



NI HSIN RESOURCES BERHAD

(Company No.: 653353-W)

(Incorporated in Malaysia under the Companies Act, 1965)

INTERIM FINANCIAL STATEMENTS

FOR THE TWELVE MONTHS ENDED

31 DECEMBER 2008

NI HSIN RESOURCES BERHAD

(Company no. 653353-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2008**

(The figures have not been audited)

	Note	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 12 MONTHS ENDED	
		31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Revenue	A10	16,031	14,775	56,493	44,407
Cost of sales		(11,208)	(12,021)	(41,667)	(33,510)
Gross Profit		4,823	2,754	14,826	10,897
Other operating income		757	811	1,611	940
Operating expenses		(2,359)	(2,172)	(7,567)	(7,296)
Interest income		16	-	30	22
Finance costs		(190)	(284)	(930)	(584)
Profit before taxation		3,047	1,109	7,970	3,979
Income tax expenses	B5	(512)	1,088	(1,753)	379
Profit for the period		2,535	2,197	6,217	4,358
Attributable to:					
Equity holders of the parent		2,535	2,197	6,217	3,285
Minority interests		-	-	-	1,073
Profit for the period		2,535	2,197	6,217	4,358
Earnings per share (sen) attributable to equity holders of the parent:					
~ Basic	B12	1.09	0.99	2.71	1.49
~ Diluted	B12	1.03	0.93	2.55	1.39

The Unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the Interim Financial Statements.

NI HSIN RESOURCES BERHAD

(Company no. 653353-W)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008

(The figures have not been audited)

		(UNAUDITED) AS AT 31.12.2008 RM'000	(AUDITED) AS AT 31.12.2007 RM'000
ASSETS			
Non-current asset			
Property, plant and equipment	A7	34,155	35,150
Goodwill		6,160	6,160
		<u>40,315</u>	<u>41,310</u>
Current assets			
Inventories		22,333	26,914
Receivables, deposits and prepayments		5,534	7,880
Tax recoverable		902	1,484
Cash & cash equivalent		5,300	1,708
		<u>34,069</u>	<u>37,986</u>
TOTAL ASSETS		<u>74,384</u>	<u>79,296</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		47,320	45,000
Reserves		3,847	3,425
Retained earnings		4,776	2,201
		<u>55,943</u>	<u>50,626</u>
Total equity		<u>55,943</u>	<u>50,626</u>
Non-current liabilities			
Borrowings	B8	146	7,021
Deferred tax liability		2,479	2,570
		<u>2,625</u>	<u>9,591</u>
Current liabilities			
Payables and accruals		5,017	6,430
Borrowings	B8	10,799	12,649
		<u>15,816</u>	<u>19,079</u>
Total liabilities		<u>18,441</u>	<u>28,670</u>
TOTAL EQUITY AND LIABILITIES		<u>74,384</u>	<u>79,296</u>
Net Assets per share attributable to equity holders of the parent (RM)		0.24	0.23

The Unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the Interim Financial Statements.

NI HSIN RESOURCES BERHAD

(Company no. 653353-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2008**

(The figures have not been audited)

	Attributable to equity holders of the parent					Distributable	Minority Interest	Total Equity	
	Non Distributable								
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Share Option Reserve RM'000	Property Revaluation Reserve RM'000	Retained Profits RM'000	Total RM'000	RM'000	RM'000
At 1 January 2007	45,000	1,311	(1,283)	235	3,133	1,126	49,522	8,470	57,992
Profit for the period	-	-	-	-	-	3,285	3,285	1,073	4,358
Share issue expenses	-	-	-	-	-	-	-	-	-
Share-based payment under ESOS	-	-	-	29	-	-	29	-	29
Effects of acquiring additional interest in subsidiary	-	-	-	-	-	-	-	(9,543)	(9,543)
Dividend - 2006 Final	-	-	-	-	-	(2,210)	(2,210)	-	(2,210)
At 31 December 2007	45,000	1,311	(1,283)	264	3,133	2,201	50,626	-	50,626
At 1 January 2008	45,000	1,311	(1,283)	264	3,133	2,201	50,626	-	50,626
Profit for the period	-	-	-	-	-	6,217	6,217	-	6,217
Purchase of treasury shares	-	-	(273)	-	-	-	(273)	-	(273)
Issuance of shares - Private Placement	2,320	580	-	-	-	-	2,900	-	2,900
Private Placement expenses	-	(71)	-	-	-	-	(71)	-	(71)
Share-based payment under ESOS	-	-	-	33	-	-	33	-	33
Transfer to/(from)	-	-	-	-	153	(153)	-	-	-
Dividend - 2008 Interim	-	-	-	-	-	(3,489)	(3,489)	-	(3,489)
At 31 December 2008	47,320	1,820	(1,556)	297	3,286	4,776	55,943	-	55,943

