

NOTION VTEC BERHAD

Registration No: - 200301035125 (637546-D)

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2020 RM'000	Preceding Year Corresponding Quarter 30.09.2019 RM'000	Current Year To Date 30.09.2020 RM'000	Preceding Year To Date 30.09.2019 RM'000
Revenue	69,572	64,979	242,279	237,687
Cost of Sales	<u>(61,566)</u>	<u>(49,397)</u>	<u>(216,298)</u>	<u>(199,308)</u>
Gross Profit	8,006	15,582	25,981	38,379
Other Operating Income	12,776	11,958	33,684	23,100
Operating Expenses	<u>(15,557)</u>	<u>(11,710)</u>	<u>(48,173)</u>	<u>(42,550)</u>
Operating Income	5,225	15,830	11,492	18,929
Finance Costs	<u>(1,034)</u>	<u>(1,217)</u>	<u>(4,419)</u>	<u>(4,839)</u>
Profit before taxation	4,191	14,613	7,073	14,090
Tax Income/ (Expense)	<u>2,547</u>	<u>(2,528)</u>	<u>(781)</u>	<u>(6,547)</u>
Profit after taxation	6,738	12,085	6,292	7,543
Other Comprehensive income/ (expense)				
-currency translation differences	(3,067)	1,424	(4,994)	1,852
-fair value changes of intangible assets	4,018	-	3,128	952
Total comprehensive income for the financial year	<u>7,689</u>	<u>13,509</u>	<u>4,426</u>	<u>10,347</u>
Profit after taxation attributable to:				
-Owners of the Company	6,738	12,085	6,292	7,543
-Non-controlling Interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>6,738</u>	<u>12,085</u>	<u>6,292</u>	<u>7,543</u>
Total comprehensive income for the financial year attributable to:				
-Owners of the Company	7,689	13,509	4,426	10,347
-Non-controlling Interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>7,689</u>	<u>13,509</u>	<u>4,426</u>	<u>10,347</u>
Earnings Per Share (sen)	<u>1.31</u>	<u>2.42 ^</u>	<u>1.23</u>	<u>1.51 ^</u>
Proposed/ Declared Dividend Per Share (sen)	<u>-</u>	<u>1.00</u>	<u>-</u>	<u>1.00</u>

^ Restated to reflect the Bonus Issue

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 30 September 2019 and the accompanying explanatory notes attached to the interim financial statements.

NOTION VTEC BERHAD

Registration No: - 200301035125 (637546-D)

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at End of Current Quarter 30.09.2020 RM'000	As at Preceding Year Ended 30.09.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	336,281	328,709
Investment	500	
Intangible Assets	7,869	4,609
	<u>344,650</u>	<u>333,318</u>
Current assets		
Inventories	46,184	44,074
Trade receivables	71,759	64,934
Other receivables and prepayments	9,107	7,459
Current tax assets	10,609	9,727
Cash and cash equivalents	82,563	68,834
	<u>220,222</u>	<u>195,028</u>
Total assets	<u>564,872</u>	<u>528,346</u>
EQUITY AND LIABILITIES		
Equity		
Share Capital	208,741	200,023
Share Option Reserve	5,295	2,416
Currency Translation Reserve	8,409	13,403
Capital Reserve	4,800	4,800
Revaluation Reserve	4,080	952
Retained Profits	197,346	194,411
Equity attributable to owners of the Company	<u>428,671</u>	<u>416,005</u>
Non-controlling Interests	-	-
Total equity	<u>428,671</u>	<u>416,005</u>
Non-current liabilities		
Loans and borrowings	45,563	52,609
Retirement Benefits	506	537
Deferred Tax Liabilities	8,890	12,099
Deferred Income Government Grant	5,019	2,618
	<u>59,978</u>	<u>67,863</u>
Current Liabilities		
Loans and borrowings	17,183	13,345
Trade payables	8,276	10,493
Other payables	50,764	20,486
Dividend payable	-	-
Current Tax Liabilities	-	154
	<u>76,223</u>	<u>44,478</u>
Total Liabilities	<u>136,201</u>	<u>112,341</u>
TOTAL EQUITY AND LIABILITIES	<u>564,872</u>	<u>528,346</u>
Net assets per ordinary share (RM)	<u>0.8355</u>	<u>0.8324[^]</u>

^ Restated to reflect the Bonus Issue

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 September 2019 and the accompanying explanatory notes attached to the interim financial statements.

