, a Risk Management Framework was established to formulate and review risk management policies and risk strategies

The Group has engaged Centegy Governance Advisory Sdn Bhd to review the key risks over the strategic operation, reporting and compliance aspects to ensure proper management and mitigation of weakness.

Meanwhile NGL Tricor Governance Sdn Bhd was appointed to carry out internal audit function and reports directly to the ARMC. The resources and scope of work covered by the internal audit function during the financial year under review, including its observation and recommendations, is provided in the Audit and Risk Management Committee Report of this Annual Report. NGL Tricor Governance Sdn Bhd assigned five (5) staffs to provide internal audit services for our Group for the financial year ended 30 September 2018. Details on the person responsible for the internal audit are set out below:-

Name	:	Chang Ming Chew
Qualification	:	Mr. Chang's qualification and membership with professional associations are as follows: <ul style="list-style-type: none"> i) Certified Internal Auditor of the Institute of Internal Auditors ii) Professional member of the Institute of Internal Auditors Malaysia iii) Member of the Association of Chartered Certified Accountants (UK); and iv) Member of Malaysian Institute of Accountants
Independence	:	Does not have any family relationship with any director and/or major shareholder of the Company
Public Sanction or penalty	:	Has no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year

Details of the internal audit function together with the scope of the Group's internal control functions are set out in the Statement on Risk Management and Internal Control and Audit and Risk Management Report of this Annual Report.

The Board affirms its overall responsibility with established and clear functional responsibilities and accountabilities which are carried out and monitored by the ARMC. The adequacy and effectiveness of the internal controls and risk management framework were reviewed by the ARMC.

Further information may be found in the Statement of Risk Management and Internal Control.

Corporate Governance Overview Statement

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. Communication with Stakeholders

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.

2. Conduct of 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 Executive Chairman, Managing Director, and Chairman of each Board Committee 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 more than 28 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. Such practice is in line with Practice 12.1 of the MCCG 2017.

3. Poll Voting

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 appointed scrutineer to validate the votes cast at the AGM.

4. 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 Bursa Securities' 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.

FOCUS AREA ON CORPORATE GOVERNANCE

Corporate governance was clearly imperative for the Group in the year 2017 against the backdrop of regulatory changes in the domestic corporate governance realm and a relatively challenging economic environment that is characterised by volatile market conditions and commodity prices. Against the aforementioned setting, during the year under review, the Board directed its focus on the core duties of the Board which is grounded on the creation of long-term value for stakeholders.

Corporate governance area which gained heightened attention from the Board during the financial year ended 30 September 2018 is Review of the Policies and Procedures.

In light of the improvements in the corporate governance regulations, the Board has reviewed and updated its existing policies and procedures to ensure they are kept contemporaneous whilst equally kept relevant to the Company's needs. The Board will look into the enhancements or developments of corporate governance policies and procedures, as the case may be.

This CG Overview Statement was approved by the Board of Directors of the Company on 11 January 2019.

Audit and Risk Management Committee Report

The Board of Directors ("Board") is pleased to present the report of the Audit and Risk Management Committee ("ARMC") for the financial year ended 30 September 2018.

MEMBERSHIP

The members of ARMC are Non-Executive Directors with all of them being Independent Directors, namely:

Saw Tat Loon (Chairman/ Independent Non-Executive Director)
 Dato' Abu Bakar Bin Mohd Nor (Member/ Independent Non-Executive Director)
 Anita Chew Cheng Im (Member/ Independent Non-Executive Director)

Saw Tat Loon, who is the Chairman of the ARMC, is a fellow member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants ("MIA") whilst Dato' Abu Bakar Bin Mohd Nor is a Chartered Accountant, Institute of Chartered Accountant, England and Wales. 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 ARMC

The ARMC met five (5) times during the financial year ended 30 September 2018. The details of their attendance at meetings are as follows:

Audit Committee	Number of Meetings Attended
Saw Tat Loon (Chairman)	5/5
Anita Chew Cheng Im	5/5
*Dato' Abu Bakar Bin Mohd Nor	2/2
**Alwin Yike Chee Wah	2/2

* Appointed as a member of ARMC on 7 May 2018

** Ceased as a member of Audit Committee on 23 February 2018

The Terms of Reference of the ARMC is made available on the corporate website at www.notionvtec.com.

SUMMARY OF WORK OF THE ARMC

In discharging its functions and duties in accordance with its Terms of Reference, the ARMC had carried out the following work during the financial year ended 30 September 2018:

1. At their meetings held on 11 January 2018 and 23 August 2018, the ARMC 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 ARMC 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 2017, first quarter ended 31 December 2017, second quarter ended 31 March 2018 and third quarter ended 30 June 2018 were reviewed by the ARMC at their meetings held on 28 November 2017, 23 February 2018, 24 May 2018 and 23 August 2018.
3. The ARMC 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 ARMC 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.

Audit and Risk Management Committee Report

4. At their meeting held on 23 August 2018, the ARMC 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.
5. The Related Party Transactions ("RPTs"), if any of the Group was reviewed by the ARMC at every quarterly meeting. The ARMC 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 28 November 2017, the ARMC 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 2017.
 - 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 on the Enterprise Risk Management Report.
 - e. The quarterly financial results of the Group ended 30 September 2017.
 - f. Reviewed Related Party Transactions.
7. At their meeting held on 11 January 2018, the ARMC reviewed and discussed the following:-
 - a. The Audited Financial Statements for the financial year ended 30 September 2017 and the Directors' and Auditors' Report.
 - b. The Audit Review Memorandum of the Company for the financial year ended 30 September 2017.
 - c. Reports for inclusion in the 2017 Annual Report, i.e. Audit Committee Report and Statement on Risk Management and Internal Control.
 - d. Audit Fee for the financial year ended 30 September 2017.
 - e. Re-appointment of Messrs Crowe Horwath as External Auditors for the financial year ending 30 September 2018 and recommended to the Board of Directors for their consideration.
 - f. Met with External Auditors without presence of the Executive Board members and management of the Company.
 - g. Reviewed Related Party Transactions.
8. At their meeting held on 23 February 2018, the ARMC reviewed and discussed the following:-
 - a. Update on the Enterprise Risk Management Report
 - b. The quarterly financial results of the Group ended 31 December 2017.
 - c. Reviewed Related Party Transactions.
 - d. Renamed of Audit Committee to Audit and Risk Management Committee
9. At their meeting held on 24 May 2018, the ARMC reviewed and discussed the following:-
 - a. The Internal Audit Planning Memorandum for the year 2019.
 - b. Update on the Enterprise Risk Management Report.
 - c. The quarterly financial results of the Group ended 31 March 2018.
 - d. Reviewed Related Party Transactions.
10. At their meeting held on 23 August 2018, the ARMC reviewed and discussed the following:-
 - a. The Internal Audit Reports.
 - b. Audit Planning Memorandum for the financial year ending 30 September 2018 presented by the external auditors.
 - c. Update on the Enterprise Risk Management Report.
 - d. The quarterly financial results of the Group ended 30 June 2018.
 - e. Met with Internal Auditors without presence of the Executive Board members and management of the Company.
 - f. Met with External Auditors without presence of the Executive Board members and management of the Company.
 - g. Reviewed Terms of Reference of ARMC and Whistle Blower Policy.
 - h. Reviewed Related Party Transactions.

Audit and Risk Management Committee Report

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 ARMC 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 principal role of IA is to provide the ARMC 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;
- Safeguarding of assets financial; and
- Operational efficiency and effectiveness.

The main audit assignments were:

- Internal Control Review of Effectiveness of Production Functions for certain Automotive Products
- Adequacy Review of Operational Internal Controls of Notion International (M) Sdn Bhd

Further details of the activities of internal audit function are set out in the Statement on Risk Management and Internal Control.

The cost incurred for the internal audit function of the Group for the financial year ended 30 September 2018 was approximately RM19,500.

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 Board appointed an independent firm which specialises in risk management, corporate governance, internal audit and compliance, Centegy Governance Advisory Sdn Bhd ("Centegy") to improve the current framework establish a better Risk Management Framework that is more effective and sustainable. Centegy has been providing and updating the ARMC on the Enterprise Risk Management reports on a quarterly basis.

Statement on Risk Management and Internal Control

THE SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL

The system of Group's risk management and internal control which is in placed during the financial year, encompasses, inter-alia, the following:

- ISO 9001:2008 Quality Management Systems has been implemented for the Company's main subsidiary, Notion Venture Sdn Bhd where documented internal procedures and standard operating procedures have been put in place. Internal quality audits are carried out by management and annual surveillance audits are conducted by an independent certification body to provide a high assurance of compliance;
- A strategic planning and an annual budgeting process has been established and monitored on a regular basis;
- An organisational structure with defined responsibilities and delegation of authorities for committees of the Board and the management committee;
- Companies policies and procedures, which set out guidelines and the expected standards for the Group's operations are under regular review and update so as to maintain its effectiveness at all times;
- Formalised the Risk Management terms of reference and Risk Management policies and procedures.
- Operational review meetings are held and attended by the executive directors and the department heads to access the performance of the Group's operations; and
- Regular production meetings which involved the senior production management and related units to promptly address any production problems faced.