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the Interim Financial Statements.

NI HSIN RESOURCES BERHAD

(Company no. 653353-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2008**

(The figures have not been audited)

	12 MONTHS ENDED	
	31.12.2008 RM'000	31.12.2007 RM'000
Net cash generated from operating activities	16,340	5,366
Net cash used in investing activities	(2,006)	(16,347)
Net cash (used in)/generated from financing activities	<u>(8,800)</u>	<u>8,071</u>
Net increase/(decrease) in cash and cash equivalents	5,534	(2,910)
Effect of unrealised exchange rate fluctuations on cash held	(11)	-
Cash and cash equivalents at beginning of period	<u>(223)</u>	<u>2,687</u>
Cash and cash equivalents at end of period	<u><u>5,300</u></u>	<u><u>(223)</u></u>

Notes:

Cash and cash equivalent comprise the following balance sheet amounts:

	12 MONTHS ENDED	
	31.12.2008 RM'000	31.12.2007 RM'000
Bank and cash balances	4,796	1,708
Fixed Deposit with licensed bank	504	-
Bank overdraft (included within short term borrowings in Note B8)	<u>-</u>	<u>(1,931)</u>
	<u><u>5,300</u></u>	<u><u>(223)</u></u>

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The Unaudited Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the Interim Financial Statements.

NI HSIN RESOURCES BERHAD

(Company no. 653353-W)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2008

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134: INTERIM FINANCIAL REPORTING

A1 BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard (FRS) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007. These 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 year ended 31 December 2007.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the annual financial statement for the year ended 31 December 2007.

A2 AUDITORS' REPORT ON PRECEDING FINANCIAL STATEMENTS

There was no qualification on the audited financial statements for our Company or subsidiaries for the financial year ended 31 December 2007.

A3 SEASONAL OR CYCLICAL FACTORS

The Cookware Division's revenue is subject to seasonality due to market demand and supply conditions. Historically, demand for the premium cookware and kitchenware generally increases in the second half of the year due mainly to the seasonal nature of consumer spending behaviour in our export markets, where the shopping seasons normally peak in the final quarter of the year during festive periods such as Christmas and New Year.

A4 UNUSUAL ITEMS DUE TO THE NATURE, SIZE OR INCIDENCE

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows during the current quarter and financial period ended 31 December 2008.

A5 MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates that have a material effect on the results for the current quarter and financial period ended 31 December 2008.

A6 ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

Save as disclosed below, there were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation for the current financial year to-date:

(a) Share Buy-backs

The cumulative shares bought back are being held as treasury shares with none of the shares being cancelled or resold during the financial year ended 31 December 2008.

The details of the share buy-back are as follows :

Month	No. of Shares	Price			Total Consideration Paid #
		Highest	Lowest	Average	
		RM	RM	RM	RM
December 2008	1,212,200	0.260	0.155	0.224	273,458
# Inclusive of transaction costs					

The number of treasury shares held in hand as at 31 December 2008 are as follows :

	Average price per share (RM)	Number of shares	Amount RM '000
Balance at 1 January 2008		3,978,800	1,282,777
Increase in treasury shares		1,212,200	273,458
Total treasury shares at 31 December 2008	0.300	5,191,000	1,556,235

A7 CARRYING AMOUNT OF REVALUED ASSETS

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 December 2007.

