

list of all properties held

as at 31 December 2005

Location / Address	Description	Current Use	Tenure and Approximate Age of Building (Years)	Land Area (sq.ft.)	Net Book Value	Date of last revaluation / Date of acquisition
Lot 4A Jalan Sultan Mohamed 3, Kawasan Perindustrian Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan.	Industrial land with factory and office building	Plant and office	Leasehold 99 years from the date of issuance of the title deed	261,360	RM27.99 million	October 1998

additional compliance information

To comply with the Bursa Malaysia Securities Berhad Listing Requirements, the following additional information are provided:-

1. Utilisation of proceeds

NCB did not undertake any fund raising corporate proposal during the financial year ended 31 December 2005.

2. Share buybacks

NCB did not purchase any of its own shares during the financial year ended 31 December 2005.

3. Options, warrants or convertible securities

NCB did not issue any options, warrants or convertible securities during the financial year ended 31 December 2005.

4. American Depositary Receipt (ADR) or Global Depositary Receipts (GDR)

NCB did not sponsor any ADR or GDR programme during the financial year ended 31 December 2005.

5. Imposition of sanctions and/or penalties

During the financial year ended 31 December 2005, there were no sanctions and/or penalties imposed on NCB and its subsidiaries, its Directors or Management by the relevant regulatory bodies.

6. Variation in results from profit estimates, forecasts or projections, or unaudited results announced.

The Company did not release any profit estimates, forecasts or projections for the financial year, and audited results did not differ by 10% or more from the unaudited results announced.

7. Profit guarantee

No profit guarantee was given by the Company in respect of the financial year.

8. Non – Audit Fees

An amount of RM2,000.00 was charged by the external auditor for non-audit services rendered to the company during the financial year ended 31 December 2005.

9. Revaluation of Landed Properties

The Company does not have a revaluation policy on landed properties.

additional compliance information

10. Material contracts

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by NCB Group during the last two (2) years immediately preceding the date of this Circular:

The settlement agreement entered into between Nakamichi Malaysia Sdn Bhd (“NMSB”), The Grande (Nominees) Limited (“GNL”) and Maple Profits Limited (“MPL”) dated 20 December 2004 (the “Settlement Agreement”) for the settlement of the entire amount of (i) the debt of USD7,011,853 owing by Nakamichi Corporation Japan (“NCJ”) to NMSB (“NCJ Debt”) and (ii) the debt of USD3,999,000 owing by MPL to NMSB (“MPL Debt”). Under the terms of the Settlement Agreement, the debt settlement will be effected as follows:

- (a) NMSB will:
 - (i) assign to GNL the part of the NCJ Debt amounting to USD701,185 that has been converted into a ten-year long term debt under and pursuant to NCJ’s Civil Rehabilitation Programme approved by the Tokyo District Court on 5 September 2002 (“CRP”);
 - (ii) transfer to GNL 3,741,000 new shares of NCJ valued at ¥10 each that have been issued to NMSB pursuant to the CRP in settlement of part of the NCJ Debt amounting to USD280,474; and
 - (iii) assign to GNL the MPL Debt; and
- (b) in consideration of the aforesaid assignment and transfer by NMSB, GNL will transfer to NMSB such numbers of its shares in Sansui Electric Co. Ltd having an aggregate value of USD11,497,903 based on the prevailing market price of such Sansui Electric Co. Ltd shares (“Sansui Shares”) over a five (5) day period preceding the date of transfer.

As a result of other transactions, the NCJ Debt has increased to USD7,498,903.

At the Extraordinary General Meeting held on 31 October 2005, the shareholders of the Company approved the debt settlement pursuant to the Settlement Agreement and pursuant to resolution of the Board dated 9 November 2005, approval was given for the Company to accept from GNL 27,495,000 Sansui Shares, based on the average market price of Sansui Shares over the five (5) day period from 26 October 2005 to 1 November 2005 of ¥46 per Sansui Share in relation to the debt settlement pursuant to the Settlement Agreement.

