

NOTIONVTEC

NOTION VTEC BERHAD

(Company No. 637546-D)
(Incorporated in Malaysia)

Annual
Report

2013



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

10th ANNUAL GENERAL MEETING

PLACE

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

TIME

9.30 am, Thursday, 20th March 2014

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NOTION VTEC BERHAD 637546-D

ANNUAL REPORT 2013



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Thoo Chow Fah
Executive Chairman

William Choo Wing Hong
Managing Director

John Choo Wing Onn
Executive Director

Lee Tian Yoke
Executive Director

Jerry Choo Wing Yew
Executive Director

Saw Tat Loon
Independent Non-Executive Director

Alwin Yike Chee Wah
Independent Non-Executive Director

Anita Chew Cheng Im
Independent Non-Executive Director

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
Anita Chew Cheng Im

NOMINATION COMMITTEE

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

COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)
Tan Wee Sin (MAICSA 7044797)

HEAD / MANAGEMENT OFFICE

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

REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : (603) 7720 1188
Fax : (603) 7720 1111

WEBSITE

www.notionvtec.com

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : (603) 2264 3883
Fax : (603) 2282 1886

AUDITORS

Crowe 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

PRINCIPAL BANKERS

Standard Chartered Bank Malaysia Berhad
Level 16, Menara Standard Chartered
30 Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : (603) 2781 7013
Fax : (603) 2142 8933

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

AmBank (M) Berhad
Wisma SH NG, No.42-44
Persiaran Sultan Ibrahim
41300 Klang, Selangor Darul Ehsan
Tel : (603) 3344 2752
Fax : (603) 3344 2755

Hong Leong Islamic Bank Berhad
Level 1, Wisma Hong Leong
18 Jalan Perak, 50450 Kuala Lumpur
Tel : (603) 2164 3939
Fax : (603) 2161 1278

Citibank Malaysia Berhad
42, Jalan Sultan Ahmad Shah
10050 Penang
Tel : (604) 818 1532
Fax : (604) 200 6323

STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad
Shares
Stock Name : Notion
Stock Code : 0083

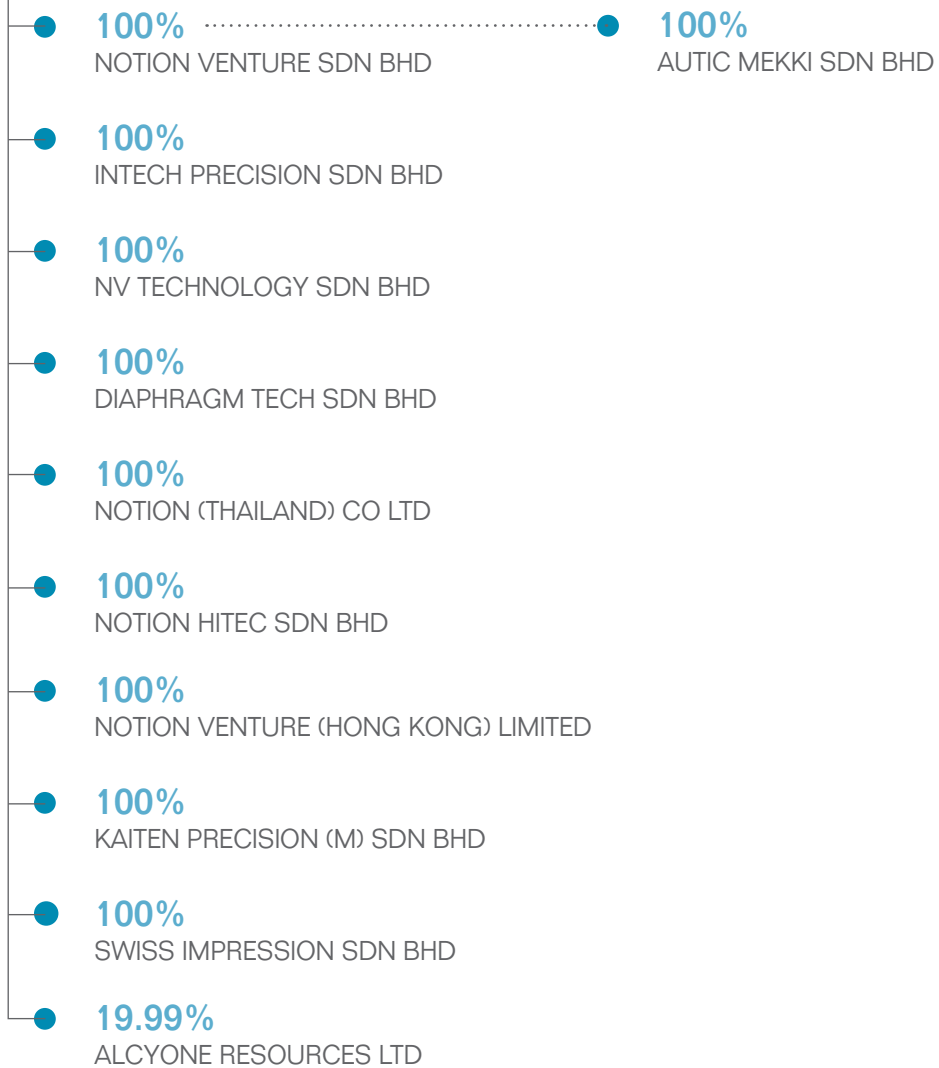
Warrants
Stock Name : Notion-WA
Stock Code : 0083WA

Stock Name : Notion-WB
Stock Code : 0083WB

CORPORATE STRUCTURE

NOTIONVTEC

NOTION VTEC BERHAD



FINANCIAL HIGHLIGHTS

The table below sets out a summary of the audited consolidated results of the Notion Group for the financial years ended 30 September 2009 to 2013.

		2013	2012	2011	2010	2009
Revenue	(RM'000)	222,315	308,827	236,767	225,401	172,703
Profit before Tax (PBT)	(RM'000)	29,513	57,322	55,808	44,272	42,727
Profit after Tax	(RM'000)	20,089	49,249	47,534	38,031	35,975
Profit attributable to owners of the Company	(RM'000)	18,242	49,264	47,464	38,002	35,898
Earning before interest, taxes, depreciation and amortization (EBITDA)	(RM'000)	75,483	96,590	92,846	72,586	64,815
No. of shares in issue*	(000)	270,418	270,418	270,418	270,418	270,418
Net earnings per share (EPS)**	(Sen)	7.6	18.2	17.6	14.1	13.2 #

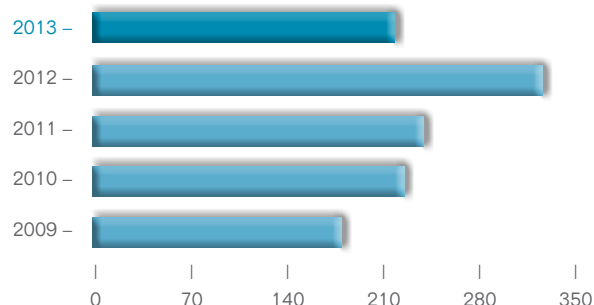
* The number of shares in issue has been restated as a result of the bonus issue made in year 2011 (including treasury shares).

** EPS is based on the restated number of shares as a result of the bonus issue made in year 2011 for comparison purposes.

Based on the issued and paid-up capital after the consolidation of every five ordinary shares of RM0.10 each into 1 new ordinary share of RM0.50 each. The share consolidation exercise was completed in November 2009.

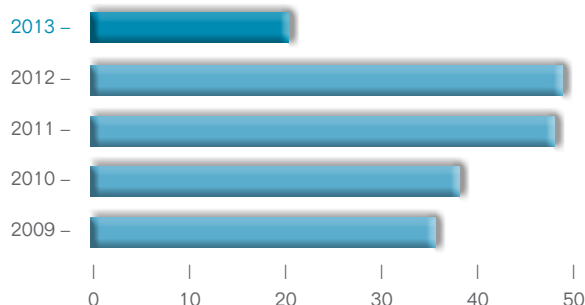
5-YEAR GROUP REVENUE

(RM Million)



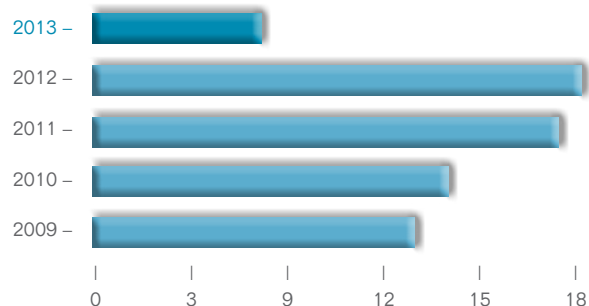
5-YEAR GROUP PROFIT AFTER TAX

(RM Million)



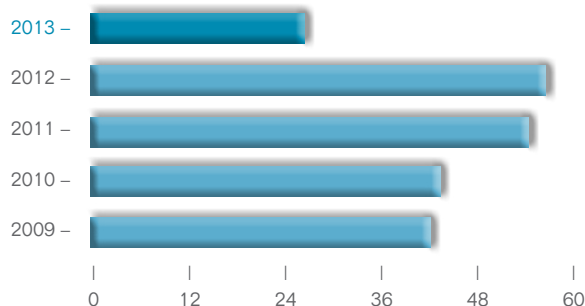
5-YEAR NET EARNINGS PER SHARE

(EPS)



5-YEAR GROUP PROFIT BEFORE TAX

(RM Million)



CHAIRMAN'S STATEMENT

Dear Shareholders

On behalf of the board of directors of Notion VTec Berhad, I am pleased to present the annual report for the financial year ended 30 September 2013.

THOO CHOW FAH
Executive Chairman



THE YEAR UNDER REVIEW

In the financial year 2011, there was the Japan earthquake and tsunami, which affected one of our biggest customers but we achieved record revenue and profit.

In the financial year 2012, our factory and customers were inundated by the massive flood in Thailand but we still made record revenue and profit.

Then, on 31 December 2012, we faced another crisis in the form of a fire incident in our Klang Plant.

I am proud to say that our Management has been quick to respond to the various crisis and is able to overcome each different situation with some success.

But sadly, our record breaking streak took a little break this financial year and for the first time since our first annual report issued in 2006, we recorded a dip in both our revenue and profit.

It has indeed been a challenging financial year. The calendar year 2013 started with the imposition of the minimum basic salary, which had a significant impact on our wage bill.

CHAIRMAN'S STATEMENT

The emerging markets were growing much slower due to less exports to the developed countries in particular the Euro Zone countries and with less consumer spending, orders from both our 2 biggest business sectors, the HDD and SLR camera segments were lower than the previous years.

Also, the extra orders that we benefited in 2012 from the Thailand flood affected customers who lost capacity, disappeared fairly quickly once the recovery was completed.

The fire insurance claim was finally settled at RM35.8 million on 12 August 2013 but the insurance claim for Business Interruption Policy is still ongoing and not finalised.

On a brighter note, our R&D division has successfully developed a robotic arm to be used for repetitive positioning of parts in place of labour. Also, we are experimenting with inline optical inspection of parts for defects to cut down on manual inspecting labour. It is imperative that our Group continues to strive to be less dependent on labour but on automation and robotics and applications of science and technology.

During the year, we also acquired a stake in Alcyone Resources Ltd, a silver producer listed on the Australia Stock Exchange (ASX), which is a mid term investment that we hope will turn around early 2014.

OPERATIONAL REVIEW

We regret to report that our Group recorded significantly lower revenue of RM222.3 million which was 27% lower than that achieved in FY2012 of RM308.8 million. Profit after tax was RM20.1 million which was 59.2% lower than previous year. The higher percentage drop in profit is mainly due to provision for unrealised foreign exchange loss of RM6.9 million.

The financial year 2013 started with lethargic 1st and 2nd quarters recording approximately RM50 million revenue per quarter due to significant reduction of orders from across the main business segments.

This was further compounded by the fire incident which occurred at the end of Q1, causing damage to a section of our main factory. The fire resulted in an assets loss with a book carrying value of approximately RM24.9 million. The Group however, has an Industrial All Risks and Business Interruption Policy coverage.

The minimum wage rate policy implemented in January 2013 also has some impact on our production costs.

The combined weak quarters of Q1 and Q2 resulted in a 1st half year revenue of approximately RM100 million and loss after tax of RM20.34 million.

SLR camera segment improved in Q3 with the hard disk drive (HDD) and auto/industrial segments remain stable.

The fire insurance claim on material loss was finalised with a full and final settlement offer by the insurer of RM35.8 million. The claim on the Business Interruption Insurance Policy was still being processed at that time.

Q3 ended with a year to date revenue of RM162.14 million and a profit after tax of RM19.79 million.

In Q4, orders from the SLR camera segment took a dip as it faces lower demand due to the slower economies in China and Europe.

Meanwhile, the HDD segment's dependency on enterprise bulk capacity sector for the internet and data centers and requirement for the multi platter and anti disk was good for our company. Orders remain stable in Q4.

We saw a slight improvement in the automotive segment with the new entrance of a new customer and continued support from an existing customer in the electronic braking system.

Our group also took a 19.9% stake in Alcyone Resources Ltd, a silver producing company, in Q1 of the financial year ending 30 September 2014.

The lower margin recorded in Q4 was mainly due to the provision of unrealized future derivative losses caused by the spike in the US Dollar at the end of September 2013.

During the year, our Group invested approximately RM33.7 million in capital expenditure.

EBITDA for the year was RM75.4 million which was approximately 33% of revenue while the cash and cash equivalents totalled RM43 million as at 30 September 2013.

CHAIRMAN'S STATEMENT

CORPORATE EXERCISES

During the year, we announced the distribution of a share dividend on the basis of 32 treasury shares for every 1,000 ordinary shares of RM0.50 each held. The distribution of a total of 8,317,275 treasury shares was completed on 20 June 2013.

On 4 October 2013, we announced that the Company has taken up an opportunity to subscribe for 975,000,000 ordinary shares representing 19.9% equity interest in Alcyone Resources Ltd, at an issue price of A\$0.005 per share for a total consideration of A\$4.875 million (equivalent to approximately RM14.7million based on A\$1.00:RM3.009). Upon completion of the subscription, Alcyone agreed to issue to the Company 487,500,000 free options with an exercise price of A\$0.01 expiring on 31 July 2015.

DIVIDEND

Despite a less profitable year, we are pleased to have declared and paid an interim tax exempt dividend of 1 sen per ordinary share on 15 January 2014.

In considering the quantum of the dividend, the Board has taken into account the earlier distribution of the Treasury shares as share dividend and the expectation of a challenging year ahead.

We are constantly mindful of the need to strike a balance between conserving resources for expansion and paying regular dividends.

OUTLOOK AND PROSPECTS

The Board is cautiously optimistic of the world economic situation with USA coming out of the recession and into fuller employment and the need for tapering of the quantitative easing which will probably see a gradual rise in interest rate.

The HDD continues to face the threat of the shift from HDDs to the solid state drives, given the popularity of smaller devices such as the smart phones and tablets. On a brighter note, the negative impact is somewhat mitigated by the robust growth of HDD in the enterprise segment. For the business segment, spanning enterprise space, cloud storage, big data and analytics, HDD remains the lowest cost of any storage media. In addition, demand for storage media remain strong due to the propagation of DVRs, gaming consoles and digital cameras.

It will be another tough year for the SLR camera segment. Given the current economic environment and consumer confidence, the penetration level of digital SLR camera is still quite low in China and other neighbouring Asian countries. These markets however have a lot of potential when the economic turns bullish.

Barring any black swan event, financial year ending 2014 is expected to still be a profitable financial year with a slight growth.

THANK YOU

We wish to thank all the stakeholders who have been patient and willing to support us in continuing to grow and sustain the business model of our Group for the foreseeable future benefiting shareholders, customers, suppliers, employees and the management.

THOO CHOW FAH

Executive Chairman

BOARD OF DIRECTORS

THOO CHOW FAH

Executive Chairman • Malaysian, aged 61

Mr Thoo Chow Fah was first appointed to the Board on 8 February 2005. In his capacity as Executive Chairman, Mr Thoo's key role is the macro management and investors' relation of the Group. 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.

WILLIAM CHOO WING HONG

Managing Director • Malaysian, aged 49

Mr William Choo Wing Hong was first appointed to the Board on 8 February 2005. In his capacity as Managing Director, Mr William Choo plays a key role in executing the strategic growth and development plans of the Group. He is the key technical person of the Group.

Prior to setting up Notion Venture Sdn Bhd, the principal manufacturing arm of the Group in 1995, he has garnered more than 21 years of CNC precision machining experience at Fujitsu Electronics Sdn Bhd, Johor, TPK Engineering Pte Ltd, Singapore, Motorola (M) Sdn Bhd, Sungei Way, Yamazen Sdn Bhd, Selangor and Preciturn Sdn Bhd, Bangi.

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

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

JOHN CHOO WING ONN

Executive Director • Malaysian, aged 47

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.

LEE TIAN YOKE

Executive Director • Malaysian, aged 43

Mr Lee Tian Yoke was first appointed to the Board on 8 February 2005. He heads the marketing team of the Notion Group, where his concentration is on non-HDD projects.

Mr Lee commenced his sales career in Mechcraft Trading Sdn Bhd, Kuala Lumpur. During his tenure with Mechcraft, he had made valuable contacts with many MNCs wanting to localize the manufacture and supply of component parts. In 1995, he moved to Preciturn Sdn Bhd where he was in charge of customer relations and new project development.

He received his Certificate in Marketing from HELP Institute, Kuala Lumpur in 1994.

JERRY CHOO WING YEW

Executive Director • Malaysian, aged 52

Jerry Choo was appointed to the Board on 10 November 2009.

He is a member of the Chartered Institute of Management Accountants, United Kingdom and the Malaysian Institute of Accountants. He started his professional career with Deloitte Kassim Chan & Co., a public accounting firm in 1983. Later in 1990, he moved into financial management positions in various corporations including public companies.

