

NOTIONVTEC

NOTION VTEC BERHAD

(Company No. 637546-D)
(Incorporated in Malaysia under the Companies Act, 1965)

NOTION VTEC BERHAD (637546-D)

www.notionventure.com.my

NOTION VTEC BERHAD (637546-D)

Lot 6123, Jalan Haji Salleh,
Batu 5 1/2, Jalan Meru,
41050 Klang,
Selangor Darul Ehsan.

ANNUAL REPORT 2007

2007
ANNUAL REPORT



SCALING to the
next level



Notion VTec Berhad 637546-D

Scaling our way
Scaling to the next level

Scaling to the next level

Notion VTec Berhad 637546-D



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

Annual report 2007

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4th

Annual General Meeting



Venue

Kuala Lumpur Golf & Country Club, (KLGCC)
No.10, Jalan 1/70D,
Off Jalan Bukit Kiara,
60000 Kuala Lumpur



Date

Friday, 28 March 2008

Time

9.30 a.m.



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Proxy Form

Corporate Information

BOARD OF DIRECTORS

Thoo Chow Fah	<i>Executive Chairman</i>
William Choo Wing Hong	<i>Managing Director</i>
John Choo Wing Onn	<i>Executive Director</i>
Lee Tian Yoke	<i>Executive Director</i>
Saw Tat Loon	<i>Independent Non-Executive Director</i>
Alwin Yike Chee Wah	<i>Independent Non-Executive Director</i>
Anita Chew Cheng Im	<i>Independent Non-Executive Director</i>

AUDIT COMMITTEE

Saw Tat Loon (Chairman)
Alwin Yike Chee Wah
Anita Chew Cheng Im

REMUNERATION COMMITTEE

Alwin Yike Chee Wah (Chairman)
Saw Tat Loon
Thoo Chow Fah

NOMINATION COMMITTEE

Saw Tat Loon (Chairman)
Alwin Yike Chee Wah

COMPANY SECRETARIES

Mah Li Chen (MAICSA 7022751)
Lim Siew Ting (MAICSA 7029466)

HEAD / MANAGEMENT OFFICE

Lot 6123 Jalan Haji Salleh
Batu 5½, Jalan Meru
41050 Klang
Selangor Darul Ehsan
Tel : (603) 3361 5615
Fax : (603) 3361 5618

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
1, Jalan SS21/58
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Tel : (603) 7718 6000
Fax : (603) 7722 2311

SPONSOR

HwangDBS Investment Bank Berhad
(formerly known as Hwang-DBS Investment Bank 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
Chartered Accountants
Level 16 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : (603) 2166 0000
Fax : (603) 2166 1000

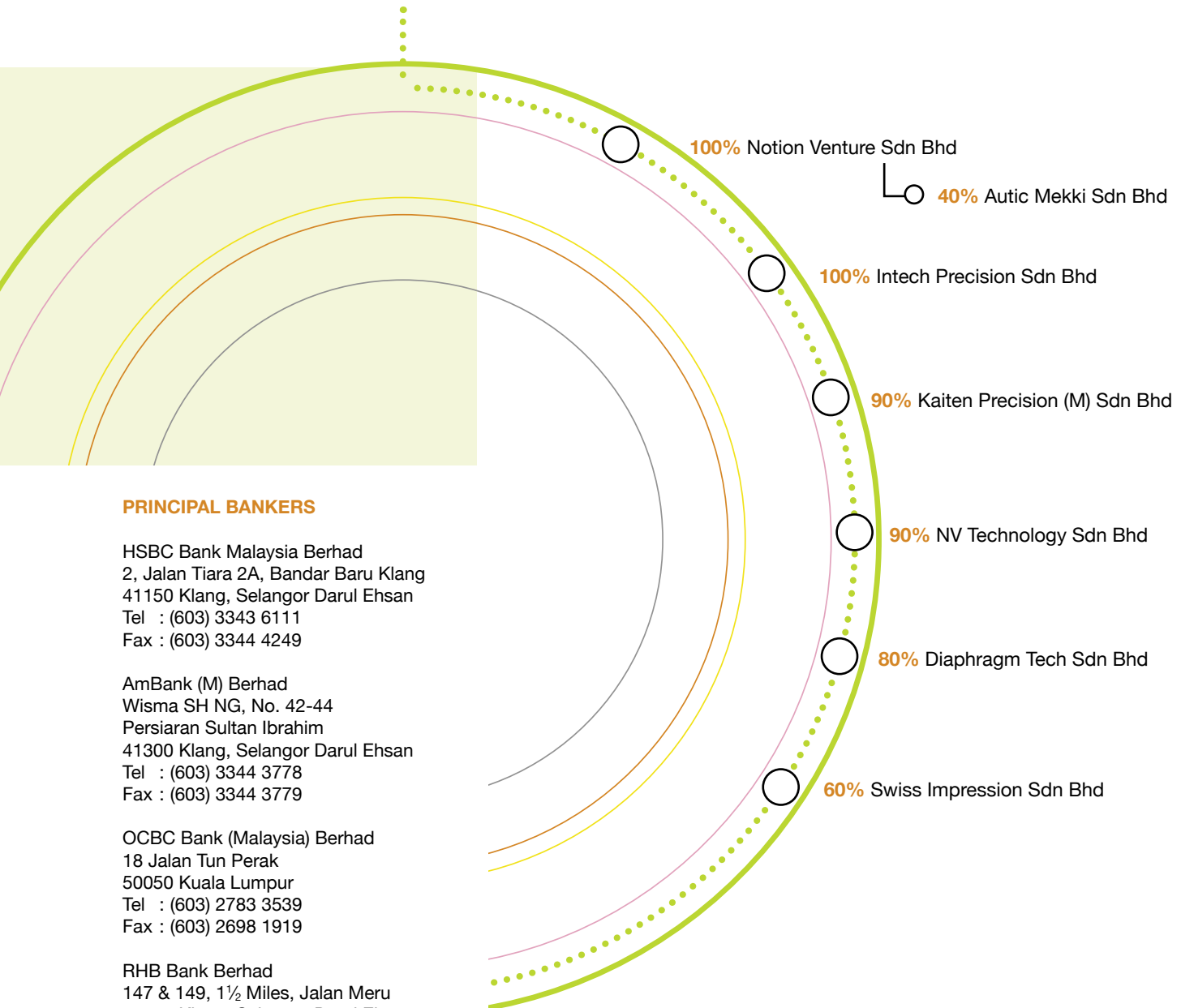


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PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
2, Jalan Tiara 2A, Bandar Baru Klang
41150 Klang, Selangor Darul Ehsan
Tel : (603) 3343 6111
Fax : (603) 3344 4249

AmBank (M) Berhad
Wisma SH NG, No. 42-44
Persiaran Sultan Ibrahim
41300 Klang, Selangor Darul Ehsan
Tel : (603) 3344 3778
Fax : (603) 3344 3779

OCBC Bank (Malaysia) Berhad
18 Jalan Tun Perak
50050 Kuala Lumpur
Tel : (603) 2783 3539
Fax : (603) 2698 1919

RHB Bank Berhad
147 & 149, 1½ Miles, Jalan Meru
41050 Klang, Selangor Darul Ehsan
Tel : (603) 3344 2752
Fax : (603) 3344 2755

STOCK EXCHANGE

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

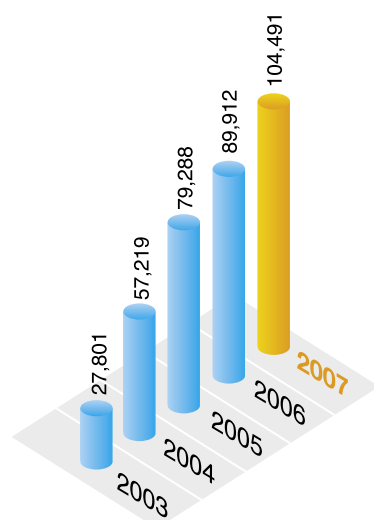
Financial Highlights

The table below sets out a summary of the 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 2003 to 30 September 2007.

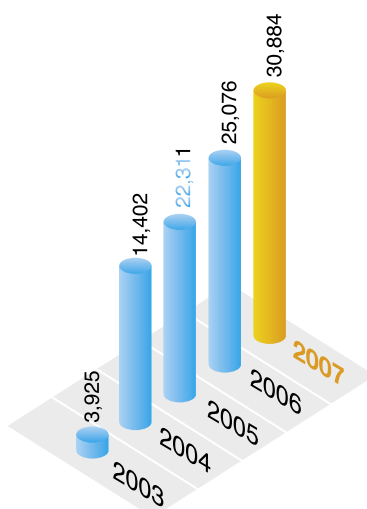
RM'000	2007	2006	2005	2004	2003
Revenue	104,491	89,912	79,288	57,219	27,801
Profit before Tax	30,884	25,076	22,311	14,402	3,925
Profit after Tax	27,243	20,983	18,848	11,818	3,947
No. of shares in issue	586,319,520	586,319,520	586,319,520	586,319,520	586,319,520
Net EPS (sen)	4.5	3.5	3.2	2.0	0.7

* EPS is based on the Group's enlarged share capital and restated on assumed same share capital to FYE 2003 for comparison purposes.

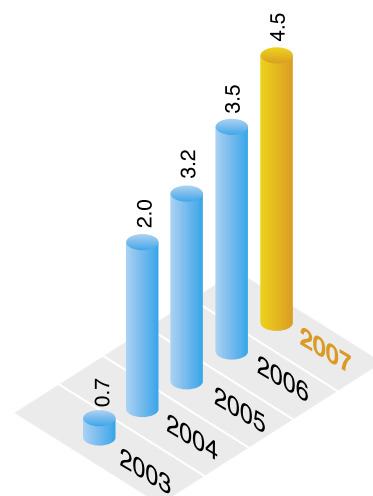
5 YEARS GROUP REVENUE



5 YEARS GROUP PROFIT BEFORE TAX (PBT)

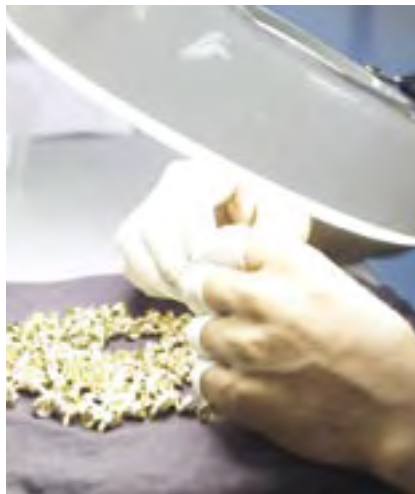


5 YEARS GROUP NET EARNINGS PER SHARE (EPS)





High Performance Delivered



Chairman's Statement



THOO CHOW FAH
Executive Chairman

Dear Valued Shareholders,

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 2007.

VOLATILE MARKETS IN 2008

2008 is expected to be both recessionary and inflationary due to the collapsing housing industry in the USA with its financial turmoil unfolding, a battered US dollar and an unprecedented crude oil price resulting in sharply increased energy cost.

On the one hand, we sense the dangers of market signals which should lead to a US slowdown and reduced consumer consumption yet our own feedback from customers contradicts this picture. There is no major shift in the expected orders from the major customers in all the segments which we cover.

In fact, the lead time for machine tool orders for CNC machines from Japan is still 3 to 4 months with many manufacturers having difficulty in fulfilling orders for such machines. So we can conclude that the demand for additional capacity in the Electronic Manufacturing Service sector is still very much intact, which is reassuring.

Although base metal prices are expected to rise in 2008, the price of aluminium on the London Metal Exchange is expected to trade at below USD2,500 a tonne due to an increase in production capacity in 2007 and is therefore not expected to affect much of the Group's raw material cost.





It was with much foresight that the Group decided in July 2007 to start hedging its US dollar revenue after seeking prudent advice from an international bank. The Group has sold forward much of its US dollar contracts in the range of RM3.35 to RM3.45 right up to September 2008 after recognising that the US dollar is going through a dramatic down trend and may stay that way for a considerable period of time. The Group is in a much better position after implementing such a policy.

We think that the decoupled US theory is probably true due to strong economies in China, India, Russia, South Korea, Taiwan, Brazil, ASEAN countries and the Middle East where the people continue to buy cars, motor cycles, PCs, TVs, cameras, cellular phones and other electronic and electrical goods and strong domestic demand continue to drive these economies.

FINANCIAL PERFORMANCE

Group revenue for FY2007 has increased by RM14.6 million, representing a rise of 16% to RM104.5 million compared to RM89.9 million recorded in FY2006.

Net profits attributable to shareholders in FY2007 has also increased by RM5.9 million or 29% to RM26.6 million compared to RM20.7 million in FY2006.

Both Group revenue and net profit for FY2007 continue to be new records for the Group.

In the year under review, net earnings per share registered at 4.5 sen, representing an increase of 28.5% compared to 3.5 sen in FY2006 (based on the number of shares in issue i.e. 586,319,520).

Net assets per share increased to 19.4 sen at the end of FY2007, an increase of 15% compared to 16.9 sen as at end of FY2006.

Despite a challenging year in which we had to deal with issues such as the weakening USD and increased competition from the hard disk drive (HDD) segment, the Notion Group continued to achieve a respectable revenue growth of 16%.

The HDD segment remained the biggest contributor to the Group's revenue and profit. Although we expect a positive outlook for the HDD sector, the Group has always been mindful about its dependency on the sector and has been actively taking measures to reduce that dependency. The Group has thus taken advantage of the growing consumer electronics industry which is reflected in the stronger sales growth from the SLR camera segment which provides us with better margins.

