

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

**CONDENSED BALANCE SHEET
 AS AT 31 DECEMBER 2009**

	(Unaudited) As at 31.12.2009 RM'000	(Audited) As at 31.03.2009 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	23,600	28,420
Prepaid land lease payments	5,328	5,428
	<u>28,928</u>	<u>33,848</u>
Current assets		
Inventories	-	3,811
Trade and other receivables	1,209	1,602
Short term investment	199	200
Cash and bank balances	431	414
	<u>1,839</u>	<u>6,027</u>
TOTAL ASSETS	<u>30,767</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	(157,434)	(146,499)
Treasury shares, at cost	(106)	(106)
Total equity	<u>(40,664)</u>	<u>(29,729)</u>
Current liabilities		
Trade and other payables	35,464	34,929
Provision	8,396	8,396
Bank borrowings	27,571	26,279
	<u>71,431</u>	<u>69,604</u>
Total liabilities	<u>71,431</u>	<u>69,604</u>
TOTAL EQUITY AND LIABILITIES	<u>30,767</u>	<u>39,875</u>
Net assets per share attributable to equity holders of the company (RM)	<u>(0.41)</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 31 DECEMBER 2009**

	(Unaudited)		(Unaudited)	
	3 months ended (Quarter)		9 months ended (Cumulative)	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Sales	-	1,235	792	11,863
Expenses excluding finance cost and tax	(1,057)	(1,797)	(10,474)	(84,358)
Other operating income	-	31	17	318
Loss from operations	(1,057)	(531)	(9,665)	(72,177)
Finance costs	(428)	(357)	(1,270)	(1,035)
Loss before taxation	(1,485)	(888)	(10,935)	(73,212)
Taxation	-	-	-	-
Net loss for the period	(1,485)	(888)	(10,935)	(73,212)

**Loss per share attributable to
 equity holders of the company:**

- Basic (sen)	(1.50)	(0.90)	(11.02)	(73.80)
- 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 31 DECEMBER 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	-	106	-	(4,225)	(162)	(73,212)	(77,493)
Balance at 31 December 2008	<u>99,269</u>	<u>-</u>	<u>17,445</u>	<u>-</u>	<u>-</u>	<u>(144,564)</u>	<u>(27,850)</u>
Balance at 1 April 2009	99,269	(106)	17,445	-	162	(146,499)	(29,729)
Net loss for the period	-	-	-	-	-	(10,935)	(10,935)
Balance at 31 December 2009	<u>99,269</u>	<u>(106)</u>	<u>17,445</u>	<u>-</u>	<u>162</u>	<u>(157,434)</u>	<u>(40,664)</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 31 DECEMBER 2009**

	9 months ended	
	31.12.2009	31.12.2008
	RM'000	RM'000
Cash Flows From Operating Activities		
Net loss after taxation	(10,935)	(73,212)
Adjustments for :-		
Depreciation of property, plant and equipment	745	2,888
Impairment of assets	7,101	54,219
Motor vehicle written off	4	-
Net loss on disposal of assets	312	-
Provision for doubtful debts	174	1,171
Interest expense	1,270	1,035
Treasury shares written off	-	106
ESOS reserve written off	-	(162)
Amortisation of prepaid land lease payments	100	103
Provision for termination benefits	-	8,293
Interest income	(1)	(15)
Operating loss before working capital changes	(1,230)	(5,574)
Changes in working capital:		
Inventories	142	(1,774)
Receivables	219	14,647
Payables	535	(10,332)
Cash used in operations	(334)	(3,033)
Interest paid	(1,270)	(1,035)
Net cash used in operating activities	(1,604)	(4,068)
Cash Flows From Investing Activities		
Interest received	1	15
Purchase of property, plant and equipment	-	(140)
Proceeds from sale of fixed assets	326	-
Decrease/(Increase) in short term investments	1	(926)
Net cash generated from/(used in) investing activities	328	(1,051)
Cash Flow From Financing Activities		
Increase/(Decrease) in bank borrowings	583	(435)
Unclaimed dividend submitted to Unclaimed Money Authority	-	(85)
Net cash generated from/(used in) financing activities	583	(520)
NET DECREASE CASH AND CASH EQUIVALENTS	(693)	(5,639)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF PERIOD	(11,960)	(6,151)
CASH AND CASH EQUIVALENTS AS AT END OF PERIOD	(12,653)	(11,790)
Cash and cash equivalents comprise:-		
	RM'000	RM'000
Deposits, cash and bank balances	431	367
Bank overdraft	(13,084)	(12,157)
	(12,653)	(11,790)

(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 – 31 DECEMBER 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 – 31 DECEMBER 2009

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

A4. Comments about Seasonal or Cyclical Factors

The seasonal nature of sales for radio-controlled toys was no longer relevant as the Company had 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 31 December 2009.

