

# **NAKAMICHI CORPORATION BERHAD**

(Company No: 301384-H)

(Incorporated in Malaysia)

## **QUARTERLY UNAUDITED FINANCIAL REPORT FOR THE PERIOD ENDED DECEMBER 31, 2013**

# Contents

	Page
<b>Condensed unaudited consolidated statements of profit or loss and other comprehensive income</b>	<b>3</b>
<b>Condensed unaudited consolidated statement of financial position</b>	<b>4</b>
<b>Condensed unaudited consolidated statement of changes in equity</b>	<b>5</b>
<b>Condensed unaudited consolidated statements of cash flow</b>	<b>6</b>
<b>Explanatory notes</b>	<b>8</b>
<b>Review of performance</b>	<b>12</b>

# Nakamichi Corporation Berhad

## Condensed unaudited consolidated statements of profit or loss and other comprehensive income for the three months period ended December 31, 2013

	INDIVIDUAL QUARTER		CUMMULATIVE QUARTER	
	Current year quarter 31.12.2013 RM'000	Preceding year corresponding quarter 31.12.2012 RM'000	Current year-to- date 31.12.2013 RM'000	Preceding year corresponding period 31.12.2012 RM'000
Revenue	-	1,524	-	9,973
Operating expenses	(200)	(2,637)	(1,447)	(11,812)
Loss on deconsolidation	-	-	(37,844)	-
Other operating (loss) / income	-	-	17	(26)
<b>Loss from operation</b>	<b>(200)</b>	<b>(1,113)</b>	<b>(39,274)</b>	<b>(1,865)</b>
Interest income	-	-	-	15
Finance costs	(92)	(43)	(336)	(745)
<b>Loss before tax</b>	<b>(292)</b>	<b>(1,156)</b>	<b>(39,610)</b>	<b>(2,595)</b>
Tax expenses	-	173	(8)	(281)
<b>Loss for the period</b>	<b>(292)</b>	<b>(983)</b>	<b>(39,618)</b>	<b>(2,876)</b>
Other comprehensive loss, net of tax	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>(292)</b>	<b>(983)</b>	<b>(39,618)</b>	<b>(2,876)</b>
<b>Loss/ Profit attributable to</b>				
Owners of the company	(292)	(724)	(39,618)	(2,836)
Non-controlling interest	-	(259)	-	(40)
<b>(Loss) / Profit for the period</b>	<b>(292)</b>	<b>(983)</b>	<b>(39,618)</b>	<b>(2,876)</b>
<b>Total comprehensive income/(loss) attributable to</b>				
Owners of the company	(292)	(724)	(39,618)	(2,836)
Non-controlling interest	-	(259)	-	(40)
<b>Total comprehensive loss for the period</b>	<b>(292)</b>	<b>(983)</b>	<b>(39,618)</b>	<b>(2,876)</b>
<b>Basic loss per ordinary share (sen)</b>	<b>(0.53)</b>	<b>(1.31)</b>	<b>(71.50)</b>	<b>(5.12)</b>

(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)

# Nakamichi Corporation Berhad

## Condensed unaudited consolidated statement of financial position as at December 31, 2013

	As at current financial period end 31.12.2013 RM'000	As at preceding financial year ended 31.12.2012 RM'000
Property, plant and equipment	-	1,081
Intangible asset	-	96,298
<b>Non-current assets</b>	<b>-</b>	<b>97,379</b>
Receivables, deposits and prepayments	12	3,110
Inventories	-	5,319
Cash and cash equivalents	1	216
<b>Current assets</b>	<b>13</b>	<b>8,644</b>
<b>TOTAL ASSETS</b>	<b>13</b>	<b>106,024</b>
Share capital	55,410	55,410
Share premium	38,452	38,452
Accumulated losses	(107,449)	(67,831)
	<b>(13,587)</b>	<b>26,031</b>
Non-controlling interest	-	36,360
<b>Equity</b>	<b>(13,587)</b>	<b>62,391</b>
Deferred tax	-	24,152
Hire purchase payables	-	137
<b>Total non current liabilities</b>	<b>-</b>	<b>24,716</b>
Payables and accruals	12,969	14,201
Amount due to related party, See Thoo Chan	626	-
Provision for tax	4	4,491
Hire purchase payables	-	225
<b>Current liabilities</b>	<b>13,599</b>	<b>18,917</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>13</b>	<b>106,024</b>
Net asset/ (liabilities) per share	<b>(0.25)</b>	<b>1.13</b>

*(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)*

# Nakamichi Corporation Berhad

## Condensed unaudited consolidated statements of changes in equity for the period ended December 31, 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			
<b>At January 1, 2013</b>	55,410	38,452	(67,831)	26,031	-	<b>26,031</b>	
Total comprehensive loss for the period	-	-	(39,618)	(39,618)	-	<b>(39,618)</b>	
<b>At June 30, 2013</b>	<b>55,410</b>	<b>38,452</b>	<b>(107,448)</b>	<b>(13,586)</b>	-	<b>(13,586)</b>	

