

**NOTIONVTEC**

NOTION VTEC BERHAD

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

Annual Report 2010



[www.notionvtec.com](http://www.notionvtec.com)

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

NOTION VTEC BERHAD

Annual Report 2010



# 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.



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## 7<sup>th</sup> Annual General Meeting

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

Time : 9.30 am, Monday, 21 February 2011

# Corporate Information

## BOARD OF DIRECTORS

**Thoo Chow Fah**  
Executive Chairman

**John Choo Wing Onn**  
Executive Director

**Jerry Choo Wing Yew**  
Executive Director

**Alwin Yike Chee Wah**  
Independent Non-Executive  
Director

**William Choo Wing Hong**  
Managing Director

**Lee Tian Yoke**  
Executive Director

**Saw Tat Loon**  
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

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

## COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)  
Liew Irene (MAICSA 7022609)

## 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](http://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

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

**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

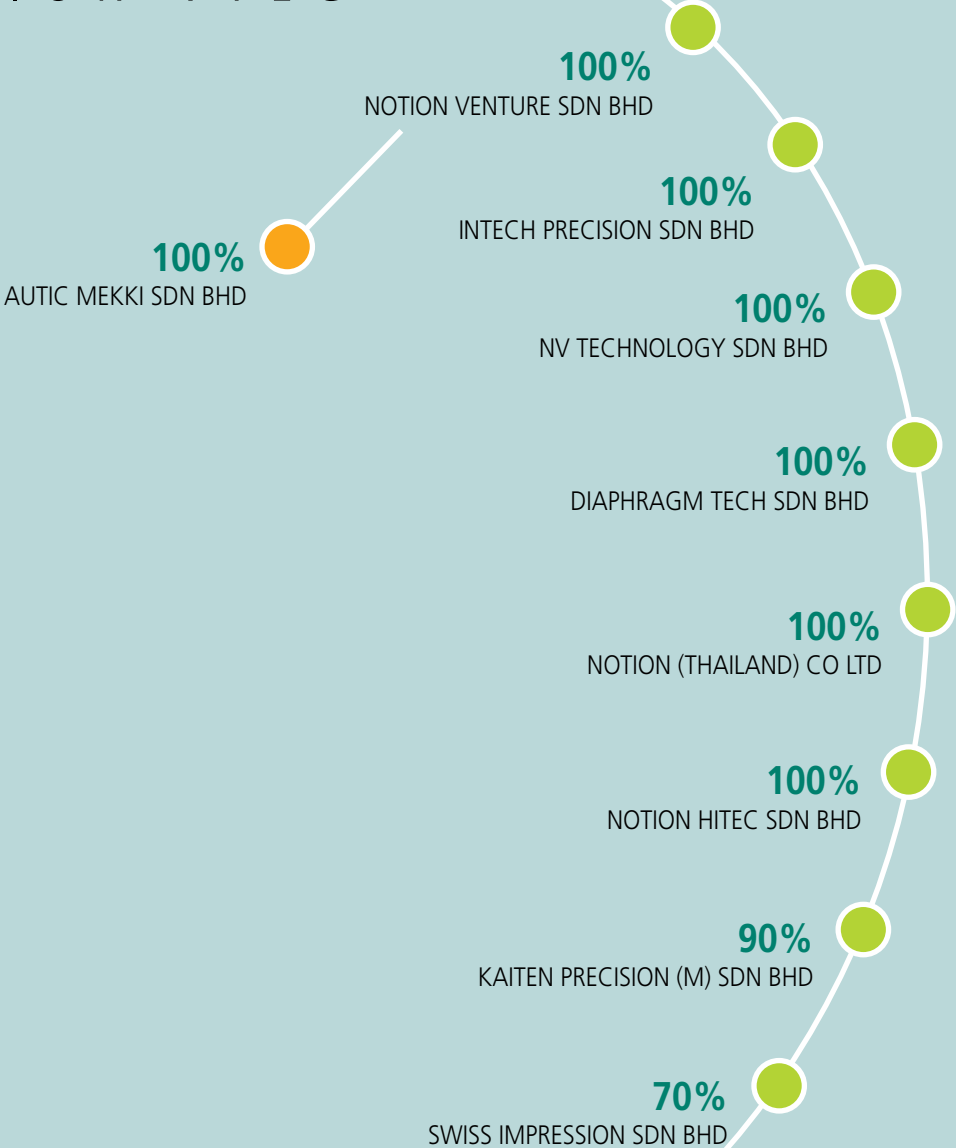
**Hong Leong Islamic Bank Berhad**  
Level 1, Wisma Hong Leong  
18 Jalan Perak, 50450 Kuala Lumpur  
Tel : (603) 2164 3939  
Fax : (603) 2161 1278

## STOCK EXCHANGE

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

# Corporate Structure

**NOTION**  
NOTION VTEC



# Financial Highlights

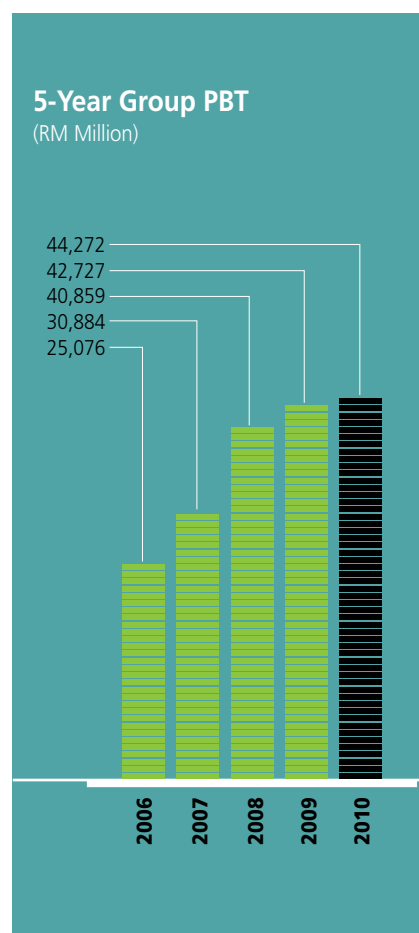
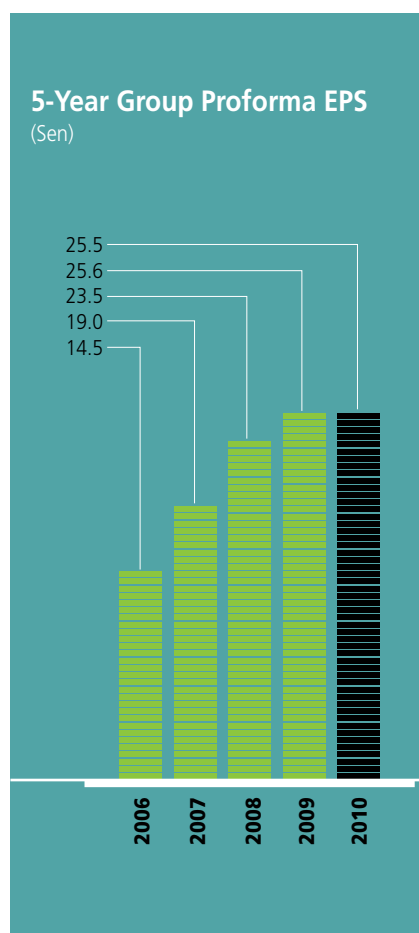
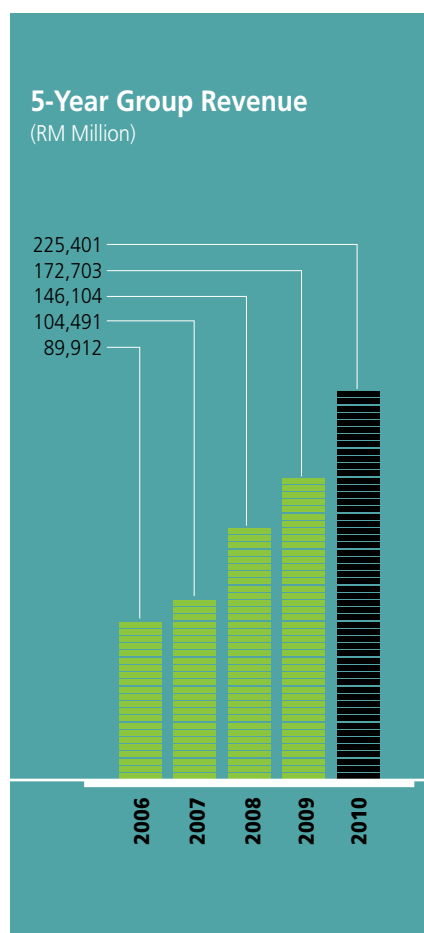
The table below sets out a summary of the audited consolidated results of the Notion Group for the financial years ended 30 September 2006 to 2010.

|  |          | 2010        | 2009        | 2008        | 2007          | 2006          |
|--|----------|-------------|-------------|-------------|---------------|---------------|
| Revenue  | (RM'000) | 225,401     | 172,703     | 146,104     | 104,491       | 89,912        |
| Profit before Tax (PBT)                              | (RM'000) | 44,272      | 42,727      | 40,859      | 30,884        | 25,076        |
| Profit after Tax                                     | (RM'000) | 38,031      | 35,975      | 33,073      | 27,243        | 20,983        |
| Profit attributable to equity holders of the Company | (RM'000) | 38,002      | 35,898      | 32,919      | 26,620        | 20,657        |
| No. of shares in issue                               |          | 154,561,378 | 703,583,424 | 703,583,424 | 703,583,424 * | 703,583,424 * |
| Net earnings per share (EPS)                         | (Sen)    | 25.5        | 5.1         | 4.7         | 3.8 **        | 2.9 **        |
| Proforma EPS   | (Sen)    | 25.5        | 25.6 #      | 23.5 #      | 19.0 #        | 14.5 #        |

\* The number of shares in issue has been restated as a result of the bonus issue made in year 2008.

\*\* EPS is based on the restated number of shares as a result of the bonus issue made in year 2008 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.





Sustaining  
Quality



# Chairman's Statement

*Dear Shareholders,*

On behalf of the Board of Directors, it is my pleasure to present the annual report and audited financial statements of Notion Vtec Berhad for the year ended 30 September 2010.

**THOO CHOW FAH**  
Executive Chairman

## CHALLENGING TIMES

The financial year 2010 for our group was challenging and full of surprises and due to some executional issues and higher start up project costs, profits began to deteriorate from Q3. This turn of event seemed to have shocked the investing community and the share price tumbled accordingly when the initial profit guidance figures were not met.

Our management shares and sympathises with the investors who have bought our shares at its peak and are now suffering paper losses, pledges to perform better even in such difficult times. The recovery process has commenced as evidenced by the better results shown in Q4.

For exporters, a weakened USD is a constant struggle. The ringgit appreciated more than 10% compared to FY2009 and is a major contributing factor to the decline in profits. We wish to point out that hedging helps but it is not a perfect remedy.

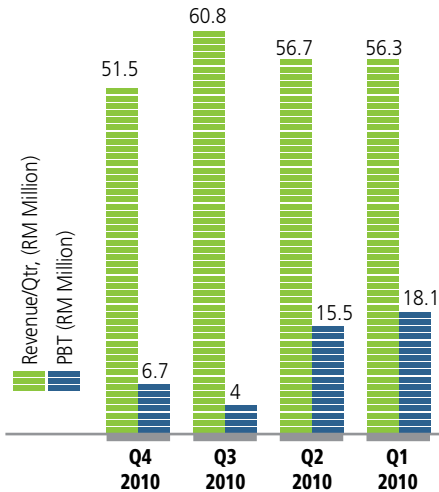
Also, Malaysian manufacturers have to bear the full cost of annual levies for our foreign workers and the annual cost of renewal which will immediately raise our cost of labour. The annual levy is RM1,200 per worker and cost of renewal about RM500 per worker and the additional expense is considerable.

With the introduction of the Apple iPad and other tablet devices, the 2.5" hard disk drive demand has been reduced. The netbook sales were directly affected by this rising trend. The HDD industry continues to be volatile and demand for the components remains unpredictable for many quarters ahead.

The US economy continues to be beset by high unemployment of 9.7% and the sharp decline of the housing market. In the Euro zone, the government deficit problem amongst its members is a cause for concern and may require further financial bailouts. China is trying its best to rein in the bubbly property market and rising food prices and these measures are much needed for such a fast paced economy. Fortunately, the emerging markets are still bright spots for investment, growth and spending.

# Chairman's Statement

## FINANCIALS AND OPERATIONS REVIEW



Despite an extremely challenging year, FY2010 was another growth year. We recorded sales revenue of approximately RM225 million representing a growth of 30% and net profit attributable to the shareholders grew marginally by 3% from RM36 million to RM38 million. Basic earnings per share for FY2010 was 25.5 sen per share.

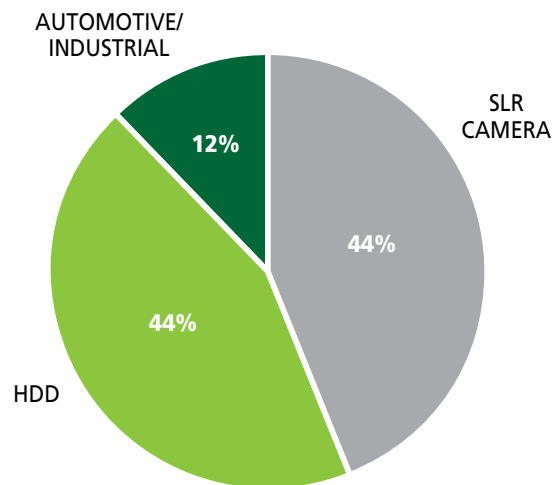
As at 30 September 2010, net cash from operating activities amounted to RM46.7 million and cash and cash equivalent totalled RM35.3 million.

For the year, the Group spent close to RM112 million in capital expenditure with the bulk spent on purchasing CNC machines, tool making CNC machines, anodizing coating line for camera parts and other ancillary machines. The investment programme was heavy as capital was allocated to all segments to mainly increase production and cutting tool capacity. For this new financial year 2011 however, the capital requirement will taper off to a modest RM40 million.

The marginal growth in profits for 2011 was mainly due to our investment in the 2.5" HDD baseplate project where we faced numerous production issues. The amount invested was RM34 million and operations were centralised in a rented factory in Klang. Although most of the start-up issues have been resolved, the orders for baseplates have been discouraging thus far.

Our Group also invested RM4 million in a new washing facility with modern laboratory equipment and clean room facilities for the HDD component cleansing operations. This facility has been recently audited and approved by one of our major customers. Part of the higher washing cost was due to outsourcing which now can be done in-house.

The product mix revenue ratio for the FY2010 of the different segments HDD: SLR camera: automotive/ industrial was 44%: 44%: 12%. Going forward into the new year, we expect the product mix to skew towards the SLR camera segment as orders for new models begin to materialise in FY2011.



# Chairman's Statement

"...sales revenue of RM225 million representing a growth of 30% but net profit attributable to the shareholders grew marginally by 3% from RM36 million to RM38 million..."



## MOVING UP THE VALUE CHAIN

Our Group will continue to invest further in R&D activities, concentrating on special durable coating technology for enhancing cutting tool life. We are also looking into a midterm project in magnesium casting which have applications in high end consumer electronic devices.

## CORPORATE EXERCISES

As part of the policy of rewarding long term shareholders, the Board announced and implemented an issuance of approximately 30.6 million Warrants on a basis of 1 free Warrant for every 5 shares held. Our shareholders also approved a private placement of shares not exceeding 10% of the issued and paid up share capital which has yet to be implemented. We may consider proceeding with the placement if the share price improves from its current level or if we require additional capital for expansion.

## STOCK COVERAGE

Our Board has decided to reduce the number of analysts covering our stock to a manageable number of 5 to provide management sufficient time and resources to communicate effectively with them. We will continue to brief fund managers, bankers and analysts in our 6 monthly briefings and engage the media for timely disclosures of our business operations.

## DIVIDEND

Our Board has declared and paid a tax exempt interim dividend of 4.5 sen per share and there will be no further final dividend this year thus making a payout of 4.5 sen per RM0.50 share. This represents about 20% of the full year's net earnings.

# Chairman's Statement

## OUTLOOK AND PROSPECTS

For FY2011, the most promising segment for our Group will remain the SLR camera lens segment where we hope to obtain new projects and additional orders for cam barrels, lens ring and sub-assembly of lenses. As for the HDD segment, the order book is not encouraging with likely falling demand for our products. Our industrial/ auto segment will also remain in a slow growth mode. We expect that the stronger growth in the camera segment will buffer the lower demand for the other segments.

Our Group intends to set up an aluminium scrap plant in Ijok, Kuala Selangor for the purpose of smelting aluminium scrap into ADC12 grade of aluminium ingots for our own use as well as for sales to other customers. It will also increase our non-USD portion of our Group's business and as a measure to counter a weak USD.

Hence, our Board is optimistic of our Group's growth prospects in the foreseeable future as we continue to seek out new opportunities.

## THANK YOU

Our Board wishes to thank all the stakeholders for their kind understanding and our dedicated employees who have persevered, stayed focused and contributed to the continuing success of our group even in the most difficult of times.



# Board of Directors

## THOO CHOW FAH

### Executive Chairman

Malaysian, aged 58

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 46

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 44

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 40

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.

# Board of Directors

## JERRY CHOO WING YEW

### Executive Director

Malaysian, aged 49

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.

## ALWIN YIKE CHEE WAH

### Independent Non-Executive Director

Malaysian, aged 63

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

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

## SAW TAT LOON

### Independent Non-Executive Director

Malaysian, aged 40

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

He was previously with 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 Finance Manager, 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 44

Ms Anita Chew Cheng Im was first appointed to the Board on 29 June 2007. She is a member of the Audit, Remuneration and Nomination 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 year 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 18 of this Annual Report.

#### 5. Shareholdings

The details of the Directors' interest in the securities of the Company are set out on pages 96 and 99 of this Annual Report.

# Key Management

## **EE MENG PIN**

**aged 48, General Manager**  
Kaiten Precision (M) Sdn Bhd

He joined the Notion Group in 2002 and is a key member of the R&D team of the Group, initiating new processes, new product and process development in order to improve manufacturing efficiency. He reports directly to the Managing Director and coordinates the R&D activities of the Group. Since August 2002, he has also been appointed a Director of Kaiten Precision, a company specialising in the production of micro precision parts 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 43, QA Manager**  
Notion Venture Sdn Bhd

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

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

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

Quality Audits to ensure good manufacturing practices.

## **DAVID CHOO WING KIN,**

**aged 37, Purchasing Manager**  
Notion Venture Sdn Bhd

David has more than 19 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.

## **CHEAH KING YOONG**

**aged 44, Business Development Manager**  
Notion Venture Sdn Bhd

He joined the Group in September 2005 and assists the marketing team in developing new business opportunities. Also he manages Intech Precision Sdn Bhd, a company catering to the production of 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 52, Business Development Manager**

Notion Venture Sdn Bhd

He is in charge of establishing contacts with potential overseas customers in key industries. For the last 4 years, he has worked in China with Spindex Precision Engineering (Suzhou) Co Ltd and also MCE Industries (Shanghai) Co Ltd in operational and senior management positions. He also has work experience in metal stamping, tool fabrication and CNC machining in his previous employment in Singapore.

