

## Nakamichi Corporation Berhad

Company No. 301384-H

### Condensed Consolidated Income Statements For the quarter ended 31 December 2005

	<u>2005</u> Current Qtr Ended 31-Dec (RM'000)	<u>2004</u> Comparative Qtr Ended 31-Dec (RM'000)	<u>2005</u> 12 months Cummulative to date (RM'000)	<u>2004</u> 12 months Cummulative to date (RM'000)
Revenue	4,840	12,472	14,697	44,428
Operating Expenses	(11,006)	(14,269)	(25,350)	(63,220)
Other Operating Income/(Loss)	(215)	48	421	4,877
Profit/(Loss) from Operations	(6,381)	(1,749)	(10,232)	(13,915)
Loss on revaluation of long term investment	(15,507)		(15,507)	
Finance costs-net	<u>(15)</u>	<u>(34)</u>	<u>(47)</u>	<u>(121)</u>
Profit/(Loss) before tax	(21,903)	(1,783)	(25,786)	(14,036)
Taxation	<u>(101)</u>	<u>(1)</u>	<u>(102)</u>	<u>(2)</u>
Net Profit/(Loss) for the period	<u>(22,004)</u>	<u>(1,784)</u>	<u>(25,888)</u>	<u>(14,038)</u>
EPS - Basic (sen)	(39.71)	(3.22)	(46.72)	(25.33)
- Diluted (sen)	N/A	N/A	N/A	N/A

**(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31st December 2004)**

**Nakamichi Corporation Berhad**  
Company No. 301384-H

**Condensed Consolidated Balance Sheets**  
**As at 31 December 2005**

	Quarter ended at 31-Dec-05 (RM'000)	Year ended 31-Dec-04 (RM'000)
<b>NON-CURRENT ASSETS</b>		
Property, Plant & Equipment	29,811	31,810
Long Term Investment	28,185	-
<b>CURRENT ASSETS</b>		
Inventories	7,984	23,423
Other Receivables	13,187	48,138
Cash and bank balances	7,848	8,101
	<u>29,019</u>	<u>79,662</u>
<b>CURRENT LIABILITIES</b>		
Short term borrowings	961	1,390
Trade Payables	641	10,291
Other Payables	17,918	6,408
	<u>19,520</u>	<u>18,089</u>
<b>NET CURRENT ASSETS</b>	<u>9,499</u>	<u>61,573</u>
	<u>67,495</u>	<u>93,383</u>
<b>FINANCED BY:</b>		
Share Capital	55,410	55,410
Reserves	12,085	37,973
	<u>67,495</u>	<u>93,383</u>

**(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31st December 2004)**

**Nakamichi Corporation Berhad**

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**Condensed Consolidated Cash Flow Statements**  
**For the quarter ended 31 December 2005**

	<u>2005</u> 12 months ended 31 Dec (RM'000)	<u>2004</u> 12 months ended 31 Dec (RM'000)
Net Profit/(Loss) before tax	(25,786)	(14,036)
Adjustment for non-cash flow:-		
Depreciation	1,997	2,203
Loss on revaluation of long term investment	15,507	
Provision for stock obsolescence	11,801	
Operating profit before changes in working capital	3,519	(11,833)
Changes in working capital		
Net Change in current assets	(5,203)	10,207
Net Change in current Liabilities	1,431	767
Net cash flow from operating activities	<u>(253)</u>	<u>(859)</u>
Investing Activities		
Other investments	<u>-</u>	<u>38</u>
	<u>-</u>	<u>38</u>
Net Change in Cash & Cash Equivalents	(253)	(821)
Cash & Cash Equivalents at beginning of year	8,101	8,922
Cash & Cash Equivalents at end of period	<u>7,848</u>	<u>8,101</u>

**(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31st December 2004)**

**Nakamichi Corporation Berhad**

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**Condensed Consolidated Statements of Changes in Equity  
For the quarter ended 31 December 2005**

	Share Capital (RM'000)	Reserve attributable to Capital (RM'000)	Reserve attributable to Revenue (RM'000)	Retained Profits/ (accumulated loss) (RM'000)	Total (RM'000)
<b>12 months quarter ended 31 Dec 2005</b>					
Balance at beginning of year	55,410	38,452	51	(530)	93,383
Movements during the period (cumulative) Prior Year Adjustment	-	-	-	(25,888)	(25,888)
Balance at end of period	55,410	38,452	51	(26,418)	67,495
<b>12 months quarter ended 31 Dec 2004</b>					
Balance at beginning of year	55,410	38,452	51	13,508	107,421
Movements during the period (cumulative)	-	-	-	(14,038)	(14,038)
Balance at end of period	55,410	38,452	51	(530)	93,383

Notes :

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2004)

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## Explanatory Notes

### 1. **Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with *MASB 26* Interim Financial Reporting and Chapter 9 part K of the Listing Requirements of Bursa Malaysia. The same accounting policies and methods of computation are followed in the interim financial statements as compared with the annual financial statement for the year ended 31 December 2004.

