

www.notionvtec.com

NOTION VTEC BERHAD
Registration No. 200301035125 (637546-D)
Lot 6123, Jalan Haji Salleh, Batu 5 1/2,
Jalan Meru, 41050 Klang, Selangor Darul Ehsan,
Malaysia

NOTION VTEC BERHAD Registration No. 200301035125 (637546-D)

ANNUAL REPORT 2019

NOTIONVTEC
NOTION VTEC BERHAD

Registration No. 200301035125 (637546-D)
(Incorporated in Malaysia)



Annual Report
2019



Our **Vision** & **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.



This annual report is available on the web at www.notionvtec.com

16th Annual General Meeting

PLACE

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

TIME

9.30 am, Tuesday,
17th March 2020

Table of Contents

02 CORPORATE INFORMATION	29 AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
03 FINANCIAL HIGHLIGHTS	32 STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
03 CORPORATE STRUCTURE	35 FINANCIAL STATEMENTS
04 MANAGEMENT DISCUSSION AND ANALYSIS	94 LIST OF PROPERTIES
07 BOARD OF DIRECTORS	97 ANALYSIS OF SHAREHOLDINGS AND WARRANT HOLDINGS
10 KEY SENIOR MANAGEMENT	102 ADDITIONAL COMPLIANCE
11 SUSTAINABILITY STATEMENT	104 NOTICE OF ANNUAL GENERAL MEETING
16 CORPORATE GOVERNANCE OVERVIEW STATEMENT	• PROXY FORM

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARIES

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

HEAD / MANAGEMENT OFFICE

Lot 6123 Jalan Haji Salleh
Batu 5 1/2, Jalan Meru
41050 Klang
Selangor Darul Ehsan
Tel : (603) 3361 5615
Fax : (603) 3361 5618

WEBSITE

www.notionvtec.com

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

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

REGISTERED OFFICE

12th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Tel : (603) 7890 4800
Fax : (603) 7890 4650

AUDITORS

Crowe Malaysia PLT Chartered Accountants
Suite 50-3, Setia Avenue
No. 2, Jalan Setia Prima S U/13S
Setia Alam, Seksyen U13
40170 Shah Alam
Selangor Darul Ehsan
Tel : (603) 3343 0730
Fax : (603) 3344 3036

STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad

Shares

Stock Name : Notion
Stock Code : 0083

Warrants

Stock Name : Notion-WC
Stock Code : 0083WC

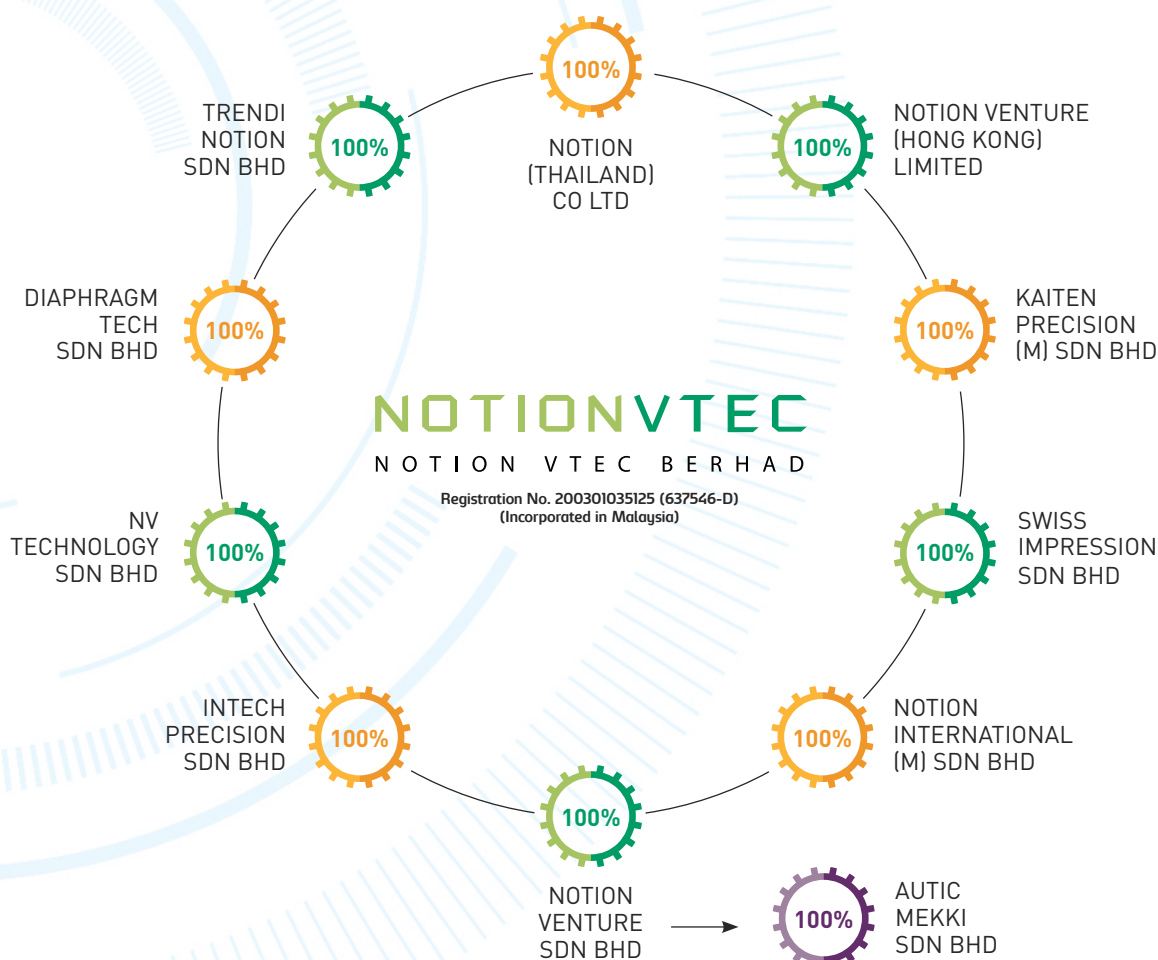
Financial HIGHLIGHTS

The table below sets out a summary of the audited consolidated results of the Notion Group for the financial years ended 30 September 2015 to 2019:

	2019	2018	2017	2016	2015
Revenue (RM'000)	237,687	255,946	275,232	230,707	239,730
Profit/(Loss) before Tax (RM'000)	14,090	67,188	14,375	17,757	(10,847)
Profit/(Loss) after Tax (RM'000)	7,543	47,584	12,958	5,677	(13,024)
Profit/(Loss) attributable to owners of the Company (RM'000)	7,543	47,584	12,958	5,677	(13,024)
Earning before interest, taxes, depreciation and amortisation (EBITDA) (RM'000)	44,925	96,826	47,717	53,695	30,606
No. of shares in issue (000)	333,155*	331,596*	297,635*	270,419	270,419
Net profit/(loss) per share (Sen)	2.3*	14.3*	4.4*	2.1	(4.9)

* Based on weighted average paid up share capital.

Corporate STRUCTURE



Management DISCUSSION & ANALYSIS



THOO CHOW FAH
Executive Chairman

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 6 facilities. Two factories located on 14 acres, collectively on our own freehold land in Meru, Klang, three separate factories occupying in total 6 acres of land, collectively in Ayutthaya, Thailand, and a rented premise in Gelang Patah, Johor to serve the southern region and Singapore.

Our products can be broken down to three main segments:

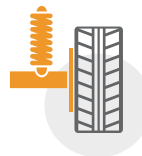
- (1) Hard Disk Drive (HDD)
- (2) Automotive (Braking System)
- (3) Engineered Products (Camera SLR interchangeable lens, Electronics Manufacturing Services (EMS) and others)

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



**RM101.0
MILLION**

**Hard Disk Drive
(HDD)**



**RM92.6
MILLION**

**Automotive
(Braking System)**



**RM44.1
MILLION**

**Engineered
Products**

FINANCIAL AND OPERATIONS REVIEW

Financial Performance

Sales revenue for financial year 2019 stood at RM237.7 million, lower than what we achieved in financial year 2018 of RM255.9 million. The weaker revenue was mainly due to lower contributions from the camera and HDD segments. However, on a positive note, there was an increase in revenue from the other Engineered Products and Automotive segments due to new customers attained in financial year 2019.

	Revenue			
	2019		2018	
	RM'000	%	RM'000	%
HDD	101,012	42.5	124,276	48.6
Automotive	92,561	38.9	84,760	33.1
Engineered Products				
- Camera	16,615	7.0	24,034	9.4
- Others (including EMS)	27,499	11.6	22,876	8.9
Total	237,687	100	255,946	100

Profit after tax was lower at RM7.54 million compared to 2018 of RM47.6 million. This is mainly due to the bulk of the insurance claim recognised in financial year 2018, which was reflected in the Other Operating Income.

It's heartening to note that our gross profit margin for 2019 is higher than the margins in 2018 and 2017.

Management DISCUSSION & ANALYSIS (CONT'D)

Liquidity, Gearing and Capital Investment

Cash and cash equivalents as at 30 September 2019 is a healthy RM68.8 million. The negative operating cash flow of RM16.8 million is mainly due to higher tax paid in 2019.

Borrowings of our Group as at 30 September 2019 was approximately RM66 million with a low gearing ratio of approximately 15.9%.

For this financial year, our group invested RM73.3 million in capital expenditure.

CORPORATE EXERCISES

We did not embark on any corporate exercises this financial year.

Subsequent to the 30 September 2019, the Company is proposing to undertake a bonus issue of up to 188,078,269 new ordinary shares in the Company on the basis of 1 Bonus Shares for every 2 existing ordinary shares in the Company.

DIVIDEND

Our Group has adopted a dividend policy where a minimum of 30% of the Group's profit after tax be distributed to shareholder since 2017. On 26 November 2019, our Board announced that an interim tax exempt dividend of 1 sen per ordinary share in respect of the financial year ended 30 September 2019. The dividend was paid on 15 January 2020.

Despite our healthy cash position, we are constantly mindful of the need to strike a balance between conserving resources for expansion and paying regular dividends.



On 26 November 2019, our Board announced that an interim tax exempt dividend of 1 sen per ordinary share in respect of the financial year ended 30 September 2019. The dividend was paid on 15 January 2020.

RISKS

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

1. 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.
2. The strength of USD will bear strongly on the Group's future as an exporter.
3. 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.
4. 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.
5. Some of our customers may be affected by the ongoing trade war between the USA and China.



Management DISCUSSION & ANALYSIS (CONT'D)

OUTLOOK

According to Conference Board, the global economy took a bigger hit in 2019 than anticipated, slowing to 2.3 percent in 2019, down from 3.3 percent in 2017 and 3.0 percent in 2018. The slowdown is disconcerting because over the past two decades, a dip in global growth below 2 percent has often meant recessions in the form of GDP contractions across a broad range of regional economies. Recession fears are currently widespread but appear to be overblown. We expect global growth to remain slow but slightly improve next year, reaching 2.5 percent.

Overall, we have arrived in a world of stagnating growth. While no widespread global recession has occurred in the last decade, global growth has now dropped below its long-term trend of around 2.7 percent. The fact that global GDP growth has not declined even more in recent years is mainly due to solid consumer spending and strong labor markets in most large economies around the world. Of course, current conditions and future challenges differ in regions throughout the world. In this edition of the Global Economic Outlook, we have included regional sections for the US, Asia, and Europe that describe the underlying forces that will shape growth in the short and medium term. The overarching theme of this year's outlook is stagnating growth and stalling globalization and what this means for business.

We therefore foresee a challenging year ahead but at the same time, we are also optimistic as our efforts in diversifying our core competency and customers have been successful.



To cater for the increased demand for our products we budgeted a capital expenditure of RM25 million and barring unforeseen circumstances, the management targets to achieve a revenue of RM320 million for the financial year ending 30 September 2020.

This year, we have moved away from being a pure machinist to now include fabrication works as part of our core business. Procurement of a high profile European customer in the Electronic Manufacturing Services should auger well for us in the coming years as we expect this segment to grow significantly.

The Automotive segment is expected to grow following the addition of three new multinational customers in 2019. We are however not positive about the HDD segment which will remain stagnant and the Camera segment is anticipated to continue its downward trend.

To cater for the increased demand for our products we budgeted a capital expenditure of RM25 million and barring unforeseen circumstances, the management targets to achieve a revenue of RM320 million for the financial year ending 30 September 2020.



Board of DIRECTORS

THOO CHOW FAH

Executive Chairman



Age
67

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.

Other than Notion VTEC Berhad, he does not hold any directorship in other public companies and listed issuers.

JOHN CHOO WING ONN

Executive Director



Age
53

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.

Other than Notion VTEC Berhad, he does not hold any directorship in other public companies and listed issuers.

WILLIAM CHOO WING HONG

Managing Director



Age
55

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.

Other than Notion VTEC Berhad, he does not hold any directorship in other public companies and listed issuers.

LEE TIAN YOKE

Executive Director



Age
49

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.