For the year under review, the Group achieved a product mix of (HDD: SLR Camera: other industries) of 49% : 31% : 20% compared to the previous year of 57% : 28% : 15%.

DIVIDEND

In line with the Group's policy of rewarding shareholders, the Group will likely to continue paying good dividends from its unutilised net earnings.

In FY2007, the Group has announced and will pay out in total tax-exempt dividend of 2.1 sen per share.

CORPORATE DEVELOPMENT

In compliance with the Mesdaq Market Listing Requirements and NEP requirements, Notion has to ensure that a minimum 30% of its shares must be held by MITI approved bumiputra investors and the Company has already achieved 28% compliance and is expected to complete this exercise by April 2008.

FUTURE DEVELOPMENT

Notion Venture Sdn Bhd had, on 7 January 2008, announced the acquisition of a single storey detached factory annexed to a 3 storey office and ancillary buildings erected on a 3 acre industrial land. With the property, Notion will have an additional 60,000 square feet of floor space to cater for at least 350 of the latest CNC machines which will add a further 50% capacity to the Group.

The new factory is expected to commence operations by April 2008 concentrating mainly in turned parts for both existing and new customers.

The Group expects that 2008 will be dominated by the digital SLR camera component production with a multi-fold increase in orders from a major customer.



Chairman's Statement (Cont'd)



The Group has already placed orders for about 130 CNC machines to cater for its SLR camera segment and the expected growth in this segment is based on the expansion in product models and aggressive increase in market share by its main customer.

After courting a European customer in the electronic braking system for more than 18 months, the Group received a major order for the supply of such parts to commence in April 2008 with further opportunity to expand the product range. This is expected to have a positive impact on the second half of the Group's FYE 2008 and should be a significant customer

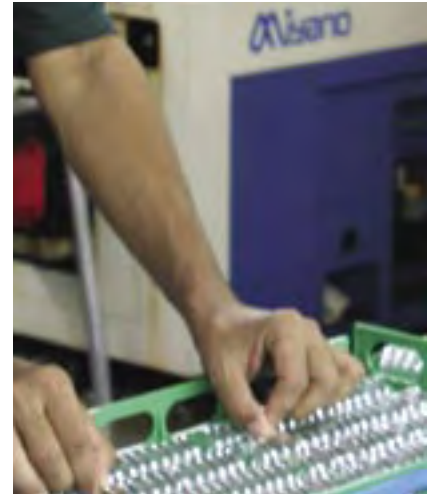
from 2009 onwards. We perceive this as a trend by European companies to diversify its supply base from current European suppliers to achieve a lower cost of supply considering the very strong Euro.

In addition, an important certification in the automotive sector, TS 16949, which the Group obtained in 2007 will enhance its ability to diversify into opportunities in this sector.

The Board is optimistic of the prospects of the Group's operations in 2008 and 2009, barring the unforeseen negative effects of a recession in the major economies.

ACKNOWLEDGEMENT

The Board of Directors of Notion VTec Berhad would like to thank our valuable customers, suppliers and shareholders for supporting us. We also wish to thank the Management, staff and employees for their excellent team work, commitment and resourcefulness in seeing us through another successful year.



Success through collaboration



Board of Directors



From left to right

JOHN CHOO WING ONN

Executive Director

SAW TAT LOON

Independent Non-Executive Director

WILLIAM CHOO WING HONG

Managing Director

LEE TIAN YOKE

Executive Director

THOO CHOW FAH

Executive Chairman

ALWIN YIKE CHEE WAH

Independent Non-Executive Director

ANITA CHEW CHENG IM

Independent Non-Executive Director

Board of Directors' Profile



THOO CHOW FAH

Executive Chairman
Malaysian, aged 55

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 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 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.

JOHN CHOO WING ONN

Executive Director
Malaysian, aged 41

Mr John Choo Wing Onn 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.

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.

Board of Directors' Profile

(Cont'd)



WILLIAM CHOO WING HONG

Managing Director
Malaysian, aged 43

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 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.

LEE TIAN YOKE

Executive Director
Malaysian, aged 37

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 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.



ALWIN YIKE CHEE WAH

Independent Non-Executive Director
Malaysian, aged 60

Mr Alwin Yike Chee Wah was first appointed to the Board on 9 February 2005. Mr Alwin 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.

SAW TAT LOON

Independent Non-Executive Director
Malaysian, aged 37

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

He was previously with 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, Sarbane-Oxley's compliance and treasury functions. In 2008, he continued his career with a petrochemical company as a Finance Manager, responsible for the group financial and treasury management.

He is a member of the Malaysian Institute of Accountants and a fellow member of the Association of Chartered Certified Accountants.

Board of Directors' Profile

(Cont'd)



ANITA CHEW CHENG IM

Independent Non-Executive Director
Malaysian, aged 41

Ms Anita Chew Cheng Im was first appointed to the Board on 29 June 2007. She is a member of the Audit Committee.

Her 17 years of work experience includes auditing at KPMG, Melbourne and investment banking, in particular corporate finance at Bumiputra Merchant Bank Berhad, Alliance Investment Bank Berhad and HwangDBS Investment Bank Berhad.

She also sits on the Board of Ni Hsin Resources Berhad.

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 and John Choo Wing Onn are siblings. They are also brother-in-laws 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 have any conviction for offences other than traffic offences within the past 10 years.

4. **Attendances at Board Meetings**

The details of the Directors' attendance at Board Meetings are set out on pages 24 and 85 of this Annual Report.

5. **Shareholdings**

The details of the Directors' interest in the securities of the Company are set out on page 81 of this Annual Report.

Key Management

JERRY CHOO WING YEW, aged 46
Financial Controller, Notion VTec Berhad
(seated, right)

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 Jerry Choo joined the Notion Group as Financial Controller in May 2005 and is the key financial person of the Group.

JEANNIE TEH, aged 31
Group Accountant, Notion VTec Berhad
(seated, left)

She is a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom and a Chartered Accountant with the Malaysian Institute of Accountants.

In 1998, she commenced her professional career with a public accounting firm. She left in 1999 to join a manufacturing company as an Accounts Executive. Subsequently, she worked with a public company as an Assistant Group Accountant in 2002.

She joined Notion in January 2004, primarily responsible for the Group's financial management, accounting, taxation, secretarial and administration matters.

EE MENG PIN, aged 45
General Manager, Kaiten Precision (M) Sdn Bhd
(standing, left)

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 utilising CNC auto-lathe technology.

His 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.

JOE CHOO WING LEONG, aged 40
QA Manager, Notion Venture Sdn Bhd
(standing, right)

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. He also holds a Certificate in Electrical/Electronic Engineering from City & Guilds, United Kingdom.



Key Management

(Cont'd)

DAVID CHOO WING KIN, aged 34
Materials Manager, Notion Venture Sdn Bhd
(seated, left)

David has more than 18 years of experience with manufacturing industries. He joined the Notion Group in 1996. Prior to that he was a Factory Manager in a precision manufacturing company. Presently, his primary function includes supply chain management, inventory turnover, sourcing and supplier management, plant productivity, cost and quality assurance.

CHEAH KING YOONG, aged 41
Business Development Manager,
Notion Venture Sdn Bhd
(seated, right)

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 customised jigs and fixtures which support the Group's volume manufacturing. His current primary focus is in the manufacture of very fine turned components for the digital camera segment.

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

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.

JOHN CHUA HENG SIANG, aged 49
Business Development Manager,
Notion Venture Sdn Bhd
(standing, right)

He is in-charge of establishing contacts with potential overseas customers in key industries. For the last 3 years, he has worked in China with Spindex Precision Engineering (Suzhou) Co Ltd and also MCE Industries (Shanghai) Co Ltd in operational and senior management positions. He also has work experience in metal stamping,

tool fabrication and CNC machining in his previous employment in Singapore.

John had attended supervisory management courses in the National Productivity Board of Singapore and also inventory management courses in the Singapore Institute of Material Management.

GAN JIIN LUEN, aged 36
General Manager, Diaphragm Tech Sdn Bhd
(standing, left)

He started working with Protech Engineering Sdn Bhd as a machine shop supervisor in 1993. In 1995, he joined the CNC machining division of the Group. Mr Gan specialising in the design and fabrication of jigs and fixtures.

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.



Key Management

(Cont'd)

FOO KEE PACK, aged 49

General Manager, Swiss Impression Sdn Bhd
(seated, left)

He is a Director and founder of Swiss Impression Sdn Bhd. 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 industries. 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.

LEE CHEE KEONG, aged 47

General Manager, NV Technology Sdn Bhd
(seated, right)

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 grinding machine.

GRACE TAN SOOK WANG, aged 41

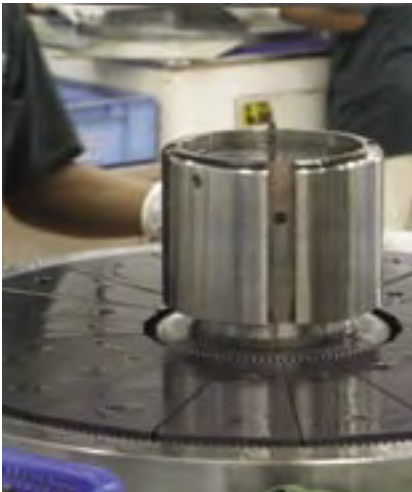
Customer Service Manager, Notion Venture Sdn Bhd
(standing)

She is a degree holder in Business and Administration from Southern Illinois University of Carbondale, USA. Upon her graduation in 1992, she worked with a Japanese MNC as a Production Planning Supervisor. She joined the Group in 1998 as a Production Planning and Control Executive. Her key responsibilities include overseeing the sales function, managing customers accounts and requirements as well as resource planning to meet production orders.





Accelerating the Momentum



Corporate Social Responsibility Statement

At Notion, we recognise corporate social responsibility (CSR) commitments based on ethical values and respect for the community, employees, the environment, shareholders and other stakeholders.

We have defined CSR as follows :

- Conducting business in a socially responsible and ethical manner;
- Protecting the environment and the safety of people;
- Supporting human rights; and
- Engaging, learning from, respecting and supporting the communities and cultures with which we work.

At Notion, all matters of CSR are considered and supported in our operations and administrative matters, which are consistent with Notion's stakeholder's best interest. We are working towards demonstrating responsibility in our relationships with the world and communities, whether in business or socially. The Board and the Management of Notion recognises that in doing so, it will add significant value for our shareholders.

We have adopted a CSR 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 CSR considerations and values into decision-making in all business activities and will ensure that appropriate organizational structures and systems are in place to effectively identify, monitor and manage CSR issues and performance relevant to the Group's businesses.

OUR VALUES

Our CSR policy is built on the values that reflect existing and emerging standards of CSR, which are as follows:

Business Ethics and Transparency

We are committed to maintaining the highest standards of integrity and corporate governance practices in order to maintain excellence in its daily operations, and to promote confidence in our management and governance systems.

We will advise our business partners, customers and suppliers of our CSR policy and look forward towards working with them to achieve consistency with our policy.

Environment Health & Safety

We believe in protecting the health and safety of all individuals affected by our activities, including our employees and contractors and the public. We provide a safe and healthy working environment, and will not compromise the health and safety of our employees. Our goal is to have zero accidents and to mitigate impacts on the environment by working with our stakeholders, peers and others to promote responsible environmental practices.

We value the importance of pollution prevention, biodiversity, environmental protection and also resource conservation, which are essential to a sustainable environment, and hope to integrate these concepts into our business decision-making.

Our Management and employees are responsible and accountable for contributing towards a safe working environment, including fostering safe working attitudes and operating in an environmentally responsible manner.

Stakeholder Relations

We are committed to timely and meaningful dialogue with all stakeholders, including shareholders, customers, employees, governments, regulators, etc.

Corporate Social Responsibility Statement (Cont'd)

Employee Relations

Our Management apply fair labour practices, while respecting the national laws of the country and communities where we operate. We treat our employees fairly and with dignity and take into consideration their goals and aspirations 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.

Human Rights

We strive to work within our scope of influence with government agencies and other governmental bodies to provide our support and respect for human rights. In addition, we will always work towards building trust, to deliver mutual advantage and demonstrate respect for human dignity and rights in all relationships that we enter into, including respect for cultures, customs and values of individual and groups.

Community

We will emphasise on collaborative, consultative, partnership approaches in our community investment programmes. We are working towards integrating community investment considerations and values into decision-making and business practices, and to also develop mutually beneficial relationships with communities in which the Group operates.

During the financial year 2007, we conducted an industrial training programme for 3 mechanical engineering students from Tengku Abdul Rahman College for a period of 3 months as part of providing training and work experience to students in the community. We are currently in the midst of identifying suitable charitable activities where we hope to contribute actively in 2008.

Statement on Corporate Governance

Corporate Governance describes the framework and process by which institutions, through their board of directors and senior management, regulate their business activities. These principles are to create balance, safe and sound business operations while complying with relevant laws and regulations.

INTRODUCTION

The Company is fully committed to ensuring and maintaining a high standard of corporate governance within the Group. Good corporate governance establishes and maintains a legal and ethical environment which strives to preserve and enhance the interests of all shareholders.

This report describes how the Company has applied its corporate governance framework and practices of the Group to comply with the principles of the Malaysian Code of Corporate Governance ("Code"), Guidance Notes 2 on Corporate Governance and Listing Requirements of the MESDAQ Market ("Listing Requirements").