11. Recurrent related party transactions in the ordinary course of business

The following recurrent related party transactions were entered into in the ordinary course of business during the financial year ended 31 December 2005:-

additional compliance information

11. Recurrent related party transactions in the ordinary course of business - continued

	Financial year ended 2005	
	Group	Company
	RM'000	
Purchase of materials for manufacturing of audio/visual products from Capetronic Displays Limited	1,204	NIL
Purchase of materials for manufacturing of audio/visual products from Sansui Electric Co. Ltd	1,646	NIL
Purchase of materials for manufacturing of audio/visual products from Tomei Asia Limited	84	NIL
Sale of Nakamichi hi fi systems, home theatre systems, DVD players, car stereos and other audio visual products to Capetronic AV Limited	(7,943)	NIL
Sale of Nakamichi hi fi systems, home theatre systems, DVD players, car stereos and other audio visual products to Nakamichi Corporate Limited	(6,511)	NIL
Sale of Nakamichi hi fi systems, home theatre systems, DVD players, car stereos and other audio visual products to Akai Sales Pte Ltd	(46)	NIL

The relationship with the above related parties are as follows:-

- Capetronic Displays Ltd, a company involved in the trading of audio and visual display products.
- Tomei Asia Limited, a company involved in the procurement of raw materials and components.
- Capetronic AV Limited, a company involved in the trading of audio and visual display products.
- Nakamichi Corporation Limited, a company involved in the trading of audio and video products.
- Akai Sales Pte Ltd, a company involved in the trading of audio and visual display products.
- The Grande Capital Group Limited, a company providing corporate advisory and financial services.
- Sansui Electric Co. Limited, a company involved in the procurement of raw material and components

The companies listed in (a) to (f) are subsidiary companies of The Grande Holdings Limited (TGHL) and (g) is an associate company of TGHL.

The principal activity of TGHL is investment holding. TGHL is deemed to be a major shareholder of NCB by virtue of its 100% indirect interest in Capetronic Consumer Electronics Holdings Limited (CCEH). CCEH in turn owns 100% of Capetronic Far Eastern Holdings Limited (CFE). CCEH holds 48.00% direct interest in NCB whilst CFE holds 11.61% direct interest in NCB as at 20 April 2006.

Mr Christopher Ho Wing On, an interested major shareholder, is also a Director and controlling shareholder of TGHL.

Mr Ma Chi Chiu, a director of NCB, is also a director and shareholder of TGHL. He holds 78,000 shares in TGHL (0.017% of the issued and paid-up share capital of TGHL).

Mr Michael Andrew Barclay Binney is a director of NCB and TGHL.

directors' report

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2005.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are described in Note 4 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Net loss before tax	(25,785,420)	(25,326,987)

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than:

a) the provisions made by a subsidiary of the Company for stock obsolescence of RM11,801,368 and impairment loss in investment of RM15,507,328; and

b) the provisions made by the Company for doubtful debts for amounts due from a subsidiary of RM16,917,020 and impairment loss in investment in subsidiaries of RM8,193,798.

directors' report

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Mirzan bin Mahathir
Lee Hock Chye
Ma Chi Chiu
Yohan A Rajan
Michael Andrew Barclay Binney
Johan Zainuddin bin Dzulkifli
Lee Yen Kee Ruby
Yip Kit Chong (resigned on 12 October 2005)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors from the Group as shown in Note 16 to the financial statements or from its related corporations) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTEREST IN SHARES

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1.00 Each			
	1 January 2005	Bought	Sold	31 December 2005
The Company				
Direct				
Mirzan bin Mahathir	14,000	-	-	14,000

DIRECTORS' INTEREST IN SHARES - continued

	Number of Ordinary Shares of HK\$0.10 Each			
	1 January 2005	Bought	Sold	31 December 2005
Holding company				
The Grande Holdings Limited				
Direct				
Ma Chi Chiu	78,000	-	-	78,000

