

# **NAKAMICHI CORPORATION BERHAD**

(Company No: 301384-H)

(Incorporated in Malaysia)

## **QUARTERLY UNAUDITED FINANCIAL REPORT FOR THE PERIOD ENDED JUNE 30, 2014**

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# Nakamichi Corporation Berhad

## Condensed unaudited consolidated statements of profit or loss and other comprehensive income for the three months period ended June 30, 2014

	INDIVIDUAL QUARTER		CUMMULATIVE QUARTER	
	Current year	Preceding year	Current year-to-	Preceding year
	quarter 30.06.2014	quarter 30.06.2013	date 30.06.2014	period 30.06.2013
	RM'000	RM'000	RM'000	RM'000
Revenue	-	(1,736)	-	-
Operating expenses	(122)	1,205	(244)	(1,047)
Loss on deconsolidation	-	(30,678)	-	(30,678)
Other operating (loss) / income	-	(90)	-	17
<b>Loss from operation</b>	<b>(122)</b>	<b>(31,299)</b>	<b>(244)</b>	<b>(31,708)</b>
Interest income	-	-	-	-
Finance costs	-	(20)	-	(81)
<b>Loss before tax</b>	<b>(122)</b>	<b>(31,319)</b>	<b>(244)</b>	<b>(31,789)</b>
Tax expenses	-	36	-	(8)
<b>Loss for the period</b>	<b>(122)</b>	<b>(31,283)</b>	<b>(244)</b>	<b>(31,797)</b>
Other comprehensive loss, net of tax	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>(122)</b>	<b>(31,283)</b>	<b>(244)</b>	<b>(31,797)</b>
<b>Loss/ Profit attributable to:</b>				
Owners of the Company	(122)	(31,283)	(244)	(31,797)
Non-controlling interest	-	-	-	-
	<b>(122)</b>	<b>(31,283)</b>	<b>(244)</b>	<b>(31,797)</b>
<b>Basic loss per ordinary share (sen)</b>	<b>(0.22)</b>	<b>(56.46)</b>	<b>(0.44)</b>	<b>(57.38)</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, 2013)*

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## Condensed unaudited consolidated statement of financial position as at June 30, 2014

	As at current financial period end 30.06.2014 RM'000	As at preceding financial year ended 31.12.2013 RM'000
Receivables, deposits and prepayments	12	12
Cash and cash equivalents	1	1
<b>Current assets</b>	<b>13</b>	<b>13</b>
<b>TOTAL ASSETS</b>	<b>13</b>	<b>13</b>
Share capital	55,410	55,410
Share premium	38,452	38,452
Accumulated losses	(107,693)	(107,449)
Reserves	-	-
<b>Equity</b>	<b>(13,831)</b>	<b>(13,587)</b>
Payables and accruals	13,214	12,970
Amount due to related party, See Thoo Chan	626	626
Tax liabilities	4	4
Borrowings	-	-
<b>Current liabilities</b>	<b>13,844</b>	<b>13,600</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>13</b>	<b>13</b>
Net asset/ (liabilities) per share	<b>(0.25)</b>	<b>(0.25)</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, 2013)*

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## Condensed unaudited consolidated statements of changes in equity for the period ended June 30, 2014

	Attributable to owners of the Company				Non-controlling interest RM'000	Total equity RM'000
	Non-distributable			Total RM'000		
	Share capital RM'000	Share premium RM'000	Accumulated losses RM'000			
<b>At January 1, 2014</b>	55,410	38,452	(107,449)	<b>(13,587)</b>	-	(13,587)
Total comprehensive loss for the period	-	-	(244)	<b>(244)</b>	-	(244)
<b>At June 30, 2014</b>	<b>55,410</b>	<b>38,452</b>	<b>(107,693)</b>	<b>(13,830)</b>	-	<b>(13,830)</b>

	Attributable to owners of the Company				Non-controlling interest RM'000	Total equity RM'000
	Non-distributable			Total RM'000		
	Share capital RM'000	Share premium RM'000	Accumulated losses RM'000			
<b>At January 1, 2013</b>	55,410	38,452	(67,831)	<b>26,031</b>	36,360	<b>62,391</b>
Total comprehensive loss for the period	-	-	(39,034)	<b>(39,034)</b>	(36,360)	<b>(75,394)</b>
<b>At June 30, 2013</b>	<b>55,410</b>	<b>38,452</b>	<b>(106,865)</b>	<b>(13,003)</b>	-	<b>(13,003)</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, 2013)*

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## Condensed unaudited consolidated statements of cash flow for the period ended June 30, 2014