Other than Notion VTEC Berhad, he does not hold any directorship in other public companies and listed issuers.

Board of DIRECTORS' PROFILE (CONT'D)

CHOO WING YEW

| Executive Director



Age
58

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.

Other than Notion VTEC Berhad, he does not hold any directorship in other public companies and listed issuers.

SAW TAT LOON

| Independent Non-Executive Director



Age
49

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.

DATO' ABU BAKAR BIN MOHD NOR

| Independent Non-Executive Director



Age
66

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.

Board of DIRECTORS' PROFILE (CONT'D)

ANITA CHEW CHENG IM

Independent Non-Executive Director



Age
53

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, K-One Technology Berhad and Fortess Minerals Ltd, a Company listed on the Singapore Stock Exchange.

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

Notes to Directors' profile:

1. Family Relationships

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

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

2. Conflict of Interest

None of the Directors has any conflict of interest with the Company.

3. Conviction of Offences

None of the Directors has any conviction for offences within the past 5 years.

4. Attendances at Board Meetings

The details of the Directors' attendance at Board Meetings are set out on page 17 of this Annual Report.

5. Shareholdings

The details of the Directors' interest in the securities of the Company are set out on page 97 of this Annual Report.

Key SENIOR MANAGEMENT

THOO CHOW FAH

Executive Chairman



Age
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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



Age
55

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Prior to setting up Notion Venture Sdn Bhd, the principal manufacturing arm of the Group in 1995, he has garnered more than 21 years of CNC precision machining experience at Fujitsu Electronics Sdn Bhd, Johor, TPK Engineering Pte Ltd,

Singapore, Motorola (M) Sdn Bhd, Sungei Way, Yamazen Sdn Bhd, Selangor and Preciturn Sdn Bhd, Bangi.

He also heads the R&D division of the Notion Group which provides technical research on and development of new machining methods, new production methods and engineering processes.

Mr William Choo obtained his Diploma in Mechanical Engineering from the Federal Institute of Technology, Kuala Lumpur in 1985.

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Executive Director



Age
53

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LEE TIAN YOKE

Executive Director



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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



Age
58

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.

Sustainability STATEMENT

Our group recognises its social responsibility to integrate sustainability into its culture and its respect for 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.

OBJECTIVE & SCOPE

The objective of this sustainability statement is to share the Group's sustainability initiatives and practices in the area of Economics, Environment and Social.

This Statement covers the period between 1 October 2018 to 30 September 2019, and in accordance with the principal guidelines of Bursa Malaysia Sustainability Reporting Guide.

CORPORATE GOVERNANCE PRACTICES

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

GOVERNANCE STRUCTURE

The Board of Directors sets the tone in determining our Group's sustainability strategies and goals.

A Sustainability Working Group ("**Working Group**") has been set up comprising the Chairman, Executive Director, Operations Manager and Accounts Executive to manage and monitor the implementation of initiatives whilst developing more practices. This year the Working Group, which is also part of the management team, was busy trying to rebuild after the October 2017 fire. They have committed they will gather more performance data for measurements which will be reported in our statement next year.



Sustainability STATEMENT (CONT'D)

ECONOMICS

1. Efficiency

We are constantly looking for ways to improve the efficiency of our production. During this period, we have successfully combined several machine processes into one, which will involve less labour.

2. Certification

We have obtained the ISO 9001 and ISO 14000 certification. ISO 9001 is an international standard that specifies requirements for a quality management system where as ISO 14000 standards provide a framework for organisations to systemise and improve their environmental management rules.

The IATF 16949 which we also obtained in order to supply to our automotive clients in Europe. We have also started early adoption of RBA standard – Responsible Business Alliance. This standard is required to be met by most multinational customers.

3. Stakeholders

i) Shareholders

AGM – Our Chairman will discuss the Group's performance and outlook, and our meeting is usually robust as we encourage questions from the minority shareholders

Investors Briefing – During this period, our Chairman held at least 2 analyst briefings and more than a dozen follow ups.

Media – We also promote our Group by engaging with the local media to provide a better understanding of our business model and activities.

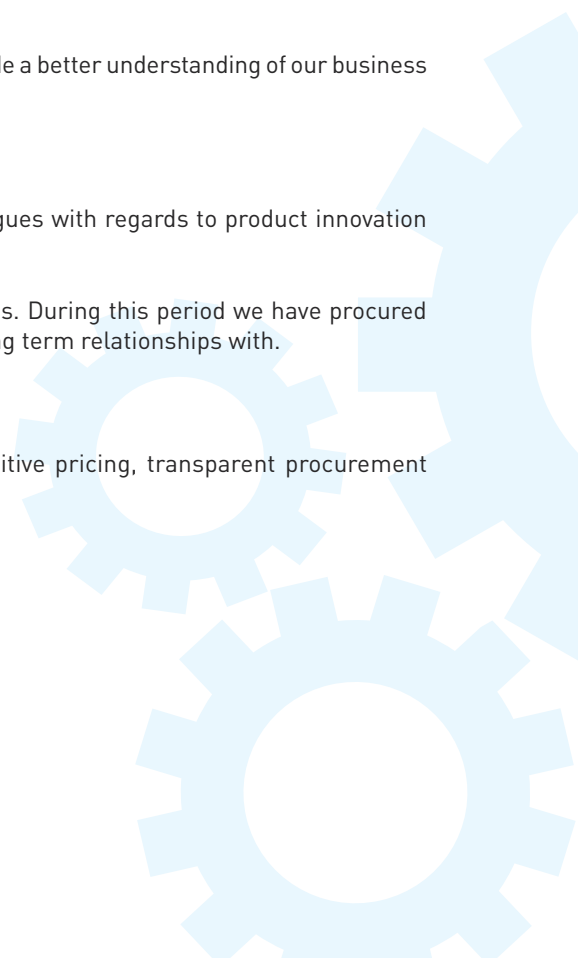
ii) Customers

We welcome our customers to our factories for inspiration and hold dialogues with regards to product innovation and quality in order to minimise rejects.

These interactions are important in order to build sustainable relationships. During this period we have procured new European multinationals on our customers, which we hope to build long term relationships with.

iii) Suppliers

We conduct regular visits and hold constant meetings to ensure competitive pricing, transparent procurement processes and ethical practices.



Sustainability STATEMENT (CONT'D)

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.

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.

Water

- to value the amount of water utilised throughout our manufacturing facilities
- to ensure that water discharged into the environment is clean
- to ensure no leakage, in that end, rain water is being harvested for general washing

Energy

- raise awareness among employees on maximising productivity and minimise waste

Pollution

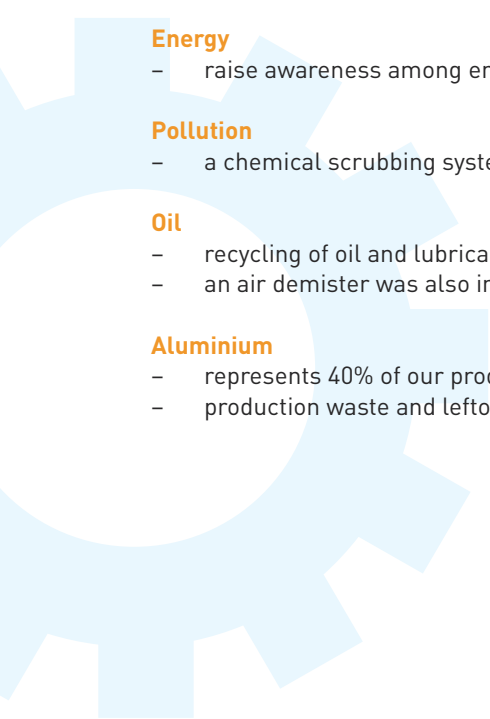
- a chemical scrubbing system was installed to neutralise the chemical for safe discharge of air

Oil

- recycling of oil and lubricant is crucial due to heavy usage of machining
- an air demister was also installed to improve the condition of the air in the factories

Aluminium

- represents 40% of our production cost
- production waste and leftovers will be recycled



Sustainability STATEMENT (CONT'D)

SOCIAL

Employees

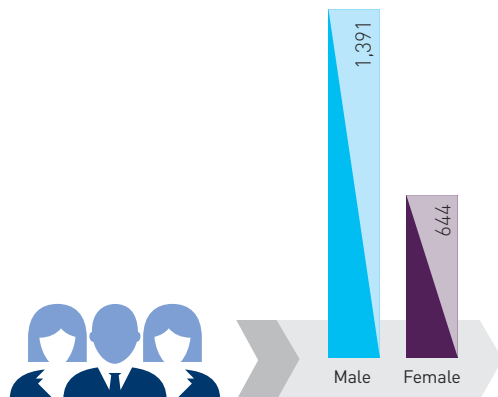
Our management apply fair labour practices, while respecting the laws of countries and communities in which we operate. We treat our employees fairly and with dignity. We also take their goals and aspirations into consideration while ensuring that diversity in the workplace is embraced. We believe in 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.

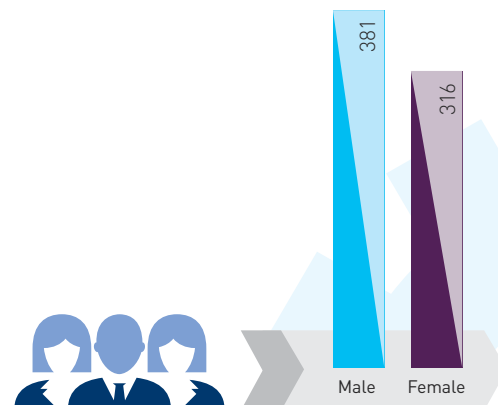
We are committed to manage diversity, which may result from a range of factors including age, gender, ethnicity, nationality, sexual orientation, cultural background or other personal factors, as a means of enhancing the Group's performance by recognising and utilising contribution of diverse skills and talents from its directors, officers, and employees.

We practice diversity as can be seen in our multiracial and multi national gender balance workforce with ages of employees.

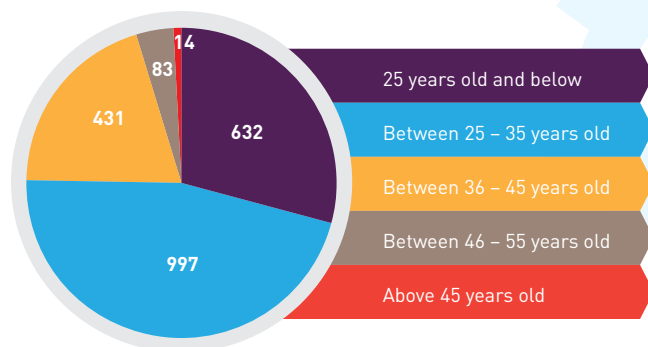
(i) By gender as at 30 September 2019



(iii) Recruitment for the year ending 30 September 2019



(ii) By age as at 30 September 2019



Sustainability STATEMENT (CONT'D)

(iv) Training and Development

We manage our staff development to undertake professional and personal development that enhance skills, and understanding

For the financial year ended 30 September 2019 the employees attended the following training programmes:

- (a) Introduction of HMI & Touch Screen Programming
- (b) Basic Occupational Fire Fighting (ER Team)
- (c) Employment Law Made Easy
- (d) Certified Environmental Professional in Scrubber Operation (CePSO)
- (e) Basic Chemical Spill Control
- (f) Basic Occupational Fire Fighting
- (g) Basic Occupational First Aid, CPR & AEDional
- (h) Construction Safety & Health Management
- (i) Ergonomics Risk Assessment (Advanced ERA-DOSH Method)
- (j) Lean Production Supervision in Action
- (k) 7QC Tools
- (l) Basic Occupational First Aid, CPR & AED
- (m) Competency- Based Interview & Selection
- (n) 5S - Perancangan Dan Pelaksanaan
- (o) Pengurusan Dan Pentenggaraan Stor/Dudang Berkesan

(v) Health and Safety

We placed a very high emphasis on the health and safety of our employees. An emergency team has been set up, led by an Incident Commander and a team of floor wardens, first aiders, search and rescuers.

Since our fire in 2017, we have also redesign and improved our factory layout with less congestion and better ceiling materials. We have also equipped ourselves with fire fighting equipments. We also take other measures like segregating the “hot” works i.e. welding and grinding. There has been no work accidents during the year under review.

Community

We acknowledged our obligations to the local community. In the past, we have conducted training programmes for undergraduate students from vocational schools. We have also made charitable contributions for social welfare activities.



