

NOTION VTEC BERHAD (“Notion” or “The Company”)

Registration No: - 200301035125 (637546-D)

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended		Period Ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	81,343	89,200	250,812	239,157
Cost of sales	<u>(74,165)</u>	<u>(89,614)</u>	<u>(218,427)</u>	<u>(207,618)</u>
Gross profit/ (loss)	7,178	(414)	32,385	31,539
Other operating income	30,638	4,135	37,214	6,484
Operating expenses	(26,824)	(13,893)	(61,272)	(39,024)
Finance costs	<u>(801)</u>	<u>(1,160)</u>	<u>(3,334)</u>	<u>(3,400)</u>
Profit/ (Loss) before tax	10,191	(11,332)	4,993	(4,401)
Tax income/ (expense)	<u>(8,441)</u>	<u>9</u>	<u>(10,535)</u>	<u>(738)</u>
Profit/ (Loss) after tax	1,750	(11,323)	(5,542)	(5,139)
Other comprehensive income/ (expense)				
- currency translation differences	(667)	87	(821)	1,938
- fair value changes of intangible assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,007</u>
Total comprehensive income/ (expense) for the financial period	<u>1,083</u>	<u>(11,236)</u>	<u>(6,363)</u>	<u>(2,194)</u>
Profit/ (Loss) after taxation attributable to:				
-Owners of the Company	1,750	(11,323)	(5,542)	(5,139)
-Non-controlling Interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,750</u>	<u>(11,323)</u>	<u>(5,542)</u>	<u>(5,139)</u>
Total comprehensive income/ (expense) for the financial year attributable to:				
-Owners of the Company	1,083	(11,236)	(6,363)	(2,194)
-Non-controlling Interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,083</u>	<u>(11,236)</u>	<u>(6,363)</u>	<u>(2,194)</u>
Earnings/ (Loss) Per Share (sen)	<u>0.34</u>	<u>(2.20)</u>	<u>(1.07)</u>	<u>(1.00)</u>
Proposed/ Declared Dividend Per Share (sen)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 30 September 2021 and the accompanying explanatory notes attached to the interim financial statements.

NOTION VTEC BERHAD (“Notion” or “The Company”)

Registration No: - 200301035125 (637546-D)

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At 30.06.2022 RM'000 (Unaudited)	As At 30.09.2021 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	279,139	309,088
Right-of-use assets	51,987	54,949
	<u>331,126</u>	<u>364,037</u>
Current assets		
Inventories	79,492	69,380
Trade receivables	89,312	62,702
Other receivables	15,213	21,039
Current tax assets	9,382	11,741
Cash and bank balances	18,401	22,707
Total current assets	<u>211,800</u>	<u>187,569</u>
TOTAL ASSETS	<u>542,926</u>	<u>551,606</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	211,145	211,145
Share option reserve	4,949	4,949
Currency translation reserve	2,423	3,244
Capital reserve	4,800	4,800
Retained profits	186,270	191,812
TOTAL EQUITY	<u>409,587</u>	<u>415,950</u>
Non-current liabilities		
Loans and borrowings	9,084	14,184
Lease liabilities	21,027	22,648
Retirement benefits	699	693
Deferred tax liabilities	12,781	4,991
Deferred income on government grants	4,514	4,731
	<u>48,105</u>	<u>47,247</u>
Current liabilities		
Loans and borrowings	12,979	18,802
Lease liabilities	16,319	13,806
Trade Payables	22,995	17,061
Other Payables	32,554	38,696
Current tax liabilities	387	44
Total current liabilities	<u>85,234</u>	<u>88,409</u>
TOTAL LIABILITIES	<u>133,339</u>	<u>135,656</u>
TOTAL EQUITY AND LIABILITIES	<u>542,926</u>	<u>551,606</u>
Net assets per ordinary share (RM)	<u>0.7943</u>	<u>0.8066</u>

The statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 September 2021 and the accompanying explanatory notes attached to the interim financial statements.