NOTION VTEC BERHAD

Registration No: - 200301035125 (637546-D)

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

←-----Attributable to equity holders of the parent-----→

	Share Capital	Share Option Reserve	Currency Translation Reserve	Capital Reserve	Revaluation Reserve	Retained Profits	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
12 months ended 30 September 2020							
Balance as at 1 October 2019	200,023	2,416	13,403	4,800	952	194,411	416,005
Profit after taxation	-	-	-	-	-	6,292	6,292
Fair value changes of intangible assets	-	-	-	-	3,128	-	3,128
Currency translation differences	-	-	(4,994)	-	-	-	(4,994)
Share-based payments	-	5,488	-	-	-	-	5,488
Issuance of shares	8,718	(2,609)	-	-	-	-	6,109
Interim single tier tax-exempt dividend of 1 sen per share payable on 15 January 2020 in respect of financial year ended 30 September 2019	-	-	-	-	-	(3,357)	(3,357)
Balance as at 30 September 2020	<u>208,741</u>	<u>5,295</u>	<u>8,409</u>	<u>4,800</u>	<u>4,080</u>	<u>197,346</u>	<u>428,671</u>
12 months ended 30 September 2019							
Balance as at 1 October 2018	199,791	2,492	11,551	4,800	-	190,199	408,833
Profit after taxation	-	-	-	-	-	7,543	7,543
Fair value changes of intangible assets	-	-	-	-	952	-	952
Currency translation differences	-	-	1,852	-	-	-	1,852
Share-based payments	-	-	-	-	-	-	-
Issuance of shares	232	(76)	-	-	-	-	156
Interim single tier tax exempt dividend of 1 sen per share paid on 17 January 2019 in respect of financial year ended 30 September 2018	-	-	-	-	-	(3,331)	(3,331)
Balance as at 30 Sep 2019	<u>200,023</u>	<u>2,416</u>	<u>13,403</u>	<u>4,800</u>	<u>952</u>	<u>194,411</u>	<u>416,005</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 September 2019 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Current Year-To-Date 30.09.2020 RM'000	Preceding Year-To-Date 30.09.2019 RM'000
CASH FLOWS FROM/ (FOR) OPERATING ACTIVITIES		
Profit before taxation	7,073	14,090
Adjustments for:		
Amortization of deferred income on government grant	(166)	(187)
Bad debts written off	-	24
Depreciation of property, plant and equipment	31,024	28,665
Gain on disposal of plant and equipment	(555)	(464)
Impairment loss on plant and machinery	-	524
Insurance claims	(12,217)	(10,378)
Interest expense	4,225	4,600
Interest income	(1,267)	(2,243)
Inventories written down	1,744	2,402
Fair value adjustment of intangible assets	-	(46)
Reversal of inventories written down	(3,755)	(1,136)
Reversal of impairment loss on plant and equipment	(6,835)	(1,408)
Property, plant and equipment written off	109	239
Provision for retirement benefit	-	208
Share-based payments	5,488	-
Unrealised loss on foreign currency translation	1,219	538
Operating profit before working capital changes	26,087	35,428
Increase in inventories	(100)	(8,505)
(Increase)/ Decrease in trade and other receivables	(8,345)	5,928
Increase/ (Decrease) in trade and other payables	27,970	(22,656)
CASH FROM OPERATIONS	45,612	10,195
Payment for retirement benefits	-	(47)
Interest paid	(4,225)	(4,600)
Tax paid	(5,041)	(22,349)
NET CASH FROM/(FOR) OPERATING ACTIVITIES	36,346	(16,801)
CASH FLOWS FROM/ (FOR) INVESTING ACTIVITIES		
Increase in intangible assets	(132)	(2,283)
Interest received	1,267	2,243
Investment	(500)	-
Insurance claims received	12,217	89,745
Proceeds from disposal of plant and equipment	1,845	8,003
Purchase of property, plant and equipment	(36,092)	(42,321)
Grant received	2,567	2,805
NET CASH FROM/(FOR) INVESTING ACTIVITIES	(18,828)	58,192
CASH FLOWS FROM/ (FOR) FINANCING ACTIVITIES		
Proceeds from issuance of shares	6,109	156
Drawdown of hire purchase	8,790	-
Repayment of hire-purchase and lease obligations	(8,904)	(7,235)
Drawdown of term loan	-	12,777
Repayment of term loan	(3,093)	(5,941)
Decrease in short term loans and borrowings (net)	-	(8,576)
Dividend paid	(3,357)	(3,331)
NET CASH FLOWS FOR FINANCING ACTIVITIES	(455)	(12,150)
NET INCREASE IN CASH AND CASH EQUIVALENTS	17,063	29,241
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	68,834	41,864
Currency translation differences – subsidiaries	(3,333)	(2,271)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	82,564	68,834
Note (A)		
Cash and cash equivalents at the end of the year comprise the following:		
Short term deposits with licensed banks	17,891	48,283
Cash and bank balances	64,673	20,551
	82,564	68,834