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

- (a) Before the balance sheets and income statements of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there are no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current asset which was unlikely to realise its value as shown in the accounting records in the ordinary course of business had been written down to an amount which it might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

directors' report

OTHER STATUTORY INFORMATION - continued

- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors



Mirzan bin Mahathir
20 February 2006



Ma Chi Chiu

statement by directors

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Mirzan bin Mahathir and Ma Chi Chiu, being two of the directors of Nakamichi Corporation Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 41 to 67 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2005 and of the results and cash flows of the Group and the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors



Mirzan bin Mahathir
20 February 2006



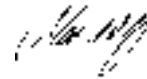
Ma Chi Chiu

statutory declaration

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Michael Andrew Barclay Binney, being the director primarily responsible for the financial management of Nakamichi Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 41 to 67 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Oaths and Declaration Ordinance, Hong Kong.

Subscribed and solemnly declared by the
abovenamed Michael Andrew Barclay Binney
in 12th Floor, The Grande Building,
398 Kwun Tung Road, Kowloon, Hong Kong
on 20 April 2006



Michael Andrew Barclay Binney

Before me: Wong, Mary Teresa Tak Lan
Notary Public, Hong Kong SAR

report of the auditors

TO THE MEMBERS OF NAKAMICHI CORPORATION BERHAD (Incorporated in Malaysia)

We have audited the accompanying financial statements set out on pages 41 to 67. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

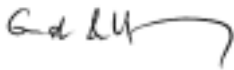
- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and the Company as at 31 December 2005 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

report of the auditors

TO THE MEMBERS OF NAKAMICHI CORPORATION BERHAD - continued (Incorporated in Malaysia)

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.



Ernst & Young
AF: 0039
Chartered Accountants



Wong Kang Hwee
No. 1116/01/08(J)
Partner

Kuala Lumpur, Malaysia
20 February 2006

consolidated balance sheet

as at 31 December 2005

	Note	2005 RM	2004 RM
NON-CURRENT ASSETS			
Property, plant and equipment	3	29,811,551	31,810,028
Investment	5	28,184,705	-
		<u>57,996,256</u>	<u>31,810,028</u>
CURRENT ASSETS			
Inventories	6	7,984,467	23,423,061
Trade receivables	7	-	-
Other receivables	8	13,187,275	48,037,018
Tax recoverable		-	101,011
Cash and bank balances	9	7,847,875	8,101,240
		<u>29,019,617</u>	<u>79,662,330</u>
CURRENT LIABILITIES			
Short term borrowings	10	961,000	1,390,000
Trade payables	11	641,261	10,291,338
Other payables	12	17,918,372	6,408,186
		<u>19,520,633</u>	<u>18,089,524</u>
NET CURRENT ASSETS		<u>9,498,984</u>	<u>61,572,806</u>
		<u>67,495,240</u>	<u>93,382,834</u>
FINANCED BY:			
Share capital	13	55,410,180	55,410,180
Reserves		12,085,060	37,972,654
Shareholders' equity		<u>67,495,240</u>	<u>93,382,834</u>

The accompanying notes form an integral part of the financial statements.

consolidated income statement

for the year ended 31 December 2005

	Note	2005 RM	2004 RM
Revenue	14	14,697,236	44,427,670
Cost of sales		(16,236,874)	(50,905,030)
Gross loss		(1,539,638)	(6,477,360)
Other operating income		557,227	4,897,716
Administrative expenses		(24,756,364)	(12,335,466)
Loss from operations	15	(25,738,775)	(13,915,110)
Finance cost, net	18	(46,645)	(121,050)
Loss before taxation		(25,785,420)	(14,036,160)
Taxation	19	(102,174)	(1,688)
Loss for the year		(25,887,594)	(14,037,848)
Loss per share (sen)	20	(46.72)	(25.33)

The accompanying notes form an integral part of the financial statements.