A8 CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations during the current quarter and financial year ended 31 December 2008.

A9 DIVIDEND PAID

During the financial year ended 31 December 2008, the Company paid the following dividends:-

- first interim tax-exempt dividend under the single-tier system of 1.0 sen per share in respect of the financial year ended 31 December 2008, amounting to RM2,326,212.10 was paid on 28 July 2008.
- second interim tax-exempt dividend under the single-tier system of 0.5 sen per share in respect of the financial year ended 31 December 2008, amounting to RM1,162,556.52 was paid on 30 December 2008.

A10 SEGMENTAL INFORMATION

The Group is principally engaged in the design, manufacture and sale of stainless steel kitchenware, cookware, convex mirror and research and development and manufacture of clad metals. The segmental results of the Group for the financial period under review based on activities are as follows:

	Current Quarter		Cumulative Quarter	
	3 months ended	3 months ended	12 months ended	12 months ended
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
<u>Segment Revenue</u>				
Revenue from:				
Cookware	12,863	12,238	45,445	37,168
Convex mirror	1,276	1,376	4,645	3,922
Clad metals	5,777	4,702	20,865	16,893
Total revenue including inter-segment sales	19,916	18,316	70,955	57,983
Elimination of inter-segment sales	(3,885)	(3,541)	(14,462)	(13,576)
Total	16,031	14,775	56,493	44,407
	-	-	-	-

Segment Results

Results from:				
Cookware	1,701	1,184	4,526	1,672
Convex mirror	455	117	764	638
Clad metals	900	12	3,745	2,494
	3,056	1,313	9,035	4,804
Elimination of inter-segment sales	255	192	112	235
Total result	3,311	1,505	9,147	5,039
Unallocated corporate exercise	(90)	(112)	(277)	(498)
Interest income	16	-	30	22
Interest expenses	(190)	(284)	(930)	(584)
Income tax expense	(512)	1,088	(1,753)	379
Profit for the period	2,535	2,197	6,217	4,358
	-	-	-	-

A11 MATERIAL SUBSEQUENT EVENTS

There was no material event subsequent to the end of the quarter that has not been reflected in the financial statements for the financial period under review except for the following:

- (a) Profit Guarantee on the acquisition of Ever-Grow Advanced Materials Sdn Bhd ("EGAM")

Under the conditional share sale and purchase agreement dated 20 August 2007 entered into between the Company and the Vendor, Standardworld Holding Ltd, in relation to the acquisition of EGAM, the Vendor has warranted to the Company that the Profit after tax ("PAT") of EGAM for the financial year ended ("FYE") 31 December 2008 shall not be less than RM5,500,000 ("Warranted Profit"). In the event of any shortfall in the Warranted Profit or in the event EGAM reports a loss position in its audited financial statements for the FYE 31 December 2008, the Vendor unconditionally and irrevocably guarantees the payment to the Company of 49% of such shortfall or loss amount, up to a maximum sum of RM2,695,000 ("Guaranteed Sum").

A11 MATERIAL SUBSEQUENT EVENTS (CONT.)

EGAM has an unaudited PAT of RM3,345,560 for the FYE 31 December 2008. As a result, there is an unaudited shortfall of RM2,154,440 compared to the Warranted Profit. The confirmation of the amount of shortfall is currently pending the audited financial statement of EGAM. The Vendor would thus be liable to the Company an estimated amount of RM1,055,676, being 49% of the shortfall. Based on the agreement, the Company has retained the Guaranteed Sum with its solicitors, and within seven business days from its solicitors' receipt of a written notification from EGAM that its audited financial statement for the FYE 31 December 2008 has been approved and accepted at EGAM's Annual General Meeting, the solicitors shall release the shortfall of the Guaranteed Sum to the Company and the balance to the Vendor. Subsequent to 31 December 2008, the Company's cost of investment in the subsidiary company will reduce and the bank balances will increase accordingly with the amount of guaranteed shortfall.