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

## **GRACE TAN SOOK WANG**

**aged 44, Production Planning Manager**

Notion Venture Sdn Bhd

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.

## **AHMAD MURAD ABD RAHMAN**

**aged 57, Head of Human Resource and Administration**

Notion Venture Sdn Bhd

He joined the Group in July 2010 and is responsible for all human resource and administration functions. He manages the manpower planning, industrial relations, training and development, 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 had 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 London Central 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.

A close-up photograph of a person wearing a white lab coat and white gloves. They are holding a petri dish lid and a petri dish base. The petri dish base is open, showing a grid of small holes. The entire image is overlaid with a teal color gradient. The text "Intensifying Efforts" is written in white, with a horizontal line underlining the word "Intensifying".

# Intensifying Efforts

# 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.

# Corporate Social Responsibility Statement

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.

## *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.

We have been conducting industrialised training programmes for engineering students from MIT Academy Sdn Bhd for a period of 3 months providing training and work experience to students in the community. These students were nominated by Pembangunan Sumber Manusia Berhad, a corporation under the Human Resource Ministry. Some of these students have been employed by our group.

Recently, we have also provided similar training programmes for mechanical engineering students from UiTM.

Plans are afoot for the setting up of a CNC Precision Machining school in the Klang Valley to provide training for SPM school leavers who are interested in a skills based vocation and to provide them an avenue for a career as a CNC machinist; some of whom will be offered positions in the Group.

# Corporate Governance Statement

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

## INTRODUCTION

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

This report describes how the Company has applied its corporate governance framework and practices of the Group to comply with the principles and best practices of corporate governance as prescribed in the Malaysian Code on Corporate Governance (Code) and Main Market Listing Requirements of the Bursa Malaysia Securities Berhad (Bursa Securities) (Listing Requirements).

## A. BOARD OF DIRECTORS

### Role of the Board of Directors

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

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

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

### Board Composition and Balance

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

As at 30 September 2010, the Board consists of eight (8) directors of whom three (3) are independent. The composition of independent non-executive directors is in compliance with the minimum prescribed in the Code and Listing Requirements. The list of directors is as follows:

#### *Executive Directors*

|                        |   |
|------------------------|---|
| Thoo Chow Fah          | - Executive Chairman                                    |
| William Choo Wing Hong | - Managing Director                                     |
| John Choo Wing Onn     | - Executive Director                                    |
| Lee Tian Yoke          | - Executive Director                                    |
| Jerry Choo Wing Yew    | - Executive Director<br>(Appointed on 10 November 2009) |

#### *Independent Non-Executive Directors*

Saw Tat Loon  
Alwin Yike Chee Wah  
Anita Chew Cheng Im

# Corporate Governance Statement

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 10 and 11.

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.

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.

## Independence of Directors

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

The NC reviews the independence of each director on an annual basis based on the 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.

## Board Meetings and Meetings of Board Committees

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

A total of five (5) Board meetings were held for the financial year ended 30 September 2010. The record of attendance of individual directors at Board meetings is detailed as follows:

| Director               | Number of Meetings Attended |
|------------------------|-----------------------------|
| Thoo Chow Fah          | 5/5                         |
| William Choo Wing Hong | 4/5                         |
| John Choo Wing Onn     | 5/5                         |
| Lee Tian Yoke          | 5/5                         |
| Jerry Choo Wing Yew    | 5/5                         |
| Saw Tat Loon           | 5/5                         |
| Alwin Yike Chee Wah    | 4/5                         |
| Anita Chew Cheng Im    | 5/5                         |

# Corporate Governance Statement

## 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 deliberate on the issues to be raised at the meetings. The Board has full and unrestricted access to all information pertaining to the businesses and affairs from senior management as well as 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 is 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 and when necessary in furtherance of their duties at the Company's expense.

## 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 of the directors shall retire from office and be eligible for re-election at each Annual General Meeting in accordance with the Company's Articles of Association. Re-appointments are not automatic and all directors shall retire from office at least once in every three (3) years but shall be eligible for re-election by shareholders in the Annual General Meeting.

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

## Directors' Training

All executive directors have been with the Company for several years and are familiar with their duties and responsibilities as directors. In addition, 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 directors' training needs are analysed annually in conjunction with the Board review. The Board fully supports the need for its members to further enhance their skills and knowledge on relevant new laws and regulations and changing commercial risk to keep abreast with the developments in the economy, industry, technology and the changing business environment within which the Group operates.

During the financial year, our Board members attended several relevant seminars, forums and training programmes as follows:

- Standard Chartered Bank Global Research Briefing titled "A Post Crisis world: implications for Asia";
- "Challenges of Implementing FRS 139" conducted by Bursa Malaysia;
- "The Courts Role in Mediating Maritime and Insurance Disputes" conducted by the Malaysian Bar Council;
- "Power of cash Management" conducted by ACCA;
- "GST Transition Project" conducted by KPMG;
- "Foreign Exchange Options - A different way to manage FX Risk" by Ambank Group;
- Talks held during the Corporate Governance Week organised by Bursa Malaysia; and
- National Accountants Conference 2009 - The New Economic Model: Value Chain Transformation hosted by MIA.

Jerry Choo, our newly appointed Director also completed the Mandatory Accreditation Programme conducted by Bursa Malaysia.

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

# Corporate Governance Statement

## Board Committees

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

## B. NOMINATION COMMITTEE (NC)

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

|  |   |          |
|--|---|----------|
| Saw Tat Loon   | - | Chairman |
| Alwin Yike Chee Wah                                    | - | Member   |
| Anita Chew Cheng Im<br>(Appointed on 10 November 2009) | - | Member   |

The primary duties of the NC are as follows:

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

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

The NC reviews the criteria for evaluating the Board's performance. Based on the recommendations of the NC, the Board has established processes and conducted evaluation on the effectiveness of the Board as a whole. 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 processes, Board 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, succession planning 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<br>(Independent Non-Executive Director)                                    | - | Chairman |
| Saw Tat Loon<br>(Independent Non-Executive Director)   | - | Member   |
| Thoo Chow Fah (Executive Director)   | - | Member   |
| Anita Chew Cheng Im<br>(Appointed on 10 November 2009)<br>(Independent Non-Executive Director) | - | Member   |

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

The responsibilities of the RC include the following:

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

# Corporate Governance Statement

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

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

## D. DIRECTOR S' REMUNERATION

### Level and Mix of Remuneration

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

### Disclosure on Remuneration

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

The aggregate remuneration of directors for the financial year ended 30 September 2010 is categorised as follows:-

|                               | Executive Directors (RM) | Non-Executive Directors (RM) |
|-------------------------------|--------------------------|------------------------------|
| Fees                          | -                        | 126,000                      |
| Salaries and other emoluments | 1,875,532                | 37,500                       |
|                               | 1,875,532                | 163,500                      |

## Analysis of Remuneration

| Range of Remuneration             | No. of Directors |               |
|-----------------------------------|------------------|---------------|
|                                   | Executive        | Non-Executive |
| Between RM 50,001 and RM100,000   | -                | 3             |
| Between RM 250,001 and RM 300,000 | 1                | -             |
| Between RM 300,001 and RM 350,000 | 1                | -             |
| Between RM 350,001 and RM 400,000 | 2                | -             |
| Between RM 550,001 and RM 600,000 | 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

### Accountability

#### Financial Reporting

The directors are required by the Companies Act, 1965 to ensure that financial statements prepared for each financial year give a true and fair view of the state of affairs of the Company and the Group. The directors consider the presentation of the financial statements and that the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The AC assists by scrutinizing the information to be disclosed, to ensure accuracy and adequacy. The Group's financial statements are presented on pages 38 to 91 of the annual report.

A statement explaining the Board of directors' responsibility for the preparation of the Financial Statements are set out on page 100 of the annual report.

# Corporate Governance Statement

## Relationship with the Auditors

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

Discussions are carried out between the AC with management on actions taken on issues identified by the internal and external auditors. The Committee has full access to the internal auditors. The internal auditors have access at all times to the Chairman and members of the Committee. In addition, the Committee also met with the internal auditors once during the financial year ended 30 September 2010 without the presence of the Executive Directors and management.

## F. COMMUNICATION WITH SHAREHOLDERS

### Communication with Shareholders

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

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

## The Annual General Meeting (AGM)

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

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

# 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<br>(Independent Non-Executive Director)        | - | Chairman |
| Alwin Yike Chee Wah<br>(Independent Non-Executive Director) | - | Member   |
| Anita Chew Cheng Im<br>(Independent Non-Executive Director) | - | 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 2010. 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 | 4/5                         |
| 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 2010, the AC carried out its duties as set out in the terms of reference which included the following:

- Review of the quarterly financial reports before recommending to the Board for their approval and release of the Group's results to Bursa Securities;
- Review of the Audit Planning Memorandum with the external auditors;
- Review of the results and issues arising from the audit and their resolutions with the external auditors;
- Review of the internal audit findings and recommendations with the internal auditors;
- Review of the proposed policies and procedures on Related Party Transactions to ensure compliance with laws and regulations;
- Reviewed the adequacy of the scope, function, competency and resources of the internal audit function;
- Met with the external auditors on 2 separate sessions without the presence of the Executive Directors and management; and
- Met with the internal auditors once without the presence of the Executive Directors and management.

## INTERNAL AUDIT FUNCTION

The Company has outsourced its internal audit function to an independent internal audit services provider for the financial year ended 30 September 2010. The functions and activities of the internal audit are:

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

The total costs incurred for the internal audit function of the Group in respect of the financial year ended 30 September 2010 amounted to RM35,000.

# 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 Securities.

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

The terms of office and performance of an 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:

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Group;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) have the right to obtain independent professional or other advice at the Company's expense;
- (f) have the right to convene meetings with the external auditors, excluding the presence of the executive board members, at least twice a year and whenever deemed necessary;
- (g) promptly report to the Bursa Securities, or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the directors resulting in a breach of the listing requirements;
- (h) have the right to pass resolutions by a simple majority vote from the Committee and that the Chairman shall have the casting vote should a tie arise;
- (i) meet as and when required on a reasonable notice;
- (j) the Chairman shall call for a meeting upon the request of the external auditors.

# Audit Committee Report

## 6. Duties

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

# Internal Control Statement

## INTRODUCTION

The Malaysian Code on Corporate Governance and the Companies (Amendment) Act 2007 requires the directors of listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets.

## RESPONSIBILITY

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

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

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

## RISK MANAGEMENT

The Board recognises that the management of principal risks play an important and integral part 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 high risks are adequately addressed at various levels within the Group. Risk management is embedded in the Group's management system and is every employee's responsibility. Risk management training was conducted during the year involving different levels of management to identify and address the main risks faced by the group. The group has implemented a structured risk management system to mitigate the critical risk. The system would be reviewed on a continuous basis.

## INTERNAL AUDIT

The Group currently relies on existing internal audit control mechanisms and the Enterprise Resources Planning system to provide the management with the required level of assurance that its business is operating in an orderly manner. ISO 9001:2000 Quality Management System has also been implemented for the main subsidiary, Notion Venture Sdn Bhd where documented internal procedures and standard operating procedures have been put in place and internal quality audits are carried out by management and annual surveillance audits are conducted by a certification body to provide assurance of compliance. The executive directors also through their daily involvement in the business operations and attendance at operational and management level meetings, monitor the Company's policies and procedures.

To provide further assurance that the internal control systems of the group are functioning adequately and with integrity, the Board has engaged an independent firm to provide internal audit services.

Costs amounting to approximately RM35,000 were incurred in relation to the internal audit function for the financial year ended 30 September 2010.

The Board and AC are of the view that, in the absence of any evidence to the contrary, the systems of internal control maintained by the Group are adequate to provide assurance on the effectiveness of the control environment of the Group and to safeguard shareholders' interests and the Group's assets.

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# Financial Statements



# 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 2010.

## PRINCIPAL ACTIVITIES

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

## RESULTS

|                               | <b>The Group</b> | <b>The Company</b> |
|-------------------------------|------------------|--------------------|
|                               | <b>RM'000</b>    | <b>RM'000</b>      |
| Profit for the financial year | 38,031           | 7,606              |
| Attributable to:              |                  |                    |
| Equity holders of the Company | 38,002           | 7,606              |
| Minority interests            | 29               | -                  |
|                               | <u>38,031</u>    | <u>7,606</u>       |

## DIVIDENDS

The dividends paid by the Company since 30 September 2009 were as follows:-

| <u>In respect of the financial year ended 30 September 2009:</u>                                   | <b>RM</b>        |
|--|------------------|
| Interim tax-exempt dividend of 0.5 sen per ordinary share of RM0.10 each, paid on 11 November 2009 | <u>3,466,174</u> |
| Final tax-exempt dividend of 2.5 sen per ordinary share of RM0.50 each, paid on 5 April 2010       | <u>3,816,591</u> |

The directors have on 23 November 2010 declared an interim tax-exempt dividend of 4.5 sen per ordinary share on 154,561,378 ordinary shares amounting to RM6,955,262 in respect of the current financial year. The said interim tax-exempt dividend was paid on 13 January 2011 and accounted for in equity as an appropriation of retained earnings in the financial year ending 30 September 2011.

# Directors' Report

(cont'd)

## RESERVES AND PROVISIONS

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

## ISSUES OF SHARES AND DEBENTURES

During the financial year,

- (a) the Company undertook a share consolidation of every five ordinary shares of RM0.10 each of the Company into one ordinary share of RM0.50 each held in the Company ("Share Consolidation");
- (b) the Company increased its authorised share capital from RM100,000,000 to RM500,000,000 by the creation of 800,000,000 new ordinary shares of RM0.50 each after the Share Consolidation;
- (c) the Company increased its issued and paid-up share capital from RM70,358,342 to RM77,280,689 by the allotment of 13,844,694 new ordinary shares of RM0.50 each (after the Share Consolidation) by way of a Private Placement at an issue price of RM2.44 per ordinary share for cash consideration.

The new shares issued rank pari passu in all respects with the existing shares of the Company; and

- (d) 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 23 February 2010, 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, 11,820,700 of its own shares (10,154,100 ordinary shares of RM0.10 each and 1,666,600 ordinary shares of RM0.50 each) through purchases on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") at an average buy-back price of RM0.51 and RM2.61 per ordinary share respectively. The total consideration paid for acquisition of the shares was RM9,570,154 and was financed by internally generated funds. The shares purchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965 in Malaysia. During the financial year, the Company has also resold 9,938,500 of its treasury shares (7,800,000 ordinary shares at RM0.10 each and 2,138,500 ordinary shares at RM0.50 each) in the market for a total consideration of RM10,572,665.

As at 30 September 2010, the Company held 1,597,840 (2009 - 7,994,600 ordinary shares of RM0.10 each) shares as treasury shares out of its total issued and paid-up share capital of 154,561,378 (2009 - 703,583,424 ordinary shares of RM0.10 each) ordinary shares of RM0.50 each. Such treasury shares are held at a carrying amount of RM4,039,212 (2009 - RM2,401,230).

# Directors' Report

(cont'd)

## WARRANTS

On 4 August 2010, the Company issued 30,652,652 free warrants on the basis of 1 Free Warrant for every 5 shares held by the shareholders of the Company.

The salient features of the Warrants 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.

During the financial year, none of the options under the Warrants were converted to ordinary shares. The number of outstanding Warrants as at 30 September 2010 was 30,652,652.

## BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for doubtful debts.

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

## CURRENT ASSETS

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

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

## VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

# Directors' Report

(cont'd)

## CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 37 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 financial statements of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the financial statements of the Group and of the Company for the financial year.

## DIRECTORS

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

Thoo Chow Fah  
Choo Wing Hong  
Choo Wing Onn  
Lee Tian Yoke  
Yike Chee Wah  
Saw Tat Loon  
Anita Chew Cheng Im  
Choo Wing Yew (Appointed on 10.11.2009)

# Directors' Report

(cont'd)

## DIRECTORS' INTERESTS

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

|                          | Number Of Ordinary Shares Of RM0.10 Each |        |      |              |
|--------------------------|--|--------|------|--------------|
|                          | At 1.10.2009                             | Bought | Sold | At 5.11.2009 |
| <i>Direct Interests:</i> |  |        |      |              |
| Thoo Chow Fah            | 54,508,895                               | -      | -    | 54,508,895   |
| Choo Wing Hong           | 101,185,244                              | -      | -    | 101,185,244  |
| Choo Wing Onn            | 74,808,895                               | -      | -    | 74,808,895   |
| Lee Tian Yoke            | 33,117,732                               | -      | -    | 33,117,732   |

### *Indirect Interests held through spouse\**

|               |            |           |             |            |
|---------------|------------|-----------|-------------|------------|
| Thoo Chow Fah | 22,770,220 | 1,000,000 | (6,000,000) | 17,770,220 |
|---------------|------------|-----------|-------------|------------|

|                          | Number Of Ordinary Shares Of RM0.50 Each <sup>#</sup> |         |      |              |
|--------------------------|---|---------|------|--------------|
|                          | At 6.11.2009  | Bought  | Sold | At 30.9.2010 |
| <i>Direct Interests:</i> |   |         |      |              |
| Thoo Chow Fah            | 10,901,779  | 250,000 | -    | 11,151,779   |
| Choo Wing Hong           | 20,237,048  | -       | -    | 20,237,048   |
| Choo Wing Onn            | 14,961,779  | -       | -    | 14,961,779   |
| Lee Tian Yoke            | 6,623,546   | -       | -    | 6,623,546    |
| Choo Wing Yew            | 3,258,157   | -       | -    | 3,258,157    |

### *Indirect Interests held through spouse\**

|               |           |         |   |           |
|---------------|-----------|---------|---|-----------|
| Thoo Chow Fah | 3,554,044 | 700,000 | - | 4,254,044 |
|---------------|-----------|---------|---|-----------|

# Directors' Report

(cont'd)

## DIRECTORS' INTERESTS (cont'd)

|  | At Date Of<br>Issue On<br>4.8.2010 | Number Of Warrants |      | At<br>30.9.2010 |
|--|------------------------------------|--------------------|------|-----------------|
|  |                                    | Bought             | Sold |                 |
| <i>Direct Interests:</i>                       |                                    |                    |      |                 |
| Thoo Chow Fah                                  | 2,180,355                          | 1,000,000          | -    | 3,180,355       |
| Choo Wing Hong                                 | 4,047,409                          | -                  | -    | 4,047,409       |
| Choo Wing Onn                                  | 2,992,355                          | -                  | -    | 2,992,355       |
| Lee Tian Yoke                                  | 1,324,709                          | -                  | -    | 1,324,709       |
| Choo Wing Yew                                  | 651,631                            | -                  | -    | 651,631         |
| <i>Indirect Interests held through spouse*</i> |                                    |                    |      |                 |
| Thoo Chow Fah                                  | 730,808                            | 3,443,100          | -    | 4,173,908       |

\* *Disclosure pursuant to Section 134(12)(c) of the Companies Act 1965 in Malaysia.*

# *Arising from share consolidation.*

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

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director 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 35 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.