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 implement 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 2019 ("**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 ("**Bursa Securities**") and in conjunction with the other statements in the Annual Report (for example, 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 (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

1. Board's Roles and Responsibilities (Cont'd)

- (f) Develop and implement a Corporate Disclosure Policy for the Group.
- The Company's Executive Chairman, Executive Directors and Non-Executive Directors communicate 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 during the Company's Annual General Meeting ("AGM").
 - The Board reviews the Corporate Disclosure Policy and Procedures 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 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. The 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 2019 are as follows:

Director	Board	ARMC	NC	RC
Thoo Chow Fah	5/5	-	-	-
William Choo Wing Hong	4/5	-	-	-
John Choo Wing Onn	5/5	-	-	-
Lee Tian Yoke	4/5	-	-	-
Choo Wing Yew	5/5	-	-	-
Saw Tat Loon	5/5	6/6	1/1	1/1
Anita Chew Cheng Im	5/5	6/6	1/1	1/1
Dato' Abu Bakar Bin Mohd Nor	5/5	6/6	1/1	1/1

Corporate GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I BOARD RESPONSIBILITIES (CONT'D)

2. Board Charter

In August 2019, the revised Board Charter were tabled and approved by the Board to ensure it is always in line with the Corporate Governance Practices set out in MCCG 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.

It also established to provide guidance and clarity on 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 and make necessary amendments as and when required 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 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, which was adopted by the Board in May 2013 and reviewed by the Board in August 2019, 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).

Corporate GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I BOARD RESPONSIBILITIES (CONT'D)

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.

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.

Corporate GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I BOARD RESPONSIBILITIES (CONT'D)

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, exhibitions 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, exhibitions, forums and training programmes as follows:

- Corporate Liability Provision - Malaysian Anti-Corruption Commission Amendment Act 2018 by Boardroom Business Solutions 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
- Training on Sustainability Report by Tricor knowledge House 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.

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 records of the deliberations, proceedings and resolutions passed are properly 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 at least seven (7) days prior to the meetings to enable Directors to obtain further explanations/clarifications, if necessary, in order to ensure the effectiveness of the proceeding of the meetings.

Corporate GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

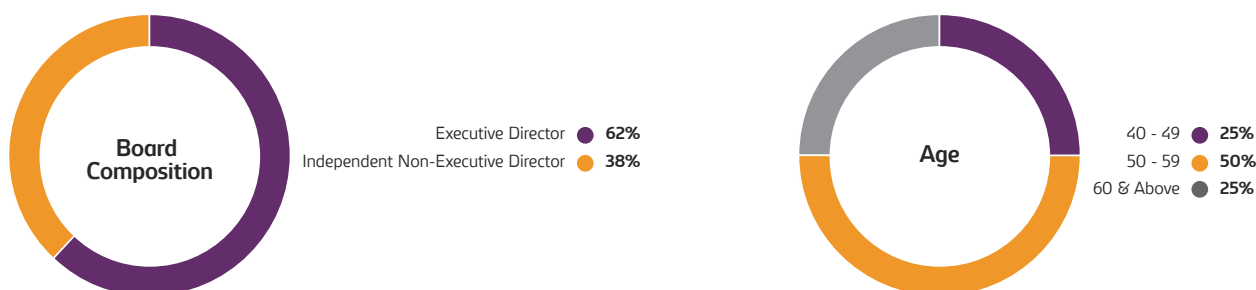
II. BOARD COMPOSITION

1. Composition and Diversity

During the financial year, the Board consists of eight (8) members comprising an Executive Chairman, four (4) Executive Directors and three (3) Independent Non-Executive Directors. This composition fulfills the requirements as set out in Paragraph 15.02(1) of the Main Market Listing Requirements ("MMLR") of Bursa Securities, which requires that at least two or one-third of the Board members, whichever is the higher, comprises Independent Non-Executive Directors.

The Board has every intention of meeting the Corporate Governance Blueprint 2011 on increasing women's participation to reach 30%. A Diversity Policy was adopted by the Board on 21 January 2015. 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. At present, there is one (1) female Independent Director on Board.

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 profile of each Director is presented on page 7 to page 9 of this Annual Report. The summary of Board composition as at 31 January 2020 is set out below.



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 (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II BOARD COMPOSITION (CONT'D)

2. 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.

3. 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:-

Ms Anita Chew Cheng Im (Chairperson)
Mr 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.

During the financial year ended 30 September 2019, the NC undertook the following activities in the discharge of its duties:

- Reviewed and assessed the performance and effectiveness of the Board as a whole and Board committees;
- Reviewed the terms of office and performance of the ARMC and each of its members to determine such ARMC and members have carried out their duties in accordance with their terms of reference;
- Reviewed the independence of Independent Directors;
- Reviewed and recommended to the Board to put forth the proposal for the re-election of directors at the forthcoming AGM;
- Reviewed and recommended the continuation in office as an Independent Non-Executive Director 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 more than nine (9) years;
- Reviewed and discussed the succession plans of the Board and Senior Management in order to ensure that there are appropriate plans in place to fill vacancies and to meet the Group's future needs; and
- Assessed Directors' training needs.

Corporate GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II BOARD COMPOSITION (CONT'D)

4. Appointment to the Board and Re-election of Directors

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

The Company's Constitution provides that at least one-third of the Directors be subject to retirement by rotation at each 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, three Directors namely Mr Thoo Chow Fah, Mr Choo Wing Hong and Mr Lee Tian Yoke will be retiring by rotation pursuant to Clause 95 of the Company's Constitution and being eligible, offered themselves for re-election.

5. 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.

The NC assessed the effectiveness of the Board, its Committees and the contribution of each Director by identifying the strengths and weaknesses of the Board on 19 November 2019.

6. 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.

On 19 November 2019, the Board through the NC, has assessed the independence of its Independent Non-Executive Directors based on the criteria set out in the MMLR for the financial year ended 30 September 2019.

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 MMLR. 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 (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II BOARD COMPOSITION (CONT'D)

7. 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/ her 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.

Mr Saw Tat Loon and Ms Anita Chew Cheng Im have served the Company as independent directors for a cumulative term of fifteen (15) years and twelve (12) years respectively. The Board has retained them as Independent Directors, notwithstanding their service tenure of more than 9 years.

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 Independent Directors based on the following justifications:-

- (a) they have fulfilled the criteria under the definition of Independent Director as stated in the MMLR, and therefore would be able to bring independent and objective judgment to the Board;
- (b) their experience in accounting and corporate finance enables 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 and Board meetings;
- (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.

Corporate GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. REMUNERATION

The RC currently comprises the following members:

Dato' Abu Bakar bin Mohd Nor (Chairman)
Mr Saw Tat Loon (Member)
Ms 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 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 2019 are as follows:

The Company

Name	Salary (RM)	Fee (RM)	Other Emolument (RM)	Defined Contribution Plan (RM)	Share Based Payment (RM)
Mr Thoo Chow Fah	750,000	-	169,200	108,770	-
Mr Choo Wing Hong	1,030,000	-	179,674	148,200	-
Mr Choo Wing Onn	750,000	-	152,800	108,770	-
Mr Lee Tian Yoke	750,000	-	152,000	108,770	-
Mr Choo Wing Yew	750,000	-	152,500	108,770	-
Mr Saw Tat Loon	-	84,000	12,000	-	-
Ms Anita Chew Cheng Im	-	84,000	12,000	-	-
Dato' Abu Bakar Bin Mohd Nor	-	84,000	12,000	-	-
Total	4,030,000	252,000	842,174	583,280	-

For the financial year under review, the Directors of the Company do not receive any remuneration from the subsidiaries.

Corporate GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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 and 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 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 had met the ARMC without the presence of the executive Board members and management twice during the financial year (i.e. 11 January 2019 and 22 August 2019 respectively) 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 AC 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 2019, 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	221,500
Non-Audit	12,000	77,100
Total	75,000	298,600

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 NGL Tricor Governance Sdn Bhd to review the key risks over the strategic operation, reporting and compliance aspects to ensure proper management and mitigation of weakness.

Corporate GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

2. Risk Management and Internal Control Framework (Cont'd)

NGL Tricor Governance Sdn Bhd was also 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 & 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 2019. 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: 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 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 ARMC 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.

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 was 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.

Corporate GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

3. Poll Voting

The Company has implemented poll voting for all the resolutions set out in the Notice of AGM to be voted 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 MMLR. 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.

The Board will continue to enhance the corporate disclosure requirements in the best interest of the Company's shareholders and stakeholders in the upcoming years. The areas to be prioritised by the Board will be those principles which have not been adopted by the Company as disclosed in the CG Report.

This Statement together with the CG Report was approved by the Board on 15 January 2020.

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 2019.

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. Ms Anita Chew Cheng Im holds a Bachelor of Economics Degree, majoring in Accounting. This statement is made in compliance with Paragraph 15.09 (1)(c)(i) of the Main Market Listing Requirement ("MMLR") of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

MEETINGS OF THE ARMC

The ARMC met six (6) times during the financial year ended 30 September 2019. The details of their attendance at meetings are as follows:

Audit Committee	Number of Meetings Attended
Saw Tat Loon (Chairman)	6/6
Anita Chew Cheng Im	6/6
Dato' Abu Bakar Bin Mohd Nor	6/6

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 2019:

- At their meetings held on 11 January 2019 and 22 August 2019, 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.
- 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 MMLR. The quarterly financial results for the fourth quarter ended 30 September 2018, first quarter ended 31 December 2018, second quarter ended 31 March 2019 and third quarter ended 30 June 2019 were reviewed by the ARMC at their meetings held on 26 November 2018, 26 February 2019, 23 May 2019 and 22 August 2019.

Audit and Risk MANAGEMENT COMMITTEE REPORT (CONT'D)

SUMMARY OF WORK OF THE ARMC (CONT'D)

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.
4. At their meeting held on 22 August 2019, 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 meetings held on 23 November 2018 and 26 November 2018, the ARMC reviewed and discussed the following, amongst others:-
 - a. The Audit Review Memorandum by the External Auditors on the significant audit findings in respect of their audit of the Group for the financial year ended 30 September 2018.
 - b. The assessment of the performance and independence of the External Auditors for the financial year ended 30 September 2018.
 - c. The Internal Audit Reports.
 - d. The assessment of the adequacy of the scope, functions, competency and resources of the internal audit function.
 - e. Update on the Enterprise Risk Management Report.
 - f. The quarterly financial results of the Group for the period ended 30 September 2018.
 - g. Related Party Transactions.
7. At their meeting held on 11 January 2019, the ARMC reviewed and discussed the following:-
 - a. The Audited Financial Statements for the financial year ended 30 September 2018 and the Directors' and Auditors' Report.
 - b. The Audit Review Memorandum of the Company for the financial year ended 30 September 2018.
 - c. Reports for inclusion in the 2018 Annual Report, i.e. Audit and Risk Management Committee Report, Statement on Risk Management and Internal Control, Corporate Governance Overview Statement and Corporate Governance Report.
 - d. Audit Fee and non audit services and fees for the financial year ended 30 September 2018.
 - e. Re-appointment of Messrs Crowe Malaysia PLT as External Auditors for the financial year ending 30 September 2019 and recommended to the Board of Directors to obtain the shareholders' approval.
 - f. Met with External Auditors without presence of the Executive Board members and management of the Company.
 - g. Related Party Transactions.
8. At their meeting held on 26 February 2019, the ARMC reviewed and discussed the following:-
 - a. Appointment of NGL Trior Governance Sdn Bhd as our new advisor for risk management in place of Centegy Governance Advisory Sdn Bhd.
 - b. The quarterly financial results of the Group for the period ended 31 December 2018.
 - c. Related Party Transactions.
 - d. The Internal Audit Reports.
 - e. Internal Audit Planning Memorandum for 2019.

Audit and Risk MANAGEMENT COMMITTEE REPORT (CONT'D)

SUMMARY OF WORK OF THE ARMC (CONT'D)

9. At their meeting held on 23 May 2019, the ARMC reviewed and discussed the following:-
 - a. The Internal Audit Reports.
 - b. The quarterly financial results of the Group for the period ended 31 March 2019.
 - c. Related Party Transactions.
10. At their meeting held on 22 August 2019, the ARMC reviewed and discussed the following:-
 - a. The Internal Audit Reports.
 - b. Enterprise Risk Management Report.
 - c. The quarterly financial results of the Group for the period ended 30 June 2019.
 - d. Audit Plan by the External Auditors for the financial year ended 30 September 2019.
 - 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. Terms of Reference of the Whistle Blower Policy.
 - h. Related Party Transactions.

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 Malaysia (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:

- Effectiveness of Direct Cost Management
- Review of Sales to Receivable Cycles

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 2019 was RM59,000.

Statement On Risk MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is committed to maintain a sound system of risk management and internal control within the Group in order to safeguard shareholders' investments and the Group's assets. Pursuant to Paragraph 15.26(b) of the MMLR, 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 NGL Tricor Governance Sdn Bhd, an independent firm to assist the management in improving the current Risk Management Framework.

Statement on Risk MANAGEMENT AND INTERNAL CONTROL (CONT'D)

THE SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL

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

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

INTERNAL AUDIT FUNCTION

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

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

The IA Firm adopts a risk based approach and prepares its audit strategy and plan based on the risk profiles from the risk assessment of the business units of the Group. Scheduled internal audits are carried out based on the annual audit plan approved by the 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 2019 was RM59,000.

