



Redefining

**the boundaries
of precision
engineering**

Corporate Information

BOARD OF DIRECTORS

Thoo Chow Fah
Executive Chairman

Choo Wing Hong
Managing Director

Choo Wing Onn
Executive Director

Lee Tian Yoke
Executive Director

Saw Tat Loon
Independent Non-Executive Director

Yike Chee Wah
Independent Non-Executive Director

AUDIT COMMITTEE

Saw Tat Loon (Chairman)

Yike Chee Wah

Choo Wing Onn

COMPANY SECRETARIES

Mah Li Chen (MAICSA 7022751)

Lim Siew Ting (MAICSA 7029466)

HEAD/MANAGEMENT OFFICE

Lot 5028, Jalan Teratai
Batu 5 1/2, Jalan Meru
41050 Klang
Selangor Darul Ehsan
Tel : (603) 3393 1830
Fax: (603) 3392 8482

REGISTERED OFFICE

C15-1, Level 15, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : (603) 2166 2000
Fax: (603) 2166 3000

WEBSITE

www.notionventure.com.my

SHARE REGISTRAR

PFA Registration Services Sdn Bhd
Level 13, Uptown 1
No. 1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel : (603) 7725 4888
Fax: (603) 7722 2311

SPONSOR

Hwang-DBS Securities Berhad
Suite 23A, 23A Floor
Menara Keck Seng
203, Jalan Bukit Bintang
55100 Kuala Lumpur
Tel : (603) 2143 7888
Fax: (603) 2148 2989

AUDITORS

Horwath
Level 16, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : (603) 2166 0000
Fax: (603) 2166 1000

PRINCIPAL BANKERS

- Malayan Banking Berhad
Klang Business Centre
Suite 2.01 (Level 2)
Intan Millennium Square
No. 68, Jalan Batai Laut 4
Taman Intan, 43100 Klang
Selangor Darul Ehsan
Tel : (603) 3345 3561/62/63
Fax : (603) 3345 3550
- RHB Bank Berhad
Commercial Banking Business Centre
2nd Floor, 33
Persiaran Sultan Ibrahim
43100 Klang
Selangor Darul Ehsan
Tel : (603) 3342 4844
Fax : (603) 3342 9144
- HSBC (M) Bhd
Klang Branch
No. 2 Lorong Tiara 2A
Bandar Baru Klang
41150 Klang
Selangor Darul Ehsan
Tel : (603) 2050 7676
Fax : (603) 3344 4249

STOCK EXCHANGE

MESDAQ Market of Bursa Malaysia
Securities Berhad
Stock Name : NOTION
Stock Code : 0083



Corporate Structure

NOTION VTEC BERHAD

100%	NOTION VENTURE SDN BHD
90%	NV TECHNOLOGY SDN BHD
100%	INTECH PRECISION SDN BHD
80%	DIAPHRAGM TECH SDN BHD
90%	KAITEN PRECISION (M) SDN BHD
60%	SWISS IMPRESSION SDN BHD

“

We have sown the
seeds of growth
which will bear
much fruits.

”



Board of Directors



THOO CHOW FAH
Executive Chairman



CHOO WING HONG
Managing Director

“Staying Ahead”

As we continue to achieve our corporate goals, we recognise also the stewardship role of our leaders. With dedication and commitment, the Directors are proactively steering the Notion Group to staying ahead in technology, attaining the right business mix and developing our people.

THOO CHOW FAH Executive Chairman

Mr. Thoo Chow Fah, aged 53, was first appointed to the Board on 8 February 2005. In his capacity as Executive Chairman, Mr Thoo's key role is in Investor's Relations and the macro management of the Group. Mr Thoo is also a member of the Remuneration Committee.

He commenced his career with Sime Darby Plantations in 1978.

Subsequently, in 1990 he joined the 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.

He also has a passive investment in an Indonesian company, PT Kwala Mas Sawit Abadi, with palm oil fruit processing factories in Sumatra.

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.