INTERNAL AUDIT FUNCTION

The internal audit function has the primary objective of carrying out reviews of the internal control systems to determine if the internal control procedures have been complied with as well as to make recommendations to strengthen the system so as to foster a strong management control environment.

The Board is fully aware of the importance of the internal audit function and has engaged an independent professional firm (IA Firm) to provide independent assurance the Board requires on the effectiveness and efficiency of the group's system of risk management and internal control.

The IA Firm adopts a risk based approach and prepares its audit strategy and plan based on the risk profiles from the risk assessment of the business units of the Group. Scheduled internal audits are carried out based on the annual audit plan approved by the ARMC. On a quarterly basis the IA Firm presents the ARMC 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 2018 was RM19,500.

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 2018 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 2018 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.

FINANCIAL STATEMENTS



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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 2018. All values shown in this report are rounded to the nearest thousand ("RM'000") except where otherwise indicated.

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 6 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	47,584	5,433

DIVIDENDS

On 26 November 2018, the Company declared an interim single tier dividend of 1 sen per share amounting to RM3,331,464 in respect of the current financial year, paid on 17 January 2019.

The directors do not propose any final dividend in respect of the current financial year.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

ISSUE OF SHARES OR DEBENTURES

During the financial year, the Company issued 2,188,800 new ordinary shares at an issue price of RM0.44 per share pursuant to the Employees' Share Option Scheme ("ESOS"). 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 Long Term Incentive Plan ("LTIP") comprising 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.

Directors' Report

SHARE OPTIONS (CONT'D)

- (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 Constitution 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 Share Options			Balance at 30.9.2018
		Balance at 1.10.2017	Granted	Exercised	
27 February 2017	0.80	1,932,000	-	-	1,932,000
12 December 2017	0.44	-	10,527,300	(2,188,800)	8,338,500
		1,932,000	10,527,300	(2,188,800)	10,270,500

WARRANTS

On 14 March 2018, the Company issued 33,063,385 free warrants ("Warrants-C") on the basis of 1 warrant for every 10 existing ordinary shares held by shareholders of the Company.

The salient features of Warrants-C are as follows:

- (i) The warrants may be exercised at any time after the date of issue of the warrants until the expiry date which is the date occurring on the Fifth (5th) anniversary of the issue date of the warrants;
- (ii) Subject to adjustments, in accordance with the Deed Poll, during the exercise period each warrant entitles its registered holder to subscribe for one (1) new ordinary share at an exercise price of RM0.84 at any time from the date of issue up to the expiry date.

During the financial year, none of the Warrants-C was converted to ordinary shares. The number of outstanding Warrants-C as at 30 September 2018 was 33,063,385.

BAD AND DOUBTFUL DEBTS

Before the financial statements were prepared, 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 render the amount written off for bad debts or the amount of allowance for impairment losses on receivables inadequate to any substantial extent.

Directors' Report

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 the 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 which has arisen since the end of the financial year.

No contingent or other liability 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' Report

DIRECTORS

The directors in office since the beginning of the financial year and up to the date of this report are:-

Thoo Chow Fah
 Choo Wing Hong
 Choo Wing Onn
 Choo Wing Yew
 Lee Tian Yoke
 Saw Tat Loon
 Anita Chew Cheng Im
 Dato' Abu Bakar Bin Mohd Nor (Appointed on 7.5.2018)
 Alwin Yike Chee Wah (Retired on 23.2.2018)

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	Number of Ordinary Shares			Balance at 30.9.2018
	Balance at 1.10.2017/*	Bought	Sold	
Thoo Chow Fah				
- Direct	12,082,534	-	-	12,082,534
- Indirect**	855,308	-	-	855,308
Choo Wing Hong				
- Direct	31,830,326	-	-	31,830,326
Choo Wing Onn				
- Direct	26,547,844	-	-	26,547,844
Choo Wing Yew				
- Direct	5,960,725	139,200	-	6,099,925
Lee Tian Yoke				
- Direct	12,117,631	460,000	-	12,577,631
Dato' Abu Bakar Bin Mohd Nor				
- Direct	*27,793	-	-	27,793

* Date of appointment.

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

Name of Director	Number of Share Options			Balance at 30.9.2018
	Balance at 1.10.2017	Granted	Exercised	
Thoo Chow Fah	-	600,000	-	600,000
Choo Wing Hong	300,000	900,000	-	1,200,000
Choo Wing Onn	200,000	600,000	-	800,000
Choo Wing Yew	200,000	600,000	-	800,000
Lee Tian Yoke	-	600,000	-	600,000
Saw Tat Loon	75,000	225,000	-	300,000
Anita Chew Cheng Im	75,000	225,000	-	300,000

Directors' Report

DIRECTORS' INTERESTS (CONT'D)

Name of Director	Number of Warrants-C			Balance at 30.9.2018
	Granted	Bought	Exercised	
Thoo Chow Fah				
- Direct	1,208,253	-	-	1,208,253
- Indirect**	85,530	500,000	-	585,530
Choo Wing Hong				
- Direct	3,183,032	-	-	3,183,032
Choo Wing Onn				
- Direct	2,654,784	-	-	2,654,784
Choo Wing Yew				
- Direct	609,992	-	-	609,992
Lee Tian Yoke				
- Direct	1,257,763	-	-	1,257,763
Dato' Abu Bakar Bin Mohd Nor				
- Direct	2,779	-	-	2,779

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

Save as disclosed above, none of the other directors in office at the end of the financial year held any interests in the shares, share options and Warrants-C in the Company or its related corporation 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 17 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 22 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 LTIP, 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, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia which was previously known as Crowe Horwath), have expressed their willingness to continue in office. The auditors' remuneration is disclosed in Note 16 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 30 January 2019

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 42 to 82 give a true and fair view of the financial position of the Group and the Company as at 30 September 2018 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 30 January 2019

Thoo Chow Fah

Choo Wing Hong

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Choo Wing Yew, (MIA membership no.: 10180) 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 42 to 82 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
the abovenamed Choo Wing Yew at
Klang in the state of Selangor Darul Ehsan
on this 30 January 2019

Choo Wing Yew

Before me

Nadzrul Azali Bin Abdul Aziz
No: B 548
Commissioner for 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 2018 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 42 to 82.

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 2018, 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
<p><u>Valuation of inventories (Refer to Notes 3 and 7 to the financial statements)</u></p> <p>The Group carries significant inventories. Management periodically reviews the inventories for potential write-downs by considering their aging profile, estimation of market price fluctuations and net realisable value. These reviews involve judgements and estimation uncertainty in forming expectations about future assumptions, sales and demands.</p>	<p>Our audit procedures included, among 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 write-downs; and how the Group ascertains the accounting estimates for inventories write down. 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. Reviewing net realisable value of major inventories. Evaluating the reasonableness and adequacy of the allowance for inventories recognised for identified exposures.

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)

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the key audit matter
<p><u>Impairment of property, plant and equipment (Refer to Notes 3 and 4 to the financial statements)</u></p> <p>The Group carries significant property, plant and equipment. The Group reviewed its property, plant and equipment for indications of impairment and where such indications exist, the Group performed impairment test which involved significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> • Evaluating whether the method used by the Group in measuring the recoverable amount is appropriate in the circumstances. • Making enquiries of and challenging management on the key assumptions and inputs used in the measurement method. • Evaluating whether the key assumptions and inputs used are reasonable and consistent by taking into consideration the past performance, future growth, market development, etc. • Performing stress tests and sensitivity analyses to assess the impacts of those key assumptions and inputs on the measurement of recoverable amount.
<p><u>Impairment of investments in subsidiaries (Refer to Notes 3 and 6 to the financial statements)</u></p> <p>The Company carries significant investments in subsidiaries. The Company reviewed its investments in subsidiaries for indications of impairment and where such indications exist, the Company performed impairment test which involved significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> • Evaluating whether the method used by the Company in measuring the recoverable amount is appropriate in the circumstances. • Making enquiries of and challenging management on the key assumptions and inputs used in the measurement method. • Evaluating whether the key assumptions and inputs used are reasonable and consistent by taking into consideration the past performance, future growth, market development, etc. • Performing stress tests and sensitivity analyses to assess the impacts of those key assumptions and inputs on the measurement of recoverable amount.

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 information included in the annual report, but does not include the financial statements of the Group and the Company and our auditors' report thereon.

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 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, 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.

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)

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

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)

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.