Statement on Risk MANAGEMENT AND INTERNAL CONTROL (CONT'D)

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

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 2019 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 2019 and up to the date of issuance of the financial statements. Although there were certain weaknesses detected during the process of the internal audit function, the management is committed to rectify these weaknesses and follow up reviews will be constantly performed. The Board is committed towards operating a sound system and will strive for continuous improvement where necessary, to further enhance the said system.

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



FINANCIAL STATEMENTS

36

DIRECTORS' REPORT

42

STATEMENT BY DIRECTORS

42

STATUTORY DECLARATION

43

INDEPENDENT AUDITORS' REPORT

47

STATEMENTS OF FINANCIAL POSITION

48

STATEMENTS OF COMPREHENSIVE INCOME

49

STATEMENTS OF CHANGES IN EQUITY

51

STATEMENTS OF CASH FLOWS

53

NOTES TO THE FINANCIAL STATEMENTS

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 2019. 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	7,543	41,012

DIVIDENDS

On 17 January 2019, the Company paid an interim single tier tax-exempt dividend of 1 sen per ordinary share amounting to RM3,331,465 in respect of the financial year ended 30 September 2018.

On 26 November 2019, the Company declared an interim single tier tax-exempt dividend of 1 sen per ordinary share amounting to RM3,357,284 in respect of the current financial year, paid on 15 January 2020.

The directors do not propose any further 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 AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from RM199,790,628 to RM200,022,504 by an issuance of 353,200 new ordinary shares at an exercise price of RM0.44 per ordinary 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.

Directors' REPORT (CONT'D)

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 comprising ESOS and Executive Share Grant Scheme. The ESOS became effective on 24 February 2017.

The principal features of the ESOS and the movements in the number of options during the financial year are disclosed in Note 10 to the financial statements.

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 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 2019 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.

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 of current assets 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.

Directors' REPORT (CONT'D)

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of 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 of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

DIRECTORS

The directors who served since the beginning of the financial year and up to the date of this report are as follows:-

Thoo Chow Fah
Choo Wing Hong
Choo Wing Onn
Choo Wing Yew
Lee Tian Yoke
Saw Tat Loon
Anita Chew Cheng Im
Dato' Abu Bakar Bin Mohd Nor

The directors of the Company's subsidiaries who served since the beginning of the financial year and up to the date of this report are similar to those disclosed above.

Directors' REPORT (CONT'D)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests in shares in the Company of the directors in office at the end of the financial year are as follows:-

Name of Director	Number of Ordinary Shares			Balance at 30.9.2019
	Balance at 1.10.2018	Bought	Sold	
Thoo Chow Fah				
- Direct	12,082,534	-	-	12,082,534
- Indirect *	855,308	-	-	855,308
Choo Wing Hong				
- Direct	31,830,326	1,458,300	-	33,288,626
Choo Wing Onn				
- Direct	26,547,844	-	-	26,547,844
Choo Wing Yew				
- Direct	6,099,925	-	-	6,099,925
Lee Tian Yoke				
- Direct	12,577,631	340,000	-	12,917,631
Dato' Abu Bakar Bin Mohd Nor				
- Direct	27,793	-	-	27,793

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

Name of Director	Number of Share Options			Balance at 30.9.2019
	Balance at 1.10.2018	Granted	Exercised	
Thoo Chow Fah	600,000	-	-	600,000
Choo Wing Hong	1,200,000	-	-	1,200,000
Choo Wing Onn	800,000	-	-	800,000
Choo Wing Yew	800,000	-	-	800,000
Lee Tian Yoke	600,000	-	-	600,000
Saw Tat Loon	300,000	-	-	300,000
Anita Chew Cheng Im	300,000	-	-	300,000

Directors' REPORT (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

Name of Director	Balance at 1.10.2018	Number of Warrants-C		Balance at 30.9.2019
		Bought	Exercised	
Thoo Chow Fah				
- Direct	1,208,253	-	-	1,208,253
- Indirect *	585,530	-	-	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 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 18 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.

Neither during nor at the end of the financial year, was the Company a party to any arrangement, apart from the Company's ESOS, whose object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

During the financial year, the total amounts of indemnity coverage and insurance premium paid for the directors and officers of the Company were RM5,000,000 and RM13,000 respectively.

Directors' REPORT (CONT'D)

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office. The auditors' remuneration are disclosed in Note 17 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 16 January 2020**

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 47 to 93 give a true and fair view of the financial position of the Group and the Company as at 30 September 2019 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 16 January 2020

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 47 to 93 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue 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 16 January 2020

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 : 200301035125 (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 2019 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 47 to 93.

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 2019, 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 for the current financial year. 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 inventories written down and written off.

Independent AUDITORS' REPORT

To The Members Of NOTION VTEC BERHAD (Incorporated in Malaysia) Company No : 200301035125 (637546 - D)
(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 analysis 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.

Responsibilities of the 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.

Independent AUDITORS' REPORT

To The Members Of NOTION VTEC BERHAD (Incorporated in Malaysia) Company No : 200301035125 (637546 - D)
(CONT'D)

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 the Company, including the disclosures, and whether the financial statements of the Group and the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Independent AUDITORS' REPORT

To The Members Of NOTION VTEC BERHAD (Incorporated in Malaysia) Company No : 200301035125 (637546 - D)
(CONT'D)

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

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 the subsidiaries of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

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 & AF 1018
Chartered Accountants

Kuala Lumpur

16 January 2020

Ong Beng Chooi
03155/05/2021 J
Chartered Accountant

Statements OF FINANCIAL POSITION

AT 30 SEPTEMBER 2019

		Group		Company	
	NOTE	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	4	328,709	287,327	-	55
Intangible assets	5	4,609	1,328	-	-
Investments in subsidiaries	6	-	-	80,340	80,340
		333,318	288,655	80,340	80,395
CURRENT ASSETS					
Inventories	7	44,074	36,835	-	-
Receivables	8	71,776	155,672	99,207	88,066
Prepayments		617	2,040	-	-
Current tax assets		9,727	-	26	168
Cash and cash equivalents	9	68,834	41,864	51,682	25,285
		195,028	236,411	150,915	113,519
TOTAL ASSETS		528,346	525,066	231,255	193,914
EQUITY AND LIABILITIES					
EQUITY					
Share capital	10	200,023	199,791	200,023	199,791
Share option reserve		2,416	2,492	2,416	2,492
Currency translation reserve		13,403	11,551	-	-
Capital reserve		4,800	4,800	-	-
Revaluation reserve		952	-	-	-
Retained profits/(Accumulated losses)		194,411	190,199	25,008	(12,673)
TOTAL EQUITY		416,005	408,833	227,447	189,610
NON-CURRENT LIABILITIES					
Loans and borrowings	11	52,609	28,940	-	-
Retirement benefits	12	537	359	-	-
Deferred tax liabilities	13	12,099	7,024	-	-
Deferred income on government grant	14	2,618	-	-	-
		67,863	36,323	-	-
CURRENT LIABILITIES					
Loans and borrowings	11	13,345	14,971	-	-
Payables	15	30,979	53,635	3,808	4,304
Current tax liabilities		154	11,304	-	-
		44,478	79,910	3,808	4,304
TOTAL LIABILITIES		112,341	116,233	3,808	4,304
TOTAL EQUITY AND LIABILITIES		528,346	525,066	231,255	193,914

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

Statements OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

	NOTE	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	16	237,687	255,946	46,240	25,740
Cost of sales		(199,308)	(242,166)	-	-
Gross profit		38,379	13,780	46,240	25,740
Other income		23,100	166,745	1,962	1,373
		61,479	180,525	48,202	27,113
Marketing and distribution expenses		(4,716)	(4,926)	-	-
Administrative and other operating expenses		(37,834)	(107,462)	(7,178)	(21,677)
Finance costs		(4,839)	(949)	(4)	(3)
Profit before tax	17	14,090	67,188	41,020	5,433
Tax expense	19	(6,547)	(19,604)	(8)	-
Profit for the financial year		7,543	47,584	41,012	5,433
Other comprehensive income:-					
<i>Item that will not be reclassified subsequently to profit or loss:-</i>					
Fair value changes of intangible assets		952	-	-	-
<i>Item that will be reclassified subsequently to profit or loss:-</i>					
Currency translation differences for foreign operation		1,852	754	-	-
Total other comprehensive income for the financial year		2,804	754	-	-
Total comprehensive income for the financial year		10,347	48,338	41,012	5,433
Earnings per share:	20				
- Basic (sen)		2.26	14.35		
- Diluted (sen)		2.25	14.29		

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

Statements OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

Group	Non-distributable					Distributable	
	Share Capital RM'000	Share Option Reserve RM'000	Currency Translation Reserve RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
Balance at 1 October 2017	198,354	687	10,797	4,800	-	142,615	357,253
Currency translation differences for foreign operation (representing other comprehensive income for the financial year)	-	-	754	-	-	-	754
Profit for the financial year	-	-	-	-	-	47,584	47,584
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
Fair value changes of intangible assets	-	-	-	-	952	-	952
Currency translation differences for foreign operation	-	-	1,852	-	-	-	1,852
Total other comprehensive income for the financial year	-	-	1,852	-	952	-	2,804
Profit for the financial year	-	-	-	-	-	7,543	7,543
Total comprehensive income for the financial year	-	-	1,852	-	952	7,543	10,347
Issuance of shares pursuant to ESOS	232	(76)	-	-	-	-	156
Dividends to owners of the Company (Note 21)	-	-	-	-	-	(3,331)	(3,331)
Total transactions with owners	232	(76)	-	-	-	(3,331)	(3,175)
Balance at 30 September 2019	200,023	2,416	13,403	4,800	952	194,411	416,005

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

Statements OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

Company	Share Capital RM'000	Non- distributable Share Option Reserve RM'000	Distributable (Accumulated Losses)/ Retained Profits RM'000	Total Equity RM'000
Balance at 1 October 2017	198,354	687	(18,106)	180,935
Profit for the financial year (representing comprehensive income)	-	-	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
Profit for the financial year (representing comprehensive income)	-	-	41,012	41,012
Issuance of shares pursuant to ESOS	232	(76)	-	156
Dividends to owners of the Company (Note 21)	-	-	(3,331)	(3,331)
Total transactions with owners	232	(76)	(3,331)	(3,175)
Balance at 30 September 2019	200,023	2,416	25,008	227,447

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

Statements OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

Note	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES				
Profit before tax	14,090	67,188	41,020	5,433
Adjustments for:-				
Amortisation of deferred income on government grant	(187)	-	-	-
Bad debts written off	24	-	-	-
Depreciation of property, plant and equipment	28,665	30,692	55	84
Dividend income	-	-	(40,000)	(19,500)
Gain on disposal of plant and equipment	(464)	(256)	-	-
(Gain)/Loss on fair value adjustment of intangible assets	(46)	46	-	-
Impairment loss on investments in subsidiaries	-	-	-	13,000
Impairment loss on plant and equipment	524	21,470	-	-
Impairment loss on receivables	-	188	-	-
Increase in liabilities for retirement benefits	208	350	-	-
Insurance claims	(10,378)	(159,447)	-	-
Interest expense	4,600	793	-	-
Interest income	(2,243)	(1,847)	(1,962)	(1,373)
Inventories written down	2,402	6,718	-	-
Inventories written off	-	6,809	-	-
Property, plant and equipment written off	239	41,131	-	-
Reversal of impairment loss on receivables	-	(25)	-	-
Reversal of impairment loss on plant and equipment	(1,408)	-	-	-
Reversal of inventories written down	(1,136)	-	-	-
Share-based payments	-	2,279	-	992
Unrealised loss/(gain) on foreign exchange	538	(464)	-	-
Operating profit/(loss) before working capital changes	35,428	15,625	(887)	(1,364)
Changes in:-				
Inventories	(8,505)	(4,286)	-	-
Receivables and prepayments	5,928	(8,799)	-	62
Payables	(22,656)	13,772	(328)	512
CASH FROM/(FOR) OPERATIONS	10,195	16,312	(1,215)	(790)
Payment for retirement benefits	(47)	-	-	-
Interest paid	(4,600)	(793)	-	-
Tax (paid)/refunded	(22,349)	(12,546)	134	83
NET CASH (FOR)/FROM OPERATING ACTIVITIES AND BALANCE CARRIED FORWARD	(16,801)	2,973	(1,081)	(707)

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

Statements OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
BALANCE BROUGHT FORWARD		(16,801)	2,973	(1,081)	(707)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Additional investments in subsidiaries		-	-	-	(41,509)
Increase in intangible assets		(2,283)	(1,374)	-	-
Advances to subsidiaries		-	-	(11,141)	(21,745)
Grant received		2,805	-	-	-
Dividend received		-	-	40,000	19,500
Interest received		2,243	1,847	1,962	1,373
Insurance claims received		89,745	80,080	-	-
Proceeds from disposal of plant and equipment		8,003	613	-	-
Purchase of property, plant and equipment	22	(42,321)	(149,610)	-	-
NET CASH FROM/(FOR) INVESTING ACTIVITIES		58,192	(68,444)	30,821	(42,381)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
(Repayment to)/Advances from subsidiaries		-	-	(168)	1,019
Dividend paid		(3,331)	-	(3,331)	-
Drawdown of term loans	22	12,777	21,848	-	-
(Decrease)/Increase in short-term loans and borrowings (net)	22	(8,576)	5,349	-	-
Proceeds from issuance of shares		156	963	156	963
Repayment of hire purchase obligations	22	(7,235)	(816)	-	-
Repayment of term loans	22	(5,941)	(6,054)	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(12,150)	21,290	(3,343)	1,982
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		29,241	(44,181)	26,397	(41,106)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		41,864	86,359	25,285	66,391
CURRENCY TRANSLATION DIFFERENCES		(2,271)	(314)	-	-
CASH AND CASH EQUIVALENTS CARRIED FORWARD	9	68,834	41,864	51,682	25,285

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

Notes TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

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 12th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 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 16 January 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

The financial statements of the Group are prepared under the historical cost convention, modified to include other bases of valuation as disclosed in other sections of the significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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

MFRSs	Effective for annual periods beginning on or after
MFRS 9 <i>Financial Instruments</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	1 January 2018
Amendments to MFRS 15 <i>Effective Date of MFRS 15</i>	1 January 2018
Amendments to MFRS 15 <i>Clarifications to MFRS 15 Revenue from Contract with Customers</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Annual Improvements to MFRS Standards 2014 - 2016 Cycles	1 January 2018
• Amendments to MFRS 1 <i>Deletion of Short-term Exemptions for First-time Adopters</i>	
• Amendments to MFRS 128 <i>Measuring an Associate or Joint Venture at Fair Value</i>	

Notes TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

The initial application of the above MFRSs did not have any significant impacts on the financial statements of the Group 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 Group) 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.
- (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.

