

NIKKO ELECTRONICS BHD. (In Provisional Liquidation)
 (Company No.: 174076-U)
 Incorporated in Malaysia

**CONDENSED BALANCE SHEET
 AS AT 30 JUNE 2009**

	(Unaudited) As at 30.06.2009 RM'000	(Audited) As at 31.03.2009 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	28,047	28,420
Prepaid land lease payments	5,395	5,428
	<u>33,442</u>	<u>33,848</u>
Current assets		
Inventories	3,686	3,811
Trade and other receivables	1,466	1,602
Short term investment	326	200
Cash and bank balances	411	414
	<u>5,889</u>	<u>6,027</u>
TOTAL ASSETS	<u>39,331</u>	<u>39,875</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	99,269	99,269
Share premium	17,445	17,445
ESOS reserve	162	162
Accumulated loss	(147,432)	(146,499)
Treasury shares, at cost	(106)	(106)
Total equity	<u>(30,662)</u>	<u>(29,729)</u>
Current liabilities		
Trade and other payables	34,905	34,929
Provision	8,396	8,396
Bank borrowings	26,692	26,279
	<u>69,993</u>	<u>69,604</u>
Total liabilities	<u>69,993</u>	<u>69,604</u>
TOTAL EQUITY AND LIABILITIES	<u>39,331</u>	<u>39,875</u>
Net assets per share attributable to equity holders of the parent (sen)	<u>(0.31)</u>	<u>(0.30)</u>

(The Condensed Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 31 March 2009 and the accompanying explanatory notes attached to the interim financial statements.)

**CONDENSED INCOME STATEMENT
 FOR THE PERIOD ENDED 30 JUNE 2009**

	(Unaudited)		(Unaudited)	
	3 months ended (Quarter)		3 months ended (Cumulative)	
	30.06.2009	30.06.2008	30.06.2009	30.06.2008
	RM'000	RM'000	RM'000	RM'000
Sales	612	9,392	612	9,392
Expenses excluding finance cost and tax	(1,136)	(65,024)	(1,136)	(65,024)
Other operating income	2	156	2	156
Loss from operations	(522)	(55,476)	(522)	(55,476)
Finance costs	(411)	(248)	(411)	(248)
Loss before taxation	(933)	(55,724)	(933)	(55,724)
Taxation	-	-	-	-
Net loss for the period	(933)	(55,724)	(933)	(55,724)
Loss per share attributable to equity holders of the parent:				
- Basic (sen)	(0.94)	(56.17)	(0.94)	(56.17)
- Diluted (sen)	NA	NA	NA	NA

(The Condensed Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 March 2009 and the accompanying explanatory notes attached to the interim financial statements.)

NIKKO ELECTRONICS BHD. (In Provisional Liquidation)
 (Company No.: 174076-U)
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**CONDENSED STATEMENT OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED 30 JUNE 2009**

	Share Capital RM'000	Treasury Shares RM'000	Non-Distributable		Distributable		Total Equity RM'000
			Share Premium RM'000	Revaluation and Other Reserves RM'000	ESOS Reserve RM'000	Accumulated Loss RM'000	
Balance at 1 April 2008	99,269	(106)	17,445	4,225	162	(71,352)	49,643
Net loss for the period	-	-	-	(4,225)	-	(55,724)	(59,949)
Balance at 30 June 2008	<u>99,269</u>	<u>(106)</u>	<u>17,445</u>	<u>-</u>	<u>162</u>	<u>(127,076)</u>	<u>(10,306)</u>
Balance at 1 April 2009	99,269	(106)	17,445	-	162	(146,499)	(29,729)
Net loss for the period	-	-	-	-	-	(933)	(933)
Balance at 30 June 2009	<u>99,269</u>	<u>(106)</u>	<u>17,445</u>	<u>-</u>	<u>162</u>	<u>(147,432)</u>	<u>(30,662)</u>

(The Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2009 and the accompanying explanatory notes attached to the interim financial statements.)