# Directors' Report

(cont'd)

## **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

The significant events of the Group during the financial year are disclosed in Note 41 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 13 JANUARY 2011**

**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 38 to 91 are drawn up in accordance with Financial Reporting Standards and 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 2010 and of their results and cash flows for the financial year ended on that date.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS  
DATED 13 JANUARY 2011**

**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 38 to 91 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 13 January 2011

**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 balance sheets as at 30 September 2010, and the income statements, statements of changes in equity and cash flow statements for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 38 to 91.

### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate policies, and making accounting estimates that are reasonable in the circumstances.

### *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 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 judgment, 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 Company's preparation and fair presentation of the financial statements 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 Company'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 have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 September 2010 and of their financial performance and cash flows for the financial year then ended.

# Independent Auditors' Report

to the members of Notion Vtec Berhad  
(Incorporated in Malaysia) Company No : 637546-D (cont'd)

## 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 is indicated in Note 6 of the financial statements;
- (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 audit 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 Matters

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

Kuala Lumpur  
13 January 2011

### **Lee Kok Wai**

Approval No : 2760/06/12 (J)  
Chartered Accountant

# Balance Sheets

at 30 September 2010

|   | Note | The Group      |                | The Company    |                |
|---|------|----------------|----------------|----------------|----------------|
|   |      | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| ASSETS                                      |      |                |                |                |                |
| NON-CURRENT ASSETS                          |      |                |                |                |                |
| Investment in subsidiaries                  | 6    | -              | -              | 54,000         | 49,977         |
| Investment in an associate                  | 7    | -              | 1,939          | -              | -              |
| Property, plant and equipment               | 8    | 251,530        | 161,761        | 173            | 258            |
|   |      | <b>251,530</b> | 163,700        | <b>54,173</b>  | 50,235         |
| CURRENT ASSETS                              |      |                |                |                |                |
| Inventories                                 | 9    | 35,490         | 20,058         | -              | -              |
| Trade receivables                           | 10   | 53,710         | 45,761         | -              | -              |
| Other receivables, deposits and prepayments | 11   | 7,571          | 5,144          | 1              | 2              |
| Amount owing by subsidiaries                | 12   | -              | -              | 49,902         | 29,339         |
| Tax refundable                              |      | 8,889          | 255            | 134            | -              |
| Short-term deposits with licensed banks     | 13   | 5,323          | 2,149          | 3,477          | 353            |
| Cash and bank balances                      | 14   | 31,678         | 18,321         | 10,899         | 3,220          |
|   |      | <b>142,661</b> | 91,688         | <b>64,413</b>  | 32,914         |
| TOTAL ASSETS                                |      | <b>394,191</b> | 255,388        | <b>118,586</b> | 83,149         |
| EQUITY AND LIABILITIES                      |      |                |                |                |                |
| EQUITY                                      |      |                |                |                |                |
| Share capital                               | 15   | 77,280         | 70,358         | 77,280         | 70,358         |
| Share premium                               | 16   | 29,482         | 166            | 29,482         | 166            |
| Treasury shares                             | 17   | (4,039)        | (2,401)        | (4,039)        | (2,401)        |
| Currency translation reserve                |      | 509            | 98             | -              | -              |
| Retained profits                            | 18   | 129,519        | 95,334         | 11,105         | 7,316          |
| TOTAL SHAREHOLDERS' EQUITY                  |      | <b>232,751</b> | 163,555        | <b>113,828</b> | 75,439         |
| MINORITY INTERESTS                          |      | <b>1,163</b>   | 1,134          | -              | -              |
| TOTAL EQUITY                                |      | <b>233,914</b> | 164,689        | <b>113,828</b> | 75,439         |

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

# Balance Sheets

at 30 September 2010 (cont'd)

|                                    | Note | The Group      |                | The Company    |                |
|------------------------------------|------|----------------|----------------|----------------|----------------|
|                                    |      | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| NON-CURRENT LIABILITIES            |      |                |                |                |                |
| Long-term borrowings               | 19   | 69,467         | 40,072         | -              | -              |
| Deferred taxation                  | 20   | 12,246         | 7,263          | -              | -              |
|                                    |      | <b>81,713</b>  | 47,335         | -              | -              |
| CURRENT LIABILITIES                |      |                |                |                |                |
| Trade payables                     | 21   | 13,783         | 9,838          | -              | -              |
| Other payables and accruals        | 22   | 30,641         | 7,333          | 362            | 538            |
| Amount owing to subsidiaries       | 12   | -              | -              | 4,396          | 3,702          |
| Amount owing to an associate       |      | -              | 2,554          | -              | -              |
| Provision for taxation             |      | -              | 1,972          | -              | 4              |
| Dividend payable                   |      | -              | 3,466          | -              | 3,466          |
| Short-term borrowings              | 23   | 32,398         | 16,855         | -              | -              |
| Bank overdrafts                    | 23   | 1,742          | 1,346          | -              | -              |
|                                    |      | <b>78,564</b>  | 43,364         | <b>4,758</b>   | 7,710          |
| TOTAL LIABILITIES                  |      | <b>160,277</b> | 90,699         | <b>4,758</b>   | 7,710          |
| TOTAL EQUITY AND LIABILITIES       |      | <b>394,191</b> | 255,388        | <b>118,586</b> | 83,149         |
| NET ASSETS PER ORDINARY SHARE (RM) | 24   | <b>1.52</b>    | 1.18*          |                |                |

\* The net assets per ordinary share in the previous financial year has been restated as a result of the share consolidation during the current financial year.

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

# Income Statements

for the financial year ended 30 September 2010

|   | Note | The Group      |                | The Company    |                |
|---|------|----------------|----------------|----------------|----------------|
|   |      | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| REVENUE   | 25   | 225,401        | 172,703        | 10,167         | 10,197         |
| COST OF SALES   |      | (170,305)      | (112,210)      | -              | -              |
| GROSS PROFIT  |      | 55,096         | 60,493         | 10,167         | 10,197         |
| OTHER OPERATING INCOME  |      | 11,927         | 9,204          | 322            | 53             |
|   |      | 67,023         | 69,697         | 10,489         | 10,250         |
| MARKETING AND DISTRIBUTION EXPENSES                               |      | (3,876)        | (2,845)        | -              | -              |
| ADMINISTRATIVE AND OTHER OPERATING EXPENSES                       |      | (14,559)       | (21,171)       | (2,508)        | (1,687)        |
| FINANCE EXPENSES  |      | (5,065)        | (3,703)        | -              | -              |
|   |      | 43,525         | 41,978         | 7,981          | 8,563          |
| SHARE OF PROFIT IN AN ASSOCIATE                                   |      | 749            | 749            | -              | -              |
| PROFIT BEFORE TAXATION  | 26   | 44,272         | 42,727         | 7,981          | 8,563          |
| INCOME TAX EXPENSE  | 27   | (6,241)        | (6,752)        | (375)          | (457)          |
| PROFIT FOR THE FINANCIAL YEAR                                     |      | 38,031         | 35,975         | 7,606          | 8,106          |
| ATTRIBUTABLE TO:  |      |                |                |                |                |
| Equity holders of the Company                                     |      | 38,002         | 35,898         | 7,606          | 8,106          |
| Minority interests  |      | 29             | 77             | -              | -              |
|   |      | 38,031         | 35,975         | 7,606          | 8,106          |
| EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY: |      |                |                |                |                |
| - Basic   | 28   | 25.5 sen       | 25.6 sen       |                |                |
| - Diluted   | 28   | N/A            | N/A            |                |                |
| DIVIDENDS PER SHARE   | 29   |                |                | 3.0 sen        | 1.0 sen        |

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

# Statements of Changes in Equity

for the financial year ended 30 September 2010

|   | Attributable To Equity Holders Of The Company |                            | Distributable                |                                  |                               |                 | Total<br>Equity<br>RM'000 |                                 |
|---|---|----------------------------|------------------------------|----------------------------------|-------------------------------|-----------------|---------------------------|---------------------------------|
|   | Non-Distributable                             |                            | Currency                     |                                  |                               |                 |                           |                                 |
|   | Share<br>Capital<br>RM'000                    | Share<br>Premium<br>RM'000 | Treasury<br>Shares<br>RM'000 | Translation<br>Reserve<br>RM'000 | Retained<br>Profits<br>RM'000 | Total<br>RM'000 |                           | Minority<br>Interests<br>RM'000 |
| <b>The Group</b>  |   |                            |                              |                                  |                               |                 |                           |                                 |
| Balance at 1.10.2008  | 70,358  | -                          | -                            | (4)                              | 66,420                        | 136,774         | 1,057                     | 137,831                         |
| Currency translation differences  | -   | -                          | -                            | 102                              | -                             | 102             | -                         | 102                             |
| Profit for the financial year   | -   | -                          | -                            | -                                | 35,898                        | 35,898          | 77                        | 35,975                          |
| Final tax-exempt dividend of 0.5 sen per ordinary share in respect of the previous financial year | -   | -                          | -                            | -                                | (3,518)                       | (3,518)         | -                         | (3,518)                         |
| Interim tax-exempt dividend of 0.5 sen per ordinary share   | -   | -                          | -                            | -                                | (3,466)                       | (3,466)         | -                         | (3,466)                         |
| Purchase of own shares  | -   | -                          | (2,798)                      | -                                | -                             | (2,798)         | -                         | (2,798)                         |
| Disposal of treasury shares   | -   | 166                        | 397                          | -                                | -                             | 563             | -                         | 563                             |
| Balance at 30.9.2009/1.10.2009  | 70,358  | 166                        | (2,401)                      | 98                               | 95,334                        | 163,555         | 1,134                     | 164,689                         |
| Currency translation differences  | -   | -                          | -                            | 411                              | -                             | 411             | -                         | 411                             |
| Profit for the financial year   | -   | -                          | -                            | -                                | 38,002                        | 38,002          | 29                        | 38,031                          |
| Final tax-exempt dividend of 2.5 sen per ordinary share in respect of the previous financial year | -   | -                          | -                            | -                                | (3,817)                       | (3,817)         | -                         | (3,817)                         |
| Issuance of ordinary shares pursuant to private placement   | 6,922   | 26,858                     | -                            | -                                | -                             | 33,780          | -                         | 33,780                          |
| Costs incurred for private placement  | -   | (183)                      | -                            | -                                | -                             | (183)           | -                         | (183)                           |
| Purchase of own shares  | -   | -                          | (9,570)                      | -                                | -                             | (9,570)         | -                         | (9,570)                         |
| Disposal of treasury shares   | -   | 2,641                      | 7,932                        | -                                | -                             | 10,573          | -                         | 10,573                          |
| Balance at 30.9.2010  | <b>77,280</b>                                 | <b>29,482</b>              | <b>(4,039)</b>               | <b>509</b>                       | <b>129,519</b>                | <b>232,751</b>  | <b>1,163</b>              | <b>233,914</b>                  |

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

# Statements of Changes in Equity

for the financial year ended 30 September 2010 (cont'd)

| <b>The Company</b>  | <b>Share<br/>Capital<br/>RM'000</b> | <b>Share<br/>Premium<br/>RM'000</b> | <b>Treasury<br/>Shares<br/>RM'000</b> | <b>Retained<br/>Profits<br/>RM'000</b> | <b>Total<br/>Equity<br/>RM'000</b> |
|---|-------------------------------------|-------------------------------------|---------------------------------------|--|------------------------------------|
| Balance at 1.10.2008  | 70,358                              | -                                   | -                                     | 6,194                                  | 76,552                             |
| Profit for the financial year   | -                                   | -                                   | -                                     | 8,106                                  | 8,106                              |
| Final tax-exempt dividend of 0.5 sen per ordinary share in respect of the previous financial year | -                                   | -                                   | -                                     | (3,518)                                | (3,518)                            |
| Interim tax-exempt dividend of 0.5 sen per ordinary share   | -                                   | -                                   | -                                     | (3,466)                                | (3,466)                            |
| Purchase of own shares  | -                                   | -                                   | (2,798)                               | -                                      | (2,798)                            |
| Disposal of treasury shares   | -                                   | 166                                 | 397                                   | -                                      | 563                                |
| Balance at 30.9.2009/1.10.2009  | 70,358                              | 166                                 | (2,401)                               | 7,316                                  | 75,439                             |
| Profit for the financial year   | -                                   | -                                   | -                                     | 7,606                                  | 7,606                              |
| Final tax-exempt dividend of 2.5 sen per ordinary share in respect of the previous financial year | -                                   | -                                   | -                                     | (3,817)                                | (3,817)                            |
| Issuance of ordinary shares pursuant to private placement   | 6,922                               | 26,858                              | -                                     | -                                      | 33,780                             |
| Costs incurred for private placement  | -                                   | (183)                               | -                                     | -                                      | (183)                              |
| Purchase of own shares  | -                                   | -                                   | (9,570)                               | -                                      | (9,570)                            |
| Disposal of treasury shares   | -                                   | 2,641                               | 7,932                                 | -                                      | 10,573                             |
| Balance at 30.9.2010  | <b>77,280</b>                       | <b>29,482</b>                       | <b>(4,039)</b>                        | <b>11,105</b>                          | <b>113,828</b>                     |

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

# Cash Flow Statements

for the financial year ended 30 September 2010

|  | The Group       |                | The Company    |                |
|--|-----------------|----------------|----------------|----------------|
|  | 2010<br>RM'000  | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| <b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>  |                 |                |                |                |
| Profit before taxation   | <b>44,272</b>   | 42,727         | <b>7,981</b>   | 8,563          |
| Adjustments for:-  |                 |                |                |                |
| Allowance for doubtful debts   | -               | 249            | -              | -              |
| Bad debts written off  | -               | 67             | -              | -              |
| Deposit forfeited  | -               | 61             | -              | -              |
| Depreciation of property, plant and equipment  | <b>23,611</b>   | 18,245         | <b>87</b>      | 91             |
| Interest expense   | <b>4,703</b>    | 3,607          | -              | -              |
| Inventories written off  | -               | 865            | -              | -              |
| Plant and equipment written off  | <b>18</b>       | -              | -              | -              |
| Gain on disposal of plant and equipment  | <b>(142)</b>    | (6)            | -              | (6)            |
| Unrealised foreign currency translation loss   | <b>593</b>      | 61             | -              | -              |
| Allowance for doubtful debts no longer required  | <b>(16)</b>     | (70)           | -              | -              |
| Dividend income  | -               | -              | <b>(8,523)</b> | (8,553)        |
| Interest income  | <b>(400)</b>    | (198)          | <b>(320)</b>   | (46)           |
| Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost arising from acquisition of a subsidiary | <b>(632)</b>    | -              | -              | -              |
| Share of profit in an associate  | <b>(749)</b>    | (749)          | -              | -              |
| Operating profit/(loss) before working capital changes   | <b>71,258</b>   | 64,859         | <b>(775)</b>   | 49             |
| (Increase)/Decrease in inventories   | <b>(15,180)</b> | 1,413          | -              | -              |
| (Increase)/Decrease in trade and other receivables   | <b>(6,334)</b>  | (6,921)        | <b>1</b>       | (2)            |
| Increase/(Decrease) in trade and other payables  | <b>14,221</b>   | (7,127)        | <b>(176)</b>   | (199)          |
| <b>CASH FROM/(FOR) OPERATIONS</b>  | <b>63,965</b>   | 52,224         | <b>(950)</b>   | (152)          |
| Interest paid  | <b>(4,703)</b>  | (3,607)        | -              | -              |
| Tax paid   | <b>(12,517)</b> | (6,762)        | <b>(108)</b>   | (76)           |
| <b>NET CASH FROM/(FOR) OPERATING ACTIVITIES AND BALANCE CARRIED FORWARD</b>  | <b>46,745</b>   | 41,855         | <b>(1,058)</b> | (228)          |

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

# Cash Flow Statements

for the financial year ended 30 September 2009 (cont'd)

|   | Note | The Group       |                | The Company     |                |
|---|------|-----------------|----------------|-----------------|----------------|
|   |      | 2010<br>RM'000  | 2009<br>RM'000 | 2010<br>RM'000  | 2009<br>RM'000 |
| BALANCE BROUGHT FORWARD                                       |      | <b>46,745</b>   | 41,855         | <b>(1,058)</b>  | (228)          |
| CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES                    |      |                 |                |                 |                |
| Dividend received   |      | -               | -              | <b>8,118</b>    | 8,258          |
| Interest received   |      | <b>400</b>      | 198            | <b>320</b>      | 46             |
| Purchase of property, plant and equipment                     | 30   | <b>(35,355)</b> | (18,562)       | <b>(2)</b>      | -              |
| Proceeds from disposal of plant and equipment                 |      | <b>510</b>      | 43             | -               | 43             |
| Investment in subsidiaries                                    |      | -               | -              | <b>(4,023)</b>  | (2,047)        |
| Net cash outflow on acquisition of subsidiary                 | 31   | <b>(1,640)</b>  | -              | -               | -              |
| NET CASH (FOR)/FROM INVESTING ACTIVITIES                      |      | <b>(36,085)</b> | (18,321)       | <b>4,413</b>    | 6,300          |
| CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES                    |      |                 |                |                 |                |
| (Advances to)/Repayment from subsidiaries                     |      | -               | -              | <b>(19,869)</b> | 4,661          |
| (Repayment to)/Advances from an associate                     |      | <b>(2,554)</b>  | 2,166          | -               | -              |
| Dividends paid  |      | <b>(7,283)</b>  | (7,036)        | <b>(7,283)</b>  | (7,036)        |
| Proceeds from issuance of shares                              |      | <b>33,780</b>   | -              | <b>33,780</b>   | -              |
| Cost incurred on issuance of shares through Private Placement |      | <b>(183)</b>    | -              | <b>(183)</b>    | -              |
| Repayment of hire purchase and lease obligations              |      | <b>(16,341)</b> | (14,349)       | -               | -              |
| Repayment of term loans                                       |      | <b>(3,358)</b>  | (900)          | -               | -              |
| Proceeds from sale of treasury shares                         |      | <b>10,573</b>   | 563            | <b>10,573</b>   | 563            |
| Treasury shares   |      | <b>(9,570)</b>  | (2,798)        | <b>(9,570)</b>  | (2,798)        |
| Refinance of hire purchase                                    |      | -               | 1,212          | -               | -              |
| NET CASH FROM/(FOR) FINANCING ACTIVITIES                      |      | <b>5,064</b>    | (21,142)       | <b>7,448</b>    | (4,610)        |
| NET INCREASE IN CASH AND CASH EQUIVALENTS                     |      | <b>15,724</b>   | 2,392          | <b>10,803</b>   | 1,462          |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR  |      | <b>19,124</b>   | 16,630         | <b>3,573</b>    | 2,111          |
| Foreign exchange difference                                   |      | <b>411</b>      | 102            | -               | -              |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR        | 32   | <b>35,259</b>   | 19,124         | <b>14,376</b>   | 3,573          |

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

# Notes to the Financial Statements

for the financial year ended 30 September 2010

## 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 13 January 2011.

## 2. PRINCIPAL ACTIVITIES

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

## 3. FINANCIAL RISK MANAGEMENT POLICIES

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

### (a) Market Risk

#### (i) Currency Risk

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

The Group enters into forward foreign exchange contracts to hedge against its foreign exchange risk resulting from anticipated transactions denominated in foreign currency, primarily the United States Dollar, as disclosed in Note 39 to the financial statements.