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 September 2019 and the accompanying explanatory notes attached to the interim financial statements.

NOTION VTEC BERHAD**Registration No: - 200301035125 (637546-D)****UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020****NOTES TO THE QUARTERLY FINANCIAL REPORT****A1. BASIS OF PREPARATION**

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

These explanatory notes to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiaries (“The Group”). This interim financial report should be read in conjunction with the Group’s annual audited financial report for the financial year ended (“FYE”) 30 September 2019.

The accounting policies and methods of computations adopted in these interim financial statements are consistent with those adopted in the financial statements for the FYE 30 September 2019.

A2. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors’ report on the financial statements of the Group for the FYE 30 September 2019 was not subject to any qualification.

A3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

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

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

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

A5. MATERIAL CHANGES IN ESTIMATES

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

A6. DEBT AND EQUITY SECURITIES

For the quarter ended 30 September 2020, 8,109,710 new ordinary shares were issued and allocated as follows:

	No. of shares	RM
As at 30 June 2020	504,975,973	202,395,686
Conversion of Warrant-C to ordinary shares 312 @ RM0.56	312	175
Ordinary shares issued pursuant to the ESOS 661,370 @ RM0.53	661,370	350,526
Ordinary shares issued pursuant to the ESOS 2,312,928 @ RM0.29	2,312,928	670,749
Ordinary shares issued pursuant to the ESOS 5,135,100 @ RM0.68	5,135,100	3,491,868
Total issuance of shares during the quarter	8,109,710	4,513,318
Transfer from Share Option Reserve 661,370 @ RM0.2371	-	156,811
Transfer from Share Option Reserve 2,312,928 @ RM0.1443	-	333,755
Transfer from Share Option Reserve 5,135,100 @ RM0.2613	-	1,341,802
Total transferred from Share Option Reserve during the quarter	-	1,832,368
As at 30 September 2020	513,085,683	208,741,373

As at 30 September 2020, the total number of unexercised ESOS Options are as follows: -

Date of offer ESOS Options	Option Price (RM)	Total no. of unexercised ESOS Options
27/2/2017	0.53	1,747,930
12/12/2017	0.29	4,237,572
28/5/2020	0.68	15,864,900
	TOTAL	21,850,402

As at 30 September 2020, the number of Warrant-C in issue is 49,588,723 with an exercise price of RM0.56.

Other than the above, there were no issuance and repayment of debt and equity securities, as well as share cancellations and resale of treasury shares during the current reporting quarter.

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UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

NOTES TO THE QUARTERLY FINANCIAL REPORT (continued)

A7. DIVIDEND PAID

No dividend was paid during the quarter under review.

A8. SEGMENTAL INFORMATION

The Group is primarily engaged in four business segment which is in the design and volume production of high precision metal manufacturing of hard disk drive ("HDD"), automotive industries' components and EMS and health care products. Breakdown of segmental revenue and product mix is found in Note B2.

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

A9. VALUATION OF ASSETS

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

A10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE QUARTER

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

A11. CHANGES IN THE COMPOSITION OF THE GROUP

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

A12. CONTINGENT LIABILITIES

The Company has entered into financial guarantee contracts to provide financial guarantees to financial institutions for credit facilities granted to certain subsidiaries up to a total limit of approximately RM 134,400,000. The total utilisation of these credit facilities as at 30 September 2020 amounted to approximately RM 62,746,000.