CHOO WING HONG Managing Director

Mr. Choo Wing Hong, aged 41, was first appointed to the Board on 8 February 2005. In his capacity as Managing Director, Mr 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 18 years of CNC precision machining 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 to enable the Group to be innovative, stay abreast with new technology and productive.

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

Board of Directors (Cont'd)

CHOO WING ONN

Executive Director

Mr Choo Wing Onn, aged 39, was first appointed to the Board on 8 February 2005. His key role is in maintaining key disk drive manufacturer accounts and the constant monitoring and satisfying customer's need of quality components. Mr Choo is also a member of the Audit Committee.

He has worked at American Express Malaysia Sdn Bhd, Kuala Lumpur and Schering AG Petaling Jaya and subsequently joined Schering Plough Sdn Bhd in various sales capacity.

He obtained his Certificate in Marketing from the Chartered Institute of Marketing, United Kingdom, in 1993

LEE TIAN YOKE

Executive Director

Mr Lee Tian Yoke, aged 35, 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 at Mechcraft Trading Sdn Bhd, Kuala Lumpur. During his tenure with Mechcraft, he had made valuable contacts with many MNCs wanting to localise 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 ONN
Executive Director



LEE TIAN YOKE
Executive Director

Board of Directors (Cont'd)



SAW TAT LOON
Independent Non-Executive Director



YIKE CHEE WAH
Independent Non-Executive Director

SAW TAT LOON

Independent Non-Executive Director

Mr Saw Tat Loon, aged 35, was first appointed to the Board on 9 February 2005. Mr Saw is also Chairman of the Audit and Nomination Committees as well as a member of the Remuneration Committee.

He commenced his accounting professional career in 1996 with Horwath, Kuala Lumpur, an international accounting firm. After earning his admission as an associate member of Association of Chartered Certified Accountants ("ACCA"), he joined OMD (M) Sdn Bhd and was promoted to Finance Manager in 2004. He also sits on the board of a private company.

He was admitted as a fellow member of ACCA, United Kingdom in 2004. He is also a Chartered Accountant and member of the Malaysian Institute of Accountants.

YIKE CHEE WAH

Independent Non-Executive Director

Mr Yike Chee Wah, aged 58, was first appointed to the Board on 9 February 2005. Mr Yike is Chairman of the Remuneration Committee as well as a member of the Audit and Nomination Committees.

He started work at Shook Lin & Bok from 1967 and then Ng Ek Teong & Partners before joining Amanah Butler (M) Sdn Bhd, Kuala Lumpur as a foreign exchange and money broker. In 1991 he joined TA Securities Sdn Bhd as a dealer's representative. He has had more than 20 years of experience in investment and financial matters, with exposure to foreign exchange transactions. In 1996, he became a Pastor with Community Baptist Church, Petaling Jaya for a period of 5 years. He is also a Director of Orient Acres Sdn Bhd, a company principally involved in property and general investment.



Inspiring

**to greater heights
in manufacture
and quality**

Key Management

FROM LEFT TO RIGHT

- EE MENG PIN
- FOO KEE PACK
- CHOO WING YEW
- CHOO WING LEONG
- CHEAH KING YOONG
- GAN JIIN LUEN
- LEE CHEE KEONG



United We Stand

Indeed, the key management of the Notion Group is dedicated to a spirit of unity and excellence in all that we do.

Key Management (Cont'd)

MR EE MENG PIN, aged 43

General Manager, Kaiten Precision (M) Sdn Bhd

He joined the Notion Group in 2002 and is a key member of the R&D team of the Group, initiating new processes, new product and process development in order to improve manufacturing efficiency. He reports directly to the Managing Director and coordinates the R&D activities of the Group. Since August 2002, he has also been appointed a Director of Kaiten Precision, a company specialising in the production of micro precision parts utilizing CNC auto-lathe technology.

His working career spanning more than 19 years included holding many manufacturing positions in MNCs in precision machining components for aerospace, electrical and electronic, automotive, aluminium die-casting and other general industries. He is very knowledgeable in CNC machines and modern manufacturing systems.