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

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 3. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

### (a) Market Risk (cont'd)

#### (ii) Interest Rate Risk

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

Information relating to the interest rate exposure of the Group is disclosed in Note 23 to the financial statements.

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

#### (iii) Price Risk

The Group does not have any quoted investments and hence is not exposed to price risk.

### (b) Credit Risk

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

The Group's concentration of credit risk related to debts owing by three customers which constituted approximately 78% of the Group's outstanding receivables at the end of the current financial year.

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

### (c) Liquidity and Cash Flow Risks

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

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 4. BASIS OF PREPARATION

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

- (a) During the current financial year, the Group and the Company have adopted the following new accounting standard:-

### FRS 8 Operating Segment

FRS 8 replaces FRS 114<sub>2004</sub> Segment Reporting and requires a “management approach”, under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group. This FRS is expected to have no material impact on the financial statements of the Group upon its initial application.

- (b) The Group and the Company have not applied in advance the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year.

| <b>FRSs/IC Interpretations</b>   | <b>Effective date</b>           |
|--|---------------------------------|
| FRS 1 (Revised) First-time Adoption of Financial Reporting Standards   | 1 July 2010                     |
| FRS 3 (Revised) Business Combinations  | 1 July 2010                     |
| FRS 4 Insurance Contracts  | 1 January 2010                  |
| FRS 7 Financial Instruments: Disclosures   | 1 January 2010                  |
| FRS 101 (Revised) Presentation of Financial Statements   | 1 January 2010                  |
| FRS 123 (Revised) Borrowing Costs  | 1 January 2010                  |
| FRS 124 (Revised) Related Party Disclosures  | 1 January 2012                  |
| FRS 127 (Revised) Consolidated and Separate Financial Statements   | 1 July 2010                     |
| FRS 139 Financial Instruments: Recognition and Measurement   | 1 January 2010                  |
| Amendments to FRS 1 and FRS 127 Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate            | 1 January 2010                  |
| Amendments to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters                         | 1 January 2011                  |
| Amendments to FRS 1 Additional Exemptions for First-time Adopters  | 1 January 2011                  |
| Amendments to FRS 2 Vesting Conditions and Cancellations   | 1 January 2010                  |
| Amendments to FRS 2 Scope of FRS 2 and FRS 3 (Revised)   | 1 July 2010                     |
| Amendments to FRS 2 Group Cash-settled Share-based Payment Transactions  | 1 January 2011                  |
| Amendments to FRS 5 Plan to Sell the Controlling Interest in a Subsidiary  | 1 July 2010                     |
| Amendments to FRS 7, FRS 139 and IC Interpretation 9   | 1 January 2010                  |
| Amendments to FRS 7 Improving Disclosures about Financial Instruments  | 1 January 2011                  |
| Amendments to FRS 101 and FRS 132 Puttable Financial Instruments and Obligations Arising on Liquidation                  | 1 January 2010                  |
| Amendments to FRS 132 Classification of Rights Issues and the Transitional Provision In Relation To Compound Instruments | 1 January 2010/<br>1 March 2010 |

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 4. BASIS OF PREPARATION (cont'd)

| FRSs/IC Interpretations   | Effective date |
|---|----------------|
| Amendments to FRS 138 Consequential Amendments Arising from FRS 3 (Revised)   | 1 July 2010    |
| IC Interpretation 4 Determining Whether An Arrangement Contains a Lease   | 1 January 2011 |
| IC Interpretation 9 Reassessment of Embedded Derivatives  | 1 January 2010 |
| IC Interpretation 10 Interim Financial Reporting and Impairment   | 1 January 2010 |
| IC Interpretation 11 FRS 2 - Group and Treasury Share Transactions  | 1 January 2010 |
| IC Interpretation 12 Service Concession Arrangements  | 1 July 2010    |
| IC Interpretation 13 Customer Loyalty Programmes  | 1 January 2010 |
| IC Interpretation 14 FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction | 1 January 2010 |
| IC Interpretation 15 Agreements for the Construction of Real Estate   | 1 January 2012 |
| IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation  | 1 July 2010    |
| IC Interpretation 17 Distributions of Non-cash Assets to Owners   | 1 July 2010    |
| IC Interpretation 18 Transfer of Assets from Customers  | 1 January 2011 |
| IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments  | 1 July 2011    |
| Amendments to IC Interpretation 9 Scope of IC Interpretation 9 and FRS 3 (Revised)                                      | 1 July 2010    |
| Amendments to IC Interpretation 14 Prepayments of a Minimum Funding Requirement   | 1 July 2010    |
| Annual Improvements to FRSs (2009)  | 1 January 2010 |
| Annual Improvements to FRSs (2010)  | 1 January 2011 |

The above FRSs, IC Interpretations and amendments are not relevant to the Group's operations except as follows:-

### FRS 3 (Revised)

FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

### FRS 4

The Company considers financial guarantee contracts entered into to be insurance arrangements and accounts for them under FRS 4. In this respect, the Company treats the guarantee contract as a contingent liability until such a time as it becomes probable that the Company will be required to make a payment under the guarantee. The adoption of FRS 4 is expected to have no material impact on the financial statements of the Company.

### FRS 7, FRS 139 and subsequent amendments

The possible impacts of FRS 7 (including the subsequent amendments) and FRS 139 on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 4. BASIS OF PREPARATION (cont'd)

### FRS 101 (Revised)

FRS 101 (Revised) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. The adoption of this revised standard will only impact the form and content of the presentation of the Group's and of the Company's financial statements in the next financial year.

### FRS 123

FRS 123 (Revised) removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. In accordance with the transitional provisions, the Group and the Company will apply this revised standard to borrowing costs related to qualifying assets for which the commencement date of capitalisation is on or after 1 January 2010. This change in accounting policy will not have any financial impact on the financial statements for the current financial year but may impact the accounting for future transactions or arrangements.

### FRS 124 (Revised)

FRS 124 (Revised) modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions do not affect the Company because the Company is not a government-related entity. However, disclosures regarding related party transactions and balances may be affected when this revised standard is applied in future because some counterparties that did not previously meet the definition of a related party may come within the scope of the standard.

### FRS 127 (Revised)

FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will not have any financial impact on the financial statements of the Group and of the Company for the current financial year but may impact the accounting for future transactions or arrangements.

### Amendments to FRS 1 and FRS 127

Amendments to FRS 1 and FRS 127 remove the definition of 'cost method' currently set out in FRS 127, and instead require an investor to recognise all dividends from subsidiaries, jointly controlled entities or associates as income in its separate financial statements. In addition, FRS 127 has also been amended to deal with situations where a parent reorganises its group by establishing a new entity as its new parent. Under this circumstance, the new parent shall measure the cost of its investment in the original parent at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the reorganisation date. The amendments will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group and of the Company for the current financial year but may impact the accounting for future transactions or arrangements.

### IC Interpretation 9

IC Interpretation 9 requires embedded derivatives to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date the entity first became a party to the contract. The possible impacts of IC Interpretation 9 on the financial statements upon its initial application are not disclosed by virtue of the exemptions given under FRS 139.

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 4. BASIS OF PREPARATION (cont'd)

### IC Interpretation 10

IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation is expected to have no material impact on the financial statements of the Group and of the Company upon its initial application.

### Amendments to IC Interpretation 9

Amendments to IC Interpretation 9 are a consequential amendment from FRS 3 (Revised). These amendments are expected to have no material impact on the financial statements of the Group and of the Company upon its initial application.

### Annual Improvements 2009

Annual Improvements to FRSs (2009) contain amendments to 21 accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. These amendments are expected to have no material impact on the financial statements of the Group and of the Company upon their initial application.

### Annual Improvements 2010

Annual Improvements to FRSs (2010) contain amendments to 11 accounting standards that result in accounting changes for presentation, recognition or measurement purposes. These amendments are expected to have no material impact on the financial statements of the Group and of the Company upon their initial application.

## 5. SIGNIFICANT ACCOUNTING POLICIES

### (a) Critical Accounting Estimates And Judgements

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

#### (i) Depreciation of Property, Plant and Equipment

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

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

#### (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.

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (a) Critical Accounting Estimates And Judgements (cont'd)

#### (iii) Allowance for Doubtful Debts of Receivables

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

#### (iv) Allowance for Inventories

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

#### (v) Fair Value Estimates for Certain Financial Assets and Liabilities

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

### (b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 30 September 2010.

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

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

Intragroup transactions, balances and unrealised gains on transactions are eliminated, unrealised losses are also eliminated. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

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

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

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (c) Goodwill on Consolidation

Goodwill on consolidation represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment loss, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessment, the Group's interest in the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries exceeds the cost of the business combination, the excess is recognised immediately in the consolidated income statement.

### (d) Financial Instruments

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

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

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

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.

### (e) Investments

#### (i) Subsidiaries

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

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

#### (ii) Associates

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

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (e) Investments (cont'd)

#### (ii) Associates (cont'd)

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

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

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

Investments in associates are stated at cost less impairment losses, if any.

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

### (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.

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 property, 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.

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%       |

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is included in the income statement in the year the asset is derecognised.

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

### (g) Impairment of Assets

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

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

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

### (h) Assets Under Hire Purchase

Plant and equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 5(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 allocated to the income statement over the period of the respective hire purchase agreements.

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (i) Assets Under Finance Lease

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

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

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

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

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

### (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 slowmoving items.

### (k) Receivables

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

### (l) Payables

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

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (m) Interest-bearing Borrowings

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

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

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

### (n) Equity Instruments

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

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

### (o) 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.

### (p) 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 year and is measured using the tax rates that have been enacted or substantively enacted at the balance sheet date.

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

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

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (p) Income Taxes (cont'd)

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.

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 balance sheet date.

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

### (q) Segmental Information

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

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

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

### (r) Functional and Foreign Currencies

#### (i) Functional and Presentation Currency

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

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

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (r) Functional and Foreign Currencies (cont'd)

#### (ii) Transactions and Balances

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

#### (iii) Foreign Operations

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- (ii) income and expenses for the income statement are translated at prevailing weighted average exchange rates for the financial year; and
- (iii) all resulting exchange differences are recognised as a separate component of equity, as a foreign currency translation reserve. On disposal, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

#### (iv) Forward Foreign Exchange Contracts

The Group is a party to financial instruments that comprise foreign currency forward contracts which are not recognised in the financial statements on inception. Foreign currency forward contracts are used to hedge foreign exposures as a result of receipts and payments in foreign currency. Any gains or losses arising from contracts entered into as hedges of anticipated future transactions are deferred until the dates of such transactions at which time they are included in the measurement of such transactions.

### (s) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and shortterm, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### (t) 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.

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (t) Employee Benefits (cont'd)

#### (ii) Defined Contribution Plans

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

### (u) Related Parties

A party is related to an entity if:-

- (i) directly, or indirectly through one or more intermediaries, the party:-
  - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  - has an interest in the entity that gives it significant influence over the entity; or
  - has joint control over the entity;
- (ii) the party is an associate of the entity;
- (iii) the party is a joint venture in which the entity is a venturer;
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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

### (v) 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.

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (v) Contingent Liabilities and Contingent Assets (cont'd)

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

### (w) Revenue Recognition

#### (i) Sale of Goods And Services Rendered

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

#### (ii) Dividend Income

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

#### (iii) Management Fee

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

#### (iv) Interest Income

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

#### (v) Rental Income

Rental income is recognised on an accrual basis.

## 6. INVESTMENT IN SUBSIDIARIES

|                                    | The Company |        |
|------------------------------------|-------------|--------|
|                                    | 2010        | 2009   |
|                                    | RM'000      | RM'000 |
| Unquoted shares, at cost:-         |             |        |
| At 1 October 2009/2008             | 49,977      | 47,930 |
| Acquired during the financial year | 4,023       | 2,047  |
| At 30 September                    | 54,000      | 49,977 |

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 6. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:-

| Name of Company                | Country of Incorporation | Effective Equity Interest |           | Principal Activities  |
|--------------------------------|--------------------------|---------------------------|-----------|---|
|                                |                          | 2010<br>%                 | 2009<br>% |   |
| 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.  |
| Intech Precision Sdn. Bhd.     | Malaysia                 | 100                       | 100       | Design, development, manufacture and marketing of precision jigs and fixtures, tools and dies for stamping, precision mould parts for plastic injection, trim and form tools for semiconductor industry and precision machine parts for the automotive and other high-value added industries.                                       |
| NV Technology Sdn. Bhd.        | Malaysia                 | 100                       | 100       | Design, development and modification of cutting tool geometry, regrind or sharpening of special cutting tools using computer numerical control ("CNC") tools and cutter grinder and other grinding operations and marketing of diamond abrasive grinding wheels, polycrystalline diamond and polycrystalline cubic nitride inserts. |
| Kaiten Precision (M) Sdn. Bhd. | Malaysia                 | 90                        | 90        | Design and development leading to the mass production of high precision microparts and related research and development activities.   |
| Diaphragm Tech Sdn. Bhd.       | Malaysia                 | 100                       | 100       | Research and development activities leading to the design and production of air chuck assembly system for soft clamping, tools-holders, gauges, dies, collets and lathe chucks for use by CNC machining applications.   |
| Swiss Impression Sdn. Bhd.     | Malaysia                 | 70                        | 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.  |
| Notion (Thailand) Co., Ltd.#   | Thailand                 | 100                       | 100       | Design and manufacture of H-Mount, inner tube and screws.   |
| Notion HiTec Sdn. Bhd.         | Malaysia                 | 100                       | -         | Dormant.  |

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 6. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:- (cont'd)

| Name of Company        | Country of Incorporation | Effective Equity Interest |      | Principal Activities   |
|------------------------|--------------------------|---------------------------|------|--|
|                        |                          | 2010                      | 2009 |  |
|                        |                          | %                         | %    |  |
| Autic Mekki Sdn. Bhd.* | Malaysia                 | 100                       | 40** | Provision of surface treatment, electrolysis nickel plating, chrome plating, electro-plating and anodizing metal or like substances. |

\* held through Notion Venture Sdn. Bhd.

\*\* investment in associate at 30 September 2009 (Note 7)

# not audited by Messrs. Crowe Horwath

### (a) Acquisition of Subsidiaries

The Company subscribed for an additional 4,000,000 ordinary shares at par value of Thai Baht 10 each for a total cash consideration of Thai Baht 40,000,000 in Notion (Thailand) Co., Ltd., a wholly owned subsidiary of the Company.

On 27 April 2010, the Company's wholly-owned subsidiary, Notion Venture Sdn. Bhd. ("NVSB") acquired the additional 60% equity interest in Autic Mekki Sdn. Bhd. ("AMSB") from a third party for a total cash consideration of RM3,400,000. As a result, on 27 April 2010, AMSB, an associate became a subsidiary of NVSB and the Group's shareholding in AMSB increased from 40% to 100%.

On 24 September 2010, the Company incorporated a wholly-owned subsidiary known as Notion HiTec Sdn. Bhd. with a registered capital of RM2 comprising 2 ordinary shares of RM1 each.

### (b) Part Disposal of a Subsidiary

On 20 January 2010, the Company disposed of 0.0002% equity interest in Swiss Impression Sdn. Bhd. to Intech Precision Sdn. Bhd. for a purchase consideration of RM1.

## 7. INVESTMENT IN AN ASSOCIATE

|  | The Group      |                |
|--|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 |
| Unquoted shares, at cost               | 800            | 800            |
| Share of post-acquisition profits      | 1,888          | 1,139          |
| Transfer to investment in subsidiaries | (2,688)        | -              |
| Interest in an associate               | -              | 1,939          |

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 8. PROPERTY, PLANT AND EQUIPMENT

| The Group                                | Net Carrying           | Net Carrying  | Additions      | Disposal/<br>Write-Off | Depreciation<br>Charge | Net Carrying           |
|--|------------------------|---|----------------|------------------------|------------------------|------------------------|
|  | Amount At<br>1.10.2009 | Amount At Date<br>Of Acquisition<br>Of A Subsidiary |                |                        |                        | Amount At<br>30.9.2010 |
|  | RM'000                 | RM'000  | RM'000         | RM'000                 | RM'000                 | RM'000                 |
| Freehold land and buildings              | 33,545                 | -   | 9,715          | -                      | (900)                  | 42,360                 |
| Factory equipment and machinery          | 122,888                | 2,329   | 90,430         | (381)                  | (20,310)               | 194,956                |
| Furniture, fittings and office equipment | 3,307                  | 109   | 5,564          | (1)                    | (1,197)                | 7,782                  |
| Motor vehicles                           | 653                    | 66  | 1,826          | (4)                    | (473)                  | 2,068                  |
| Renovation                               | 1,368                  | 53  | 3,674          | -                      | (731)                  | 4,364                  |
| <b>Total</b>                             | <b>161,761</b>         | <b>2,557</b>  | <b>111,209</b> | <b>(386)</b>           | <b>(23,611)</b>        | <b>251,530</b>         |

|  | Net Carrying           | Additions     | Disposal    | Depreciation    | Net Carrying   |
|--|------------------------|---------------|-------------|-----------------|----------------|
|  | Amount At<br>1.10.2008 |               |             |                 | Charge         |
|  | RM'000                 | RM'000        | RM'000      | RM'000          | RM'000         |
| Freehold land and buildings              | 33,649                 | 636           | -           | (740)           | 33,545         |
| Factory equipment and machinery          | 111,714                | 26,925        | -           | (15,751)        | 122,888        |
| Furniture, fittings and office equipment | 3,795                  | 449           | -           | (937)           | 3,307          |
| Motor vehicles                           | 1,023                  | 55            | (37)        | (388)           | 653            |
| Renovation                               | 1,681                  | 116           | -           | (429)           | 1,368          |
| <b>Total</b>                             | <b>151,862</b>         | <b>28,181</b> | <b>(37)</b> | <b>(18,245)</b> | <b>161,761</b> |

|  | Accumulated    | Net Carrying   |
|--|----------------|----------------|
|  | Cost           | Amount         |
|  | RM'000         | RM'000         |
| <b>As At 30.9.2010</b>                   |                |                |
| Freehold land and buildings              | 45,232         | 42,360         |
| Factory equipment and machinery          | 274,895        | 194,956        |
| Furniture, fittings and office equipment | 12,224         | 7,782          |
| Motor vehicles                           | 4,565          | 2,068          |
| Renovation                               | 5,914          | 4,364          |
| <b>Total</b>                             | <b>342,830</b> | <b>251,530</b> |

