

**NOTION VTEC BERHAD**  
**Company No: - 637546-D**

**UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2019 RM'000	Preceding Year Corresponding Quarter 30.06.2018 RM'000	Current Year To Date 30.06.2019 RM'000	Preceding Year To Date 30.06.2018 RM'000
Revenue	56,357	67,339	172,752	186,017
Cost of Sales	<u>(48,339)</u>	<u>(62,784)</u>	<u>(151,945)</u>	<u>(175,803)</u>
Gross Profit	8,018	4,555	20,807	10,214
Other Operating Income	1,911	21,694	8,491	88,554
Operating Expenses	<u>(7,706)</u>	<u>(8,898)</u>	<u>(30,185)</u>	<u>(83,256)</u>
Operating Income/ (Loss)	2,223	17,351	(887)	15,512
Finance Costs	<u>(1,282)</u>	<u>(196)</u>	<u>(3,622)</u>	<u>(597)</u>
Profit/ (Loss) before taxation	941	17,155	(4,509)	14,915
Tax Income/ (Expense)	<u>927</u>	<u>2,033</u>	<u>17</u>	<u>(6,652)</u>
Profit/ (Loss) after taxation	1,868	19,188	(4,492)	8,263
Other Comprehensive income/ (expenses) -currency translation differences	3,220	(1,390)	2,950	(5,323)
Total comprehensive income/ (expenses) for the financial period	<u>5,088</u>	<u>17,798</u>	<u>(1,542)</u>	<u>2,940</u>
Profit/ (Loss) after taxation attributable to:				
-Owners of the Company	1,868	19,188	(4,492)	8,263
-Non-controlling Interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,868</u>	<u>19,188</u>	<u>(4,492)</u>	<u>8,263</u>
Total comprehensive (expenses)/ income for the for the financial period attributable to:				
-Owners of the Company	5,088	17,798	(1,542)	2,940
-Non-controlling Interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>5,088</u>	<u>17,798</u>	<u>(1,542)</u>	<u>2,940</u>
Earnings/ (Loss) Per Share (sen)	<u>0.56</u>	<u>5.77</u>	<u>(1.35)</u>	<u>2.49</u>
Proposed/ Declared Dividend Per Share (sen)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 30 September 2018 and the accompanying explanatory notes attached to the interim financial statements.

**NOTION VTEC BERHAD**  
**Company No: - 637546-D**

**UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at End of Current Quarter 30.06.2019 RM'000	As at Preceding Year Ended 30.09.2018 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	316,168	287,327
Intangible Assets	3,649	1,328
	<u>319,817</u>	<u>288,655</u>
<b>Current assets</b>		
Inventories	41,534	36,835
Trade receivables	56,115	66,604
Other receivables and prepayments	10,858	91,108
Current tax assets	7,205	-
Cash and cash equivalents	71,107	41,864
	<u>186,819</u>	<u>236,411</u>
<b>Total assets</b>	<u>506,636</u>	<u>525,066</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share Capital	199,946	199,791
Share Option Reserve	2,492	2,492
Currency Translation Reserve	14,501	11,551
Capital Reserve	4,800	4,800
Retained Profits	182,376	190,199
<b>Equity attributable to owners of the Company</b>	<u>404,115</u>	<u>408,833</u>
Non-controlling Interests	-	-
<b>Total equity</b>	<u>404,115</u>	<u>408,833</u>
<b>Non-current liabilities</b>		
Loans and borrowings	53,330	27,333
Retirement Benefits	324	359
Deferred Tax Liabilities	5,946	7,024
Deferred Income Government Grant	2,688	-
	<u>62,288</u>	<u>34,716</u>
<b>Current Liabilities</b>		
Loans and borrowings	15,353	16,578
Trade payables	8,355	14,014
Other payables	16,525	39,621
Current Tax Liabilities	-	11,304
	<u>40,233</u>	<u>81,517</u>
<b>Total Liabilities</b>	<u>102,521</u>	<u>116,233</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>506,636</u>	<u>525,066</u>
Net assets per ordinary share (RM)	1.2129	1.2284

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 September 2018 and the accompanying explanatory notes attached to the interim financial statements.