### 2. **Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the year ended 31 December 2004 was not qualified.

### 3. **Comments about seasonal or cyclical factors**

The Group is primarily in the business of manufacturing and sales of audio electronic products and there are the usual seasonal higher demands during the third quarter and lower demand in the first quarter of a calendar year.

### 4. **Unusual items due to their nature, size or incidence**

There were no unusual items affecting the assets, liabilities, equity, net income and cash flows during the period ended 31 December 2005.

### 5. **Changes in estimates**

There were no changes in estimates that have a material effect in the current quarter.

### 6. **Issuance or repayment of debts and equity securities**

The Group did not implement any scheme that involved issuance and repayment of debt and equity securities, share buy-backs, share cancellations,

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shares held as treasury shares and resale of treasury shares for the current financial year to date.

### **7. Dividend paid**

No dividend has been recommended or declared for the period under review.

### **8. Segment revenue and segment result**

The basis of business segment reporting is not applicable to the Group as it manufactures one product category sold through its sole distributor.

### **9. Valuation of property, plant and equipment brought forward**

The valuation of property, plant and equipment has been brought forward, without amendment from the previous annual financial statements.

### **10. Material subsequent events**

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim.

### **11. Changes in composition of the Company**

The Group did not undertake any exercise that resulted in changes of its composition for the current financial period ended 31 December 2005.

### **12. Contingent liabilities / assets**

There were no contingent liabilities/assets as at the date of this announcement.

### **13. Capital commitments**

There was no amount of commitments for the purchase of property, plant and equipment not provide for in the current financial period ended 31 December 2005.

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### **Selected Explanatory Notes pursuant to Appendix 9B of the Listing Requirements**

#### **14. Review of performance**

The Group's revenue for the current quarter ended 31 December 2005 was RM4.8 million as compared with RM12.5 million for the same corresponding period last year. The Group reported a quarterly loss of RM22.0 million as compared with RM1.8 million for the same quarter last year.

For the annual revenue, the Group achieved a sales turnover of RM14.7 million as compared with RM44.4 million achieved last year. The annual loss before taxation was RM25.8 million as compared with the loss before taxation of RM14.0 million for the same corresponding period last year.

The loss in the current financial period was mainly attributed to a diminution of value of the Group's investment in Sansui Electric Co. Ltd amounting to RM15.5 million. Sansui Electric Co. Ltd, is a quoted stock on the Tokyo Stock Exchange and the write down of this investment is required to reflect the market value as quoted in the exchange as at 31 December 2005.

#### **15. Comparison with preceding quarter's results**

The Group's revenue for the current reporting quarter was RM4.8 million as compared with RM2.8 million in the previous quarter. The Group reported a quarterly loss before taxation of RM21.9 million as compared with a loss before taxation of RM0.9 million in the previous quarter.

#### **16. Prospects**

The Group will continue to focus on its core business, particularly the production of the high quality home audio and visual systems for the Nakamichi brand. The Group will continuously work with its principal customer to identify new Nakamichi products to be added to its existing

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Nakamichi product range. As and when opportunities arise, the Group will source for other revenue streams.

### 17. Variance from profit forecast / guarantee

Not applicable.

### 18. Taxation

	<b>RM'000</b>
Based on results for year to date	(102)
Under/(over) provision in respect of prior years	Nil
Transfer to/(from) deferred taxation	Nil
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	(102)
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Deferred tax assets have not been recognised for the following items:-

	<b>Group</b>
	<b>RM'000</b>
Unutilised tax losses	3,324
Unabsorbed capital allowance	26,719
	<hr/>
	30,043
	<hr/>

### 19. Sale of any unquoted investments and / or properties

The Group did not undertake any sale of unquoted investments and / or properties for the current quarter and financial year to date.

### 20. Purchase or disposal of quoted securities

The investment in Sansui Electric Co. Ltd, a quoted stock on the Tokyo Stock Exchange was obtained as settlement of debt owned by Nakamichi Corporation Japan.

Details of this was disclosed as Note 10 of the 3<sup>rd</sup> Quarter 2005 announcement.



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### **21. Status of uncompleted corporate proposals**

There are no outstanding corporate proposals as at the date of this announcement.

### **22. Group borrowings and debt securities**

#### **Short Term Borrowings**

	<b>Group RM'000</b>
Bankers Acceptance	961
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Total	961
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The interest rates during the financial period for short-term borrowings falls between the range of 4.00 % and 4.25%. All the bank borrowings of the Group are unsecured.

### **23. Financial instruments with off balance sheet risk**

The Group did not contract for any financial instruments with off balance sheet risk as at the date of this announcement.

### **24. Pending material litigation**

There is no pending material litigation as at the date of this announcement.

### **25. Dividend**

No dividend has been recommended or declared for the period under review.

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### 26. Earnings per share

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) for the period by the weighted average number of ordinary shares in issue during the period of 55,410,180, excluding treasury shares held by the Company, if any.

	Quarter	12 months
	Ended	Ended
	31/12/05	31/12/05
Basic earnings/(loss) per share (sen)	<u>(39.71)</u>	<u>(46.72)</u>

BY ORDER OF THE BOARD

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