A12 CONTINGENT LIABILITIES

Save as disclosed below, the Company is not aware of any other contingent liabilities as at 31 December 2008:

	31.12.2008
	RM'000
- Corporate guarantee given by the Company to licensed banks for credit facilities granted to subsidiaries	24,140
- Corporate guarantee given by the Company to supplier for credit facilities granted to EGAM	800
- Corporate guarantee given by NHC to licensed bank for credit facilities granted to the Company	12,000
	<u>36,940</u>

A13 CAPITAL COMMITMENT

Capital commitments not provided for in the financial statements as at 31 December 2008 are as follows:

	31.12.2008
	RM'000
Approved and contracted for	
- Plant & Equipment	<u>11</u>

A14 SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions which involve the directors of the Group for the financial period ended 31 December 2008 are as follows:

	Transaction value for 12 months ended 31.12.2008	Balance outstanding as at 31.12.2008
	RM'000	RM'000
With a company in which Company's directors, Hsiao Chih Jen, Hsiao Chih Chien and Hsiao Chih Che, have substantial financial interest		
Sun New Stainless Steel Industry Ltd.		
Sales	4,811	167
Purchases	221	42
Ni Hsin International Trade (Shanghai) Co. Ltd.		
Sales	361	-

A14 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT.)

With a company in which Company's directors, Hsiao Chih Jen and Hsiao Chih Chien, have substantial financial interest
Everpro Sdn. Bhd.

Sales	5,763	1,406
Purchases	12	-
Rental income	132	-

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2008

PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1 REVIEW OF PERFORMANCE

For the quarter ended 31 December 2008, the Group recorded a revenue of approximately RM16.0 million and a Profit Before Taxation ("PBT") of RM3.0 million, which is a significant increase of 8.5% and 174.8% respectively compared to the previous year's corresponding quarter.

For the year ended 31 December 2008 ("FYE2008"), the Group achieved a revenue of RM56.5 million and PBT of approximately RM7.9 million, which is an increase of 27.2% and 100.3% respectively compared to the previous year's corresponding period. The Group achieved a Profit After Taxation of RM6.2 million for FYE2008, which is an improvement of 42.7% compared to the previous financial year.

The global economic conditions deteriorated significantly during the 4th quarter of 2008, with our major export markets entering into a recession. Though the Group operated in a difficult consumer market environment during the 4th quarter, Group revenue improved mainly due to higher cookware sales to our customers in Japan and Malaysia. All the Group's 3 business divisions, namely the Cookware, Convex Mirror and Clad Metals, registered revenue and profit growth in the financial year.

The improvement in sales orders arose due to our new cookware designs which is the "Free" and "Function" series and also the manufacture of semi-finished pressure cookers for the Japanese market. Our "Free" and "Function" series are an innovative line of premium multi-ply stainless steel cookware which has handles which are formed together with the cookware body, thus eliminating the need of any spot welding on the cookware handles. These new models currently received a favourable demand in the cookware market due to its product and technological innovativeness. Our introduction of semi-finished pressure cookers for the Japanese market was also encouraging in FYE2008. Sales of convex mirror and clad metals improved due to sales to new customers.

The Group improved its Gross Profit margin from 24.5% in financial year ended 31 December 2007 ("FYE2007") to 26.2% in FYE2008 mainly due to sales of higher margin products. However, for FYE2008, the Group was still affected by high raw materials prices as high grade stainless steel and aluminium prices escalated significantly since FYE2007. Though there was an easing of raw material prices in the third quarter of FYE2008, the Group's raw material costs remained high which impacted all our 3 key divisions of Cookware, Clad Metals and Convex Mirrors. High grade stainless steel prices remained high due to increases of iron ore prices this year. The Group utilised new manufacturing techniques such as shear and flow forming, and innovative cookware designs in its production process to reduce material usage and improve margins.