**NOTION VTEC BERHAD**  
**Company No: - 637546-D**

**UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	←-----Attributable to equity holders of the parent-----→					
	←-----Non-distributable-----→			←Distributable→		
	Share Capital	Share Option Reserve	Currency Translation Reserves	Capital Reserve	Retained Profits	Total Equity
<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	
<b>9 months ended 30 June 2019</b>						
Balance as at 1 October 2018	199,791	2,492	11,551	4,800	190,199	408,833
Loss after taxation	-	-	-	-	(4,492)	(4,492)
Currency translation differences	-	-	2,950	-	-	2,950
Issuance of shares	155	-	-	-	-	155
Interim single tier tax-exempt dividend of 1 sen per share payable on 17 January 2019 in respect of financial year ended 30 September 2018	-	-	-	-	(3,331)	(3,331)
Balance as at 30 June 2019	199,946	2,492	14,501	4,800	182,376	404,115
<b>9 months ended 30 June 2018</b>						
Balance as at 1 October 2017	197,793	687	10,797	4,800	143,176	357,253
Loss after taxation	-	-	-	-	8,262	8,262
Currency translation differences	-	-	(5,323)	-	-	(5,323)
Share based payments	-	2,279	-	-	-	2,279
Issuance of shares	749	-	-	-	-	749
Balance as at 30 June 2018	198,542	2,966	5,474	4,800	151,438	363,220

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 September 2018 and the accompanying explanatory notes attached to the interim financial statements.

**NOTION VTEC BERHAD**

**Company No: - 637546-D**

**UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	Current Year-To-Date 30.06.2019 <u>RM'000</u>	Preceding Year-To-Date 30.06.2018 <u>RM'000</u>
CASH FLOWS FROM/ (FOR) OPERATING ACTIVITIES		
(Loss)/ Profit before taxation	(4,509)	14,915
Adjustments for:		
Depreciation of property, plant and equipment	24,602	21,937
Interest expense	3,444	442
Inventories written down	4,536	43
Reversal of impairment loss on property, plant and equipment	(1,255)	(115)
Plant and equipment written off	-	40,772
Inventories written off	-	8,872
Gain on disposal of plant and equipment	(331)	(44)
Unrealised (gain)/ loss on foreign currency translation	(386)	(2,108)
Interest income	(1,838)	(1,276)
Share-based payments	-	2,279
Increase in liabilities for retirement benefits	324	-
Reversal of impairment loss of intangible assets	(47)	-
Deferred income of government grant	(117)	-
Operating profit before working capital changes	24,423	85,717
Increase in inventories	(9,407)	(483)
(Increase)/ Decrease in trade and other receivables	87,906	(16,092)
Decrease in trade and other payables	(26,513)	(3,928)
CASH FROM OPERATIONS	76,409	65,214
Interest paid	(3,419)	(442)
Tax refunded	1,094	-
Tax paid	(21,042)	(3,250)
NET CASH FROM OPERATING ACTIVITIES	53,042	61,522
CASH FLOWS FROM/ (FOR) INVESTING ACTIVITIES		
Interest received	1,838	1,276
Proceeds from disposal of plant and equipment	3,375	393
Government grant received for plant and equipment	2,805	-
Purchase of property, plant and equipment	(53,463)	(97,806)
NET CASH FOR INVESTING ACTIVITIES	(45,445)	(96,137)
CASH FLOWS FROM/ (FOR) FINANCING ACTIVITIES		
Proceeds from issuance of shares	155	749
Drawdown of hire purchase	30,503	9,493
Repayment of hire-purchase and lease obligations	(5,342)	(301)
Drawdown of term loan	12,655	5,500
Repayment of term loan	(4,492)	(5,106)
Drawdown of bank borrowings	9,493	5,919
Repayment of bank borrowings	(18,069)	(6,366)
Repayment to a director	(2,853)	-
Dividend paid	(3,331)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	18,719	9,888
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	26,316	(24,727)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	41,864	86,358
Currency translation differences – subsidiaries	2,927	(1,909)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>71,107</u>	<u>59,722</u>
<b>Note (A)</b>		
Cash and cash equivalents at the end of the period comprise the following:		
Short term deposits with licensed banks	46,690	28,603
Cash and bank balances	24,417	31,119
	<u>71,107</u>	<u>59,722</u>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 September 2018 and the accompanying explanatory notes attached to the interim financial statements.

**NOTION VTEC BERHAD**

Company No: - 637546-D

**UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019****NOTES TO THE QUARTERLY FINANCIAL REPORT****A1. BASIS OF PREPARATION**

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

These explanatory notes to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiaries ("The Group"). This interim financial report should be read in conjunction with the Group's annual audited financial report for the financial year ended ("FYE") 30 September 2018.