NOTION VTEC BERHAD (“Notion” or “The Company”)

Registration No: - 200301035125 (637546-D)

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	←-----Non-distributable-----→					Distributable	Total Equity RM'000
	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	
9 months ended 30 June 2022							
Balance at 1 October 2021	211,145	4,949	3,244	4,800	-	191,812	415,950
Loss after taxation	-	-	-	-	-	(5,542)	(5,542)
Currency translation differences for foreign operation	-	-	(821)	-	-	-	(821)
Total comprehensive loss for the financial period	-	-	(821)	-	-	(5,542)	(6,363)
Balance at 30 June 2022	211,145	4,949	2,423	4,800	-	186,270	409,587
9 months ended 30 June 2021							
Balance at 1 October 2020	208,850	5,630	8,372	4,800	1,960	197,662	427,274
Initial application of MFRS 16	-	-	-	-	-	(108)	(108)
	208,850	5,630	8,372	4,800	1,960	197,554	427,166
Loss after taxation	-	-	-	-	-	(5,139)	(5,139)
Currency translation differences for foreign operation	-	-	1,938	-	-	-	1,938
Fair value changes of intangible assets	-	-	-	-	1,007	-	1,007
Total comprehensive income for the financial period	-	-	1,938	-	1,007	(5,139)	(2,194)
Issuance of shares pursuant to Employee Shares Option Scheme	2,228	(661)	-	-	-	-	1,567
Realisation of revaluation reserves	-	-	-	-	(2,967)	2,967	-
Total transactions with owners	2,228	(661)	-	-	(2,967)	2,967	1,567
Balance at 30 June 2021	211,078	4,969	10,310	4,800	-	195,382	426,539

The consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 September 2021 and the accompanying explanatory notes attached to the interim financial statements.

NOTION VTEC BERHAD (“Notion” or “The Company”)

Registration No: - 200301035125 (637546-D)

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

CONSOLIDATED STATEMENT OF CASH FLOW

	Period Ended	
	30.06.2022	30.06.2021
	RM'000	RM'000
	(unaudited)	(unaudited)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (loss) before tax	4,993	(4,401)
Adjustments for:		
Amortisation of deferred income on government grant	(216)	(216)
Bad debts written off	500	-
Depreciation	26,684	25,113
Deposit written off	848	-
Gain on disposal of property, plant and equipment	(921)	(538)
Impairment loss on property, plant and equipment	11,079	-
Impairment loss on receivables	444	-
Insurance claim	-	(85)
Interest expense	2,412	2,924
Interest income	(50)	(214)
Inventories written down	5,723	-
Reversal of inventories written down	-	(22)
Inventories written off	7,467	-
Gain on fair value adjustment of intangible assets	-	(114)
Unrealised gain on foreign currency translation	(1,213)	(625)
Operating profit before working capital changes	57,750	21,822
(Increase) /Decrease in inventories	(23,302)	(37,886)
(Increase)/ Decrease in receivables	(21,362)	(4,580)
Increase/(Decrease) in payables	(210)	(4,515)
Cash used in operations	12,876	(25,159)
Interest paid	(2,412)	(2,802)
Tax paid	(43)	(1,721)
Net cash used in operating activities	10,421	(29,682)
CASH FLOW FROM INVESTING ACTIVITIES		
Decreased in intangible assets	-	7,051
Interest received	50	213
Insurance claims received	-	85
Proceeds from disposal of property, plant and equipment	2,257	1,318
Purchase of property, plant and equipment	(5,814)	(54,485)
Net cash used in investing activities	(3,507)	(45,818)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from issuance of shares	-	1,568
Drawdown/(Repayment) of hire purchase creditor and lease liability	892	(404)
Repayment of term loan	(12,102)	(4,535)
Increase in short-term loans and borrowings	1,179	12,000
Net cash used in financing activities	(10,031)	8,629
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,117)	(66,871)
Cash and cash equivalents at beginning of period	22,707	84,660
Currency translation - subsidiaries	(1,189)	8,841
Cash and cash equivalents at the end of period	18,401	26,630

NOTION VTEC BERHAD (“Notion” or “The Company”)

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UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

CONSOLIDATED STATEMENT OF CASH FLOW (CONT'D)

	Period Ended	
	30.06.2022	30.06.2021
	RM'000	RM'000
	(unaudited)	(unaudited)
<i>Represented by:</i>		
Fixed deposits placed with licensed banks	-	175
Cash and bank balances	18,401	26,455
Overdraft	-	-
	<hr/>	<hr/>
	18,401	26,630
	<hr/>	<hr/>

The consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 September 2021 and the accompanying explanatory notes attached to the interim financial statements.

NOTION VTEC BERHAD (“Notion” or “The Company”)

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UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

NOTES TO THE QUARTERLY FINANCIAL REPORT

A1. BASIS OF PREPARATION

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

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 September 2021 (“FYE 2021”) and the accompanying explanatory notes attached to the interim financial statements.

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”).

The accounting policies and methods of computations adopted in these interim financial statements are consistent with those adopted in the financial statements of the Group for the FYE 2021 except for the changes in accounting policies and presentations resulting from the adoption of new and revised MFRSs and amendments to MFRSs that are effective for financial periods beginning on or after 1 January 2021.