The Group benefitted from foreign currency exchange gains due to the strengthening of the US Dollar and Japanese Yen vs Ringgit Malaysia as the major part of the Group's revenue are exported. Included in other income is a gain on foreign exchange of RM1.47 million for FYE2008 (vs RM0.64 million for FYE2007).

With the improvement in revenue, the Group's cashflows from operations improved from a net cash from operating activities of RM5.4 million in FYE2007, to a net cash inflow from operating activities of RM16.3 million in FYE2008. Net cashflow outflow in investing activities amounted to RM2.0 million was mainly for capital expenditure. Net cashflow outflow from financing activities amounted to RM8.8 million was mainly due to the repayment of borrowings. The Group has a positive net increase in net cash and cash equivalents in the financial year under review of RM5.5 million. Cash and cash equivalents amounted to RM5.3 million as at 31 December 2008, which is an increase of RM5.5 million compared to a negative cash and cash equivalents of RM0.2 million as at 31 December 2007. The Group's net gearing ratio also declined from 0.35 times in FYE2007 to 0.10 times in FYE2008.

Kindly refer to Note B3 for the prospects and affirmative actions taken to improve the Group's performance.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	3 months ended 31.12.2008 RM'000	3 months ended 30.9.2008 RM'000
Revenue	16,031	17,849
Profit before taxation	3,047	3,491
Profit for the period	2,535	2,529

The Cookware Division's revenue is subject to seasonality due to market demand and supply conditions. Historically, demand for the premium cookware and kitchenware generally increases in the second half of the year due mainly to the seasonal nature of consumer spending behaviour in our export markets, where the shopping seasons normally peak in the final quarter of the year during festive periods such as Christmas and New Year. Hence, the first and second quarters of the year are the low seasons for our Group as demand falls. Meanwhile, operating costs would be incurred as the Group gears up production of parts and semi-finished goods to meet the increase in demand in the second half of the year.

The revenue for the current quarter declined compared to the immediate preceding quarter as the Group's sales orders and deliveries were seasonally high in the third quarter. The increase in sales for the third quarter occurred as our customers in the overseas markets, especially Japan, has the highest consumer spending season in the last quarter of the year. Sales will then reduce by the fourth quarter as significant orders were already shipped out in the third quarter.

B3 COMMENTARY ON PROSPECT

Economic Environment

The Group expects that the coming financial year ending 31 December 2009 will be a tougher year as a result of a volatile global economy. The Group's main export markets, namely Japan, Hong Kong, South Korea, Taiwan, Singapore and China, are currently faced with recession or declining GDP growth. The local Malaysian market will not be spared also from the economic turbulence. The cookware industry, however, may have a degree of resilience in the face of such challenging economic environment as consumers shift their consumption patterns. The Group's customers in the export markets have so far received stable demand for cookware as more consumers cook at home compared to dining out during periods of recession. Nevertheless, economic conditions and consumer market sentiments may also worsen or change in 2009, and affect the Group's business materially. Given this economic environment, the management intends to implement the strategies outlined below.

Prospects and Strategies

Given the economic conditions, the Group's strategies are summarised as follows:

(a) Expand markets for new "Free" and "Function" series of cookware

We have commenced marketing our "Free" and "Function" series of premium multi-ply cookware. These new series of high end cookware have integrated handles formed together with the cookware body and are lighter without any loss of heat distribution efficiency. Handles are formed together with the body which will be easier to clean and more durable as the cookware has neither rivets nor spot welding process. Sales of the "Free" and "Function" series are currently encouraging in our export markets due to its innovative design.

(b) Semi-finished pressure cookers

The Group's sales of semi-finished pressure cookers received favourable demand in the Japanese market. To the best knowledge and belief of the management, the Group is the only manufacturer of stainless steel pressure cookers in Malaysia for the Japanese market. There is a lack of competition due to the technical difficulties of designing, manufacturing and maintaining quality control of pressure cookers, and the stringent safety certifications required to export to Japan. The Group will continue to focus in designing new models for the Japanese market.