The accounting policies and methods of computations adopted in these interim financial statements are consistent with those adopted in the financial statements for the FYE 30 September 2018.

**A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the financial statements of the Group for the FYE 30 September 2018 was not subject to any qualification.

**A3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS**

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

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

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

**A5. MATERIAL CHANGES IN ESTIMATES**

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

**A6. DEBT AND EQUITY SECURITIES**

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the quarter under review.

The issued and paid-up capital of the Company are as follows:

	No of shares	RM
As at 30 June 2019	333,175,853	199,946,035

As at 30 June 2019, there are 9,917,300 outstanding ESOS Options (comprising of 1,932,000 ESOS Options which were offered on 27 February 2017 at an exercise price of RM 0.80 per Share and 7,985,300 ESOS Options which were offered on 12 December 2017 at an exercise price of RM 0.44 per Share).

**A7. DIVIDEND PAID**

No dividend was paid during the quarter under review.

**A8. SEGMENTAL INFORMATION**

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

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

**NOTION VTEC BERHAD**

**Company No: - 637546-D**

**UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**NOTES TO THE QUARTERLY FINANCIAL REPORT (continued)**

**A9. VALUATION OF ASSETS**

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

**A10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE QUARTER**

There were no material events between the end of the reporting quarter and the date of announcement.

**A11. CHANGES IN THE COMPOSITION OF THE GROUP**

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

**A12. CONTINGENT LIABILITIES**

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 RM 122,000,000. The total utilisation of these credit facilities as at 30 June 2019 amounted to approximately RM 68,683,000.

**A13. CAPITAL COMMITMENTS**

	<b>As at End of Current Quarter 30.06.2019 <u>RM'000</u></b>
Approved and contracted for:	
-purchase of property, plant and equipment	<u>11,341</u>

**A14. SIGNIFICANT RELATED PARTY TRANSACTIONS**

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

**NOTION VTEC BERHAD**

Company No: - 637546-D

**UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

ADDITIONAL INFORMATION REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

**B1. GROUP PERFORMANCE REVIEW**

The Group recorded revenue and profit after taxation ("PAT") of RM 56.4 million and RM 1.9 million respectively for the quarter ended 30 June 2019 ("Q3FY2019"). Refer Notes B2 and B3 below for a detailed review of the Group's performance.

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

For Q3 of FY2019, the Group recorded revenue of RM 56.4 million (Q2FY2019: RM 53.1 million) and PAT of RM 1.9 million (Q2FY2019: Loss after tax RM 4.2 million) and earnings per share of 0.56 sen (Q2FY2019: loss 1.26 sen). Revenue is 6% higher and a lower operating expenses contributed to the better earnings compared to the preceding quarter.

**Product mix:**

REVENUE	Individual Quarter			Cumulative Quarter		
	Q3FY2019 RM'000	Q2FY2019 RM'000	% change	Q3FY2019 RM'000	Q3FY2018 RM'000	% change
HDD	21,444	19,877	8%	73,074	89,975	- 19%
Automotive	23,304	24,334	- 4%	67,959	62,836	8%
Engineered Products						
Camera	4,785	2,734	75%	12,055	17,430	- 31%
Others	6,824	6,112	12%	19,664	15,776	25%
<b>TOTAL</b>	<b>56,357</b>	<b>53,057</b>	<b>6%</b>	<b>172,752</b>	<b>186,017</b>	<b>- 7%</b>

In Q3FY2019, HDD parts revenue recorded RM 21.4 million (Q2FY2019: RM 19.9 million), Automotive RM 23.3 million (Q2FY2019: RM 24.3 million) whilst the Engineered Products' revenue was at RM 11.6 million (Q2FY2019: RM 8.8 million). The product mix for Q3FY2019 was HDD: Automotive: Engineered Products of 38%: 41%: 21% compared to previous quarter's mix of 37%: 46%: 17%. Comparing with the preceding year, revenue is 7% lower mainly attributable to lower contribution from HDD and Camera segment due to the lower global volumes in these sectors. Automotive and Industrial segment recorded higher sales mainly from new projects and new MNC customers. The EBITDA for Q3FY2019 was RM 9.9 million compared to RM 4.2 million in Q2FY2019 (preceding year Q3FY2018: RM 24.4 million).

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

Relocation of machinery and CNC machines to the newly rebuilt two-storey factory at the Klang Main Plant has taken longer than expected due to efforts to minimize disruption of production. Currently more than 80% of the relocation is completed and it is expected another 1.5 months is needed.