A13. CAPITAL COMMITMENTS

	As at End of Current Quarter
	30.09.2020
	<u>RM'000</u>
Approved and contracted for:	
-purchase of property, plant and equipment	<u>3,149</u>

A14. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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The Group recorded revenue and profit after taxation ("PAT") of RM 69.6 million and RM 6.7 million respectively for the quarter ended 30 September 2020. Refer Notes B2 and B3 below for a detailed review of the Group's performance.

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

For Q4 of FY2020, the Group recorded revenue of RM 69.6 million (Q3FY2020: RM 40.1 million) and PAT of RM 6.7 million (Q3FY2020: Loss RM 10.9 million) and earnings per share of 1.31 sen (Q3FY2020: loss 2.15 sen). The profit in Q4FY2020 is mainly attributable to the recovery in revenue across all the segments especially automotive sector with the reopening of key customers' operations from the pandemic lockdown. Q4 represents our maiden entry into the Personal Protective Equipment (PPE) business and the division posted a revenue of RM2.9 million. Overall EMS posted the highest growth in revenue of 83% over the previous year due to strong demand for consumer products in the E&E segment.

Product mix:

REVENUE	Q4FY2020	Individual Quarter		Q4FY2020	Cumulative Quarter	
	RM'000	Q3FY2020	% change	RM'000	Q4FY2019	% change
HDD	24,071	21,681	11%	98,331	101,012	-3%
Automotive	21,560	9,484	127%	78,962	92,561	-15%
Engineered Products						
Camera	2,024	1,749	16%	11,826	16,615	-29%
EMS & Others	19,043	7,139	167%	50,286	27,499	83%
PPE	2,874	-	-	2,874	-	-
TOTAL	69,572	40,053	74%	242,279	237,687	2%

In Q4FY2020, HDD parts revenue recorded RM 24.1 million (Q3FY2020: RM 21.7 million), Automotive RM 21.6 million (Q3FY2020: RM 9.5 million) whilst Engineered Products revenue was RM 21.1 million (Q3FY2020: RM 8.9 million) and PPE RM 2.9 million (Q3FY2020: Nil). The product mix for Q4FY2020 HDD: Automotive : Engineered Products : PPE of 35%:31%:30%:4% compared to previous quarter's mix of 54%:24%:22%: Nil. The health care segment is expected to contribute higher in the next financial year when the production capacity of our meltblown fabric and face mask are fully commissioned.

The EBITA for Q4FY2020 was RM12.9 million compared to a loss of RM3.1 million in Q3FY2020 (preceding year Q4FY2019 : RM23.4 million). Cumulative year to date FY2020 EBITA was RM41.1 million (preceding year to date FY2019 : RM45.1 million).

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ADDITIONAL INFORMATION REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

Business Review and Outlook

In Q4, sales increased 74% and PAT of RM 6.7 million improved compared to Q3's loss of RM 10.9 million with improved sales in all segments notably EMS improved by 167% and Automotive by 127%.

In Q4, healthcare commenced production and registered a small contribution of RM 2.9 million and expected to increase in quarters to come when more face mask and melt blown fabric lines are brought to production with improved output capacity and with better market penetration locally as well as overseas. We do face competition from cheap Chinese imports of face mask and local manufacturers but we differentiate our face mask by UV (ultra violet) sterilization and individual wrapping as well as we differentiate with kid's mask. The Novid brand is promoted as a premium product. Melt blown fabric price has dropped significantly from its peak during the pandemic but it remains a profitable business.

The Group has announced plans to set up 9 gloves line for production of nitrile disposable examination gloves in Factory 3 in Meru, Klang. It is a fast track project and we will use the opportunity to look into fabrication and also production of glove line components using our CNC capability and possible a future spin-off business.

On the trading of gloves, we are getting supplies from overseas in quantities of hundred thousands of boxes up to 2 million boxes for selling to ready end buyers. A box is 100 pieces of gloves. We rebrand them under the house brand. We will likely be trading NBR (nitrile butadiene rubber) latex once the supply is contracted. Trading contribution is expected to contribute in Q1 FY2021 (Oct to Dec 2020 quarter) onwards.

On the French glove deal announced on 22 September 2020, we wish to advise that the customer did not comply with the terms of the contract in remitting full payment for the scheduled shipment and we waited for sufficient time for the customer to comply but finally decided that due to this non-compliance, it would be risky for us to secure the supply and take the risk of possible non-payment by customer. The initial remittance of USD8.22 million was returned to buyer and the contract was amicably terminated with no cost to either party.