	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			
<b>At Januar 1, 2012</b>	55,410	38,452	(64,935)	28,927	38,663	<b>67,590</b>	
Total comprehensive loss for the period	-	-	(2,896)	(2,896)	(2,245)	<b>(5,141)</b>	
<b>At Dec 31, 2012</b>	<b>55,410</b>	<b>38,452</b>	<b>(67,831)</b>	<b>26,031</b>	<b>36,418</b>	<b>62,449</b>	

*(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)*

# Nakamichi Corporation Berhad

## Condensed unaudited consolidated statements of cash flow for the period ended December 31, 2013

	12 months ended 31.12.2013 RM'000	12 months ended 31.12.2012 RM'000
Loss before taxation	(39,610)	(2,595)
<b>Adjustments for:</b>		
Amortisation of intangible asset	-	1,725
Loss on deconsolidation	37,844	-
Depreciation	28	500
Property, plant and equipment written off	51	-
Gain on disposal of property, plant and equipment written off	(17)	-
Loss on disposal asset held for sales	-	26
Interest expense	-	745
Interest income	-	(15)
<b>Operating profit / (loss) before working capital changes</b>	<b>(1,705)</b>	<b>386</b>
<b>Changes in working capital:</b>		
Assets held for sales	-	(726)
Receivables, deposits and prepayments	67	(629)
Inventories	-	(2,630)
Payables and accruals	1,057	(10,311)
<b>Cash generated / (used in) operations</b>	<b>(581)</b>	<b>(13,910)</b>
Tax paid	(4)	(1,170)
<b>Net cash generated from operating activities</b>	<b>(585)</b>	<b>(15,080)</b>
<b>Cash flows from investing activities</b>		
Proceed from disposal of property, plant & equipment	92	-
Deconsolidation of subsidiaries	(201)	-
Interest received	-	15
Proceeds from disposal of assets held for sales	-	19,000
Purchase of property, plant and equipment	(72)	(302)
<b>Net cash generated / (used in) investing activities</b>	<b>(181)</b>	<b>18,713</b>

# Nakamichi Corporation Berhad

## Condensed unaudited consolidated statements of cash flow for the period ended December 31, 2013

	12 months ended 31.12.2013 RM'000	12 months ended 31.12.2012 RM'000
<b>Cash flows from financing activities</b>		
Advance from a director	626	-
Interest paid	-	(745)
Dividend paid to non controlling interest	-	(2,205)
Proceeds / (Repayment) of bank borrowings - net	<u>(74)</u>	<u>(472)</u>
<b>Net cash used in financing activities</b>	<b><u>552</u></b>	<b><u>(3,422)</u></b>
Net increase in cash and cash equivalents	<b>(214)</b>	<b>211</b>
Cash and cash equivalents at beginning of year	<u>215</u>	<u>5</u>
<b>Cash and cash equivalents at end of period</b>	<b><u><u>1</u></u></b>	<b><u><u>216</u></u></b>
<b>Cash and cash equivalents at end of period comprised:</b>		
Cash and bank balances	<u><u>1</u></u>	<u><u>216</u></u>
Cash and bank balances	<u><u>1</u></u>	<u><u>216</u></u>

# Nakamichi Corporation Berhad

## 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**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter.

### **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.



# Nakamichi Corporation Berhad

## 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 December 31, 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 December 31, 2013.

### **Material Litigation**

Nakamichi Corporation Berhad ("Nakamichi" or the "Company") - Winding-Up Petitions (No. 28NCC-636-07/2013 and No. 28NCC-635-07/2013) under Section 218 of the Companies Act, 1965 Served on Nakamichi

The Company had announced on 25 October 2013 that the High Court in Kuala Lumpur High Court (Winding-up) Petition No. 28NCC-636-07/2013, Lo Man Heng v. Nakamichi Corporation Berhad dismissed the winding-up petition presented by Mr. Lo Man Heng and allowed the Company's application to strike out the said winding-up petition with costs of RM10,000.00 to be paid within 14 days from today

The High Court on 19 November 2013 has ordered that the winding-up petition presented by Tamabina Sdn. Bhd. in Kuala Lumpur (Companies Winding-up) No. 28NCC-635-07/2013 be stayed until the final disposal of the suit filed by the Company against Lo Man Heng, Tamabina Sdn. Bhd., Lo Shwu Fen, Lai Yun Fung and Lee Jyh Kiong in Kuala Lumpur High Court Suit No. 22NCC-519-08/2013 ("Suit").