The Group has applied 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.

The Group has applied 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.

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

MFRSs (issued as at the end of the reporting period)	Effective for annual periods beginning on or after
MFRS 16 <i>Leases</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 3 <i>Definition of Business</i>	1 January 2020
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 9, MFRS 139 and MFRS 7 <i>Interest Rate Benchmark Reform</i>	1 January 2020
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

Notes TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

MFRSs (issued as at the end of the reporting period)	Effective for annual periods beginning on or after
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 - 2017 Cycles	1 January 2019

Management foresees that the initial application of the above MFRSs will not have any significant impacts on the financial statements except as follows:-

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.

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 acquiree.
- (ii) the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

Notes to the Financial Statements

For the Financial Year Ended 30 September 2019 (Cont'd)

2. Significant Accounting Policies (Cont'd)

2.2 Basis of Consolidation (Cont'd)

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.

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	5% - 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

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.

Notes TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Property, Plant and Equipment (Cont'd)

During the financial year, the Group changed the depreciation rates for the following asset:-

Factory equipment and machinery	From 10% - 25% to 5% - 25% per annum
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The change in the depreciation rate arose from a review of the useful lives of newly acquired factory equipment and machinery available for use during the current financial year. The effect of the change in the depreciation rates increased the profit before taxation for the current financial year of the Group by RM4,661,176.

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

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

2.7 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.

Notes to the Financial Statements

For the Financial Year Ended 30 September 2019 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial Assets

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

Initial Recognition and Measurement

A financial asset is recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Trade receivables that do not contain a significant financing component are initially recognised at their transaction price (as defined in Note 2.14). Other financial assets are initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent Measurement

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss in accordance with their classification on the basis of both the business model within which they are held and their contractual cash flow characteristics.

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. All receivables and cash and cash equivalents are classified under this category. Any gain or loss is recognised in profit or loss when the financial asset is derecognised, reclassified, through the amortisation process or in order to recognise impairment gains or losses.

Impairment

At each reporting date, the Group recognises a loss allowance for expected credit losses on a financial asset measured at amortised cost. The loss allowance is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit losses. Any adjustment to the loss allowance is recognised in profit or loss as an impairment gain or loss.

Irrespective of whether there is any significant increase in credit risk since initial recognition, the loss allowance for trade receivables is always measured at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9 Financial Instruments. Such lifetime expected credit losses are calculated using a provision matrix based on historical credit loss experience and adjusted for reasonable and supportable forward-looking information that is available without undue cost or effort.

The expected credit losses for a credit-impaired financial asset are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The gross carrying amount of a credit-impaired financial asset is directly written off when there is no reasonable expectation of recovery.

Derecognition

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or all the risks and rewards of ownership are substantially transferred. A direct write-off of gross carrying amount when there is no reasonable expectation of recovering a financial asset constitutes a derecognition event.

Notes TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial Liabilities

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

Initial Recognition and Measurement

A financial liability is recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. A financial liability is initially recognised at fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs.

Subsequent Measurement

All payables and loans and borrowings are subsequently measured at amortised cost. Any gain or loss is recognised in profit or loss when the financial liability is derecognised and through the amortisation process.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance and the amount initially recognised less any cumulative income recognised.

Derecognition

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 Functional and Foreign Currencies

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 operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

Notes to the Financial Statements

For the Financial Year Ended 30 September 2019 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.11 Functional and Foreign Currencies (Cont'd)

Foreign Currency Transactions and Translation (Cont'd)

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.

Foreign Operations

Assets and liabilities of foreign operations are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or partial disposal involving loss of control over a subsidiary that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation are reclassified to profit or loss as part of the gain or loss on disposal.

In addition, in relation to partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss.

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

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.

Notes TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 uses 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).

The fair values of financial guarantee contracts are estimated based on probability-adjusted discounted cash flow analysis after considering the probability of default by the debtors (i.e. Level 3).

Notes to the Financial Statements

For the Financial Year Ended 30 September 2019 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Revenue from Contracts with Customers

The Group recognises revenue (by applying the following steps) to depict the transfer of promised goods or services to customers at the transaction price.

- (i) Step 1: Identify contract - A contract is an agreement between two or more parties that creates enforceable rights and obligations.
- (ii) Step 2: Identify performance obligations - Each promise to transfer distinct goods or services is identified as a performance obligation and accounted for separately.
- (iii) Step 3: Determine transaction price - The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. It is adjusted for the effects of variable consideration (e.g. discounts, rebates, incentives or penalties), significant financing component, non-cash consideration and consideration payable to customer.
- (iv) Step 4: Allocate transaction price to performance obligations - The transaction price is allocated to each performance obligation on the basis of the relative (estimated) stand-alone selling prices of each distinct good or service promised in the contract.
- (v) Step 5: Recognise revenue - Revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). Revenue is recognised either over time or at a point in time depending on the timing of transfer of control.

Sales of Goods

The Group determines that the transfer of control of promised goods generally coincides with the transfer of risks and rewards of ownership. Accordingly, revenue from the sale of goods is recognised at a point in time when the significant risks and rewards of ownership have been transferred to the customer upon delivery.

Rendering of Services

The Company determines that the transfer of control of promised services generally coincides with the Company's performance as the customer simultaneously receives and consumes the benefits of the performance as the Company performs. Accordingly, revenue from the rendering of services is recognised over time when the services are performed. The Company measures the progress towards complete satisfaction of the performance obligation using an output method, i.e. time elapsed.

2.15 Other Income

Dividend income is recognised in profit or loss only when the Company's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

Interest income is recognised in profit or loss using the effective interest method.

Notes TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Government Grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to the grants and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants related to assets are presented in the statements of financial position as deferred income which is amortised on a straight-line basis over the estimated useful lives of the assets. Grants related to income are presented under "other income" in the statements of comprehensive income.

2.17 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 operates an unfunded final salary defined benefit plan for their employees in accordance with the local requirement prevailing in Thailand. 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.

2.18 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.

Notes to the Financial Statements

For the Financial Year Ended 30 September 2019 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 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.

2.20 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, if any.

3. JUDGEMENTS AND ESTIMATION UNCERTAINTY

Judgements Made in Applying Accounting Policies

In the process of applying the accounting policies of the Group, 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. Any changes in these accounting estimates will result in revisions to the valuation of inventories (Note 7).

Notes TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

3. JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONT'D)

Sources of Estimation Uncertainty (Cont'd)

Impairment of Receivables

The Group recognises loss allowance for expected credit losses on receivables based on an assessment of credit risk. Such assessment involves judgements and estimation uncertainty in analysing information about past events, current conditions and forecasts of future economic conditions. Any changes in these accounting estimates will affect the carrying amounts of receivables (Note 8).

Impairment of Non-financial Assets

The Group 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. Any changes in these accounting estimates will affect the carrying amounts of non-financial assets (Note 4, Note 5 and Note 6).

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
<u>Cost</u>							
Balance at 1 October 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)
Transfer	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
Additions	231	40,509	1,143	246	5,844	25,366	73,339
Disposals	-	(14,759)	(2)	(435)	(20)	-	(15,216)
Write-offs	-	-	(472)	-	(1,246)	-	(1,718)
Transfer	-	300	-	-	-	(300)	-
Currency translation differences	1,832	2,707	71	49	27	68	4,754
Balance at 30 September 2019	91,038	421,067	26,851	7,057	36,032	47,426	629,471

Notes TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

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 Losses</u>							
Balance at 1 October 2017							
Accumulated depreciation	9,715	248,013	15,041	5,798	20,474	-	299,041
Accumulated impairment loss	-	1,412	-	-	-	-	1,412
	9,715	249,425	15,041	5,798	20,474	-	300,453
Depreciation	688	24,683	1,492	398	3,431	-	30,692
Impairment loss	-	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)
Transfer	-	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
Depreciation	791	22,255	1,087	366	4,166	-	28,665
Impairment loss	-	(882)	(2)	-	-	-	(884)
Disposals	-	(7,241)	(1)	(435)	-	-	(7,677)
Write-offs	-	-	(421)	-	(1,058)	-	(1,479)
Currency translation differences	107	996	29	20	-	-	1,152
Balance at 30 September 2019							
Accumulated depreciation	8,136	229,464	13,102	5,876	22,301	-	278,879
Accumulated impairment loss	-	11,178	9,342	194	1,169	-	21,883
	8,136	240,642	22,444	6,070	23,470	-	300,762
<u>Carrying Amount</u>							
Balance at 1 October 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
Balance at 30 September 2019	82,902	180,425	4,407	987	12,562	47,426	328,709

Notes TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

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

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

	Group	
	2019	2018
	RM'000	RM'000
Freehold land and buildings	34,416	34,540
Factory equipment and machineries	61,160	13,690
	95,576	48,230

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	
	2019	2018
	RM'000	RM'000
Factory equipment and machineries	38,639	11,733

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	
	2019	2018
	RM'000	RM'000
Freehold land and buildings	17,954	34,540
Factory equipment and machineries	22,521	1,957
	40,475	36,497

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

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

Company	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost			
Balance at 1 October 2017	12	587	599
Movement during the year	-	-	-
Balance at 30 September 2018	12	587	599
Movement during the year	-	-	-
Balance at 30 September 2019	12	587	599
Accumulated Depreciation			
Balance at 1 October 2017	12	448	460
Depreciation	-	84	84
Balance at 30 September 2018	12	532	544
Depreciation	-	55	55
Balance at 30 September 2019	12	587	599
Carrying Amount			
Balance at 1 October 2017	-	139	139
Balance at 30 September 2018	-	55	55
Balance at 30 September 2019	-	-	-

5. INTANGIBLE ASSETS

	Group	
	2019 RM'000	2018 RM'000
Balance at 1 October 2018/2017	1,328	-
Additions	3,072	1,374
Disposal	(789)	-
Fair value changes	998	(46)
Balance at 30 September	4,609	1,328

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

Notes TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019	2018
	RM'000	RM'000
Unquoted shares, at cost*	98,862	98,862
Employees' shares options granted to employees of subsidiaries	2,038	2,038
Accumulated impairment losses*	(20,560)	(20,560)
	80,340	80,340

* The comparative figures were previously reported as RM100.862 million and RM22.56 million instead of RM98.862 million and RM20.56 million respectively due to an inadvertent overstatement of RM2 million.

The corresponding comparative disclosures in the statements of cash flows and Note 17 to the financial statements were amended accordingly to rectify this disclosure error. The profit for the previous financial year of the Company amounting to RM5.433 million is not affected by this disclosure anomaly.

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Effective Equity Interest		Principal Activities
		2019	2018	
		%	%	
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.

Notes TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Effective Equity Interest		Principal Activities
		2019 %	2018 %	
Intech Precision Sdn. Bhd.	Malaysia	100	100	Designing, developing, manufacturing and marketing of precision jigs and fixtures, tools and dies for stamping, precision mould parts for stamping, trim and form tools for the semiconductor industry, and precisioning machine parts for the automotive and other high value-added industries.
NV Technology Sdn. Bhd.	Malaysia	100	100	Design, development and modification of cutting tool geometry, regrind and re-sharpening of special cutting tools using computer numerical control tools and cutter grinder and other grinding operations and also involved in the marketing of diamond abrasive grinding wheels, polycrystalline diamond and polycrystalline cubic nitride inserts.
Diaphragm Tech Sdn. Bhd.	Malaysia	100	100	Inactive.
Swiss Impression 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.

