

NAKAMICHI CORPORATION BERHAD

(Company No: 301384-H)

(Incorporated in Malaysia)

QUARTERLY UNAUDITED FINANCIAL REPORT FOR THE PERIOD ENDED MARCH 31, 2015

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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 March 31, 2015

	INDIVIDUAL QUARTER		CUMMULATIVE QUARTER	
	Current year	Preceding year	Current year-to-	Preceding year
	quarter 31.03.2015	corresponding quarter 31.03.2014	date 31.03.2015	corresponding period 31.03.2014
	RM	RM	RM	RM
Revenue	-	-	-	-
Operating expenses	(112,500)	(121,760)	(112,500)	(121,760)
Other operating (loss) / income	-	-	-	-
Loss from operation	(112,500)	(121,760)	(112,500)	(121,760)
Interest income	-	-	-	-
Finance costs	-	-	-	-
Loss before tax	(112,500)	(121,760)	(112,500)	(121,760)
Tax expenses	-	-	-	-
Loss for the period	(112,500)	(121,760)	(112,500)	(121,760)
Other comprehensive loss, net of tax	-	-	-	-
Total comprehensive loss for the period	(112,500)	(121,760)	(112,500)	(121,760)
Basic loss per ordinary share (sen)	(0.20)	(0.22)	(0.20)	(0.22)

(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, 2014)

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Condensed unaudited consolidated statement of financial position as at March 31, 2015

	As at current financial period end 31.03.2015 RM	As at preceding financial year ended 31.12.2014 RM
Receivables, deposits and prepayments	11,625	11,625
Cash and cash equivalents	<u>1,140</u>	<u>1,140</u>
Current assets	<u>12,765</u>	<u>12,765</u>
TOTAL ASSETS	<u>12,765</u>	<u>12,765</u>
Share capital	55,410,180	55,410,180
Share premium	38,451,919	38,451,919
Accumulated losses	(108,046,862)	(107,934,362)
Reserves	<u>-</u>	<u>-</u>
Equity	(14,184,763)	(14,072,263)
Payables and accruals	13,547,774	13,435,274
Amount due to related party, See Thoo Chan	645,510	645,510
Tax liabilities	4,244	4,244
Borrowings	<u>-</u>	<u>-</u>
Current liabilities	<u>14,197,528</u>	<u>14,085,028</u>
TOTAL EQUITY AND LIABILITIES	<u>12,765</u>	<u>12,765</u>
Net asset/ (liabilities) per share	<u>(0.26)</u>	<u>(0.25)</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, 2014)

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Condensed unaudited consolidated statements of changes in equity for the period ended March 31, 2015

	Attributable to owners of the Company			Total RM
	Non-distributable			
	Share capital RM	Share premium RM	losses RM	
At January 1, 2015	55,410,180	38,451,919	(107,934,362)	(14,072,263)
Total comprehensive loss for the period	-	-	(112,500)	(112,500)
At March 31, 2015	<u>55,410,180</u>	<u>38,451,919</u>	<u>(108,046,862)</u>	<u>(14,184,763)</u>

	Attributable to owners of the Company			Total RM
	Non-distributable			
	Share capital RM	Share premium RM	losses RM	
At January 1, 2014	55,410,180	38,451,919	(107,448,977)	(13,586,878)
Total comprehensive loss for the period	-	-	(121,760)	(121,760)
At March 31, 2014	<u>55,410,180</u>	<u>38,451,919</u>	<u>(107,570,737)</u>	<u>(13,708,638)</u>

(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, 2014)

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Condensed unaudited consolidated statements of cash flow for the period ended March 31, 2015

	3 months ended 31.03.2015 RM	3 months ended 31.03.2014 RM
Loss before taxation	(112,500)	(121,760)
Adjustments for:		
Interest expense	-	-
Operating loss before working capital changes	(112,500)	(121,760)
Changes in working capital:		
Receivables, deposits and prepayments	-	-
Inventories	-	-
Payables and accruals	112,500	121,760
Cash generated / (used in) operations	-	-
Tax paid	-	-
Net cash generated from operating activities	-	-
Cash flows from financing activities		
Interest paid	-	-
Proceeds / (Repayment) of bank borrowings - net	-	-
Net cash used in financing activities	-	-
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	1,140	1,140
Cash and cash equivalents at end of period	1,140	1,140
Cash and cash equivalents at end of period comprised:		
Cash and bank balances	1,140	1,140

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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 financial statements for the financial year ended December 31, 2014. The explanatory notes attached to the 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, 2014.

Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended December 31, 2014.

Audit report

The audited financial statements for the year ended December 31, 2013 and 2014 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 March 31, 2015.

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 March 31, 2015.

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Explanatory notes (cont'd)

Material Litigation

Federal Court ("FC") Civil Application No. 8(f)-411 & 412-08/2014 Nakamichi Corporation Berhad v. Tamabina Sdn Bhd & another

Securities Commission had on 19.01.2015 filed its application to intervene in the FC Leave Applications as the Questions involves points of public interest.

Kuala Lumpur High Court Suit No. 22NCC-519-08/2013 between Nakamichi Corporation Berhad vs Lo Man Heng & 4 others

The Company had announced on 31 March 2015 that the High Court Judge had on 30 March 2015 delivered its decision in the Kuala Lumpur High Suit No 22NCC-519-08/2013 against Lo Man Heng (1st Defendant), Tamabina Sdn Bhd (2nd Defendant), Lo Shwu Fen (3rd Defendant), Lai Yun Fung (4th Defendant) and Lee Jyh Kiong (5th Defendant) and has held that:-

- i) Lo Man Heng is in breach of his fiduciary duties to the Company.
- ii) Lo Shwu Fen and Lai Yun Fung are jointly and severally liable to pay the Company the sum of RM10,218,598.00 and RM8,993,493.00 being the shortfall for the Profit Guarantee for year 2012 and 2011 respectively as provided under the Share Sale Agreement ("SSA") dated 17.12.2007 and its Supplemental Agreements dated 21.02.2008, 03.12.2008, 29.05.2009 and 03.12.2009 and Novation Agreement dated 3.12.2008.
- iii) The Company is at liberty to file an application to the court asking Lo Man Heng (1st Defendant) and Lee Jyh Kiong (5th Defendant) to furnish the documents based on a list provided by the Company.
- iv) And, Lo Man Heng, Lo Shwu Fen and Lai Yun Fung are jointly and severally liable to the pay the costs of RM150,000.00 to the Company.

Capital commitments

There were no capital commitments as at March 31, 2015.

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.

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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 the period declined by RM9.3k from RM121.8k to RM112.5k in the current quarter (Q1FY2015) as compared to the preceding year (Q1FY2014). This was mainly attributable to the decreased in operating 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 March 31, 2015.