Aside from Healthcare, the Group continues to expand its aluminium extrusion business to include thin walled tubes to our EMS customer and this business is expected to increase sharply from Dec 2020.

Also, we have made headway in a new business of extruded and machined aluminium parts supply to a contract manufacturer with the end customer, a globally known electric vehicle (EV) maker. It is the start of another opportunity to make inroads in the EV segment and will increase about 20% to the EMS segmental revenue.

Both HDD and Automotive should retain their segmental revenue although we are not sure how the extended pandemic effect on our customers orders will pan out. It is still difficult to forecast at this point. HDD revenue in Notion Thailand is expected to increase with new sales from the other HDD customer in machining base plates for enterprise HDDs.

Until the economies are fully reopened, it is a challenge to reach new overseas customers as travel is banned and our sales team is unable to travel to major exhibitions event.

FY2021 is expected to perform better than FY2020 due to contributions from the Healthcare business and also growth in the HDD and EMS segments with Automotive business staying steady.

In view of the current pandemic and global uncertainties, it is decided by the Board to conserve cash as a prudent measure so for this quarter there is no declared dividend.

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

B4. PROFIT FORECAST, PROFIT GUARANTEE AND INTERNAL TARGETS

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

B5. TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2020 RM'000	Preceding Year Corresponding Quarter 30.09.2019 RM'000	Current Year To Date 30.09.2020 RM'000	Preceding Year To Date 30.09.2019 RM'000
Tax based on results for the year:				
- Current tax	453	454	1,347	1,507
- Deferred tax	(3,048)	2,067	342	1,595
	(2,595)	2,521	1,689	3,102
Tax (Over)/ under provided in prior year:				
- Current tax	3,604	7	2,648	(35)
- Deferred tax	(3,556)	-	(3,556)	3,480
	(2,547)	2,528	781	6,547

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:-

	2020 RM'000	2019 RM'000
Profit Before Tax	7,073	14,090
Tax at the statutory tax rate of 24%	1,701	3,382
Non-deductible expenses	2,533	2,708
Non-taxable income	(253)	(3,657)
Increase in unrecognised deferred tax assets	639	989
Utilisation of deferred tax assets not recognised in prior years	(2,931)	(320)
Tax under / (over) provided in prior year:-		
- Current tax	2,648	(35)
- Deferred tax	(3,556)	3,480
	781	6,547

B6. STATUS OF CORPORATE PROPOSALS

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

On 24 November 2020, it was announced that the Company proposes to undertake the diversification of the existing business of NVB and its subsidiaries to include the production and trading of gloves ("Proposed Diversification") as the Company envisages that the Glove Business may become a major contributor to the earnings of NVB and its subsidiaries (collectively, the "Group") in the future.

In this regard, as required under Paragraph 10.13(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company is seeking the approval from its shareholders for the Proposed Diversification at an extraordinary general meeting to be convened, after taking into consideration that the Glove Business is anticipated to contribute more than 25% of the net profits of the Group in the future.

A circular to shareholders containing details of the Proposed Diversification will be despatched to the shareholders of the Company in due course.

Hong Leong Investment Bank Berhad has been appointed by the Company as the Principal Adviser for the Proposed Diversification.

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

B7. BORROWINGS AND DEBTS SECURITIES

The Group's borrowings as at 30 September 2020 are as follows:

	<u>RM'000</u>
Long-term	
Secured	
Hire purchase and lease payables	25,250
Term loan	<u>20,313</u>
	<u>45,563</u>
Short-term	
Secured	
Portion of hire purchase and lease payables due within one year	10,275
Portion of term loan due within one year	6,908
Unsecured	
Bank Overdraft	-
Other short-term borrowings	-
	<u>17,183</u>
	<u>62,746</u>

