

Nakamichi Corporation Berhad (Company No. 301384-H)

Condensed Consolidated Income Statements
For the quarter ended 31 March 2007

	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	Current	Comparative	12 months	12 months
	Qtr Ended	Qtr Ended	Cumulative	Cumulative
	31 Mar	31 Mar	to date	to date
	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>
Revenue	2,438	4,895	2,438	4,895
Cost of sales	<u>(3,335)</u>	<u>(4,636)</u>	<u>(3,335)</u>	<u>(4,636)</u>
Gross profit	(897)	259	(897)	259
Other Income	345		345	-
Fixed manufacturing expenses	(1,751)	(1,302)	(1,751)	(1,302)
Administrative expenses	(990)	(1,496)	(990)	(1,496)
Selling and distribution expenses	<u>(96)</u>	<u>(56)</u>	<u>(96)</u>	<u>(56)</u>
Loss from operation	(3,389)	(2,595)	(3,389)	(2,595)
Finance Cost	<u>-</u>	<u>(11)</u>	<u>-</u>	<u>(11)</u>
Loss before tax	(3,389)	(2,606)	(3,389)	(2,606)
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the period	<u>(3,389)</u>	<u>(2,606)</u>	<u>(3,389)</u>	<u>(2,606)</u>
Loss per share				
- Basic (sen)	(6.12)	(4.70)	(6.12)	(4.70)
- 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 2006 and the accompanying explanatory notes attached to the interim financial statements)

Nakamichi Corporation Berhad (Company No. 301384-H)

Condensed Consolidated Balance Sheet
As at 31 March 2007

	As at 31.03.2007 RM'000	As at 31.12.2006 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	27,920	28,232
Investment	<u>20,398</u>	<u>20,398</u>
	<u>48,318</u>	<u>48,630</u>
Current assets		
Inventories	-	-
Other receivable	8,579	8,598
Cash and bank balances	<u>8,615</u>	<u>7,535</u>
	<u>17,194</u>	<u>16,133</u>
TOTAL ASSETS	<u>65,512</u>	<u>64,763</u>
EQUITY AND LIABILITIES		
Share capital	55,410	55,410
Reserves	<u>(5,405)</u>	<u>(2,016)</u>
Total Equity	<u>50,005</u>	<u>53,394</u>
Current Liabilities		
Short term borrowings	-	-
Trade payables	36	73
Other payables	<u>15,471</u>	<u>11,296</u>
Total Liabilities	<u>15,507</u>	<u>11,369</u>
TOTAL EQUITY AND LIABILITIES	<u>65,512</u>	<u>64,763</u>

(The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2006 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 31 March 2007**

	<u>2007</u> 3 months ended 31 Mar (RM'000)	<u>2006</u> 3 months ended 31 Mar (RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(3,389.00)	(2,606.00)
Adjustment for:		
Depreciation	312.00	445.00
Interest expenses	-	11.00
Decrease/(Increase) in receivable	19.00	(6,031.00)
(Decrease)/Increase in payables	4,138.00	835.00
Net cash generated from operating activities	<u>1,080.00</u>	<u>(7,346.00)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(31.00)
Net cash (used in)/generated from investing activities	<u>-</u>	<u>(31.00)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	-	(11.00)
Repayment of short term borrowing	-	(371.00)
Net cash used in financing activities	<u>-</u>	<u>(382.00)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	1,080.00	(7,759.00)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,535.00	7,848.00
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>8,615.00</u>	<u>89.00</u>

(The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006 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 31 March 2007**

	<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>3 months quarter ended 31 Mar 2007</u>					
Balance at beginning of year	55,410	38,452	51	(40,519)	53,394
Profit/(Loss) for the period	-	-	-	(3,389)	(3,389)
Balance at end of period	<u>55,410</u>	<u>38,452</u>	<u>51</u>	<u>(43,908)</u>	<u>50,005</u>
<u>3 months quarter ended 31 Mar 2006</u>					
Balance at beginning of year	55,410	38,452	51	(26,418)	67,495
Profit/(Loss) for the period	-	-	-	(2,606)	(2,606)
Balance at end of period	<u>55,410</u>	<u>38,452</u>	<u>51</u>	<u>(29,024)</u>	<u>64,889</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 2006 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 2006.

The accounting policies and method of computation adopted are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2006.

The adoption of the FRS does not have significant financial impact on the Group.

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

The auditors' report on the financial statements for the year ended 31 December 2006 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**

The Group has increased its liabilities by RM4.2 million, as a result of increased funding from related companies. This fund will be used to finance the redundancy payment of RM1.2 million and working capital of RM3.0 million.

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.

7. **Dividend paid**

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

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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

The Group has relocated its manufacturing operations to Singapore. As a result, redundancy costs of RM1.2 million were incurred in the 1st Quarter. Further redundancy costs are expected in the 2nd Quarter amounting to RM1.0 million.

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 March 2007.

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 March 2007.

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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 March 2007 was RM2.4 million as compared with RM4.9 million for the same corresponding period last year. The Group reported a quarterly loss of RM3.4 million as compared with loss of RM2.6 million for the same quarter last year. The higher loss was due mainly to higher material cost, retrenchment cost incurred for the redundancy in the first quarter and overheads incurred pending the finalization of the retrenchment in the second quarter.

15. Comparison with preceding quarter's results

The Group's revenue for the current reporting quarter was RM2.4 million as compared with RM4.0 million in the previous quarter due to the reallocation of manufacturing operations to Singapore. The Group reported a quarterly loss before taxation of RM3.4 million as compared with a loss before taxation of RM7.0 million in the previous quarter.

16. Prospects

The Group has relocated its manufacturing operations to Singapore, in a move to be closer to its principal customer. This relocation enables the Group to have better synergy with its principal customer as the new facility in Singapore is customised to the requirements of the principal customer of the Group. We hope to achieve a more efficient production and improved returns on orders.

17. Variance from profit forecast / guarantee

Not applicable.

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

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

	Group
	RM'000
Unutilised tax losses	3,067
Unabsorbed capital allowance	24,719
	<hr/>
	27,786
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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 is a proposal for the disposal of up to 27,495,000 Sansui Shares held by NCB's subsidiary through the open market and/or via private placement to independent investors to be identified for cash.

The purposes of this proposed disposal are to raise funds for potential business investments and minimize potential risks to the Group as a result of the decreasing prices of the Shares faced by the Group for the past few years.

The Group is currently in the process of looking to invest into potential new businesses that will help strengthen the Group's financial positions and maximize shareholders' values.

The Group will subsequently call an EGM to obtain shareholders approval on the disposal.

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22. Group borrowings and debt securities

Short Term Borrowings

	Group RM'000
Bankers Acceptance	NIL

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 3 months ended 31/3/07.

3 month
Ended
31/03/07

Basic earnings/(loss) per share (sen) (6.12)

BY ORDER OF THE BOARD

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