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 Malaysia PLT (LLP0018817-LCA)

Firm No : AF 1018

Chartered Accountants

30 January 2019

Kuala Lumpur

Ong Beng Chooi

Approval No : 03155/05/2019 J

Chartered Accountant

Statements of Financial Position

At 30 September 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	4	287,327	218,025	55	139
Intangible assets	5	1,328	-	-	-
Investments in subsidiaries	6	-	-	80,340	50,544
		288,655	218,025	80,395	50,683
CURRENT ASSETS					
Inventories	7	36,835	46,076	-	-
Receivables	8	155,672	69,008	88,066	66,383
Prepayments		2,040	28	-	-
Current tax assets		-	2,885	168	251
Cash and cash equivalents	9	41,864	86,359	25,285	66,391
		236,411	204,356	113,519	133,025
TOTAL ASSETS		525,066	422,381	193,914	183,708
EQUITY AND LIABILITIES					
EQUITY					
Share capital	10	199,791	198,354	199,791	198,354
Share option reserve		2,492	687	2,492	687
Currency translation reserve		11,551	10,797	-	-
Capital reserve		4,800	4,800	-	-
Retained profits/(Accumulated losses)		190,199	142,615	(12,673)	(18,106)
TOTAL EQUITY		408,833	357,253	189,610	180,935
NON-CURRENT LIABILITIES					
Loans and borrowings	11	27,333	2,212	-	-
Retirement benefits	12	359	-	-	-
Deferred tax liabilities	13	7,024	14,155	-	-
		34,716	16,367	-	-
CURRENT LIABILITIES					
Loans and borrowings	11	16,578	9,105	-	-
Payables	14	53,635	39,656	4,304	2,773
Current tax liabilities		11,304	-	-	-
		81,517	48,761	4,304	2,773
TOTAL LIABILITIES		116,233	65,128	4,304	2,773
TOTAL EQUITY AND LIABILITIES		525,066	422,381	193,914	183,708

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

Statements of Comprehensive Income

For the financial year ended 30 September 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	15	255,946	275,232	25,740	21,545
Cost of sales		(242,166)	(242,464)	-	-
Gross profit		13,780	32,768	25,740	21,545
Other income		166,745	16,954	1,373	1,086
		180,525	49,722	27,113	22,631
Marketing and distribution expenses		(4,926)	(6,099)	-	-
Administrative and other operating expenses		(107,462)	(28,156)	(21,677)	(8,691)
Finance costs		(949)	(1,092)	(3)	(3)
Profit before tax	16	67,188	14,375	5,433	13,937
Tax (expense)/income	18	(19,604)	(1,417)	-	40
Profit for the financial year		47,584	12,958	5,433	13,977
Other comprehensive income:-					
<i>Item that may be reclassified subsequently to profit or loss:-</i>					
Currency translation differences for a foreign operation		754	3,796	-	-
Total comprehensive income for the financial year		48,338	16,754	5,433	13,977
Earnings per share:	19				
- Basic (sen)		14.35	4.35		
- Diluted (sen)		14.29	4.34		

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

Statements of Changes in Equity

For the financial year ended 30 September 2018

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 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 a 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 ("ESOS")	1,823	-	-	(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 20)	-	-	-	-	-	-	(15,124)	(15,124)
Total transactions with owners	63,145	2,244	(1)	687	-	-	(14,635)	51,440
Balance at 30 September 2017	198,354	-	-	687	10,797	4,800	142,615	357,253
Profit for the financial year	-	-	-	-	-	-	47,584	47,584
Currency translation differences for foreign operation (representing other comprehensive income for the financial year)	-	-	-	-	754	-	-	754
Total comprehensive income for the financial year	-	-	-	-	754	-	47,584	48,338
Share-based payments	-	-	-	2,279	-	-	-	2,279
Issuance of shares pursuant to ESOS	1,437	-	-	(474)	-	-	-	963
Total transactions with owners	1,437	-	-	1,805	-	-	-	3,242
Balance at 30 September 2018	199,791	-	-	2,492	11,551	4,800	190,199	408,833

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

Statements of Changes in Equity

For the financial year ended 30 September 2018

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 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:						
- ESOS	1,823	-	-	(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 20)	-	-	-	-	(15,124)	(15,124)
Total transactions with owners	63,145	2,244	(1)	687	(14,635)	51,440
Balance at 30 September 2017	198,354	-	-	687	(18,106)	180,935
Profit (representing total comprehensive income) for the financial year	-	-	-	-	5,433	5,433
Share-based payments	-	-	-	2,279	-	2,279
Issuance of shares pursuant to ESOS	1,437	-	-	(474)	-	963
Total transactions with owners	1,437	-	-	1,805	-	3,242
Balance at 30 September 2018	199,791	-	-	2,492	(12,673)	189,610

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

Statements of Cash Flows

For the financial year ended 30 September 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before tax		67,188	14,375	5,433	13,937
Adjustments for:-					
Allowance for slow moving inventories		6,199	-	-	-
Depreciation		30,692	33,735	84	83
Dividend income		-	-	(19,500)	(15,305)
Gain on disposal of plant and equipment		(256)	(1,311)	-	-
Impairment loss on investments in subsidiaries		-	-	15,000	-
Impairment loss on plant and equipment		21,470	-	-	-
Impairment loss on receivables		188	-	-	-
Increase in liabilities for retirement benefits		350	-	-	-
Insurance claims		(159,447)	-	-	-
Interest expense		793	923	-	-
Interest income		(1,847)	(1,316)	(1,373)	(1,086)
Inventories written down		519	-	-	-
Inventories written off		6,809	-	-	-
Loss on fair value adjustment of intangible assets		46	-	-	-
Property, plant and equipment written off		41,131	670	-	-
Reversal of impairment loss on receivables		(25)	(110)	-	-
Share-based payments		2,279	1,248	992	497
Unrealised (gain)/loss on foreign exchange		(464)	988	-	-
		15,625	49,202	636	(1,874)
Changes in:-					
Inventories		(4,286)	(12,984)	-	-
Receivables and prepayments		(8,799)	(9,693)	62	(52)
Payables		13,772	20,971	512	71
Cash from/(for) operations		16,312	47,496	1,210	(1,855)
Interest paid		(793)	(923)	-	-
Tax (paid)/refunded		(12,546)	(3,568)	83	7
Net cash from/(for) operating activities					
and balance carried forward		2,973	43,005	1,293	(1,848)

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

Statements of Cash Flows

For the financial year ended 30 September 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Balance brought forward		2,973	43,005	1,293	(1,848)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Additional investments in subsidiaries		-	-	(43,509)	(2,000)
Additions of intangible assets		(1,374)	-	-	-
Advances to subsidiaries		-	-	(21,745)	-
Dividend received		-	-	19,500	15,305
Interest received		1,847	1,316	1,373	1,086
Insurance claims received		80,080	-	-	-
Proceeds from disposal of plant and equipment		613	6,926	-	-
Purchase of property, plant and equipment	21	(149,610)	(48,259)	-	-
Net cash (for)/from investing activities		(68,444)	(40,017)	(44,381)	14,391
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Advances from/(Repayment to) subsidiaries		-	-	1,019	(18,261)
Dividends paid		-	(15,124)	-	(15,124)
Drawdown of term loans	21	21,848	-	-	-
Increase in short-term loans and borrowings (net)	21	5,349	3,011	-	-
Proceeds from issuance of shares		963	62,583	963	62,583
Proceeds from reissuance of treasury shares		-	2,733	-	2,733
Repayment of hire purchase obligations	21	(816)	(3,117)	-	-
Repayment of term loans	21	(6,054)	(9,147)	-	-
Net cash from financing activities		21,290	40,939	1,982	31,931
Net (decrease)/increase in cash and cash equivalents		(44,181)	43,927	(41,106)	44,474
Cash and cash equivalents brought forward		86,359	41,857	66,391	21,917
Effects of exchange rate changes on cash and cash equivalents		(314)	575	-	-
Cash and cash equivalents carried forward	9	41,864	86,359	25,285	66,391

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

Notes to the Financial Statements

For the financial year ended 30 September 2018

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 6 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") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 30 January 2019.

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:-

MFRS	Effective for annual periods beginning on or after
Amendments to MFRS 12 <i>Disclosure of Interests in Other Entities</i> (Annual Improvements to MFRS Standards 2014 - 2016 Cycles)	1 January 2017
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

The adoption of the above MFRSs did not result in any significant changes in the accounting policies of the Group and the Company.

Notes to the Financial Statements

For the financial year ended 30 September 2018

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:-

MFRS	Effective for annual periods beginning on or after
MFRS 9 <i>Financial Instruments</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
MFRS 16 <i>Leases</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	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 3 <i>Definition of Business</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 11 <i>Previously Held Interest in a Joint Operation</i> (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 15 <i>Clarifications to MFRS 15 Revenue from Contract with Customers</i>	1 January 2018
Amendments to MFRS 112 <i>Income Tax Consequence of Payments of Financial Instruments Classified as Equity</i> (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 123 <i>Borrowing Costs Eligible for Capitalisation</i> (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 128 <i>Investments in Associates and Joint Ventures</i> (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)	1 January 2018
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
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

Notes to the Financial Statements

For the financial year ended 30 September 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Management foresees that the initial application of the above MFRSs will not result in any significant changes in the accounting policies of the Group and the Company except as follows:-

MFRS 9 Financial Instruments

MFRS 9, which replaces MFRS 139 Financial Instruments: Recognition and Measurement, set out the requirements for recognising and measuring financial instruments. The major changes introduced by MFRS 9 (that are relevant to the Company) relate to the classification and measurement of financial assets. Under MFRS 9:

- (i) Financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both the business model within which they are held and their contractual cash flow characteristics. Based on management's assessment, the adoption of the new guidance will not significantly affect the existing classification and measurement of financial assets of the Group and the Company.
- (ii) Impairment loss on financial assets is recognised using a new "expected credit loss" model as opposed to the "incurred credit loss" model currently used in MFRS 139. Under the new model, expected credit losses are recognised for financial assets using reasonable and supportable historical and forward-looking information even before a loss event occurs. Based on management's assessment, any additional impairment losses to be recognised using the new impairment model are not expected to be material to the Group and the Company.