He obtained his Diploma in Mechanical Engineering from the Federal Institute of Technology, Kuala Lumpur in 1984 and holds a Certificate in Industrial Management conducted by Sanno Institute Technology, Japan.

MR FOO KEE PACK, aged 47

General Manager, Swiss Impression Sdn Bhd

He is a Director and founder of Swiss Impression Sdn Bhd, a metal stamping company using progressive die stamping technology mainly for external appearance parts of consumer electronics devices. Besides managing the business, he concentrates on marketing the company's forte in the design and manufacture of progressive dies and seeking new business opportunities.

His marketing career started in 1978 in a wide field consisting of the tobacco, building materials and packaging trades. His last position as Manager of another Japanese metal stamping plant in Nilai for more than 5 years was useful in the start up and profitable operations of Swiss Impression.

MR CHOO WING YEW, aged 44

Financial Controller, Notion VTec Berhad

He is a member of the Chartered Institute of Management Accountants, United Kingdom and the Malaysian Institute of Accountants. He started his professional career in audit in a public accountant 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 beginning May 2005 and is the key financial person of the Group.

MR CHOO WING LEONG, aged 38

QA Manager, Notion Venture Sdn Bhd

He is the Quality Assurance Manager of Notion Venture Sdn Bhd, the main manufacturing arm of the Group and has been with the Group since 1996.

He reports directly to the Managing Director and is the principal officer in charge of implementing the quality management system of Notion Venture in compliance with BS EN ISO 9001:2000 specifications. All the inspection processes, data collection and analyses are reviewed by him. Training inspection staff on the correct usage of measurement equipment is an important part of his work. He identifies and trouble shoots problem prone processes in respect of quality, and carries out regular Internal Quality Audits to ensure good manufacturing practices.

He has worked in maintenance and technical functions in major companies in Singapore and locally, specialising in electronics and electrical engineering.

Mr Choo obtained a Diploma in Electrical/Electronic Engineering from Institute Megatech, Kuala Lumpur in 1989 and a Diploma in Computer Studies issued by the National Computer Council, United Kingdom in 1992. Further, he holds a Certificate in Electrical/Electronic Engineering from City & Guilds, United Kingdom.

Key Management (Cont'd)

MR CHEAH KING YOONG, aged 39
Business Development Manager, Notion
Venture Sdn Bhd

He joined the Group in September 2005 and assists the marketing team in developing new business opportunities. Also he manages Intech Precision Sdn Bhd, a company catering to the production of customized jigs and fixtures which support the Group's volume manufacture. His current primary focus is in the manufacture of very fine turned components for the digital camera segment.

He started his career path as a CNC machinist with a local SME firm making and fabricating high precision tools and dies/molds for semiconductor industry; after his graduation from a vocational institute in 1985. He subsequently joined Motorola (M) Sdn Bhd, Sungai Way in the tooling department till 1990.

After leaving Motorola, he began his marketing profession with a local machine tools trading company for a period of about 10 years. During which, he was responsible for the sales and service of CNC wire-cut EDM machines. He was the Deputy General Manager at the time he left the company.

MR GAN JIIN LUEN, aged 34
General Manager, Diaphragm Tech Sdn Bhd

Mr Gan started working with Protech Engineering Sdn Bhd as a machine shop supervisor in 1993. In 1995, he commenced work with Notion Venture Sdn Bhd in the CNC machining division. Mr Gan specialises in the design and fabrication of jigs and fixtures, an important work piece holding device used in the volume manufacture of precision parts.

He was also primarily responsible for the development of the Air Chuck Assembly used for soft-clamping of delicate components. He has extensive experience as a precision toolmaker as well as a skilled machinist.

MR LEE CHEE KEONG, aged 45
General Manager, NV Technology Sdn Bhd

He is a Director and founder of NV Technology Sdn Bhd, a customised cutting tools production company. Mr Lee is currently, responsible for managing the manufacturing and marketing of special cutting tools. He provides insights into new technology opportunities and markets in special tools and machining. He has recently introduced a highly sophisticated universal tool checking machine (4 axes CNC machine) from Walter AG, Germany that performs all necessary dimensional measurement on standard and profile tools.