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

| The Group                                | Cost<br>RM'000 | Accumulated<br>Depreciation<br>RM'000 | Net Carrying<br>Amount<br>RM'000 |
|--|----------------|---------------------------------------|----------------------------------|
| <b>As At 30.9.2009</b>                   |                |                                       |                                  |
| Freehold land and buildings              | 35,517         | (1,972)                               | 33,545                           |
| Factory equipment and machinery          | 184,209        | (61,321)                              | 122,888                          |
| Furniture, fittings and office equipment | 6,513          | (3,206)                               | 3,307                            |
| Motor vehicles                           | 2,885          | (2,232)                               | 653                              |
| Renovation                               | 2,159          | (791)                                 | 1,368                            |
| Total                                    | 231,283        | (69,522)                              | 161,761                          |

| The Company                              | Net Carrying<br>Amount At<br>1.10.2009<br>RM'000 | Additions<br>RM'000 | Depreciation<br>Charge<br>RM'000 | Net Carrying<br>Amount At<br>30.9.2010<br>RM'000 |
|--|--|---------------------|----------------------------------|--|
| Furniture, fittings and office equipment | 2  | 2                   | (2)                              | 2  |
| Motor vehicles                           | 256  | -                   | (85)                             | 171  |
| Total                                    | 258  | 2                   | (87)                             | 173  |

| The Company                              | Net Carrying<br>Amount At<br>1.10.2008<br>RM'000 | Disposal<br>RM'000 | Depreciation<br>Charge<br>RM'000 | Net Carrying<br>Amount At<br>30.9.2009<br>RM'000 |
|--|--|--------------------|----------------------------------|--|
| Furniture, fittings and office equipment | 4  | -                  | (2)                              | 2  |
| Motor vehicles                           | 382  | (37)               | (89)                             | 256  |
| Total                                    | 386  | (37)               | (91)                             | 258  |

| The Company                              | Cost<br>RM'000 | Accumulated<br>Depreciation<br>RM'000 | Net Carrying<br>Amount<br>RM'000 |
|--|----------------|---------------------------------------|----------------------------------|
| <b>As At 30.9.2010</b>                   |                |                                       |                                  |
| Furniture, fittings and office equipment | 11             | (9)                                   | 2                                |
| Motor vehicles                           | 428            | (257)                                 | 171                              |
| Total                                    | 439            | (266)                                 | 173                              |

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

| <b>The Company</b>                       | <b>Cost</b>   | <b>Accumulated<br/>Depreciation</b> | <b>Net Carrying<br/>Amount</b> |
|--|---------------|-------------------------------------|--------------------------------|
|  | <b>RM'000</b> | <b>RM'000</b>                       | <b>RM'000</b>                  |
| <b>As At 30.9.2009</b>                   |               |                                     |                                |
| Furniture, fittings and office equipment | 9             | (7)                                 | 2                              |
| Motor vehicles                           | 428           | (172)                               | 256                            |
| Total                                    | 437           | (179)                               | 258                            |

Included in the net carrying amount of property, plant and equipment at the balance sheet date were the following assets acquired under hire purchase and lease terms and financed by term loans respectively:-

|                                 | <b>The Group</b> |               |
|---------------------------------|------------------|---------------|
|                                 | <b>2010</b>      | <b>2009</b>   |
|                                 | <b>RM'000</b>    | <b>RM'000</b> |
| <u>Hire purchase and lease</u>  |                  |               |
| Factory equipment and machinery | <b>74,511</b>    | 70,090        |
| Motor vehicles                  | -                | 42            |
| <u>Term loans</u>               |                  |               |
| Freehold land and buildings     | <b>7,932</b>     | 8,042         |
| Factory equipment and machinery | <b>47,631</b>    | -             |

The above property, plant and equipment have been charged as collateral to licensed banks for banking facilities granted to certain subsidiaries.

## 9. INVENTORIES

|                                  | <b>The Group</b> |               |
|----------------------------------|------------------|---------------|
|                                  | <b>2010</b>      | <b>2009</b>   |
|                                  | <b>RM'000</b>    | <b>RM'000</b> |
| <u>At cost:-</u>                 |                  |               |
| Raw materials                    | <b>11,470</b>    | 8,005         |
| Work-in-progress                 | <b>8,784</b>     | 4,678         |
| Finished goods                   | <b>11,110</b>    | 7,114         |
|                                  | <b>31,364</b>    | 19,797        |
| <u>At net realisable value:-</u> |                  |               |
| Finished goods                   | <b>4,126</b>     | 261           |
|                                  | <b>35,490</b>    | 20,058        |

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 10. TRADE RECEIVABLES

|                                    | The Group |        |
|------------------------------------|-----------|--------|
|                                    | 2010      | 2009   |
|                                    | RM'000    | RM'000 |
| Gross trade receivables            | 53,985    | 46,052 |
| Allowance for doubtful debts:-     |           |        |
| At 1 October 2009/2008             | (291)     | (323)  |
| Increase during the financial year | -         | (249)  |
| Allowance no longer required       | 16        | 70     |
| Bad debts written off              | -         | 211    |
| At 30 September                    | (275)     | (291)  |
| Net trade receivables              | 53,710    | 45,761 |

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

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

|                      | The Group |        |
|----------------------|-----------|--------|
|                      | 2010      | 2009   |
|                      | RM'000    | RM'000 |
| Euro                 | 1,659     | 2,536  |
| Japanese Yen         | 163       | 47     |
| United States Dollar | 47,066    | 38,482 |

## 11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in the deposits of the Group is an amount of RM1,542,846 (2009 - RM1,038,293) in respect of deposits paid for the acquisition of new plant and machinery.

## 12. AMOUNT OWING BY/(TO) SUBSIDIARIES

The amounts owing are unsecured, interest-free and repayable upon demand. The amounts owing are to be settled in cash.

## 13. SHORT-TERM DEPOSITS WITH LICENSED BANKS

The interest rate and maturity period of the short-term deposits of the Group and of the Company at the balance sheet date were 1.9% to 2.35% (2009 - 2.6% to 3.7%) per annum and 30 days to 365 days (2009 - 30 days to 365 days) respectively.

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 14. CASH AND BANK BALANCES

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

|                      | The Group |        | The Company |        |
|----------------------|-----------|--------|-------------|--------|
|                      | 2010      | 2009   | 2010        | 2009   |
|                      | RM'000    | RM'000 | RM'000      | RM'000 |
| Euro                 | 885       | 1,094  | -           | -      |
| Japanese Yen         | 55        | -      | -           | -      |
| Singapore Dollar     | 1         | 1      | -           | -      |
| United States Dollar | 11,516    | 11,160 | -           | -      |

## 15. SHARE CAPITAL

The movements in the authorised share capital of the Company are as follows:-

|  | 2010 | The Company |                  |               |           | 2009    | Share Capital |
|--|------|-------------|------------------|---------------|-----------|---------|---------------|
|  |      | Par Value   | Number of Shares | Share Capital | Par Value |         |               |
|  | RM   | '000        | RM'000           | RM            | '000      | RM'000  |               |
| <b>Ordinary Shares</b>   |      |             |                  |               |           |         |               |
| At 1 October 2009/2008   | 0.10 | 1,000,000   | 100,000          | 0.10          | 1,000,000 | 100,000 |               |
| Share consolidation of every 5 shares of RM0.10 each into 1 share of RM0.50 each | 0.50 | (800,000)   | -                | -             | -         | -       |               |
| Increase during the financial year   | 0.50 | 800,000     | 400,000          | -             | -         | -       |               |
| At 30 September  | 0.50 | 1,000,000   | 500,000          | 0.10          | 1,000,000 | 100,000 |               |

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 15. SHARE CAPITAL (cont'd)

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

|  | The Company     |                             |                            |                 |                             |                            |
|--|-----------------|-----------------------------|----------------------------|-----------------|-----------------------------|----------------------------|
|  | 2010            |                             | Share<br>Capital<br>RM'000 | 2009            |                             | Share<br>Capital<br>RM'000 |
|  | Par Value<br>RM | Number<br>of Shares<br>'000 |                            | Par Value<br>RM | Number<br>of Shares<br>'000 |                            |
| <b>Ordinary Shares</b>   |                 |                             |                            |                 |                             |                            |
| At 1 October 2009/2008   | 0.10            | 703,584                     | 70,358                     | 0.10            | 703,584                     | 70,358                     |
| Share consolidation of every 5 shares<br>of RM0.10 each into 1 share of<br>RM0.50 each | 0.50            | (562,867)                   | -                          | -               | -                           | -                          |
| Issuance of ordinary shares pursuant<br>to Private Placement                           | 0.50            | 13,844                      | 6,922                      | -               | -                           | -                          |
| At 30 September  | 0.50            | 154,561                     | 77,280                     | 0.10            | 703,584                     | 70,358                     |

During the financial year,

- the Company undertook a share consolidation of every five ordinary shares of RM0.10 each of the Company into one ordinary share of RM0.50 each held in the Company ("Share Consolidation");
- the Company increased its authorised share capital from RM100,000,000 to RM500,000,000 by the creation of 800,000,000 new ordinary shares of RM0.50 each after the Share Consolidation; and
- the Company increased its issued and paid-up share capital from RM70,358,342 to RM77,280,689 by the allotment of 13,844,694 new ordinary shares of RM0.50 each (after the Share Consolidation) by way of a Private Placement at an issue price of RM2.44 per ordinary share for cash consideration.

The new shares issued rank pari passu in all respects with the existing shares of the Company.

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 16. SHARE PREMIUM

|   | <b>The Group and The Company</b> |               |
|---|----------------------------------|---------------|
|   | <b>2010</b>                      | <b>2009</b>   |
|   | <b>RM'000</b>                    | <b>RM'000</b> |
| At 1 October 2009/2008                  | <b>166</b>                       | -             |
| Resale of treasury shares               | <b>2,641</b>                     | 166           |
| Premium arising from Private Placement  | <b>26,858</b>                    | -             |
| Expenses incurred for Private Placement | <b>(183)</b>                     | -             |
| At 30 September                         | <b>29,482</b>                    | 166           |

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.

## 17. TREASURY SHARES

The shareholders of the Company, by an ordinary resolution passed in the Annual General Meeting held on 23 February 2010, 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, 11,820,700 of its own shares (10,154,100 ordinary shares of RM0.10 each and 1,666,600 ordinary shares of RM0.50 each) through purchases on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") at an average buy-back price of RM0.51 and RM2.61 per ordinary share respectively. The total consideration paid for acquisition of the shares was RM9,570,154 and was financed by internally generated funds. The shares purchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965 in Malaysia. During the financial year, the Company has also resold 9,938,500 of its treasury shares (7,800,000 ordinary shares at RM0.10 each and 2,138,500 ordinary shares at RM0.50 each) in the market for a total consideration of RM10,572,665.

As at 30 September 2010, the Company held 1,597,840 (2009 - 7,994,600 ordinary shares of RM0.10 each) shares as treasury shares out of its total issued and paid-up share capital of 154,561,378 (2009 - 703,583,424 ordinary shares of RM0.10 each) ordinary shares of RM0.50 each. Such treasury shares are held at a carrying amount of RM4,039,212 (2009 - RM2,401,230).

## 18. RETAINED PROFITS

Subject to the agreement of the tax authorities, at the balance sheet date, 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 balance sheet date, 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.

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 18. RETAINED PROFITS (cont'd)

The breakdown of the realised and unrealised profits/(losses) as at the end of the reporting period is as follows:-

|                         | <b>The Group</b> | <b>The Company</b> |
|-------------------------|------------------|--------------------|
|                         | <b>2010</b>      | <b>2010</b>        |
|                         | <b>RM'000</b>    | <b>RM'000</b>      |
| Total retained profits: |                  |                    |
| - realised              | <b>142,358</b>   | 11,065             |
| - unrealised            | <b>(12,839)</b>  | -                  |
| At 30 September         | <b>129,519</b>   | 11,065             |

## 19. LONG-TERM BORROWINGS

|  | <b>The Group</b> |               |
|--|------------------|---------------|
|  | <b>2010</b>      | <b>2009</b>   |
|  | <b>RM'000</b>    | <b>RM'000</b> |
| Hire purchase and lease payables (Note 23) | <b>34,092</b>    | 35,847        |
| Term loans (Note 23)                       | <b>35,375</b>    | 4,225         |
|  | <b>69,467</b>    | 40,072        |

## 20. DEFERRED TAXATION

|  | <b>The Group</b> |               |
|--|------------------|---------------|
|  | <b>2010</b>      | <b>2009</b>   |
|  | <b>RM'000</b>    | <b>RM'000</b> |
| At 1 October 2009/2008                   | <b>7,263</b>     | 7,934         |
| Acquisition of a subsidiary              | <b>291</b>       | -             |
| Recognised in income statement (Note 27) | <b>4,692</b>     | (671)         |
| At 30 September                          | <b>12,246</b>    | 7,263         |

Presented after appropriate offsetting as follows:-

|                          |               |       |
|--------------------------|---------------|-------|
| Deferred tax liabilities | <b>12,273</b> | 7,478 |
| Deferred tax assets      | <b>(27)</b>   | (215) |
|                          | <b>12,246</b> | 7,263 |

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 20. DEFERRED TAXATION (cont'd)

|   | The Group      |                |
|---|----------------|----------------|
|   | 2010<br>RM'000 | 2009<br>RM'000 |
| <b>Deferred tax liabilities</b>                         |                |                |
| At 1 October 2009/2008                                  | 7,478          | 8,039          |
| Acquisition of a subsidiary                             | 291            | -              |
| Recognised in the income statement                      | 4,504          | (561)          |
| At 30 September   | <u>12,273</u>  | <u>7,478</u>   |
| <b>Deferred tax assets</b>                              |                |                |
| At 1 October 2009/2008                                  | 215            | 105            |
| Recognised in the income statement                      | (188)          | 110            |
| At 30 September   | <u>27</u>      | <u>215</u>     |
| Components of:-   |                |                |
| <b>Deferred tax liabilities</b>                         |                |                |
| Temporary differences on accelerated capital allowances | <u>12,273</u>  | <u>7,478</u>   |
| <b>Deferred tax assets</b>                              |                |                |
| Unutilised tax losses                                   | -              | 1              |
| Unabsorbed capital allowances                           | 27             | 214            |
|   | <u>27</u>      | <u>215</u>     |

No deferred tax assets have been recognised as follows:-

|                                    | The Group      |                |
|------------------------------------|----------------|----------------|
|                                    | 2010<br>RM'000 | 2009<br>RM'000 |
| Unutilised tax losses              | 3              | 121            |
| Unabsorbed capital allowances      | 251            | 423            |
| Unutilised reinvestment allowances | 153            | -              |
|                                    | <u>407</u>     | <u>544</u>     |

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.

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 21. TRADE PAYABLES

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

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

|                      | The Group      |                |
|----------------------|----------------|----------------|
|                      | 2010<br>RM'000 | 2009<br>RM'000 |
| Japanese Yen         | 27             | 721            |
| Singapore Dollar     | 165            | 200            |
| United States Dollar | 3,076          | 947            |

## 22. OTHER PAYABLES AND ACCRUALS

Included in the other payables of the Group is an amount of RM17,935,666 (2009 - RM474,000) in respect of the acquisition of plant and machinery during the financial year.

The said amount is owing to third party suppliers pending financing via hire purchase arrangements which were only completed subsequent to the balance sheet date.

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

|                      | The Group      |                | The Company    |                |
|----------------------|----------------|----------------|----------------|----------------|
|                      | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Hong Kong Dollar     | 1              | -              | -              | -              |
| Japanese Yen         | 16,126         | -              | -              | -              |
| Singapore Dollar     | 64             | 27             | -              | -              |
| Swiss Franc          | 737            | 715            | -              | -              |
| United States Dollar | 67             | 44             | -              | -              |

## 23. SHORT-TERM BORROWINGS AND BANK OVERDRAFTS

Short-term borrowings comprise the following:-

|                                  | The Group      |                |
|----------------------------------|----------------|----------------|
|                                  | 2010<br>RM'000 | 2009<br>RM'000 |
| Bills payable                    | 8,142          | 1,472          |
| Hire purchase and lease payables | 15,454         | 14,483         |
| Term loans                       | 8,802          | 900            |
|                                  | <b>32,398</b>  | 16,855         |

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 23. SHORT-TERM BORROWINGS AND BANK OVERDRAFTS (cont'd)

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

|                                  | The Group   |             |
|----------------------------------|-------------|-------------|
|                                  | 2010        | 2009        |
|                                  | %           | %           |
|                                  | per annum   | per annum   |
| Bank overdrafts                  | 7.35        | 6.55        |
| Bills payable                    | 1.47 - 3.10 | 1.47 - 6.17 |
| Hire purchase and lease payables | 2.75 - 4.00 | 2.75 - 4.00 |
| Term loans                       | 5.50 - 6.72 | 5.50        |

The bank overdrafts 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.

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

|   | The Group |        |
|---|-----------|--------|
|   | 2010      | 2009   |
|   | RM'000    | RM'000 |
| Minimum hire purchase and lease payments:                     |           |        |
| - not later than one year                                     | 18,220    | 17,170 |
| - later than one year and not later than five years           | 36,774    | 39,676 |
|   | 54,994    | 56,846 |
| Less: Future finance charges                                  | 5,448     | 6,516  |
| Present value of hire purchase and lease payables             | 49,546    | 50,330 |
| Current:  |           |        |
| - not later than one year                                     | 15,454    | 14,483 |
| Non-current:  |           |        |
| - later than one year and not later than five years (Note 19) | 34,092    | 35,847 |
|   | 49,546    | 50,330 |

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 23. SHORT-TERM BORROWINGS AND BANK OVERDRAFTS (cont'd)

The term loans are repayable as follows:-

|  | The Group      |                |
|--|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 |
| Term loans                             | 44,177         | 5,125          |
| Portion repayable within twelve months | (8,802)        | (900)          |
| Portion repayable after twelve months  | 35,375         | 4,225          |
| Current portion:                       |                |                |
| - repayable within one year            | 8,802          | 900            |
| Non-current portion:                   |                |                |
| - repayable between one to two years   | 8,978          | 900            |
| - repayable between two to five years  | 26,397         | 2,700          |
| - repayable after five years           | -              | 625            |
| Total non-current portion (Note 19)    | 35,375         | 4,225          |
|  | 44,177         | 5,125          |

Details of the term loans outstanding at the balance sheet date are as follows:-

|             | Number of<br>Monthly<br>Instalments | Monthly<br>Principal<br>Instalment<br>Amount<br>RM | Date of<br>Commencement<br>of Repayment | Amount Outstanding<br>at the Balance Sheet Date |                |
|-------------|-------------------------------------|--|---|---|----------------|
|             |                                     |  |   | 2010<br>RM'000                                  | 2009<br>RM'000 |
| Term loan 1 | 84                                  | 75,000   | May 2009                                | 4,150   | 5,125          |
| Term loan 2 | 60                                  | 315,396  | March 2010                              | 14,746  | -              |
| Term loan 3 | 60                                  | 116,724  | May 2010                                | 5,579   | -              |
| Term loan 4 | 60                                  | 89,125   | June 2010                               | 4,293   | -              |
| Term loan 5 | 60                                  | 149,333  | August 2010                             | 8,703   | -              |
| Term loan 6 | 60                                  | 125,333  | September 2010                          | 6,706   | -              |
|             |                                     |  |   | 44,177  | 5,125          |

## 24. NET ASSETS PER ORDINARY SHARE

The net assets per ordinary share of the Group is calculated based on the net assets value at the balance sheet date of RM232,751,000 (2009 - RM163,555,000) divided by the number of ordinary shares in issue at the balance sheet date of 152,962,000 (2009 - 139,118,000) excluding treasury shares held by the Company.