**CONDENSED CASH FLOW STATEMENTS
 FOR THE PERIOD ENDED 30 JUNE 2009**

	3 months ended	
	30.06.2009	30.06.2008
	RM'000	RM'000
Cash Flows From Operating Activities		
Net loss after taxation	(933)	(55,724)
Adjustments for :-		
Depreciation of property, plant and equipment	373	2,143
Impairment of assets	-	49,946
Interest expense	411	248
Amortisation of prepaid land lease payments	33	42
Interest income	(1)	(5)
Operating loss before working capital changes	<u>(117)</u>	<u>(3,350)</u>
Changes in working capital:		
Inventories	125	(3,497)
Receivables	136	13,985
Payables	(24)	(9,415)
Cash generated from/(used in) operations	<u>120</u>	<u>(2,277)</u>
Interest paid	(411)	(248)
Net cash used in operating activities	<u>(291)</u>	<u>(2,525)</u>
Cash Flows From Investing Activities		
Interest received	1	5
Purchase of property, plant and equipment	-	(140)
Increase in short term investments	(126)	(1,376)
Net cash used in investing activities	<u>(125)</u>	<u>(1,511)</u>
Cash Flow From Financing Activities		
Increase in bank borrowings	188	3,677
Net cash generated from financing activities	<u>188</u>	<u>3,677</u>
NET DECREASE CASH AND CASH EQUIVALENTS	(228)	(359)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF PERIOD	(11,960)	(6,151)
CASH AND CASH EQUIVALENTS AS AT END OF PERIOD	<u>(12,188)</u>	<u>(6,510)</u>
Cash and cash equivalents comprise:-	RM'000	RM'000
Deposits, cash and bank balances	411	87
Bank overdraft	(12,599)	(6,597)
	<u>(12,188)</u>	<u>(6,510)</u>

(The Condensed Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 March 2009 and the accompanying explanatory notes attached to the interim financial statements.)

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2009

A. EXPLANATORY NOTES AS PER FRS 134 – INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with FRS 134 – Interim Financial Reporting and Chapter 9 Part K of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) on the basis that the Company is a non-going concern.

The interim financial report should be read in conjunction with the audited financial report of the Company for the financial year ended 31 March 2009. The explanatory notes attached to the interim financial report statement provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 March 2009.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2009 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) issued by the Malaysian Accounting Standards Board (“MASB”) effective for the financial period beginning 1 January 2008:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 134	Interim Financial Reporting
FRS 137	Provision, Contingent Liabilities and Contingent Assets

The adoption of the above mentioned FRS is not expected to have any significant impact on the Company. The adoption of revised FRS119 – Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures is not relevant to the Company.

A3. Auditor’s Report on Preceding Annual Financial Statements

The external auditors of the Company issued a disclaimer of opinion on the financial statements of the Company for the financial year ended 31 March 2009. It was noted that as at 31 March 2009, shareholders’ funds of the Company was in deficit of RM29,729,000 and its net current liabilities exceeded its net current assets by RM63,577,000. Additionally, the Company incurred net losses amounting to RM75,147,000 during the financial year ended 31 March 2009.

The Company had defaulted on its loans and maturing trade facilities which resulted in a winding-up petition being served on the Company. The auditors were also unable to obtain sufficient and appropriate evidence to ascertain the recoverable amounts of assets. Specifically, property, plant and equipment, other than factory buildings, have been impaired to an amount based on the directors’ best estimate of the recoverable amount. Quantities, costs and realisable value of inventories were also unable to be substantiated. The auditors were not able to satisfy themselves of the adequacy of allowance of doubtful debts and the recoverability of receivables as at the balance sheet date. As such, the effects of adjustments arising, if any, on the financial position of the Company as at 31 March 2009 could not be determined.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2009

A. EXPLANATORY NOTES AS PER FRS 134 – INTERIM FINANCIAL REPORTING

A4. Comments about Seasonal or Cyclical Factors

The seasonal nature of the sales for radio-controlled toys was no longer relevant as the Company ceased its manufacturing operations on 30 June 2008.

A5. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence during the quarter under review.

A6. Changes in Estimates

There were no changes in the estimates of amounts reported that have a material effect on the results in the current quarter under review.

A7. Debt and Equity Securities

There was no issuance and repayment of debt and equity securities, share buy back, share cancellation and resale of treasury shares during the financial quarter ended 30 June 2009.

A8. Dividend Paid

No dividend was paid during the current quarter ended 30 June 2009.

A9. Segmental Information

Segmental information is not applicable as the Company was no longer in operations.

A10. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward, without amendment, from the financial year ended 31 March 2009.

A11. Events Subsequent to the End of the Interim Reporting Period

There were no material events subsequent to 30 June 2009 and up to the date of this report, other than those which have been announced to Bursa Securities.

A12. Changes in Composition of the Group

There were no changes in the composition of the Company during the quarter under review.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2009
A. EXPLANATORY NOTES AS PER FRS 134 – INTERIM FINANCIAL REPORTING

A13. Changes in Contingent Liabilities and Contingent Assets

There were no other contingent liabilities or contingent assets that have become enforceable since the last annual balance sheet date as at 31 March 2009 and up to the date of this report.

