

NAKAMICHI CORPORATION BERHAD

(Company No: 301384-H)

(Incorporated in Malaysia)

QUARTERLY UNAUDITED FINANCIAL REPORT FOR THE PERIOD ENDED JUNE 30, 2013

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Condensed unaudited consolidated statements of profit or loss and other comprehensive income for the three months period ended June 30, 2013

	INDIVIDUAL QUARTER		CUMMULATIVE QUARTER	
	Current year quarter 30.06.2013 RM'000	Preceding year corresponding quarter 30.06.2012 RM'000	Current year-to- date 30.06.2013 RM'000	Preceding year corresponding period 30.06.2012 RM'000
Revenue	(1,736)	4,246	-	6,785
Operating expenses	1,205	(4,296)	(1,047)	(7,461)
Loss on deconsolidation	(37,844)	-	(37,844)	-
Other operating (loss) / income	(90)	-	17	-
Loss from operation	(38,465)	(50)	(38,874)	(676)
Interest income	-	-	-	-
Finance costs	(91)	(237)	(152)	(476)
Loss before tax	(38,556)	(287)	(39,026)	(1,152)
Tax expenses	36	(202)	(8)	(325)
Loss for the period	(38,520)	(489)	(39,034)	(1,477)
Other comprehensive loss, net of tax	-	-	-	-
Total comprehensive loss for the period	(38,520)	(489)	(39,034)	(1,477)
Loss/ Profit attributable to				
Owners of the company	(38,520)	(489)	(39,034)	(1,591)
Non-controlling interest	-	208	-	114
(Loss) / Profit for the period	(38,520)	(281)	(39,034)	(1,477)
Total comprehensive income/(loss) attributable to				
Owners of the company	(38,520)	(73)	(39,034)	(1,591)
Non-controlling interest	-	208	-	114
Total comprehensive loss for the period	(38,520)	135	(39,034)	(1,477)
Basic loss per ordinary share (sen)	(69.52)	(0.88)	(70.45)	2.87

(The condensed unaudited consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the Annual Financial Report for the year ended December 31, 2012)

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Condensed unaudited consolidated statement of financial position as at June 30, 2013

	As at current financial period end 30.06.2013 RM'000	As at preceding financial year ended 31.12.2012 RM'000
Property, plant and equipment	-	1,081
Intangible asset	-	96,298
Non-current assets	-	97,379
Deposits and prepayments	12	2,880
Trade receivables	-	230
Inventories	-	5,318
Cash and cash equivalents	1	216
Current assets	13	8,644
TOTAL ASSETS	13	106,023
Share capital	55,410	55,410
Share premium	38,452	38,452
Accumulated losses	(106,866)	(67,831)
Reserves	-	-
	(13,004)	26,031
Non-controlling interest	-	36,360
Equity	(13,004)	62,391
Deferred tax	-	24,152
Hire purchase payables	-	137
Non trade payables & accruals	-	427
Total non current liabilities	-	24,716

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Condensed unaudited consolidated statement of financial position as at June 30, 2013 (cont'd)

	As at current financial period end 30.06.2013 RM'000	As at preceding financial year ended 31.12.2012 RM'000
Payables and accruals	12,571	14,201
Amount due to related party, See Thoo Chan	442	-
Provision for tax	4	-
Tax liabilities	-	4,491
Hire purchase payables	-	225
Current liabilities	13,017	18,916
TOTAL EQUITY AND LIABILITIES	13	106,023
Net asset/ (liabilities) per share	<u>(0.23)</u>	<u>1.13</u>

(The condensed unaudited consolidated statement of financial position should be read in conjunction with the Annual Financial Report for the year ended December 31, 2012)

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Condensed unaudited consolidated statements of changes in equity for the period ended June 30, 2013

	Attributable to owners of the Company					
	Non-distributable				Non-controlling interest RM'000	Total RM'000
	Share capital RM'000	Share premium RM'000	Accumulated losses RM'000	Total RM'000		
At January 1, 2013	55,410	38,452	(67,831)	26,031	-	26,031
Total comprehensive loss for the period	-	-	(39,034)	(39,034)	-	(39,034)
At June 30, 2013	55,410	38,452	(106,865)	(13,003)	-	(13,003)

	Attributable to owners of the Company					
	Non-distributable				Non-controlling interest RM'000	Total RM'000
	Share capital RM'000	Share premium RM'000	Accumulated losses RM'000	Total RM'000		
At Januar 1, 2012	55,410	38,452	(64,935)	28,927	38,663	67,590
Total comprehensive loss for the period	-	-	(1,591)	(1,591)	114	(1,477)
At June 30, 2012	55,410	38,452	(66,526)	27,336	38,777	66,113

(The condensed unaudited consolidated statement of changes in equity should be read in conjunction with the Annual Financial Report for the year ended December 31, 2012)

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Condensed unaudited consolidated statements of cash flow for the period ended June 30, 2013