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

BOARD OF DIRECTORS

ALWIN YIKE CHEE WAH

Independent Non-Executive Director • Malaysian, aged 66

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

SAW TAT LOON

Independent Non-Executive Director • Malaysian, aged 43

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

He was previously with Crowe Horwath, Chartered Accountants for 4 years in which he undertook a variety of audit assignments. He was also extensively involved in a successful public listing exercise on Hong Kong Stock Exchange in 1999. Subsequently, he joined a global media specialist in 2000 as a Finance Manager, overseeing the group financial reporting, Sarbane-Oxley's compliance and treasury functions. In 2008, he continued his career with a petrochemical company as a Financial Controller, responsible for the group financial and treasury management.

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

ANITA CHEW CHENG IM

Independent Non-Executive Director • Malaysian, aged 47

Ms Anita Chew Cheng Im was first appointed to the Board on 29 June 2007. She is the Chairman of the Nomination Committee as well as a member of the Audit and Remuneration Committees.

She started her career as an audit assistant at KPMG, Melbourne in 1989. In 1992, she joined the corporate finance department of Bumiputra Merchant Bankers Berhad and subsequently worked at Alliance Investment Bank Berhad and HwangDBS Investment Bank Berhad. She was involved in most related areas of corporate finance work during her 15 years tenure in the various investment banks, having advised clients on IPO, fund raising and corporate restructuring exercises. Her last held position at HwangDBS was senior vice president, equity capital market.

She also sits on the Board of MK Land Holdings Berhad and 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, John Choo Wing Onn and Jerry Choo Wing Yew are siblings. They are also brothers-in-law of Mr Thoo Chow Fah.

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

2. Conflict of Interest

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

3. Conviction of Offences

None of the Directors has any conviction for offences within the past 10 years.

4. Attendances at Board Meetings

The details of the Directors' attendance at Board Meetings are set out on page 16 of this Annual Report.

5. Shareholdings

The details of the Directors' interest in the securities of the Company are set out on pages 107, 110 and 113 of this Annual Report.

KEY MANAGEMENT

EE MENG PIN

aged 51, General Manager

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 20 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 46, Engineering Manager

He is the Engineering Manager of Notion Venture Sdn Bhd, the main manufacturing arm of the Group.

He was previously appointed as the QA Manager for the group since 1996. He is now responsible for the development and implementation of the policies, standards and procedures for the engineering and technical work performed in the group. He is also in charge of coordinating and directing projects, making detailed plans to accomplish goals and directing the integration of technical activities. Thus, he also analyses technology and resource needs, and market demand to plan and assess the feasibility of projects for the group.

LOUIS CHEAH KING YOONG

aged 47, Business Development Manager

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 subsidiary 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 55, Business Development Manager

He is in charge of establishing contacts with potential overseas customers in key industries. 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.

DAVID CHOO WING KIN,

aged 40, Purchasing Manager

David has more than 20 years of experience in 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.

KEY MANAGEMENT

GRACE TAN SOOK WANG

aged 47, Production Planning Manager

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.

ER CHAI CHUAN

aged 34, QA Manager

He joined the group in 2003 as a fresh graduate. In the initial part of his career with the group, he was involved in various departments, namely Quality Assurance, Engineering and Production.

In this position, he is responsible for the successful implementation of quality management system in compliance with BS EN 9001:2008, ISO 14001:2009, and TS 16949, the standards that are used in all aspects of production in the group. He oversees the training for inspection process, data collection and its analysis, usage of measuring equipment and the execution of regular quality activity that ensures good and consistent manufacturing process.

He obtained his Diploma in Mechanical Engineering from TAR College in 2001, and his Bachelor Degree in Mechanical and Manufacturing Engineering from Sheffield Hallam University in 2003. He attended various training programmes related to quality and management.

NOUYUKI SOGA

aged 54, Business Development Manager

He joined the group in 2005 and was responsible for camera parts business. The following year he was assigned to manage business development function related to camera parts specifically targeted at Japanese clients namely NIKON, CANON and SONY. He coordinates meetings and discussions with clients and the company R&D team. He reports directly to the Executive Director, Business Development and Marketing.

His past experience includes about 20 years with Japan Victor Company (JVC) of Japan, and also about 5 year stint with JVC Malaysia as Advisor for VTR Production.

AHMAD MURAD ABD RAHMAN

aged 60, Human Resource Advisor

He joined the Group in July 2010 and is responsible for all human resource and administration functions. He manages the industrial relations, compensation and benefits and succession planning, apart from the administrative part of human resource like payroll and leave administration. He also assists in the restructuring exercise within the group, and is responsible for setting up well-defined grading system and salary structure. He is very knowledgeable in labour laws of Malaysia.

He has about 30 years of experience, mostly in human resource functions, some in public listed companies in transport, civil engineering and construction, telecommunication, radio transmission, textile and hospitality activities. He has been the Country Manager for Sudan while working for a Malaysian company involved in construction in that country.

He obtained his Diploma in Business Administration from Central London College and post-graduate Diploma in Management from University of Hertfordshire, St Albans, UK (then called Hatfield Polytechnic). He also attended the Senior Management Development Program run by Harvard Business School of USA.

CHAN TUCK SENG

aged 46, General Manager

He joined the Group as general manager in May 2012. His portfolio includes executing and managing all aspects of the company's operations, developing guidelines for manufacturing processes, devising and planning of company's policies, systems, planning and supervising the monthly production activities and resources required.

Prior to Joining the Notion Group, he served at JVC Malaysia Sdn Bhd, a multinational manufacturer of Audio Products & VCR Components as Deputy General Manager. He has 23 years of working experience and is technically sound in the manufacturing of camcorder, satellite decoders, set top boxes, VCR, DVD combination models and VCR related PCB. He also has a good understanding and well versed in the implementation of the ISO 9001:2000 and ISO 14001 quality systems.

He obtained his tertiary technical qualifications in Electrical & Electronics from Politeknik, Kuantan.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Our Group recognises 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 recognise 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 organisational 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 our 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 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.

We value the importance of pollution prevention, biodiversity, environmental protection and also resource conservation, which are essential to a sustainable environment. To this end, we have complied with the European Union's policy on the restriction use of hazardous substance in electrical and electronic equipment which came to effect in June 2007. We shall continue to work with industry peers and suppliers to identify technologies and processes that will help reduce hazardous substances in our manufacturing processes and products. We will further ensure that our suppliers understand and are also committed to comply with the policy.

Reusing and recycling of office stationery and paper, switching off the lights and air conditioners when they are not in use are among some of the conservation measures taken by our Group.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Stakeholder Relations

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

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 year, we invited 50 students from Malaysian Institute of Technology Sdn Bhd to our factory. Discussions and presentations were held to provide the students with information on the skills and knowledge required for our industry.

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Board 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 statement describes how the Company has applied its corporate governance framework and practices of the Group to comply with the Principles and Recommendations as prescribed in the new Malaysian Code on Corporate Governance 2012 (Code), unless stated otherwise, during the year ended 30 September 2013.

A. BOARD OF DIRECTORS

Role of the Board of Directors

The Board oversees management and ensures that shareholders' long-term interests are served. Through oversight, review and counsel, the Board establishes and promotes the Group's business and organizational objectives, provides leadership to the Group, oversees business affairs and integrity, works with management to determine the Group's mission and long-term strategy.

The Board has delegated certain responsibilities to committees which operate in accordance with the Board Charter and respective terms of reference approved by the Board and delegated the day to day management of the business of the Group to Management and Managing Director.

The Board is responsible for overseeing risk management of the Company. The Board exercises direct oversight of strategic risks to the Company and other risk areas are delegated to one of its committees.

The Board shall reserve a formal schedule of matters for its decision to ensure that the direction and control of the Group is firmly in its hands. This includes strategic issues and planning, material acquisition and disposal of assets, capital expenditure, risk management policies, appointment of auditors and review of the financial statements, financing and borrowing activities, ensuring regulatory compliance and reviewing the adequacy and integrity of internal controls.

The principal duties and responsibilities of the Board including those adopted from the Code are:

- reviewing and adopting a strategic plan including setting performance objectives and approving operating budgets for the Group and ensuring that the strategies promote sustainability;
- monitoring the Company's performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and within a framework of prudent and effective controls which enables risk to be assessed and managed;
- reviewing the procedures to identify principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- set, review and ensure compliance with the Company's principles, values and ethos of the Company;
- establishing proper succession planning, including appointing, assessing, training, fixing the compensation of and where appropriate, replacing Board and senior management;
- developing and implementing an investor relations programme or shareholder communications policy for the Group;
- reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines; and
- ensuring that the Company adheres to high standards of ethics and corporate behaviour.

In overseeing the conduct of the Group's business, the Board shall ensure that an appropriate financial planning, operating and reporting framework as well as an embedded risk management framework is established. Elements under this combined framework include the business plan, the budget, financial statements and risk management reports.

CORPORATE GOVERNANCE STATEMENT

Board Composition and Balance

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

As at 30 September 2013, the Board consists of eight (8) directors of whom three (3) are non-executive and independent. The composition of independent non-executive directors is in compliance with the minimum prescribed in the 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
Jerry Choo Wing Yew	- Executive Director

Independent Non-Executive Directors

Saw Tat Loon
Alwin Yike Chee Wah
Anita Chew Cheng Im

The composition of the Board has been reviewed by the NC which is of the view that the current Board size of eight (8) directors, is appropriate and effective, taking into account the nature and scope of the Company's operations. The Board is satisfied that the current Board composition fairly reflects the interests of the minority shareholders in the Company and provides the appropriate balance and size to govern the Company effectively.

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 are set out on pages 8 and 9.

Clear Division of Roles

There is a clear division of responsibilities between the Chairman and Managing Director, who also assumes the role of the Chief Executive Officer (CEO), to ensure that there is a balance of power and authority. In ensuring this balance, the positions of the Chairman and Group Managing Director are held by separate members of the Board as recommended under the Code.

Mr Thoo Chow Fah, the Chairman of the Board, is responsible for, among others, the exercise of control over quantity, quality and timeliness of the flow of information between the management of the Company and the Board. He also schedules Board meetings, oversees the preparation of the agenda for Board meetings and assists in ensuring 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 other Executive Directors and management comprising each subsidiary's general managers and key senior managers, are responsible for the day-to-day management of the Group.

The separation of the roles of the Chairman and CEO ensures a balance of power and authority such that considerable concentration of power does not lie with any one individual.

Senior Independent Director

The Board does not consider it necessary to appoint a Senior Independent Director as all current members of the Board are always available and issues are discussed openly in Board meetings.

Independent Chairman

Our Executive Chairman, although not an independent member of the board, provides strong leadership and objective judgement with regard to ensuring the adequacy and effectiveness of the Board's governance process. He is a founding member of the Group and has vast knowledge and experience in the industry that we are operating in. He has also been actively engaging with the investing community since the listing of our Company. Our Board is of the view that the separation of the positions of the Chairman and the Managing Director together with the independent directors, provide further assurance that there is a balance of power and authority on the Board, and effective stewardship of the Company in terms of strategies and business performance.

Further, if the Chairman is not an independent director, the Code recommends that the Board must comprise a majority of independent directors. The Board opines that there is sufficient balance of executive and non-executive directors on the Board such that decisions made are fully discussed and examined, taking into account the interests of all the stakeholders. The Board has been able to discharge its duties professionally and effectively, and uphold good governance in their conduct. The Board will constantly review the recommendations and work towards its compliance.

CORPORATE GOVERNANCE STATEMENT

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. 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 Listing Requirements' 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.

The Code recommends that the tenure of an independent director should not exceed a cumulative term of 9 years.

Mr Saw Tat Loon and Mr Alwin Yike would have served the Company as independent directors for a cumulative term of more than 9 years during this financial period ending 30 September 2014. The NC and Board have assessed and determined that they both remain objective and independent in expressing their views and are satisfied with the skills, contributions and independent judgment they bring to the Board.

In view thereof, the Board would be seeking shareholders' approval at the forthcoming 10th AGM of the Company for Mr Saw Tat Loon and Mr Alwin Yike to continue as independent directors of the Company.

Time Commitment

The Board meets at least five (5) times a year and on other occasions, as and when necessary, to inter-alia, approve quarterly results, Annual Report and budgets as well as to review the performance of the Group, other business development and corporate activities and the adequacy and integrity of the Group's internal control systems. 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 7 Board meetings were held for the financial year ended 30 September 2013. The record of attendance of individual directors at Board meetings is detailed as follows:

Director	Number of Meetings Attended
Thoo Chow Fah	7/7
William Choo Wing Hong	7/7
John Choo Wing Onn	7/7
Lee Tian Yoke	7/7
Jerry Choo Wing Yew	7/7
Saw Tat Loon	7/7
Alwin Yike Chee Wah	7/7
Anita Chew Cheng Im	7/7

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 allow the directors time to consider 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 advice and 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 Board believes that the current Company Secretaries are capable of carrying out their duties to ensure effective functioning of the Board. The terms of their appointment permits their removal and appointment of successor as a matter for the Board as a whole to decide. The Company Secretaries ensure that all Board and Board Committee meetings are properly convened and that accurate and proper records of the deliberations, proceedings and resolutions passed are recorded and maintained in the statutory register at the registered office of the Company.

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

CORPORATE GOVERNANCE STATEMENT

Appointments and Re-election

In compliance with the Code, the NC has the responsibility of proposing new candidates for appointment to the Board. One third (1/3) 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.

Each member of the Board holds not more than five (5) directorships in 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.

Continuing Board Development

All executive directors have been with the Company for several years and are familiar with their duties and responsibilities as directors. In addition, any 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 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, our Board members attended several relevant seminars, forums and training programmes as follows:

- Audit Committee Conference 2013 organised by Malaysian Institute of Accountants
- Seminar on "Burning Issues of Corporate Finance, Audit and Tax for Group of Companies by Crowe Horwath
- Talk on "Corporate Governance and Sustainability of Risk Management" by Bursa

- Talk on "Updates on Statement on Risk Management & Internal Control" by Boardroom Corporate Services (KL) Sdn Bhd
- Talk on "Economic and Foreign Exchange" by HSBC Bank Malaysia Berhad
- Global Research Briefing by Standard Chartered Malaysia Berhad
- Malaysian Institute of Accountants Conference 2012
- Talk on "Employment Act 1995" by Cleverbridge Training Resources
- National Tax conference 2013 by the Chartered Tax Institute of Malaysia
- Seminar on "Effective Human Resource Documentation & SOPs" by Cleverbridge Training Resources

In addition, the directors receive regular briefings and updates on the Group's businesses, operations, risk management activities, Listing Requirements and relevant law updates.

Board Charter and Code of Conduct

The Board Charter is established to promote high standards of corporate governance and is designed to provide guidance and clarity for Directors and management with regard to the role of the Board and its committees.

The Company has also set out a Code of Conduct for its Directors, management and employees. The Code of Conduct is established to promote the corporate culture which engenders ethical conduct that permeates throughout the Company.

The Board Charter and Code of Conduct shall be reviewed annually or as and when required, summary of which is available on the corporate website at www.notionvtc.com.

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.

CORPORATE GOVERNANCE STATEMENT

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:

Anita Chew Cheng Im	- Chairman
Alwin Yike Chee Wah	- Member
Saw Tat Loon	- Member

The primary duties of the NC are as follows:

- To recommend to the Board, candidates for directorships and to review the Board's policies and procedures for the selection of Board members. In making its recommendations, to consider and assess the candidates':
 - skills, knowledge, expertise and experience;
 - professionalism;
 - time commitment to effectively discharge his/her role as a director;
 - contribution and performance;
 - character, integrity and competence; and
 - in the case of candidate for the position of independent non-executive directors, to evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors.
- To develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors.
- To recommend the Directors to sit on respective Board committees.
- To facilitate Board induction programme for newly appointed Directors.

- To administer the annual assessment of Directors, including a review of the skill, qualification and competencies of the Board as a whole, the committees of the board and for assessing the contribution of each individual director, including independent non-executive directors, as well as the chief executive officer and to review the character, experience, integrity, competence and time to effectively discharge the roles of each of its director, chief executive and chief financial officer. All assessments and evaluations carried out to be properly documented.
- To identify suitable educational and training programmes for continuous development of Directors.
- To review the Board and senior management's succession plans.
- To recommend to Board protocol for accepting new directorships.

In developing its procedures and making recommendations to the Board, the Nomination Committee will take into account of:

- The provisions in the Company's Articles of Association, the Companies Act, 1965, the Bursa Malaysia Securities Berhad Listing Requirements and other laws and regulations, if any, in respect of the appointment, removal, etc of directors;
- The need for the Board to operate an open and transparent appointment process. This may include public advertisement or direct approaches being made to individuals who may be suitable or organizations that may be able to advise;
- The overall composition and balance of the Board.

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

CORPORATE GOVERNANCE STATEMENT

The NC reviews the criteria for evaluating the Board's performance. Based on the recommendation of the NC, the Board has established processes and conducted evaluation on the effectiveness of the Board as a whole. All assessments and evaluations carried out by the NC were properly documented.

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's processes, Board's performance in relation to discharging its principal responsibilities, communication with management and standards of conduct of the directors.

The NC also reviewed the retirement of Directors by rotation eligible for re-election and training programmes for the continuous development of 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	- Chairman
Saw Tat Loon	- Member
Thoo Chow Fah	- Member
Anita Chew Cheng Im	- 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 RC did not hold any meeting during this financial year. The meeting for the year was instead held on 28 September 2012 which was attended by all the 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 and individual directors do not participate in determining their own remuneration package. The Board, based on the sum to be authorized 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.

CORPORATE GOVERNANCE STATEMENT

The aggregate remuneration of directors for the financial year ended 30 September 2013 is categorised as follows:

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Fees	-	198
Salaries and other emoluments	5,498	30
	5,498	228

Analysis of Remuneration

Range of Remuneration	No. of Directors	
	Executive	Non-Executive
Between RM50,001 and RM 100,000	-	3
Between RM1,000,001 and RM 1,050,000	4	-
Between RM1,350,001 and RM 1,400,000	1	-
	5	3

The Board has chosen to disclose the remuneration in bands pursuant to the Listing Requirements as separate and detailed disclosure of individual director's remuneration will not add significantly to the understanding and evaluation of the Company's governance.