His background was in tool making in Singapore and Canada specialising in special cutting tools and diamond impregnated tools for the machining field

He was trained at the Tata-EDB Training Centre, Singapore in Tool Making and graduated in 1982. In 1985, he took another Craftsman course with the Economic Development Board, Singapore. In 1998, he trained in Switzerland on programming a Swiss CNC tool and cutter grinder machine.



Growth

**staying on
course, rising to
the challenge**

Chairman's Statement



On behalf of the Board of Directors of Notion VTec Berhad, I have the pleasure of presenting to you the Annual Report and Audited Financial Statements of the Company and Group for the Financial Year Ended 30 September 2005.

THOO CHOW FAH
Executive Chairman

OVERVIEW

World economy

The world economy while dampened by sharply rising petroleum oil prices in 2005 still continued to grow at a steady clip of 3 % pa continuing the trend of the previous 3 years. The US economy grew at about 4% in 2005 even in a rising interest rate environment and the negative effects of hurricane Katrina catastrophe. China, India and Russia maintained sparkling growth while the developing countries grew at 6% in the same year. There was renewed optimism in the Japanese and South Korean sectors. The EU countries were generally subdued except for the stronger German and Eastern European economies. Overall, the state of the world major economies was considered stable amidst growing concerns that growth will generally slow down.

Data storage

The magnetic disk storage players shipped about 380 million units of disk drive in 2005, compared to the 305 million unit shipment in 2004. This strong demand was mainly attributed to rising demand for portable computers, desktop PCs, gaming consoles, DVD recorders, portable music devices, CCTV surveillance devices and other consumer electronic appliances. The digitalisation of music, videos, photographs and sound is creating a new life style of "infotainment," in the home environment and handheld devices resulting in surging demands for high capacity data storage.

The Notion Group manufactures precision turned parts such as disk clamps and spacers for the disk drive segment which is expected to continue expanding strongly (Trendfocus report dated 4 April 2005 postulated 14.5% cumulative annual growth rate for period 2005-2009) over the next few years. The disk drive segment contributed to 65% of the Group's revenue compared to the previous year's 70% contribution.

Digital imaging

As the digitalisation trend continues resulting in the changeover from analogue film camera to digital camera, the market for digital camera grew to about 60 million unit shipment in 2005 with intense competition from new models and ever increasing mega pixel offerings. According to Frost and Sullivan 2004 report, digital camera sales is expected to expand at a compounded growth rate of 19% from 2004 to 2008.

The Group manufactures both stamped and machined external camera parts and also precision turned parts for internal mechanisms of the camera. The components are usually accompanied by secondary surface treatment such as anodised coating. The Group serves both the higher end compact digital cameras (identified by metal instead of plastic camera casing) as well as the SLR (single lens reflex) cameras used by more serious users. In 2005, the digital camera segment contributed about 15% of the Group's revenue and is expected to grow strongly in the current financial year.

Industrial group

The Group also serves the automotive, air conditioning, audio visual, optical disk drive, office automation and consumer electronics industries where the raw material may sometimes be supplied by the customers. In 2005, the industrial group segment made up to 20% of the Group's revenue.

FINANCIAL PERFORMANCE

Group revenue for FY 2005 increased by RM22.1 million, representing a rise of 38.6 %, to RM79.3 million compared to RM57.2 million recorded in FY 2004.

Net profit attributed to shareholders for FY 2005 increased by RM7 million or 59.3 % to RM18.8 million compared to RM11.8 million in FY 2004. Both Group revenue and net profit for FY 2005 are milestone results for the Group.

In the year under review, net earnings per share registered at 6.43 sen, representing an increase of 59.6 % compared to 4.03 sen in FY 2004.

Net tangible assets value per share registered at 30.7 sen at the end of FY 2005, an increase of 9.6 % compared to 28 sen as at 31 December 2004 (based on Group proforma consolidated balance sheet).