This quarter's results are showing signs of consolidation and normalization of gross profit margin and all efforts will be made for reduction in inefficiencies.

Currently, there are ongoing development work on existing orders from a major electrical consumer group before mass production can commence. In addition, there are requests of quotation from new automotive parts customers. Should these projects materialize, they are likely to impact end of FY2019 and FY2020 onwards.

The group is cognizant of the need to automate and move towards smart manufacture so robotics, automation and Artificial Intelligence optical sensing are priority R&D efforts being undertaken.

With the geo political threats around the world and various governments lowering interest rate, it is likely within the next one year a global slowdown or recession is anticipated. If that happens, we hope with the new business orders will more than compensate for any reduction in orders from the existing customers. Also, it is prudent to be cautious in spending and conserving cash.

Notwithstanding an increasingly uncertain economic climate, the Board is cautiously optimistic that FY2019 will be profitable as we face the challenges of competition, technological changes and possible economic black swan events.

**NOTION VTEC BERHAD**

Company No: - 637546-D

**UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

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

**B4. PROFIT FORECAST, PROFIT GUARANTEE AND INTERNAL TARGETS**

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

**B5. TAXATION**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2019 RM'000	Preceding Year Corresponding Quarter 30.06.2018 RM'000	Current Year To Date 30.06.2019 RM'000	Preceding Year To Date 30.06.2018 RM'000
Company and Subsidiaries				
Taxation				
- current	563	(3,288)	1,220	9,683
- (over)/ under provided in prior year	(78)	(926)	(78)	(926)
Deferred taxation	(1,412)	2,181	(1,159)	(2,105)
	<u>(927)</u>	<u>(2,033)</u>	<u>(17)</u>	<u>6,652</u>

The reconciling difference between the applicable tax rate, which is the statutory income tax rate and the effective tax rate is mainly attributable to disallowance of certain expenses for taxation and the future availability of deductible temporary differences and unutilised tax credits for which no deferred tax assets have been recognised.

**B6. STATUS OF CORPORATE PROPOSALS**

There are no other corporate proposals announced but pending completion as at the date of this report.

**B7. BORROWINGS AND DEBTS SECURITIES**

The Group's borrowings as at 30 June 2019 are as follows:

	<u>RM'000</u>
<b>Long-term</b>	
Secured	
Hire purchase and lease payables	29,189
Term loan	<u>24,141</u>
	<u>53,330</u>
<b>Short-term</b>	
Secured	
Portion of hire purchase and lease payables due within one year	7,854
Portion of term loan due within one year	7,499
Unsecured	
Other short-term borrowings	-
	<u>15,353</u>
	<u>68,683</u>

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

**NOTION VTEC BERHAD**

Company No: - 637546-D

**UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

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

**B8. NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT**

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
a) Interest income	(577)	(309)	(1,838)	(1,276)
b) Interest expense	1,217	115	3,444	442
c) Depreciation and amortisation	8,349	7,482	24,602	21,937
d) (Gain)/ loss on disposal of property, plant and equipment	(120)	(1)	(331)	(44)
e) Unrealised (Gain)/ Loss on foreign exchange	(997)	(1,120)	(386)	(2,108)
f) Loss/(Gain) on foreign exchange-realised	(390)	298	(1,117)	921
g) Share-based payments	-	-	-	2,279
h) Plant and equipment written off	-	112	-	40,772
i) Inventories written off	-	164	-	8,872
j) Inventories written down	1,257	-	4,536	-
k) Reversal of impairment loss on property, plant and equipment	(9)	-	(1,255)	-
l) Loss/ (Gain) on fair value adjustment of intangible assets	(681)	-	(47)	-
m) Deferred income of government grant	(70)	-	(117)	-

**B9. MATERIAL LITIGATION**

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

**B10. DIVIDENDS PER SHARE**

No dividend has been proposed for the quarter ended 30 June 2019 (Q3FY2018: Nil).

**B11. EARNINGS PER SHARE**

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/ (Loss) attributable to owners of the Company (RM'000)	1,868	19,188	(4,492)	8,263
Number of ordinary shares in issue ('000)	333,176	332,336	333,176	332,336
Earnings/ (Loss) per share (sen)	0.56	5.77	(1.35)	2.49

**AUTHORISATION FOR ISSUE**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 22 August 2019.

**By Order of the Board**Petaling Jaya  
22 August 2019