A8. Dividend Paid

No dividend was paid during the current quarter ended 31 December 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 following a provision for impairment that was incorporated into the unaudited quarterly accounts for the second quarter ended 30 September 2009.

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

There were no material events subsequent to 31 December 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 – 31 DECEMBER 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 31 December 2009.

A15. Significant Related Party Transactions

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

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2009
B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of Performance

The Company made a loss before taxation of RM1.49 million for the quarter ended 31 December 2009 compared to a loss before taxation of RM0.89 million on a turnover of RM1.24 million in the previous year's corresponding quarter. There were no sales recorded for the quarter under review.

For the nine months period ended 31 December 2009, the Company made a loss before taxation of RM10.94 million on a turnover of RM0.79 million compared to a loss before taxation of RM73.21 million on a turnover of RM11.86 million for the same period last year.

The reduced loss for the nine months period ended 31 December 2009 was due to the provision for termination benefits, provision for doubtful debts and higher impairment of assets in the same period last year.

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

The Company made a loss before taxation of RM1.49 million for the third quarter ended 31 December 2009 compared with a loss before taxation of RM8.52 million on a turnover of RM0.18 million for the preceding quarter ended 30 September 2009. The reduced loss in the current quarter under review compared to the preceding quarter was mainly due to the provision of impairment of assets in the preceding quarter.

B3. Commentary on Current Year Prospects

The prospect of the Company to operate as a going concern is dependent on the outcome of the regularisation plan that was resubmitted to the Securities Commission on 26 November 2009.

B4. Profit Forecast or Profit Guarantee

This is not applicable as no profit forecast was published.

B5. Income Tax Expense

3 months ended		9 months ended	
(Quarter)		(Cumulative)	
31.12.2009	31.12.2008	31.12.2009	31.12.2008
RM'000	RM'000	RM'000	RM'000

Malaysian taxation:
 - Current taxation

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

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2009

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

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 31 December 2009.

B7. Quoted Securities

There was no purchase or disposal of quoted and marketable securities during the current quarter ended 31 December 2009.

B8. Status of Corporate Proposals

On 23 October 2009, the Provisional Liquidator announced that Bursa Securities had resolved to grant an extension of time until 30 November 2009 for the Company to resubmit its proposed restructuring scheme to the Securities Commission and other relevant authorities.

On 26 November 2009, M & A Securities Sdn Bhd, acting on behalf of the Company, resubmitted the regularisation plan for the Company and as at the date of this report, the decision on the outcome is still pending.

B9. Borrowings and Debt Securities

The Company's borrowings and debt securities as at 31 December 2009 are as follows:

	(Unaudited) As at 31.12.2009 RM '000	(Audited) As at 31.03.2009 RM '000
a) <u>Bank overdraft - denominated in RM</u>		
Secured by Prai land and buildings	10,108	9,597
Secured by negative pledge on assets	2,976	2,778
	<u>13,084</u>	<u>12,375</u>
b) <u>Short term borrowings - denominated in RM</u>		
Secured by Prai land and buildings	11,386	10,864
Secured by negative pledge on assets	3,101	3,040
	<u>14,487</u>	<u>13,904</u>
Total borrowings	<u>27,571</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 were no other material litigations other than those already announced to Bursa Securities.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2009
B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B12. Proposed Dividend

No dividend was recommended by the Board for the current quarter ended 31 December 2009.

B13. Earnings Per Share (“EPS”)

(a) Basic earnings / (loss) per share

	3 months ended		9 months ended	
	(Quarter)		(Cumulative)	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Net loss attributable to equity holders of the company (RM '000)	(1,485)	(888)	(10,935)	(73,212)
Weighted average number of ordinary shares in issue ('000)	99,201	99,201	99,201	99,201
Basic loss per share (sen)	(1.50)	(0.90)	(11.02)	(73.80)

(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: 10 February 2010