The Group has adopted the following Amendments to Standard during the financial period.

MFRS effective for financial periods beginning on or after 1 January 2021

Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS4 Insurance Contract and MFRS 16 Leases – Interest Rate Benchmark Reform-Phase 2

MFRS effective for financial periods beginning on or after 1 April 2021

Amendments to MFRS 16 *Leases – Covid-19 Related Rent Concession beyond 30 June 2021*

The adoption of the above pronouncements did not have material impact on the financial statements of the Group and of the Company.

The Group has not adopted the following new MFRSs and amendments to MFRSs issued by the Malaysian Accounting Standards Board:

MFRS effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 1	<i>First time Adoption of Malaysian Financial Reporting Standards -Annual Improvements to MFRS Standards 2018-2020</i>
Amendments to MFRS 3	<i>Business Combinations- Reference to the Conceptual Framework</i>
Amendments to MFRS 9	<i>Financial Instruments - Annual Improvements to MFRS Standards 2018-2020</i>
Amendments to MFRS 116	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to MFRS 137	<i>Provisions, Contingent Liabilities and Contingent Assets – Onerous Contract – Cost of Fulfilling a Contract</i>
Amendments to MFRS 141	<i>Agriculture (Annual Improvements to MFRSs 2018 – 2020 Cycle)</i>

MFRS effective for financial periods beginning on or after 1 January 2023

MFRS 17	<i>Insurance Contracts</i>
Amendments to MFRS 17	<i>Insurance Contracts</i>
Amendments to MFRS 101	<i>Presentation of Financial Statements - Classification of liabilities as current or non-current</i>
Amendments to MFRS 108	<i>Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates</i>
Amendments to MFRS 112	<i>Income Tax – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to MFRS 10 and MFRS 128	<i>Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sales or Contribution of Assets between an Investor and its Associate or Joint Venture</i>

The adoption of the above new MFRSs and amendments/improvements to MFRSs are not expected to have any material financial impact on the financial statements of the Group.

A2. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors’ report on the financial statements of the Group for the FYE 30 September 2021 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.

NOTION VTEC BERHAD (“Notion” or “The Company”)**Registration No: - 200301035125 (637546-D)****UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022****NOTES TO THE QUARTERLY FINANCIAL REPORT (CONT'D)****A4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

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

A5. MATERIAL CHANGES IN ESTIMATES

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

A6. DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares for the current quarter.

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

	No. of shares	RM
As at 30 June 2022	515,681,575	211,145,120

As at 30 June 2022, 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	1,599,600
12/12/2017	0.29	3,907,210
28/5/2020	0.68	13,747,700
	TOTAL	19,254,510

As at 30 June 2022, the number of Warrant-C in issue is 49,588,723 with an exercise price of RM 0.56. The warrant will expire on 14 March 2023

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, electronic manufacturing services (“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 event subsequent to the end of the quarter under review.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

On 4 April 2022, a wholly owned subsidiary of the Company, Notion Pacific Ltd has been struck off from the Register of Companies of International Corporate Centre, a Government Authority of Ras Al Khaimah (“RAK ICC”), following the publication of the notice on the website of RAK ICC.

Save for the above, there were no other changes in the composition of the Group for the current quarter under review.

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UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

NOTES TO THE QUARTERLY FINANCIAL REPORT (CONT'D)

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 213,751,000. The total utilisation of these credit facilities as at 30 June 2022 amounted to approximately RM 57,213,000.

A13. CAPITAL COMMITMENTS

Approved and contracted for:

-Purchase of property, plant and equipment

**As at
30.06.2022
RM'000**

4,653

A14. SIGNIFICANT RELATED PARTY TRANSACTIONS

All related party transactions and balances within the Group had been entered into in the normal course of business and were carried out on normal commercial terms during the current financial quarter.

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UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**ADDITIONAL INFORMATION REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1. GROUP PERFORMANCE REVIEW**

<u>REVENUE</u>	INDIVIDUAL QUARTER			CUMMULATIVE QUARTER		
	Q3FY2022 RM'000 (unaudited)	Q3FY2021 RM'000 (unaudited)	Change	Q3FY2022 RM'000 (unaudited)	Q3FY2021 RM'000 (unaudited)	Change
HDD	33,534	27,133	24%	93,330	72,243	29%
Automotive	23,210	25,408	-9%	67,360	71,089	-5%
<u>Engineered Products</u>						
Camera	3,155	2,624	20%	9,493	8,102	17%
EMS & Others	17,746	12,523	42%	59,195	46,351	28%
PPE	3,698	21,512	-83%	21,434	41,372	-48%
TOTAL	81,343	89,200	-9%	250,812	239,157	5%

The Group recorded revenue and profit after taxation (“PAT”) of RM 81.3 million and RM 1.8 million respectively for the quarter ended 30 June 2022 (“Q3FY2022”). Refer Notes B2 and B3 below for a detailed review of the Group’s performance.