A14. Capital Commitments

There were no capital commitments for the purchase of property, plant and equipment not provided for in the interim condensed financial statements as at 30 June 2009.

A15. Significant Related Party Transactions

There were no related party transactions during the quarter under review.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2009
B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of Performance

The Company recorded a turnover of RM0.61 million and a loss before taxation of RM0.93 million for the first quarter ended 30 June 2009 compared with a turnover of RM9.39 million and a loss before taxation of RM55.72 million in the preceding financial year's corresponding quarter.

The turnover recorded for the quarter under review was derived from sales of old stocks, raw materials and other semi-finished goods. Loss for the quarter under review was mainly due to depreciation charges and interest expense on bank borrowings.

B2. Comment on Material Change in Profit Before Taxation of Current Quarter Compared with Preceding Quarter

The Company recorded a loss before taxation of RM0.93 million with a turnover of RM0.61 million for the first quarter ended 30 June 2009 compared with a loss before taxation of RM1.91 million on a turnover of RM0.49 million in the preceding quarter ended 31 March 2009. The lower loss in the current quarter under review compared to the preceding quarter was due to lower fixed costs and operating expenses incurred as the Company winds down any remaining activity.

B3. Commentary on Current Year Prospects

Prospect of the Company to operate as a going concern is dependent on the outcome of the decision on its regularisation plan that was submitted to the Securities Commission on 15 June 2009.

B4. Profit Forecast or Profit Guarantee

This is not applicable as no profit forecast was published.

B5. Income Tax Expense

	3 months ended (Quarter)		3 months ended (Cumulative)	
	30.06.2009	30.06.2008	30.06.2009	30.06.2008
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation:				
- Current taxation	-	-	-	-

There was no provision for taxation for the current quarter under review as the Company is in a tax loss position.

B6. Profits/(Losses) on Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments and/or properties during the current quarter ended 30 June 2009.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2009
B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B7. Quoted Securities

There was no purchase or disposal of quoted and marketable securities during the current quarter ended 30 June 2009.

B8. Status of Corporate Proposals

On 6 April 2009, the Company announced that Bursa Securities granted the Company an extension of time until 28 May 2009 to submit a regularisation plan to the Securities Commission and other relevant authorities for approval.

On 15 June 2009, the Company submitted its regularisation plan to the Securities Commission for approval. The submission of the regularisation plan was also an appeal against the decision by Bursa Securities to de-list the securities of the Company as it did not meet the initial deadline set on 28 May 2009. As at the date of this report, the Company is still awaiting the outcome of the decision on its restructuring scheme.

B9. Borrowings and Debt Securities

The Company's borrowings and debt securities as at 30 June 2009 are as follows:

	(Unaudited) As at 30.06.2009 RM '000	(Audited) As at 31.03.2009 RM '000
a) <u>Bank overdraft - denominated in RM</u>		
Secured by Prai land and buildings	9,756	9,597
Secured by negative pledge on assets	<u>2,843</u>	<u>2,778</u>
	12,599	12,375
b) <u>Short term borrowings - denominated in RM</u>		
Secured by Prai land and buildings	11,033	10,864
Secured by negative pledge on assets	<u>3,060</u>	<u>3,040</u>
	14,093	13,904
Total borrowings	<u>26,692</u>	<u>26,279</u>

B10. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this report.

B11. Material Litigations

There are no other material litigations other than those already announced to Bursa Securities and those disclosed under Note A11: Events Subsequent to the End of Interim Reporting Period of this report.

B12. Proposed Dividend

No dividend was recommended by the Board for the current quarter ended 30 June 2009.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2009
B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B13. Earnings Per Share (“EPS”)

(a) Basic earnings / (loss) per share

	3 months ended (Quarter)		3 months ended (Cumulative)	
	30.06.2009	30.06.2008	30.06.2009	30.06.2008
	RM'000	RM'000	RM'000	RM'000
Net loss attributable to equity holders of the parent (RM '000)	(933)	(55,724)	(933)	(55,724)
Weighted average number of ordinary shares in issue ('000)	99,201	99,201	99,201	99,201
Basic loss per share (sen)	(0.94)	(56.17)	(0.94)	(56.17)

(b) Diluted earnings per share

The diluted earnings per share in the current quarter under review is not disclosed as the unissued ordinary shares granted to executive employees pursuant to the Company's ESOS have no dilutive effect as the exercise price was above the average market value of the Company's shares.

Dated: 19 August 2009