The Company will apply the new requirements of MFRS 9 from 1 October 2018 with any cumulative effect of initial application recognised at that date without restating the comparative information presented under MFRS 139.

MFRS 15 Revenue from Contracts with Customers

MFRS 15, which replaces MFRS 111 Construction Contracts, MFRS 118 Revenue and other related interpretations, establishes a single comprehensive model for revenue recognition. Under MFRS 15, revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Revenue is recognised either over time or at a point in time depending on the timing of transfer of control. Based on management's assessment, the adoption of the new revenue recognition model will not significantly affect the current practice of recognising revenue from the sale of goods based on the transfer of risks and rewards which generally coincides with the transfer of control at a point in time.

The Group and the Company will apply the new requirements of MFRS 15 from 1 October 2018 with any cumulative effect of initial application recognised at that date without restating the comparative information presented under MFRS 118.

MFRS 16 Leases

MFRS 16, which replaces MFRS 117 Leases and other related interpretations, eliminates the distinction between finance and operating leases for lessees. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Group will apply the new requirements of MFRS 16 from 1 October 2019 with any cumulative effect of initial application recognised at that date without restating the comparative information presented under MFRS 117.

Notes to the Financial Statements

For the financial year ended 30 September 2018

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 (i) over (ii) below:

- (i) The aggregate of :
 - (a) The acquisition-date fair value of the consideration transferred;
 - (b) The amount of any non-controlling interests; and
 - (c) In a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquire.
- (ii) 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 2.6. When the above (ii) exceeds (i), 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 2018

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 2.6.

Capital work-in-progress 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 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 2.6.

2.5 Intangible Assets

Intangible assets of the Group consist of digital assets. Intangible assets are stated at valuation less accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.6.

Revaluations are made with sufficient regularity at the end of each reporting period such that the carrying amounts of the assets do not differ materially from their fair values at the end of the reporting period.

A revaluation increase is recognised in other comprehensive income and accumulated in equity as revaluation surplus or recognised in profit or loss to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in profit or loss. A revaluation decrease is recognised in profit or loss or recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of the same asset.

2.6 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.

Notes to the Financial Statements

For the financial year ended 30 September 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Impairment of Non-financial Assets (Cont'd)

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.

2.7 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.

2.8 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.

Notes to the Financial Statements

For the financial year ended 30 September 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 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.

2.10 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.

2.11 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.

Notes to the Financial Statements

For the financial year ended 30 September 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 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.

2.13 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 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 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.

2.15 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 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 in the period in which the associated services are rendered by the employee.

Defined Benefit Plan

The Group operate an unfunded final salary defined benefit plan for their employees. The liability in respect of the defined benefit plan is the present value of the future benefits that employees have earned in return for their services rendered in the current and prior periods. The calculation is performed using the projected unit credit method, with actuarial valuations being carried out with sufficient regularity at an interval of not more than three years such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period. All components of defined benefit costs are recognised in profit or loss in the period in which they are incurred, except for re-measurements of the defined benefit liability which are recognised in other comprehensive income.

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.

Notes to the Financial Statements

For the financial year ended 30 September 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 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.

2.17 Income Taxes

Income taxes for the financial 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.

2.18 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 statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Notes to the Financial Statements

For the financial year ended 30 September 2018

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 receivables

The Group and the Company make allowance for impairment based on an assessment of the recoverability of 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 receivables.

Impairment of non-financial assets

The Group and the Company reviewed its non-financial assets for indications of impairment and where such indications exist, the Group performed impairment test which involved significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc. Possible changes in these estimates may result in revisions to the carrying amounts of non-financial assets.

Notes to the Financial Statements

For the financial year ended 30 September 2018

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 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)
Reclassifications	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
Additions	27,936	94,365	11,810	731	5,121	21,914	161,877
Disposals	-	(1,192)	(56)	(226)	-	-	(1,474)
Write-offs	(14,608)	(86,607)	(4,933)	-	(6,005)	-	(112,153)
Reclassifications	2,025	271	-	(248)	-	(2,048)	-
Currency translation differences	514	956	27	23	12	52	1,584
Balance at 30 September 2018	88,975	392,310	26,111	7,197	31,427	22,292	568,312

Depreciation and Impairment

Losses

Balance at 1 October 2016

Accumulated depreciation	8,672	229,646	14,131	5,476	21,994	-	279,919
Accumulated impairment loss	-	1,412	-	-	-	-	1,412
	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
Balance brought forward	9,715	249,425	15,041	5,798	20,474	-	300,453

Notes to the Financial Statements

For the financial year ended 30 September 2018

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
<u>Depreciation and Impairment</u>							
<u>Losses (Cont'd)</u>							
Balance carried forward	9,715	249,425	15,041	5,798	20,474	-	300,453
Depreciation	688	24,683	1,492	398	3,431	-	30,692
Impairment losses	-	10,763	9,344	194	1,169	-	21,470
Disposals	-	(843)	(48)	(226)	-	-	(1,117)
Write-offs	(3,213)	(59,009)	(4,088)	-	(4,712)	-	(71,022)
Reclassifications	-	54	-	(54)	-	-	-
Currency translation differences	48	441	11	9	-	-	509
Balance at 30 September 2018							
Accumulated depreciation	7,238	213,454	12,408	5,925	19,193	-	258,218
Accumulated impairment loss	-	12,060	9,344	194	1,169	-	22,767
	7,238	225,514	21,752	6,119	20,362	-	280,985
<u>Carrying Amount</u>							
Balance at 1 October 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
Balance at 30 September 2018	81,737	166,796	4,359	1,078	11,065	22,292	287,327

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

	Group	
	2018 RM'000	2017 RM'000
Freehold land and buildings	34,540	16,742
Factory equipment and machineries	13,690	13,624
	48,230	30,366

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	
	2018 RM'000	2017 RM'000
Factory equipment and machineries	11,733	2,575

Notes to the Financial Statements

For the financial year ended 30 September 2018

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	
	2018 RM'000	2017 RM'000
Freehold land and buildings	34,540	16,742
Factory equipment and machineries	1,957	11,049
	36,497	27,791

Company	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
<u>Cost</u>			
Balance at 1 October 2016	12	587	599
Movement during the year	-	-	-
Balance at 30 September 2017	12	587	599
Movement during the year	-	-	-
Balance at 30 September 2018	12	587	599
<u>Accumulated Depreciation</u>			
Balance at 1 October 2016	12	365	377
Depreciation	-	83	83
Balance at 30 September 2017	12	448	460
Depreciation	-	84	84
Balance at 30 September 2018	12	532	544
<u>Carrying Amount</u>			
Balance at 1 October 2016	-	222	222
Balance at 30 September 2017	-	139	139
Balance at 30 September 2018	-	55	55

Notes to the Financial Statements

For the financial year ended 30 September 2018

5. INTANGIBLE ASSETS

	Group	
	2018	2017
	RM'000	RM'000
Balance at 1 October 2017/2016	-	-
Additions	1,374	-
Fair value changes	(46)	-
Balance at 30 September	1,328	-

The fair values of digital assets are directly measured using their unadjusted closing prices in active markets (i.e. Level 1).

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2018	2017
	RM'000	RM'000
Unquoted shares, at cost	100,862	57,353
Employees' share options granted to employees of subsidiaries	2,038	751
Accumulated impairment losses	(22,560)	(7,560)
	80,340	50,544

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Effective Equity Interest		Principal Activities
		2018	2017	
		%	%	
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.
Trendi Notion Sdn. Bhd.	Malaysia	100	100	Development and provision of services in blockchain technology.
Swiss Impression Sdn. Bhd.	Malaysia	100	100	Inactive.
Intech Precision Sdn. Bhd.	Malaysia	100	100	Inactive.

Notes to the Financial Statements

For the financial year ended 30 September 2018

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Effective Equity Interest		Principal Activities
		2018 %	2017 %	
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 Malaysia PLT

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

7. INVENTORIES

	Group	
	2018 RM'000	2017 RM'000
Raw materials	10,534	21,733
Work-in-progress	7,866	8,073
Finished goods	18,435	16,270
	36,835	46,076

Notes to the Financial Statements

For the financial year ended 30 September 2018

8. RECEIVABLES

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Trade receivables:				
- Unrelated parties	66,920	61,752	-	-
- Allowance for impairment	(316)	(164)	-	-
	66,604	61,588	-	-
Other receivables:				
- Unrelated parties	9,739	7,482	-	62
- Allowance for impairment	(38)	(62)	-	-
	9,701	7,420	-	62
- Insurance claim receivable	79,367	-	-	-
- Subsidiaries	-	-	88,066	66,321
	89,068	7,420	88,066	66,383
	155,672	69,008	88,066	66,383

The currency profile of receivables is as follows:-

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Euro	21,549	19,147	-	-
Ringgit Malaysia	103,563	17,574	88,066	66,383
Thai Baht	10,000	10,119	-	-
US Dollar	20,487	21,975	-	-
Others	73	193	-	-
	155,672	69,008	88,066	66,383

Trade Receivables

Trade receivables are unsecured, non-interest bearing and generally on 30 to 105 (2017 - 30 to 90) day terms.