A. BOARD OF DIRECTORS

Role of the Board of Directors

The Board assumes responsibility for stewardship of the Company and its subsidiaries (the "Group") and is primarily responsible for the protection and enhancement of long-term value and returns for the shareholders, and supervising its affairs to ensure its success within a framework of acceptable risks and effective control and in compliance with the relevant laws, regulations, guidelines and directives which governs the Group. It reviews management performance and affairs of the Group and ensures that the necessary financial and human resources are available to meet the Group's objectives. In addition, the Board is directly responsible for decision making in respect of the following matters:

- appointment of directors and key managerial personnels;
- announcements including approval and releases of financial results and annual reports;
- business strategy including significant acquisition and disposal of subsidiaries or assets or liabilities;
- operating budgets, significant investments and capital expenditures; and
- corporate policies in keeping with good corporate governance and business practices.

To assist in the execution of its responsibilities, the Board has established a number of Board committees which include an Audit Committee ("AC"), a Nomination Committee ("NC") and a Remuneration Committee ("RC"), each of which functions within clearly defined terms of reference and operating procedures which are reviewed on a regular basis. These committees have the authority to examine particular issues for reporting to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

Board Composition and Balance

The strength of the Board lies in the composition of its members, who has a wide range of expertise, extensive experience and diverse background in business, finance and technical knowledge.

As at 30 September 2007, the Board consists of seven (7) directors of whom three (3) are independent. The composition of independent non-executive directors is higher than the minimum prescribed in the Code and Listing Requirements. The list of directors is as follows:

Executive Directors

Thoo Chow Fah	- Executive Chairman
William Choo Wing Hong	- Managing Director
John Choo Wing Onn	- Executive Director
Lee Tian Yoke	- Executive Director

Independent Non Executive Directors

Saw Tat Loon
Alwin Yike Chee Wah
Anita Chew Cheng Im

Statement on Corporate Governance (Cont'd)

A. BOARD OF DIRECTORS (CONT'D)

Role of the Board of Directors (Cont'd)

The composition of the Board has been reviewed by the NC which is of the view that the current Board size of seven (7) directors, is appropriate and effective, taking into account the nature and scope of the Company's operations.

The Board comprises persons who as a group provide the relevant core competencies and mix of skills in the areas of financial, technical and business to meet the Company's requirements. The directors' objective judgement on corporate affairs and collective experience and knowledge are invaluable to the Group. Profiles of the members of the Board, as set out on pages 13 to 16.

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 Group Managing Director/CEO are held by separate members of the Board.

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 compliance with 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 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.

Independence of Directors

The independent directors play a pivotal role in corporate accountability, which is reflected in their membership of the various Board committees and their attendance of meetings as set out below. The independent directors provide unbiased views and impartiality to the Board's deliberations and decision-making process. In addition, the non-executive directors ensure that matters and issues brought to the Board are fully discussed and examined, taking into account the interest of all stakeholders in the Group.

The NC reviews the independence of each director on an annual basis based on the Code's definition of what constitutes an independent director. The NC is of the view that the three (3) independent directors (who represent more than one-third of the Board) are independent and no individual or small group of individuals dominates the Board's decision-making process.

Board Meetings and Meetings of Board Committees

The Board meets at quarterly intervals and on other occasions, as and when necessary, to inter-alia approve quarterly results, the Annual Report and budgets as well as to review the performance of the Group, operating subsidiaries and other business development activities. Senior Management and external advisors are invited to attend the Board and Board Committee meetings to advise on relevant agenda items to enable the Board and its Committees to arrive at a considered decision.

A total of five (5) Board meetings were held for the financial year ended 30 September 2007. The record of attendance of individual directors at board meetings is detailed as follows:

DIRECTORS	Number of Meetings Attended
Thoo Chow Fah	5/5
William Choo Wing Hong	5/5
John Choo Wing Onn	5/5
Lee Tian Yoke	4/5
Saw Tat Loon	5/5
Alwin Yike Chee Wah	5/5
Anita Chew Cheng Im (Appointed as Director on 29 June 2007)	1/1

A. BOARD OF DIRECTORS (CONT'D)

Supply of Information

To assist the Board in fulfilling its responsibilities, the directors are sent an agenda and a full set of Board papers providing complete, adequate and timely information prior to Board meetings, to give directors time to deliberate on the issues to be raised at the meetings. The Board has full and unrestricted access to all information pertaining to the businesses and affairs from Senior Management as well as services of the Company Secretary to enable them to discharge their duties effectively. In addition to quantitative information, the directors are also provided with updates on other areas such as market developments, customer and risk management.

The Company has in place the procedure to enable the directors, whether as a group or individually, to obtain independent professional advice and when necessary in furtherance of their duties at the Company's expense. The appointment of such professional advisor is subject to the approval of the Board.

Appointments and Re-election

In compliance with the Code, the Nomination Committee has the responsibility of proposing new candidates for appointment to the Board. One third of the directors shall retire from office and be eligible for re-election at each Annual General Meeting in accordance with the Company's Articles of Association. Re-appointments are not automatic and all directors shall retire from office at least once in every three (3) years but shall be eligible for re-election by shareholders in the Annual General Meeting.

Pursuant to the Listing Requirements, each member of the Board holds not more than ten (10) directorships in public listed companies and not more than fifteen (15) directorships in non-public listed companies. This ensures that the Board's commitment, resources and time are focused on the affairs of the Group to enable them to discharge their duties effectively.

Directors' Training

All Executive Directors have been with the Company for several years and are familiar with their duties and responsibilities as directors. In addition, the newly appointed directors will be given briefings and orientation by the Executive Chairman and top management of the Company on the business activities of the Group and its strategic directions, as well as their duties and responsibilities as directors.

The Directors' training needs are analysed annually in conjunction with the Board review. The Board fully supports the need for its members to further enhance their skills and knowledge on relevant new laws and regulations and changing commercial risk to keep abreast with the developments in the economy, industry, technology and the changing business environment within which the Group operates.

During the financial year, Lee Tian Yoke attended an ERP Programming course while the other Board members kept abreast with the new regulations by attending a seminar on Updates on Listing Requirements - Issues & Challenges as part of their continuing education programmes.

The newly appointed director, Anita Chew Cheng Im has also attended and successfully completed the Mandatory Accreditation Programme as prescribed by the Bursa Malaysia Securities Berhad.

In addition, the Directors receive regular briefings and updates on the Group's businesses and operations and risk management activities.

Statement on Corporate Governance (Cont'd)

A. BOARD OF DIRECTORS (CONT'D)

Board Committees

To ensure the effective discharge of their fiduciary duties, the Board has delegated specific responsibilities to the following Board Committees. The Board Committees will deliberate in greater detail and examine the issues within their terms of reference as set out by the Board in compliance with the Code.

B. NOMINATION COMMITTEE ("NC")

The NC was established on 19 August 2005 and the members of the NC, all of whom are independent non-executive directors are :

Saw Tat Loon	- Chairman
Alwin Yike Chee Wah	- Member

The primary duties of the NC are as follows:

- ensure a formal and transparent procedure for the appointment of new directors to the Board;
- assess and review the composition of the Board to ensure that it has an appropriate balance of skills and experience among the Board members.
- recommend to the Board, candidates for all directorships and on Board Committees.
- decide how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval; and
- assess the effectiveness of the Board as a whole.

For the year under review, the NC held one (1) meeting, which was attended by all members of the Committee.

The NC reviews the criteria for evaluating the Board's performance. Based on the recommendations of the NC, the Board has established processes and conducted evaluation on the effectiveness of the Board as a whole.

The performance criteria for the Board evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, accountability, Board processes, Board performance in relation to discharging its principal responsibilities, communication with management and standards of conduct of the directors.

C. REMUNERATION COMMITTEE ("RC")

The RC was established on 30 May 2005 and members of the RC, the majority of whom are independent, are :

Alwin Yike Chee Wah (Independent Non-Executive Director)	- Chairman
Saw Tat Loon (Independent Non-Executive Director)	- Member
Thoo Chow Fah (Executive Director)	- Member

The members of the RC have many years of corporate experience and are knowledgeable in the field of executive compensation. In addition, the RC has access to professional advice on remuneration matters as and when necessary.

The responsibilities of the RC include the following:

- seek comparative information on remuneration and conditions of service in comparable organisations;
- review directors' fees to ensure that they are at sufficiently competitive levels;
- consider severance payments that represent public interest and avoid any inappropriate use of public funds;
- recommend and advise the Board on the terms of appointment and remuneration of its members; and
- establish a formal and transparent procedure for developing policy on remuneration packages of individual directors.

The RC reviews all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, options and benefit-in-kind.

The Committee held a meeting during the financial year, which was attended by all members.

D. DIRECTORS' REMUNERATION

Level and Mix of Remuneration

In setting remuneration packages, the RC takes into consideration the pay and employment conditions within the industry and in comparable companies. As part of the review, the RC ensures that the performance related elements and remuneration form a significant part of the total remuneration package of executive directors and is designed to align the directors' interests with those of shareholders and link rewards to corporate and individual performance. The RC also reviews all matters concerning the remuneration of non-executive directors to ensure that the remuneration commensurate with the contributions and responsibilities of the directors. The Company submits the quantum of directors' fees of each year to the shareholders for approval at each Annual General Meeting.

Disclosure on Remuneration

Remuneration of Non-Executive Directors is determined by the Board as a whole. Individual directors do not participate in determining their own remuneration package. The Board, based on the sum to be authorised by the Company's shareholders, determines fees payable to Non-Executive Directors. Non-Executive Directors are also entitled to meeting allowances and reimbursement of expenses incurred in the course of their duties as directors.

The aggregate remuneration of Directors for the financial year ended 30 September 2007 is categorised as follows:-

	Executive Directors (RM)	Non-Executive Directors (RM)
Fees	-	26,000
Salaries and other emoluments	1,184,543	33,000
	1,184,543	59,000

Analysis of Remuneration

Range of Remuneration

	No. of Directors	
	Executive	Non-Executive
Less than or equal to RM50,000	-	3
RM250,001 – RM300,000	3	-
Above RM300,001	1	-
	4	3

E. ACCOUNTABILITY AND AUDIT

Accountability

Financial Reporting

The Directors are required by the Companies Act, 1965 to ensure that financial statements prepared for each financial year give a true and fair view of the state of affairs of the Company and the Group. The Directors consider the presentation of the financial statements and that the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The AC assists by scrutinizing the information to be disclosed, to ensure accuracy and adequacy. The Group's financial statements are presented on Pages 33 to 77 of the annual report.

A statement explaining the Board of Directors' responsibility for the preparation of the Financial Statements are set out on page 82 of the annual report.

E. ACCOUNTABILITY AND AUDIT (CONT'D)

Relationship with the Auditors

The Board has established an independent internal audit function within the Group which operates within the Audit Charter conferred by the AC. On behalf of the Board, the AC has established transparent and professional relationship with the Company's auditors, both internal and external.

Discussions are carried out between the AC with management on actions taken on issues identified by the internal and external auditors. The Committee has full access to the internal auditors. The Internal Auditors have access at all times to the Chairman and members of the Committee.

F. COMMUNICATION WITH SHAREHOLDERS

Communication with Shareholders

The Company believes that a high standard of disclosure is key to raising the level of corporate governance.

The Executive Chairman meets with analysts, institutional shareholders and investors throughout the year. Presentations based on permissible disclosures are made to explain the Group's performance and major development programmes. Price-sensitive and any information that may be regarded as undisclosed material information about the Group is however not disclosed in these sessions until after the prescribed announcement to Bursa Securities has been made.

The Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue with shareholders. The Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, corporate developments in the Group, the resolutions being proposed and the business of the Group in general at every AGM and Extraordinary General Meeting of the Company.

The Chairman and Sponsor will respond to shareholders' questions during the meeting. Representatives of the Sponsor are also in attendance to answer questions, thereby ensuring a high level of accountability, transparency and identification with the Group's business operations, strategy and goals.

Compliance with the Code

The Company has complied with the Code and observed its best practices throughout the year, save for the appointment of a Senior Independent Director to whom queries or concerns regarding the Group may be conveyed. The Board hoped to identify and appoint the Senior Independent Director soon.

This Statement is made in accordance with the resolution of the Board of Directors duly passed on 26 February 2008.

Audit Committee Report

The Audit Committee reviews and monitors the integrity of the Group's financial reporting process, in addition to reviewing the Group's system of internal controls. It also reviews the Group's audit process, compliance with legal and regulatory requirements, code of business conduct and any other matters that are specifically delegated by the Board.

The AC was established on 14 February 2005. The Committee members are as follows:-

Saw Tat Loon (Independent Non-Executive Director)	- Chairman
Alwin Yike Chee Wah (Independent Non-Executive Director)	- Member
John Choo Wing Onn (Executive Director) *	- Member
Anita Chew Cheng Im (Independent Non-Executive Director)**	- Member

* resigned as member of the audit committee on 20 November 2007.

** appointed as director on 29 June 2007 and subsequently as member of audit committee on 19 October 2007.

As at the reporting date, the qualifying criteria for composition of members were met.

AUDIT COMMITTEE MEETINGS

The AC met five (5) times during the financial year ended 30 September 2007. The details of their attendance at meetings are as follows :-

Audit Committee	Number of Meetings Attended
Saw Tat Loon	5/5
Alwin Yike Chee Wah	5/5
John Choo Wing Onn *	5/5

* resigned as member of the audit committee on 20 November 2007.