Notes TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

7. INVENTORIES

	Group	
	2019	2018
	RM'000	RM'000
Cost		
Raw materials	5,643	6,298
Work-in-progress	10,560	7,755
Consumables	4,707	3,772
Finished goods	22,402	17,388
<u>Net realisable value</u>		
Work-in-progress	-	575
Finished goods	762	1,047
	44,074	36,835
Recognised in profit or loss:-		
Inventories recognised as cost of sales	83,670	98,829

8. RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Trade receivables:-				
- Unrelated parties	65,250	66,920	-	-
- Allowance for impairment	(316)	(316)	-	-
	64,934	66,604	-	-
Other receivables:-				
- Unrelated parties	6,880	9,739	-	-
- Allowance for impairment	(38)	(38)	-	-
	6,842	9,701	-	-
- Insurance claim receivable	-	79,367	-	-
- Subsidiaries	-	-	99,207	88,066
	6,842	89,068	99,207	88,066
	71,776	155,672	99,207	88,066

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

8. RECEIVABLES (CONT'D)

The currency profile of receivables is as follows:-

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Euro	14,851	21,549	-	-
Ringgit Malaysia	17,826	103,563	99,207	88,066
Thai Baht	12,805	10,000	-	-
United States Dollar	26,294	20,487	-	-
Others	-	73	-	-
	71,776	155,672	99,207	88,066

Trade Receivable

The Group determines credit risk concentrations in terms of counterparties and geographical areas. As at 30 September 2019, there were 3 (2018 - 3) major customers that accounted for 10% or more of the Group's trade receivables and the total outstanding balances due from these major customers amounted to RM33,980,188 (2018 - RM28,758,048). The credit risk concentration profile by geographical areas of trade receivables is as follows:-

	Group	
	2019	2018
	RM'000	RM'000
Belgium	1,141	1,439
Brazil	1,353	-
China	3,311	6,022
Hong Kong	587	491
Japan	1,694	1,904
Malaysia	11,446	14,792
Mexico	2,494	4,073
Poland	3,689	6,895
Thailand	28,388	27,242
United States of America	10,450	2,624
Others	381	1,122
	64,934	66,604

Notes TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

8. RECEIVABLES (CONT'D)

Trade Receivable (Cont'd)

The credit terms of trade receivables range from 30 to 90 days (2018 - 30 to 90 days). The Group uses past due information to assess the credit risk of trade receivables. The analysis by past due status is as follows:-

	Group	
	2019	2018
	RM'000	RM'000
Not past due	39,443	44,623
Past due 1 to 30 days	16,158	15,231
Past due 31 to 120 days	8,866	6,265
Past due more than 120 days	467	485
	64,934	66,604

The Group determines that a trade receivable is credit-impaired when the customer is experiencing significant financial difficulty and has defaulted in payments. Unless otherwise demonstrated, the Group generally considers a default to have occurred when the trade receivable is more than 90 days past due. The gross carrying amount of a credit-impaired trade receivable is directly written off when there is no reasonable expectation of recovery. This normally occurs when there is reasonable proof of customer insolvency.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9. The changes in the loss allowance are as follows:-

	Group	
	2019	2018
	RM'000	RM'000
Balance at 1 October 2018/2017	316	164
Impairment loss recognised	-	188
Impairment loss reversed	-	(1)
Impairment loss written off	-	(35)
Balance at 30 September	316	316

The above loss allowance is in respect of individually assessed credit-impaired trade receivables. Based on the low historical observed default rates (adjusted for forward-looking estimates), the expected credit losses on trade receivables that are not credit-impaired are not considered to be material and hence, have not been recognised.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

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 Group measures the loss allowance at an amount equal to lifetime expected credit losses. The changes in the loss allowance are as follows:-

	Group	
	2019	2018
	RM'000	RM'000
Balance at 1 October 2018/2017	38	62
Impairment loss reversed	-	(24)
Balance at 30 September	38	38

The above loss allowance was individually determined after considering the adverse financial conditions of the debtors who have defaulted/delayed in payments.

9. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Highly liquid investments	46,200	25,438	46,200	22,933
Term deposits (fixed rate)	2,083	8,064	2,083	2,012
Cash and bank balances	20,551	8,362	3,399	340
	68,834	41,864	51,682	25,285

The effective interest rates of term deposits as at the end of reporting period ranged from 3.50% to 4.62% (2018 - 2.20% to 4.62%) per annum.

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

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Euro	2,313	251	-	-
Ringgit Malaysia	58,460	33,602	51,682	25,285
Thai Baht	7,247	6,061	-	-
United States Dollar	801	1,664	-	-
Others	13	286	-	-
	68,834	41,864	51,682	25,285

Notes TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

10. SHARE CAPITAL

	No. of ordinary shares ('000) with no par value	RM'000
<u>Issued and fully paid:-</u>		
Balance at 1 October 2017	330,634	198,354
Issuance of shares pursuant to ESOS	2,189	1,437
Balance at 30 September 2018	332,823	199,791
Issuance of shares pursuant to ESOS	353	232
Balance at 30 September 2019	333,176	200,023

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 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 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.

Notes TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

10. SHARE CAPITAL (CONT'D)

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

	Number of Options Over Ordinary Shares	Weighted Average Exercise Price RM	Weighted Average Share Price RM	Weighted Average Remaining Contractual Life
As at 1 October 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	0.53		4.1 years
Exercisable at 30 September 2018	9,797,800			
As at 1 October 2018	10,270,500	0.53		
Exercised	(353,200)	0.44	0.64	
Outstanding at 30 September 2019	9,917,300	0.51		3.0 years
Exercisable at 30 September 2019	9,444,600			

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:-

Grant date	Option 1 27.2.2017	Option 2 12.12.2017
Fair value at grant date (RM)	0.36	0.22
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 2019 (CONT'D)

11. LOANS AND BORROWINGS

	Group	
	2019	2018
	RM'000	RM'000
<u>Secured</u>		
Hire purchase payables (fixed rate)	35,640	11,857
Term loans (floating rate)	30,314	23,478
<u>Unsecured</u>		
Banker acceptances (fixed rate)	-	8,576
	65,954	43,911
Disclosed as:-		
- Current liabilities	13,345	14,971
- Non-current liabilities	52,609	28,940
	65,954	43,911

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

The effective interest rates of loans and borrowings as at 30 September 2019 ranged from 6.53% to 7.27% (2018 - 6.54% to 7.29%) 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:-

	2019	2018
	RM'000	RM'000
Minimum hire purchase payments:-		
- Within 1 year	10,280	2,955
- Later than 1 year and not later than 2 years	10,247	2,955
- Later than 2 years and not later than 5 years	19,939	7,864
Total contractual undiscounted cash flows	40,466	13,774
Future finance charges	(4,826)	(1,917)
Present value of hire purchase payables:-		
- Within 1 year	8,043	2,228
- Later than 1 year and not later than 2 years	8,605	2,400
- Later than 2 years and not later than 5 years	18,992	7,229
	35,640	11,857

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 2019 (CONT'D)

11. LOANS AND BORROWINGS (CONT'D)

Term Loans

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

	2019 RM'000	2018 RM'000
Gross loan instalments:-		
- Within 1 year	7,436	5,945
- Later than 1 year and not later than 2 years	8,563	3,987
- Later than 2 years and not later than 5 years	18,576	14,834
- Later than 5 years	4,418	5,574
Total contractual undiscounted cash flows	38,993	30,340
Future finance charges	(8,679)	(6,862)
Present value of term loans:-		
- Within 1 year	5,302	4,167
- Later than 1 year and not later than 2 years	6,803	2,493
- Later than 2 years and not later than 5 years	15,774	11,857
- Later than 5 years	2,435	4,961
	30,314	23,478

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 obligation is as follows:-

	Group	
	2019 RM'000	2018 RM'000
Balance as at 1 January	359	-
Defined benefit costs	208	350
Paid during the year	(47)	-
Currency translation differences	17	9
Balance as at 31 December	537	359

Notes TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

12. RETIREMENT BENEFITS (CONT'D)

The components of defined benefit costs are as follows:

	Group	
	2019	2018
	RM'000	RM'000
Current service cost	201	343
Interest expense	7	7
	208	350

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

	Group	
	2019	2018
	%	%
Discount rate	2.85	2.85
Future salary growth	5.67	5.67

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

	Group	
	2019	2018
	RM'000	RM'000
Increase in discount rate by 1%	484	327
Decrease in discount rate by 1%	597	395
Increase in expected rate of salary by 1%	603	396
Decrease in expected rate of salary by 1%	477	326

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

Notes TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

13. DEFERRED TAX LIABILITIES

	Group	
	2019	2018
	RM'000	RM'000
Balance at 1 October 2018/2017	7,024	14,155
Deferred tax expense/(income) relating to origination and reversal of temporary differences	1,595	(8,860)
Deferred tax liabilities under provided in the prior year	3,480	1,729
Balance at 30 September	12,099	7,024
In respect of (deductible)/taxable temporary differences of:-		
- Inventories	(2,033)	(1,737)
- Financial instruments	1,188	825
- Property, plant and equipment	12,944	7,936
	12,099	7,024

14. DEFERRED INCOME ON GOVERNMENT GRANT

	Group	
	2019	2018
	RM'000	RM'000
Balance at 1 October 2018/2017	-	-
Grants received during the financial year	2,805	-
Recognised in profit or loss	(187)	-
Balance at 30 September	2,618	-

The Group received grants from the Malaysian Investment Development Authority ("MIDA") for modernisation and upgrading of its existing manufacturing activities. The grants covered 50% of the costs of the assets subject to the limits approved.

Notes TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

15. PAYABLES

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Trade payables	10,493	14,014	-	-
Other payables:-				
- Subsidiaries	-	-	3,099	3,267
- Director	1	2,853	-	-
- Unrelated parties	20,485	36,768	709	1,037
	20,486	39,621	3,808	4,304
	30,979	53,635	3,808	4,304

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

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Japanese Yen	-	6,022	-	-
Ringgit Malaysia	25,044	37,908	3,808	4,304
Thai Baht	3,970	4,685	-	-
United States Dollar	1,402	4,218	-	-
Others	563	802	-	-
	30,979	53,635	3,808	4,304

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

Trade Payables

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

Other Payables

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

16. REVENUE

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers:-				
Sale of goods	237,687	255,946	-	-
Rendering of services	-	-	6,240	6,240
	237,687	255,946	6,240	6,240
Other sources of revenue:-				
Dividend income	-	-	40,000	19,500
	237,687	255,946	46,240	25,740

The disaggregation of revenue by geographical areas is disclosed in Note 24. Information about other disaggregation of revenue has not been disclosed as the Group generates revenue principally from manufacture of high volume precision components and tools including design, other related activities and incidental services, whereas the Company derives revenue mainly from rendering management services to subsidiaries.

17. PROFIT BEFORE TAX

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):-				
Auditors' remuneration:-				
- Crowe Malaysia PLT	222	214	63	63
- Other auditors	23	16	-	-
Bad debts written off	24	-	-	-
Depreciation of property, plant and equipment	28,665	30,692	55	84
Employee benefits expense (Note 18)	67,205	73,960	6,546	7,828

Notes TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

17. PROFIT BEFORE TAX (CONT'D)

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):- (Cont'd)				
Impairment loss on investments in subsidiaries	-	-	-	13,000
Impairment loss on receivables	-	188	-	-
Impairment loss on plant and equipment	524	21,470	-	-
Interest expense for financial liabilities not at fair value through profit or loss	4,600	793	-	-
Inventories written down	2,402	6,718	-	-
Inventories written off	-	6,809	-	-
Loss on foreign exchange:				
- Realised	335	142	-	-
- Unrealised	557	222	-	-
Property, plant and equipment written off	239	41,131	-	-
Rental expenses	1,774	1,659	-	-
Dividend income from subsidiaries	-	-	(40,000)	(19,500)
Gain on disposal of plant and equipment	(464)	(256)	-	-
(Gain)/Loss on fair value adjustment of intangible assets	(46)	46	-	-
Gain on foreign exchange:				
- Realised	(5,423)	-	-	-
- Unrealised	(19)	(686)	-	-
Insurance claims	(10,378)	(159,447)	-	-
Interest income for financial assets not at fair value through profit or loss	(2,243)	(1,847)	(1,962)	(1,373)
Reversal of impairment loss on plant and equipment	(1,408)	-	-	-
Reversal of impairment loss on receivables	-	(25)	-	-
Reversal of inventories written down	(1,136)	-	-	-
Government grant income	(187)	-	-	-

Notes TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

18. EMPLOYEE BENEFITS EXPENSE (INCLUDING DIRECTORS' REMUNERATION)

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Directors:-				
- Short-term employee benefits	5,128	5,568	5,128	5,568
- Defined contribution plan	583	569	583	569
- Shared-based payments	-	861	-	861
	5,711	6,998	5,711	6,998
Other employees:-				
- Short-term employee benefits	59,015	62,918	752	633
- Defined contribution plan	2,321	2,275	83	66
- Defined benefits plan	158	350	-	-
- Shared-based payments	-	1,419	-	131
	61,494	66,962	835	830
	67,205	73,960	6,546	7,828