B2. COMPARISON WITH PRECEDING QUARTER’S RESULTS

	INDIVIDUAL QUARTER		Changes
	Q3FY2022 RM'000 (unaudited)	Q2FY2022 RM'000 (unaudited)	
Revenue	81,343	77,798	5%
Gross Profit	7,178	9,260	-22%
Profit/(Loss) before taxation	10,191	(72)	14,254%
Profit/(Loss) after taxation	1,750	(1,252)	240%
EBITDA	19,847	9,987	99%

The Group registered a higher revenue of RM81.3 million as compared to Q2FY2022 of RM77.8 million. The increase of RM3.5 million in revenue was contributed by the HDD & EMS segment as a result of higher demand and average selling price. The average selling price rose due to the increase in material cost coupled with favourable exchange rate from the strengthening of US dollar.

The higher PAT of RM1.8 million for the current quarter (Q2FY2022: LAT RM1.3 million) were mainly contributed by insurance claim of RM28.0 million but offset by the impairment of property, plant and equipment of RM11.1 million, inventory written down of RM5.7million and recognition of deferred tax expense of RM7.8 million.

The EBITDA for Q3FY2022 was RM 19.8 million compared to RM 9.9 million in Q2FY2022. The higher EBITDA as compared to Q2FY2022 were mainly contributed by the insurance claim as mentioned above.

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UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

ADDITIONAL INFORMATION REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT’D)

B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

Total revenue grew 5% in Q3 FY2022 to RM81.3 million compared to previous quarter and PBT recorded RM10.2 million and PAT was RM1.8 million while EBITDA was RM19.8 million. The main contribution was the final arbitration award of RM28.0 million for the Business Interruption Loss.

HDD revenue grew 24% Quarter on Quarter (“QoQ”) and we expect this growth to continue as demand is steady to strong. Automotive however dropped 9% QoQ mainly due to the underlying supply chain issues of chip supply to the industry and the unfavourable exchange rate from the weakening of the Euro.

Both revenue for the Camera and EMS segments were much higher at 20% and 42% respectively QoQ indicating recovery from the pandemic slow down.

The segment that dragged down this Quarter was the PPE business with dismal sales of RM3.7 million mainly from the glove division compared to its potential full capacity of RM15 million/quarter for the 3 lines that already installed. There is a change from nitrile to natural latex as raw material and also, we are looking at different niche industrial gloves segment to explore. We have decided to temporary stop the completion of the remaining 3 lines and focus on existing production lines.

The main growth segments will be HDD, Automotive and EMS for the next financial quarters especially the EMS segment when in the coming months a few new projects are coming on stream.

The manufacturing company Notion Venture Sdn Bhd has been allocated with about 400 foreign workers permits and this will help alleviate the shortage of labour in our operations.

The price of aluminium has dropped to current USD2,400/ton compared to its peak of more than USD3,500/ton a year ago and is positive development for the Group. Another positive news is the strength of the USD which is good for net exporters like our Group.

High inflation and recession are two key economic considerations that will affect global demand for the products that we manufacture and these are challenges in the coming months and year to consider too.

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UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**ADDITIONAL INFORMATION REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT’D)****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	
	QUARTER ENDED		PERIOD ENDED	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM’000	RM’000	RM’000	RM’000
Tax based on result for the period				
-Current tax	552	396	2,446	837
- Prior year	299	-	299	35
-Deferred tax	7,257	(405)	7,790	(134)
	<u>8,108</u>	<u>(9)</u>	<u>10,535</u>	<u>738</u>

The effective tax rate of the Group for the current financial quarter and financial period ended 30 June 2022 is higher than the statutory tax rate of 24% due to utilisation of capital allowance against adjusted business income resulting in deferred taxation movement and tax charges on the profits of certain subsidiaries which cannot be offset against losses of other subsidiaries.