The Group's external auditors, internal auditors and certain designated members of senior management also attended the meetings at the invitation of the Committee. The Committee shall meet with the external auditors on separate sessions without the presence of management, whenever deemed necessary.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 30 September 2007, the AC carried out its duties as set out in the terms of reference which included the following:

- Review of the quarterly financial reports before recommending to the Board for their approval and release of the Group's results to Bursa Securities;
- Review of the Audit Planning Memorandum with the External Auditors;
- Review of the results and issues arising from the audit and their resolutions with the External Auditors;
- Review of the internal audit findings and recommendations with the Internal Auditors; and
- Review of the proposed policies and procedures on Related Party Transactions to ensure compliance with laws and regulations.

INTERNAL AUDIT FUNCTION

The Company has outsourced its internal audit function to an independent internal audit services provider for the financial year ended 30 September 2007. The functions and activities of the internal audit are:

- Perform audit work in accordance with the pre-approved internal audit plan;
- Carry out review of the system of internal controls of the Group;
- Review and comment on the effectiveness and adequacy of the existing control policies and procedures; and
- Provide recommendations, if any, for the improvement of the control policies and procedures.

Audit Committee Report (Cont'd)

TERMS OF REFERENCE

1. Composition

The Committee shall be appointed from amongst the Board and shall comprise no fewer than three (3) members, a majority of whom shall be independent directors and all members should be non-executive directors. At least one (1) member must be a member of the Malaysian Institute of Accountants or possess such other qualifications and/or experience as approved by the Bursa Malaysia Securities Berhad.

In the event of any vacancy with the result that the number of members is reduced to below three, the vacancy shall be filled within two (2) months but in any case not later than three (3) months. Therefore a member of the AC who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

The terms of office and performance of an audit committee and each of its members must be reviewed by the Board of Directors at least once every three (3) years to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.

2. Chairman

The Chairman, who shall be elected by the AC, shall be an independent director. In the even of the chairman's absence, the meeting shall be chaired by an independent director.

The Chairman should engage on a continuous basis with senior management, such as the chairman, the chief executive officer, the finance director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the company.

3. Secretary

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee Members. The Committee Members may inspect the minutes of the AC at the Registered Office or such other place as may be determined by the AC.

4. Meetings

The Committee shall meet at least four (4) times in each financial year and may regulate its own procedure in lieu of convening a formal meeting by means of video or teleconference. The quorum for a meeting shall be the majority of members present, who shall be independent directors.

The Committee may call for a meeting as and when required with reasonable notice as the Committee Members deem fit.

All decisions at such meeting shall be decided on a show of hands on a majority of votes.

The external auditors and internal auditors have the right to appear at any meetings of the AC and shall appear before the Committee when required to do so by the Committee. The external auditors may also request a meeting if they consider it necessary.

5. Rights

The AC shall:

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Group;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) have the right to obtain independent professional or other advice at the Company's expense;

TERMS OF REFERENCE (CONT'D)

5. Rights (Cont'd)

- (f) have the right to convene meetings with the external auditors, excluding the presence of the executive board members, at least twice a year and whenever deemed necessary;
- (g) promptly report to the Bursa Securities, or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the directors resulting in a breach of the listing requirements;
- (h) have the right to pass resolutions by a simple majority vote from the Committee and that the Chairman shall have the casting vote should a tie arise;
- (i) meet as and when required on a reasonable notice;
- (j) the Chairman shall call for a meeting upon the request of the External Auditors.

6. Duties

- (a) To review the following with the external auditors:
 - audit plan, its scope and nature;
 - audit report;
 - results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
 - level of assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit.
- (b) To review the adequacy of the scope, functions and resources and set the standards of the internal audit function.
- (c) To recommend such measures as to be taken by the Board of Directors on the effectiveness of the system of internal control and risk management practices of the Group.
- (d) To review the internal audit programme, processes the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
- (e) To review with management:
 - audit reports and management letter issued by the external auditors and the implementation of audit recommendations;
 - interim financial information; and
 - level of assistance given by the officers of the Company to external auditors.
- (f) To discuss problems and reservations arising from interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary).
- (g) To monitor related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the directors report such transactions annually to shareholders via the annual report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (h) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the directors, focusing particularly on:
 - changes in or implementation of major accounting policy and practices;
 - significant and / or unusual matters arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- (i) To consider the appointment and / or re-appointment of auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors to the board.
- (j) To verify the allocation of options pursuant to a share scheme for employees as being in compliance with the criteria for allocation of options under the share scheme, at the end of each financial year.

Statement on Internal Control

INTRODUCTION

The Malaysian Code on Corporate Governance and the Companies (Amendment) Act 2007 requires the directors of listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The directors of the Company are pleased to present this Statement on Internal Control with respect to the state, nature and scope of the internal control of the Group during the year.

RESPONSIBILITY

The Board is ultimately responsible for the Group's system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. The Board ensures that the Management maintains a sound system of internal control and effective risk management policies to safeguard the shareholders' investments and the company's assets.

The Board believes that, in the absence of any evidence to the contrary, the system of internal control maintained by the Group's management throughout the financial year ended 30 September 2007 up to the date of this report is adequate to meet the needs of the Group in its current business environment.

The system of internal control provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

However, the Board notes that no system of internal control could provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, losses, fraud or other irregularities.

The Board however, does not regularly review the internal control system of its associated company as it does not have significant influence over their operations. The Company's interests are safeguarded through representations on the board of the associated company and receipt of management accounts. These representations and review also provide the board with information to assess the performance of the Group's investment.

RISK MANAGEMENT FRAMEWORK

The Board recognises that the management of principal risks play an important and integral part of the Group's daily operations and that the identification and the management of such risks will affect the achievement of the Group's corporate objectives. As such, the Board is in the process of establishing a risk management approach to identify the risk areas; the likelihood of the occurrence of the risk; the consequences; and the action plan to manage those risks. The risk management process would be an ongoing process which will be undertaken at each critical area of the Company and major subsidiaries of the Group, and will be subject to regular review by the Board.

INTERNAL AUDIT

The Group currently relies on existing internal audit control mechanisms and the Enterprise Resources Planning system to provide Management with the required level of assurance that the business is being operated in an orderly manner. This is further enhanced by the meetings between the AC Members and its independent external auditors to understand the Group's state of affairs and internal control.

The Company has engaged a professional firm to provide outsourced Internal Audit services that supports the AC in discharging its duties with respect to the adequacy and integrity of the systems of internal control within the Group. The Executive Directors also through their daily involvement in the business operations and attendance at operational and management level meetings, monitors the Company's policies and procedures.

The AC reviews the risk monitoring and compliance procedures, ensuring that an appropriate mix of techniques is used to obtain the level of assurance required by the Board. The AC presents its findings to the Board on a quarterly basis or earlier as appropriate.

This statement is made in accordance with the resolution of the Board of Directors duly passed on 26 February 2008.



FINANCIAL STATEMENTS

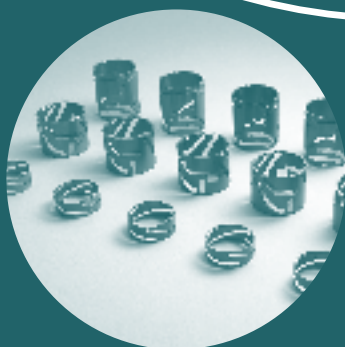
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Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 September 2007.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Profit for the financial year	27,243	12,355
Attributable to:		
Equity holders of the Company	26,620	12,355
Minority interests	623	-
	27,243	12,355

DIVIDENDS

The dividends paid by the Company since the end of the previous financial year were as follows:

RM

In respect of the financial year ended 30 September 2006

- (i) second interim tax-exempt dividend of 10% per ordinary share as proposed in the directors' report of that financial year, paid on 12 February 2007

5,863,195

In respect of the financial year ended 30 September 2007

- (i) an interim tax-exempt dividend of 10% per ordinary share, paid on 9 November 2007

5,863,195

The directors now propose a final tax-exempt dividend of 11% per ordinary share amounting to RM6,449,515 in respect of the current financial year. The dividend is subject to the approval by shareholders at the forthcoming Annual General Meeting and has not been included as a liability in the financial statements.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, 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 doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would further require the writing off of bad debts, or additional allowance for doubtful debts in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they 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.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which 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

The contingent liabilities are disclosed in Note 35 to the financial statements. At the date of this report, there does not exist:-

- (i) any charge on the assets of the Group and of 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 of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company 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 of the Company to meet their obligations when they fall due.

Directors' Report (Cont'd)

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 of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The financial statements 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 financial statements of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:-

Thoo Chow Fah
Choo Wing Hong
Choo Wing Onn
Lee Tian Yoke
Yike Chee Wah
Saw Tat Loon
Anita Chew Cheng Im (Appointed on 29.6.2007)

Pursuant to Article 69 of the Articles of Association of the Company, Choo Wing Hong and Lee Tian Yoke retire by rotation at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

Pursuant to Article 74 of the Articles of Association of the Company, Anita Chew Cheng Im retires at the forthcoming annual general meeting and being eligible, offers herself for re-election.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company during the financial year are as follows:-

	Number Of Ordinary Shares Of RM0.10 Each			
	At 1.10.2006	Bought	Sold	At 30.9.2007
Direct Interests:				
Thoo Chow Fah	97,465,746	-	(52,875,000)	44,590,746
Choo Wing Hong	129,954,370	-	(34,300,000)	95,654,370
Choo Wing Onn	97,465,746	-	(32,875,000)	64,590,746
Lee Tian Yoke	43,318,110	-	(14,720,000)	28,598,110

By virtue of his interests in shares in the Company, Choo Wing Hong is deemed to have interests in the subsidiaries to the extent of the Company's interests, pursuant to Section 6A of the Companies Act, 1965.

Yike Chee Wah, Saw Tat Loon and Anita Chew Cheng Im did not have any interest in shares in the Company 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 a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) 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 one of the directors has a substantial financial interest.

Neither during nor at the end of the financial year was the Company or its subsidiaries a party to any arrangements 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.

SIGNIFICANT EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

The significant event of the Group subsequent to the balance sheet date is disclosed in Note 38 to the financial statements.

AUDITORS

The auditors, Messrs. Horwath have expressed their willingness to continue in office.

Signed In Accordance With A Resolution Of The Directors
Dated 15 January 2008

Thoo Chow Fah

Choo Wing Hong

Statement By Directors

We, Thoo Chow Fah and Choo Wing Hong, being two of the directors of Notion VTec Berhad, state that, in the opinion of the directors, the financial statements set out on pages 40 to 77 are drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company at 30 September 2007 and of their results and cash flows for the financial year ended on that date.

**Signed In Accordance With A Resolution Of The Directors
Dated 15 January 2008**

Thoo Chow Fah

Choo Wing Hong

Statutory Declaration

I, Thoo Chow Fah, I/C No. 530816-08-5683, 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 40 to 77 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
Thoo Chow Fah, I/C No. 530816-08-5683,
at Klang in the state of Selangor
Darul Ehsan on this 15 January 2008

Thoo Chow Fah

Before Me
Goh Cheng Teak (No. B204)
Commissioner For Oaths

ReportOfTheAuditors

To The Members Of Notion VTec Berhad (Company No : 637546 - D)

We have audited the financial statements set out on pages 40 to 77. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:-
 - (i) the state of affairs of the Group and of the Company at 30 September 2007 and their results and cash flows for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiaries audited by us have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

Our audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Section 174(3) of the Companies Act, 1965.

Horwath
Firm No: AF 1018
Chartered Accountants

Kuala Lumpur
15 January 2008

Onn Kien Hoe
Approval No: 1772/11/08 (J/PH)
Partner

BalanceSheets

at 30 September 2007

		The Group		The Company	
	NOTE	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	6	-	-	46,645	46,645
Investment in an associate	7	736	-	-	-
Property, plant and equipment	8	89,238	82,467	293	9
		89,974	82,467	46,938	46,654
CURRENT ASSETS					
Inventories	9	14,997	8,914	-	-
Trade receivables	10	22,146	26,283	-	-
Other receivables, deposits and prepayments		2,565	1,499	12	15
Dividend receivable		-	-	-	6,193
Amount owing by an associate	11	197	-	-	-
Amount owing by subsidiaries	12	-	-	22,271	17,059
Tax refundable		114	499	20	-
Short term deposits with licensed banks	13	16,171	7,022	11,272	5,082
Cash and bank balances	14	3,947	2,972	31	154
		60,137	47,189	33,606	28,503
TOTAL ASSETS		150,111	129,656	80,544	75,157
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	58,632	58,632	58,632	58,632
Share premium	16	7,971	7,971	7,971	7,971
Retained profits	17	47,260	26,503	7,869	1,377
Proposed dividend		-	5,863	-	5,863
TOTAL SHAREHOLDERS' EQUITY		113,863	98,969	74,472	73,843
MINORITY INTERESTS		1,512	889	-	-
		115,375	99,858	74,472	73,843

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

Balance Sheets
at 30 September 2007
(Cont'd)

		The Group		The Company	
	NOTE	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
NON-CURRENT LIABILITIES	18	4,035	3,849	-	-
DEFERRED TAXATION	19	6,666	5,389	-	-
		10,701	9,238	-	-
CURRENT LIABILITIES					
Trade payables	20	4,662	7,297	-	-
Other payables and accruals	21	6,268	4,654	209	1,301
Provision for taxation		157	43	-	13
Dividend payable		5,863	-	5,863	-
Short term borrowings	22	6,596	8,566	-	-
Bank overdraft	22	489	-	-	-
		24,035	20,560	6,072	1,314
TOTAL LIABILITIES		34,736	29,798	6,072	1,314
TOTAL EQUITY AND LIABILITIES		150,111	129,656	80,544	75,157
NET ASSETS PER SHARE	23	19.4 sen	16.9 sen		