Nakamichi Corporation Berhad v. Tamabina Sdn. Bhd. - Shah Alam Originating Summons No. 24-1187-08/2013 and Court of Appeal Civil Appeal No. B-02-2439-11/2013

# Nakamichi Corporation Berhad

## Explanatory notes (cont'd)

### Material Litigation (cont'd)

The Company had announced on 11 Nov 2013 that High Court of Malaya at Shah Alam allowed the Company's claim via Originating Summons No. 24-1187-08/2013, Nakamichi Corporation Berhad v. Tamabina Sdn Bhd and Lai Yun Fung on 8 November 2013. The terms of the Order of the High Court in Bahasa Malaysia are as follows:

- (a) Defendan Pertama memanggil dan mengadakan Mesyuarat Agung Luar Biasa Defendan Pertama ("EGM tersebut") dalam masa 7 hari daripada tarikh perintah ini di No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur;
- (b) Di dalam EGM tersebut agenda-agenda berikut seharusnya dibentangkan dan diundi:
  - (i) Lo Man Heng dan Lai Yun Fung adalah dilucutkan jawatan sebagai Pengarah-pengarah Defendan Pertama;
  - (ii) Goh Kheng Peow dan See Thoo Chan adalah dilantik sebagai Pengarah-pengarah Defendan Pertama; dan
  - (iii) Sesiapa pengarah-pengarah Defendan Pertama lain selain Lo Man Heng dan Lai Yun Fung yang dilantik sebelum tarikh EGM tersebut diadakan adalah dilucutkan jawatan sebagai Pengarah-pengarah Defendan Pertama "
- (c) Peruntukkan untuk memberi notis untuk menghadiri EGM tersebut adalah dikecualikan kerana ia amat penting untuk mengadakan EGM tersebut dengan segera;
- (d) See Thoo Chan dilantik sebagai Pengerusi EGM tersebut;
- (e) Kehadiran 1 pemegang saham di dalam EGM tersebut memenuhi korum;
- (f) Defendan Pertama termasuk pengarah-pengarahnya, ahli-ahlinya, ejen-ejennya, peguam-peguamnya dan pekerja-pekerjanya memberikan kebebasan penuh kepada Plaintiff termasuk pengarah-pengarahnya, ahli-ahlinya, ejen-ejennya dan pekerja-pekerjanya untuk turut dan secara segera menghadiri apa-apa EGM tersebut;
- (g) Setiausaha Syarikat Defendan Pertama menyediakan dan memfailkan minit-minut dan resolusi-resolusi yang berkenaan 7 hari daripada tarikh EGM tersebut di adakan;
- (h) Defendan Pertama dikehendaki membekalkan akaun-akaun pengurusannya ('management accounts') setakat 30.6.2013 dengan serta-merta kepada Plaintiff;
- (hh) Defendan Pertama dikehendaki turut membekalkan akaun-akaun pengurusannya ('management accounts') yang akan dating kepada Plaintiff atas permintaan Plaintiff untuk tujuan pengumuman kepada Bursa Malaysia;
- (i) Sekiranya Defendan Pertama samada melalui pengarah-pengarahnya, pegawai-pegawainya, pekerja-pekerjanya dan/atau agen-agennya adalah enggan, cuai atau gagal untuk melaksanakan kesemua atau mana-mana bahagian perintah, atau enggan memberi kesan kepada kesemua atau mana-mana bahagian perintah di atas, Mahkamah Yang Mulia ini diberikan kuasa yang sewajarnya untuk melaksanakan dan/atau menyempurnakan apa-apa resolusi Defendan Pertama dan/atau dokumen-dokumen yang diperlukan dan melakukan apa-apa yang perlu dilaksanakan oleh pihak Defendan Pertama untuk memberikan kesan penuh kepada perintah pelaksanaan spesifik; dan
- (j) Defendan-defendan diarahkan membayar kos guaman Plaintiff sebanyak RM10,000.00 sahaja.

# Nakamichi Corporation Berhad

## Explanatory notes (cont'd)

### **Material Litigation (cont'd)**

Tamabina Sdn. Bhd. and Lai Yun Fung filed an application at the Court of Appeal to stay the High Court Order dated 8 November 2013 obtained by the Company in Shah Alam High Court Suit No. 24-1187-08/2013. The Court of Appeal granted an interim stay pending the disposal of the application proper.

The Court of Appeal on 2 December 2013 dismissed the Notice of Motion dated 12 November 2013 filed by the Appellants with costs of RM5,000.00 to be paid by the Appellants to the Company. The Appellants had vide the said Notice of Motion, sought an order from the Court of Appeal to stay the Order of the High Court given in Shah Alam High Court Originating Summons No. 24-1187-08/2013 on 8 November 2013, details of which was announced on 11 November 2013.

### **Capital commitments**

There were no capital commitments as at December 31, 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 in FY2013. The deconsolidation was mainly attributable to the lack of management control in Tamabina Sdn Bhd.

# Nakamichi Corporation Berhad

## 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 Group's loss for Q4FY2015 declined by RM913k from RM1.1 million to RM200k in the current quarter (Q4FY2013) as compared to the preceding year (Q4FY2012). This was mainly attributable to the decreased operating expenses in view of the deconsolidation of 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 December 31, 2013.