DIVIDEND

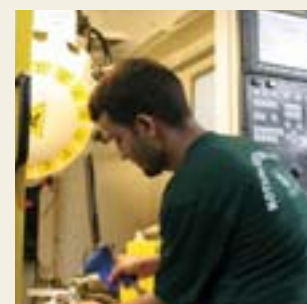
In line with the Group's policy of rewarding shareholders and enhancing shareholder value the Group will likely continue to pay significant dividends in respect of its unutilised net earnings.

Although the Group does not have a dividend policy as yet, its decision in FY 2005 to pay out 4 sen (tax-exempt) per share in 2 tranches, has found much favour with its shareholders.

CORPORATE DEVELOPMENT

Mesdaq Listing

2005 was an auspicious year indeed with Notion VTec Berhad's Mesdaq listing and its maiden debut on 7 June 2005. The conditions for IPOs then were unfavourable due to weak market sentiments and only after a hesitant start, did its share price recover within a month after listing and has since stabilised due to strong support from shareholders particularly institutional investors, an intensive Investor Relations programme and the Group's ability to perform above expectations. Although the future direction of the share price performance is uncertain, we believe that once market confidence recovers, the share price will reflect the Group's fundamentals.



“Maintaining
leadership in the
core businesses”

Chairman's Statement (Cont'd)

“ The Notion Group is beneficiary
of the outsourcing trend. ”

**REVIEW OF OPERATIONS**

The trend of globalisation has resulted in many corporations, particularly from the advanced economies, switching to efficient use of resources in offshore centres which perform out sourced engineering and manufacture of goods amongst other services rendered.

The Notion Group can be considered a beneficiary of this out-sourcing trend. Most of our customers are MNCs which are based in Malaysia as well as overseas and we therefore compete in the global market since more than 90% of our goods are exported directly or indirectly.

Notion Venture Sdn Bhd

It is the main manufacturing arm of the Group and also the main contributor to the Group's business since 1995. This company concentrates on volume manufacture of high precision machine turned and drilled parts, serving industries mainly in:

- Hard disk drive;
- Digital camera; and
- Consumer electronics, automotive and air conditioning.

Swiss Impression Sdn Bhd

A new set up at end of 2004, Swiss Impression is a metal stamping company using progressive die metal stamping technology to cater to the digital compact camera, audio visual and consumer electronics industries.

Using CAD/CAM design and in-Group die making capabilities, it value-adds by selling the progressive dies before mass production of the parts commences. The secondary processes of fine machining also benefit Notion Venture.

We expect Swiss Impression to be a significant contributor to the Group's revenue as well as bottom-line beginning FY 2006.

Kaiten Precision (M) Sdn Bhd

It only started volume manufacture of micro turned parts and miniature shafts in earnest beginning 2005. The technology is based on auto-lathe CNC machines. The industries it serves include digital camera internal parts, optical disk drive, tape drive and others.

We also expect Kaiten Precision to significantly expand in FY 2006 and be another core company in the Group.

NV Technology Sdn Bhd

NV Technology currently based in Balakong serves many metal industries where customised cutting tools are required in their production process.

It also supplies customised drills, end mills and reamers to Notion Venture to improve on metal cutting efficiencies and product cycle times.

The company also trades in industrial diamond wheels, specialised tools and machine tools.

Intech Precision Sdn Bhd/Diaphragm Tech Sdn Bhd

These 2 subsidiary companies are involved in tool making, jigs & fixtures, pump chucking systems, collets and tool-holders mainly to assist Notion Venture in the volume manufacture and to quicken turnaround times during product sample production.

Although these 2 companies are currently small, they are vital as part of the engineering process improvement and R&D programmes to reduce cycle time, usage of tools and consumables.