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

Income Statements

for the Financial Year ended 30 September 2007

		The Group		The Company	
	NOTE	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
REVENUE	24	104,491	89,912	14,189	13,755
COST OF SALES		(68,545)	(59,270)	-	-
GROSS PROFIT		35,946	30,642	14,189	13,755
OTHER OPERATING INCOME		4,393	2,045	136	381
MARKETING AND DISTRIBUTION EXPENSES		(344)	(619)	-	-
ADMINISTRATIVE AND OTHER OPERATING EXPENSES		(8,034)	(5,714)	(1,531)	(1,053)
PROFIT FROM OPERATIONS		31,961	26,354	12,794	13,083
FINANCE EXPENSES		(1,013)	(1,278)	-	-
SHARE OF LOSS IN AN ASSOCIATE		(64)	-	-	-
PROFIT BEFORE TAXATION	25	30,884	25,076	12,794	13,083
TAXATION	26	(3,641)	(4,093)	(439)	(288)
PROFIT AFTER TAXATION FOR THE FINANCIAL YEAR		27,243	20,983	12,355	12,795
ATTRIBUTABLE TO:					
Equity holders of the Company		26,620	20,657	12,355	12,795
Minority interests		623	326	-	-
		27,243	20,983	12,355	12,795
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	27	4.5 sen	3.5 sen		
DIVIDENDS PER SHARE	28			1 sen	3 sen

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

Statement of Changes in Equity

for the Financial Year ended 30 September 2007

The Group	Note	Attributable To Equity Holders Of The Company ----->						
		<----- Non-Distributable ----->			Distributable			
		Share Capital RM'000	Premium RM'000	Other Reserves RM'000	Retained Profits RM'000	Proposed Dividend RM'000	Total RM'000	Minority Interests RM'000
								Total Equity RM'000
Balance at 1.10.2005		29,316	37,267	16,015	7,420	-	90,018	563
Issuance of ordinary shares pursuant to the bonus issue		29,316	(29,316)	-	-	-	-	-
Overaccrual of listing expenses		-	167	-	-	-	167	-
Expenses in connection with new shares issued		-	(147)	-	-	-	(147)	-
Profit for the financial year		-	-	-	20,657	-	20,657	326
Amortisation of negative goodwill on consolidation		-	-	(1,716)	1,716	-	-	-
Dividends paid		-	-	-	(11,726)	-	(11,726)	-
Proposed dividend		-	-	-	(5,863)	5,863	-	-
Balance at 30.9.2006/1.10.2006		58,632	7,971	14,299	12,204	5,863	98,969	889
Effect of FRS 3 adoption	29	-	-	(14,299)	14,299	-	-	-
As restated		58,632	7,971	-	26,503	5,863	98,969	889
Profit for the financial year		-	-	-	26,620	-	26,620	623
Dividend paid		-	-	-	-	(5,863)	(5,863)	-
Interim tax-exempt dividend of 10% per ordinary share		-	-	-	(5,863)	-	(5,863)	-
Balance at 30.9.2007		58,632	7,971	-	47,260	-	113,863	1,512
								115,375

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

Statements of Changes in Equity

for the Financial Year ended 30 September 2007

(Cont'd)

The Company	Share Capital RM'000	Share Premium RM'000	Retained Profits RM'000	Proposed Dividend RM'000	Total Equity RM'000
Balance at 1.10.2005	29,316	37,267	6,171	-	72,754
Issuance of ordinary shares pursuant to the bonus issue	29,316	(29,316)	-	-	-
Overaccrual of listing expenses	-	167	-	-	167
Expenses in connection with new shares issued	-	(147)	-	-	(147)
Profit for the financial year	-	-	12,795	-	12,795
Dividends paid	-	-	(11,726)	-	(11,726)
Proposed dividend	-	-	(5,863)	5,863	-
Balance at 30.9.2006/1.10.2006	58,632	7,971	1,377	5,863	73,843
Profit for the financial year	-	-	12,355	-	12,355
Dividend paid	-	-	-	(5,863)	(5,863)
Interim tax-exempt dividend of 10% per ordinary share	-	-	(5,863)	-	(5,863)
Balance at 30.9.2007	58,632	7,971	7,869	-	74,472

CashFlowStatements

for the Financial Year ended 30 September 2007

	The Group		The Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(FOR)				
OPERATING ACTIVITIES				
Profit before taxation	30,884	25,076	12,794	13,083
Adjustments for:-				
Allowance for doubtful debts	15	449	-	-
Bad debts written off	27	241	-	-
Depreciation of property, plant and equipment	9,326	7,910	35	3
Interest expense	951	1,193	-	-
Plant and equipment written off	129	354	5	-
Share of loss in an associate	64	-	-	-
Allowance for doubtful debts no longer required	(439)	-	-	-
Dividend income	-	-	(12,681)	(13,109)
Gain on disposal of plant and equipment	(191)	(109)	-	-
Interest income	(568)	(550)	(137)	(381)
Operating profit/(loss) before working capital changes	40,198	34,564	16	(404)
Increase in inventories	(6,082)	(3,585)	-	-
Decrease/(Increase) in trade and other receivables	3,466	(6,943)	3	(3)
(Decrease)/Increase in trade and other payables	(54)	4,198	(1,093)	937
CASH FROM/(FOR) OPERATIONS	37,528	28,234	(1,074)	530
Interest paid	(951)	(1,193)	-	-
Tax paid	(1,864)	(2,181)	(153)	(90)
NET CASH FROM/(FOR) OPERATING ACTIVITIES AND BALANCE CARRIED FORWARD	34,713	24,860	(1,227)	440

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

CashFlowStatements

for the Financial Year ended 30 September 2007

(Cont'd)

	NOTE	The Group		The Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
BALANCE BROUGHT FORWARD		34,713	24,860	(1,227)	440
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Dividend received		-	-	18,556	12,808
Interest received		568	550	137	381
Purchase of property, plant and equipment	30	(11,431)	(30,128)	(324)	(13,768)
Proceeds from disposal of plant and equipment		629	361	-	*
Investment in an associate		(800)	-	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(11,034)	(29,217)	18,369	(579)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Advances to subsidiaries		-	-	(5,212)	(10,011)
Advances to an associate		(197)	-	-	-
Dividends paid		(5,863)	(11,726)	(5,863)	(11,726)
Listing expenses refunded		-	167	-	167
Expenses in connection with new shares issued		-	(147)	-	(147)
Repayment of hire purchase and lease obligations		(7,984)	(8,765)	-	-
Repayment of term loans		-	(956)	-	-
NET CASH FOR FINANCING ACTIVITIES		(14,044)	(21,427)	(11,075)	(21,717)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		9,635	(25,784)	6,067	(21,856)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		9,994	35,778	5,236	27,092
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	31	19,629	9,994	11,303	5,236

* - RM1

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

Notes to the Financial Statements

for the Financial Year ended 30 September 2007

1. GENERAL INFORMATION

The Company is incorporated in Malaysia under the Malaysian Companies Act, 1965. It is a public company limited by shares and is domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office : C15-1, Level 15, Tower C,
Megan Avenue II,
12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur.

Principal place of business : Lot 6123, Jalan Haji Salleh,
Batu 5½, Jalan Meru,
41050 Klang,
Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 15 January 2008.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing market, credit, liquidity and cash flow risks. The policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Currency Risk

The Group is exposed to foreign exchange risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are disclosed in the respective notes to the financial statements.

In respect of other monetary assets and liabilities held in foreign currencies, the Group carries out reviews periodically to ensure that the net exposure is kept at an acceptable level.

(ii) Interest Rate Risk

The Group obtains financing through bank borrowings, leasing and hire purchase arrangements. Its policy is to obtain the most favourable interest rates available.

Information relating to the interest rate exposure of the Group is disclosed in Note 22 to the financial statements.

Surplus funds are placed with reputable financial institutions at the most favourable interest rates.

(iii) Price Risk

The Group enters into forward foreign exchange contracts to hedge against its foreign exchange risk resulting from anticipated sales and purchase transactions denominated in foreign currency, primarily United States Dollar.

Notes to the Financial Statements

for the Financial Year ended 30 September 2007

(Cont'd)

3. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The maximum exposure to credit risk is represented by the total carrying amount of these financial assets in the balance sheet reduced by the effects of any netting arrangements with counterparties.

The Group's concentration of credit risk related to debts owing by five customers which constituted approximately 73% of the Group's outstanding trade receivables at the end of the current financial year.

The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

(c) Liquidity and Cash Flow Risks

The Group manages its liquidity risk by maintaining sufficient cash and the availability of funding through adequate committed credit facilities to meet estimated commitments arising from operational expenditure and financial liabilities. The Group also has effective cash management to ensure that the Group can pay its targeted dividends to shareholders at an appropriate time.

4. Basis Of Preparation

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965.

In the current financial year, the Group and the Company adopted all the new and revised Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board which are relevant to its operations and effective for financial periods beginning on or after 1 January 2006 as follows:-

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 117	Leases
FRS 121	The Effect of Changes in Foreign Exchange Rates
FRS 124	Related Party Disclosure
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interest in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of these new and revised FRS does not have any material effects on the financial statements of the Group and of the Company except as disclosed in Note 29 to the financial statements.

4. BASIS OF PREPARATION (CONT'D)

At the date of authorisation of these financial statements, the following FRSs, amendments to FRSs and interpretations have been issued but are not yet effective and have not been adopted by the Group and the Company.

FRSs' Amendments to FRSs and interpretations		Effective for financial periods beginning on or after
FRS 139	Financial Instruments : Recognition and Measurement	Deferred
FRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2007
Amendment to FRS 119 ₂₀₀₄ : Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures		1 January 2007
Amendment to FRS 121 : The Effects of Changes in Foreign Exchange Rates - Net Investment in Foreign Operations		1 July 2007
FRS 107	Cash Flow Statements	1 July 2007
FRS 111	Construction Contracts	1 July 2007
FRS 112	Income Taxes	1 July 2007
FRS 118	Revenue	1 July 2007
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134	Interim Financial Reporting	1 July 2007
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 July 2007

The above FRSs align the MASB's FRS with the equivalent International Accounting Standards ('IASs'), both in terms of form and content. The adoption of these standards will only impact the form and content of disclosures presented in the financial statements.

The Group and the Company will apply these FRSs from the financial year ending 30 September 2008 onwards.

The Group has not adopted FRS 139 - Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139 as the effective date is deferred to a date to be announced by the MASB. FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon first adoption of the standard as required by paragraph 30(b) of FRS 108 is not disclosed.

Framework for the Preparation and Presentation of Financial Statements has been issued and is effective immediately. This Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. It is not a MASB approved accounting standard and hence, does not define standards for any particular measurement or disclosure issue. The Group and the Company will apply this Framework from the financial year ending 30 September 2008 onwards.

Notes to the Financial Statements

for the Financial Year ended 30 September 2007

(Cont'd)

4. BASIS OF PREPARATION (CONT'D)

IC Interpretation 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation addresses the effects of events that changes the measurement of an existing decommissioning, restoration or similar liability, namely a change in the estimated outflow of resources embodying economic benefits required to settle the obligation, a change in the current market-based discount rate as defined in paragraph 48 of FRS 137/2004 and an increase that reflects the passage of time. The Group and the Company will apply this interpretation from the financial year ending 30 September 2008 onwards.

IC Interpretation 2 - Members' Shares in Co-operative Entities and Similar Instruments has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group's operations.

IC Interpretation 5 - Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group's operations.

IC Interpretation 6 - Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group's operations.

IC Interpretation 7 - Applying the Restatement Approach under FRS 129/2004 Financial Reporting in Hyperinflationary Economies has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group's operations.

IC Interpretation 8 - Scope of FRS 2 has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation applies to transactions in which goods or services are received, including transactions in which the entity cannot identify specifically some or all of the goods or services received. Where the fair value of the share-based payment is in excess of the identifiable goods or services received, it is presumed that additional goods or services have been or will be received. The whole fair value of the share-based payment will be charged to the income statement. The Group will apply this interpretation from the financial year ending 30 September 2008 onwards.

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

(i) Depreciation of Property, Plant and Equipment

The Group reviews annually the estimated useful lives and residual values of property, plant and equipment based on factors such as business plan and strategies, expected level of usage, future technological developments and market prices.

Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives and residual values of property, plant and equipment in particular the residual value of certain plant and machinery, would decrease the recorded depreciation and increase the property, plant and equipment.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates And Judgements (Cont'd)

(ii) *Income Taxes*

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) *Impairment of Assets*

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) *Allowance for Doubtful Debts of Receivables*

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(v) *Allowance for 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 could result in revisions to the valuation of inventories.

(vi) *Fair Value Estimates for Certain Financial Assets and Liabilities*

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and equity.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 30 September 2007.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over the financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method. Under the purchase method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Notes to the Financial Statements

for the Financial Year ended 30 September 2007

(Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

Intragroup transactions, balances and unrealised gains on transactions are eliminated, unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interests in the consolidated balance sheets consist of the minorities' share of fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's equity.

Minority interests are presented in the consolidated balance sheets of the Group within equity, separately from the Company's equity holders, and are separately disclosed in the consolidated income statements of the Group.

(c) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

(d) Investments

(i) Subsidiaries

Investments in subsidiaries are stated at cost in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investment in subsidiaries, the difference between the net disposal proceeds and its carrying amount of the investments is taken to the income statement.