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 25. REVENUE

|   | The Group      |         | The Company   |        |
|---|----------------|---------|---------------|--------|
|   | 2010           | 2009    | 2010          | 2009   |
|   | RM'000         | RM'000  | RM'000        | RM'000 |
| Revenue represents:-  |                |         |               |        |
| Invoiced value of goods sold and services rendered less discounts and returns | <b>225,401</b> | 172,703 | -             | -      |
| Dividend income   | -              | -       | <b>8,523</b>  | 8,553  |
| Management fee  | -              | -       | <b>1,644</b>  | 1,644  |
|   | <b>225,401</b> | 172,703 | <b>10,167</b> | 10,197 |

## 26. PROFIT BEFORE TAXATION

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

|   | The Group     |        | The Company  |        |
|---|---------------|--------|--------------|--------|
|   | 2010          | 2009   | 2010         | 2009   |
|   | RM'000        | RM'000 | RM'000       | RM'000 |
| Allowance for doubtful debts                    | -             | 249    | -            | -      |
| Audit fee:                                      |               |        |              |        |
| - current financial year                        | <b>101</b>    | 73     | <b>25</b>    | 15     |
| - underprovision in the previous financial year | <b>5</b>      | -      | -            | -      |
| Bad debts written off                           | -             | 67     | -            | -      |
| Deposit forfeited                               | -             | 61     | -            | -      |
| Depreciation of property, plant and equipment   | <b>23,611</b> | 18,245 | <b>87</b>    | 91     |
| Directors' remuneration:                        |               |        |              |        |
| - fee   | <b>126</b>    | 90     | <b>126</b>   | 90     |
| - other emoluments                              | <b>1,913</b>  | 1,193  | <b>1,208</b> | 716    |
| Interest expense:                               |               |        |              |        |
| - bank overdrafts                               | <b>76</b>     | 90     | -            | -      |
| - bills payable                                 | <b>303</b>    | 252    | -            | -      |
| - hire purchase and lease                       | <b>3,355</b>  | 2,957  | -            | -      |
| - term loans                                    | <b>969</b>    | 308    | -            | -      |
| Inventories written off                         | -             | 865    | -            | -      |

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 26. PROFIT BEFORE TAXATION (cont'd)

|  | The Group      |                | The Company    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Loss on foreign currency:  |                |                |                |                |
| - realised:  |                |                |                |                |
| - translations   | 1,310          | 5,738          | -              | -              |
| - derivative contracts   | 1,531          | 7,603          | -              | -              |
| - unrealised:  |                |                |                |                |
| - translations   | 593            | 61             | -              | -              |
| Plant and equipment written off  | 18             | -              | -              | -              |
| Rental of premises   | 264            | 207            | -              | -              |
| Staff costs (Note 33)  | 25,831         | 19,102         | 295            | 495            |
| Allowance for doubtful debts no longer required  | (16)           | (70)           | -              | -              |
| Dividend income (gross)  | -              | -              | (8,523)        | (8,553)        |
| Gain on disposal of plant and equipment  | (142)          | (6)            | -              | (6)            |
| Gain on foreign currency:  |                |                |                |                |
| - realised:  |                |                |                |                |
| - translations   | (4,021)        | (5,711)        | -              | -              |
| Interest income  | (400)          | (198)          | (320)          | (46)           |
| Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost arising from acquisition of a subsidiary | (632)          | -              | -              | -              |
| Rental income  | (151)          | (151)          | -              | -              |

## 27. INCOME TAX EXPENSE

|   | The Group      |                | The Company    |                |
|---|----------------|----------------|----------------|----------------|
|   | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| <u>Current tax expense</u>                    |                |                |                |                |
| Current financial year                        | 1,463          | 7,398          | 354            | 376            |
| Underprovision in the previous financial year | 86             | 25             | 21             | 81             |
|   | 1,549          | 7,423          | 375            | 457            |
| <u>Deferred tax expense (Note 20)</u>         |                |                |                |                |
| Current financial year                        | 5,166          | 400            | -              | -              |
| Overprovision in the previous financial year  | (474)          | (1,071)        | -              | -              |
|   | 4,692          | (671)          | -              | -              |
| Tax expense for the financial year            | 6,241          | 6,752          | 375            | 457            |

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 27. INCOME TAX EXPENSE (cont'd)

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

|  | The Group      |                | The Company    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Profit before taxation                                       | <b>44,272</b>  | 42,727         | <b>7,981</b>   | 8,563          |
| Tax at the statutory tax rate of 25%                         | <b>11,068</b>  | 10,682         | <b>1,995</b>   | 2,141          |
| Tax effects of:-   |                |                |                |                |
| Non-deductible expenses:                                     |                |                |                |                |
| - depreciation on non-qualifying assets                      | <b>91</b>      | 91             | -              | -              |
| - expenses disallowed for tax purposes                       | <b>307</b>     | 208            | <b>134</b>     | 83             |
| Non-taxable gains  | <b>(480)</b>   | (6)            | <b>(1,775)</b> | (1,848)        |
| Under/(Over)provision in the previous financial year:        |                |                |                |                |
| - current tax  | <b>86</b>      | 25             | <b>21</b>      | 81             |
| - deferred taxation  | <b>(474)</b>   | (1,071)        | -              | -              |
| Deferred tax assets not recognised during the financial year | <b>233</b>     | 92             | -              | -              |
| Utilisation of previously unrecognised deferred tax assets   | <b>(138)</b>   | (5)            | -              | -              |
| Reinvestment allowances                                      | <b>(4,265)</b> | (3,077)        | -              | -              |
| Effects of share of profit in an associate                   | <b>(187)</b>   | (187)          | -              | -              |
| Tax expense for the financial year                           | <b>6,241</b>   | 6,752          | <b>375</b>     | 457            |

As gazetted in the Finance Act 2009, the subsidiaries of the Company will no longer enjoy the preferential tax rate of 20% on their chargeable income of up to RM500,000 effective from year of assessment 2009 as the Company has a paid-up share capital exceeding RM2,500,000.

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 28. EARNINGS PER SHARE

The basic earnings per share is arrived at by dividing the Group's profit attributable to shareholders of RM38,002,000 (2009 - RM35,898,000) by the following weighted average number of ordinary shares in issue during the financial year:

|   | The Group        |           |
|---|------------------|-----------|
|   | 2010             | 2009      |
|   | '000             | '000      |
| Issued ordinary shares at 1 October 2009/2008 | <b>695,589</b>   | 703,584   |
| Effect of share consolidation                 | <b>(556,471)</b> | (562,867) |
| Effect of private placement                   | <b>9,862</b>     | -         |
| Effect of shares purchased and resold         | <b>(25)</b>      | (453)     |
|   | <b>148,955</b>   | 140,264   |
| Basic earnings per share (sen)                | <b>25.5</b>      | 25.6      |

The basic earnings per share in the previous financial year had been restated to conform with the current year's presentation as a result of the share consolidation during the current financial year.

The fully diluted earnings per share was arrived at by dividing the Group's profit attributable to shareholders of RM38,002,000 (2009 - RM35,898,000) by the following weighted average number of ordinary shares in issue and issuable during the financial year:

|   | The Group      |         |
|---|----------------|---------|
|   | 2010           | 2009    |
|   | '000           | '000    |
| Weighted average number of ordinary shares    | <b>148,955</b> | 140,264 |
| Effect of dilution for conversion of warrants | -              | -       |
|   | <b>148,955</b> | 140,264 |
| Diluted earnings per share (sen)              | <b>N/A</b>     | N/A     |

The diluted earnings per share is not presented as the effect of the issuable shares arising from the assumed conversion of the warrants would be anti-dilutive as the market price for the share is below the warrant exercise price.

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 29. DIVIDENDS PER SHARE

|  | The Company            |      |                              |      |      |
|--|------------------------|------|------------------------------|------|------|
|  | Dividends paid in year |      | Dividends recognised in year |      |      |
|  | 2010                   | 2009 | 2010                         | 2009 | 2008 |
|  | Sen                    | Sen  | Sen                          | Sen  | Sen  |
| <u>In respect of financial year ended 30 September 2008:</u>               |                        |      |                              |      |      |
| - Interim tax-exempt dividend of 0.5 sen per ordinary share of RM0.10 each | -                      | 0.5  | -                            | -    | 0.5  |
| Proposed for approval at AGM (not recognised as at 30 September):          |                        |      |                              |      |      |
| - Final tax-exempt dividend of 0.5 sen per ordinary share of RM0.10 each   | -                      | 0.5  | -                            | 0.5  | -    |
| <u>In respect of financial year ended 30 September 2009:</u>               |                        |      |                              |      |      |
| - Interim tax-exempt dividend of 0.5 sen per ordinary share of RM0.10 each | 0.5                    | -    | -                            | 0.5  | -    |
| Proposed for approval at AGM (not recognised as at 30 September):          |                        |      |                              |      |      |
| - Final tax-exempt dividend of 2.5 sen per ordinary share of RM0.10 each   | 2.5                    | -    | 2.5                          | -    | -    |
|  | <b>3.0</b>             | 1.0  | <b>2.5</b>                   | 1.0  | 0.5  |

## 30. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

|  | The Group     |         | The Company |        |
|--|---------------|---------|-------------|--------|
|  | 2010          | 2009    | 2010        | 2009   |
|  | RM'000        | RM'000  | RM'000      | RM'000 |
| Cost of property, plant and equipment acquired               | 111,209       | 28,181  | 2           | -      |
| Amount financed through hire purchase and lease              | (15,287)      | (9,145) | -           | -      |
| Amount financed through term loans                           | (42,631)      | -       | -           | -      |
| Amount owing to plant and equipment suppliers                | (17,936)      | (474)   | -           | -      |
| Cash disbursed for purchase of property, plant and equipment | <b>35,355</b> | 18,562  | <b>2</b>    | -      |

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 31. SUMMARY OF EFFECTS OF ACQUISITION OF SUBSIDIARY

Details of net assets acquired, goodwill and cash flow arising from the acquisition of a subsidiary are as follows:-

|   | The Group |      |
|---|-----------|------|
|   | 2010      | 2009 |
|   | RM'000    | RM   |
| Non-current assets  | 2,557     | -    |
| Current assets  | 7,055     | -    |
| Non-current liabilities   | (291)     | -    |
| Current liabilities   | (2,601)   | -    |
| Net assets in subsidiary acquired   | 6,720     | -    |
| Share of profit equity accounted for (Note 7)   | (2,688)   | -    |
| Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost | (632)     | -    |
| Purchase consideration, satisfied by cash   | 3,400     | -    |
| Cash and cash equivalents acquired  | (1,760)   | -    |
| Net cash outflow on acquisition of subsidiary   | 1,640     | -    |

The effects of the acquisition of the subsidiary on the results of the Group during the financial year are as follows:-

|  | The Group |      |
|--|-----------|------|
|  | 2010      | 2009 |
|  | RM'000    | RM   |
| Revenue  | -         | -    |
| Cost of sales  | -         | -    |
| Gross loss   | -         | -    |
| Administrative and other operating expenses                              | (198)     | -    |
| Loss before taxation   | (198)     | -    |
| Taxation   | (275)     | -    |
| Decrease in Group's profit attributable to equity holders of the Company | (473)     | -    |

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 32. CASH AND CASH EQUIVALENTS

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

|   | The Group     |               | The Company   |              |
|---|---------------|---------------|---------------|--------------|
|   | 2010          | 2009          | 2010          | 2009         |
|   | RM'000        | RM'000        | RM'000        | RM'000       |
| Short-term deposits with licensed banks | 5,323         | 2,149         | 3,477         | 353          |
| Cash and bank balances                  | 31,678        | 18,321        | 10,899        | 3,220        |
| Bank overdrafts                         | (1,742)       | (1,346)       | -             | -            |
|   | <b>35,259</b> | <b>19,124</b> | <b>14,376</b> | <b>3,573</b> |

## 33. STAFF COSTS

|  | The Group     |               | The Company |            |
|--|---------------|---------------|-------------|------------|
|  | 2010          | 2009          | 2010        | 2009       |
|  | RM'000        | RM'000        | RM'000      | RM'000     |
| Salaries and wages, bonus and allowances | 24,895        | 18,371        | 259         | 443        |
| Defined contribution plans               | 936           | 731           | 36          | 52         |
|  | <b>25,831</b> | <b>19,102</b> | <b>295</b>  | <b>495</b> |

## 34. DIRECTORS' REMUNERATION

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

| The Group                         | No. Of    | Salaries     | EPF &      | Fee        | Allowances | Total        |
|-----------------------------------|-----------|--------------|------------|------------|------------|--------------|
| 2010                              | Directors | And Bonus    | SOCSSO     | RM'000     | RM'000     | RM'000       |
|                                   |           | RM'000       | RM'000     |            |            |              |
| Executive                         |           |              |            |            |            |              |
| - Between RM250,001 and RM300,000 | 1         | 213          | 35         | -          | 20         | 268          |
| - Between RM300,001 and RM350,000 | 1         | 250          | 40         | -          | 20         | 310          |
| - Between RM350,001 and RM400,000 | 2         | 573          | 92         | -          | 40         | 705          |
| - Above RM550,000                 | 1         | 498          | 75         | -          | 20         | 593          |
|                                   | <b>5</b>  | <b>1,534</b> | <b>242</b> | <b>-</b>   | <b>100</b> | <b>1,876</b> |
| Non-Executive                     |           |              |            |            |            |              |
| - Less than or equal to RM100,000 | 3         | -            | -          | 126        | 37         | 163          |
|                                   | <b>8</b>  | <b>1,534</b> | <b>242</b> | <b>126</b> | <b>137</b> | <b>2,039</b> |

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 34. DIRECTORS' REMUNERATION (cont'd)

| <b>The Group<br/>2009</b>         | <b>No. Of<br/>Directors</b> | <b>Salaries<br/>And Bonus<br/>RM'000</b> | <b>EPF &amp;<br/>SOCSSO<br/>RM'000</b> | <b>Fee<br/>RM'000</b> | <b>Allowances<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|-----------------------------------|-----------------------------|--|--|-----------------------|------------------------------|-------------------------|
| Executive                         |                             |  |  |                       |                              |                         |
| - Between RM200,001 and RM250,000 | 2                           | 422                                      | 55                                     | -                     | -                            | 477                     |
| - Between RM300,001 and RM350,000 | 1                           | 285                                      | 26                                     | -                     | -                            | 311                     |
| - Between RM350,001 and RM400,000 | 1                           | 335                                      | 41                                     | -                     | -                            | 376                     |
|                                   | 4                           | 1,042                                    | 122                                    | -                     | -                            | 1,164                   |
| Non-Executive                     |                             |  |  |                       |                              |                         |
| - Less than or equal to RM50,000  | 3                           | -  | -                                      | 90                    | 29                           | 119                     |
|                                   | 7                           | 1,042                                    | 122                                    | 90                    | 29                           | 1,283                   |

## **The Company 2010**

|                                   |   |     |     |     |    |       |
|-----------------------------------|---|-----|-----|-----|----|-------|
| Executive                         |   |     |     |     |    |       |
| - Between RM250,001 and RM300,000 | 1 | 213 | 35  | -   | 20 | 268   |
| - Between RM300,001 and RM350,000 | 1 | 250 | 40  | -   | 20 | 310   |
| - Above RM550,000                 | 1 | 498 | 75  | -   | 20 | 593   |
|                                   | 3 | 961 | 150 | -   | 60 | 1,171 |
| Non-Executive                     |   |     |     |     |    |       |
| - Less than or equal to RM100,000 | 3 | -   | -   | 126 | 37 | 163   |
|                                   | 6 | 961 | 150 | 126 | 97 | 1,334 |

## **2009**

|                                   |   |     |    |    |    |     |
|-----------------------------------|---|-----|----|----|----|-----|
| Executive                         |   |     |    |    |    |     |
| - Between RM300,001 and RM350,000 | 1 | 285 | 26 | -  | -  | 311 |
| - Above RM350,001                 | 1 | 335 | 41 | -  | -  | 376 |
|                                   | 2 | 620 | 67 | -  | -  | 687 |
| Non-Executive                     |   |     |    |    |    |     |
| - Less than or equal to RM50,000  | 3 | -   | -  | 90 | 29 | 119 |
|                                   | 5 | 620 | 67 | 90 | 29 | 806 |

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 35. RELATED PARTY DISCLOSURES

(a) Identities of related parties:-

- (i) the Company has related party relationships with its subsidiaries as disclosed in Note 6 to the financial statements; and
- (ii) the directors and a person connected to certain directors who are the key management personnel.

(b) In addition to the information disclosed elsewhere in the financial statements, the Company carried out the following transactions with the related parties during the financial year:

|                         | <b>The Company</b> |               |
|-------------------------|--------------------|---------------|
|                         | <b>2010</b>        | <b>2009</b>   |
|                         | <b>RM'000</b>      | <b>RM'000</b> |
| <hr/>                   |                    |               |
| <b>(i) Subsidiaries</b> |                    |               |
| Dividend income         | <b>8,523</b>       | 8,553         |
| Management fee          | <b>1,644</b>       | 1,644         |
|                         | <hr/>              | <hr/>         |

### (ii) Key Management Personnel

The remuneration of directors and other members of key management during the financial year was as follows:-

|                              | <b>The Group</b> |               | <b>The Company</b> |               |
|------------------------------|------------------|---------------|--------------------|---------------|
|                              | <b>2010</b>      | <b>2009</b>   | <b>2010</b>        | <b>2009</b>   |
|                              | <b>RM'000</b>    | <b>RM'000</b> | <b>RM'000</b>      | <b>RM'000</b> |
| <hr/>                        |                  |               |                    |               |
| Short-term employee benefits | <b>3,213</b>     | 2,611         | <b>1,334</b>       | 1,050         |
|                              | <hr/>            |               | <hr/>              |               |

Information regarding outstanding balances arising from related party transactions as at 30 September 2010 is disclosed in Note 12 to the financial statements.

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 36. FOREIGN CURRENCY RATES

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

|                      | The Group |      |
|----------------------|-----------|------|
|                      | 2010      | 2009 |
|                      | RM        | RM   |
| Euro                 | 4.20      | 5.07 |
| Hong Kong Dollar     | 0.39      | -    |
| Japanese Yen         | 0.04      | 0.04 |
| Singapore Dollar     | 2.35      | 2.46 |
| Sterling Pound       | 4.86      | 5.55 |
| Swiss Franc          | 3.15      | 3.34 |
| Thai Baht            | 0.10      | 0.10 |
| United States Dollar | 3.09      | 3.47 |

## 37. CONTINGENT LIABILITIES

|   | The Company    |               |
|---|----------------|---------------|
|   | 2010           | 2009          |
|   | RM'000         | RM'000        |
| Unsecured:-   |                |               |
| (i) Corporate guarantee given to financial institutions for banking facilities granted to subsidiaries        | 54,061         | 7,943         |
| (ii) Corporate guarantee given to financial institutions for hire purchase facilities granted to subsidiaries | 49,545         | 50,330        |
|   | <b>103,606</b> | <b>58,273</b> |

### Ongoing Litigation

Subsequent to the financial year, a third party has initiated a legal action against the Company for an alleged breach of Share Sale Agreement dated 10 December 2009 entered into by the Company to dispose of a 70% equity interest in Swiss Impression Sdn. Bhd. ("SISB"), a subsidiary, comprising 350,000 ordinary shares of RM1 each for a cash consideration of RM420,000. The third party is claiming for inter alia, damages of RM4,500,000, general damages, punitive damages, interests, costs and such further relief and other relief as deemed fit and just against the Company.