19. TAX EXPENSE

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Tax based on results for the year:-				
- Current tax	1,507	27,658	-	-
- Deferred tax	1,595	(8,860)	-	-
	3,102	18,798	-	-
Tax (over)/under provided in prior year:-				
- Current tax	(35)	(923)	8	-
- Deferred tax	3,480	1,729	-	-
	6,547	19,604	8	-

Notes TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

19. TAX EXPENSE (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	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit before tax	14,090	67,188	41,020	5,433
Tax at the statutory tax rate of 24%	3,382	16,125	9,845	1,304
Non-deductible expenses	2,708	3,730	208	3,376
Non-taxable income	(3,657)	(2,227)	(10,053)	(4,680)
Increase in unrecognised deferred tax assets	989	2,569	-	-
Utilisation of deferred tax assets not recognised in prior years	(320)	-	-	-
Effect of differential in tax rates	-	(1,399)	-	-
Tax under/(over) provided in prior year:-	-	-	-	-
- Current tax	(35)	(923)	8	-
- Deferred tax	3,480	1,729	-	-
	6,547	19,604	8	-

The future availability of deductible temporary differences and unutilised tax credits for which no deferred tax assets have been recognised are as follows:-

	Group	
	2019	2018
	RM	RM
Property, plant and equipment	8,268	11,760
Unabsorbed capital allowances	9,657	7,137
Unutilised tax losses	3,946	187
	21,871	19,084

Notes TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

20. Earnings Per Share

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:-

	Group	
	2019	2018
Profit for the financial year (RM'000)	7,543	47,584
Number of shares in issue at 1 October 2018/2017 ('000)	332,823	330,634
Effect of shares issued pursuant to ESOS ('000)	332	962
Weighted average number of shares for computing basic earnings per share ('000)	333,155	331,596
Number of shares under ESOS deemed to have been issued for no consideration ('000)	1,947	1,334
Weighted average number of shares for computing diluted earnings per share ('000)	335,102	332,930
Basic earnings per share (sen)	2.26	14.35
Diluted earnings per share (sen)	2.25	14.29

21. DIVIDENDS

	Group and Company	
	2019	2018
	RM'000	RM'000
Interim single tier tax-exempt dividend of 1 sen per ordinary share in respect of the financial year ended 30 September 2018	3,331	-

22. NOTES TO THE STATEMENTS OF CASH FLOWS

	Group	
	2019	2018
	RM'000	RM'000
Purchase of Property, Plant and Equipment		
Cost of property, plant and equipment purchased	73,339	161,877
Amount financed through hire purchase	(31,018)	(12,267)
Net cash disbursed	42,321	149,610
Banker Acceptances		
Balance at 1 October 2018/2017	8,576	3,227
Net cash flow changes	(8,576)	5,349
Balance at 30 September (Note 11)	-	8,576

Notes TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

22. NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

	Group	
	2019	2018
	RM'000	RM'000
Hire Purchase Payables		
Balance at 1 October 2018/2017	11,857	406
Drawdowns	31,018	12,267
Repayments	(7,235)	(816)
Balance at 30 September (Note 11)	35,640	11,857
Term Loans		
Balance at 1 October 2018/2017	23,478	7,684
Drawdowns	12,777	21,848
Repayments	(5,941)	(6,054)
Balance at 30 September (Note 11)	30,314	23,478

23. RELATED PARTY DISCLOSURES

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

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Other key management personnel compensation:-				
- Short-term employee benefits	3,077	2,550	331	222
- Defined contribution plan	221	218	41	29
- Share-based payments	-	283	-	19
	3,298	3,051	372	270
Dividends received from subsidiaries	-	-	40,000	19,500
Management fee charged to subsidiaries	-	-	6,240	6,240
Rental expense charged by a director	60	60	-	-

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

24. SEGMENT REPORTING

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.

	Group		Group	
	External Revenue		Non-Current Assets	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Belgium	5,313	7,990	-	-
China	13,958	16,826	-	-
Hong Kong	1,735	3,286	-	-
Japan	5,919	6,966	-	-
Malaysia	42,031	53,621	266,065	222,455
Mexico	8,126	11,707	-	-
Poland	30,948	34,020	-	-
Thailand	100,143	111,458	67,253	66,200
United States of America	24,831	5,282	-	-
Others	4,683	4,790	-	-
	237,687	255,946	333,318	288,655

Major Customers

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

	Group	
	External Revenue	
	2019	2018
	RM'000	RM'000
Customer I ^(a)	42,801	49,464
Customer II ^(a)	40,025	47,059
Customer III ^(a)	30,949	34,020

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

Notes TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

25. COMMITMENT FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group	
	2019	2018
	RM'000	RM'000
Contracted but not provided for	3,784	17,004

26. FINANCIAL GUARANTEE CONTRACTS

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 RM78,300,000 (2018 - RM199,840,000). The total utilisation of these credit facilities as at 30 September 2019 amounted to approximately RM12,502,712 (2018 - RM26,921,000).

The aforementioned financial guarantee contracts should have been recognised in the statements 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.

27. FINANCIAL RISK MANAGEMENT

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

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

Credit Risk

The Group's exposure to credit risk arises mainly from receivables and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statements 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 26.

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. The quantitative information about such credit risk exposure is disclosed in Note 8. As the Group only deals with reputable financial institutions, the credit risk associated with deposits placed with them is low.

Liquidity Risk

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

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

27. FINANCIAL RISK MANAGEMENT (CONT'D)

Currency Risk

The Group's exposure to currency risk arises mainly from transactions entered into in currencies other than its functional currencies, i.e. Ringgit Malaysia ("RM") and Thai Baht ("THB"). The major foreign currencies transacted are Euro ("EUR"), Japanese Yen ("JPY") and United States Dollar ("USD"), and the gross carrying amounts of foreign currency denominated monetary items at the end of the reporting period are receivables (Note 8), cash and cash equivalents (Note 9) and payables (Note 15).

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

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

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

	Group	
	Increase/ (Decrease) in Profit	Increase/ (Decrease) in Profit
	2019	2018
	RM'000	RM'000
Appreciation of EUR against RM by 10%	1,304	1,657
Depreciation of EUR against RM by 10%	(1,304)	(1,657)
Appreciation of JPY against RM by 10%	-	(458)
Depreciation of JPY against RM by 10%	-	458
Appreciation of USD against RM by 10%	1,953	1,363
Depreciation of USD against RM by 10%	(1,953)	(1,363)

Notes TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

27. FINANCIAL RISK MANAGEMENT (CONT'D)

Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely term deposits and 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, any change in interest rates at the end of the reporting period would not affect its profit or loss (and equity). For floating rate financial instruments measured at amortised cost, the following table demonstrates the sensitivity of profit or loss (and equity) to changes in interest rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group	
	(Decrease)/ Increase in Profit	(Decrease)/ Increase in Profit
	2019	2018
	RM'000	RM'000
Increase in interest rates by 100 basis points	(230)	(178)
Decrease in interest rates by 100 basis points	230	178

28. 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 to 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 2019 (CONT'D)

28. 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	
	2019	2018
	RM'000	RM'000
Total loans and borrowings	65,954	43,911
Total equity	416,005	408,833
Total capital	481,959	452,744
Debt-to-equity ratio	0.16	0.11

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

29. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year. The reclassification does not have any impact on the profit for the previous financial year:-

	Group	
	As Previously Reported	As Restated
	RM'000	RM'000
<u>Statements of Financial Position (Extract):-</u>		
NON-CURRENT LIABILITIES		
Loans and borrowings	27,333	28,940
CURRENT LIABILITIES		
Loans and borrowings	16,578	14,971
<u>Statements of Cash Flows (Extract):-</u>		
Adjustments for:-		
Impairment loss on disposal of investment in subsidiaries	15,000	13,000
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Additional investments in subsidiaries	(43,509)	(41,509)

Notes TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONT'D)

30. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

On 23 December 2019, the insurer had offered RM22,216,549 to the Group, being full and final settlement under the Business Interruption Loss. An interim payment of RM10,000,000 had been received by the Group during the financial year, therefore with the final offer of RM22,216,549, there is a balance of RM12,216,549 payable by the insurer to the Group.

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List OF PROPERTIES

Held as at 30 September 2019

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 Address: No.11, Jalan Teruntum 20 KU/08, Jalan Teratai, Batu 5 1/2, Jalan Meru, 41050 Klang	15	26 February 2004	7,653	Freehold	462,787
1 1/2 Storey Semi-Detached Light Industrial Factory held under HS(M) No.22230, PT No.27967, Mukim Kapar, Daerah Klang Address: No.11A, Jalan Teruntum 20 KU/08, Jalan Teratai, Batu 5 1/2, Jalan Meru, 41050 Klang	15	26 February 2004	7,653	Freehold	462,787
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 Address: Lot 6123, Jalan Haji Salleh, Batu 5 1/2, Jalan Meru, 41050 Klang, Selangor	14	10 August 2006	304,988	Freehold	8,005,816
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 Address: No.1/48, Rojana Industrial Park Moo 5, Tambol Kanham, Amphur U-Thai. Pranakorn Sri Ayutthaya, 13210, Thailand	22	02 October 2009	262,937	Freehold	19,035,393
1 1/2 Storey light industrial factory held under HS(M) 19366, PT24011, Mukim Kapar, Daerah Klang Address: No.31, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor	23	28 January 2010	1,959	Freehold	175,111
1 1/2 Storey light industrial factory held under HS(M) 19373, PT24018, Mukim Kapar, Daerah Klang Address: No.45, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor	23	28 January 2010	1,970	Freehold	175,111
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	23	28 January 2010	1,970	Freehold	175,111

List OF PROPERTIES

Held as at 30 September 2019

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) 19375, PT24020, Mukim Kapar, Daerah Klang Address: No.49, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor	23	28 January 2010	1,970	Freehold	175,111
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	23	28 January 2010	3,197	Freehold	350,222
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	23	29 April 2010	108,931	Freehold	3,525,842
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	23	08 February 2012	1,970	Freehold	206,745
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	27	13 March 2012	283,952	Freehold	17,192,888
1 Storey Linked Terrace Industrial Lot held under Geran 92792, Mukim Kapar, Daerah Klang Address: Lot 35141, Jalan Haji Manan, Batu 5 1/2, Off Jalan Meru, 41050 Klang, Selangor	12	08 October 2012	3,337	Freehold	178,109
1 Storey Linked Terrace Industrial Lot held under Geran 92798, Mukim Kapar, Daerah Klang Address: Lot 35147, Jalan Haji Manan, Batu 5 1/2, Off Jalan Meru, 41050 Klang, Selangor	12	08 October 2012	3,337	Freehold	178,109

List OF PROPERTIES

Held as at 30 September 2019

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 92800, Mukim Kapar, Daerah Klang Address: Lot 35149, Jalan Haji Manan, Batu 5 1/2, Off Jalan Meru, 41050 Klang, Selangor	12	08 October 2012	3,337	Freehold	178,109
1 Storey Linked Terrace Industrial Lot held under Geran 92801, Mukim Kapar, Daerah Klang Address: Lot 35150, Jalan Haji Manan, Batu 5 1/2, Off Jalan Meru, 41050 Klang, Selangor	12	08 October 2012	3,337	Freehold	178,109
1 Storey Industrial Lot, Sri Ayutthaya, Thailand Address: 63 Tambon Thanu, Amphur Uthai, Pra Nakhon Sri Ayutthaya Province, Thailand	25	11 August 2016	92,311	Freehold	3,776,961
2 Storey Industrial Lot, Sri Ayutthaya, Thailand Address: 40 Moo 4 Tambon U-Thai, Amphur Uthai, Pra Nakhon Sri Ayutthaya Province, Thailand	12	03 May 2018	163,439	Freehold	10,250,646
1 plot of Industrial Land, Johor Bahru Address: Plot 4, HSD 547617, PTD 200311, Mukim Pulai, Johor Bahru	5	28 February 2018	136,583	Freehold	11,572,565
2 Storey Industrial Lot Address: No. 2, Jalan Haji Manan 3/KU8 Kawasan Perindustrian Meru Barat 41050 Klang, Selangor	2	30 July 2018	41,591	Freehold	6,646,213
TOTAL					82,901,745

Analysis of SHAREHOLDINGS AND WARRANT HOLDINGS

As at 31 December 2019

SHAREHOLDINGS

Issued Shares	: 335,728,353 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	: 6,066

ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	942	15.529	39,423	0.011
100 – 1,000	660	10.880	357,467	0.106
1,001 – 10,000	2,581	42.548	14,194,837	4.228
10,001 – 100,000	1,587	26.162	50,921,340	15.167
100,001 – 16,786,416 (*)	293	4.830	210,472,813	62.691
16,786,417 and above (**)	3	0.049	59,742,473	17.794
Total:	6,066	100.000	335,728,353	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 2019