(ii) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Investments (Cont'd)

(ii) Associates (Cont'd)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

Investments in associates are stated at cost less impairment losses.

On the disposal of such investments, the differences between the net disposal proceeds and their carrying amounts are included in the income statement.

(e) Property, Plant and Equipment

Property, plant and equipment other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost less impairment losses, if any, and is not depreciated.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Factory buildings	2% - 11%
Factory equipment and machinery	10% - 25%
Furniture, fittings and office equipment	10% - 30%
Motor vehicles	20%
Renovation	20%

Residual values, where applicable, are reviewed annually against prevailing market rates at the balance sheet date for equivalent aged assets and depreciation rates are adjusted accordingly on a prospective basis. The estimated residual value for plant and machinery is 5% of their cost.

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 is included in the income statement in the year the asset is derecognised.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these plant and equipment.

(f) Impairment of Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and its value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

Notes to the Financial Statements

for the Financial Year ended 30 September 2007

(Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Impairment of Assets (Cont'd)

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(g) Assets Under Hire Purchase

Plant and equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 5(e) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are allocated to the income statement over the period of the respective hire purchase agreements.

(h) Assets Under Finance Lease

Leases of plant and equipment where substantially all the benefits and risks of ownership are transferred to the Group are classified as finance leases.

Plant and equipment acquired under finance leases are capitalised as long term assets, based on the lower of the fair value of the leased plant and equipment or present value of the minimum lease payments at the inception of the lease.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding obligations due under the finance lease after deducting finance charges are included as liabilities in the financial statements.

Finance charges are allocated to the income statement over the period of the respective lease agreements.

Plant and equipment acquired under finance leases are depreciated over the useful lives of the assets. If there is no reasonable certainty that the ownership will be transferred to the Group, the assets are depreciated over the shorter of the lease terms and their useful lives.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes the cost of materials, direct labour and an appropriate proportion of production overheads.

During the current financial year, the valuation method was revised from the first-in-first-out method to the weighted average basis. However, the effect on the financial statements of the change in the valuation method is not material.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

(k) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(l) Interest-bearing Borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition and construction of plant and equipment are capitalised as part of the cost of those assets, until such time the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are charged to the income statement as expenses in the period in which they are incurred.

(m) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(n) Income Taxes

Income taxes for the year comprise current and deferred tax.

Current tax is 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 substantially enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are 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.

Notes to the Financial Statements

for the Financial Year ended 30 September 2007

(Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Income Taxes (Cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(o) Segmental Information

Segment revenues and expenses are those directly attributable to the segments and include any joint revenues and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of property, plant and equipment (net of accumulated depreciation, where applicable), inventories, receivables, and cash and bank balances.

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets and liabilities do not include income tax assets and liabilities respectively.

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

(p) Functional and Foreign Currency

(i) Functional and Presentation Currency

The functional currency of the Company is measured using the currency of the primary economic environment in which the Company operates.

The financial statements are presented in Ringgit Malaysia which is the Company's functional and presentation currency.

(ii) Transactions and Balances

Transactions in foreign currency are converted into the respective functional currencies of the Company and are recorded on initial recognition in the functional currencies, using the rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income statement.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts 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.

(r) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(s) Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

(t) Revenue Recognition

(i) Sale of Goods And Services Rendered

Sales are recognised upon the transfer of risks and rewards to the customers or the acceptance of services rendered and where applicable, net of returns and trade discounts.

(ii) Dividend Income

Dividend income from investments in subsidiaries is recognised upon declaration by the subsidiaries.

(iii) Management Fee

Management fee from subsidiaries are accounted for on an accrual basis.

(iv) Interest Income

Interest income is recognised on an accrual basis, based on the effective yield of the investment.

Notes to the Financial Statements

for the Financial Year ended 30 September 2007
(Cont'd)

6. INVESTMENT IN SUBSIDIARIES

	The Company	
	2007	2006
	RM'000	RM'000
Unquoted investment, at cost:-		
At 1 October 2006/2005	46,645	23,269
Addition during the financial year	-	23,376
At 30 September	46,645	46,645

Details of the subsidiaries, all of which are incorporated in Malaysia are as follows:-

Name of Company	Effective Equity Interest		Principal Activities
	2007 %	2006 %	
Notion Venture Sdn. Bhd.	100	100	Design and volume production of high precision metal machining of hard disk drive, computer, consumer electronics and electrical and automotive industries' components, and related research and development activities.
Intech Precision Sdn. Bhd.	100	100	Design, development, manufacture and marketing of precision jigs and fixtures, tools and dies for stamping, precision mould parts for plastic injection, trim and form tools for semiconductor industry and precision machine parts for the automotive and other high-value added industries.
NV Technology Sdn. Bhd.	90	90	Design, development and modification of cutting tool geometry, regrind or re-sharpening of special cutting tools using computer numerical control ("CNC") tools and cutter grinder and other grinding operations and marketing of diamond abrasive grinding wheels, polycrystalline diamond and polycrystalline cubic nitride inserts.
Kaiten Precision (M) Sdn. Bhd.	90	90	Design and development leading to the mass production of high precision microparts and related research and development activities.
Diaphragm Tech Sdn. Bhd.	80	80	Research and development activities leading to the design and production of air chuck assembly system for soft clamping, tools-holders, gauges, dies, collets and lathe chucks for use by CNC machining applications.
Swiss Impression Sdn. Bhd.	60	60	Design of tooling and volume manufacturing of high precision appearance parts using progressive die stamping for digital cameras, motion picture experts group audio layer 3 ("MP3") players and other consumer electronic devices.

7. INVESTMENT IN AN ASSOCIATE

	The Group	
	2007 RM'000	2006 RM'000
Unquoted shares, at cost	800	-
Share of post acquisition loss	(64)	-
	<u>736</u>	<u>-</u>

Details of the associate, which is incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest		Principal Activities
	2007 %	2006 %	
Autic Mekki Sdn. Bhd.*	40	-	Provision of surface treatment, electroless nickel plating, chrome plating, electro-plating and anodizing metal or like substances.

* held through Notion Venture Sdn. Bhd.

The summarised financial information of the associate is as follows:-

	The Group	
	2007 RM'000	2006 RM'000
Assets and liabilities		
Currents asset	1,826	-
Non-current assets	2,871	-
Total assets	<u>4,697</u>	<u>-</u>
Current liabilities	<u>2,856</u>	<u>-</u>
Results		
Revenue	1,258	-
Loss for the financial year	<u>(159)</u>	<u>-</u>

Notes to the Financial Statements

for the Financial Year ended 30 September 2007
(Cont'd)

8. PROPERTY, PLANT AND EQUIPMENT

The Group	Net Book Value At 1.10.2006 RM'000	Additions RM'000	Transfer RM'000	Written off/ Disposal RM'000	Depreciation Charge RM'000	Net Book Value At 30.9.2007 RM'000
Freehold land and buildings	24,692	1,402	593	-	(473)	26,214
Capital work-in-progress	593	-	(593)	-	-	-
Factory equipment and machinery	54,105	13,885	-	(443)	(7,930)	59,617
Furniture, fittings and office equipment	2,062	817	-	(43)	(554)	2,282
Motor vehicles	661	477	-	-	(287)	851
Renovation	354	83	-	(81)	(82)	274
Total	82,467	16,664	-	(567)	(9,326)	89,238

The Group As At 30.9.2007	Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
Freehold land and buildings	26,732	(518)	26,214
Factory equipment and machinery	93,975	(34,358)	59,617
Furniture, fittings and office equipment	3,816	(1,534)	2,282
Motor vehicles	2,632	(1,780)	852
Renovation	393	(120)	273
Total	127,548	(38,310)	89,238

As At 30.9.2006

Freehold land and buildings	24,737	(45)	24,692
Capital work-in-progress	593	-	593
Factory equipment and machinery	80,698	(26,593)	54,105
Furniture, fittings and office equipment	3,068	(1,006)	2,062
Motor vehicles	2,154	(1,493)	661
Renovation	437	(83)	354
Total	111,687	(29,220)	82,467

The Company	Net Book Value At 1.10.2006 RM'000	Additions RM'000	Written Off RM'000	Depreciation Charge RM'000	Net Book Value At 30.9.2007 RM'000
Furniture, fittings and office equipment	9	5	(5)	(3)	6
Motor vehicles	-	319	-	(32)	287
Total	9	324	(5)	(35)	293

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

	Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
As At 30.9.2007			
Furniture, fittings and office equipment	9	(3)	6
Motor vehicles	319	(32)	287
Total	328	(35)	293

The Company As At 30.9.2006

Furniture, fittings and office equipment	13	(4)	9
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Included in the net book value of plant and equipment at the balance sheet were the following assets acquired under hire purchase and lease terms:-

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Factory equipment and machinery	14,952	20,650	-	-
Motor vehicles	401	554	-	-

9. INVENTORIES

	The Group	
	2007 RM'000	2006 RM'000
At cost:-		
Raw materials	5,607	4,860
Work-in-progress	3,824	1,648
Finished goods	5,566	2,406
	14,997	8,914

None of the inventories was valued at net realisable value as at the balance sheet date.

Notes to the Financial Statements

for the Financial Year ended 30 September 2007

(Cont'd)

10. TRADE RECEIVABLES

	The Group	
	2007 RM'000	2006 RM'000
Gross trade receivables	22,171	26,732
Allowance for doubtful debts:-		
At 1 October 2006/2005	(449)	-
Increase during the financial year	(15)	(449)
Allowance no longer required	439	-
At 30 September	(25)	(449)
Net trade receivables	22,146	26,283

The Group's normal trade credit terms range from 30 days to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The foreign currency exposure profile of trade receivables is as follows:-

	The Group	
	2007 RM'000	2006 RM'000
Euro	76	294
United States Dollar	15,623	18,749

11. AMOUNT OWING BY AN ASSOCIATE

The amount owing is unsecured, interest-free and repayable upon demand.

12. AMOUNT OWING BY SUBSIDIARIES

The amounts are non-trade in nature, unsecured, interest-free and repayable upon demand.

13. SHORT TERM DEPOSITS WITH LICENSED BANKS

The interest rates of the short term deposits at the balance sheet date of the Group and of the Company ranged from 3.1% to 3.7% (2006 - 3.24% and 3.1%) per annum respectively.

The short term deposits of the Group and of the Company have maturity periods ranging from 7 days to 365 days (2006 - 4 days to 138 days) respectively.

14. CASH AND BANK BALANCES

The foreign currency exposure profile of the bank balances is as follows:-

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Singapore Dollar	5	330	-	-
United States Dollar	1,062	964	-	-

15. SHARE CAPITAL

	The Company		2007 RM'000	2006 RM'000
	Number Of Ordinary Shares Of RM0.10 Each 2007 '000	2006 '000		
Authorised:				
At 1 October 2006/2005	1,000,000	500,000	100,000	50,000
Increase during the financial year	-	500,000	-	50,000
At 30 September	1,000,000	1,000,000	100,000	100,000
Issued And Fully Paid:				
At 1 October 2006/2005	586,320	293,160	58,632	29,316
Bonus issue	-	293,160	-	29,316
At 30 September	586,320	586,320	58,632	58,632

16. SHARE PREMIUM

	The Group And The Company	
	2007 RM'000	2006 RM'000
At 1 October 2006/2005	7,971	37,267
Bonus issue	-	(29,316)
Expenses in connection with new shares issued	-	(147)
Overaccrual of listing expenses	-	167
At 30 September	7,971	7,971

The share premium account is not distributable by way of cash dividends but may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965.

Notes to the Financial Statements

for the Financial Year ended 30 September 2007

(Cont'd)

17. RETAINED PROFITS

Subject to agreement with the tax authorities, at the balance sheet date, the Company has:-

- (i) sufficient tax credits under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends amounting to approximately RM1,328,000 (2006 - RM868,000) out of its retained profits without incurring further tax liabilities; and
- (ii) tax-exempt income account of approximately RM6,511,000 (2006 - RM509,000) available for the purpose of paying tax-exempt dividends.

18. NON-CURRENT LIABILITIES

	The Group	
	2007 RM'000	2006 RM'000
Hire purchase and lease payables:		
- repayable after twelve months (Note 22)	4,035	3,849

19. DEFERRED TAXATION

At 1 October 2006/2005	5,389	3,243
Transfer from income statements (Note 26)	1,277	2,146
At 30 September	6,666	5,389

The deferred taxation is attributable to temporary differences between depreciation and capital allowances on qualifying capital expenditure.

20. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 days to 60 days.

The foreign currency exposure profile of trade payables is as follows:-

	The Group	
	2007 RM'000	2006 RM'000
Japanese Yen	2	-
Singapore Dollar	346	640
United States Dollar	1,608	1,888

21. OTHER PAYABLES AND ACCRUALS

The foreign currency exposure profile of other payables is as follows:-

	The Group		The Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Japanese Yen	17	1,126	-	-
Singapore Dollar	236	162	-	-
United States Dollar	959	-	-	-

22. SHORT TERM BORROWINGS AND BANK OVERDRAFT

Short term borrowings comprise the following:-

	The Group	
	2007	2006
	RM'000	RM'000
Bills payable	2,471	1,504
Hire purchase and lease payables	4,125	7,062
	6,596	8,566

The weighted average effective interest rates at the balance sheet date were as follows:-

	The Group	
	2007	2006
	%	%
	per annum	per annum
Bank overdraft	7.75	7.75
Bills payable	3.5 - 6.8	7.81
Hire purchase and lease payables	3.1 - 9.7	6.50

The bills payable, bank overdraft and hire purchase payables are secured by corporate guarantees issued by the Company and a subsidiary of the Company.

