

# **NAKAMICHI CORPORATION BERHAD**

(Company No: 301384-H)

(Incorporated in Malaysia)

## **QUARTERLY UNAUDITED FINANCIAL REPORT FOR THE PERIOD ENDED JUNE 30, 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 June 30, 2015

	INDIVIDUAL QUARTER		CUMMULATIVE QUARTER	
	Current year	Preceding year	Current year-to-	Preceding year
	quarter 30.06.2015	corresponding quarter 30.06.2014	date 30.06.2015	corresponding period 30.06.2014
	RM	RM	RM	RM
Revenue	-	-	-	-
Operating expenses	(128,400)	(121,760)	(240,900)	(243,520)
Other operating (loss) / income	-	-	-	-
<b>Loss from operation</b>	<b>(128,400)</b>	<b>(121,760)</b>	<b>(240,900)</b>	<b>(243,520)</b>
Interest income	-	-	-	-
Finance costs	-	-	-	-
<b>Loss before tax</b>	<b>(128,400)</b>	<b>(121,760)</b>	<b>(240,900)</b>	<b>(243,520)</b>
Tax expenses	-	-	-	-
<b>Loss for the period</b>	<b>(128,400)</b>	<b>(121,760)</b>	<b>(240,900)</b>	<b>(243,520)</b>
Other comprehensive loss, net of tax	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b><u>(128,400)</u></b>	<b><u>(121,760)</u></b>	<b><u>(240,900)</u></b>	<b><u>(243,520)</u></b>
<b>Basic loss per ordinary share (sen)</b>	<b><u>(0.23)</u></b>	<b><u>(0.22)</u></b>	<b><u>(0.43)</u></b>	<b><u>(0.44)</u></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, 2014)*

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## Condensed unaudited consolidated statement of financial position as at June 30, 2015

	As at current financial period end 30.06.2015 RM	As at preceding financial year ended 31.12.2014 RM
Receivables, deposits and prepayments	11,625	11,625
Cash and cash equivalents	1,140	1,140
<b>Current assets</b>	<b>12,765</b>	<b>12,765</b>
<b>TOTAL ASSETS</b>	<b>12,765</b>	<b>12,765</b>
Share capital	55,410,180	55,410,180
Share premium	38,451,919	38,451,919
Accumulated losses	(108,175,262)	(107,934,362)
Reserves	-	-
<b>Equity</b>	<b>(14,313,163)</b>	<b>(14,072,263)</b>
Payables and accruals	13,676,174	13,435,274
Amount due to related party, See Thoo Chan	645,510	645,510
Tax liabilities	4,244	4,244
Borrowings	-	-
<b>Current liabilities</b>	<b>14,325,928</b>	<b>14,085,028</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>12,765</b>	<b>12,765</b>
Net asset/ (liabilities) per share	<b>(0.26)</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, 2014)*

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## Condensed unaudited consolidated statements of changes in equity for the period ended June 30, 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)	<b>(14,072,263)</b>
Total comprehensive loss for the period	-	-	(240,900)	<b>(240,900)</b>
At June 30, 2015	<b><u>55,410,180</u></b>	<b><u>38,451,919</u></b>	<b><u>(108,175,262)</u></b>	<b><u>(14,313,163)</u></b>

	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)	<b>(13,586,878)</b>
Total comprehensive loss for the period	-	-	(243,520)	<b>(243,520)</b>
At June 30, 2014	<b><u>55,410,180</u></b>	<b><u>38,451,919</u></b>	<b><u>(107,692,497)</u></b>	<b><u>(13,830,398)</u></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, 2014)*

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## Condensed unaudited consolidated statements of cash flow for the period ended June 30, 2015

	6 months ended 30.06.2015 RM	6 months ended 30.06.2014 RM
Loss before taxation	(240,900)	(243,520)
<b>Adjustments for:</b>		
Interest expense	-	-
<b>Operating loss before working capital changes</b>	<b>(240,900)</b>	<b>(243,520)</b>
<b>Changes in working capital:</b>		
Receivables, deposits and prepayments	-	-
Inventories	-	-
Payables and accruals	240,900	243,520
<b>Cash generated / (used in) operations</b>	<b>-</b>	<b>-</b>
Tax paid	-	-
<b>Net cash generated from operating activities</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Interest paid	-	-
Proceeds / (Repayment) of bank borrowings - net	-	-
<b>Net cash used in financing activities</b>	<b>-</b>	<b>-</b>
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	1,140	1,140
<b>Cash and cash equivalents at end of period</b>	<b>1,140</b>	<b>1,140</b>
<b>Cash and cash equivalents at end of period comprised:</b>		
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 audited financial statements for the financial year ended December 31, 2014. 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, 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 June 30, 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 during the year**

The Group has been classified as PN17 company subsequent to April 28, 2015. The PN17 criteria was triggered as there was a Court Order issued for Winding-Up of Tamabina Sdn Bhd, a 51% owned major subsidiary of the Company.

### **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, 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

Both Bursa Malaysia and Securities Commission had filed their applications to intervene in the FC Leave Applications as the Questions involves points of public interest. Their applications have yet to be disposed of. The Grounds of Judgment of the CA Order have yet to be made available for purposes of the FC Leave Applications.

The Company was informed during case management on 16 April 2015 that Tamabina Sdn Bhd had been wound up on 30 February 2015.

#### Court of Appeal Civil Appeal No. W-02(NCC)(W)-687-04/2015 Lo Man Heng & 2 Ors v. Nakamichi Corporation Berhad (“the said appeal”)

The said appeal was filed pursuant to the High Court Judgment dated 30 March 2015 in Kuala Lumpur High Court Suit No. 22NCC-519-08/2013, wherein the High Court allowed the following reliefs prayed by NCB:

- i) a declaration that Lo Man Heng has breached his fiduciary duties towards NCB;
- ii) Lai Yun Fung and Lo Shwu Fen to pay RM10,218,598.00 to NCB being the profit guarantee as at 30 June 2012 arising from the acquisition of TSB;
- iii) Lai Yun Fung and Lo Shwu Fen to pay RM8,993,493.00 to NCB, being the profit guarantee as at 30 June 2011 arising from the acquisition of TSB; and
- iv) costs of RM150,000.00 to NCB to be paid jointly or severally by Lo Man Heng, Lo Shwu Fen and Lai Yun Fung

#### Kuala Lumpur High Court (Winding-Up) Petition No. 28NCC-635-07/2013 -Tamabina Sdn Bhd v. Nakamichi Corporation Berhad (“the said petition”)

Tamabina Sdn Bhd filed a Winding-Up Petition against NCB on 8 July 2013 for NCB’s alleged failure to pay a sum of RM7,380,931.33 to TSB. The said petition was fixed for further case management following the disposal of the Kuala Lumpur High Court Suit No 22NCC-519-08/2013.

### Capital commitments

There were no capital commitments as at June 30, 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 Q2FY2015 declined by RM6.6k from RM121.8k to RM128.4k in the current quarter (Q2FY2015) as compared to the preceding year (Q2FY2014). 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 June 30, 2015.