

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

**Condensed Consolidated Income Statements**  
**For the quarter ended 30 September 2007**

	<u>2007</u> Current Qtr Ended 30 Sep (RM'000)	<u>2006</u> Comparative Qtr Ended 30 Sep (RM'000)	<u>2007</u> 9 months Cummulative to date (RM'000)	<u>2006</u> 9 months Cummulative to date (RM'000)
Revenue	1,765	10,867	6,980	22,766
Cost of sales	<u>(1,621)</u>	<u>(9,882)</u>	<u>(7,682)</u>	<u>(21,461)</u>
Gross profit	144	985	(702)	1,305
Other Income/(loss)	(132)		(287)	-
Fixed manufacturing expenses	(380)	(2,850)	(4,341)	(5,423)
Administrative expenses	(277)	(435)	(12,238)	(2,810)
Selling and distribution expenses	<u>-</u>	<u>(27)</u>	<u>(211)</u>	<u>(147)</u>
Loss from operation	(645)	(2,327)	(17,779)	(7,075)
Finance Cost	<u>-</u>	<u>(3)</u>	<u>1</u>	<u>(30)</u>
Loss before tax	(645)	(2,330)	(17,778)	(7,105)
Income tax expense	<u>-</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>
Loss for the period	<u>(645)</u>	<u>(2,331)</u>	<u>(17,779)</u>	<u>(7,106)</u>
Loss per share				
- Basic (sen)	(1.16)	(4.21)	(32.09)	(12.82)
- 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 30 September 2007**

	As at 30.09.2007 RM'000	As at 31.12.2006 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	27,122	28,232
Investment	<u>9,238</u>	<u>20,398</u>
	<u>36,360</u>	<u>48,630</u>
<b>Current assets</b>		
Trade receivable	2,442	-
Other receivable	6,687	8,598
Cash and bank balances	<u>7,109</u>	<u>7,535</u>
	<u>16,238</u>	<u>16,133</u>
<b>TOTAL ASSETS</b>	<u>52,598</u>	<u>64,763</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	55,410	55,410
Reserves	<u>(19,795)</u>	<u>(2,016)</u>
<b>Total Equity</b>	<u>35,615</u>	<u>53,394</u>
<b>Current Liabilities</b>		
Trade payables	-	73
Other payables	<u>16,983</u>	<u>11,296</u>
<b>Total Liabilities</b>	<u>16,983</u>	<u>11,369</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>52,598</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 30 September 2007**

	<u>2007</u> 9 months ended 30 Sept (RM'000)	<u>2006</u> 9 months ended 30 Sept (RM'000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(17,778)	(7,105)
Adjustment for:	-	
Depreciation	617	1,137
Provision for impairment loss in investment	11,160	
Loss on disposal of property, plant and equipment	293	781
Interest (income)/expenses	(1)	30
Decrease/(Increase) in receivable	(532)	6,823
(Decrease)/Increase in payables	5,615	(849)
Net cash generated from operating activities	<u>(626)</u>	<u>817</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	-	(31)
Proceeds from disposal of property, plant and equipment	199	-
Interest received	1	-
Net cash (used in)/generated from investing activities	<u>200</u>	<u>(31)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	-	(30)
Repayment of short term borrowing	-	(961)
Net cash used in financing activities	<u>-</u>	<u>(991)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(426)</b>	<b>(205)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>7,535</b>	<b>7,848</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>7,109</u></b>	<b><u>7,643</u></b>

(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 30 September 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>9 months quarter ended 30 Sep 2007</u>					
Balance at beginning of year	55,410	38,452	51	(40,519)	53,394
Profit/(Loss) for the period	-	-	-	(17,779)	(17,779)
Balance at end of period	<u>55,410</u>	<u>38,452</u>	<u>51</u>	<u>(58,298)</u>	<u>35,615</u>
<u>9 months quarter ended 30 Sep 2006</u>					
Balance at beginning of year	55,410	38,452	51	(26,418)	67,495
Profit/(Loss) for the period	-	-	-	(7,106)	(7,106)
Balance at end of period	<u>55,410</u>	<u>38,452</u>	<u>51</u>	<u>(33,524)</u>	<u>60,389</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)

# Nakamichi Corporation Berhad

(Company No: 301384-H)

## 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**

There were no unusual items affecting the assets, liabilities, equity, net income and cash flows during the period ended 30 Sep 2007.

### 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.

# **Nakamichi Corporation Berhad**

(Company No: 301384-H)

**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**

As announced in 2<sup>nd</sup> Quarter 2007, the board is continuing with their action to recover the missing share certificates for the 27,495,000 bearer shares of Sansui Electric Co. Ltd. ("Sansui Shares") owned by NCB's wholly-owned subsidiary, Nakamichi Malaysia Sdn Bhd. The board will provide an update when there is any significant progress on this matter.

**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 Sep 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 30 Sep 2007.

# **Nakamichi Corporation Berhad**

(Company No: 301384-H)

## **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 Sep 2007 was RM1.76 million as compared with RM10.86 million for the same corresponding period last year. The Group reported a quarterly loss of RM0.6 million as compared with loss of RM2.3 million for the same quarter last year.

For the current year to date revenue, the Group achieved a sales turnover of RM6.9 million as compared to with RM22.76 million achieved last year. The current year to date loss was RM17.78 million as compared with loss of RM7.1 million for the same corresponding period last year. The higher loss was due mainly to higher material cost, retrenchment cost incurred for the redundancy amounting to RM2.2 million and decrease in market value of the SEC shares held for investment.

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

The Group's revenue for the current reporting quarter was RM1.76 million as compared with RM2.8 million in the previous quarter. The Group reported a quarterly loss before taxation of RM0.6 million as compared with a loss before taxation of RM13.7 million in the previous quarter.

### **16. Prospects**

The Group will continue to focus on its core business, particularly the production of 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 Nakamichi product range.

### **17. Variance from profit forecast / guarantee**

Not applicable.

# Nakamichi Corporation Berhad

(Company No: 301384-H)

## 18. Taxation

	<b>RM'000</b>
Based on results for year to date	1
Under/(over) provision in respect of prior years	Nil
Transfer to/(from) deferred taxation	Nil
	-----
	1
	-----
Deferred tax assets have not been recognised for the following items:-	
	<b>Group</b>
	<b>RM'000</b>
Unutilised tax losses	44,783
Unabsorbed capital allowance	24,972
	-----
	69,755
	-----

## 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.

## 22. Group borrowings and debt securities

### Short Term Borrowings

	<b>Group</b>
	<b>RM'000</b>
Bankers Acceptance	NIL



# Nakamichi Corporation Berhad

(Company No: 301384-H)

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 9 months ended 30/9/07.

9 month  
Ended  
30/09/07

Basic earnings/(loss) per share (sen)      (32.09)

BY ORDER OF THE BOARD

LIM SECK WAH  
COMPANY SECRETARY  
MAICSA 0799845  
Kuala Lumpur

M CHANDRASEGARAN A/L S. MURUGASU  
COMPANY SECRETARY  
MAICSA 0781031  
Kuala Lumpur