Notes to the Financial Statements

for the Financial Year ended 30 September 2007

(Cont'd)

22. SHORT TERM BORROWINGS AND BANK OVERDRAFT

Details of the hire purchase and lease payables outstanding at the balance sheet were as follows:-

	The Group	
	2007 RM'000	2006 RM'000
Minimum hire purchase and lease payments:		
- not later than one year	4,504	7,547
- later than one year and not later than five years	4,186	4,087
	8,690	11,634
Less: Future finance charges	530	723
Present value of hire purchase and lease payables	8,160	10,911
Current:		
- not later than one year	4,125	7,062
Non-current:		
- later than one year and not later than five years (Note 18)	4,035	3,849
	8,160	10,911

23. NET ASSETS PER SHARE

The net assets per share of the Group is calculated based on the net assets value of RM113,862,554 (2006 - RM98,969,124) divided by the number of ordinary shares in issue at the balance sheet date of 586,319,520 (2006 - 586,319,520).

24. REVENUE

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue represents:-				
Invoiced value of goods sold and services rendered less discounts	104,491	89,912	-	-
Dividend income	-	-	12,682	13,109
Management fee	-	-	1,507	646
	104,491	89,912	14,189	13,755

25. PROFIT BEFORE TAXATION

This is arrived at after charging/(crediting):-

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Allowance for doubtful debts	15	449	-	-
Audit fee	70	55	12	10
Bad debts written off	27	241	-	-
Depreciation of property, plant and equipment	9,326	7,910	35	3
Directors' remuneration:				
- fee	26	30	26	30
- other emoluments	1,218	783	699	444
Interest expense:				
- bank overdraft	38	25	-	-
- bankers' acceptances	35	-	-	-
- bills payable	227	129	-	-
- hire purchase and lease	651	966	-	-
- term loans	-	73	-	-
Loss on foreign exchange:				
- realised	1,328	131	-	-
Plant and equipment written off	129	354	5	-
Rental of premises	407	487	-	-
Staff costs	15,061	11,235	462	282
Allowance for doubtful debts no longer required	(439)	-	-	-
Dividend income (gross)	-	-	(12,682)	(13,109)
Gain on foreign exchange:				
- unrealised	-	(144)	-	-
Gain on disposal of plant and equipment	(191)	(109)	-	-
Interest income	(568)	(550)	(137)	(381)
Rental income	(60)	-	-	-

Notes to the Financial Statements

for the Financial Year ended 30 September 2007

(Cont'd)

26. TAXATION

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<u>Income tax expense</u>				
Current financial year	2,486	1,771	433	288
(Over)/Underprovision in previous financial year	(122)	1	6	-
	2,364	1,772	439	288
<u>Deferred taxation expense (Note 19)</u>				
Current financial year	1,122	1,851	-	-
Underprovision in previous financial year	155	295	-	-
	1,277	2,146	-	-
<u>Deferred tax assets</u>				
Reversal of reinvestment allowance benefits	-	175	-	-
Tax expense for the financial year	3,641	4,093	439	288

26. TAXATION (CONT'D)

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Profit before taxation	30,884	25,076	12,794	13,083
Tax at the statutory tax rate of 27% (2006 - 28%)	8,339	7,021	3,454	3,663
Tax effects of:-				
Non-deductible expenses:				
- depreciation on non-qualifying assets	64	95	-	-
- expenses disallowed for tax purposes	200	487	88	72
Non-taxable gain (Over)/Underprovision in previous financial year:	(135)	(2)	(3,109)	(3,447)
- income tax	(122)	1	6	-
- deferred taxation	155	295	-	-
Deferred tax asset not recognised during the financial year	-	3	-	-
Reinvestment allowance	(4,739)	(3,714)	-	-
Utilisation of previously unrecognised deferred tax asset	-	(20)	-	-
Differential in tax rates and others	(121)	(73)	-	-
Tax expense for the financial year	3,641	4,093	439	288

During the current financial year, the statutory tax rate was reduced from 28% to 27%.

Subject to agreement with the tax authorities, the Group has unutilised tax losses, unutilised reinvestment allowances and unabsorbed capital allowances of approximately RM115,000 (2006 - Nil), RM1,731,000 (2006 - RM9,211,000) and RM162,000 (2006 - RM59,000) respectively at the balance sheet date available for offset against future taxable business income.

27. EARNINGS PER SHARE

The basic earnings per share for the financial year has been calculated by dividing the consolidated profit attributable to the shareholders of RM26,619,820 (2006 - RM20,657,977) over the number of ordinary shares in issue during the financial year of 586,319,520 (2006 - 586,319,520).

There is no diluted earnings per share for the current financial year as there are no potential dilutive ordinary shares.

Notes to the Financial Statements

for the Financial Year ended 30 September 2007

(Cont'd)

28. DIVIDENDS PER SHARE

	The Company	
	2007 sen	2006 sen
In respect of financial year ended 30 September 2006:		
- Interim tax-exempt dividend of 20% per ordinary share of RM0.10 each*	-	2
Second interim tax-exempt dividend of 10% per - ordinary share of RM0.10 each	-	1
In respect of financial year ended 30 September 2007:		
- Interim tax-exempt dividend of 10% per ordinary share of RM0.10 each	1	-
	1	3

* Based on 293,159,760 ordinary shares before 1:1 bonus issue made on 2 August 2006.

The directors now propose a final tax-exempt dividend of 11% per ordinary share amounting to RM6,449,515 in respect of the current financial year. The dividend is subject to approval by shareholders at the forthcoming Annual General Meeting and has not been included as a liability in the financial statements.

29. EFFECT OF ADOPTION OF FRS 3

Prior to 1 October 2006, negative goodwill on consolidation was maintained in the balance sheets of the Group at its initial amount. Under FRS 3, any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is now recognised immediately in profit or loss. In accordance with the transitional provisions of FRS 3, the negative goodwill on consolidation as at 1 October 2006 of RM14,299,119 was derecognised with a corresponding increase in retained profits.

30. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cost of property, plant and equipment acquired	16,664	34,749	324	13,768
Amount financed through hire purchase	(5,233)	(4,621)	-	-
Cash disbursed for purchase of property, plant and equipment	11,431	30,128	324	13,768

31. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statements, cash and cash equivalents comprise the following:-

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Short term deposits with licensed banks	16,171	7,022	11,272	5,082
Cash and bank balances	3,947	2,972	31	154
Bank overdraft	(489)	-	-	-
	19,629	9,994	11,303	5,236

32. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by directors of the Company during the financial year was as follows:-

The Group 2007	No. Of Directors	Salaries And Bonus RM'000	EPF & SOC SO RM'000	Fee RM'000	Allowances RM'000	Total RM'000
Executive						
- Between RM250,001 and RM300,000	3	700	78	-	-	778
- Above RM300,001	1	369	38	-	-	407
	4	1,069	116	-	-	1,185
Non-Executive						
- Less than or equal to RM50,000	3	-	-	26	33	59
	7	1,069	116	26	33	1,244

Notes to the Financial Statements

for the Financial Year ended 30 September 2007

(Cont'd)

32. DIRECTORS' REMUNERATION (CONT'D)

The Group 2006	No. Of Directors	Salaries And Bonus RM'000	EPF & SOCSO RM'000	Fee RM'000	Allowances RM'000	Total RM'000
Executive						
- Between RM150,001 and RM200,000	3	452	50	-	-	502
- Between RM200,001 and RM250,000	1	223	27	-	-	250
	4	675	77	-	-	752
Non-Executive						
- Less than or equal to RM50,000	2	-	-	30	31	61
	6	675	77	30	31	813
The Company 2007						
Executive						
- Between RM250,001 and RM300,000	1	233	26	-	-	259
- Above RM300,001	1	369	38	-	-	407
	2	602	64	-	-	666
Non-Executive						
- Less than or equal to RM50,000	3	-	-	26	33	59
	5	602	64	26	33	725
2006						
Executive						
- Between RM150,001 and RM200,000	1	148	15	-	-	163
- Between RM200,001 and RM250,000	1	223	27	-	-	250
	2	371	42	-	-	413
Non-Executive						
- Less than or equal to RM50,000	2	-	-	30	31	61
	4	371	42	30	31	474

33. SIGNIFICANT RELATED COMPANY TRANSACTIONS

	The Company	
	2007 RM'000	2006 RM'000
Dividend income from a subsidiary	12,682	13,109
Management fee received from subsidiaries	1,507	646

34. FOREIGN CURRENCY RATES

The applicable foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the balance sheet date were as follows:-

	The Group	
	2007 RM	2006 RM
Australian Dollar	3.00	2.75
Euro	4.83	4.68
Japanese Yen	0.03	0.03
Singapore Dollar	2.28	2.29
Swiss Franc	2.91	2.94
United States Dollar	3.39	3.65

35. CONTINGENT LIABILITIES

	The Company	
	2007 RM'000	2006 RM'000
Unsecured:-		
(i) Corporate guarantee given to financial institutions for banking facilities granted to subsidiaries	25,200	24,200
(ii) Corporate guarantee given to financial institutions for hire purchase facilities granted to subsidiaries	21,658	4,534
	46,858	28,734

36. CAPITAL COMMITMENTS

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Approved and contracted for:				
- Purchase of plant and equipment	18,239	5,410	-	-
- Forward contracts to hedge proceeds in United States Dollar*	20,718	-	-	-

* Forward contracts entered were based on exchange rates of between RM3.40 to RM3.45 per 1 USD and have maturity periods ranging from 3 months to 12 months.

37. SEGMENTAL INFORMATION

The Group comprises the following main business segments:-

Investing Investment holding and provision of management services.

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37. SEGMENTAL INFORMATION (CONT'D)

	Manufacturing RM'000	Investing RM'000	Group RM'000
The Group 2007			
<u>Assets And Liabilities</u>			
Segment assets	137,747	11,628	149,375
Investment in an associate	736	-	736
	138,483	11,628	150,111
Segment liabilities	28,664	6,072	34,736
<u>Other Information</u>			
Capital expenditure	16,340	324	16,664
Depreciation	9,291	35	9,326
Allowance for doubtful debts	15	-	15
Plant and equipment written off	124	5	129
The Group 2006			
<u>Assets And Liabilities</u>			
Segment assets	118,203	11,453	129,656
Segment liabilities	28,484	1,314	29,798
<u>Other Information</u>			
Capital expenditure	34,749	-	34,749
Depreciation	7,907	3	7,910
Allowance for doubtful debts	449	-	449
Plant and equipment written off	354	-	354

Information on the carrying amount of segment assets and liabilities by geographical area has not been provided for as the Group operates principally in Malaysia.

38. SIGNIFICANT EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

On 7 January 2008, the Company's wholly-owned subsidiary, Notion Venture Sdn. Bhd. entered into a conditional Sale and Purchase Agreement with a third party to purchase a piece of freehold land and building for a total cash consideration of RM8,000,000.

Notes to the Financial Statements

for the Financial Year ended 30 September 2007

(Cont'd)

39. NUMBER OF EMPLOYEES

	The Group		The Company	
	2007	2006	2007	2006
Number of employees at the balance sheet date	1,092	783	9	3

40. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:-

(a) Investment In Subsidiaries

It is not practical to estimate the fair values of the Company's non-current unquoted investments because of the lack of quoted market prices and the inability to estimate the fair value without incurring excessive costs.

(b) Hire Purchase And Lease Obligations

The carrying amounts approximated the fair values of the instruments. The fair values of hire purchase payables are determined by discounting the relevant cash flows using current interest rates for similar types of instruments.

(c) Cash And Cash Equivalents, Receivables And Payables

The carrying amounts approximated their fair values due to the relatively short term nature of these financial instruments.

The carrying values of all other financial assets and liabilities including contingent liabilities as disclosed in Note 35 to the financial statements as at 30 September 2007 are not materially different from their fair values.

(d) Short Term Borrowings And Other Current Liabilities

The carrying amounts approximated their fair values due to the relatively short term nature of these financial instruments.

41. COMPARATIVE FIGURES

The following comparative amounts have been restated as a result of accounting for the effects of FRS 3:-

FRS 3 - Business Combinations

The Group	At 1.10.2006 RM'000	Effects of FRS 3 RM'000	At 1.10.2006 After incorporating effects of FRS 3 RM'000
<u>Balance Sheets (Extract)</u>			
Negative goodwill on consolidation	14,299	(14,299)	-
Retained profits	12,204	14,299	26,503
<u>Income Statements (Extract)</u>			
Profit before taxation	26,792	(1,716)	25,076
Other operating income	3,761	(1,716)	2,045
<u>Cash Flows Statements (Extract)</u>			
Profit before taxation	26,792	(1,716)	25,076
Amortisation of negative goodwill on consolidation	(1,716)	1,716	-

List of Properties

held as at 30 September 2007

Lot No./Location/Description	Date of Acquisition/Completion	Land Area (sq ft) (Approximate)	Tenure	Net Book Value (RM) as at 30 Sept 2007
1½ Storey Semi-Detached Light Industrial Factory held under HS(M) No. 22229, PT No. 27966, Mukim Kapar, Daerah Klang (Approximate age of building: 3 years) Address: No.11, Jalan Teruntum 20 KU/8, di Jalan Teratai, Batu 5½, Jalan Meru, 41050, Klang, Selangor DE	26 Feb 04	7,653	Freehold	553,827
1½ Storey Semi-Detached Light Industrial Factory held under HS(M) No. 22230, PT No. 27967, Mukim Kapar, Daerah Klang (Approximate age of building: 3 years) Address: No.11A, Jalan Teruntum 20 KU/8, di Jalan Teratai, Batu 5½, Jalan Meru, 41050, Klang, Selangor DE	26 Feb 04	7,653	Freehold	553,827
3 Storeys Office Building with Factory Building held under HS(D) No. 13321, PT No. 371 and HS(D) No. 22781, PT No. 10649, Mukim Kapar, Daerah Klang (Approximate age of building: 2 years) Address: Lot 6123, Jalan Haji Salleh, Batu 5½, Jalan Meru, 41050, Klang, Selangor DE	10 Aug 06	304,988	Freehold	25,106,549

Note : Revaluation of properties have not been carried out on any of the above properties to date.