The Company has filed a counter-claim against the third party for losses that have been caused to the Company, secret profits or benefits made by the third party, and other related losses suffered by the Company.

Based on legal advice, the directors are of the opinion that the claim has no merits. Accordingly, no provision has been made in respect of the third party claim in the financial statements.

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 38. CAPITAL COMMITMENTS

|   | The Group    |        |
|---|--------------|--------|
|   | 2010         | 2009   |
|   | RM'000       | RM'000 |
| Approved and contracted for the purchase of plant and equipment | <b>7,936</b> | 28,856 |

## 39. CURRENCY RISK

As at the balance sheet date, the Group entered into forward foreign exchange contracts with the following notional amounts and maturities:

|   | Maturities                      |                                 | Total<br>Notional<br>Amount<br>RM'000 |
|---|---------------------------------|---------------------------------|---------------------------------------|
|   | Less Than<br>One Year<br>RM'000 | More Than<br>One Year<br>RM'000 |                                       |
| <b>Group</b>  |                                 |                                 |                                       |
| <b>2010</b>   |                                 |                                 |                                       |
| Sale contracts used to hedge sale proceeds receivable |                                 |                                 |                                       |
| - United States Dollar                                | <b>209,500</b>                  | <b>88,533</b>                   | <b>298,033</b>                        |
| - Euro  | <b>8,260</b>                    | -                               | <b>8,260</b>                          |
|   | <b>217,760</b>                  | <b>88,533</b>                   | <b>306,293</b>                        |
| <b>2009</b>   |                                 |                                 |                                       |
| Sale contracts used to hedge sale proceeds receivable |                                 |                                 |                                       |
| - United States Dollar                                | 100,112                         | 32,897                          | 133,009                               |
| - Euro  | 2,985                           | -                               | 2,985                                 |
|   | 103,097                         | 32,897                          | 135,994                               |

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 39. CURRENCY RISK (cont'd)

The net unrecognised (gain)/loss as at the balance sheet date on forward foreign exchange sale and purchase contracts used are deferred until the occurrence of the related future transactions in the following manner:

|                | Maturities                      |                                 | Total Net<br>Unrecognised<br>(Gain)/Loss<br>As At End Of |
|----------------|---------------------------------|---------------------------------|--|
|                | Less Than<br>One Year<br>RM'000 | More Than<br>One Year<br>RM'000 | The Financial<br>Year<br>RM'000                          |
| <b>Group</b>   |                                 |                                 |  |
| <b>2010</b>    |                                 |                                 |  |
| Sale contracts | (626)                           | -                               | (626)  |
| <b>2009</b>    |                                 |                                 |  |
| Sale contracts | 3,553                           | 1,149                           | 4,702  |

## 40. SEGMENTAL INFORMATION

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 business units based on their products and services provided.

The Group is organised into 2 main business segments as follows:-

- (i) Manufacturing segment - involved in the manufacturing of high volume precision components and tools
- (ii) Investing segment - involved in investment holding and provision of management services.

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 40. SEGMENTAL INFORMATION (cont'd)

### BUSINESS SEGMENTS

| The Group<br>2010  | Manufacturing<br>RM'000 | Investing<br>RM'000 | Elimination/<br>Unallocated<br>RM'000 | Group<br>RM'000 |
|--|-------------------------|---------------------|---------------------------------------|-----------------|
| <b>Revenue And Expenses</b>  |                         |                     |                                       |                 |
| <b>Revenue</b>   |                         |                     |                                       |                 |
| External sales   | 225,401                 | -                   | -                                     | 225,401         |
| Inter-segment sales  | 8,119                   | 10,167              | (18,286)                              | -               |
| Total revenue  | <u>233,520</u>          | <u>10,167</u>       | <u>(18,286)</u>                       | <u>225,401</u>  |
| <b>Results</b>   |                         |                     |                                       |                 |
| Segment results  | 43,382                  | 7,981               | (8,472)                               | 42,891          |
| Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost arising from acquisition of a subsidiary |                         |                     |                                       | 632             |
| Share of profit in an associate  |                         |                     |                                       | 749             |
| Profit before taxation   |                         |                     |                                       | <u>44,272</u>   |
| Income tax expense   |                         |                     |                                       | <u>(6,241)</u>  |
| Profit for the financial year  |                         |                     |                                       | <u>38,031</u>   |
| <b>2009</b>  |                         |                     |                                       |                 |
| <b>Revenue And Expenses</b>  |                         |                     |                                       |                 |
| <b>Revenue</b>   |                         |                     |                                       |                 |
| External sales   | 172,703                 | -                   | -                                     | 172,703         |
| Inter-segment sales  | 1,852                   | 10,197              | (12,049)                              | -               |
| Total revenue  | <u>174,555</u>          | <u>10,197</u>       | <u>(12,049)</u>                       | <u>172,703</u>  |
| <b>Results</b>   |                         |                     |                                       |                 |
| Segment results  | 41,968                  | 8,563               | (8,553)                               | 41,978          |
| Share of profit in an associate  |                         |                     |                                       | 749             |
| Profit before taxation   |                         |                     |                                       | <u>42,727</u>   |
| Income tax expense   |                         |                     |                                       | <u>(6,752)</u>  |
| Profit for the financial year  |                         |                     |                                       | <u>35,975</u>   |

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 40. SEGMENTAL INFORMATION (cont'd)

### BUSINESS SEGMENTS (cont'd)

| The Group<br>2010                               | Manufacturing<br>RM'000 | Investing<br>RM'000 | Elimination/<br>Unallocated<br>RM'000 | Group<br>RM'000 |
|---|-------------------------|---------------------|---------------------------------------|-----------------|
| <b><u>Assets And Liabilities</u></b>            |                         |                     |                                       |                 |
| Segment assets                                  | 370,752                 | 14,550              | -                                     | 385,302         |
| Unallocated assets                              | -                       | -                   | 8,889                                 | 8,889           |
|   | <b>370,752</b>          | <b>14,550</b>       | <b>8,889</b>                          | <b>394,191</b>  |
| Segment liabilities                             | <b>159,915</b>          | <b>362</b>          | -                                     | <b>160,277</b>  |
| <b><u>Other Information</u></b>                 |                         |                     |                                       |                 |
| Allowance for doubtful debts no longer required | (16)                    | -                   | -                                     | (16)            |
| Capital expenditure                             | 112,291                 | 2                   | (1,084)                               | 111,209         |
| Depreciation                                    | 23,519                  | 87                  | 5                                     | 23,611          |
| Gain on disposal of plant and equipment         | (86)                    | -                   | (56)                                  | (142)           |
| Unrealised foreign currency translation loss    | 593                     | -                   | -                                     | 593             |
| <b>2009</b>                                     |                         |                     |                                       |                 |
| <b><u>Assets And Liabilities</u></b>            |                         |                     |                                       |                 |
| Segment assets                                  | 251,300                 | 3,833               | -                                     | 255,133         |
| Unallocated assets                              | -                       | -                   | 255                                   | 255             |
|   | <b>251,300</b>          | <b>3,833</b>        | <b>255</b>                            | <b>255,388</b>  |
| Segment liabilities                             | 84,723                  | 4,004               | -                                     | 88,727          |
| Unallocated liabilities                         | -                       | -                   | 1,972                                 | 1,972           |
|   | <b>84,723</b>           | <b>4,004</b>        | <b>1,972</b>                          | <b>90,699</b>   |
| <b><u>Other Information</u></b>                 |                         |                     |                                       |                 |
| Allowance for doubtful debts                    | 249                     | -                   | -                                     | 249             |
| Allowance for doubtful debts no longer required | (70)                    | -                   | -                                     | (70)            |
| Bad debts written off                           | 67                      | -                   | -                                     | 67              |
| Capital expenditure                             | 28,181                  | -                   | -                                     | 28,181          |
| Depreciation                                    | 18,154                  | 91                  | -                                     | 18,245          |
| Deposit forfeited                               | 61                      | -                   | -                                     | 61              |
| Gain on disposal of plant and equipment         | -                       | (6)                 | -                                     | (6)             |
| Inventories written off                         | 865                     | -                   | -                                     | 865             |
| Unrealised foreign currency translation loss    | 61                      | -                   | -                                     | 61              |

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 40. SEGMENTAL INFORMATION (cont'd)

### GEOGRAPHICAL SEGMENTS

|  | Malaysia<br>RM'000 | Thailand<br>RM'000 | China<br>RM'000 | Belgium<br>RM'000 | Others<br>RM'000 | Consolidated<br>RM'000 |
|--|--------------------|--------------------|-----------------|-------------------|------------------|------------------------|
| <b>The Group</b>   |                    |                    |                 |                   |                  |                        |
| <b>2010</b>  |                    |                    |                 |                   |                  |                        |
| Revenue from external customers by location of customers | 38,112             | 146,996            | 7,616           | 13,221            | 19,456           | 225,401                |
| Segment assets by location of assets                     | 383,421            | 10,770             | -               | -                 | -                | 394,191                |
| Capital expenditure by location of assets                | 103,373            | 7,836              | -               | -                 | -                | 111,209                |

### 2009

|  |         |         |       |       |        |         |
|--|---------|---------|-------|-------|--------|---------|
| Revenue from external customers by location of customers | 42,310  | 104,645 | 3,655 | 6,338 | 15,755 | 172,703 |
| Segment assets by location of assets                     | 253,759 | 1,629   | -     | -     | -      | 255,388 |
| Capital expenditure by location of assets                | 28,181  | -       | -     | -     | -      | 28,181  |

### MAJOR CUSTOMERS

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

|                                      | Revenue        |                | Segment       |
|--------------------------------------|----------------|----------------|---------------|
|                                      | 2010<br>RM'000 | 2009<br>RM'000 |               |
| Nikon (Thailand) Co., Ltd.           | 80,117         | 57,738         | Manufacturing |
| Western Digital (Thailand) Co., Ltd. | 54,651         | 38,573         | Manufacturing |
| Western Digital (Malaysia) Sdn. Bhd. | -              | 20,019         | Manufacturing |
|                                      | <b>134,768</b> | <b>116,330</b> |               |

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (i) On 2 October 2009, Notion (Thailand) Co., Ltd., a wholly-owned subsidiary of the Company, entered into a Sale And Purchase Agreement with Taiko Electronic (Thailand) Company Limited, a company incorporated in Thailand, to acquire a piece of property for a consideration of RM5,049,000;
- (ii) On 5 November 2009, the Company completed the share consolidation of its entire share capital into ordinary shares at par value of RM0.50 each from ordinary shares at par value of RM0.10 each;
- (iii) On 13 January 2010, the Company increased its issued and paid-up capital from RM70,358,342 to RM77,280,689 by the issuance of 13,844,694 new ordinary shares of RM0.50 each by way of a Private Placement at an issue price of RM2.44 per ordinary share for cash consideration. The new shares issued rank pari passu in all respects with the existing shares of the Company;
- (iv) On 27 April 2010, the Company's wholly-owned subsidiary, Notion Venture Sdn. Bhd. ("NVSB") acquired the additional equity interest of 60% in Autic Mekki Sdn. Bhd. ("AMSB") from a third party for a total cash consideration of RM3,400,000. As a result, on 27 April 2010, AMSB had become a subsidiary of NVSB and the Group's shareholding in AMSB increased from 40% to 100%; and
- (v) On 16 July 2010, the Company increased its authorised share capital from RM100,000,000 to RM500,000,000 by the creation of 800,000,000 new ordinary shares of RM0.50 each.

## 42. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

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

### (a) Long-Term Borrowings

The carrying amounts approximated their fair values as these instruments bear interest at variable rates.

### (b) Hire Purchase Obligations

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

### (c) Cash And Cash Equivalents, Receivables And Payables

The carrying amounts approximated their fair values due to the relatively short term maturity of these investments.

### (d) Short-Term Borrowings And Other Current Liabilities

The carrying amounts approximated their fair values due to the relatively short term maturity of these investments.

# Notes to the Financial Statements

for the financial year ended 30 September 2010 (cont'd)

## 42. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (cont'd)

### (e) Forward Foreign Exchange Contracts

The fair value of a forward foreign currency contract is the amount that would be payable or receivable on termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and forward exchange rate as at the balance sheet date applied to a contract of similar quantum and maturity profile.

The carrying values of all other financial assets and liabilities are not materially different from their fair values.

## 43. COMPARATIVE FIGURES

The following comparative figures have been restated to conform with the current financial year's presentation:-

|                                      | The Group             |                                     |
|--------------------------------------|-----------------------|-------------------------------------|
|                                      | As restated<br>RM'000 | As previously<br>reported<br>RM'000 |
| <u>Income Statements (Extract):-</u> |                       |                                     |
| Share of profit in an associate      | 749                   | 985                                 |
| Income tax expense                   | (6,752)               | (6,988)                             |

# List of Properties

held as at 30 September 2010

| Lot No./Location/Description  | Date of Acquisition/Completion | Land Area (sq ft) | Tenure   | Net Book Value (RM) as at 30 September 2010 |
|---|--------------------------------|-------------------|----------|---|
| <p>1 ½ Storey Semi-Detached Light Industrial Factory held under H.S.(M) No. 22229, P.T. No. 27966, Mukim Kapar, Daerah Klang<br/>(Approximate age of building: 6 years)</p> <p>Address:<br/>No.11, Jalan Teruntum 20 KU/8, di Jalan Teratai, Batu 5½, Jalan Meru, 41050, Klang, Selangor Darul Ehsan</p>                              | 26 February 2004               | 7,653             | Freehold | 532,567                                     |
| <p>1 ½ Storey Semi-Detached Light Industrial Factory held under H.S.(M) No. 22230, P.T. No. 27967, Mukim Kapar, Daerah Klang<br/>(Approximate age of building: 6 years)</p> <p>Address:<br/>No.11A, Jalan Teruntum 20 KU/8, di Jalan Teratai, Batu 5½, Jalan Meru, 41050, Klang, Selangor Darul Ehsan</p>                             | 26 February 2004               | 7,653             | Freehold | 532,567                                     |
| <p>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<br/>(Approximate age of building: 5 years)</p> <p>Address:<br/>Lot 6123, Jalan Haji Salleh, Batu 5½, Jalan Meru, 41050, Klang, Selangor Darul Ehsan</p>                 | 10 August 2006                 | 304,988           | Freehold | 21,322,134                                  |
| <p>1 Storey Factory with a 3 Storey Office held under GM1108, Lot 5009, Place: 5<sup>th</sup> Mile Sungai Binjai Road, Mukim of Kapar, District of Klang, State of Selangor<br/>(Approximate age of building: 17 years)</p> <p>Address:<br/>Lot 5009, Jalan Sungai Binjai, Batu 5½, Jalan Meru, 41050 Klang, Selangor Darul Ehsan</p> | 7 January 2008                 | 132,041           | Freehold | 7,932,607                                   |

# List of Properties

held as at 30 September 2010 (cont'd)

| Lot No./Location/Description   | Date of Acquisition/Completion | Land Area (sq ft) | Tenure   | Net Book Value (RM) as at 30 September 2010 |
|--|--------------------------------|-------------------|----------|---|
| 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<br>(Approximate age of building: 13 years)<br><br>Address:<br>No. 1/48, Rojana Industrial Park Moo 5, Tambol Kanham, Amphur U-Thai, Pranakorn Sri Ayutthaya 13210, Thailand | 2 October 2009                 | 170,517           | Freehold | 4,750,064                                   |
| 1 ½ storey light industrial factory held under H.S.(M) 19366, P.T.24011, Mukim Kapar, Daerah Klang<br>(Approximate age of building: 14 years)<br><br>Address:<br>No. 31, Jalan Keledang 9, Off Jalan Meru, 41050 Klang   | 28 January 2010                | 1,959             | Freehold | 198,667                                     |
| 1 ½ storey light industrial factory held under H.S.(M) 19373, P.T.24018, Mukim Kapar, Daerah Klang<br>(Approximate age of building: 14 years)<br><br>Address:<br>No. 45, Jalan Keledang 9, Off Jalan Meru, 41050 Klang   | 28 January 2010                | 1,970             | Freehold | 198,667                                     |
| 1 ½ storey light industrial factory held under H.S.(M) 19374, P.T.24019, Mukim Kapar, Daerah Klang<br>(Approximate age of building: 14 years)<br><br>Address:<br>No. 47, Jalan Keledang 9, Off Jalan Meru, 41050 Klang   | 28 January 2010                | 1,970             | Freehold | 198,667                                     |
| 1 ½ storey light industrial factory held under H.S.(M) 19375, P.T.24020, Mukim Kapar, Daerah Klang<br>(Approximate age of building: 14 years)<br><br>Address:<br>No. 49, Jalan Keledang 9, Off Jalan Meru, 41050 Klang   | 28 January 2010                | 1,970             | Freehold | 198,667                                     |
| 1 ½ storey light industrial factory held under H.S.(M) 19376, P.T.24021, Mukim Kapar, Daerah Klang<br>(Approximate age of building: 14 years)<br><br>Address:<br>No. 51, Jalan Keledang 9, Off Jalan Meru, 41050 Klang   | 28 January 2010                | 3,197             | Freehold | 396,000                                     |

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 December 2010

|   |   |  |
|---|---|--|
| <b>Authorised Share Capital</b>         | : | RM100,000,000 divided into 200,000,000 ordinary shares of RM0.50 each  |
| <b>Issued and Paid-Up Share Capital</b> | : | RM77,280,689 comprising 154,561,378 ordinary shares of RM0.50 each   |
| <b>Class of Shares</b>                  | : | Ordinary shares of RM0.50 each   |
| <b>Voting Rights</b>                    | : | 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 |
| <b>Number of shareholders</b>           | : | 3,717  |

## ANALYSIS OF SHAREHOLDINGS

| Size of holdings      | No. of holders | % of holders   | No. of shares      | % of Issued Capital <sup>#</sup> |
|-----------------------|----------------|----------------|--------------------|----------------------------------|
| 1 – 99                | 120            | 3.228          | 3,941              | 0.002                            |
| 100 – 1,000           | 544            | 14.635         | 402,733            | 0.264                            |
| 1,001 – 10,000        | 2,273          | 61.151         | 10,047,747         | 6.588                            |
| 10,001 – 100,000      | 700            | 18.832         | 20,770,230         | 13.620                           |
| 100,001 – 7,624,775*  | 76             | 2.044          | 61,075,587         | 40.050                           |
| 7,624,776 and above** | 4              | 0.107          | 60,195,300         | 39.473                           |
| <b>TOTAL</b>          | <b>3,717</b>   | <b>100.000</b> | <b>152,495,538</b> | <b>100.000</b>                   |

### Notes:

\* less than 5% of issued shares.

\*\* 5% and above of issued shares.

<sup>#</sup> excluding 2,065,840 shares held as treasury shares as at 30 December 2010.