E. ACCOUNTABILITY AND AUDIT

Compliance with Applicable Financial Reporting Standards

The Board aims to present a balanced and clear assessment of the Group's financial performance and prospects in presenting the annual financial statements and quarterly reports as well as announcements to the Bursa Securities. The Board is assisted by the Audit Committee in reviewing the Group's financial reporting process and accuracy of its financial results, and scrutinising information for disclosure to ensure compliance with the accounting standards, accuracy, adequacy and completeness. Timely release of the quarterly results reflects the Board's commitment to provide transparent and up to date disclosure of the performance of the Group.

Assessment of Suitability and Independence of External Auditors

The Board has established a formal and transparent arrangement for maintaining appropriate relationships with the external auditors in seeking professional advice and ensuring compliance with the provisions of the Companies Act, 1965 and applicable Accounting Standards approved by the Malaysian Accounting Standards Board. The Audit Committee is committed to meet with the external auditors at least twice a year to discuss their audit plan, audit findings and the financial statements. The Audit Committee undertakes an annual assessment of the suitability and independence of the external auditors and the external auditors provide a written assurance, confirming their independence throughout the conduct of the audit engagement with the Group in accordance with the independence criteria as set out by the Malaysian Institute of Accountants. Having satisfied itself with their performance and level of independence, the Audit Committee will recommend their re-appointment to the Board, upon which the shareholders' approval will be sought at the AGM. In this regard, the Audit Committee has reviewed the declaration of independence of Messrs Crowe Horwath as external auditors of the Company as well as reviewed the level of non audit services rendered by them for the financial year ended 30 September 2013. The Audit Committee was satisfied with the Company's auditors' technical competency and audit independence.

Recognise and Manage Risks

The Group has in place a Risk Management Policy and maintains an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

The Board has established an independent internal audit function that reports directly to the Audit Committee, details as set out in page 22 of the Audit Committee Report

CORPORATE GOVERNANCE STATEMENT

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 Company also has in place a Corporate Disclosure Policies and Procedures to facilitate the disclosure and communication channel between the Company and the public.

The Company's website has a dedicated section which provides investors with detailed information of its analysts' reports, performance indicators, presentation materials to the public and questions and answers with the Executive Chairman.

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 (if any) of the Company.

The Board encourages participation at general meetings and will generally carry out resolutions by show of hand, unless otherwise demanded by shareholders in accordance with the Articles of Association of the Company.

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

Compliance with the Code

The Board is satisfied that the Company has complied with the Code and observed its Principles and Recommendations throughout the year, save for the appointment of a Senior Independent director and the role of the Chairman which is not held by an independent director.

AUDIT COMMITTEE REPORT

The AC 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 - Chairman
Alwin Yike Chee Wah - Member
Anita Chew Cheng Im - Member

As at the reporting date, the qualifying criteria as per the Listing Requirements for composition of AC members were met.

AUDIT COMMITTEE MEETINGS

The AC met five (5) times during the financial year ended 30 September 2013. 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
Anita Chew Cheng Im	5/5

The Group's external auditors, internal auditors and certain designated members of senior management also attended the meetings at the invitation of the Committee.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 30 September 2013, the AC carried out its duties as set out in the terms of reference which included the following:

- Reviewed quarterly financial reports before recommending to the Board for their approval and subsequent release of the results to Bursa Securities.
- Reviewed related party transactions on a quarterly basis, and the policies and procedures to ensure the compliance with laws and regulations.

- Interviewed and made recommendation to the Board on the new engagement of the internal auditors.
- Met the external auditors to review the audit planning memorandum, scope of work and audit fees.
- Reviewed and discussed the results and issues arising from the audit and their resolutions.
- Met with the outsourced firm of internal auditors to review and approve the internal audit plan and their scope of work and fees.
- Reviewed the internal audit reports and the findings on the effectiveness and adequacy of the system of risk management and internal controls and other compliance and governance processes.
- Met with the external and internal auditors twice during the financial year without the presence of the executive directors or management.
- Monitored the compliance requirements in line with the new updates of Bursa Securities, Securities Commission, Malaysian Financial Reporting Standards and other legal and regulatory bodies.

INTERNAL AUDIT FUNCTION

The Company has outsourced its internal audit function to an independent internal audit service provider for the financial year ended 30 September 2013. 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 risk management and 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.

The total costs incurred for the internal audit function of the Group in respect of the financial year ended 30 September 2013 amounted to RM33,000.

AUDIT COMMITTEE REPORT

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 (Bursa Securities).

In the event of any vacancy which will result in the number of members being 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 AC and each of its members must be reviewed by the Board of Directors at least once every three (3) years to determine whether such AC 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 event 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:

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

AUDIT COMMITTEE REPORT

- 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;
- meet as and when required on a reasonable notice; and
- the Chairman shall call for a meeting upon the request of the external auditors.

6. Duties

- 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.
- To review the adequacy of the scope, functions, competency and resources and set the standards of the internal audit function.
- 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.
- To review the adequacy of risk management and receive reports from the internal auditors on the effectiveness of controls in each major risk area.
- To comment on the proposals for implementation of risk management and express an opinion on the overall adequacy where applicable.
- To review the internal audit programme, processes and results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal auditors.
- 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.
- 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).
- 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.
- 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.
- 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is committed to maintain a sound system of risk management and internal control within the Group in order to safeguard shareholders' investments and the Group's assets. Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Securities, the Board is pleased to provide this statement on risk management and internal control which is prepared in accordance with the guidelines set out in the Bursa Securities' statement on risk management and internal control: Guidelines for directors of listed issuers.

RESPONSIBILITY OF THE BOARD

The Board affirms its overall responsibility for maintaining a sound system of risk management and internal control and for reviewing their adequacy and integrity so as to safeguard all its stakeholders' interests and protecting the Group's assets. These systems cover inter-alia, financial, operational and compliance systems controls and risk management. However, in view of the limitations that are inherent in any system of risk management and internal control, the system is designed to manage rather than to totally eliminate the risk of failure to achieve the Group's business activities. Accordingly, the system of risk management and internal controls can only provide reasonable but not absolute assurance against material misstatement of losses and fraud.

The Board is pleased to disclose that there is an on-going systematic process in place for identifying, evaluating and managing the various diverse risk faced by the Group throughout the financial year under review. This process includes enhancing and regularly reviewing the system of risk management and internal control as and when there are changes to the business environment or regulatory guidelines.

The Board has received assurance from the Managing Director and Executive Director in charge of Finance that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

RISK MANAGEMENT FRAMEWORK

The Board acknowledges that the management of principal risks plays an important and integral part of in achieving the Group's corporate objectives. The Group has an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. This is to ensure that all potential risks are adequately addressed at various levels within the Group including but not limited to the effects of natural disasters, rioting by workers, fire, acts of sabotage and other debilitating incidents.

The Board believes that the sound system of risk management and internal control is built on a clear understanding and appreciation of the Group's risk management framework with the following key elements:

- risk management is embedded in the Group's management and operational framework and the employees are exposed and subjected to training on the Group's policies and procedures
- risk management processes applied should aim to take advantage of opportunities, manage uncertainties and minimize threats; and
- regular reporting and monitoring activities emphasise accountability and responsibility for managing risk.

THE SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL

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

- ISO 9001:2000 Quality Management Systems has been implemented for the Company's main subsidiary, Notion Venture Sdn Bhd where documented internal procedures and standard operating procedures have been put in place. Internal quality audits are carried out by management and annual surveillance audits are conducted by an independent certification body to provide a high assurance of compliance
- A strategic planning and an annual budgeting process has been established and monitored on a regular basis

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- An organisational structure with defined responsibilities and delegation of authorities for committees of the Board and the management committee
- Companies policies and procedures, which set out guidelines and the expected standards for the Group's operations are under regular review and update so as to maintain its effectiveness at all times
- Operational review meetings are held and attended by the executive directors and the department heads to access the performance of the Group's operations
- Regular production meetings which involved the senior production management and related units to promptly address any production problems faced.

INTERNAL AUDIT FUNCTION

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

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

The IA Firm adopts a risk based approach and prepares its audit strategy and plan based on the risk profiles from the comprehensive risk assessment of the business units of the Group. Scheduled internal audits are carried out based on the annual audit plan approved by the Audit Committee. On a quarterly basis the IA Firm presents the Audit Committee with the internal audit reports which summarise the audit approach, scope, key risks, significant audit findings, the overall opinion for the internal control review, management comments on the audit findings and recommendations. The cost of the internal audit function for the financial year ending 30 September 2013 is RM33,000.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITOR

The external auditors have reviewed this statement of risk management and internal control for inclusion in the Annual Report of the Company for the financial year ended 30 September 2013 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of risk management and internal control.

STATE OF RISK MANAGEMENT AND INTERNAL CONTROL

The existing system of risk management and internal control has operated effectively for the year ended 30 September 2013 and up to the date of issuance of the financial statement and there were no reported material losses caused by the weaknesses in the Group's system of internal control. The Board is committed towards operating a sound system and will strive for continuous improvement where necessary, to further enhance the said system.

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

FINANCIAL STATEMENTS

NOTION VTEC BERHAD 637546-D

ANNUAL REPORT 2013



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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 2013.

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 5 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	20,089	7,262
Attributable to:		
Owners of the Company	20,089	7,262

DIVIDENDS

The final tax-exempt dividend of RM0.02 per ordinary share of RM0.50 each amounting to RM5,279,070 for the financial year ended 30 September 2012 was approved by the shareholders at the Annual General Meeting held on 20 March 2013 and paid on 16 April 2013.

On 20 June 2013, the Company paid an interim dividend in specie in respect of the current financial year by way of distribution of a tax-exempt share dividend on the basis of thirty two (32) treasury shares for every one thousand (1,000) existing ordinary shares held on 6 June 2013. The share dividend involved the distribution of 8,317,275 treasury shares which were carried at RM8,686,145.

On 20 November 2013, the directors declared an interim tax-exempt dividend of RM0.01 per ordinary share of RM0.50 each amounting to RM2,682,708 in respect of the current financial year. The said dividend was paid on 15 January 2014.

The directors do not recommend the payment of a final dividend for the current financial year.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

DIRECTORS' REPORT

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.

TREASURY SHARES

The shareholders of the Company, by an ordinary resolution passed in the Annual General Meeting held on 20 March 2013, granted their approval for the Company's plan to repurchase its own ordinary shares. The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company purchased from the open market, 4,100,000 units of its own shares through purchases on the Main Market of Bursa Malaysia Securities Berhad at an average buy-back price of RM0.76 per ordinary share. The total consideration paid for acquisition of the shares was RM3,100,380 and was financed by internally generated funds. The repurchased shares were held as treasury shares in accordance with Section 67A of the Companies Act 1965 in Malaysia.

On 20 June 2013, a total of 8,317,275 treasury shares at a carrying amount of RM8,686,145 were distributed as share dividend to shareholders on the basis of thirty two (32) treasury shares for every one thousand (1,000) existing ordinary shares held on 6 June 2013.

As at 30 September 2013, the Company held 2,147,273 repurchased shares as treasury shares out of its total issued and paid up share capital of 270,418,065 ordinary shares of RM0.50 each. Such treasury shares were held at a carrying amount of RM2,242,504.

WARRANTS

Warrants-A

On 4 August 2010, the Company issued 30,652,652 free warrants ("Warrants-A") on the basis of 1 Free Warrant for every 5 ordinary shares held by the shareholders of the Company.

The salient features of the Warrants-A are as follows:

- (a) the Warrants may be exercised at any time after the date of issue of the Warrants until the expiry date which is the date occurring on the fifth (5th) anniversary of the issue date of the Warrants; and
- (b) subject to adjustments, in accordance with the Deed Poll, during the exercise period each Warrant entitles its registered holder to subscribe for one (1) new ordinary share of RM0.50 each at an exercise price of RM2.55 at any time from the date of issue up to the expiry date.

DIRECTORS' REPORT

WARRANTS (cont'd)

Warrants-A (cont'd)

Pursuant to the Bonus Issue and Free Warrants Issue, an additional 30,652,652 Warrants-A ("Additional Warrants-A") were issued, whereby a holder of 1 existing Warrant-A received 1 new Warrant-A, and the exercise price of the Warrants-A was revised from RM2.55 to RM1.44 per Warrant-A with effect from 3 May 2012.

During the financial year, none of the options under the Warrants-A were converted to ordinary shares. The number of outstanding Warrants-A as at 30 September 2013 was 61,305,304.

Warrants-B

On 3 May 2012, the Company issued 38,618,857 free warrants ("Warrants-B") on the basis of 1 Warrant-B for every 4 ordinary shares held by the shareholders of the Company.

The salient features of the Warrants-B are as follows:-

- (a) the Warrants may be exercised at any time after the date of issue of the Warrants until the expiry date which is the date occurring on the fifth (5th) anniversary of the issue date of the Warrants; and
- (b) subject to adjustments, in accordance with the Deed Poll, during the exercise period each Warrant entitles its registered holder to subscribe for one (1) new ordinary share of RM0.50 each at an exercise price of RM1.00 at any time from the date of issue up to the expiry date.

During the financial year, none of the options under the Warrants-B were converted to ordinary shares. The number of outstanding Warrants-B as at 30 September 2013 was 38,618,742.

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 impairment losses on receivables, and satisfied themselves that all known bad debts have been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables 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 values 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 of the Group and of the Company misleading.

DIRECTORS' REPORT

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 36 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.

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 results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than the fire incident as disclosed in Note 38 (ii) to the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group 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
Choo Wing Yew

DIRECTORS' REPORT

DIRECTORS' INTERESTS

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

	Number Of Ordinary Shares Of RM0.50 Each				At 30.9.2013
	At 1.10.2012	Share Dividend	Bought	Sold	
<i>Direct Interests:</i>					
Thoo Chow Fah	19,944,316	638,218	-	-	20,582,534
Choo Wing Hong	34,035,975	1,089,151	-	(230,000)	34,895,126
Choo Wing Onn	26,523,493	848,751	-	-	27,372,244
Lee Tian Yoke	11,741,891	375,740	-	-	12,117,631
Choo Wing Yew	5,775,897	184,828	-	-	5,960,725

*Indirect interests held through spouse**

Thoo Chow Fah	4,445,780	192,853	1,580,900	-	6,219,533
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	Number Of Warrants-A				At 30.9.2013
	At 1.10.2012	Bought	Sold		
<i>Indirect interests held through spouse*</i>					
Thoo Chow Fah	-	3,000,000	(2,591,300)		408,700

	Number Of Warrants-B				At 30.9.2013
	At 1.10.2012	Bought	Sold		
<i>Direct Interests:</i>					
Thoo Chow Fah	2,849,188	-	-		2,849,188
Choo Wing Hong	4,862,282	-	-		4,862,282
Choo Wing Onn	3,789,070	-	-		3,789,070
Lee Tian Yoke	1,677,413	-	-		1,677,413
Choo Wing Yew	825,128	-	-		825,128

*Indirect interests held through spouse**

Thoo Chow Fah	914,711	814,800	-		1,729,511
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* Disclosure pursuant to Section 134(12)(c) of the Companies Act 1965 in Malaysia.

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

DIRECTORS' REPORT

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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 33 to the financial statements.

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 EVENTS DURING THE FINANCIAL YEAR

The significant events of the Group during the financial year are disclosed in Note 38 to the financial statements.

SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 39 to the financial statements.

AUDITORS

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

Signed In Accordance With A Resolution Of The Directors
Dated 16 January 2014

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 37 to 99 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 30 September 2013 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 41, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

**Signed In Accordance With A Resolution Of The Directors
Dated 16 January 2014**

Thoo Chow Fah

Choo Wing Hong

STATUTORY DECLARATION

I, Choo Wing Yew, 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 37 to 99 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
Choo Wing Yew, at Klang in the state
of Selangor Darul Ehsan on this 16 January 2014

Choo Wing Yew

Before Me
Goh Cheng Teak
Commissioner For Oaths

INDEPENDENT AUDITORS' REPORT

to the members of Notion VTec Berhad
(Incorporated in Malaysia) Company No: 637546-D

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Notion VTec Berhad, which comprise the statements of financial position as at 30 September 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 99.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 September 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act;
- (b) We have considered the financial statements and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements;

INDEPENDENT AUDITORS' REPORT

to the members of Notion VTec Berhad
(Incorporated in Malaysia) Company No: 637546-D

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (cont'd)

- (c) 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes; and
- (d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 41 on page 100 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

1. As stated in Note 3.1 to the financial statements, Notion VTec Berhad adopted Malaysian Financial Reporting Standards on 1 October 2012 with a transition date of 1 October 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 30 September 2012 and 1 October 2011, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 30 September 2012 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 30 September 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 October 2012 do not contain misstatements that materially affect the financial position as of 30 September 2013 and financial performance and cash flows for the financial year then ended.
2. This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath

Firm No : AF 1018
Chartered Accountants

Lee Kok Wai

Approval No : 2760/06/14 (J)
Chartered Accountant

Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION

at 30 September 2013

		The Group			The Company		
		30.9.2013	30.9.2012	1.10.2011	30.9.2013	30.9.2012	1.10.2011
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
NON-CURRENT ASSETS							
Investment in subsidiaries	5	-	-	-	55,353	55,103	54,000
Property, plant and equipment	6	301,113	319,810	263,924	-	26	87
		301,113	319,810	263,924	55,353	55,129	54,087
CURRENT ASSETS							
Inventories	7	62,969	56,231	43,959	-	-	-
Trade receivables	8	59,628	57,926	61,132	-	-	-
Other receivables, deposits and prepayments	9	8,150	8,288	8,781	1,500	-	-
Derivative assets	10	-	530	1,233	-	-	-
Amount owing by subsidiaries	11	-	-	-	96,391	98,671	62,744
Tax refundable		1,256	3,626	9,299	206	263	61
Short-term deposits with licensed banks	12	15,430	2,360	10,884	393	383	4,462
Cash and bank balances		27,967	36,651	13,446	977	1,498	3,489
		175,400	165,612	148,734	99,467	100,815	70,756
TOTAL ASSETS		476,513	485,422	412,658	154,820	155,944	124,843

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

STATEMENTS OF FINANCIAL POSITION

at 30 September 2013 (cont'd)