B3 COMMENTARY ON PROSPECT (CONT.)

(c) New product introductions and diversifications

Ongoing research and development remains as one of the core focus of the Group's operations. It is our aim to improve consumer lifestyles by producing innovative products. Using its core technologies, the Group has developed a stainless steel water filter casing. Our water filter casing is manufactured as a single piece without welding and is formed using flow and shear forming technologies. The Group will target water filter manufacturers which use stainless steel casings and need to reduce costs. The Group has received orders for our stainless steel water filter casing in the second quarter of this financial year, and will continue to seek new customers.

The Convex Mirror Division has completed the research and development of a new type of economical convex mirror to suit the ASEAN market which will be sent for customer evaluation this year.

(d) Improving local sales

The Group's local distributor, Everpro Sdn Bhd, has opened 2 new Buffalo Lifestyle Corner stores in the Klang Valley in the 4th quarter of FYE2008, in addition to the current 3 stores opened in FY2007. Buffalo Lifestyle Corner stores showcase our cookware products to enable our customers to easily buy our products. The Group expects the opening of the new concept stores to improve its local sales.

Based on the above, the Board of Directors remains cautiously optimistic about the future prospects for the Group for the financial year ending 31 December 2009.

B4 VARIANCES FROM PROFIT FORECAST OR PROFIT GUARANTEE

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

B5 TAXATION

	Current Quarter 3 months ended 31.12.2008 RM'000	Cumulative Quarter 12 months ended 31.12.2008 RM'000
In respect of the current period		
- Malaysian tax	557	2,034
- Deferred tax	(406)	(452)
	<u>151</u>	<u>1,582</u>
In respect of the prior year		
- Malaysian tax	-	(190)
- Deferred tax	361	361
	<u>512</u>	<u>1,753</u>
	-	-

The statutory tax rate was reduced to 26% from the previous year's rate of 27% effective in the current year of assessment. The computation of deferred tax has reflected these changes.

The effective tax rate of the Group is lower than the statutory tax rate mainly due to availability of reinvestment allowances and lower deferred tax charge following the reduction in the income tax rate.

B6 PROFIT ON SALES OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There was no purchase or disposal of unquoted investment and/or properties during the financial period under review.

B7 PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There was no purchase or disposal of quoted securities during the current quarter and financial year ended 31 December 2008.

B8 GROUP BORROWINGS

Save as disclosed below, there were no other borrowings or debt securities in the Group as at 31 December 2008:

	Secured RM'000	Unsecured RM'000	Total RM'000
Non-current:			
Term loan	-	-	-
Hire purchase liability	146	-	146
	<u>146</u>	<u>-</u>	<u>146</u>
Current:			
Bank overdraft	-	-	-
Bankers' acceptance	3,601	-	3,601
Term loan	7,000	-	7,000
Hire purchase liabilities	198	-	198
	<u>10,799</u>	<u>-</u>	<u>10,799</u>
	<u>10,945</u>	<u>-</u>	<u>10,945</u>

All borrowings are denominated in Malaysia Ringgit.

B9 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

Forward foreign currency exchange contracts are entered into by the Group to manage exposures to fluctuation in foreign currency exchange rate on specific transactions.

The forward exchange contracts entered into by the Group as at 20 February 2009 are as follows :-

Nature	Currency	Contracted Amount '000	Equivalent Amount RM'000
Sale contracts	JPY	7,634	306

The contracts mature within 12 months.

The transactions in foreign currencies which are hedged by forward foreign exchange contracts are recorded in the book at the contracted rates. Any gains or losses arising from forward contracts are recognised in the Income Statement upon maturity.

There is minimal credit and market risk as the above forward contracts are executed with a creditworthy financial institution. The Group is of the view that the possibility of non-performance by the financial institution is remote on the basis of their financial strength.

B10 CHANGES IN MATERIAL LITIGATION

The Group is not engaged in any material litigation and the Directors do not have any knowledge of any material proceeding pending or threatened against the Group.