The movements in allowance for impairment are as follows:-

	Group	
	2018	2017
	RM'000	RM'000
Balance at 1 October 2017/2016	164	272
Impairment loss recognised	188	-
Impairment loss reversed	(1)	(108)
Impairment loss written off	(35)	-
Balance at 30 September	316	164

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

Notes to the Financial Statements

For the financial year ended 30 September 2018

8. RECEIVABLES (CONT'D)

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

	Group	
	2018	2017
	RM'000	RM'000
Not past due	44,623	46,119
Past due 1 to 30 days	15,231	11,020
Past due 31 to 120 days	6,265	4,136
Past due more than 120 days	485	313
	66,604	61,588

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 2018, there were 3 (2017 - 3) 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 RM28,758,048 (2017 - RM30,592,578).

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

	Group	
	2018	2017
	RM'000	RM'000
Belgium	1,439	2,486
China	6,022	5,424
Hong Kong	491	707
Japan	1,904	2,155
Malaysia	14,792	10,418
Mexico	4,073	2,024
Poland	6,895	6,887
Thailand	27,242	28,644
United States of America	2,624	1,210
Others	1,122	1,633
	66,604	61,588

Notes to the Financial Statements

For the financial year ended 30 September 2018

8. RECEIVABLES (CONT'D)

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	
	2018 RM'000	2017 RM'000
Balance at 1 October 2017/2016	62	64
Impairment loss reversed	(24)	(2)
Balance at 30 September	38	62

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

9. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Highly liquid investments	25,438	47,889	22,933	42,789
Term deposits with licensed banks (fixed rate)	8,064	9,771	2,012	13,763
Cash and bank balances	8,362	28,699	340	9,839
	41,864	86,359	25,285	66,391

The effective interest rates of term deposits as at the end of reporting period ranged from 2.20% to 4.62% (2017- 1.00% to 3.50%) per annum.

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Euro	251	2,066	-	-
Ringgit Malaysia	33,602	78,330	25,285	66,391
Thai Baht	6,061	4,877	-	-
US Dollar	1,664	1,012	-	-
Others	286	74	-	-
	41,864	86,359	25,285	66,391

Notes to the Financial Statements

For the financial year ended 30 September 2018

10. SHARE CAPITAL

	No. of Ordinary Shares '000	RM'000
<u>Issued and fully paid:-</u>		
Balance at 1 October 2016 ^(a)	270,419	135,209
Issuance of shares pursuant to:		
- Employees' Share Option Scheme ("ESOS")	1,577	1,823
- 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	198,354
Issuance of shares pursuant to ESOS	2,189	1,437
Balance at 30 September 2018 ^(b)	332,823	199,791

^(a) Ordinary shares of RM0.50 each

^(b) Ordinary shares with no par value

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.

In the previous financial year, the shareholders of the Company, by a resolution passed at the Extraordinary General Meeting held on 23 February 2017, approved the Long Term Incentive Plan ("LTIP") comprising 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.

Notes to the Financial Statements

For the financial year ended 30 September 2018

10. SHARE CAPITAL (CONT'D)

- (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.

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			
As at 1 October 2017	1,932,000	0.80		
Granted	10,527,300	0.44		
Exercised	(2,188,800)	0.44	0.62	
Outstanding at 30 September 2018	10,270,500	0.62		4.0 years
Exercisable at 30 September 2018	9,797,800			

	Option 1	Option 2
Grant date	27.2.2017	12.12.2017
Fair value at grant date (RM)	0.36	0.22

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	0.53
Exercise price (RM)	0.80	0.44
Expected volatility (%)	45.25	55.80
Option life (years)	4.4	4.2
Expected dividends (%)	2.26	5.66
Risk-free interest rate (%)	3.69	3.68

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 2018

11. LOANS AND BORROWINGS

Group	2018 RM'000	2017 RM'000
<u>Secured</u>		
Hire purchase payables (fixed rate)	11,857	406
Term loans (floating rate)	23,478	7,684
<u>Unsecured</u>		
Banker acceptances (fixed rate)	8,576	3,227
	43,911	11,317
Disclosed as:		
- Current liabilities	16,578	9,105
- Non-current liabilities	27,333	2,212
	43,911	11,317

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

The effective interest rates of loans and borrowings as at 30 September 2018 ranged from 6.54% to 7.29% (2017 - 6.54% to 6.79%) 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:-

	2018 RM'000	2017 RM'000
Minimum hire purchase payments:		
- Within 1 year	2,955	198
- Later than 1 year and not later than 2 years	2,955	72
- Later than 2 years and not later than 5 years	7,864	181
Total contractual undiscounted cash flows	13,774	451
Future finance charges	(1,917)	(45)
Present value of hire purchase payables:		
- Within 1 year	2,228	180
- Later than 1 year and not later than 2 years	2,400	59
- Later than 2 years and not later than 5 years	7,229	167
	11,857	406

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 2018

11. LOANS AND BORROWINGS (CONT'D)

Term Loans

Term loans are repayable over 1 to 7 years. The repayment analysis is as follows:-

	2018 RM'000	2017 RM'000
Gross loan instalments:		
- Within 1 year	5,945	6,114
- Later than 1 year and not later than 2 years	3,987	2,119
- Later than 2 years and not later than 5 years	14,834	-
- Later than 5 years	5,574	-
Total contractual undiscounted cash flows	30,340	8,233
Future finance charges	(6,862)	(549)
Present value of term loans:		
- Within 1 year	4,167	5,699
- Later than 1 year and not later than 2 years	2,493	1,985
- Later than 2 years and not later than 5 years	11,857	-
- Later than 5 years	4,961	-
	23,478	7,684

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 to the effective interest rates of term loans.

12. RETIREMENT BENEFITS

The Group operates final salary defined benefits plan with guaranteed lump sum payment at retirement and early retirement for its eligible employees.

The present value of defined benefit obligations are as follows:-

Group

	2018 RM'000	2017 RM'000
Balance as at 1 October 2017/2016	-	-
Defined benefit costs	350	-
Currency translation differences	9	-
Balance as at 30 September	359	-
The components of defined benefit costs are as follows:		
Current service cost	344	-
Interest expense	6	-
	350	-

Notes to the Financial Statements

For the financial year ended 30 September 2018

12. RETIREMENT BENEFITS (CONT'D)

The principal actuarial assumptions used to determine the present value of the defined benefits obligations are as follows:

	2018 %	2017 %
Discount rate	2.85	-
Future salary growth	5.67	-

The following table demonstrates the sensitivity analysis of the Group if significant actuarial assumptions at the end of each reporting period changed by one hundred (100) basis points with all other variables held constant:-

	2018 RM'000	2017 RM'000
Increase in discount rate by 1%	327	-
Decrease in discount rate by 1%	395	-
Increase in expected rate of salary by 1%	396	-
Decrease in expected rate of salary by 1%	326	-

The weighted average duration of the defined benefits obligations is 9.92 years.

13. DEFERRED TAX LIABILITIES

Group

	2018 RM'000	2017 RM'000
Balance at 1 October 2017/2016	14,155	15,886
Deferred tax income relating to origination and reversal of temporary differences	(8,860)	(1,615)
Deferred tax liabilities under/(over) provided in the prior year	1,729	(116)
Balance at 30 September	7,024	14,155
In respect of (deductible)/taxable temporary differences of:		
- Inventories	(1,737)	(11)
- Financial instruments	825	(147)
- Property, plant and equipment	7,936	14,313
	7,024	14,155

Notes to the Financial Statements

For the financial year ended 30 September 2018

14. PAYABLES

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Trade payables	14,014	12,915	-	-
Other payables:				
- Subsidiaries	-	-	3,267	2,248
- Director	2,853	-	-	-
- Unrelated parties	36,768	26,741	1,037	525
	39,621	26,741	4,304	2,773
	53,635	39,656	4,304	2,773

The currency profile of payables is as follows:-

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Japanese Yen	6,022	7,167	-	-
Ringgit Malaysia	37,908	25,616	4,304	2,773
Thai Baht	4,685	3,732	-	-
US Dollar	4,218	2,516	-	-
Others	802	625	-	-
	53,635	39,656	4,304	2,773

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 amounts owing to subsidiaries and a director are 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.