“ The Group is favourably positioned for growth. ”

Chairman's Statement (Cont'd)

UTILISATION OF PROCEEDS

As at the date of this report, the proceeds from the listing exercise have been utilised as follow :

	Proposed Utilisation RM'000	Amount Utilised RM'000	Balance Unutilised RM'000
Purchase of new machinery / Equipment	12,000	8,317	3,683
Purchase of land and construction of new factory	20,000	17,569	2,431
Working capital	8,950	9,134	(184)
Research and development training and facilities	800	-	800
Repayment of bank borrowings	3,000	3,000	-
Listing expenses	2,500	2,316	184
	47,250	40,336	6,914#

The balance of RM 6.9 million is expected to be utilised before 30 September 2006.

FUTURE DEVELOPMENTS

New Factory Construction

With the new facility fully operational before May 2006, there will be improved layout of machine and equipment, better work flow of parts, a more conducive work environment and an expected increase in operational efficiencies besides the increase in production capacity to take advantage of any business opportunity.

ERP implementation

Again, the Group is committed to implementing an ERP (Enterprise Resource Planning) project across the Group to ensure better efficiencies in financial information flow, fulfilment of customer order, inventory cost control, manufacturing cost control and distribution management. Also it will allow business processes to be streamlined and procedures to be standardised to ensure best practices. It is expected to take longer than 12 months to fully implement.

Positioned for Growth

With the increasing convergence of technologies, consumers increasingly benefit from new applications of technologies, new ideas and innovation resulting in a plethora of electronic gadgets that embrace the internet, wireless technology, downloadable gaming, music and video, digital archiving, geo-positioning system, high definition photography, security surveillance, instant telecommunication and high definition TV. All these applications will require data storage and also precision machined components which provide opportunities for the Group.

Against this exciting backdrop, we believe that the growth strategies adopted by the Notion Group will position the Group favourably to achieve sustainable growth in opportunities, revenue and profits.

APPRECIATION

The Board of Directors of Notion VTec Berhad would like to thank our customers and business associates, the regulatory authorities and investors for their continuing strong support. We would also like to thank the Management and Staff for their ongoing dedication, resourcefulness and commitment to the goals of the Group. Our achievements are a result of the concerted effort and contribution of the whole team.

Thoo Chow Fah,
Executive Chairman,
Notion VTec Berhad.

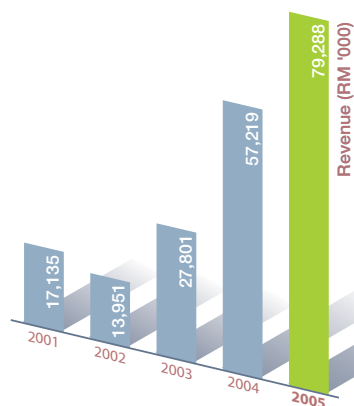
Financial Highlights

The table below sets out a summary of proforma consolidated results of the Notion Group for the past five (5) years, based on the audited financial statements of NVB and its subsidiaries prepared on the assumption that the current structure of the Group has been in existence throughout the five (5) financial years ended 30 September 2001 to 30 September 2005.

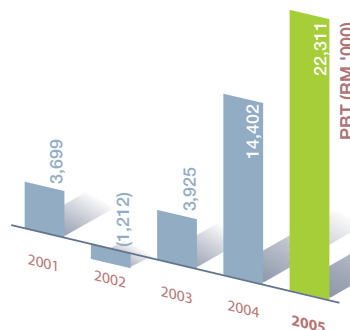
RM ' 000	2005	2004	2003	2002	2001
Revenue	79,288	57,219	27,801	13,951	17,135
Profit/(Loss) before tax	22,311	14,402	3,925	(1,212)	3,699
Profit/(Loss) after tax	18,848	11,818	3,947	(1,221)	3,515
No. of shares in issue	293,159,760	293,159,760	293,159,760	293,159,760	293,159,760
Net EPS (sen) *	6.43	4.03	1.35	(0.42)	1.20

* EPS is based on the Group's enlarged share capital.

5 YEARS GROUP REVENUE



5 YEARS GROUP PROFIT BEFORE TAX (PBT)



5 YEARS GROUP NET EARNINGS PER SHARE (EPS)

