

Nakamichi Corporation Berhad (Company No. 301384-H)

Condensed Consolidated Income Statements
For the quarter ended 30 June 2006

	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	Current	Comparative	6 months	6 months
	Qtr Ended	Qtr Ended	Cumulative	Cumulative
	30 Jun	30 Jun	to date	to date
	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>
Revenue	7,004	3,819	11,899	7,025
Cost of sales	<u>(6,943)</u>	<u>(2,861)</u>	<u>(11,579)</u>	<u>(5,476)</u>
Gross profit	61	958	320	1,549
Fixed manufacturing expenses	(1,271)	(1,279)	(2,573)	(2,669)
Administrative expenses	(879)	(910)	(2,375)	(1,709)
Selling and distribution expenses	<u>(64)</u>	<u>(66)</u>	<u>(120)</u>	<u>(167)</u>
Loss from operation	(2,153)	(1,297)	(4,748)	(2,996)
Finance Cost - Interest expenses	<u>(16)</u>	<u>(17)</u>	<u>(27)</u>	<u>(27)</u>
Loss before tax	(2,169)	(1,314)	(4,775)	(3,023)
Income tax expense	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>(1)</u>
Loss for the period	<u>(2,169)</u>	<u>(1,315)</u>	<u>(4,775)</u>	<u>(3,024)</u>
Loss per share				
- Basic (sen)	(3.91)	(2.37)	(8.62)	(5.46)
- Diluted (sen)	N/A	N/A	N/A	N/A

(The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements)

Nakamichi Corporation Berhad (Company No. 301384-H)

Condensed Consolidated Balance Sheet
As at 30 June 2006

	As at 30.06.2006 RM'000	As at 31.12.2005 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	29,022	29,811
Investment	<u>28,185</u>	<u>28,185</u>
	<u>57,207</u>	<u>57,996</u>
Current assets		
Inventories	9,812	7,984
Other receivable	12,555	13,187
Cash and bank balances	<u>7,437</u>	<u>7,848</u>
	<u>29,804</u>	<u>29,019</u>
TOTAL ASSETS	<u>87,011</u>	<u>87,015</u>
EQUITY AND LIABILITIES		
Share capital	55,410	55,410
Reserves	<u>7,310</u>	<u>12,085</u>
Total Equity	<u>62,720</u>	<u>67,495</u>
Current Liabilities		
Short term borrowings	952	961
Trade payables	121	641
Other payables	<u>23,218</u>	<u>17,918</u>
Total Liabilities	<u>24,291</u>	<u>19,520</u>
TOTAL EQUITY AND LIABILITIES	<u>87,011</u>	<u>87,015</u>

(The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements)

Nakamichi Corporation Berhad (Company No. 301384-H)

Condensed Consolidated Cash Flow Statement
For the quarter ended 30 June 2006

	<u>2006</u> 6 months ended 30 Jun (RM'000)	<u>2005</u> 6 months ended 30 Jun (RM'000)
Net cash used in operating activities	(344)	(450)
Net cash used in investing activities	(31)	-
Net cash used from financing activities	(36)	-
Net increase in cash and cash equivalents	<u>(411)</u>	<u>(450)</u>
Cash and cash equivalent at beginning of financial period	<u>7,848</u>	<u>8,101</u>
Cash and cash equivalent at end of financial period	<u>7,437</u>	<u>7,651</u>

(The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements)

Nakamichi Corporation Berhad (Company No. 301384-H)

**Condensed Consolidated Statements of Changes in Equity
For the quarter ended 30 June 2006**

	<u>Share Capital</u> (RM'000)	<u>Share Premium</u> (RM'000)	<u>Other Reserves</u> (RM'000)	<u>Retained Profits/ (accumulated loss)</u> (RM'000)	<u>Total</u> (RM'000)
<u>6 months quarter ended 30 Jun 2006</u>					
Balance at beginning of year	55,410	38,452	51	(26,418)	67,495
Profit/(Loss) for the period	-	-	-	(4,775)	(4,775)
Balance at end of period	<u>55,410</u>	<u>38,452</u>	<u>51</u>	<u>(31,193)</u>	<u>62,720</u>
<u>6 months quarter ended 30 Jun 2005</u>					
Balance at beginning of year	55,410	38,452	51	(530)	93,383
Profit/(Loss) for the period	-	-	-	(3,024)	(3,024)
Balance at end of period	<u>55,410</u>	<u>38,452</u>	<u>51</u>	<u>(3,554)</u>	<u>90,359</u>

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements)

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Explanatory Notes

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005.

2. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2005 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 30 June 2006.

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

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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 30 June 2006.

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 30 June 2006.

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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 30 June 2006 was RM7.0 million as compared with RM3.8 million for the same corresponding period last year. The Group reported a quarterly loss of RM2.2 million as compared with loss of RM1.3 million for the same quarter last year.

For the half year revenue, the Group achieved a sales turnover of RM 11.9 million as compared with RM 7.0 million achieved last year. The half year loss before taxation was RM 4.8 million as compared with the loss before taxation of RM 3.0 million for the same correspondence period last year.

15. Comparison with preceding quarter's results

The Group's revenue for the current reporting quarter was RM7.0 million as compared with RM4.9 million in the previous quarter. The Group reported a quarterly loss before taxation of RM2.2 million as compared with a loss before taxation of RM2.6 million in the previous quarter.

16. Prospects

The Group has set up a working committee in cooperation with its principal customer the Nakamichi Brand to restructure and reorganise its way of business.

17. Variance from profit forecast / guarantee

Not applicable.

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18. Taxation

	RM'000
Based on results for year to date	Nil
Under/(over) provision in respect of prior years	Nil
Transfer to/(from) deferred taxation	Nil

	NIL

Deferred tax assets have not been recognised for the following items:-

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

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 Group did not purchase or dispose any quoted securities for the current financial year to date.

21. Status of uncompleted corporate proposals

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

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22. Group borrowings and debt securities

Short Term Borrowings

	Group
	RM'000
Bankers Acceptance	952

Total	952

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.

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 of 55,410,180 during 6 months ended 30/6/06.

6 month

Ended

30/06/06

Basic earnings/(loss) per share (sen) (8.62)

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BY ORDER OF THE BOARD

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