15. REVENUE

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Sale of goods	255,946	275,232	-	-
Dividend income	-	-	19,500	15,305
Management fee	-	-	6,240	6,240
	255,946	275,232	25,740	21,545

Notes to the Financial Statements

For the financial year ended 30 September 2018

16. PROFIT BEFORE TAX

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):-				
Allowance for slow moving inventories	6,199	-	-	-
Auditors' remuneration:				
- Current financial year	230	229	63	63
- Previous financial year	-	10	-	10
Depreciation of property, plant and equipment	30,692	33,735	84	83
Employee benefits expense (Note 17)	73,889	53,814	7,828	7,370
Impairment loss on investments in subsidiaries	-	-	15,000	-
Impairment loss on receivables	188	-	-	-
Impairment loss on plant and equipment	21,470	-	-	-
Interest expense for financial liabilities not at fair value through profit or loss	793	923	-	-
Inventories written down	519	-	-	-
Inventories written off	6,809	-	-	-
Loss on fair value adjustment of intangible assets	46	-	-	-
Loss on foreign exchange:				
- Realised	142	-	-	-
- Unrealised	222	988	-	-
Property, plant and equipment written off	41,131	670	-	-
Rental expense	1,659	1,605	-	-
Dividend income from subsidiaries	-	-	(19,500)	(15,305)
Gain on disposal of plant and equipment	(256)	(1,311)	-	-
Gain on foreign exchange:				
- Realised	-	(6,009)	-	-
- Unrealised	(686)	-	-	-
Insurance claims income	(159,447)	-	-	-
Interest income for financial assets not at fair value through profit or loss	(1,847)	(1,316)	(1,373)	(1,086)
Reversal of impairment loss on receivables	(25)	(110)	-	-

Notes to the Financial Statements

For the financial year ended 30 September 2018

17. EMPLOYEE BENEFITS EXPENSE (INCLUDING DIRECTORS' REMUNERATION)

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Directors:				
- Short-term employee benefits	5,568	5,657	5,568	5,657
- Defined contribution plan	569	616	569	616
- Share-based payments	861	471	861	471
	6,998	6,744	6,998	6,744
Other employees:				
- Short-term employee benefits	62,854	44,673	633	535
- Defined contribution plan	2,269	1,620	66	65
- Defined benefit plan	350	-	-	-
- Share-based payments	1,418	777	131	26
	66,891	47,070	830	626
	73,889	53,814	7,828	7,370

18. TAX EXPENSE/ INCOME

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Tax based on results for the year:				
- Current tax	27,658	3,560	-	-
- Deferred tax	(8,860)	(1,615)	-	-
	18,798	1,945	-	-
Tax (over)/under provided in prior year:				
- Current tax	(923)	(412)	-	(40)
- Deferred tax	1,729	(116)	-	-
	19,604	1,417	-	(40)

Notes to the Financial Statements

For the financial year ended 30 September 2018

18. TAX EXPENSE/INCOME (CONT'D)

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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before tax	67,188	14,375	5,433	13,937
Tax at the statutory tax rate of 24%	16,125	3,450	1,304	3,345
Tax incentives claimed	-	(661)	-	-
Non-deductible expenses	3,730	513	3,376	328
Non-taxable income	(2,227)	(834)	(4,680)	(3,673)
Increase in unrecognised deferred tax assets	2,569	-	-	-
Effect of differential in tax rates	(1,399)	(1,284)	-	-
Tax (over)/under provided in prior year:				
- Current tax	(923)	(412)	-	(40)
- Deferred tax	1,729	(116)	-	-
Others	-	761	-	-
	19,604	1,417	-	(40)

As at 30 September 2018, the future availability of deductible temporary differences and unutilised tax credits for which no deferred tax assets have been recognised are as follows:-

Group

	2018 RM'000	2017 RM'000
Property, plant and equipment	3,168	-
Unabsorbed capital allowances	4,510	-
Unutilised tax losses	1,663	-
Others	1,361	-
	10,702	-

Notes to the Financial Statements

For the financial year ended 30 September 2018

19. 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:-

	2018	2017
Profit for the financial year (RM'000)	47,584	12,958
Number of shares in issue at 1 October 2017/2016 ('000)	330,634	270,419
Effect of share reissued ('000)	-	966
Effect of shares issued pursuant to: ('000)		
- ESOS	962	661
- Conversion of warrants	-	13,534
- Private placement	-	12,055
Weighted average number of shares for computing basic earnings per share ('000)	331,596	297,635
Number of shares under ESOS deemed to have been issued for no consideration ('000)	1,334	1,252
Weighted average number of shares for computing diluted earnings per share ('000)	332,930	298,887
Basic earnings per share (sen)	14.35	4.35
Diluted earnings per share (sen)	14.29	4.34

20. DIVIDENDS

Group and Company

	2018 RM'000	2017 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

Notes to the Financial Statements

For the financial year ended 30 September 2018

21. NOTES TO THE STATEMENT OF CASH FLOWS

Group

Purchase of Property, Plant and Equipment

	2018 RM'000	2017 RM'000
Cost of property, plant and equipment purchased	161,877	48,621
Amount financed through hire purchase	(12,267)	(362)
Net cash disbursed	149,610	48,259

Banker Acceptances

Balance at 1 October 2017/2016	3,227	216
Net cash flow changes	5,349	3,011
Balance at 30 September (Note 11)	8,576	3,227

Hire Purchase Payables

Balance at 1 October 2017/2016	406	3,161
Drawdowns	12,267	362
Repayments	(816)	(3,117)
Balance at 30 September (Note 11)	11,857	406

Term Loans

Balance at 1 October 2017/2016	7,684	16,831
Drawdowns	21,848	-
Repayments	(6,054)	(9,147)
Balance at 30 September (Note 11)	23,478	7,684

Notes to the Financial Statements

For the financial year ended 30 September 2018

22. RELATED PARTY DISCLOSURES

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

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Other key management personnel compensation:				
- Short-term employee benefits	5,310	2,757	5,310	206
- Defined contribution plan	569	233	569	28
- Share-based payments	714	155	714	10
	6,593	3,145	6,593	244
Dividends received from subsidiaries	-	-	19,500	15,305
Management fees charged to subsidiaries	-	-	6,240	6,240
Rental expense charged by a director	60	60	-	-

23. 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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Belgium	7,990	11,553	-	-
China	16,826	27,653	-	-
Hong Kong	3,286	4,002	-	-
Japan	6,966	7,391	-	-
Malaysia	53,621	49,481	222,455	168,051
Mexico	11,707	5,750	-	-
Poland	34,020	31,316	-	-
Thailand	111,458	129,523	66,200	49,974
United States of America	5,282	5,352	-	-
Others	4,790	3,211	-	-
	255,946	275,232	288,655	218,025

Notes to the Financial Statements

For the financial year ended 30 September 2018

23. SEGMENT REPORTING (CONT'D)

Major Customers

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

	External Revenue	
	2018	2017
	RM'000	RM'000
Customer I ^(a)	49,464	55,304
Customer II ^(a)	47,059	38,140
Customer III ^(a)	34,020	31,316

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

24. COMMITMENT FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

Group

	2018	2017
	RM'000	RM'000
Contracted but not provided for	17,004	5,569

25. 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 RM199,840,000 (2017 - RM96,500,000). The total utilisation of these credit facilities as at 30 September 2018 amounted to approximately RM26,921,000 (2017 - RM8,090,000).

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 2.9. 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.

26. 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.

Notes to the Financial Statements

For the financial year ended 30 September 2018

26. FINANCIAL RISK MANAGEMENT (CONT'D)

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 25.

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.

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.

Notes to the Financial Statements

For the financial year ended 30 September 2018

26. FINANCIAL RISK MANAGEMENT (CONT'D)

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 2018 RM'000	Group Increase/ (Decrease) in Profit 2017 RM'000
Appreciation of EUR against RM by 10%	1,657	1,612
Depreciation of EUR against RM by 10%	(1,657)	(1,612)
Appreciation of JPY against RM by 10%	(458)	(545)
Depreciation of JPY against RM by 10%	458	545
Appreciation of USD against RM by 10%	1,363	1,556
Depreciation of USD against RM by 10%	(1,363)	(1,556)

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 practice to maintain a mix of fixed and floating rate financial instruments.

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:-

	(Decrease)/ Increase in Profit 2018 RM'000	Group (Decrease)/ Increase in Profit 2017 RM'000
Increase in interest rates by 100 basis points	(178)	(58)
Decrease in interest rates by 100 basis points	178	58

27. 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 returns owners 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.

Notes to the Financial Statements

For the financial year ended 30 September 2018

27. CAPITAL MANAGEMENT (CONT'D)

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	
	2018	2017
	RM'000	RM'000
Total loans and borrowings	43,911	11,317
Total equity	408,833	357,253
Total capital	452,744	368,570
Debt-to-equity ratio	0.11	0.03

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

28. SIGNIFICANT EVENT DURING THE REPORTING PERIOD

On 20 October 2017, a fire occurred at the Group's main manufacturing plant in Klang, Selangor. Consequently, the amount of property, plant and equipment and inventories written off amounted to RM41,131,000 and RM6,809,000 respectively.

The insurer has offered and the Group has accepted a Claim Settlement Offer for Fire Damage to Building, Machinery and Stocks upon the Adjusters' Adjustment Schedule amounting to RM159,367,000 under the Material Damage Section as full and final settlement to the Group. The settlement could be deployed for recovery of the production facilities affected by the fire incident and the Group will still retain its rights to any recovery from insurance proceeds for business interruption arising from the fire incident.