B6. STATUS OF CORPORATE PROPOSALS

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

B7. BORROWINGS AND DEBTS SECURITIES

The Group’s borrowings are as follows:

	As at 30 June 2022	As at 30 June 2021
	RM’000	RM’000
NON-CURRENT		
<u>SECURED</u>		
Term Loans	9,084	15,778
	<u>9,084</u>	<u>15,778</u>
CURRENT		
<u>SECURED</u>		
Term Loans	6,800	6,908
Revolving Credit	6,179	12,000
	<u>12,979</u>	<u>18,908</u>

The term loans are secured by legal charges over certain property, plant and equipment belonging to certain subsidiaries of the Company.

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UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**ADDITIONAL INFORMATION REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)****B8. NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT**

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

	INDIVIDUAL QUARTER QUARTER ENDED		CUMULATIVE QUARTER PERIOD ENDED	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Depreciation and amortisation	8,942	8,469	26,684	25,113
Interest expense	734	1,007	2,412	2,924
Bad debts written off	500	-	500	-
Deposit written off	848	-	848	-
Gain on fair value adjustment of intangible assets	-	-	-	(114)
Unrealised gain on foreign exchange	(179)	(257)	(1,213)	(625)
Amortisation of deferred income on government grant	(72)	(72)	(216)	(216)
(Gain)/Loss on disposal property, plant and equipment	20	(150)	(921)	(538)
Impairment loss on property, plant and equipment	11,079	-	11,079	-
Impairment loss on receivables	444	-	444	-
Insurance claims income	(26,035)	-	(28,035)	(85)
Interest income	(20)	(26)	(50)	(214)
Realised (gain)/loss on foreign exchange	(1,677)	(2,571)	(3,730)	(2,070)
Inventories written off	-	-	7,467	-
Inventories written down	5,723	-	5,723	-
Reversal of inventories written down	-	-	-	(22)

The following items are not applicable in the financial period under review:

Gain or loss on disposal of quoted or unquoted investment or properties
Gain or loss on derivatives

B9. MATERIAL LITIGATION

On 26 May 2022, Notion Venture Sdn Bhd (“NVSBS”), Kaiten Precision (M) Sdn Bhd (“KPSB”) and Autic Mekki Sdn Bhd (“AMSB”) (collectively referred to as “Claimants”) received the Arbitrator’s Final Award in respect of the arbitration initiated against AXA Affin General Insurance Berhad (“AXA”), QBE Insurance (Malaysia) Berhad (“QBE”) and MSIG Insurance (Malaysia) Berhad (“MSIG”) (collectively referred to as “Respondents”). In the Award, the Tribunal made the following orders:

- The Respondents shall pay the Claimants the sum of RM21,218,782.85;
- The Respondents shall pay the Claimants interest at 5% per annum simple interest on the sum of RM21,218,782.85 from 2 May 2018 until the date of full payment of the sums ordered to be paid by this Award;
- The Respondents shall pay the costs of the Arbitration and the legal and other costs incurred by the Claimants; and
- All other claims are dismissed.

On 30 May 2022, AXA made a payment of RM26,134,742.08 to NVSB being full and final settlement for the loss incurred and interest on the loss incurred as well as partial payment for the costs of the Arbitration and the legal and other costs incurred. Breakdown of the payment received is as follows:

- The loss incurred at a sum of RM21,218,782.85;
- The interest at 5% per annum simple interest totalling at RM4,328,050.36; and
- The partial payment on the costs of the Arbitration and the legal and other costs incurred which amounted to RM587,908.87.

On 9 June 2022, NVSB received further RM1,400,000 from AXA being settlement on the expertise fees for the solicitor and legal. The sum of RM300,009.81 being portion of the arbitration fees was also refunded to NVSB.

B10. DIVIDENDS

No dividend has been proposed for the quarter ended 30 June 2022.

NOTION VTEC BERHAD (“Notion” or “The Company”)**Registration No: - 200301035125 (637546-D)****UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022****ADDITIONAL INFORMATION REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)****B11. EARNINGS PER SHARE**

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

	INDIVIDUAL QUARTER QUARTER ENDED		CUMULATIVE QUARTER PERIOD ENDED	
	30.06.2022 Unaudited	30.06.2021 Unaudited	30.06.2022 Unaudited	30.06.2021 Unaudited
Profit/(Loss) after taxation	1,750	(11,323)	(5,542)	(5,139)
Based on the weighted average number of ordinary shares in issue ('000)	515,682	515,589	515,682	515,589
Basic & diluted earnings/(losses) per share (sen)	<u>0.34</u>	<u>(2.20)</u>	<u>(1.07)</u>	<u>(1.00)</u>

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 19 August 2022

By Order of the Board

Petaling Jaya
19 August 2022