B11 STATUS OF CORPORATE PROPOSALS

- (a) On 10 July 2008, the Company has submitted an application to the Securities Commission ("SC") seeking its approval for an extension of time of twelve (12) months from 9 August 2008 to 8 August 2009, for the Company to obtain all the necessary approvals in respect of the rectification of non-approved structures and covered terrace. The SC has approved the application of the extension of time vide its letter dated 19 August 2008.

On 15 April 2008, the Company has obtained the discharged original title deeds from the Pejabat Tanah Dan Galian Selangor ("PTG").

On 27 August 2008, the company has submitted the application for the land amalgamation to Pejabat Tanah Hulu Langat. On 22 October 2008, Pejabat Tanah Hulu Langat ("PHTL") has forwarded the application file to PTG for onward process.

On 17 November 2008, the application for land amalgamation has been approved by Pihak Berkuasa Negeri and the Company has received the approval letter dated 28 December 2008.

On 5 January 2009, the Company has sent in application for Sijil Akuan Asal to Lembaga Jurukur Tanah Semenanjung ("LJT") and has received the said Sijil on 3 February 2009.

On 10 February 2009, the Company has submitted the application for Qualified Title to PHTL.

As at 20 February 2009 (the latest practicable date not earlier than seven (7) days from the date of issue of this report), the Company is awaiting for the approval on the qualified title application from PHTL.

- (b) The Private Placement was completed and the shares were granted listing and quotation on the Second Board of Bursa Malaysia Securities Berhad on 8 April 2008.

The Company raised RM2.90 million from the private placement and utilisation of proceeds as at 20 February 2009 (the latest practicable date not earlier than seven (7) days from the date of issue of this report) are as follows :-

Purpose	Proposed Utilisation	Actual Utilisation	Intended Timeframe for Utilisation	Deviation	Explanation	
	RM'000	RM'000		RM'000	%	
Working capital	2,650	2,650	12 months	Nil	Nil	Completed
Estimated expenses relating to Private Placement	250	250 *	12 months	Nil	Nil	Completed
	<u>2,900</u>	<u>2,900</u>		-	-	

* The unutilised expenses has been adjusted to working capital accordingly.

B12 EARNINGS PER SHARE ("EPS")

(a) Basic

Basic EPS is calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Basic EPS				
Profit attributable to equity holders of the parent (RM '000)	2,535	2,197	6,217	3,285
Weighted average no of ordinary share in issue ('000)	232,318	221,021	229,481	221,021
Basic EPS (sen)	1.09	0.99	2.71	1.49

(b) Diluted

For the diluted profit per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential shares. The Group's dilutive potential ordinary shares are in respect of options over shares granted to employees.

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Diluted EPS				
Profit attributable to equity holders of the parent (RM '000)	2,535	2,197	6,217	3,285
Weighted average no of ordinary share in issue ('000)	232,318	221,021	229,481	221,021
Dilutive impact of unexercised share options	14,167	14,926	14,167	14,741
	<u>246,485</u>	<u>235,947</u>	<u>243,648</u>	<u>235,762</u>
Diluted EPS (sen)	1.03	0.93	2.55	1.39

B13 DIVIDENDS

(1) A proposed final tax-exempt dividend of 0.5 sen per Ordinary Share for the financial year ended 31 December 2008 has been recommended by the Board of Directors. The proposed final dividend will be subject to the shareholders' approval at the forthcoming Fifth Annual General Meeting of the Company;

(2) Payment date: to be announced at a later date; and

(3) The date of entitlement to dividend: to be announced at a later date.

This proposed final dividend will bring the total tax-exempt dividend distribution per share in respect of the financial year ending 31 December 2008 to 2.0 sen (previous year corresponding financial period ended 31 December 2007 : Nil).

B14 AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 February 2009.

By order of the Board of Directors
NI HSIN RESOURCES BERHAD

HSIAO CHIH JEN
Managing Director

Date: 25 February 2009