

NAKAMICHI CORPORATION BERHAD

(Company No: 301384-H)

(Incorporated in Malaysia)

QUARTERLY UNAUDITED FINANCIAL REPORT FOR THE PERIOD ENDED SEPTEMBER 30, 2015

Contents

	Page
Condensed unaudited consolidated statements of profit or loss and other comprehensive income	3
Condensed unaudited consolidated statement of financial position	4
Condensed unaudited consolidated statement of changes in equity	5
Condensed unaudited consolidated statements of cash flow	6
Explanatory notes	7
Review of performance	13

Nakamichi Corporation Berhad

Condensed unaudited consolidated statements of profit or loss and other comprehensive income for the three months period ended September 30, 2015

	INDIVIDUAL QUARTER		CUMMULATIVE QUARTER	
	Current year quarter 30.09.2015 RM	Preceding year corresponding quarter 30.09.2014 RM	Current year-to- date 30.09.2015 RM	Preceding year corresponding period 30.09.2014 RM
Revenue	-	-	-	-
Operating expenses	(1,757,478)	(122,000)	(1,998,378)	(366,000)
Other operating (loss) / income	-	-	-	-
Loss from operation	(1,757,478)	(122,000)	(1,998,378)	(366,000)
Interest income	-	-	-	-
Finance costs	-	-	-	-
Loss before tax	(1,757,478)	(122,000)	(1,998,378)	(366,000)
Tax expenses	-	-	-	-
Loss for the period	(1,757,478)	(122,000)	(1,998,378)	(366,000)
Other comprehensive income (loss), net of tax	4,404,299	-	4,404,299	-
Total comprehensive income (loss) for the period	2,646,821	(122,000)	2,405,921	(366,000)
Basic loss per ordinary share (sen)	4.78	(0.22)	4.34	(0.66)

(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)

Nakamichi Corporation Berhad

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

	As at current financial period end 30.09.2015 RM	As at preceding financial year ended 31.12.2014 RM
Receivables, deposits and prepayments	11,625	11,625
Cash and cash equivalents	1,190	1,140
Current assets	12,815	12,765
TOTAL ASSETS	12,815	12,765
Share capital	55,410,180	55,410,180
Share premium	38,451,919	38,451,919
Accumulated losses	(105,528,441)	(107,934,362)
Reserves	-	-
Equity	(11,666,342)	(14,072,263)
Payables and accruals	10,990,592	13,435,274
Amount due to related party, See Thoo Chan	684,321	645,510
Tax liabilities	4,244	4,244
Borrowings	-	-
Current liabilities	11,679,157	14,085,028
TOTAL EQUITY AND LIABILITIES	12,815	12,765
Net asset/ (liabilities) per share	(0.21)	(0.25)

Nakamichi Corporation Berhad

Condensed unaudited consolidated statements of changes in equity for the period ended September 30, 2015

	Attributable to owners of the Company			
	Share capital RM	Non-distributable		Total RM
		Share premium RM	losses RM	
At January 1, 2015	55,410,180	38,451,919	(107,934,362)	(14,072,263)
Total comprehensive income (loss) for the period	-	-	2,405,921	2,405,921
At September 30, 2015	<u>55,410,180</u>	<u>38,451,919</u>	<u>(105,528,441)</u>	<u>(11,666,342)</u>

	Attributable to owners of the Company			
	Share capital RM	Non-distributable		Total 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	-	-	(366,000)	(366,000)
At September 30, 2014	<u>55,410,180</u>	<u>38,451,919</u>	<u>(107,814,977)</u>	<u>(13,952,878)</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)

Nakamichi Corporation Berhad

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

	9 months ended 30.09.2015 RM	9 months ended 30.09.2014 RM
Loss before taxation	(1,998,378)	(366,000)
Adjustments for:		
Interest expense	<u>-</u>	<u>-</u>
Operating loss before working capital changes	(1,998,378)	(366,000)
Changes in working capital:		
Receivables, deposits and prepayments	-	-
Inventories	-	-
Payables and accruals	<u>1,998,378</u>	<u>366,000</u>
Cash generated / (used in) operations	-	-
Tax paid	<u>-</u>	<u>-</u>
Net cash generated from operating activities	-	-
Cash flows from financing activities		
Cash advances from director	50	-
Interest paid	-	-
Proceeds / (Repayment) of bank borrowings - net	<u>-</u>	<u>-</u>
Net cash used in financing activities	50	-
Net increase in cash and cash equivalents	50	-
Cash and cash equivalents at beginning of year	<u>1,140</u>	<u>1,140</u>
Cash and cash equivalents at end of period	<u>1,190</u>	<u>1,140</u>
Cash and cash equivalents at end of period comprised:		
Cash and bank balances	<u>1,190</u>	<u>1,140</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, 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.

Seasonal and cyclical factors

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

Changes in estimates

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

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.

Nakamichi Corporation Berhad

Explanatory notes (cont'd)

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.

Valuation of property, plant and equipment

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

Taxation

There are no tax expenses incurred for the current quarter.