	Note	The Group			The Company		
		30.9.2013 RM'000	30.9.2012 RM'000	1.10.2011 RM'000	30.9.2013 RM'000	30.9.2012 RM'000	1.10.2011 RM'000
EQUITY AND LIABILITIES							
EQUITY							
Share capital	13	135,209	135,209	77,280	135,209	135,209	77,280
Share premium	14	*	*	25,193	*	*	25,193
Treasury shares	15	(2,243)	(7,828)	(198)	(2,243)	(7,828)	(198)
Currency translation reserve		(4,285)	(2,438)	(366)	-	-	-
Other capital reserve		4,800	4,800	-	-	-	-
Retained profits	16	182,057	176,135	166,885	4,388	11,091	4,371
TOTAL SHAREHOLDERS' EQUITY		315,538	305,878	268,794	137,354	138,472	106,646
NON-CONTROLLING INTERESTS							
TOTAL EQUITY		315,538	305,926	270,027	137,354	138,472	106,646
NON-CURRENT LIABILITIES							
Long-term borrowings	17	55,811	64,113	58,172	7,814	10,205	11,773
Deferred taxation	18	19,037	19,736	16,323	-	-	-
		74,848	83,849	74,495	7,814	10,205	11,773
CURRENT LIABILITIES							
Trade payables	19	19,596	27,066	12,110	-	-	-
Other payables and accruals	20	20,274	29,051	20,223	1,534	1,092	577
Derivative liabilities	10	7,082	-	1,247	-	-	-
Amount owing to subsidiaries	11	-	-	-	2,269	2,274	2,210
Short-term borrowings	21	34,446	37,365	34,455	5,849	3,901	3,637
Provision for taxation		3,990	-	-	-	-	-
Bank overdraft	21	739	2,165	101	-	-	-
		86,127	95,647	68,136	9,652	7,267	6,424
TOTAL LIABILITIES		160,975	179,496	142,631	17,466	17,472	18,197
TOTAL EQUITY AND LIABILITIES		476,513	485,422	412,658	154,820	155,944	124,843
NET ASSETS PER ORDINARY SHARE (RM)							
	22	1.18	1.16				

* denotes RM57

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 September 2013

		The Group		The Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
REVENUE	23	222,315	308,827	14,997	44,479
COST OF SALES		(191,045)	(235,532)	-	-
GROSS PROFIT		31,270	73,295	14,997	44,479
OTHER OPERATING INCOME		51,686	15,392	388	1,087
		82,956	88,687	15,385	45,566
MARKETING AND DISTRIBUTION EXPENSES		(4,265)	(5,136)	-	-
ADMINISTRATIVE AND OTHER OPERATING EXPENSES		(43,147)	(20,988)	(7,616)	(3,050)
FINANCE EXPENSES		(6,031)	(5,241)	(513)	(523)
PROFIT BEFORE TAXATION	24	29,513	57,322	7,256	41,993
INCOME TAX EXPENSE	25	(9,424)	(8,073)	6	112
PROFIT AFTER TAXATION FOR THE FINANCIAL YEAR		20,089	49,249	7,262	42,105
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Items that may be reclassified subsequently to profit or less:					
- foreign currency translations		(1,847)	(2,072)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		18,242	47,177	7,262	42,105

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 September 2013 (cont'd)

	Note	The Group		The Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
PROFIT AFTER TAXATION ATTRIBUTABLE TO:					
Owners of the Company		20,089	49,264	7,262	42,105
Non-controlling interests		-	(15)	-	-
		20,089	49,249	7,262	42,105
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Company		18,242	47,192	7,262	42,105
Non-controlling interests		-	(15)	-	-
		18,242	47,177	7,262	42,105
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:					
- basic	26	7.6 sen	18.3 sen		
- diluted	26	N/A	17.6 sen		
DIVIDENDS PER SHARE	27			2.0 sen	1.0 sen

N/A - Not applicable

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 30 September 2013

The Group	Note	Non-Distributable				Distributable			Attributable To Owners Of The Company		Non-Controlling Interests	Total Equity
		Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Currency Translation Reserve RM'000	Other Capital Reserve RM'000	Retained Profits RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1.10.2011		77,280	25,193	(198)	(366)	-	166,885	268,794	1,233	270,027		
Profit after taxation		-	-	-	-	-	49,264	49,264	(15)	49,249		
Other comprehensive income for the financial year:		-	-	-	(2,072)	-	-	(2,072)	-	(2,072)		
- foreign currency translations		-	-	-	(2,072)	-	-	-	-	-		
Total comprehensive income for the financial year		-	-	-	(2,072)	-	49,264	47,192	(15)	47,177		
Dividend	28	-	-	-	-	-	(2,649)	(2,649)	-	(2,649)		
Purchase of own shares		-	-	(7,630)	-	-	-	(7,630)	-	(7,630)		
Bonus issue		57,929	(25,193)	-	-	-	(32,736)	-	-	-		
Capitalisation of bonus issue by a subsidiary		-	-	-	-	4,800	(4,800)	-	-	-		
Conversion of warrants		*	*	-	-	-	-	-	-	-		
Acquisition of shares from non-controlling interests		-	-	-	-	-	171	171	(1,170)	(999)		
Balance at 30.9.2012/1.10.2012		135,209	*	(7,828)	(2,438)	4,800	176,135	305,878	48	305,926		
Profit after taxation		-	-	-	-	-	20,089	20,089	-	20,089		
Other comprehensive income for the financial year:		-	-	-	(1,847)	-	-	(1,847)	-	(1,847)		
- foreign currency translations		-	-	-	(1,847)	-	-	-	-	-		
Total comprehensive income for the financial year		-	-	-	(1,847)	-	20,089	18,242	-	18,242		
Dividend	28	-	-	-	-	-	(5,279)	(5,279)	-	(5,279)		
Purchase of own shares		-	-	(3,101)	-	-	-	(3,101)	-	(3,101)		
Share dividend	29	-	-	8,686	-	-	(8,686)	-	-	-		
Acquisition of shares from non-controlling interests		-	-	-	-	-	(202)	(202)	(48)	(250)		
Balance at 30.9.2013		135,209	*	(2,243)	(4,285)	4,800	182,057	315,538	-	315,538		

* denotes RM57

denotes RM115

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

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 30 September 2013 (cont'd)

The Company	Note	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Retained Profits RM'000	Total Equity RM'000
Balance at 1.10.2011		77,280	25,193	(198)	4,371	106,646
Total comprehensive income for the financial year		-	-	-	42,105	42,105
Dividend	28	-	-	-	(2,649)	(2,649)
Purchase of own shares		-	-	(7,630)	-	(7,630)
Bonus issue		57,929	(25,193)	-	(32,736)	-
Conversion of warrants		*	*	-	-	#
Balance at 30.9.2012/1.10.2012		135,209	*	(7,828)	11,091	138,472
Total comprehensive income for the financial year		-	-	-	7,262	7,262
Dividend	28	-	-	-	(5,279)	(5,279)
Purchase of own shares		-	-	(3,101)	-	(3,101)
Share dividend	29	-	-	8,686	(8,686)	-
Balance at 30.9.2013		135,209	*	(2,243)	4,388	137,354

* denotes RM57

denotes RM115

STATEMENTS OF CASH FLOWS

for the financial year ended 30 September 2013

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	29,513	57,322	7,256	41,993
Adjustments for:-				
Allowance for impairment losses on trade receivables	-	10	-	-
Deposit forfeited	420	-	-	-
Depreciation of property, plant and equipment	40,105	34,780	26	61
Fair value loss/(gain) on derivatives	7,082	(529)	-	-
Interest expense	5,865	4,488	502	522
Inventories written down	1,995	-	-	-
Inventories written off	8,258	2,567	-	-
Plant and equipment written off	12,725	4,474	-	-
Dividend income	-	-	(9,437)	(42,763)
Gain on disposal of plant and equipment	(38)	(34)	-	-
Interest income	(230)	(242)	(388)	(535)
Reversal of allowance for impairment losses on trade receivables	(1)	-	-	-
Unrealised (gain)/loss on foreign currency translation	(255)	(466)	807	(551)
Operating profit/(loss) before working capital changes	105,439	102,370	(1,234)	(1,273)
Increase in inventories	(16,991)	(14,839)	-	-
(Increase)/Decrease in trade and other receivables	(266)	3,254	(1,500)	-
(Decrease)/Increase in trade and other payables	(20,542)	13,527	442	515
CASH FROM/(FOR) OPERATIONS	67,640	104,312	(2,292)	(758)
Interest paid	(5,865)	(4,488)	(502)	(522)
Tax (paid)/refunded	(3,763)	1,014	63	(90)
NET CASH FROM/(FOR) OPERATING ACTIVITIES AND BALANCE CARRIED FORWARD	58,012	100,838	(2,731)	(1,370)

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

STATEMENTS OF CASH FLOWS

for the financial year ended 30 September 2013 (cont'd)

	Note	The Group		The Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
BALANCE BROUGHT FORWARD		58,012	100,838	(2,731)	(1,370)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Dividend received		-	-	9,437	42,763
Interest received		230	242	388	535
Purchase of property, plant and equipment	30	(19,575)	(72,077)	-	-
Proceeds from disposal of plant and equipment		639	250	-	-
Increase in investment in a subsidiary		-	-	(250)	(1,103)
Acquisition of shares in an existing subsidiary from non-controlling interests		(250)	(1,000)	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(18,956)	(72,585)	9,575	42,195
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Repayment from/(Advances to) subsidiaries		-	-	2,275	(35,863)
Dividend paid		(5,279)	(2,649)	(5,279)	(2,649)
Repayment of hire purchase and lease obligations		(15,635)	(17,355)	-	-
Drawdown of term loan		11,455	26,211	4,765	1,809
Proceeds from issuance of shares		-	*	-	*
Repayment of term loans		(17,766)	(12,639)	(6,015)	(2,562)
Treasury shares		(3,101)	(7,630)	(3,101)	(7,630)
NET CASH FOR FINANCING ACTIVITIES		(30,326)	(14,062)	(7,355)	(46,895)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		8,730	14,191	(511)	(6,070)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		36,846	24,229	1,881	7,951
Foreign exchange translation differences		(2,918)	(1,574)	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	31	42,658	36,846	1,370	1,881

* denotes RM115

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

1. GENERAL INFORMATION

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

Registered office : Lot 6.05, Level 6,
KPMG Tower, 8 First Avenue,
Bandar Utama,
47800 Petaling Jaya,
Selangor Darul Ehsan.

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 16 January 2014.

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 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group 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 Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

3.1 These are the Group's first set of financial statements prepared in accordance with MFRSs, which are also in line with International Financial Reporting Standards as issued by the International Accounting Standards Board.

In the previous financial year, the financial statements were prepared in accordance with Financial Reporting Standards ("FRSs"). There were no material financial impacts on the transition from FRSs to MFRSs.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

3. BASIS OF PREPARATION (cont'd)

- 3.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments	1 January 2015
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Separate Financial Statements	1 January 2013
MFRS 128 Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance	1 January 2013
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
IC Interpretation 21 Levies	1 January 2014
Annual Improvements to MFRSs 2009 - 2011 Cycle	1 January 2013

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

3. BASIS OF PREPARATION (cont'd)

3.2 The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:

(a) MFRS 9 & Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures

MFRS 9 replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 divides all financial assets into 2 categories - those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the MFRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

(b) MFRS 10 & Amendments to MFRS 10: Transition Guidance

MFRS 10 replaces the consolidation guidance in MFRS 127 and IC Interpretation 112. Under MFRS 10, there is only one basis for consolidation, which is control. Extensive guidance has been provided in the standard to assist in the determination of control. There is no impact on the financial statements of the Group upon its initial application.

(c) MFRS 12 & Amendments to MFRS 12: Transition Guidance

MFRS 12 is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. MFRS 12 is a disclosure standard and the disclosure requirements in this standard are more extensive than those in the current standards. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

(d) MFRS 13: Fair Value Measurement

MFRS 13 defines fair value measurement, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in MFRS 13 are more extensive than those required in the current standards and therefore there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

(e) Amendments to MFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities

The amendments to MFRS 7 (Disclosures - Offsetting Financial Assets and Financial Liabilities) require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

3. BASIS OF PREPARATION (cont'd)

3.2 The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows: (cont'd)

(f) Amendments to MFRS 10, MFRS 12 & MFRS 127: Investment Entities

The amendments to MFRS 10, MFRS 12 and MFRS 127 require investment entities to measure particular subsidiaries at fair value through profit or loss instead of consolidating them. The Company is an investment entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. There is no impact on the financial statements of the Group upon its initial application.

(g) Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

(h) Annual Improvements to MFRSs 2009 - 2011 Cycle

The Annual Improvements to MFRSs 2009 - 2011 Cycle contain amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application but may impact its future disclosures.

4. 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 estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

4. 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 Non-financial 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) *Write-down of Inventories*

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(v) *Impairment of Trade and Other Receivables*

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 September 2013.

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

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

(c) Acquisitions of Non-Controlling Interests

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Basis of Consolidation (cont'd)

(d) Loss of Control

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

(c) Functional and Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

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

(ii) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period 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 recognised in profit or loss.

(iii) Foreign Operations

Assets and liabilities of foreign operations are translated to Ringgit Malaysia at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under the translation reserve. On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Functional and Foreign Currencies (cont'd)

(iii) Foreign Operations (cont'd)

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

MFRS 121 requires an entity:

- (a) to recognise some translation differences in other comprehensive income and accumulate these in a separate component of equity; and
- (b) on disposal of a foreign operations, to reclassify the cumulative translation difference for that foreign operations (including, if applicable, gains and losses on related hedges) from equity to profit or loss as part of the gain or loss on disposal.

However, a first-time adopter need not comply with these requirements for cumulative translation differences that existed at the date of transition to MFRSs. In relation to this, the Group has not adopted this exemption.

(d) Financial Instruments

Financial instruments are recognised in the statements of financial position 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.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Financial Instruments (cont'd)

(i) Financial Assets (con'td)

- *Financial Assets at Fair Value Through Profit or Loss*

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognise the inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

- *Held-to-maturity Investments*

As at the end of the reporting period, there were no financial assets classified under this category.

- *Loans and Receivables Financial Assets*

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- *Available-for-sale Financial Assets*

As at the end of the reporting period, there were no financial assets classified under this category.

(ii) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Financial Instruments (cont'd)

(iii) Equity Instruments

Instruments classified as equity are measured at cost and are not remeasured subsequently.

- *Ordinary Shares*

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.

- *Treasury Shares*

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

(iv) Hedge Activities

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risks. None of its derivative financial instruments are designated as hedges and accordingly, the Group does not apply hedge accounting.

(e) Investments in Subsidiaries

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

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

(f) 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Property, Plant and Equipment (cont'd)

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%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

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 recognised in profit or loss.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and will be transferred to the relevant category of long term assets and depreciated accordingly when the assets are completed and ready for commercial use.

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.

(g) Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Impairment (cont'd)

(i) *Impairment of Financial Assets (cont'd)*

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(ii) *Impairment of Non-Financial Assets*

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period 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' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss 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.

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 profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of profit or loss and other comprehensive income, a reversal of that impairment loss is recognised as income in the statements of profit or loss and other of comprehensive income.

(h) Assets under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 4(f) 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 recognised in profit or loss over the period of the respective hire purchase agreements.

(i) Assets Under Finance Leases

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Assets Under Finance Leases (cont'd)

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 statements of profit or loss and other comprehensive income 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.

(j) 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.

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.

(k) Purchase of Own Shares

When the share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity and is not re-valued for subsequent changes in the fair value or market price of shares. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

Where treasury shares are reissued by re-sale in the open market, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(l) Borrowing Costs

Borrowing costs, directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as 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 recognised in profit or loss as expenses in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Income Taxes

Income taxes for the financial year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

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 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 profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period 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.

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 substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity.

(n) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(o) 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) 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 recognised in profit or loss 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.

(q) Related Parties

A party is related to an entity if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) 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 possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

(s) 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 investment 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.

5. INVESTMENT IN SUBSIDIARIES

	The Company	
	2013 RM'000	2012 RM'000
Unquoted investment, at cost:		
At 1 October 2012/2011	55,103	54,000
Acquisition during the financial year	250	1,103
At 30 September	55,353	55,103

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

5. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:-

Name of Subsidiaries	Country of Incorporation	Effective Equity Interest		Principal Activities
		2013 %	2012 %	
Notion Venture Sdn. Bhd.	Malaysia	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.
Autic Mekki Sdn. Bhd.*	Malaysia	100	100	Provision of surface treatment, electrolysis nickel plating, chrome plating, electro-plating and anodizing metal or like substances.
Notion (Thailand) Co. Ltd. #	Thailand	100	100	Design and manufacture of precision components.
Kaiten Precision (M) Sdn. Bhd.	Malaysia	100	100	Design and development leading to the mass-production of high precision microparts and related research and development activities.
Swiss Impression Sdn. Bhd.	Malaysia	100	70	Design of tooling and volume manufacturing of precision appearance parts using progressive die stamping for digital cameras, motion picture experts group audio layer 3 ("MP3") players and other consumer electronic devices.
Intech Precision Sdn. Bhd.	Malaysia	100	100	Dormant.
NV Technology Sdn. Bhd.	Malaysia	100	100	Dormant.
Diaphragm Tech Sdn. Bhd.	Malaysia	100	100	Dormant.
Notion HiTec Sdn. Bhd.	Malaysia	100	100	Dormant.
Notion Venture (Hong Kong) Limited#	Hong Kong	100	100	Dormant.