Analysis of Share Holdings

as at 4 February 2008

Share Capital

Authorised Share Capital	:	RM100,000,000 of 1,000,000,000 ordinary shares of RM0.10 each
Issued and Paid-Up Share Capital	:	RM58,631,952.00 comprising of 586,319,520 ordinary shares of RM0.10 each
Class of Shares	:	Ordinary shares of RM0.10 each
Voting Rights	:	Every member of the Company, present in person or by proxy or by attorney or other duly authorised representatives, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each share held
Number of shareholders	:	3,061

Analysis of Shareholdings

Holdings	No. of holders	Total holdings	Percentage (%)
1 – 99	0	0	0.000
100 – 1,000	110	85,000	0.015
1,001 – 10,000	1,712	10,559,300	1.801
10,001 – 100,000	1,062	35,791,700	6.104
100,001 – 29,315,975*	173	243,714,258	41.567
29,315,976 and above**	4	296,169,262	50.513
TOTAL	3,061	586,319,520	100.000

Notes:

* - less than 5% of issued shares

** - 5% and above of issued shares

Substantial Shareholdings (Holding 5% or More of the Share Capital)

Shareholders	Direct		Deemed	
	No. of shares	%	No. of shares	%
Thoo Chow Fah	44,590,746	7.61	-	-
William Choo Wing Hong	95,654,370	16.31	-	-
John Choo Wing Onn	64,590,746	11.02	-	-
Koperasi Permodalan Felda Berhad	91,333,400	15.58	-	-

Analysis of Share Holdings (Cont'd)

List of Thirty (30) Largest Registered Shareholders

Name	No. of shares held	Percentage (%)
1. Choo Wing Hong	95,654,370	16.31
2. Koperasi Permodalan Felda Berhad	91,333,400	15.58
3. Choo Wing Onn	64,590,746	11.02
4. Thoo Chow Fah	44,590,746	7.61
5. Lee Tian Yoke	28,598,110	4.88
6. Perbadanan Nasional Berhad	20,000,000	3.41
7. AllianceGroup Nominees (Tempatan) Sdn Bhd Pheim Asset Management Sdn Bhd For Employees Provident Fund	15,000,000	2.56
8. Choo Wing Leong	14,095,756	2.40
9. Choo Wing Kin	14,075,756	2.40
10. Choo Wing Yew	14,075,656	2.40
11. Choo Wai Sook	10,653,100	1.82
12. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	10,200,000	1.74
13. Lembaga Tabung Angkatan Tentera	10,000,000	1.70
14. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LGF)	6,400,000	1.09
15. AMMB Nominees (Tempatan) Sdn Bhd AmTrustee Berhad For HLG Strategic Fund (L6 Strategic)	6,376,100	1.09
16. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Sin Ah Mooi	5,939,500	1.01
17. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (DR)	5,690,000	0.97
18. HSBC Nominees (Asing) Sdn Bhd Exempt An For HSBC Private Bank (Suisse) S.A. (Nassau AC CL)	5,000,000	0.85
19. Goh Kim Cheok	4,950,000	0.84
20. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Oh Kim Sun (CEB)	4,000,000	0.68
21. Mohd Radzuan Bin Ab Halim	3,500,000	0.60
22. Chan Chi Kuang @ Chan Chee Kheong	3,166,300	0.54
23. Lee Chee Keong	2,671,920	0.45

List of Thirty (30) Largest Registered Shareholders (Cont'd)

Name	No. of shares held	Percentage (%)
24. Cimsec Nominees (Asing) Sdn. Bhd. ING Asia Private Bank Ltd For George Yorgo Filmeridis	2,200,000	0.37
25. Yong Swe Lan	1,917,500	0.33
26. Ke-Zan Nominees (Asing) Sdn. Bhd. Kim Eng Securities Pte. Ltd. For Ooi Thean Seng Douglas	1,500,000	0.25
27. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mohd Radzuan Bin Ab Halim	1,500,000	0.25
28. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LSF)	1,433,500	0.24
29. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Peh Keng Lea	1,428,100	0.24
30. Md Sharif Bin Shamsuddin	1,400,000	0.24
Total	491,980,000	83.91

Statement of Directors' Interest

	Direct		Deemed	
	No. of shares	%	No. of shares	%
Thoo Chow Fah	44,590,746	7.61	10,653,100*	1.82
William Choo Wing Hong	95,654,370	16.31	-	-
John Choo Wing Onn	64,590,746	11.02	-	-
Lee Tian Yoke	28,598,110	4.88	-	-
Saw Tat Loon	-	-	-	-
Alwin Yike Chee Wah	-	-	-	-
Anita Chew Cheng Im	-	-	-	-

Note:

By virtue of his interests in shares in the Company, William Choo Wing Hong is deemed to have interests in the subsidiaries to the extent of the Company's interests, pursuant to Section 6A of the Companies Act, 1965.

Alwin Yike Chee Wah, Saw Tat Loon and Anita Chew Cheng Im did not have any interest in shares in the Company or its related corporations during the financial year.

* Interest in shares held by his spouse, Choo Wai Sook pursuant to Section 134(12) of the Companies (Amendment) Act, 2007.

Additional Information

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, 1965 so as to give a true and fair view of the state of affairs of the Group and the Company as at 30 September 2007 and of 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 are kept which disclose with reasonable accuracy of the financial position of the Group and Company and are kept in accordance with the Companies Act, 1965. 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 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.

CORPORATE RESPONSIBILITY ("CR")

The CR practices adopted by the Company and its subsidiaries during the year are presented on pages 21 and 22 of the Annual Report.

OPTION WARRANTS AND CONVERTIBLE SECURITIES

The Company has not issued any warrants and convertible securities during the financial year.

DEPOSITORY RECEIPTS

The Company did not sponsor any Depository Receipts during the financial year.

SANCTIONS AND/OR PENALTIES

There was no material sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year.

PROFIT GUARANTEE

During the financial year, there was no profit guarantee issued by the Company.

NON-AUDIT FEES

There was no non-audit fees paid by the Company to external auditors or company affiliated to the external auditor's firm for the financial year 30 September 2007.

REVALUATION POLICY ON LANDED PROPERTIES

The Company and its subsidiary did not adopt any revaluation policy on landed properties during the financial year.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of NOTION VTEC BERHAD (“Company” or “NVB”) will be held at Kuala Lumpur Golf & Country Club (KLGCC), No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Friday, 28 March 2008 at 9.30 a.m. for the following purposes:-

1. To receive the audited financial statements for the financial year ended 30 September 2007 together with the Reports of the Directors and Auditors thereon. **(Ordinary Resolution 1)**
2. To re-elect the following Directors who are retiring in accordance with Article 69 of the Articles of Association of the Company:
 - i) William Choo Wing Hong; and **(Ordinary Resolution 2)**
 - ii) Lee Tian Yoke. **(Ordinary Resolution 3)**
3. To re-elect Anita Chew Cheng Im who are retiring in accordance with Article 74 of the Articles of Association of the Company. **(Ordinary Resolution 4)**
4. **Directors’ fees**
To approve the following:-
 - i) Payment of Directors’ fees amounting to RM26,000 for the year ended 30 September 2007; and **(Ordinary Resolution 5)**
 - ii) Increase in Directors’ fee to an amount not more than RM120,000 in aggregate with effect from 1 October 2007. **(Ordinary Resolution 6)**
5. To re-appoint Messrs Horwath as Auditors and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 7)**
6. **Special Business**

***Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965**

“THAT pursuant to Section 132D of the Companies Act, 1965, 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 Annual General Meeting 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 issued share capital of the Company for the time being, subject to the Articles of Association of the Company and approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad (“Bursa Securities”) and other relevant bodies where such approval is necessary.”

(Ordinary Resolution 8)

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a final tax-exempt dividend of 1.1 sen per ordinary share of RM0.10 each for the financial year ended 30 September 2007, if approved, will be paid on 10 June 2008 to Depositors whose names appear in the Record of Depositors of the Company on 20 May 2008.

A depositor shall qualify for entitlement to the dividend only in respect of:-

- a) Securities transferred into the Depositor’s Securities Account before 5.00 p.m. on 20 May 2008 in respect of transfers; and
- b) Securities bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

MAH LI CHEN (MAICSA 7022751)
LIM SIEW TING (MAICSA 7029466)

Company Secretaries

Kuala Lumpur
5 March 2008

Notice of Annual General Meeting (Cont'd)

Notes:

- (1) 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.
- (2) A Member may appoint up to two (2) proxies to attend the same 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 authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said securities account.
- (3) 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.
- (4) The instrument appointing a proxy and the power of attorney or other attorney, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office of the Company at C15-1, Level 15, Tower C, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time for holding of the meeting or adjourned meeting.
- (5) ***Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965**
The proposed Ordinary Resolution 8, if passed, will empower the Directors from the conclusion of this Annual General Meeting, to allot and issue up to a maximum of 10% of the issued share capital of the Company for the time being (other than bonus or rights issue) for such purposes as they consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting of the Company.

Statement Accompanying The Notice of Annual General Meeting

1. The Directors who are standing for re-election at the Fourth Annual General Meeting of the Company:
 - i) William Choo Wing Hong;
 - ii) Lee Tian Yoke; and
 - iii) Anita Chew Cheng Im.
2. The current Board has held five (5) meetings during the financial year ended 30 September 2007. Details of the current Directors' attendance since their respective appointments are as follows:

DIRECTORS	NO. OF MEETINGS ATTENDED
Thoo Chow Fah	5/5
William Choo Wing Hong	5/5
John Choo Wing Onn	5/5
Lee Tian Yoke	4/5
Saw Tat Loon	5/5
Alwin Yike Chee Wah	5/5
Anita Chew Cheng Im (Appointed as Director on 29 June 2007)	1/1

All five (5) meetings were held at Lot 6123 Jalan Haji Salleh, Batu 5½, Jalan Meru, 41050 Klang, Selangor Darul Ehsan on the following dates and time:

DATE	TIME
15 November 2006	10.30 a.m.
5 January 2007	10.30 a.m.
12 February 2007	10.30 a.m.
22 May 2007	10.30 a.m.
23 August 2007	11.00 a.m.

3. The Fourth Annual General Meeting of the Company will be held at Kuala Lumpur Golf & Country Club (KLGCC), No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Friday, 28 March 2008 at 9.30 a.m.
4. The profile of the Directors who are standing for re-election at the Fourth Annual General Meeting are set out in the "Directors' Profile" and their securities in the Company and its Subsidiaries are presented in the "Statement of Directors' Interest" on pages 14, 16 and 79 of this Annual Report.

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NOTIONVTEC

NOTION VTEC BERHAD

(Company No.637546-D)
(Incorporated in Malaysia under the Companies Act, 1965)

PROXY FORM

Number of Shares Held

* I/We _____
of _____
being a Member(s) of NOTION VTEC BERHAD (637546-D), hereby appoint _____
of _____ or failing
him/her _____ of _____

_____ or # THE CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us
on *my/our behalf at the Fourth Annual General Meeting of the Company to be held at Kuala Lumpur Golf & Country Club (KLGCC),
No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Friday, 28 March 2008 at 9.30 a.m. or at any adjournment thereof
and to vote as indicated below :-

ORDINARY RESOLUTION		FOR	AGAINST
1	Receive the audited financial statements for the financial year ended 30 September 2007 and the Reports of the Directors and Auditors thereon.		
2	Re-election of William Choo Wing Hong as Director		
3	Re-election of Lee Tian Yoke as Director		
4	Re-election of Anita Chew Cheng Im as Director		
5	Approval for payment of Directors' fees amounting to RM26,000, for the financial year ended 30 September 2007		
6	Approval for Increase in Directors' fees up to RM120,000 in aggregate with effect from 1 October 2007		
7	Re-appointment of Messrs Horwath as the Auditors		
8	Special Business **Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965		

Mark either box if you wish to direct the proxy how to vote. If no mark is made 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.

If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "The Chairman of the Meeting" and insert the name(s) of the person(s) desired.

* Delete if not applicable.

Signed this _____ day of _____ 2008

Signature / Common Seal of Shareholder

Notes:

- (1) 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.
- (2) A Member may appoint up to two (2) proxies to attend the same 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 authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said securities account.
- (3) 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.

- (4) The instrument appointing a proxy and 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 Registered Office of the Company at C15-1, Level 15, Tower C, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time for holding of the meeting or adjourned meeting.
- (5) ****Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965**
The proposed Ordinary Resolution 8, if passed, will empower the Directors from the conclusion of this Annual General Meeting, to allot and issue up to a maximum of 10% of the issued share capital of the Company for the time being (other than bonus or rights issue) for such purposes as they consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting of the Company.

Then Fold Here

Affix
Stamp

The Company Secretary
NOTION VTEC BERHAD
C15-1, Level 15, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur

First Fold Here