	6 months ended 30.06.2013 RM	6 months ended 30.06.2012 RM
Loss before taxation	(39,026)	(1,152)
Adjustments for:		
Amortisation of intangible asset	-	1,053
Loss on deconsolidation	37,844	-
Loss/ write-off on disposal of fixed assets	50	-
Gain on disposal of fixed assets	(17)	-
Depreciation	27	247
Interest expense	-	476
Operating profit / (loss) before working capital changes	(1,122)	624
Changes in working capital:		
Receivables, deposits and prepayments	67	52
Inventories	-	(719)
Payables and accruals	657	1,161
Cash generated / (used in) operations	(398)	1,118
Tax paid	(4)	(339)
Net cash generated from operating activities	(402)	779
Cash flows from investing activities		
Deconsolidation of subsidiaries	(201)	-
Proceeds from disposal of assets	92	-
Purchase of property, plant and equipment	(72)	(16)
Net cash generated / (used in) investing activities	(181)	(16)

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Condensed unaudited consolidated statements of cash flow for the period ended June 30, 2013 (cont'd)

	6 months ended 30.06.2013 RM	6 months ended 30.06.2012 RM
Cash flows from financing activities		
Interest paid	-	(476)
Advance from director	442	-
Proceeds / (Repayment) of bank borrowings - net	<u>(74)</u>	<u>(247)</u>
Net cash used in financing activities	<u>368</u>	<u>(723)</u>
Net increase in cash and cash equivalents	(215)	40
Cash and cash equivalents at beginning of year	<u>216</u>	<u>5</u>
Cash and cash equivalents at end of period	<u><u>1</u></u>	<u><u>45</u></u>
Cash and cash equivalents at end of period comprised:		
Cash and bank balances	<u><u>1</u></u>	<u><u>45</u></u>

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Explanatory notes

Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with FRS 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board and International Accounting Standard (“IAS”) 34 : Interim Financial Reporting issued by the International Accounting Standard Board (“IASB”) and Appendix 9B Part A of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended December 31, 2012. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended December 31, 2012.

Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended December 31, 2012.

Audit report

The preceding annual audited financial statements of the Group were reported on without any qualification.

Unusual items affecting assets, liabilities, equity, net income or cash flows

The Group had de-consolidated its 51% shareholding of Tamabina Sdn Bhd during the current quarter. The deconsolidation was mainly attributable to the lack of management control in Tamabina Sdn Bhd following the appointment of the new board of directors to the Group on 19 and 20 March 2013. Lo Man Heng had withheld the management accounts of the 51% owned subsidiary from the Group.

In view of the de-consolidation, the Group had incurred a RM37.8 millions deconsolidated loss.

Changes in estimates

There were no changes in the estimates of amounts which give a material effect for the current quarter.

Valuation of property, plant and equipment

There are no revaluation of property, plant and equipment brought forward from the previous audited financial statements.

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Explanatory notes (cont'd)

Borrowings

The Group does not have borrowings as at the end of the current quarter.

Debt and equity securities

There were no issuances, cancellations, repurchases and repayments of the Company's debt or equity securities for the period ended June 30, 2013.

Changes in composition of the Group

There was no change in the composition of the Group for the financial period and up to the date of this report.

Material events subsequent to the period end

There are no material events subsequent to the period end that have not been reflected in the financial statements of the Group.

Contingent liabilities/assets and material litigations

There were no material changes to the contingent liabilities and assets of the Group as at June 30, 2013.

Material Litigation

The Company had on 19 June 2013 announced that the company was served with a Writ of Summons and Statement of Claim together with a Notice of Application from Lo Man Heng to restraint the Company from moving a resolution of removing him as a director at the 19th Annual General meeting. The Kuala Lumpur High Court had on 24 June 2013 allowed Lo Man Heng claim for an ad-interim injunction pending the final disposal of the suit fixed for case management on 31 July 2013.

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Explanatory notes (cont'd)

Capital commitments

There were no capital commitments as at June 30, 2013.

Seasonal and cyclical factors

There are no material seasonal or cyclical factors affecting the income and performance of the Group.

Segmental information

Analysis by business segments were not performed as the primary timber segment has been de-consolidated from the Group during the quarter. The deconsolidation was mainly attributable to the lack of management control in Tamabina Sdn Bhd.

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Review of performance

Revenue

Analysis on Group basis

The Group has not recorded any revenue as its main business segment (timber) was deconsolidated from the Group in Financial Year 2013.

Results

Analysis on Group basis

The significant loss of RM38.5 million was mainly attributable to the de-consolidation of the Group's 51% shareholding of Tamabina Sdn Bhd during the current quarter. The deconsolidation was mainly attributable to the lack of management control in Tamabina Sdn Bhd.

Profit forecast and profit guarantee

The Group did not publish any profit forecast.

Dividends

The Board of Directors does not recommend any dividend in respect of the financial period ended June 30, 2013.