* held through Notion Venture Sdn. Bhd.

not audited by Messrs. Crowe Horwath.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At		Disposals/	Depreciation	Foreign	At
Net Carrying Amount	1.10.2012	Additions	Write Off	Charge	Currency	30.9.2013
	RM'000	RM'000	RM'000	RM'000	Translation	RM'000
					Reserve	
					RM'000	
Freehold land and buildings	61,288	1,034	-	(1,089)	331	61,564
Factory equipment and machinery	223,002	23,680	(13,281)	(32,132)	717	201,986
Furniture, fittings and office equipment	8,815	1,088	(45)	(2,103)	12	7,767
Motor vehicles	1,932	311	-	(688)	8	1,563
Renovation	16,772	3,165	-	(4,093)	3	15,847
Capital work-in-progress	8,001	4,385	-	-	-	12,386
Total	319,810	33,663	(13,326)	(40,105)	1,071	301,113

The Group	At		Disposals/		Depreciation	Foreign	At
Net Carrying Amount	1.10.2011	Additions	Write Off	Transfers	Charge	Currency	30.9.2012
	RM'000	RM'000	RM'000	RM'000	RM'000	Translation	RM'000
						Reserve	
						RM'000	
Freehold land and buildings	42,329	18,692	-	-	(988)	1,255	61,288
Factory equipment and machinery	193,861	63,698	(4,365)	-	(28,540)	(1,652)	223,002
Furniture, fittings and office equipment	8,707	2,393	(292)	-	(1,939)	(54)	8,815
Motor vehicles	2,336	388	(33)	-	(745)	(14)	1,932
Renovation	7,268	5,981	-	6,124	(2,568)	(33)	16,772
Capital work-in-progress	9,423	4,702	-	(6,124)	-	-	8,001
Total	263,924	95,854	(4,690)	-	(34,780)	(498)	319,810

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group			
At 30.9.2013	Cost	Accumulated Depreciation	Net Carrying Amount
	RM'000	RM'000	RM'000
Freehold land and buildings	65,946	(4,382)	61,564
Factory equipment and machinery	360,833	(158,847)	201,986
Furniture, fittings and office equipment	18,032	(10,265)	7,767
Motor vehicles	5,862	(4,299)	1,563
Renovation	25,728	(9,881)	15,847
Capital work-in-progress	12,386	-	12,386
Total	488,787	(187,674)	301,113

At 30.9.2012

Freehold land and buildings	64,912	(3,624)	61,288
Factory equipment and machinery	358,512	(135,510)	223,002
Furniture, fittings and office equipment	17,209	(8,394)	8,815
Motor vehicles	5,551	(3,619)	1,932
Renovation	22,586	(5,814)	16,772
Capital work-in-progress	8,001	-	8,001
Total	476,771	(156,961)	319,810

The Company	At 1.10.2012	Depreciation Charge	At 30.9.2013
Net Carrying Amount	RM'000	RM'000	RM'000
Furniture, fittings and office equipment	1	(1)	-
Motor vehicles	25	(25)	-
Total	26	(26)	-

The Company	At 1.10.2011	Depreciation Charge	At 30.9.2012
Net Carrying Amount	RM'000	RM'000	RM'000
Furniture, fittings and office equipment	2	(1)	1
Motor vehicles	85	(60)	25
Total	87	(61)	26

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Company			
At 30.9.2013	Cost	Accumulated Depreciation	Net Carrying Amount
	RM'000	RM'000	RM'000
Furniture, fittings and office equipment	12	(12)	-
Motor vehicles	428	(428)	-
Total	440	(440)	-
At 30.9.2012			
Furniture, fittings and office equipment	12	(11)	1
Motor vehicles	428	(403)	25
Total	440	(414)	26

Assets held under hire purchase and lease terms and term loans

Included in the net carrying amount of property, plant and equipment at the end of the reporting period were the following assets acquired under hire purchase and lease terms and by term loans respectively:

	The Group	
	2013	2012
	RM'000	RM'000
<u>Hire purchase and lease</u>		
Factory equipment and machinery	39,494	64,568
<u>Term loans</u>		
Freehold land and buildings	24,905	25,155
Factory equipment and machinery	49,555	45,789

Assets pledged as security

Property, plant and equipment of the Group pledged as security for banking facilities granted to certain subsidiaries are as follows:

	The Group	
	2013	2012
	RM'000	RM'000
<u>At net carrying amount</u>		
Freehold land and buildings	24,905	25,155
Factory equipment and machinery	89,049	110,357

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

7. INVENTORIES

	The Group	
	2013 RM'000	2012 RM'000
At cost:		
Raw materials	21,931	23,138
Work-in-progress	9,222	12,122
Finished goods	30,824	20,341
	61,977	55,601
At net realisable value:		
Finished goods	992	630
	62,969	56,231

8. TRADE RECEIVABLES

	The Group	
	2013 RM'000	2012 RM'000
Gross trade receivables	59,637	57,994
Allowance for impairment losses:		
At 1 October 2012/2011	(68)	(58)
Increase during the financial year	-	(10)
Bad debts written off	58	-
Reversal of allowance for impairment losses on trade receivables	1	-
At 30 September	(9)	(68)
Net trade receivables	59,628	57,926

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Other receivables	1,981	1,154	-	-
Deposits	4,544	4,193	1,500	-
Prepayments	1,625	2,941	-	-
	8,150	8,288	1,500	-

10. DERIVATIVE ASSETS/(LIABILITIES)

	The Group			
	Contract/Notional Amount		(Liabilities)/Assets	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Forward foreign currency contracts:				
- US Dollar	157,500	139,600	(6,713)	522
- Euro	2,200	7,200	(369)	8
	159,700	146,800	(7,082)	530

The Group does not apply hedge accounting.

Forward foreign currency contracts are used to mitigate the effects of foreign exchange fluctuations as of the Group's sales is denominated in United States Dollar and Euro for which firm commitments existed at the end of the reporting period. The duration of these contracts are typically 12 to 24 months from the date of the contract with an early settlement "knock-out" feature.

The method and assumptions applied in determining the fair value of these derivatives are disclosed in Note 40(d)(iv) to the financial statements.

11. AMOUNT OWING BY/(TO) SUBSIDIARIES

The amounts owing are non-trade in nature and unsecured, and are in respect of interest-free advances and payments made on behalf. The amounts owing are repayable within the next twelve months and are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

12. SHORT-TERM DEPOSITS WITH LICENSED BANKS

The interest rates of the short-term deposits of the Group and of the Company at the end of the reporting period ranged from 2.0% to 3.20% (2012 - 2.7% to 3.33%) and 2.70% (2012 - 2.70%) per annum respectively. The maturity period of the short-term deposits of the Group and of the Company ranged from 1 to 365 days (2012 - 30 to 365 days) and 30 days (2012 - 30 days) respectively.

13. SHARE CAPITAL

	The Company			
	2013 Number Of Ordinary Shares ('000)	2012 Number Of Ordinary Shares ('000)	2013 RM'000	2012 RM'000
Authorised				
Ordinary shares of RM0.50 each	1,000,000	1,000,000	500,000	500,000
Issued And Fully Paid				
Ordinary shares of RM0.50 each:				
At 1 October 2012/2011	270,418	154,561	135,209	77,280
Bonus issue	-	115,857	-	57,929
Conversion of warrants	-	*	-	#
At 30 September	270,418	270,418	135,209	135,209

* denotes 115

denotes RM57

14. SHARE PREMIUM

	The Group And The Company	
	2013 RM'000	2012 RM'000
At 1 October 2012/2011	*	25,193
Bonus Issue	-	(25,193)
At 30 September	*	*

denotes RM57

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 in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

15. TREASURY SHARES

The shareholders of the Company, by an ordinary resolution passed in the Annual General Meeting held on 20 March 2013, granted their approval for the Company's plan to repurchase its own ordinary shares.

During the financial year, the Company purchased from the open market, 4,100,000 units of its own shares through purchases on the Main Market of Bursa Malaysia Securities Berhad at an average buy-back price of RM0.76 per ordinary share. The total consideration paid for acquisition of the shares was RM3,100,380 and was financed by internally generated funds. The repurchased shares were held as treasury shares in accordance with Section 67A of the Companies Act 1965 in Malaysia.

On 20 June 2013, a total of 8,317,275 treasury shares amounting to RM8,686,145 were distributed as share dividend to shareholders on the basis of thirty two (32) treasury shares for every one thousand (1,000) existing ordinary shares held on 6 June 2013.

As at 30 September 2013, the Company held 2,147,273 repurchased shares as treasury shares out of its total issued and paid up share capital of 270,418,065 ordinary shares of RM0.50 each. Such treasury shares were held at a carrying amount of RM2,242,504.

16. RETAINED PROFITS

Subject to the agreement of the tax authorities, at the end of the reporting period, the Company has sufficient tax credits under Section 108 of the Income Tax Act, 1967 and tax-exempt income to frank the payment of dividends out of its entire retained profits without incurring any additional tax liabilities.

At the end of the reporting period, the Company has not elected for the single tier tax system. When the tax credit balance is fully utilised, or by 31 December 2013 at the latest, the Company will automatically move to the single tier tax system. Under the single tier tax system, tax on the Company's profit is a final tax, and dividends distributed to the shareholders will be exempted from tax.

17. LONG-TERM BORROWINGS

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Hire purchase and lease payables (Note 21)	10,773	17,183	-	-
Term loans (Note 21)	45,038	46,930	7,814	10,205
	55,811	64,113	7,814	10,205

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

18. DEFERRED TAXATION

	The Group	
	2013 RM'000	2012 RM'000
At 1 October 2012/2011	19,736	16,323
Recognised in profit or loss (Note 25)	(699)	3,413
At 30 September	19,037	19,736

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

The components of the deferred tax assets and liability at the end of the reporting period prior to offsetting are as follows:-

	The Group	
	2013 RM'000	2012 RM'000
<u>Deferred tax assets</u>		
Unutilised tax losses	171	114
Unabsorbed capital allowances	429	357
	600	471
<u>Deferred tax liability</u>		
Accelerated depreciation	(177)	(187)
Net deferred tax assets not recognised	423	284

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profit of the subsidiaries will be available against which the deductible temporary differences can be utilised.

19. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

20. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Other payables	12,508	21,051	496	663
Accruals	7,766	8,000	1,038	429
	20,274	29,051	1,534	1,092

Included in the other payables of the Group is an amount of RM4,428,708 (2012 - RM9,243,784) in respect of the acquisition of plant and equipment during the financial year. The said amount is owing to third party suppliers pending financing via hire purchase and term loan arrangements which were only completed subsequent to the end of the reporting period.

21. SHORT-TERM BORROWINGS AND BANK OVERDRAFT

Short-term borrowings comprise the following:

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Bills payable	4,266	4,198	-	-
Hire purchase and lease payables	9,059	16,371	-	-
Term loans	21,121	16,796	5,849	3,901
	34,446	37,365	5,849	3,901

The bank overdraft and bills payable are secured by corporate guarantees issued by the Company.

The hire purchase and lease payables and term loans are secured as follows:-

- (a) by legal charges over certain property, plant and equipment belonging to certain subsidiaries of the Company; and
- (b) by corporate guarantees issued by the Company.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

21. SHORT-TERM BORROWINGS AND BANK OVERDRAFT (cont'd)

Details of the hire purchase and lease payables outstanding at the end of the reporting period are as follows:

	The Group	
	2013 RM'000	2012 RM'000
Minimum hire purchase and lease payments:		
- not later than one year	10,109	18,155
- later than one year and not later than five years	11,726	18,583
	21,835	36,738
Less: Future finance charges	2,003	3,184
Present value of hire purchase and lease payables	19,832	33,554
Current portion:		
- not later than one year	9,059	16,371
Non-current portion:		
- later than one year and not later than five years (Note 17)	10,773	17,183
	19,832	33,554

The term loans are repayable as follows:

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Term loans	66,159	63,726	13,663	14,106
Portion repayable within twelve months	(21,121)	(16,796)	(5,849)	(3,901)
Portion repayable after twelve months (Note 17)	45,038	46,930	7,814	10,205

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

21. SHORT-TERM BORROWINGS AND BANK OVERDRAFT (cont'd)

Details of the term loans outstanding at the end of the reporting period are as follows:

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current portion:				
- repayable within one year	21,121	16,796	5,849	3,901
Non-current portion:				
- repayable between one to two years	22,745	17,519	5,731	3,779
- repayable between two to five years	22,293	29,411	2,083	6,426
Total non-current portion	45,038	46,930	7,814	10,205
	66,159	63,726	13,663	14,106

Details of the term loans outstanding at the end of the reporting period are as follows:-

				Amount Outstanding at the End of the Reporting Period			
	Number of Instalments	Instalment Amount RM	Date of Commencement of Repayment	The Group		The Company	
				2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Term loan 1	84	75,000	May 2008	1,450	2,350	-	-
Term loan 2	60	315,396	March 2010	5,502	8,787	-	-
Term loan 3	60	116,724	May 2010	2,053	3,391	-	-
Term loan 4	60	89,125	June 2010	1,709	2,627	-	-
Term loan 5	#	797,500	August 2010	6,149	8,851	-	-
Term loan 6	#	1,432,885	March 2011	13,663	14,106	13,663	14,106
Term loan 7	84	197,000	September 2012	13,348	15,712	-	-
Term loan 8	60	155,917	October 2012	5,657	7,902	-	-
Term loan 9	60	95,647	March 2013	4,418	-	-	-
Term loan 10	60	106,510	September 2013	5,398	-	-	-
Term loan 11	#	1,000,000	September 2013	6,812	-	-	-
				66,159	63,726	13,663	14,106

payable on a quarterly basis.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

22. NET ASSETS PER ORDINARY SHARE

The net assets per ordinary share of the Group is calculated based on the net assets value at the end of the reporting period of approximately RM315,538,000 (2012 - RM305,926,000) divided by the number of ordinary shares in issue at the end of the reporting period of approximately 268,271,000 (2012 - 264,053,000) excluding treasury shares held by the Company.

23. REVENUE

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue represents:-				
Invoiced value of goods sold and services rendered less discounts and returns	222,315	308,827	-	-
Dividend income	-	-	9,437	42,763
Management fee	-	-	5,560	1,716
	222,315	308,827	14,997	44,479

24. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Allowance for impairment losses on trade receivables	-	10	-	-
Auditors' remuneration:				
- statutory audit:				
- Crowe Horwath	181	160	45	43
- others	19	17	-	-
- non-statutory audit	-	32	-	-
- underprovision in the previous financial year	5	14	4	-
Deposit forfeited	420	-	-	-
Depreciation of property, plant and equipment	40,105	34,780	26	61
Directors' remuneration:				
- fee	198	144	198	144
- other emoluments	5,528	2,354	5,498	1,582
Fair value loss/(gain) on derivatives	7,082	(529)	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

24. PROFIT BEFORE TAXATION (cont'd)

Profit before taxation is arrived at after charging/(crediting): -

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest expense:				
- bank overdraft	47	82	-	-
- bills payable	136	147	-	-
- hire purchase and lease	2,099	2,228	-	-
- term loans	3,583	2,031	502	522
Inventories written down	1,995	-	-	-
Inventories written off:				
- due to fire damage	8,258	-	-	-
- due to flood damage	-	2,302	-	-
- others	-	265	-	-
Loss on foreign currency:				
- realised:				
- translation	549	570	139	90
- unrealised:				
- translation	-	-	807	-
Plant and equipment written off:				
- due to fire damage	12,715	-	-	-
- due to flood damage	-	4,474	-	-
- others	10	-	-	-
Preliminary expenses written off	-	38	-	-
Rental of premises	1,477	109	-	-
Rental of office equipment	-	6	-	-
Staff costs:				
- salaries, bonuses and wages	43,130	35,308	391	361
- defined contribution plan	1,461	1,530	44	49
Dividend income (gross)	-	-	(9,437)	(42,763)
Gain on disposal of plant and equipment	(38)	(34)	-	-
Gain on foreign currency:				
- realised:				
- translation	(6,703)	(3,237)	-	-
- derivative contract	(3,140)	(2,544)	-	-
- unrealised:				
- translation	(255)	(466)	-	(551)
Interest income	(230)	(242)	(388)	(535)
Insurance received	(35,780)	-	-	-
Reversal of allowance for impairment losses on trade receivables	(1)	-	-	-
Rental income	-	(2)	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

25. INCOME TAX EXPENSE

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current tax expense:				
- for the financial year	9,688	4,447	5	16
- under/(over)provision in the previous financial year	435	213	(11)	(128)
	10,123	4,660	(6)	(112)
Deferred tax expense (Note 18):				
- for the financial year	(1,728)	2,694	-	-
- underprovision in the previous financial year	1,029	719	-	-
	(699)	3,413	-	-
	9,424	8,073	(6)	(112)

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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit before taxation	29,513	57,322	7,256	41,993
Tax at the statutory tax rate of 25%	7,378	14,331	1,814	10,498
Tax effects of: -				
Non-deductible expenses:				
- depreciation on non-qualifying assets	98	351	-	-
- expenses disallowed for tax purposes	5,656	1,541	560	367
Non-taxable income	(5,420)	(294)	(2,369)	(10,849)
Under/(Over)provision in the previous financial year:				
- current tax	435	213	(11)	(128)
- deferred tax	1,029	719	-	-
Deferred tax assets not recognised during the financial year	139	223	-	-
Reinvestment allowances	109	(9,011)	-	-
Income tax expense/(reversal) for the financial year	9,424	8,073	(6)	(112)

Subject to agreement with the tax authorities, the Group has unabsorbed capital allowances, unutilised tax losses and unutilised reinvestment allowances of approximately RM1,715,000 (2012 - RM1,428,000), RM687,000 (2012 - RM456,000) and RM523,000 (2012 - RM523,000) respectively at the end of the reporting period available for offset against future taxable business income.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

26. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the consolidated profit after taxation attributable to owners of the Company for the financial year divided by the weighted average number of ordinary shares of RM0.50 each in issue during the financial year excluding the treasury shares held by the Company.

	The Group	
	2013	2012
	RM'000	RM'000
Profit after taxation attributable to owners of the Company	20,089	49,264
Number of ordinary shares at beginning of the financial year ('000)	270,418	154,561
Effect of purchase of own shares and held as treasury shares ('000)	(5,350)	(1,101)
Effect of bonus issue ('000)	-	115,857
Weighted average number of ordinary shares in issue ('000)	265,068	269,317
Basic earnings per share (sen)	7.6	18.3
Weighted average number of ordinary shares for basic earnings per share	265,068	269,317
Effects of dilution:		
- conversion of Warrants-A	-	4,351
- conversion of Warrants-B	-	5,710
	265,068	279,378
Diluted earnings per share (sen)	N/A	17.6

The diluted earnings per share is not presented for 2013 as the assumed conversion of the warrants would be unlikely as the average market price for the share is below the warrant exercise price.