Name	No. of Shares held as at 31 December 2019			
	Direct	%	Indirect	%
Thoo Chow Fah	13,082,534	3.897	855,308 *	0.255
Choo Wing Hong	34,388,626	10.243	-	-
Choo Wing Onn	28,147,844	8.384	-	-
Lee Tian Yoke	13,917,631	4.146	-	-
Choo Wing Yew	9,099,925	2.711	-	-
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 (CONT'D)

As at 31 December 2019

SUBSTANTIAL SHAREHOLDERS

ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 31 DECEMBER 2019

Name	No. of Shares held as at 31 December 2019			
	Direct	%	Indirect	%
Choo Wing Hong	34,388,626	10.243	-	-
Choo Wing Onn	28,147,844	8.384	-	-
Urusharta Jamaah Sdn Bhd	17,334,003	5.163	-	-

LIST OF TOP 30 SHAREHOLDERS

No.	Name	HOLDINGS	%
1	CHOO WING ONN	23,019,844	6.856
2	CHOO WING HONG	19,388,626	5.775
3	URUSHARTA JAMAAH SDN BHD	17,334,003	5.163
4	LEE TIAN YOKE	12,917,631	3.847
5	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOO WING HONG	12,000,000	3.574
6	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	9,348,562	2.784
7	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR MITSUBISHI UFJ MORGAN STANLEY SECURITIES CO., LTD.	8,895,000	2.649
8	RONIE TAN CHOO SENG	7,000,000	2.085
9	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR THOO CHOW FAH	5,500,000	1.638
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KWEE SOW FUN	5,266,900	1.568
11	CHOO WING LEONG	4,668,650	1.390
12	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG MOO LING	4,500,000	1.340
13	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOO WING ONN	4,128,000	1.229
14	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOO WING YEW	3,945,200	1.175
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR THOO CHOW FAH	3,900,000	1.161
16	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR LGT BANK AG (FOREIGN)	3,430,000	1.021
17	LEAN MUN HUAT	3,283,000	0.977
18	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR YEE KOK LEONG (PB)	3,074,900	0.915
19	CHIN CHIN SEONG	3,070,800	0.914
20	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RONIE TAN CHOO SENG	3,000,000	0.893

Analysis of SHAREHOLDINGS AND WARRANT HOLDINGS (CONT'D)

As at 31 December 2019

LIST OF TOP 30 SHAREHOLDERS (CONT'D)

No.	Name	HOLDINGS	%
21	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG SILING (CEB)	3,000,000	0.893
22	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KWEE SOW FUN (MY2268)	2,810,400	0.837
23	THOO CHOW FAH	2,682,534	0.799
24	CHIN CHIN SEONG	2,557,300	0.761
25	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG MOO LING (M)	2,227,300	0.663
26	CHOO WING YEW	2,154,725	0.641
27	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEAN MUN HUAT (CCTS)	2,016,000	0.600
28	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOO WING HONG	2,000,000	0.595
29	LYE WEE KEN	1,949,000	0.580
30	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM GUAT KEE (MM0666)	1,925,900	0.573
TOTAL		180,994,275	53.910

Analysis of SHAREHOLDINGS AND WARRANT HOLDINGS (CONT'D)

As at 31 December 2019

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	1,433	33.512	28,224	0.085
100 – 1,000	1,616	37.792	782,425	2.366
1,001 – 10,000	922	21.562	3,433,058	10.383
10,001 – 100,000	260	6.080	7,708,362	23.313
100,001 – 1,653,168 (*)	41	0.958	11,006,444	33.288
1,653,169 and above (**)	4	0.093	10,104,872	30.562
Total:	4,276	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 2019

Name	No. of Warrant held as at 31 December 2019			
	Direct	%	Indirect	%
Thoo Chow Fah	1,208,253	3.653	585,530	1.771
Choo Wing Hong	3,108,232	9.400	-	-
Choo Wing Onn	2,654,784	8.029	-	-
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 (CONT'D)

As at 31 December 2019

LIST OF TOP 30 WARRANTS-C HOLDERS

No.	Name	HOLDINGS	%
1	CHOO WING HONG	3,108,232	9.400
2	CHOO WING ONN	2,654,784	8.029
3	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR MITSUBISHI UFJ MORGAN STANLEY SECURITIES CO., LTD.	2,532,856	7.660
4	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEAN MUN HUAT (CCTS)	1,809,000	5.471
5	LEE TIAN YOKE	1,257,763	3.804
6	CHOO WAI SOOK	585,530	1.770
7	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR THOO CHOW FAH	550,000	1.663
8	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SI YAN (PENANG-CL)	513,036	1.551
9	ENG KAI LUN	500,000	1.512
10	OOI THONG HOCK	492,400	1.489
11	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN HOUW HOUN (E-BBB)	483,200	1.461
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHENG AI LENG	426,200	1.289
13	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOO WING YEW (471952)	394,520	1.193
14	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR THOO CHOW FAH	390,000	1.179
15	LOW SIN MEE	292,900	0.885
16	ANG BOON CHEE	290,000	0.877
17	THOO CHOW FAH	268,253	0.811
18	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHUSHPALL SINGH A/L WARYAM SINGH (E-BBB)	250,000	0.756
19	CHOO WING YEW	215,472	0.651
20	TEO TIONG KOK	208,000	0.629
21	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LIM WEE YEE (PB)	200,000	0.604
22	LYE WEE TIN	200,000	0.604
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VICTECH SOLUTIONS SDN BHD	200,000	0.604
24	SURINDER SINGH A/L WASSAN SINGH	200,000	0.604
25	CHOO WING LEONG	195,755	0.592
26	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LIM WEE YEE (PB-0J0004)	192,000	0.580
27	OMAR BIN OTHMAN	185,700	0.561
28	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN CHEE WOH (B UTAMA-CL)	177,800	0.537
29	MICHEAL TAN	175,000	0.529
30	NG TENG CHER	170,000	0.514
TOTAL		19,118,401	57.823

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 2019 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.

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

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

LONG TERM INCENTIVE PLAN ("LTIP")

The Company had at the Extraordinary General Meeting held on 23 February 2017 obtained its shareholders' approval to establish the LTIP which 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.

Additional COMPLIANCE (CONT'D)

A detailed breakdown of the allocation of the options as at 30 September 2019 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 2018	10,270,500	4,600,000
Granted	-	-
Exercised / Lapsed	353,200	-
As at 30 September 2019	9,917,300	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 2019:

Directors and Senior Management	Since the commencement of the LTIP up to financial year ended 30 September 2019
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 2018	Granted	Exercised	Balance as at 30 Sept 2019
Saw Tat Loon	300,000	-	-	300,000
Anita Chew Cheng Im	300,000	-	-	300,000
Dato' Abu Bakar Bin Mohd Nor	-	-	-	-

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 Sixteenth Annual General Meeting (“**AGM**”) of NOTION VTEC BERHAD (“**Company**”) will be held at Première Hotel, Bandar Bukit Tinggi 1/KS6, Jalan Langat, 41200 Klang, Selangor Darul Ehsan, Malaysia on Tuesday, 17 March 2020 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 2019 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 Thoo Chow Fah
(Ordinary Resolution 1)
 - (ii) Mr Choo Wing Hong
(Ordinary Resolution 2)
 - (iii) Mr Lee Tian Yoke
(Ordinary Resolution 3)
3. To approve the payment of Directors’ Fees of up to RM300,000 and benefits payable to the Directors of the Company of up to RM50,000 from 17 March 2020 until the conclusion of the next AGM of the Company.
(Ordinary Resolution 4)
4. 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 ordinary resolutions:

5. **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 AGM in accordance with the Malaysian Code on Corporate Governance (“**MCCG**”).”
(Ordinary Resolution 6)

6. **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 twelve years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM in accordance with the MCCG.”
(Ordinary Resolution 7)

7. **Proposed Authority to Allot and Issue 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 AGM 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)

Notice of ANNUAL GENERAL MEETING (CONT'D)

8. **Proposed Authority to the Company to Purchase its own Ordinary Shares ("Proposed Share Buy-Back")**

"THAT subject to the Act, the provisions of the Company's Constitution, the Main Market Listing Requirements of Bursa Securities and any other relevant authority or approval for the time being in force or as may be amended from time to time, the Directors of the Company be and are hereby authorised to make purchases of the Company's shares as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:

- (a) the aggregate number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten percent (10%) of the total number of issued shares of the Company at any point in time of the said purchase(s);
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained earnings of the Company at the time of purchase; and
- (c) the authority conferred by this resolution shall continue to be in force until:
 - (i) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time the said authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
 - (iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

whichever occurs first,

but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and / or any other relevant governmental and / or regulatory authorities (if any).

THAT upon completion of the purchase by the Company of its own ordinary shares, the Directors of the Company be and are hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manner:

- (a) cancel all the ordinary shares so purchased; and/or
- (b) retain the ordinary shares so purchased as treasury shares; and/or
- (c) retain part thereof as treasury shares and cancel the remainder.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary (including the opening and maintaining of depository account(s) under the Securities Industry (Central Depositories) Act, 1991) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time or as the Directors may in their discretion deem necessary and to do all such acts and things as the Directors may deem fit and expedient in the best interests of the Company."

(Ordinary Resolution 9)

- 9. To transact any other business that may be transacted at the AGM 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 2020

Notice of ANNUAL GENERAL MEETING (CONT'D)

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) Ordinary Resolutions 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 MCGG 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, 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 fifteen (15) years and twelve (12) years respectively to continue to act as Independent Non-Executive Directors of the Company.

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 Corporate Governance Overview Statement.

(3) Ordinary Resolution 8 – Proposed Authority to Allot and Issue Shares pursuant to Section 76 of the Act

The Company had, during its Fifteenth AGM held on 6 March 2019, 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 AGM, 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 AGM 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) Ordinary Resolution 9 – Proposed Share Buy-Back

The proposed Ordinary Resolution 9, if passed, will empower the Directors of the Company to exercise the power of the Company to purchase up to ten percent (10%) of the total number of issued shares of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required to be held, whichever occurs first.

For further information on Ordinary Resolution 9, please refer to Statement to Shareholders dated 31 January 2020 accompanying the Annual Report of the Company for the financial year ended 30 September 2019.

Notice of ANNUAL GENERAL MEETING (CONT'D)

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 10 March 2020 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 AGM 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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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Form OF PROXY

NOTIONVTEC

NOTION VTEC BERHAD

Registration No. 200301035125 (637546-D)
(Incorporated in Malaysia)

No. of Shares held	CDS Account No.

I/We, _____ (name of shareholder as per NRIC)

NRIC No./Passport No./Company No. _____ of _____
_____ (full address)

being a Member(s) of NOTION VTEC 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 Sixteenth Annual General Meeting ("AGM") of the Company to be held at Première Hotel, Bandar Bukit Tinggi 1/KS6, Jalan Langat, 41200 Klang, Selangor Darul Ehsan, Malaysia on Tuesday, 17 March 2020 at 9.30 a.m. or at any adjournment thereof and to vote as indicated below:-

Resolutions			For	Against
1	To re-elect Mr Thoo Chow Fah as Director	Ordinary Resolution 1		
2	To re-elect Mr Choo Wing Hong as Director	Ordinary Resolution 2		
3	To re-elect Mr Lee Tian Yoke as Director	Ordinary Resolution 3		
4	To approve the payment of Directors' Fees and benefits payable to the Directors of the Company from 17 March 2020 until the conclusion of the next AGM of the Company.	Ordinary Resolution 4		
5	To re-appoint Crowe Malaysia PLT as auditors of the Company.	Ordinary Resolution 5		
6	To approve Mr Saw Tat Loon to continue in office as an Independent Non-Executive Director.	Ordinary Resolution 6		
7	To approve Ms Anita Chew Cheng Im to continue in office as an Independent Non-Executive Director.	Ordinary Resolution 7		
8	To approve the proposed authority to allot and issue shares pursuant to Section 76 of the Companies Act 2016.	Ordinary Resolution 8		
9	To approve the proposed authority to the Company to Purchase its own Ordinary Shares.	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, proportion of shareholdings to be represented by the proxies:

	No. of shares	Percentage (%)
Proxy 1		
Proxy 2		
Total:		

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

NOTES :

- 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.
- A member entitled to attend and vote at the meeting may appoint another person as his proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. A proxy appointed to attend and vote at a meeting shall have the same rights as the member to speak at the meeting.
- A member may appoint up to two (2) proxies to attend the meeting. Where a member appoints two (2) proxies, the appointment shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy. Where a member is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

Signature of Shareholder or Common Seal

Dated this _____ day of _____ 2020.

- The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, Tricor's Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time for holding the meeting.
- For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available a Record of Depositors as at 10 March 2020 and only members whose names appear on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 31 January 2020.

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STAMP

THE SHARE REGISTRAR

NOTION VTEC BERHAD

Registration No. 200301035125 (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
Malaysia

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