	6 months ended 30.06.2014 RM	6 months ended 30.06.2013 RM
Loss before taxation	(244)	(39,026)
<b>Adjustments for:</b>		
Depreciation	-	27
Loss on deconsolidation	-	37,844
Loss/ w rite-off on disposal of fixed assets		50
Gain on disposal of fixed assets	-	(17)
<b>Operating loss before working capital changes</b>	<b>(244)</b>	<b>(1,122)</b>
<b>Changes in working capital:</b>		
Receivables, deposits and prepayments	-	67
Inventories	-	-
Payables and accruals	244	657
<b>Cash generated / (used in) operations</b>	<b>-</b>	<b>(398)</b>
Tax paid	-	(4)
<b>Net cash generated from operating activities</b>	<b>-</b>	<b>(402)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-	(72)
Deconsolidation of subsidiaries	-	(201)
Proceeds from disposal of assets	-	92
<b>Net cash generated / (used in) investing activities</b>	<b>-</b>	<b>(181)</b>
<b>Cash flows from financing activities</b>		
Interest paid	-	-
Advance from director	-	442
Proceeds / (Repayment) of bank borrowings - net	-	(74)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>368</b>
Net increase in cash and cash equivalents	-	(215)
Cash and cash equivalents at beginning of year	1	216
<b>Cash and cash equivalents at end of period</b>	<b><u>1</u></b>	<b><u>1</u></b>
<b>Cash and cash equivalents at end of period comprised:</b>		
Cash and bank balances	<u>1</u>	<u>1</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, 2013. 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, 2013.

### **Significant Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended December 31, 2013.

### **Audit report**

The audited financial statements for the year ended December 31, 2013 has not been finalised by the external auditors, Messrs. PKF as at the date of our announcement. We understand that the external auditors will issued a modified audit report moving forward.

### **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.

### **Taxation**

There are no tax expenses incurred for the current quarter.

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## Explanatory notes (cont'd)

### **Valuation of property, plant and equipment**

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

### **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, 2014.

### **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, 2014.



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## Explanatory notes (cont'd)

### Material Litigation

The Court of Appeal had on 26 May 2013 dismissed the appeal brought by the Appellant (Lo Man Heng) in Civil Appeal No: W-02(IM)(NCC)-2436-11/2013 with costs of RM20,000.00. This means that the Court of Appeal affirms the decision of the High Court in Kuala Lumpur High Court (Winding-up) Petition No 28NCC-636-07/2013 on 25 October 2013 to strike out and dismiss the winding-up petition presented by Lo Man Heng.

The Company had announced on 11 June 2014 that :

Enclosure 19a of the Appellants' Motion for an order that:

- (a) the High Court Orders dated 8 November 2013 and/or 28 May 2014 are stayed pending the disposal of this appeal ("1st Prayer");
- (b) that the status quo of Tamabina is returned to its situation prior to 8 November 2013 whilst awaiting the full and final disposal of this appeal ("2nd Prayer");
- (c) that See Thoo Chan, Goh Kheng Peow and the Directors of Nakamichi are restrained from taking further steps pursuant to the Orders dated 8 November 2013 and/or 28 May 2014 ("3rd Prayer");

The Court of Appeal dismissed the 1st Prayer and allowed the 2nd and 3rd Prayers with costs to follow the costs of the appeal. The Court of Appeal held that the SOLE ground Enclosure 19a is allowed is to hopefully retain status quo of the parties pending the disposal of the suit.

By the Order of the 8 November 2013, the High Court of Shah Alam granted NCB's originating summons application pursuant to Section 150 of the Companies Act, 1965 and has ordered Tamabina Sdn Bhd ("TSB") and its directors namely Lo Man Heng and Lai Yun Fung to, amongst others, call for an Extraordinary General Meeting ("EGM") of shareholders within seven days of the date of the order. "The Order" also requires TSB to furnish its management accounts to the Company. "The Order" had not been complied with.

By the Order dated 28 May 2014, the High Court of Shah Alam had pursuant to Order 45 of the Rules of Court 2012 allowed NCB to call and convene the EGM within 21 days of the date of the order. All other matters granted in "The Order" dated 8 November 2013 remain the same and is to be complied with.

### Capital commitments

There were no capital commitments as at June 30, 2014.

### Seasonal and cyclical factors

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

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## Explanatory notes (cont'd)

### **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.

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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 Group's loss for Q2FY2014 declined by RM122k from RM121.8k to RM244.0k in the current quarter (Q2FY2014) as compared to the preceding quarter (Q1FY2014). This was mainly attributable to the AGM / EGM related expenses in view that the Group has become a PN17 entity.

### **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, 2014.