List of Properties

Held as at 30 September 2018

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	14	26 February 2004	7,653	Freehold	470,374
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	14	26 February 2004	7,653	Freehold	470,374
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	13	10 August 2006	304,988	Freehold	8,063,402
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	21	02 October 2009	262,937	Freehold	17,999,829
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	22	28 January 2010	1,959	Freehold	177,778
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	22	28 January 2010	1,970	Freehold	177,778
Address: No.45, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor					

List of Properties

Held as at 30 September 2018

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	22	28 January 2010	1,970	Freehold	177,778
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	22	28 January 2010	1,970	Freehold	177,778
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	22	28 January 2010	3,197	Freehold	355,555
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	22	29 April 2010	108,931	Freehold	3,527,668
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	22	08 February 2012	1,970	Freehold	209,811
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	26	13 March 2012	283,952	Freehold	17,350,052

List of Properties

Held as at 30 September 2018

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	11	08 October 2012	3,337	Freehold	181,960
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	11	08 October 2012	3,337	Freehold	181,960
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	11	08 October 2012	3,337	Freehold	181,960
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	11	08 October 2012	3,337	Freehold	181,960
Address: Lot 35150, Jalan Haji Manan, Batu 5 1/2, Off Jalan Meru, 41050 Klang, Selangor					
1 Storey Industrial Lot, Sri Ayutthaya, Thailand	24	11 August 2016	92,311	Freehold	3,683,914
Address: 63 Tambon Thanu, Amphur Uthai, Pra Nakhon Sri Ayutthaya Province, Thailand					
2 Storey Industrial Lot, Sri Ayutthaya, Thailand	11	03 May 2018	163,439	Freehold	9,485,854
Address: 40 Moo 4 Tambon U-Thai, Amphur Uthai, Pra Nakhon Sri Ayutthaya Province, Thailand					
1 plot of Industrial Land, Johor Bahru	4	28 February 2018	136,583	Freehold	10,926,720
Address: Plot 4, HSD 547617, PTD 200311, Mukim Pulau, Johor Bahru					
TOTAL					73,982,505

Analysis of Shareholdings and Warrant Holdings

As at 31 December 2018

SHAREHOLDINGS

Issued Shares	: 333,146,453 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	: 6,174

ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	945	15.306	39,487	0.011
100 - 1,000	568	9.199	301,688	0.090
1,001 - 10,000	2,579	41.771	14,205,310	4.263
10,001 - 100,000	1,786	28.927	58,139,121	17.451
100,001 - 16,657,321 (*)	293	4.745	195,378,438	58.646
16,657,322 and above (**)	3	0.048	65,082,409	19.535
Total:	6,174	100.000	333,146,453	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 31 DECEMBER 2018

Name	No. of Shares held as at 31 December 2018			
	Direct	%	Indirect	%
Thoo Chow Fah	12,082,534	3.625	855,308*	0.257
Choo Wing Hong	31,830,326	9.553	-	-
Choo Wing Onn	26,547,844	7.968	-	-
Lee Tian Yoke	12,577,631	3.775	-	-
Choo Wing Yew	6,099,925	1.830	-	-
Saw Tat Loon	-	-	-	-
Anita Chew Cheng Im	-	-	-	-
Dato' Abu Bakar Bin Mohd Nor	27,793	0.008	-	-

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 and Warrant Holdings

As at 31 December 2018

SUBSTANTIAL SHAREHOLDERS

ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 31 DECEMBER 2018

Name	No. of Shares held as at 31 December 2018			
	Direct	%	Indirect	%
Choo Wing Hong	31,830,326	9.553	-	-
Choo Wing Onn	26,547,844	7.968	-	-
Nikon Corporation	25,328,562	7.602	-	-
Urusharta Jamaah Sdn Bhd	17,334,003	5.203	-	-

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	7.602
2.	CHOO WING ONN	22,419,844	6.729
3.	URUSHARTA JAMAAH SDN BHD	17,334,003	5.203
4.	LEE TIAN YOKE	12,577,631	3.775
5.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOO WING HONG	12,000,000	3.602
6.	CHOO WING HONG	11,154,326	3.348
7.	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOO WING HONG (8095431)	6,676,000	2.003
8.	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	6,216,400	1.865
9.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR THOO CHOW FAH	5,500,000	1.650
10.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR LGT BANK AG (FOREIGN)	5,050,000	1.515
11.	CHOO WING LEONG	4,687,550	1.407
12.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG MOO LING	4,634,300	1.391
13.	CHIN CHIN SEONG	4,130,700	1.239
14.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOO WING ONN	4,128,000	1.239
15.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOO WING YEW (471952)	3,945,200	1.184

Analysis of Shareholdings and Warrant Holdings

As at 31 December 2018

LIST OF TOP 30 SHAREHOLDERS (CONT'D)

No.	Name	Holdings	%
16.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR THOO CHOW FAH	3,900,000	1.170
17.	LEAN MUN HUAT	2,826,400	0.848
18.	THOO CHOW FAH	2,682,534	0.805
19.	CHIN CHIN SEONG	2,314,500	0.694
20.	CITIGROUP NOMINEES (ASING) SDN BHD MERRILL LYNCH INTERNATIONAL	2,268,500	0.680
21.	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG MOO LING (M)	2,257,300	0.677
22.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEAN MUN HUAT (CCTS)	2,172,300	0.652
23.	CHOO WING YEW	2,154,725	0.646
24.	CHOR WAN YOKE	2,074,000	0.622
25.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG SILING (CEB)	2,030,000	0.609
26.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOO WING HONG	2,000,000	0.600
27.	CHONG CHING YEE	1,965,000	0.589
28.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LIM GUAT KEE (MM0666)	1,925,900	0.578
29.	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BHD FOR BIMB I DIVIDEND FUND	1,725,000	0.517
30.	CHOO WING SING	1,716,821	0.515
	Total	179,795,496	53.968

Analysis of Shareholdings and Warrant Holdings

As at 31 December 2018

WARRANTS-C HOLDINGS

No. of warrants C in issue	:	33,063,385
Exercise price of the warrants C	:	RM0.84
Issue date of the warrants C	:	14 March 2018
Expiry date of the warrants C	:	14 March 2023

ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	No. of Holders	%	No. of Warrants	%
1 - 99	1,390	28.671	26,161	0.079
100 - 1,000	2,053	42.347	1,039,976	3.145
1,001 - 10,000	1,114	22.978	3,815,206	11.539
10,001 - 100,000	244	5.033	7,284,202	22.031
100,001 - 1,653,168 (*)	45	0.928	16,123,000	48.763
1,653,169 and above (**)	2	0.041	4,774,840	14.441
Total:	4,848	100.000	33,063,385	100.000

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

DIRECTORS' WARRANT HOLDINGS

ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 31 DECEMBER 2018

Name	No. of Warrant held as at 31 December 2018			
	Direct	%	Indirect	%
Thoo Chow Fah	1,208,253	3.653	585,530*	1.771
Choo Wing Hong	3,183,032	9.625	-	-
Choo Wing Onn	2,654,784	8.028	-	-
Lee Tian Yoke	1,257,763	3.804	-	-
Choo Wing Yew	609,992	1.844	-	-
Saw Tat Loon	-	-	-	-
Anita Chew Cheng Im	-	-	-	-
Dato' Abu Bakar Bin Mohd Nor	2,779	0.008	-	-

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 and Warrant Holdings

As at 31 December 2018

LIST OF TOP 30 WARRANTS-C HOLDERS

No.	Name	Holdings	%
1.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR MITSUBISHI UFJ MORGAN STANLEY SECURITIES CO., LTD.	2,532,856	7.660
2.	CHOO WING ONN	2,241,984	6.780
3.	LEE TIAN YOKE	1,257,763	3.804
4.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOO WING HONG	1,200,000	3.629
5.	CHOO WING HONG	1,115,432	3.373
6.	KU NEE KHER @ CHEW FA	800,000	2.419
7.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOO WING HONG (8095431)	667,600	2.019
8.	CHOO WAI SOOK	585,530	1.770
9.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEAN MUN HUAT (CCTS)	574,480	1.737
10.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR THOO CHOW FAH	550,000	1.663
11.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SI YAN (PENANG-CL)	513,036	1.551
12.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VICTECH SOLUTIONS SDN BHD	500,000	1.512
13.	CHOO WING LEONG	468,755	1.417
14.	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHENG AI LENG	446,200	1.349
15.	TEE SEE KIM	420,000	1.270
16.	CHIN CHIN SEONG	413,070	1.249
17.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOO WING ONN	412,800	1.248
18.	LOO POOI LING	406,000	1.227
19.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOO WING YEW (471952)	394,520	1.193
20.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR THOO CHOW FAH	390,000	1.179
21.	LOK NAM	339,400	1.026
22.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG MOO LING	322,330	0.974
23.	OOI THONG HOCK	300,000	0.907

Analysis of Shareholdings and Warrant Holdings

As at 31 December 2018

LIST OF TOP 30 WARRANTS-C HOLDERS (CONT'D)

No.	Name	Holdings	%
24.	THOO CHOW FAH	268,253	0.811
25.	MAGENDRAN A/L CHANDRAN	250,000	0.756
26.	NG BOO KEAN @ NG BEH KIAN	248,970	0.753
27.	CHIN CHIN SEONG	231,450	0.700
28.	CHOO WING YEW	215,472	0.651
29.	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG MOO LING (M)	200,030	0.604
30.	CHEN CHIN KEONG	200,000	0.604
	Total	18,465,931	55.850

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 2018 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 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 2018 are as follows:-

	Company (RM)	Group (RM)
Audit services rendered	63,000	230,000
Non-audit services rendered	7,000	59,100

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

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

The Company did not undertake any corporate proposal to raise proceeds during the financial year.