Dividend paid

There were no dividends paid during the current quarter under review and financial year-to-date.

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 September 30, 2015.

Contingent liabilities/assets and material litigations

There were no material changes to the contingent liabilities and assets of the Group as at September 30, 2015.

Nakamichi Corporation Berhad

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 3 February 2015.

Grounds of judgment of the CA Order have yet to be made available for purposes of the FC Leave Applications. During case management on 27 August 2015, FC fixed a further case management on 28 October 2015 @ 10 am pending the CA Grounds to be provided.

Winding up Petitions

Lo Man Heng and Tamabina each filed a winding up petition against the Company respectively through **Kuala Lumpur High Court (Winding-Up) Petition No. 28NCC-636-07/2013 and Petition No. 28NCC-635-07/2013**

(i) Lo Man Heng (“LMH”)(1) Kuala Lumpur High Court (Winding-Up) Petition No. 28NCC-636-07/2013

On 14 June 2012, LMH had served the winding up notice against the Company for the personal claim of the alleged amount due to LMH as at 31 May 2013 amounting to RM4,404,299. The winding up petition was filed on 8 July 2013. (Included in the amount of RM4,404,299 is RM1,660,217 an alleged amount claimed to be due as at 31 December 2012.)

The winding up petition was dismissed and struck out (as an abuse of process) on 25 October 2013 and the Court of Appeal had also dismissed LMH’s appeal against the High Court’s decision on 26 May 2014.

Based on the final decision of Court of Appeal, RM4,404,299 has been removed from other payables as at 30 September 2015.

(ii) Lo Man Heng (“LMH”)(2) KLHC Civil Suit No: 22NCVC-377-08/2014

On 12 August 2014 the Company received a new civil suit against the Company for the claim of the alleged amount due to LMH as at 31 December 2012 amounting to RM1,660,217 based on the same facts and documents in case (i) above.

The amount of RM1,448,173.07 out of the alleged amount of RM1,660,217 had no connections with the Company and was not advanced to the Company.

The trial of action has been fixed on 11 and 12 January 2016.

The above outstanding was included in the other payables as at 30 September 2015.

Based on the legal advisor opinion, NCB has a good prospect of defending this action.

Nakamichi Corporation Berhad

Explanatory notes (cont'd)

Material Litigation

Winding up Petitions (cont'd)

Tamabina (“TSB”) Kuala Lumpur High Court (Winding-Up) Petition No. 28NCC-636-07/2013

On 14 June 2013, TSB served the winding up notice against the Company for the claim of the alleged amount due to TSB as at 31 May 2013 amounting to RM7,380,931. The winding up petition was filed on 8 July 2013.

The winding up petition was stayed by the High Court pending the disposal of the Civil Suit No. 22NCC-519-08/2013.

Upon disposal of Civil Suit No. 22NCC-519-08/2013, the winding up petition is now fixed for hearing on 5 January 2016.

The above outstanding have been included in other payables as at 30 September 2015.

Nakamichi Corporation Berhad

Explanatory notes (cont'd)

Capital commitments

There were no capital commitments as at September 30, 2015.

Operating lease arrangements

There were no operating lease arrangements as at September 30, 2015.

Financial instruments

There were no financial instruments during the current quarter under review and financial year-to-date.

Cash and bank balances

Cash and bank balances as at September 30, 2015 amounted to RM1,190.

Related party disclosures

There are no material related party transaction during the current quarter under review and financial year-to-date

Profit forecast and profit guarantee

The Group did not publish any profit forecast.

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

Explanatory notes (cont'd)

Proposed dividends

The Board of Directors does not recommend any dividend in respect of the financial period ended September 30, 2015.

Corporate proposals

There were no corporate proposals announced but not completed as at reporting date.

EPS / (LPS)

	INDIVIDUAL QUARTER		CUMMULATIVE QUARTER	
	Current year quarter 30.09.2015 RM	Preceding year corresponding quarter 30.09.2014 RM	Current year-to-date 30.09.2015 RM	Preceding year corresponding period 30.09.2014 RM
Total comprehensive loss for the period	2,646,821	(122,000)	2,405,921	(366,000)
Weighted average number of ordinary shares in issue ('000)	55,410,180	55,410,180	55,410,180	55,410,180
Basic EPS (LPS) (sen)	4.78	(0.22)	4.34	(0.66)

Authorised for issue

The quarterly unaudited financial report for the period ended September 30, 2015 were authorized for issued by the Board of Directors in accordance with a resolution of the Directors on November 19, 2015.

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.

Other income

Analysis on Group basis

The Group has not recorded any other income as its main business segment (timber) was deconsolidated from the Group in Financial Year 2013. However in the current quarter the Group has recorded an other comprehensive income amounted to RM4.4 million due to reversal of provision for litigation cost in relation to Petition No. 28NCC-636-07/2013.

Comment on material changes in the result for the quarter reported on as compared with the immediate preceding quarter

Analysis on Group basis

The Group's expenses has increased by RM1.6 million due to provision for litigation cost in relation to Petition No. 22NCVC-377-08/2014