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

B8. NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
i) Depreciation and amortisation	7,688	3,858	31,024	28,665
ii) Interest expense	1,306	1,156	4,225	4,600
iii) Inventories written down	233	-	1,744	2,402
iv) Loss/ (Gain) on fair value adjustment of intangible assets	-	-	-	(46)
v) Unrealised loss/ (gain) on foreign exchange	1,594	(1,201)	1,219	538
vi) Amortization of deferred income on government grant	(73)	(70)	(166)	(187)
vii) Gain on disposal of property, plant and equipment	(305)	(118)	(555)	(464)
viii) Insurance claims income	-	(10,000)	(12,217)	(10,378)
ix) Interest income	(287)	(405)	(1,267)	(2,243)
x) Realised (Gain)/ Loss on foreign exchange	(1,802)	679	(5,649)	(5,088)
xi) Reversal of impairment loss on property, plant and equipment	(6,835)	(153)	(6,835)	(1,408)
xii) Reversal of inventories written down	(3,652)	(4,905)	(3,755)	(1,136)
xiii) Share-based payments	3,808	-	5,488	-
xiv) Plant and equipment written off	-	392	-	239
xv) Impairment loss on property, plant and equipment	-	524	-	524

NOTION VTEC BERHAD

Registration No: - 200301035125 (637546-D)

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

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

B9. MATERIAL LITIGATION

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

The Company had announced that AXA Affin General Insurance Berhad ("AXA") had made a payment on account (interim claim payment) of RM 10,000,000.00 for the Business Interruption claims, and subsequently the Company announced that AXA had made a full and final offer in the sum of RM 22,216,549.00 to settle the claims, but the offer was not agreed as full and final settlement by the wholly-owned subsidiaries of the Company, Notion Venture Sdn Bhd ("NVSB"), Kaiten Precision (M) Sdn Bhd ("KPSB") and Autic Mekki Sdn Bhd ("AMSB").

NVSB, KPSB and AMSB had, on 13 March 2020 filed a Writ of Summons ("the Writ") and Statement of Claim ("SOC") for due service on AXA and two other co-insurers, QBE Insurance (Malaysia) Berhad ("QBE") and MSIG Insurance (Malaysia) Berhad ("MSIG") through their solicitors in relation to a claim on an additional payment on account of RM 12,216,549.00 which AXA, QBE and MSIG have refused to pay in the instance of the offer not being accepted as full and final settlement.

NVSB, KPSB and AMSB have via the SOC, sought the following claims in the proportion of 55% from AXA, 35% from QBE and 15% from MSIG:-

- 1) The sum of RM 12,216,549.00 under the Business Interruption Loss;
- 2) Interest at 5% per annum on the sum of RM 12,216,549.00 calculated from 20 October 2017 (date of the fire incident) till full settlement.
- 3) Costs; and
- 4) Other reliefs which the Honourable Court deems fit and proper.

On 27 July 2020, the court has granted a stay of proceedings for the defendants and the case be referred to arbitration.

NVSB, KPSB, AMSB had on 27 August 2020 entered into a Payment and Receipt Agreement with AXA, QBE and MSIG for acceptance of a sum of RM 12,216,549.00, being the 2nd interim payment out of the RM 22,216,549.00 offered under the Business Interruption Claims. NVSB, KPSB and AMSB have further agreed to waive all interest and costs, if any, payable on the said sum of RM 12,216,549.00. The said sum of RM 12,216,549.00 has been received on 9 September 2020.

However, our insurance consultant had previously made a total assessment of RM 53,617,144.00 under the Business Interruption Claims and NVSB, KPSB and AMSB reserved the rights to challenge the difference in the amount assessed of RM 31,400,595.00 to arbitration which is still on going. It is expected the arbitration is delayed by 6 to 9 months before it can be determined due to the current pandemic restriction conditions.

B10. DIVIDENDS PER SHARE

No dividend has been proposed for the quarter ended 30 September 2020 (Q4FY2019: 1.0 sen).

B11. EARNINGS PER SHARE

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2020 (Unaudited)	Preceding Year Corresponding Quarter 30.09.2019 (Unaudited)	Current Year To Date 30.09.2020 (Unaudited)	Preceding Year To Date 30.09.2019 (Unaudited)
Profit attributable to owners of the Company (RM'000)	6,738	12,085	6,292	7,543
Based on the weighted average number of ordinary shares in issue ('000)	513,086	499,764	513,086	499,764
Earnings per share (sen)	1.31	2.42 ^	1.23	1.51 ^

^ Restated to reflect the Bonus Issue

AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 25 November 2020.

By Order of the Board

Petaling Jaya

25 November 2020