N/A - Not applicable

27. DIVIDEND PER SHARE

	The Company	
	2013	2012
	Sen	Sen
<u>In respect of the financial year ended 30 September 2012:</u>		
Interim tax-exempt dividend of 1.0 sen per ordinary share of RM0.50 each, paid on 19 September 2012	-	1.0
Final tax-exempt dividend of 2.0 sen per ordinary share of RM0.50 each, paid on 16 April 2013	2.0	-
	2.0	1.0

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

28. DIVIDEND

	The Company	
	2013 RM'000	2012 RM'000
Interim tax-exempt dividend of 1.0 sen per ordinary share of RM0.50 each in respect of the financial year ended 30 September 2012	-	2,649
Final tax-exempt dividend of 2.0 sen per ordinary share of RM0.50 each in respect of the financial year ended 30 September 2012	5,279	-
	5,279	2,649

29. SHARE DIVIDEND

On 20 June 2013, the Company paid an interim dividend in specie in respect of the current financial year by way of distribution of a tax-exempt share dividend on the basis of thirty two (32) treasury shares for every one thousand (1,000) existing ordinary shares held on 6 June 2013. The share dividend involved the distribution of 8,317,275 treasury shares which were carried at RM8,686,145.

30. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cost of property, plant and equipment acquired	33,663	95,854	-	-
Amount financed through hire purchase and lease	(1,966)	(14,534)	-	-
Amount financed through term loan	(7,693)	-	-	-
Amount owing to plant and equipment suppliers	(4,429)	(9,243)	-	-
Cash disbursed for purchase of property, plant and equipment	19,575	72,077	-	-

31. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Short-term deposits with licensed banks	15,430	2,360	393	383
Cash and bank balances	27,967	36,651	977	1,498
Bank overdraft	(739)	(2,165)	-	-
	42,658	36,846	1,370	1,881

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

32. DIRECTORS' REMUNERATION

- (a) The aggregate amounts of emoluments received and receivable by directors of the Group and of the Company during the financial year are as follows: -

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Executive directors:				
- non-fee emoluments	4,922	2,062	4,911	1,374
- defined contribution plan	576	253	557	169
	5,498	2,315	5,468	1,543
Non-executive directors:				
- fee	198	144	198	144
- allowance	30	39	30	39
	228	183	228	183
Total directors' remuneration	5,726	2,498	5,696	1,726
Represented by: -				
Directors' fee	198	144	198	144
Directors' non-fee emoluments	5,528	2,354	5,498	1,582
	5,726	2,498	5,696	1,726

- (b) Details of directors' emoluments of the Group received and receivable for the financial year in bands of RM50,000 are as follows: -

	Number Of Directors	
	2013	2012
Executive directors: -		
RM350,001 - RM400,000	-	3
RM400,001 - RM450,000	-	1
RM750,001 - RM800,000	-	1
RM1,000,001 - RM1,050,000	4	-
RM1,350,001 - RM1,400,000	1	-
Non-executive directors: -		
Less than RM100,000	3	3
	8	8

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

33. SIGNIFICANT RELATED PARTY DISCLOSURES

- (a) Identities of related parties

The Company has related party relationships with:-

- (i) its subsidiaries; and
 - (ii) the directors and other members of key management personnel.
- (b) In addition to the information detailed elsewhere in the financial statements, the Company carried out the following significant transactions with the related parties during the financial year: -

	The Company	
	2013 RM'000	2012 RM'000
Dividend income from subsidiaries	9,437	42,763
Management fee from subsidiaries	5,560	1,716

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Key management personnel compensation:				
- short-term employee benefits	6,966	3,836	5,696	1,726
Rental expense paid to a company in which a director has a substantial financial interest	180	180	-	-

34. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance.

For management purposes, the Group is organised into the following main business segments: -

Manufacturing Manufacturer of high volume precision components and tools.

Investing Investment holding and provision of management services.

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly investments and related income, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

34. OPERATING SEGMENTS (cont'd)

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties.

Business Segments

2013	Manufacturing RM'000	Investing RM'000	Group RM'000
Revenue			
External revenue	222,315	-	222,315
Inter-segment revenue	41,063	14,997	56,060
	263,378	14,997	278,375
Adjustments and eliminations			(56,060)
Consolidated revenue			222,315
Results			
Segments results	99,012	7,722	106,734
Adjustments and eliminations	(1,405)	(9,437)	(10,842)
	97,607	(1,715)	95,892
Interest income	158	72	230
Other items of income	10,136	-	10,136
Depreciation of property, plant and equipment	(40,079)	(26)	(40,105)
Other items of expenses	(30,609)	-	(30,609)
	37,213	(1,669)	35,544
Finance expenses	(5,518)	(513)	(6,031)
Income tax expense			(9,424)
Consolidated profit after taxation			20,089
Assets			
Segment assets	472,387	2,870	475,257
Unallocated assets			1,256
Consolidated total assets			476,513
Liabilities			
Segment liabilities	126,741	15,197	141,938
Deferred taxation			19,037
Consolidated total liabilities			160,975
Other Segment Items			
Additions to non-current assets other than financial instruments:			
- property, plant and equipment	33,663	-	33,663

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

34. OPERATING SEGMENTS (cont'd)

Business Segments

2012	Manufacturing RM'000	Investing RM'000	Group RM'000
Revenue			
External revenue	308,827	-	308,827
Inter-segment revenue	28,226	44,479	72,705
	337,053	44,479	381,532
Adjustments and eliminations			(72,705)
Consolidated revenue			308,827
Results			
Segments results	98,864	42,453	141,317
Adjustments and eliminations	(652)	(42,763)	(43,415)
	98,212	(310)	97,902
Interest income	119	123	242
Other items of income	6,810	-	6,810
Depreciation of property, plant and equipment	(34,720)	(60)	(34,780)
Other items of expenses	(7,611)	-	(7,611)
	62,810	(247)	62,563
Finance expenses	(4,718)	(523)	(5,241)
Income tax expense			(8,073)
Consolidated profit after taxation			49,249
Assets			
Segment assets	479,889	1,907	481,796
Unallocated assets			3,626
Consolidated total assets			485,422
Liabilities			
Segment liabilities	144,562	15,198	159,760
Deferred taxation			19,736
Consolidated total liabilities			179,496
Other Segment Items			
Additions to non-current assets other than financial instruments:			
- property, plant and equipment	95,854	-	95,854

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

34. OPERATING SEGMENTS (cont'd)

(a) Other items of income consist of the following: -

	The Group	
	2013	2012
	RM'000	RM'000
Fair value gain on derivatives	-	529
Gain on disposal of plant and equipment	38	34
Gain on foreign currency translations	6,958	3,703
Gain on foreign currency derivative contract	3,140	2,544
	10,136	6,810

(b) Other items of expenses consist of the following: -

Fair value loss on derivatives	7,082	-
Inventories written down	1,995	-
Inventories written off	8,258	2,567
Loss on foreign currency translations	549	570
Plant and equipment written off	12,725	4,474
	30,609	7,611

Geographical Information

	Source Of Revenue		Total Assets Employed	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Belgium	14,771	18,105	-	-
China	1,485	4,940	-	-
Japan	12,490	15,714	-	-
Malaysia	42,497	53,664	441,020	456,059
Others	3,712	6,725	-	-
Poland	3,699	-	-	-
Thailand	135,640	202,716	35,493	29,363
United States of America	8,021	6,963	-	-
	222,315	308,827	476,513	485,422

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

34. OPERATING SEGMENTS (cont'd)

Geographical Information (cont'd)

Major Customers

The following are major customers with revenue equal to or more than 10% of Group revenue:-

	Revenue		Segment
	2013 RM'000	2012 RM'000	
Nikon (Thailand) Co. Ltd.	69,543	107,642	Manufacturing
Western Digital (Thailand) Co. Ltd	30,221	29,051	Manufacturing

35. FOREIGN CURRENCY RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of the foreign currency balances at the end of the reporting period are as follows: -

	The Group	
	2013 RM	2012 RM
Euro	4.40	3.93
Hong Kong Dollar	0.42	0.39
Japanese Yen	0.03	0.04
Singapore Dollar	2.59	2.49
Sterling Pound	5.27	4.94
Swiss Franc	3.60	3.26
Thai Baht	0.10	0.10
United States Dollar	3.26	3.06

36. CONTINGENT LIABILITIES

	The Company	
	2013 RM'000	2012 RM'000
Unsecured: -		
(i) Corporate guarantee given to financial institutions for banking facilities granted to subsidiaries	57,501	55,983
(ii) Corporate guarantee given to financial institutions for hire purchase facilities granted to subsidiaries	19,780	33,554
	77,281	89,537

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

37. CAPITAL COMMITMENT

	The Group	
	2013 RM'000	2012 RM'000
Capital expenditure in respect of purchase of property, plant and equipment: - approved and contracted for	1,661	13,491

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

During the financial year,

- (i) the Company entered into a Settlement Agreement with a third party who had earlier initiated a legal action against the Company. The Company paid a total ex-gratia settlement sum of RM250,000 as full and final settlement of the Industrial Suit and purchased 150,000 ordinary shares of RM1.00 each in Swiss Impression Sdn. Bhd., representing 30% of the equity interest in Swiss Impression Sdn. Bhd. at a total purchase consideration of RM250,000 as full and final settlement of the Civil Suit. As a result of this acquisition, the Company now holds 100% (2012 - 70%) of the equity interest in the said subsidiary; and
- (ii) a fire occurred at a rear portion of the Company's main manufacturing plant. The recorded damage ascertained resulting from the fire amounted to RM24.9 million. The Company has received an insurance claim of approximately RM35.8 million. The Company's claim on the Business Interruption Policy or Consequential Loss which was submitted to the insurer after the reporting period is still in progress.

39. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Company acquired 19.9% of the equity interest in a company incorporated in Australia and listed on the Australian Securities Exchange named Alcyone Resources Ltd comprising 975,000,000 ordinary shares for a total consideration of approximately RM14.7 million.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

40. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows: -

(i) Market Risks

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are Euro, Japanese Yen, Singapore Dollar, Swiss Franc, Thai Baht and United States Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group enters into forward foreign currency contracts to hedge against its foreign currency risk.

The Group's exposure to foreign currency risk is as follows: -

	Euro		Japanese Yen		Ringgit Malaysia		Singapore Dollar		Swiss Franc		Thai Baht		United States Dollar		Total	
2013	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets																
Trade receivables	7,339	-	-	5,933	-	-	-	-	-	-	1,722	44,634	-	-	59,628	
Other receivables, deposits and prepayments	-	-	-	7,974	-	-	-	-	-	-	176	-	-	-	8,150	
Short-term deposits with licensed banks	-	-	-	15,430	-	-	-	-	-	-	-	-	-	-	15,430	
Cash and bank balances	2,306	119	13,756	3	-	-	-	-	-	-	4,214	7,569	-	-	27,967	
	9,645	119	43,093	3	-	-	-	-	-	-	6,112	52,203	-	-	111,175	

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

40. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risks (cont'd)

(i) Foreign Currency Risk (cont'd)

	Euro RM'000	Japanese Yen RM'000	Ringgit Malaysia RM'000	Singapore Dollar RM'000	Swiss Franc RM'000	Thai Baht RM'000	United States Dollar RM'000	Total RM'000
2013	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial liabilities								
Trade payables	344	-	10,490	433	-	4,937	3,392	19,596
Other payables and accruals	-	2,445	16,032	12	1,566	55	164	20,274
Derivative liabilities	-	-	7,082	-	-	-	-	7,082
Bills payable	-	-	-	-	-	-	4,266	4,266
Hire purchase and lease payables	-	428	19,404	-	-	-	-	19,832
Term loan	-	-	46,347	-	-	-	19,812	66,159
Bank overdraft	-	-	739	-	-	-	-	739
	344	2,873	100,094	445	1,566	4,992	27,634	137,948

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

40. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risks (cont'd)

(i) Foreign Currency Risk (cont'd)

	Euro		Japanese Yen		Ringgit Malaysia		Singapore Dollar		Swiss Franc		Thai Baht		United States Dollar		Total
2013	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net financial assets/ (liabilities)	9,301	(2,754)	(57,001)	(442)	(1,566)	1,120	24,569	(26,773)							
Less: Net financial liabilities/ (assets)															
denominated in the entity's functional currencies	-	-	57,001	-	-	(1,120)	-	-	-	-	-	-	-	-	55,881
Less: Forward foreign currency contracts (contracted nominal principal)	9,301	-	-	-	-	-	(50,292)	(59,593)							
Currency exposure	-	(2,754)	-	(442)	(1,566)	-	(25,723)	(30,485)							

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

40. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risks (cont'd)

(i) Foreign Currency Risk (cont'd)

	Euro RM'000	Japanese Yen RM'000	Ringgit Malaysia RM'000	Singapore Dollar RM'000	Sterling Pound RM'000	Swiss Franc RM'000	Thai Baht RM'000	United States Dollar RM'000	Total RM'000
2012	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets									
Trade receivables	5,178	110	3,115	-	-	-	4,427	45,096	57,926
Other receivables, deposits and prepayments	-	-	8,136	-	-	-	152	-	8,288
Derivative assets	-	-	530	-	-	-	-	-	530
Short-term deposits with licensed banks	-	-	2,360	-	-	-	-	-	2,360
Cash and bank balances	1,393	9	13,476	17	-	-	1,749	20,007	36,651
	6,571	119	27,617	17	-	-	6,328	65,103	105,755
Financial liabilities									
Trade payables	-	-	15,821	270	11	-	4,180	6,784	27,066
Other payables and accruals	-	333	27,298	13	-	29	810	568	29,051
Bills payable	-	-	-	-	-	-	-	4,198	4,198
Hire purchase and lease payables	-	2,147	31,407	-	-	-	-	-	33,554
Term loans	-	-	40,591	-	-	-	-	23,135	63,726
Bank overdraft	-	-	2,165	-	-	-	-	-	2,165
	-	2,480	117,282	283	11	29	4,990	34,685	159,760

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

40. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risks (cont'd)

(i) Foreign Currency Risk (cont'd)

	Euro		Japanese Yen		Ringgit Malaysia		Singapore Dollar		Sterling Pound		Swiss Franc		Thai Baht		United States Dollar		Total
2012	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net financial assets/ (liabilities)	6,571		(2,361)		(89,665)		(266)		(11)		(29)		1,338		30,418		(54,005)
Less: Net financial liabilities/ (assets)																	
denominated in the entity's functional currencies					89,665								(1,338)				88,327
Less: Forward foreign currency contracts (contracted nominal principal)	(1,572)														(48,461)		(50,033)
Currency exposure	4,999		(2,361)				(266)		(11)		(29)				(18,043)		(15,711)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

40. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risks (cont'd)

(i) Foreign Currency Risk (cont'd)

The Group's details of the outstanding forward foreign currency contracts as at 30 September 2013 are disclosed in Note 10 to the financial statements.

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:-

	The Group	
	2013	2012
	Increase/ (Decrease)	Increase/ (Decrease)
	RM'000	RM'000
Effects on profit after taxation		
Euro:		
- strengthened by 5%	-	250
- weakened by 5%	-	(250)
Japanese Yen:		
- strengthened by 5%	(138)	(118)
- weakened by 5%	138	118
Singapore Dollar:		
- strengthened by 5%	(22)	(13)
- weakened by 5%	22	13
Sterling Pound:		
- strengthened by 5%	-	(1)
- weakened by 5%	-	1
Swiss Franc:		
- strengthened by 5%	(78)	(1)
- weakened by 5%	78	1
United States Dollar:		
- strengthened by 5%	(1,286)	(902)
- weakened by 5%	1,286	902

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

40. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risks (cont'd)

(i) Foreign Currency Risk (cont'd)

	The Company	
	2013 (Decrease)/ Increase RM'000	2012 (Decrease)/ Increase RM'000
Effects on profit after taxation and equity		
United States Dollar:		
- strengthened by 5%	(682)	(652)
- weakened by 5%	682	652

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from its interest-bearing borrowings. The Group's policy is to obtain the most favourable interest rate available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 40(a)(iii) to the financial statements.

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant: -

	The Group	
	2013 (Decrease)/ Increase RM'000	2012 (Decrease)/ Increase RM'000
Effects on profit after taxation		
Increase of 100 basis points (bp)	(557)	(677)
Decrease of 100 bp	557	677

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

40. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risks (cont'd)

(ii) Interest Rate Risk (cont'd)

	The Company	
	2013 (Decrease)/ Increase RM'000	2012 (Decrease)/ Increase RM'000
Effects on profit after taxation		
Increase of 100 bp	(133)	(137)
Decrease of 100 bp	133	137

(iii) Equity Price Risk

The Group does not have any quoted investments as at the end of the reporting period and hence is not exposed to equity price risk.

(ii) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group's major concentration of credit risk related to amounts owing by two customers which constituted approximately 52% of its trade receivables as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

40. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(ii) Credit Risk (cont'd)

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows: -

	The Group	
	2013 RM'000	2012 RM'000
Belgium	3,555	3,667
China	787	1,974
Germany	80	-
Hong Kong	246	269
Japan	1,205	2,576
Malaysia	9,516	7,473
Mexico	675	-
Others	358	49
Philippines	27	26
Poland	1,308	-
Singapore	46	31
Thailand	40,117	40,108
United States of America	1,708	1,753
	59,628	57,926

Ageing analysis

The ageing analysis of the Group's trade receivables as at the reporting period is as follows: -

	Gross amount RM'000	Individual impairment RM'000	Net carrying amount RM'000
2013			
Not past due	38,999	-	38,999
Past due:			
- less than 3 months	19,101	-	19,101
- 3 to 6 months	589	-	589
- over 6 months	948	(9)	939
	59,637	(9)	59,628

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

40. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(ii) Credit Risk (cont'd)

Ageing analysis (cont'd)

The ageing analysis of the Group's trade receivables as at the reporting period is as follows: - (cont'd)

	Gross amount RM'000	Individual impairment RM'000	Net carrying amount RM'000
2012			
Not past due	26,900	-	26,900
Past due:			
- less than 3 months	29,120	-	29,120
- 3 to 6 months	1,474	-	1,474
- over 6 months	500	(68)	432
	57,994	(68)	57,926

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

Trade receivables that are past due but not impaired

The Group believes that no allowance for impairment is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due, which are deemed to have higher credit risk, are monitored individually.

(iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

40. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(iii) Liquidity Risk (cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period): -

The Group 2013	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000
Trade payables	-	19,596	19,596	19,596	-
Other payables and accruals	-	20,274	20,274	20,274	-
Bills payable	2.4	4,266	4,266	4,266	-
Hire purchase and lease payables	6.8	19,832	21,835	10,109	11,726
Term loans	7.6	66,159	76,953	24,410	52,543
Bank overdraft	7.6	739	739	739	-
Total		130,866	143,663	79,394	64,269
2012					
Trade payables	-	27,066	27,066	27,066	-
Other payables and accruals	-	29,051	29,051	29,051	-
Bills payable	2.1	4,198	4,198	4,198	-
Hire purchase and lease payables	6.9	33,554	36,738	18,155	18,583
Term loans	6.6	63,726	80,773	19,598	61,175
Bank overdraft	7.6	2,165	2,165	2,165	-
Total		159,760	179,991	100,233	79,758

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

40. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(iii) Liquidity Risk (cont'd)

The Company 2013	Weighted Average Effective Rate %	Contractual Carrying Amount RM'000	Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000
Other payables and accruals	-	1,534	1,534	1,534	-
Amount owing to subsidiaries	-	2,269	2,269	2,269	-
Term loan	3.3	13,663	14,429	6,293	8,136
Total		17,466	18,232	10,096	8,136
2012					
Other payables and accruals	-	1,092	1,092	1,092	-
Amount owing to subsidiaries	-	2,274	2,274	2,274	-
Term loan	3.4	14,106	15,257	4,385	10,872
Total		17,472	18,623	7,751	10,872

(b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

40. FINANCIAL INSTRUMENTS (cont'd)

(b) Capital Risk Management (cont'd)

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:

	The Group	
	2013 RM'000	2012 RM'000
Trade payables	19,596	27,066
Other payables and accruals	20,274	29,051
Bills payable	4,266	4,198
Hire purchase and lease payables	19,832	33,554
Term loans	66,159	63,726
Bank overdraft	739	2,165
	130,866	159,760
Less: Short-term deposits with licensed banks	15,430	2,360
Less: Cash and bank balances	27,967	36,651
Net debt	87,469	120,749
Total equity	315,538	305,926
Debt-to-equity ratio	0.28	0.39

(c) Classification of Financial Instruments

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Financial Assets				
<u>Fair value through profit or loss</u>				
Derivative assets	-	530	-	-
<u>Loans and receivables financial assets</u>				
Trade receivables	59,628	57,926	-	-
Other receivables, deposits and prepayments	8,150	8,288	1,500	-
Amount owing by subsidiaries	-	-	96,391	98,671
Short-term deposits with licensed banks	15,430	2,360	393	383
Cash and bank balances	27,967	36,651	977	1,498
	111,175	105,225	99,261	100,552

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

40. FINANCIAL INSTRUMENTS (cont'd)

(c) Classification of Financial Instruments (cont'd)

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Financial Liabilities				
<u>Fair value through profit or loss</u>				
Derivative liabilities	7,082	-	-	-
<u>Other financial liabilities</u>				
Trade payables	19,596	27,066	-	-
Other payables and accruals	20,274	29,051	1,534	1,092
Bills payable	4,266	4,198	-	-
Amount owing to subsidiaries	-	-	2,269	2,274
Hire purchase payables	19,832	33,554	-	-
Term loans	66,159	63,726	13,663	14,106
Bank overdraft	739	2,165	-	-
	130,866	159,760	17,466	17,472

(d) Fair Values Of Financial Instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values.

The following summarises the methods used to determine the fair values of the financial instruments:-

- (i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.
- (ii) The fair value of hire purchase payables is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.
- (iii) The carrying amounts of the term loans approximated their fair values as these instruments bear interest at variable rates.
- (iv) The fair value of forward foreign currency contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 September 2013

40. FINANCIAL INSTRUMENTS (cont'd)

(e) Fair Values Hierarchy

The fair values of the financial assets and liabilities are analysed into level 1 to 3 as follows:-

- Level 1: Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements derive from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group has derivative assets and derivative liabilities classified as financial assets and liabilities at fair value through profit or loss. These financial assets and liabilities belong to level 2 of the fair value hierarchy.

SUPPLEMENTARY INFORMATION

41. DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group and of the Company as at the end of the reporting period into realised and unrealised profits are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained profits:				
- realised	207,921	194,876	4,388	11,091
- unrealised	(25,864)	(18,741)	-	-
At 30 September	182,057	176,135	4,388	11,091

LIST OF PROPERTIES

held as at 30 September 2013

Lot No./Location/Description	Approximate age of building (years)	Date of Acquisition/ Completion	Land Area (sq ft)	Tenure	Net Book Value (RM)
1½ Storey Semi-Detached Light Industrial Factory held under H.S.(M) No. 22229, P.T. No. 27966, Mukim Kapar, Daerah Klang Address: No.11, Jalan Teruntum 20 KU/8, Jalan Teratai, Batu 5½, Jalan Meru, 41050 Klang, Selangor Darul Ehsan	9	26 February 2004	7,653	Freehold	508,307
1½ Storey Semi-Detached Light Industrial Factory held under H.S.(M) No. 22230, P.T. No. 27967, Mukim Kapar, Daerah Klang Address: No.11A, Jalan Teruntum 20 KU/8, Jalan Teratai, Batu 5½, Jalan Meru, 41050 Klang, Selangor Darul Ehsan	9	26 February 2004	7,653	Freehold	508,307
3 Storey Office Building with Factory Building held under H.S.(D) No. 13321, P.T. No. 371 and H.S.(D) No. 22781, P.T. No. 10649, Mukim Kapar, Daerah Klang Address: Lot 6123, Jalan Haji Salleh, Batu 5½, Jalan Meru, 41050 Klang, Selangor Darul Ehsan	8	10 August 2006	304,988	Freehold	20,914,428
1 Storey Factory with a 3 Storey Office held under GM1108, Lot 5009, Place: 5th Mile Sungai Binjai Road, Mukim of Kapar, District of Klang, State of Selangor Address: Lot 5009, Jalan Sungai Binjai, Batu 5½, Jalan Meru, 41050 Klang, Selangor Darul Ehsan	20	7 January 2008	132,041	Freehold	7,603,247
Factory buildings under the land title Deed No. 9845, Lot No. 112, Survey Page No. 623, Khan Ham Sub District, U Thai District, Ayutthaya Province, Thailand Address: No. 1/48, Rojana Industrial Park Moo 5, Tambol Kanham, Amphur U-Thai, Pranakorn Sri Ayutthaya 13210, Thailand	16	2 October 2009	170,517	Freehold	6,187,835

LIST OF PROPERTIES

held as at 30 September 2013

Lot No./Location/Description	Approximate age of building (years)	Date of Acquisition/ Completion	Land Area (sq ft)	Tenure	Net Book Value (RM)
1½ Storey Light Industrial Factory held under H.S.(M) 19366, P.T.24011, Mukim Kapar, Daerah Klang Address: No. 31, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan	17	28 January 2010	1,959	Freehold	191,111
1½ Storey Light Industrial Factory held under H.S.(M) 19373, P.T.24018, Mukim Kapar, Daerah Klang Address: No. 45, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan	17	28 January 2010	1,970	Freehold	191,111
1½ Storey Light Industrial Factory held under H.S.(M) 19374, P.T.24019, Mukim Kapar, Daerah Klang Address: No. 47, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan	17	28 January 2010	1,970	Freehold	191,111
1½ Storey Light Industrial Factory held under H.S.(M) 19375, P.T.24020, Mukim Kapar, Daerah Klang Address: No. 49, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan	17	28 January 2010	1,970	Freehold	191,111
1½ Storey Light Industrial Factory held under H.S.(M) 19376, P.T.24021, Mukim Kapar, Daerah Klang Address: No. 51, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan	17	28 January 2010	3,197	Freehold	382,222
2 Storey Office Building with Factory Building held under H.S.(D) No. 22776 P.T. No. 10644 Mukim Kapar, Daerah Klang Address: Lot 6123, Jalan Haji Salleh, Batu 5½, Jalan Meru, 41050 Klang, Selangor Darul Ehsan	17	29 April 2010	108,931	Freehold	4,628,509

LIST OF PROPERTIES

held as at 30 September 2013

Lot No./Location/Description	Approximate age of building (years)	Date of Acquisition/ Completion	Land Area (sq ft)	Tenure	Net Book Value (RM)
1½ Storey Light Industrial Factory held under H.S.(M) 19372, P.T.24017, Mukim Kapar, Daerah Klang Address: No. 43, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan	17	08 February 2012	1,970	Freehold	225,144
1 Storey Factory with a 2 Storey Office held under H.S.(D) No. 135933, P.T. No. 52829, Mukim Kapar, Daerah Klang Address: Lot 6071, Jalan Haji Manan, Batu 5½, Jalan Meru, 41050 Klang, Selangor Darul Ehsan	21	13 March 2012	283,952	Freehold	18,135,876
1½ Storey Linked Terrace Industrial Lot held under Geran 92792, Mukim Kapar, Daerah Klang Address: Lot 35141, Jalan Haji Manan, Batu 5½, Off Jalan Meru, 41050 Klang, Selangor	6	08 October 2012	3,337	Freehold	192,550
1½ Storey Linked Terrace Industrial Lot held under Geran 92798, Mukim Kapar, Daerah Klang Address: Lot 35147, Jalan Haji Manan, Batu 5½, Off Jalan Meru, 41050 Klang, Selangor	6	08 October 2012	3,337	Freehold	192,550
1½ Storey Linked Terrace Industrial Lot held under Geran 92800, Mukim Kapar, Daerah Klang Address: Lot 35149, Jalan Haji Manan, Batu 5½, Off Jalan Meru, 41050 Klang, Selangor	6	08 October 2012	3,337	Freehold	192,550
1½ Storey Linked Terrace Industrial Lot held under Geran 92801, Mukim Kapar, Daerah Klang Address: Lot 35150, Jalan Haji Manan, Batu 5½, Off Jalan Meru, 41050 Klang, Selangor	6	08 October 2012	3,337	Freehold	192,550

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

ANALYSIS OF SHAREHOLDINGS AND WARRANT HOLDINGS

as at 30 January 2014

SHAREHOLDINGS

Authorised Share Capital	:	RM500,000,000 divided into 1,000,000,000 ordinary shares of RM0.50 each
Issued and Paid-Up Share Capital	:	RM135,209,032.50 comprising 270,418,065 ordinary shares of RM0.50 each
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	Every member of the Company, present in person and entitled to vote, or by proxy or by attorney or other duly authorised representative, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each ordinary share held
Number of shareholders	:	4,616

ANALYSIS OF SHAREHOLDINGS

SIZE OF HOLDINGS	NO. OF HOLDERS	% OF HOLDERS	NO. OF SHARES #	% OF ISSUED CAPITAL #
1 – 99	630	13.648	27,445	0.010
100 – 1,000	384	8.319	170,354	0.064
1,001 – 10,000	2,060	44.627	10,369,085	3.865
10,001 – 100,000	1,369	29.658	38,598,344	14.388
100,001 – 13,413,488 (*)	168	3.640	110,508,795	41.193
13,413,489 AND ABOVE (**)	5	0.108	108,595,769	40.480
Total	4,616	100.000	268,269,792	100.000

Notes :

* less than 5% of issued shares.

** 5% and above of issued shares.

excluding 2,148,273 shares held as treasury shares as at 30 January 2014.

LIST OF THIRTY (30) LARGEST REGISTERED SHAREHOLDERS

NAME	NO. OF SHARE HELD #	PERCENTAGE (%) #
1 HSBC Nominees (Asing) Sdn Bhd Exempt An For Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	25,328,562	9.441
2 Choo Wing Onn	23,244,244	8.665
3 Choo Wing Hong	22,106,026	8.240
4 Thoo Chow Fah	20,582,534	7.672
5 Lembaga Tabung Haji	17,334,403	6.462
6 Lee Tian Yoke	12,117,631	4.517
7 Choo Wai Sook	6,219,533	2.318

ANALYSIS OF SHAREHOLDINGS AND WARRANT HOLDINGS

as at 30 January 2014

LIST OF THIRTY (30) LARGEST REGISTERED SHAREHOLDERS (CONT'D)

NAME	NO. OF SHARE HELD #	PERCENTAGE (%) #
8 Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (PHEIM)	6,150,200	2.293
9 Choo Wing Leong	5,969,550	2.225
10 Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Choo Wing Hong (8095431)	5,676,000	2.116
11 RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Choo Wing Hong	5,000,000	1.864
12 Choo Wing Yew	4,154,725	1.549
13 RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Choo Wing Onn	4,128,000	1.539
14 Choo Wing Kin	4,046,887	1.509
15 Amanahraya Trustees Berhad Public Islamic Opportunities Fund	3,249,580	1.211
16 DB (Malaysia) Nominee (Tempatan) Sendirian Berhad MIDF Amanah Asset Management Berhad For Yayasan Sarawak (JG281)	2,924,234	1.090
17 CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Oh Kim Sun (PBCL-0G0019)	2,827,115	1.054
18 Citigroup Nominees (Asing) Sdn Bhd CIPLC For PHEIM SICAV-SIF	2,552,840	0.952
19 RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Choo Wing Hong	2,000,000	0.746
20 Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Choo Wing Yew (471952)	1,806,000	0.673
21 RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Choong Foong Ming (CEB)	1,744,492	0.650
22 Lui Onn Kit Basil	1,600,054	0.596
23 Goh Kim Cheok	1,159,864	0.432
24 Hong Leong Assurance Berhad As Beneficial Owner (Unitlinked DP)	1,097,686	0.409
25 Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mohd Radzuan Bin Ab Halim	988,152	0.368

ANALYSIS OF SHAREHOLDINGS AND WARRANT HOLDINGS

as at 30 January 2014

LIST OF THIRTY (30) LARGEST REGISTERED SHAREHOLDERS (CONT'D)

NAME	NO. OF SHARE HELD #	PERCENTAGE (%) #
26 Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tee Kim Hew (E-KLG/BTG)	973,100	0.363
27 Goh Kim Cheok	928,800	0.346
28 HSBC Nominees (Asing) Sdn Bhd TNTC For LSV Emerging Markets Small Cap Equity Fund, LP	829,315	0.309
29 DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt An For Kumpulan Sentiasa Cemerlang Sdn Bhd (TSTAC/CLNT)	796,913	0.297
30 Abdul Sathar Bin M S M Abdul Kadir	783,679	0.292
	188,320,119	70.198

Note:

excluding 2,148,273 shares held as treasury shares as at 30 January 2014.

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 30 JANUARY 2014

NAME	NO. OF SHARES HELD AS AT 30 JANUARY 2014			
	DIRECT	% #	INDIRECT	% #
Thoo Chow Fah	20,582,534	7.67	-	-
Choo Wing Hong	34,782,026	12.97	-	-
Choo Wing Onn	27,372,244	10.20	-	-
Nikon Corporation	25,328,562	9.44	-	-
Lembaga Tabung Haji	17,334,403	6.46	-	-

Note:

excluding 2,148,273 shares held as treasury shares as at 30 January 2014.

ANALYSIS OF SHAREHOLDINGS AND WARRANT HOLDINGS

as at 30 January 2014

DIRECTORS' SHAREHOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 30 JANUARY 2014

NAME	NO. OF SHARES HELD AS AT 30 JANUARY 2014			
	DIRECT	% #	INDIRECT	% #
Thoo Chow Fah	20,582,534	7.672	6,219,533 *	2.318
Choo Wing Hong	34,782,026	12.965	-	-
Choo Wing Onn	27,372,244	10.203	-	-
Lee Tian Yoke	12,117,631	4.517	-	-
Choo Wing Yew	5,960,725	2.222	-	-
Saw Tat Loon	-	-	-	-
Yike Chee Wah	-	-	-	-
Anita Chew Cheng Im	-	-	-	-

Notes:

excluding 2,148,273 shares held as treasury shares as at 30 January 2014

* deemed interested in shares held by his spouse, Choo Wai Sook, pursuant to Section 134(12)(c) of the Companies Act, 1965

ANALYSIS OF SHAREHOLDINGS AND WARRANT HOLDINGS

as at 30 January 2014

WARRANT-A HOLDINGS

No. of warrants in issue	:	61,305,304
Exercise price of the warrants	:	RM1.44
Expiry date of the warrants	:	3 August 2015
Voting Rights	:	Every warrant holder present in person or by proxy at any Warrant holders' Meeting, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each warrant held

ANALYSIS OF WARRANT-A HOLDINGS

SIZE OF HOLDINGS	NO. OF HOLDERS	% OF HOLDERS	NO. OF WARRANTS	% OF WARRANTS HELD
1 – 99	214	9.644	8,838	0.014
100 – 1,000	863	38.891	453,636	0.740
1,001 – 10,000	609	27.445	2,213,838	3.611
10,001 – 100,000	411	18.522	17,733,000	28.926
100,001 – 3,065,264 (*)	121	5.453	35,358,116	57.676
3,065,265 AND ABOVE (**)	1	0.045	5,537,876	9.033
Total	2,219	100.000	61,305,304	100.000

Notes:

* less than 5% of issued warrants

** 5% and above of issued warrants

LIST OF THIRTY (30) LARGEST WARRANT-A HOLDERS

NAME	NO. OF WARRANTS HELD	PERCENTAGE OF WARRANTS (%)
1 HSBC Nominees (Asing) Sdn Bhd Exempt An For Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	5,537,876	9.033
2 CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Tan Seng Kow (MY0085)	2,012,000	3.282
3 Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Kek Lian Lye	1,518,000	2.476
4 Tsen Kui Lan @ Margaret Tsen	1,358,900	2.217
5 RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chiam Teong Tee (CEB)	1,300,000	2.121

ANALYSIS OF SHAREHOLDINGS AND WARRANT HOLDINGS

as at 30 January 2014

LIST OF THIRTY (30) LARGEST WARRANT-A HOLDERS (CONT'D)