## LIST OF THIRTY (30) LARGEST REGISTERED SHAREHOLDERS

| Name   | No. of shares held | Percentage (%) <sup>#</sup> |
|--|--------------------|-----------------------------|
| 1. Choo Wing Hong  | 20,237,048         | 13.270                      |
| 2. Choo Wing Onn   | 14,961,779         | 9.811                       |
| 3. HSBC Nominees (Asing) Sdn Bhd<br>Exempt An for Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.               | 13,844,694         | 9.078                       |
| 4. Thoo Chow Fah   | 11,151,779         | 7.312                       |
| 5. Cartaban Nominees (Tempatan) Sdn Bhd<br>Exempt An for MIDF Amanah Asset Nominees (Tempatan) Sdn Bhd (Account 1) | 7,618,700          | 4.996                       |
| 6. Lee Tian Yoke   | 6,623,546          | 4.343                       |
| 7. Lembaga Tabung Haji   | 5,955,800          | 3.905                       |
| 8. Choo Wai Sook   | 4,254,044          | 2.789                       |

# Analysis of Shareholdings and Warrant Holdings

as at 30 December 2010 (cont'd)

## LIST OF THIRTY (30) LARGEST REGISTERED SHAREHOLDERS (cont'd)

| Name  | No. of shares held | Percentage (%) <sup>#</sup> |
|---|--------------------|-----------------------------|
| 9. Choo Wing Leong  | 3,262,981          | 2.139                       |
| 10. Choo Wing Yew   | 3,258,157          | 2.136                       |
| 11. Choo Wing Kin   | 3,001,779          | 1.968                       |
| 12. Amanahraya Trustees Berhad<br>MIDF Amanah Strategic Fund  | 2,480,000          | 1.626                       |
| 13. Cartaban Nominees (Tempatan) Sdn Bhd<br>MIDF Amanah Asset Nominees (Tempatan) Sdn Bhd for Lembaga Tabung Haji (JG283) | 2,430,700          | 1.593                       |
| 14. Malaysia Nominees (Tempatan) Sendirian Berhad<br>Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)               | 2,283,280          | 1.497                       |
| 15. Amanahraya Trustees Berhad<br>Public Islamic Opportunities Fund   | 2,171,200          | 1.423                       |
| 16. Amanahraya Trustees Berhad<br>MIDF Amanah Growth Fund   | 1,380,000          | 0.904                       |
| 17. Amanahraya Trustees Berhad<br>MIDF Amanah Islamic Fund  | 835,000            | 0.547                       |
| 18. Mayban Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Sin Ah Mooi                                      | 799,240            | 0.524                       |
| 19. Goh Kim Cheok   | 705,000            | 0.462                       |
| 20. Mayban Nominees (Tempatan) Sdn Bhd<br>Mayban Trustees Berhad for MAAKL Value Fund (950290)                            | 622,300            | 0.408                       |
| 21. Mohd Radzuan Bin Ab Halim   | 568,000            | 0.372                       |
| 22. Mayban Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Mohd Radzuan Bin Ab Halim                        | 550,000            | 0.360                       |
| 23. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad<br>Exempt An for Kumpulan Sentiasa Cemerlang Sdn Bhd (TSTAC/CLNT)   | 545,000            | 0.357                       |
| 24. Goh Kim Cheok   | 450,000            | 0.295                       |
| 25. Nahoorammah A/P Sithamparam Pillay  | 440,000            | 0.288                       |
| 26. Poon Kok Keon   | 403,800            | 0.264                       |
| 27. HSBC Nominees (Asing) Sdn Bhd<br>TCSB for Diam VIP Focus Fund   | 400,000            | 0.262                       |
| 28. Citigroup Nominees (Asing) Sdn Bhd<br>CBNY for DFA Emerging Markets Small Cap Series                                  | 388,220            | 0.254                       |

# Analysis of Shareholdings and Warrant Holdings as at 30 December 2010 (cont'd)

## LIST OF THIRTY (30) LARGEST REGISTERED SHAREHOLDERS (cont'd)

| Name   | No. of shares held | Percentage (%) <sup>#</sup> |
|--|--------------------|-----------------------------|
| 29. HSBC Nominees (Asing) Sdn Bhd<br>TCSB for Emerging Asia Equity Active Fund | 380,000            | 0.249                       |
| 30. Yong Swe Lan   | 374,800            | 0.245                       |
| Total  | <b>112,376,847</b> | <b>73.691</b>               |

**Note:**

<sup>#</sup> excluding 2,065,840 shares held as treasury shares as at 30 December 2010.

## SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 30 DECEMBER 2010

| Substantial shareholders | Direct             |                | Indirect           |                |
|--------------------------|--------------------|----------------|--------------------|----------------|
|                          | No. of shares held | % <sup>#</sup> | No. of shares held | % <sup>#</sup> |
| Thoo Chow Fah            | 11,151,779         | 7.31           | -                  | -              |
| Choo Wing Hong           | 20,237,048         | 13.27          | -                  | -              |
| Choo Wing Onn            | 14,961,779         | 9.81           | -                  | -              |
| Nikon Corporation        | 13,844,694         | 9.08           | -                  | -              |
| Lembaga Tabung Haji      | 8,210,700          | 5.38           | -                  | -              |

**Note:**

<sup>#</sup> excluding 2,065,840 shares held as treasury shares as at 30 December 2010.

## DIRECTORS' SHAREHOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 30 DECEMBER 2010

| Directors           | Direct             |                | Indirect               |                |
|---------------------|--------------------|----------------|------------------------|----------------|
|                     | No. of shares held | % <sup>#</sup> | No. of shares held     | % <sup>#</sup> |
| Thoo Chow Fah       | 11,151,779         | 7.31           | 4,254,044 <sup>1</sup> | 2.79           |
| Choo Wing Hong      | 20,237,048         | 13.27          | -                      | -              |
| Choo Wing Onn       | 14,961,779         | 9.81           | -                      | -              |
| Lee Tian Yoke       | 6,623,546          | 4.34           | -                      | -              |
| Choo Wing Yew       | 3,258,157          | 2.14           | -                      | -              |
| Saw Tat Loon        | -                  | -              | -                      | -              |
| Yike Chee Wah       | -                  | -              | -                      | -              |
| Anita Chew Cheng Im | -                  | -              | -                      | -              |

**Note:**

<sup>#</sup> excluding 2,065,840 shares held as treasury shares as at 30 December 2010.

<sup>1</sup> Deemed interested through his interest 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 December 2010 (cont'd)

|                                       |   |  |
|---------------------------------------|---|--|
| <b>No. of warrants in issue</b>       | : | 30,652,652   |
| <b>Exercise price of the warrants</b> | : | RM2.55   |
| <b>Expiry date of the warrants</b>    | : | 3 August 2015  |
| <b>Voting Rights</b>                  | : | 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 HOLDINGS

| Size of holdings      | No. of holders | % of holders   | No. of warrants   | % of warrants held |
|-----------------------|----------------|----------------|-------------------|--------------------|
| 1 – 99                | 317            | 12.277         | 15,781            | 0.051              |
| 100 – 1,000           | 1,493          | 57.823         | 739,556           | 2.412              |
| 1,001 – 10,000        | 619            | 23.973         | 2,168,279         | 7.073              |
| 10,001 – 100,000      | 133            | 5.151          | 3,949,692         | 12.885             |
| 100,001 – 1,532,631*  | 15             | 0.580          | 6,285,179         | 20.504             |
| 1,532,632 and above** | 5              | 0.193          | 17,494,165        | 57.072             |
| <b>TOTAL</b>          | <b>2,582</b>   | <b>100.000</b> | <b>30,652,652</b> | <b>100.000</b>     |

### Notes:

\* less than 5% of issued warrants.

\*\* 5% and above of issued warrants.

## LIST OF THIRTY (30) LARGEST WARRANT HOLDERS

| Name   | No. of warrants held | Percentage of warrants (%) |
|--|----------------------|----------------------------|
| 1. Choo Wai Sook   | 4,505,108            | 14.697                     |
| 2. Choo Wing Hong  | 4,047,409            | 13.204                     |
| 3. Thoo Chow Fah   | 3,180,355            | 10.375                     |
| 4. Choo Wing Onn   | 2,992,355            | 9.762                      |
| 5. HSBC Nominees (Asing) Sdn Bhd<br>Exempt An for Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.               | 2,768,938            | 9.033                      |
| 6. Cartaban Nominees (Tempatan) Sdn Bhd<br>Exempt An for MIDF Amanah Asset Nominees (Tempatan) Sdn Bhd (Account 1) | 1,357,300            | 4.428                      |
| 7. Lee Tian Yoke   | 1,324,709            | 4.321                      |
| 8. Choo Wing Leong   | 652,596              | 2.129                      |
| 9. Choo Wing Yew   | 651,631              | 2.125                      |
| 10. Choo Wing Kin  | 600,355              | 1.958                      |

# Analysis of Shareholdings and Warrant Holdings as at 30 December 2010 (cont'd)

## LIST OF THIRTY (30) LARGEST WARRANT HOLDERS (cont'd)

| Name  | No. of warrants held | Percentage of warrants (%) |
|---|----------------------|----------------------------|
| 11. Amanahraya Trustees Berhad<br>Public Islamic Opportunities Fund   | 434,240              | 1.416                      |
| 12. James Anthony Chong   | 225,600              | 0.735                      |
| 13. HDM Nominees (Asing) Sdn Bhd<br>Pledged Securities Account for Song Bo (M01)                                    | 160,000              | 0.521                      |
| 14. Mayban Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Sin Ah Mooi                                | 159,848              | 0.521                      |
| 15. CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB Bank for Tan Chin Hooi (MP0137)                                      | 140,000              | 0.456                      |
| 16. George Lee Sang Kian  | 140,000              | 0.456                      |
| 17. Mayban Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tan Chin Ching                             | 117,200              | 0.382                      |
| 18. HLG Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lim Yee Khei (CCTS)                           | 115,100              | 0.375                      |
| 19. Mayban Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Mohd Radzuan Bin Ab Halim                  | 104,000              | 0.339                      |
| 20. Mohd Radzuan Bin Ab Halim   | 102,600              | 0.334                      |
| 21. Ong Wan Chin  | 100,000              | 0.326                      |
| 22. Tang Chu Im   | 100,000              | 0.326                      |
| 23. Kedah Perlis Chinese SCH Teachers Coop Thrift & Loan SOC Ltd  | 95,000               | 0.309                      |
| 24. Low Sheau Shy   | 94,500               | 0.308                      |
| 25. Ng Poh Hwa  | 83,200               | 0.271                      |
| 26. Lok Wei Seong   | 80,000               | 0.260                      |
| 27. Mayban Securities Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Che Mat & Rosli Bin Ahmad (STF) | 80,000               | 0.260                      |
| 28. Citigroup Nominees (Asing) Sdn Bhd<br>CBNY for DFA Emerging Markets Small Cap Series                            | 77,644               | 0.253                      |
| 29. Hong Tat Chong  | 75,000               | 0.244                      |
| 30. Che Chang Chen  | 70,000               | 0.228                      |
| Total   | 24,634,688           | 80.367                     |

# Analysis of Shareholdings and Warrant Holdings

as at 30 December 2010 (cont'd)

## DIRECTORS' WARRANT HOLDINGS AS AT 30 DECEMBER 2010

| Directors           | Direct               |       | Indirect               |       |
|---------------------|----------------------|-------|------------------------|-------|
|                     | No. of warrants held | %     | No. of warrants held   | %     |
| Thoo Chow Fah       | 3,180,355            | 10.38 | 4,505,108 <sup>1</sup> | 14.70 |
| Choo Wing Hong      | 4,047,409            | 13.20 | -                      | -     |
| Choo Wing Onn       | 2,992,355            | 9.76  | -                      | -     |
| Lee Tian Yoke       | 1,324,709            | 4.32  | -                      | -     |
| Choo Wing Yew       | 651,631              | 2.13  | -                      | -     |
| Saw Tat Loon        | -                    | -     | -                      | -     |
| Yike Chee Wah       | -                    | -     | -                      | -     |
| Anita Chew Cheng Im | -                    | -     | -                      | -     |

**Note:**

<sup>1</sup> Deemed interested through his interest in warrants held by his spouse, Choo Wai Sook, pursuant to Section 134(12)(c) of the Companies Act, 1965.

# 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 2010 and of the results and cashflows of the Group and the Company for the financial year ended on that date.

In preparing the financial statements, the Directors have:

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

The Directors are responsible for ensuring proper accounting records are kept which disclose with reasonable accuracy of the financial position of the Group and Company and are kept in accordance with the Companies Act, 1965. The Directors are also responsible for ensuring that a proper internal control is in place to safeguard the Group's assets and to prevent and detect fraud and other irregularities.

## **MATERIAL CONTRACTS**

There were no material contracts entered into by the Company 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, WARRANTS AND CONVERTIBLE SECURITIES**

The Company implemented an issuance of approximately 30.65 million warrants on the basis of 1 Warrant for every 5 shares held. The warrants were issued on 4 August 2010. The Company has not issued any options or convertible securities during the financial year.

# Additional Information

(cont'd)

## SHARE BUY-BACK

The shareholders of the Company at the Sixth AGM held on 23 February 2010 granted 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.

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 |
| Oct 2009 | 10,154,100    | 0.10                         | 5,224,818              | 0.535                         | 0.470  | 0.515   |
| Nov 2009 | 200,000       | 0.50                         | 541,320                | 2.750                         | 2.660  | 2.707   |
| Jan 2010 | 166,500       | 0.50                         | 520,192                | 3.150                         | 3.030  | 3.124   |
| May 2010 | 1,000,100     | 0.50                         | 2,727,215              | 3.050                         | 2.650  | 2.727   |
| Aug 2010 | 300,000       | 0.50                         | 556,610                | 1.880                         | 1.830  | 1.855   |

The monthly breakdown of the treasury shares that were sold during the financial year ended 30 September 2010 are as follows:

| Month    | No. of Shares | Nominal value per Share (RM) | Total Proceeds RM | Resale Price per Share (RM) |        |         |
|----------|---------------|------------------------------|-------------------|-----------------------------|--------|---------|
|          |               |                              |                   | Highest                     | Lowest | Average |
| Oct 2009 | 7,800,000     | 0.10                         | 3,756,620         | 0.495                       | 0.475  | 0.482   |
| Jan 2010 | 166,500       | 0.50                         | 544,151           | 3.290                       | 3.270  | 3.268   |
| Mar 2010 | 1,972,000     | 0.50                         | 6,391,894         | 3.350                       | 3.200  | 3.241   |

As at 30 September 2010, a total of 1,597,840 shares were held by the Company as treasury shares. None of the treasury shares were cancelled during the financial year.

## 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.

# Additional Information

(cont'd)

## **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 2010 amounted to RM19,550.

## **REVALUATION POLICY ON LANDED PROPERTIES**

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

## **VARIATION IN RESULTS**

There was no deviation of 10% or more between the results of the financial year ended 30 September 2010 as per the audited financial statements and the unaudited results previously announced.

## **UTILISATION OF PROCEEDS**

During the year the Company placed out 13,844,964 ordinary shares of RM0.50 each representing 9.09% of equity interest in the Company to Nikon Corporation at an issue price of RM2.44. The proceeds raised of approximately RM33.78 million for the capital expenditure in Thailand has yet to be fully utilised. As at 30 December 2010, the Company has utilised approximately RM10 million for capital expenditure and RM180,000 to defray expenses in connection with the private placement.

The Company has announced on 13 January 2011 that the Board has approved an extension of time of another year to 17 January 2012 to fully utilise the remaining proceeds.

The delay in the utilisation is mainly due to the change of plan from constructing a pure CNC manufacturing facility to a facility which will also cater for sub-assembly of lenses and provision of adequate storage space.

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Seventh Annual General Meeting of NOTION VTEC BERHAD (“Company”) will be held at Kuala Lumpur Golf & Country Club (KLGCC), No. 10, Jalan 1/70D, Off Bukit Kiara, 60000 Kuala Lumpur on Monday, 21 February 2011 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 2010 together with the Reports of the Directors and Auditors thereon. **(Ordinary Resolution 1)**
2. To re-elect the following Directors who are retiring in accordance with Article 69 of the Articles of Association of the Company:
  - i) Choo Wing Hong **(Ordinary Resolution 2)**
  - ii) Lee Tian Yoke **(Ordinary Resolution 3)**
  - iii) Anita Chew Cheng Im **(Ordinary Resolution 4)**
3. To approve the increase of Directors’ Fees from RM90,000.00 for the financial year ended 30 September 2009 to RM126,000.00 for the financial year ended 30 September 2010 and the payment thereof. **(Ordinary Resolution 5)**
4. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

### Special Business

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

#### 5. **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”);

**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;

# Notice of Annual General Meeting

(cont'd)

## 5. Proposed Renewal of Authority to the Company to purchase its own shares (cont'd)

**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 7)**

# Notice of Annual General Meeting

(cont'd)

## 6. 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 8)**

By Order of the Board

Tai Yit Chan (MAICSA 7009143)

Liew Irene (MAICSA 7022609)

Company Secretaries

Selangor Darul Ehsan

28 January 2011

Explanatory Notes to Special Business:

### (1) Proposed Renewal of Share Buy-Back

The proposed Ordinary Resolution 7, 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 Seventh 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 28 January 2011 which was despatched together with this Annual Report.

### (2) Authority to Allot Shares pursuant to Section 132D of the Act

The Company had, during its Sixth AGM held on 23 February 2010, 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 8, 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 authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

This mandate will provide flexibility to the Company for the allotment of shares for the purpose of funding working capital, future expansion and investment / acquisition (s). 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.
- (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 authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (3) The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

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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| No. of Shares Held | CDS Account No. |
|--------------------|-----------------|
|                    |                 |

I/We, \_\_\_\_\_  
of \_\_\_\_\_  
being a Member(s) of NOTION VTEC BERHAD (Company No. 637546-D), hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
or failing him/her, \_\_\_\_\_  
of \_\_\_\_\_  
or # the Chairman of the Meeting as \*my/our proxy to vote for \*me/us on \*my/our behalf at the Seventh Annual General Meeting of the Company to be held at Kuala Lumpur Golf & Country Club (KLGCC), No. 10, Jalan 1/70D, Off Bukit Kiara, 60000 Kuala Lumpur on Monday, 21 February 2011 at 9.30 a.m. or at any adjournment thereof and to vote as indicated below:-

| Ordinary Resolutions |  | For | Against |
|----------------------|--|-----|---------|
| 1                    | To receive the Audited Financial Statements for the financial year ended 30 September 2010                             |     |         |
| 2                    | To re-elect Choo Wing Hong   |     |         |
| 3                    | To re-elect Lee Tian Yoke  |     |         |
| 4                    | To re-elect Anita Chew Cheng Im  |     |         |
| 5                    | To approve the increase of Directors' Fees for the financial year ended 30 September 2010 and the payment thereof      |     |         |
| 6                    | To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration |     |         |
| 7                    | Special Business<br>Proposed Renewal of Authority to the Company to purchase its own shares                            |     |         |
| 8                    | Special Business<br>Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965                      |     |         |

Mark either box if you wish to direct the proxy how to vote. If 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.

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

\* Delete if not applicable

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

|         | No. of Shares | Percentage |
|---------|---------------|------------|
| Proxy 1 |               | %          |
| Proxy 2 |               | %          |
| Total   |               | 100%       |

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

\_\_\_\_\_  
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.
- (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 authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (3) The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

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  
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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

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