Additional Compliance

LONG TERM INCENTIVE PLAN ("LTIP")

In the previous financial year, the Company established the LTIP comprising the ESOS and ESGS. 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 2018 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
As at 1 October 2017	1,932,000	925,000
Granted	10,527,300	3,975,000
Exercised / Lapsed	2,188,800	300,000
As at 30 September 2018	10,270,500	4,600,000

- (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 2018:

Directors and Senior Management	Since the commencement of the LTIP up to financial year ended 30 September 2018
Aggregate maximum allocation	5,300,000
Actual percentage granted	40%

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

Name	As at 1 Oct 2017	Granted	Exercised	Balance as at 30 Sept 2018
Saw Tat Loon	75,000	225,000	-	300,000
Anita Chew Cheng Im	75,000	225,000	-	300,000
Dato' Abu Bakar Bin Mohd Nor [#]	-	-	-	-
Alwin Yike Chee Wah [*]	75,000	225,000	-	-

[#] Appointed as an Independent Non-Executive Director on 7 May 2018 .

^{*} Retired as an Independent Non-Executive Director on 23 February 2018 and the option granted to him was lapsed.

Pursuant to Paragraph 8.20 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.

Notice of Annual General meeting

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of NOTION VTEC BERHAD ("Company" or "NVB") will be held at Première Hotel, Bandar Bukit Tinggi 1/KS6, Jalan Langat, 41200 Klang, Selangor Darul Ehsan, Malaysia on Wednesday, 6 March 2019 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 2018 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 Clause 95 of the Constitution of the Company:
 - i) Mr Saw Tat Loon **(Ordinary Resolution 1)**
 - ii) Mr Choo Wing Yew **(Ordinary Resolution 2)**
3. To re-elect Dato' Abu Bakar Bin Mohd Nor who is retiring in accordance with Clause 102 of the Constitution of the Company. **(Ordinary Resolution 3)**
4. To approve the payment of Directors' Fees of up to RM300,000 and benefits payable to the Directors of the Company and its subsidiary of up to RM60,000 from 6 March 2019 until the conclusion of the next Annual General Meeting of the Company. **(Ordinary Resolution 4)**
5. To re-appoint Crowe Malaysia PLT 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. **Proposed continuation in office of Mr Saw Tat Loon as Independent Non-Executive Director**
"THAT approval be and is hereby given to Mr Saw Tat Loon who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve 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. **Proposed continuation in office of Ms Anita Chew Cheng Im as Independent Non-Executive Director**
"THAT approval be and is hereby given to Ms 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 Constitution of the Company and approval for the listing of and quotation for the additional Shares so issued on the Bursa Malaysia Securities Berhad (“Bursa Securities”) and other relevant bodies where such approval is necessary.”

(Ordinary Resolution 8)

9. **Proposed Allocation of Awards to Dato’ Abu Bakar Bin Mohd Nor, the Independent Non-Executive Director of the Company**

“**THAT** subject to the passing of Resolution 3 above, approval be and is hereby given to the Board to authorise the Long Term Incentive Plan (“LTIP”) Committee to award and to grant to Dato’ Abu Bakar Bin Mohd Nor, who is an Independent Non-Executive Director of the Company, options to subscribe for up to 750,000 new ordinary shares in the Company, from time to time throughout the duration of the LTIP, **PROVIDED ALWAYS THAT:**

(Ordinary Resolution 9)

- (i) not more than 10% of the NVB Shares made available under the LTIP and any other scheme involving issuance of new NVB Shares to employees which may be implemented from time to time by the Company is allocated to him if he, either singly or collectively through persons connected with him, holds 20% or more of the issued and paid-up share capital of the Company (excluding treasury shares); and
- (ii) he does not participate in the deliberation or discussion of his own allocation of the number of NVB Shares comprised in the Options to be offered to him as well as that of the persons connected with him within the meaning of the Listing Requirements under the LTIP,

and subject always to such terms and conditions of the By-Laws and/or any adjustment which may be made in accordance with the provisions of the By-Laws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time;

AND THAT approval be and is hereby given to the Board to allot and issue such number of NVB Shares to Dato’ Abu Bakar Bin Mohd Nor, from time to time, pursuant to the exercise of Options under the LTIP.”

- 10. To transact any other business that may be transacted at the Annual General Meeting of 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

31 January 2019

Notice of Annual General Meeting

Explanatory Notes

(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 and 7 – Proposed continuation in office of Mr Saw Tat Loon and Ms Anita Chew Cheng Im as Independent Non-Executive Directors**

Practice 4.2 of the Malaysian Code on Corporate Governance provides that shareholders' approval be sought in the event that the Company intends for an Independent Director who has served in the capacity for more than nine (9) years or more than twelve (12) years via single tier and two-tier voting process respectively, to continue to act as Independent Director of the Company.

The Board is recommending to the shareholders for Mr Saw Tat Loon and Ms Anita Chew Cheng Im who have served as Independent Non-Executive Directors of the Company for a cumulative term of fourteen years and eleven years respectively to continue to act as Independent Non-Executive Directors of the Company, subject to the approval from the shareholders of the Company through a two-tier and single tier voting process respectively.

The Board through the Nomination Committee had assessed and endorsed that Mr Saw Tat Loon and Ms Anita Chew Cheng Im be retained as Independent Non-Executive Directors of the Company as they have continued to display high level of integrity and are objective in their judgement and decision-making in the best interest of the Company, shareholders and stakeholders and are able to express unbiased views without any influence, the detailed justifications are as set out in the Annual Report announced to Bursa Securities.

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

The Company had, during its Fourteenth Annual General Meeting held on 23 February 2018, 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 did not issue any shares pursuant to this mandate obtained.

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.

(4) **Agenda 9 – Proposed Allocation of Awards to the Independent Non-Executive Director of the Company**

The LTIP was implemented on 24 February 2017 following the shareholders' approval obtained at the Extraordinary General Meeting of the Company held on 23 February 2017.

Dato' Abu Bakar Bin Mohd Nor was appointed to the Board of Directors on 7 May 2018. The proposed Ordinary Resolution 9 if passed, will allow the Board of Directors to offer and grant to Dato' Abu Bakar Bin Mohd Nor, options to subscribe for up to 750,000 new ordinary shares in the Company under LTIP.

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 26 February 2019 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.

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Proxy FORM

No. of Shares Held	CDS Account No.

I/We, _____ (name of shareholder as per NRIC)
NRIC No./Passport No./Company No. _____
of _____ (full address)
and telephone no./email address: _____ being a Member(s) of NOTIONVTEC BERHAD,
hereby appoint _____ (name of proxy as per NRIC) NRIC No. _____
of _____ (full address)
or failing him/her, _____ (name of proxy as per NRIC) NRIC No. _____
of _____ (full address)
or # the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Fifteenth 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 Wednesday, 6 March 2019 at 9.30 a.m. or at any adjournment thereof and to vote as indicated below:-

Resolutions			For	Against
1	To re-elect Mr Saw Tat Loon as Director	Ordinary Resolution 1		
2	To re-elect Mr Choo Wing Yew as Director	Ordinary Resolution 2		
3	To re-elect Dato' Abu Bakar Bin Mohd Nor as Director	Ordinary Resolution 3		
4	To approve the payment of Directors' Fees and benefits payable to the Directors of the Company and its subsidiary from 6 March 2019 until the conclusion of the next Annual General Meeting of the Company.	Ordinary Resolution 4		
5	To re-appoint Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 5		
6	Special Business Proposed continuation in office of Mr Saw Tat Loon as an Independent Non-Executive Director.	Ordinary Resolution 6		
7	Special Business Proposed continuation in office of Ms Anita Chew Cheng Im as an 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 Proposed Allocation of Awards to Dato' Abu Bakar Bin Mohd Nor, the Independent Non-Executive Director of the Company.	Ordinary Resolution 9		

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 _____ 2019

Signature of Shareholder or Common Seal

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 notially 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.
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Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 31 January 2019.

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Affix
Stamp Here

The Share Registrar
NOTION VTEC BERHAD (637546-D)

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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NOTION VTEC BERHAD (637546-D)

LOT 6123, JALAN HAJI SALLEH, BATU 5 1/2, JALAN MERU, 41050 KLANG, SELANGOR, MALAYSIA.

www.notionvtec.com