NAME	NO. OF WARRANTS HELD	PERCENTAGE OF WARRANTS (%)
6 Ahmad Komarolaili Bin Abu	1,000,000	1.631
7 RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Thian Shing	960,800	1.567
8 Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Keng Eng Hai (10K34873M)	840,000	1.370
9 Mohd Radzuan Bin Ab Halim	735,000	1.199
10 Lok Wei Seong	723,800	1.181
11 Lim Tian @ Tan Tee Soon	700,000	1.142
12 RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Che Bashah @ Zaiton Binti Mustafa (CEB)	700,000	1.142
13 Koh Hock Lye	659,000	1.075
14 RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Siow Chock Shume	646,500	1.055
15 Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Gan Ching Han @ Paul Ngan Ching Han (011)	634,000	1.034
16 Hau Beng Han	545,900	0.890
17 Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Liang Tek Ling	515,500	0.841
18 Chin Siew Har	500,000	0.816
19 Wong Chok Chiw	500,000	0.816
20 Lee Kok Hoong	437,000	0.713
21 Chong Kim Loong	400,000	0.652
22 Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chong Teck Mon	393,000	0.641
23 Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Gan Wee Kiong (10G00069M)	380,000	0.620
24 AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Kek Lian Lye	371,900	0.607
25 Ooi Lean Han	326,400	0.532

ANALYSIS OF SHAREHOLDINGS AND WARRANT HOLDINGS

as at 30 January 2014

LIST OF THIRTY (30) LARGEST WARRANT-A HOLDERS (CONT'D)

NAME		NO. OF WARRANTS HELD	PERCENTAGE OF WARRANTS (%)
26	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yong Kae Shyang (B UTAMA-CL)	319,200	0.520
27	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teh Yoke Wan @ Tee Yoke Wan (JKAPAR-CL)	303,800	0.496
28	Chan Bin Hua	300,000	0.489
29	Kenanga Nominees (Tempatan) Sdn Bhd Chan Wai Thar (010-10E000064)	300,000	0.489
30	Koh Hock Lye	300,000	0.489
		25,218,576	41.136

DIRECTORS' WARRANT HOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' WARRANT-A HOLDINGS AS AT 30 JANUARY 2014

NAME	NO. OF WARRANTS-A HELD AS AT 30 JANUARY 2014			
	DIRECT	%	INDIRECT	%
Thoo Chow Fah	-	-	-	-
Choo Wing Hong	-	-	-	-
Choo Wing Onn	-	-	-	-
Lee Tian Yoke	-	-	-	-
Choo Wing Yew	-	-	-	-
Saw Tat Loon	-	-	-	-
Yike Chee Wah	-	-	-	-
Anita Chew Cheng Im	-	-	-	-

ANALYSIS OF SHAREHOLDINGS AND WARRANT HOLDINGS

as at 30 January 2014

WARRANT-B HOLDINGS

No. of warrants in issue	:	38,618,742
Exercise price of the warrants	:	RM1.00
Expiry date of the warrants	:	2 May 2017
Voting Rights	:	Every warrant holder present in person or by proxy at any Warrant holders' Meeting, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each warrant held

ANALYSIS OF WARRANT-B HOLDINGS

SIZE OF HOLDINGS	NO. OF HOLDERS	% OF HOLDERS	NO. OF WARRANTS	% OF WARRANTS HELD
1 – 99	721	23.326	14,911	0.039
100 – 1,000	1,149	37.172	533,253	1.381
1,001 – 10,000	898	29.052	2,522,526	6.532
10,001 – 100,000	257	8.314	8,564,309	22.176
100,001 – 1,930,936 (*)	64	2.071	19,688,505	50.982
1,930,937 AND ABOVE (**)	2	0.065	7,295,238	18.890
Total	3,091	100.000	38,618,742	100.000

Notes:

* less than 5% of issued warrants

** 5% and above of issued warrants

LIST OF THIRTY (30) LARGEST WARRANT-B HOLDERS

NAME	NO. OF WARRANTS HELD	PERCENTAGE OF WARRANTS (%)
1 Choo Wing Onn	3,789,070	9.811
2 HSBC Nominees (Asing) Sdn Bhd Exempt An For Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	3,506,168	9.079
3 Lee Tian Yoke	1,677,413	4.343
4 CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Chee Heng King (MY0938)	1,009,400	2.614
5 Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tey Heong Tiong (E-TCS)	1,000,000	2.589
6 Ong Wan Chin	950,000	2.460
7 Choo Wing Leong	826,349	2.140

ANALYSIS OF SHAREHOLDINGS AND WARRANT HOLDINGS

as at 30 January 2014

LIST OF THIRTY (30) LARGEST WARRANT-B HOLDERS (CONT'D)

NAME	NO. OF WARRANTS HELD	PERCENTAGE OF WARRANTS (%)
8 CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Tan Seng Kow (MY0085)	599,200	1.552
9 Choo Wing Yew	575,128	1.489
10 HLIB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Bhd For Foong Wai Hoong	562,900	1.458
11 Choo Wing Kin	560,200	1.451
12 Amanahraya Trustees Berhad Public Islamic Opportunities Fund	449,831	1.165
13 Wong Kam Wah	420,300	1.088
14 Chai Beng Hock	400,000	1.036
15 Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chong Teck Mon	396,800	1.027
16 Foo Chow Luh	392,800	1.017
17 Wong Yunn Lai	391,633	1.014
18 Loh Pai Leong	370,000	0.958
19 Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tee See Kim	350,000	0.906
20 Tee See Kim	350,000	0.906
21 Lau Fui Seng	330,000	0.855
22 Kon Thiam Sen	325,000	0.842
23 Goh Lai Wong	317,000	0.821
24 Chay Chee Ken	300,000	0.777
25 Bong Yap Chong	291,000	0.754
26 Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ching Soon Liang (E-TWU)	261,063	0.676
27 Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Choo Wing Yew (471952)	250,000	0.647
28 Hau Beng Han	250,000	0.647

ANALYSIS OF SHAREHOLDINGS AND WARRANT HOLDINGS

as at 30 January 2014

LIST OF THIRTY (30) LARGEST WARRANT-B HOLDERS (CONT'D)

NAME	NO. OF WARRANTS HELD	PERCENTAGE OF WARRANTS (%)
29 Yap Choon Yeow	250,000	0.647
30 Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Kek Lian Lye	237,000	0.614
	21,388,255	55.383

DIRECTORS' WARRANT HOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' WARRANT-B HOLDINGS AS AT 30 JANUARY 2014

NAME	NO. OF WARRANTS-B HELD AS AT 30 JANUARY 2014			
	DIRECT	%	INDIRECT	%
Thoo Chow Fah	-	-	-	-
Choo Wing Hong	-	-	-	-
Choo Wing Onn	3,789,070	9.811	-	-
Lee Tian Yoke	1,677,413	4.344	-	-
Choo Wing Yew	825,128	2.137	-	-
Saw Tat Loon	-	-	-	-
Yike Chee Wah	-	-	-	-
Anita Chew Cheng Im	-	-	-	-

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 2013 and the results and cashflows of the Group and the Company for the financial year ended on that date.

In preparing the financial statements, the Directors have:

- (a) Adopted suitable accounting policies and applied them consistently;
- (b) Made judgements and estimates that are reasonable and prudent;
- (c) Ensured the adoption of applicable approved accounting standards; and
- (d) Used the going concern basis for the preparation of the financial statements.

The Directors are responsible for ensuring proper accounting records 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 and its subsidiaries involving the Company's Directors' and/or major shareholders' interests, either still subsisting at the end of the financial year, or which were entered into since the end of the previous financial year.

OPTIONS AND CONVERTIBLE SECURITIES

For the financial year ended 30 September 2013, there was no exercise of warrants.

The Company has not issued any options or convertible securities during the financial year.

SHARE BUY-BACK

The shareholders of the Company at the Ninth AGM held on 20 March 2013 granted the authority to the Company to purchase its own shares provided that the aggregate number of shares purchased shall not exceed 10% of the total issued and paid-up share capital of the Company at time of purchase.

ADDITIONAL INFORMATION

SHARE BUY-BACK (CONT'D)

The monthly breakdown of the shares purchased by the Company and retained as treasury shares are set out below:

Month	No.of Shares	Nominal value per Share (RM)	Total Consideration (RM)	Purchase Price per Share (RM)		
				Highest	Lowest	Average
Nov 2012	100,000	0.50	97,910.36	0.980	0.970	0.975
May 2013	4,000,000	0.50	3,002,469.60	0.760	0.720	0.740

On 20 June 2013, a total of 8,317,275 treasury shares were distributed as share dividend to shareholders on the basis of 32 treasury shares for every 1,000 ordinary shares of RM0.50 each held on 6 June 2013.

As at 30 September 2013, the Company held 2,147,273 repurchased shares or treasury shares out of its total issued and paid up share capital of 270,418,065 ordinary shares of RM0.50 each. Such treasury shares were held at a carrying amount of RM2,242,504.

DEPOSITORY RECEIPT PROGRAMME

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

SANCTIONS AND/OR PENALTIES

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

PROFIT GUARANTEE

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

NON-AUDIT FEES

The non-audit fees paid by the Group to external auditors or company affiliated to the external auditor's firm for the financial year ended 30 September 2013 amounted to RM48,900.

VARIATION IN RESULTS

There was no deviation of 10% or more between the results of the financial year ended 30 September 2013 as per audited financial statements and the unaudited results previously announced.

UTILISATION OF PROCEEDS

The Company did not implement any fund raising exercise during the financial year under review.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of NOTION VTEC BERHAD ("Company") will be held at Premier Hotel, Bandar Bukit Tinggi 1/KS6, Jalan Langat, 41200 Klang, Selangor Darul Ehsan on Thursday, 20 March 2014 at 9.30 a.m. for the following purposes:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 September 2013 together with the Reports of the Directors and Auditors thereon.
(Please refer to Note 1 of the Explanatory Notes)
2. To re-elect the following Directors who are retiring in accordance with Article 69 of the Articles of Association of the Company:
 - i) Thoo Chow Fah
(Ordinary Resolution 1)
 - ii) Lee Tian Yoke
(Ordinary Resolution 2)
 - iii) Anita Chew Cheng Im
(Ordinary Resolution 3)
3. To approve the increase of Directors' Fees for the financial year ended 30 September 2013.
(Ordinary Resolution 4)
4. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration.
(Ordinary Resolution 5)

Special Business

To consider and, if thought fit, with or without any modification, to pass the following resolutions:

5. **Authority for Saw Tat Loon to continue in office as Independent Non-Executive Director**

"**THAT** authority be and is hereby given to Saw Tat Loon who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with Malaysian Code on Corporate Governance 2012."

(Ordinary Resolution 6)

6. **Authority for Yike Chee Wah to continue in office as Independent Non-Executive Director**

"**THAT** authority be and is hereby given to Yike Chee Wah who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with Malaysian Code on Corporate Governance 2012."

(Ordinary Resolution 7)

7. **Proposed Renewal of Authority to the Company to purchase its own shares**

"**THAT** subject to the provisions under the Companies Act, 1965 (the "Act"), the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company be and is hereby authorised to purchase such number of ordinary shares of RM0.50 each in the Company ("Shares") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company ("Proposed Share Buy-Back");

NOTICE OF ANNUAL GENERAL MEETING

THAT the maximum amount of funds to be utilised for the purpose of the Proposed Share Buy-Back shall not exceed the Company's aggregate retained profits and/or share premium account;

THAT authority be and is hereby given to the Directors of the Company to decide at their discretion, as may be permitted and prescribed by the Act and/or any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities for the time being in force to deal with any of the Shares so purchased by the Company in the following manner:

- (i) the Shares so purchased could be cancelled; or
- (ii) the Shares so purchased could be retained as treasury shares for distribution as dividends to the shareholders of the Company and/or be resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or
- (iii) combination of (i) and (ii) above.

THAT the authority conferred by this resolution will be effective immediately from the passing of this ordinary resolution and shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the said authority would lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM is required by law to be held; or
- (iii) the authority is revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting,

whichever occurs first;

AND THAT the Directors of the Company be and are hereby authorised to take such steps to give full effect to the Proposed Share Buy-Back with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and/or to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company."

(Ordinary Resolution 8)

8. Proposed Renewal of Authority to Allot Shares pursuant to Section 132D of the Act

"THAT pursuant to Section 132D of the Act, the Directors be and are hereby empowered to allot and issue Shares in the share capital of the Company at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of Shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company (excluding treasury shares) at the time of issue, subject to the Articles of Association of the Company and approval for the listing of and quotation for the additional Shares so issued on the Bursa Securities and other relevant bodies where such approval is necessary."

(Ordinary Resolution 9)

By Order of the Board

Tai Yit Chan (MAICSA 7009143)
Tan Wee Sin (MAICSA 7044797)

Company Secretaries

Selangor Darul Ehsan
26 February 2014

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(1) To receive the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 169(1) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

(2) Authority for Saw Tat Loon to continue in office as Independent Director

The Board of Directors ("Board") has via the Nominating Committee conducted an annual performance evaluation and assessment of Saw Tat Loon, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

- a. he fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), and therefore was able to bring independent and objective judgment to the Board;
- b. his experience in the audit and accounting industries enable him to provide the Board with a diverse set of experience, expertise, skills and competence;
- c. he has been with the Company for long and therefore understand the Company's business operations which enable him to participate actively and contribute during deliberations or discussions at Audit Committee and Board meetings;
- d. he has contributed sufficient time and efforts and attended all the Nominating Committee, Remuneration Committee, Audit Committee and Board meetings for informed and balanced decision making; and
- e. he has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

(3) Authority for Yike Chee Wah to continue in office as Independent Director

The Board has via the Nominating Committee conducted an annual performance evaluation and assessment of Yike Chee Wah, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

- a. he fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements, and therefore was able to bring independent and objective judgment to the Board;
- b. his experience enable him to provide the Board with a diverse set of experience, expertise, skills and competence;
- c. he has been with the Company for long and therefore understand the Company's business operations which enable him to participate actively and contribute during deliberations or discussions at Audit Committee and Board meetings;
- d. he has contributed sufficient time and efforts and attended all the Nominating Committee, Remuneration Committee, Audit Committee and Board meetings for informed and balanced decision making; and
- e. he has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

NOTICE OF ANNUAL GENERAL MEETING

(4) **Proposed Renewal of Authority to the Company to purchase its own shares**

The proposed Ordinary Resolution 8, if passed, will give the Directors of the Company authority to take all such steps as are necessary or expedient to implement, finalise, complete and/or to effect the purchase(s) of Shares by the Company as the Directors may deem fit and expedient in the best interest of the Company. The authority will, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM of the Company following the Tenth AGM is required by law to be held.

Further information on the Proposed Renewal of Share Buy-Back is set out in the Share Buy Back Statement of the Company dated 26 February 2014 which was despatched together with this Annual Report.

(5) **Proposed Renewal of Authority to Allot Shares pursuant to Section 132D of the Act**

The Company had, during its Ninth AGM held on 20 March 2013, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Act. As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

The proposed Ordinary Resolution 9, if passed, will empower the Directors from the conclusion of this AGM, to allot and issue up to a maximum of 10% of the issued share capital of the Company (excluding treasury shares) at the time of issue (other than bonus or rights issue) for such purposes as they consider would be in the best interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

This authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for purpose of funding investment project(s), working capital and/or acquisition. At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

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. A proxy appointed to attend and vote at a meeting shall have the same rights as the member to speak at the meeting.
- (2) A member may appoint up to two (2) proxies to attend the meeting. Where a member appoints two (2) proxies, the appointment shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy. Where a member is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (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 or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Share Registrar's office at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding of the meeting or adjourned meeting.
- (5) For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available a Record of Depositors as at 13 March 2014 and only members whose names appear on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

PROXY FORM

NOTIONVTEC

NOTION VTEC BERHAD

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

No. of Shares Held

CDS Account No.

I/We, _____ (name of shareholder as per NRIC)
NRIC No./Passport No./Company No. _____ (new) _____ (old)
of _____ (full address)
being a Member(s) of NOTION VTEC BERHAD, hereby appoint _____
(name of proxy as per NRIC) NRIC No. _____ (new) _____ (old)
of _____ (full address) or
failing him/her, _____ (name of proxy as per NRIC)
NRIC No. _____ (new) _____ (old)
of _____ (full address) or
the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Tenth Annual General Meeting of the Company to be held at Premier Hotel, Bandar Bukit Tinggi 1/KS6, Jalan Langat, 41200 Klang, Selangor Darul Ehsan on Thursday, 20 March 2014 at 9.30 a.m. or at any adjournment thereof and to vote as indicated below:-

Resolutions			For	Against
1	To re-elect Thoo Chow Fah as Director	Ordinary Resolution 1		
2	To re-elect Lee Tian Yoke as Director	Ordinary Resolution 2		
3	To re-elect Anita Chew Cheng Im as Director	Ordinary Resolution 3		
4	To approve the increase of Directors' Fees for the financial year ended 30 September 2013	Ordinary Resolution 4		
5	To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration	Ordinary Resolution 5		
6	Special Business Authority for Saw Tat Loon to continue in office as Independent Non-Executive Director	Ordinary Resolution 6		
7	Special Business Authority for Yike Chee Wah to continue in office as Independent Non-Executive Director	Ordinary Resolution 7		
8	Special Business Proposed Renewal of Authority to the Company to purchase its own shares	Ordinary Resolution 8		
9	Special Business Proposed Renewal of Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965	Ordinary Resolution 9		

Mark either box if you wish to direct the proxy how to vote. If you do not do so, the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two proxies or more and wish them to vote differently, this should be specified.

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	NO. OF SHARES	PERCENTAGE
PROXY 1		%
PROXY 2		%
TOTAL		100%

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

* Delete if not applicable

Dated this _____ day of _____ 2014.

Contact No. _____

Signature of Shareholder or Common Seal

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. A proxy appointed to attend and vote at a meeting shall have the same rights as the member to speak at the meeting.
- (2) A member may appoint up to two (2) proxies to attend the meeting. Where a member appoints two (2) proxies, the appointment shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy. Where a member is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

- (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 or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Share Registrar's office at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding of the meeting or adjourned meeting.
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Affix
Stamp
Here

The Share Registrar
NOTION VTEC BERHAD
(637546-D)

c/o Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

Please fold here

www.notionvtec.com

NOTION VTEC BERHAD (637546-D)

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