



**NI HSIN**

**NI HSIN RESOURCES BERHAD**

(Company No.: 653353-W)

(Incorporated in Malaysia under the Companies Act, 1965)

**INTERIM FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED**

**30 SEPTEMBER 2009**

**NI HSIN RESOURCES BERHAD**

(Company no. 653353-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS****FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2009**

(The figures have not been audited)

|   | Note | CURRENT QUARTER<br>3 MONTHS ENDED |                     | CUMULATIVE QUARTER<br>9 MONTHS ENDED |                     |
|---|------|-----------------------------------|---------------------|--------------------------------------|---------------------|
|   |      | 30.9.2009<br>RM'000               | 30.9.2008<br>RM'000 | 30.9.2009<br>RM'000                  | 30.9.2008<br>RM'000 |
| Revenue   | A10  | 12,003                            | 17,849              | 36,360                               | 40,462              |
| Cost of sales   |      | (7,929)                           | (12,730)            | (26,241)                             | (30,459)            |
| <b>Gross Profit</b>   |      | <u>4,074</u>                      | <u>5,119</u>        | <u>10,119</u>                        | <u>10,003</u>       |
| Other operating income  |      | 229                               | 336                 | 783                                  | 854                 |
| Operating expenses  |      | (1,719)                           | (1,734)             | (5,186)                              | (5,208)             |
| Interest income   |      | 26                                | 6                   | 108                                  | 14                  |
| Finance costs   |      | (92)                              | (236)               | (323)                                | (740)               |
| <b>Profit before taxation</b>   |      | <u>2,518</u>                      | <u>3,491</u>        | <u>5,501</u>                         | <u>4,923</u>        |
| Income tax expenses   | B5   | (714)                             | (962)               | (1,498)                              | (1,241)             |
| <b>Profit for the period</b>  |      | <u><u>1,804</u></u>               | <u><u>2,529</u></u> | <u><u>4,003</u></u>                  | <u><u>3,682</u></u> |
| <b>Attributable to:</b>   |      |                                   |                     |                                      |                     |
| Equity holders of the parent  |      | 1,804                             | 2,529               | 4,003                                | 3,682               |
| Minority interests  |      | -                                 | -                   | -                                    | -                   |
| Profit for the period   |      | <u><u>1,804</u></u>               | <u><u>2,529</u></u> | <u><u>4,003</u></u>                  | <u><u>3,682</u></u> |
| <b>Earnings per share (sen) attributable to equity holders of the parent:</b> |      |                                   |                     |                                      |                     |
| ~ Basic   | B12  | 0.78                              | 1.09                | 1.73                                 | 1.63                |
| ~ Diluted   | B12  | N/A                               | N/A                 | N/A                                  | N/A                 |

The Unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2008 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 30 SEPTEMBER 2009**

(The figures have not been audited)

|  |    | (UNAUDITED)<br>AS AT<br>30.9.2009<br>RM'000 | (AUDITED)<br>AS AT<br>31.12.2008<br>RM'000 |
|--|----|---|--|
| <b>ASSETS</b>  |    |   |  |
| <b>Non-current assets</b>  |    |   |  |
| Property, plant and equipment  | A7 | 34,838                                      | 34,156                                     |
| Goodwill   |    | 5,105                                       | 5,105                                      |
|  |    | <u>39,943</u>                               | <u>39,261</u>                              |
| <b>Current assets</b>  |    |   |  |
| Inventories  |    | 16,707                                      | 22,333                                     |
| Receivables, deposits and prepayments                                  |    | 4,618                                       | 6,588                                      |
| Tax recoverable  |    | 469   | 902  |
| Cash & cash equivalent   |    | 7,583                                       | 5,300                                      |
|  |    | <u>29,377</u>                               | <u>35,123</u>                              |
| <b>TOTAL ASSETS</b>  |    | <u>69,320</u>                               | <u>74,384</u>                              |
| <b>EQUITY AND LIABILITIES</b>  |    |   |  |
| <b>Equity attributable to equity holders of the parent</b>             |    |   |  |
| Share capital  |    | 47,320                                      | 47,320                                     |
| Reserves   |    | 13,221                                      | 8,623                                      |
|  |    | <u>60,541</u>                               | <u>55,943</u>                              |
| <b>Total equity</b>  |    | <u>60,541</u>                               | <u>55,943</u>                              |
| <b>Non-current liabilities</b>   |    |   |  |
| Borrowings   | B8 | 41  | 146  |
| Deferred tax liability   |    | 2,680                                       | 2,479                                      |
|  |    | <u>2,721</u>                                | <u>2,625</u>                               |
| <b>Current liabilities</b>   |    |   |  |
| Payables and accruals  |    | 3,369                                       | 5,017                                      |
| Borrowings   | B8 | 2,689                                       | 10,799                                     |
|  |    | <u>6,058</u>                                | <u>15,816</u>                              |
| <b>Total liabilities</b>   |    | <u>8,779</u>                                | <u>18,441</u>                              |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                    |    | <u>69,320</u>                               | <u>74,384</u>                              |
| Net Assets per share attributable to equity holders of the parent (RM) |    | 0.26  | 0.24                                       |

The Unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2008 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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2009**

(The figures have not been audited)

|  | Non Distributable          |                            |                              | Share<br>Option<br>Reserve<br>RM'000 | Property<br>Revaluation<br>Reserve<br>RM'000 | Distributable                 | Total<br>RM'000 |
|--|----------------------------|----------------------------|------------------------------|--------------------------------------|--|-------------------------------|-----------------|
|  | Share<br>Capital<br>RM'000 | Share<br>Premium<br>RM'000 | Treasury<br>Shares<br>RM'000 |                                      |  | Retained<br>Profits<br>RM'000 |                 |
| <b>At 1 January 2008</b>                                   | 45,000                     | 1,311                      | (1,283)                      | 264                                  | 3,133  | 2,201                         | 50,626          |
| Profit for the period                                      | -                          | -                          | -                            | -                                    | -  | 3,682                         | 3,682           |
| Issuance of shares<br>- Private Placement                  | 2,320                      | 580                        | -                            | -                                    | -  | -                             | 2,900           |
| Private Placement expenses                                 | -                          | (71)                       | -                            | -                                    | -  | -                             | (71)            |
| Share-based payment under ESOS                             | -                          | -                          | -                            | 33                                   | -  | -                             | 33              |
| Dividend - 2008 Interim                                    | -                          | -                          | -                            | -                                    | -  | (2,326)                       | (2,326)         |
| <b>At 30 September 2008</b>                                | <b>47,320</b>              | <b>1,820</b>               | <b>(1,283)</b>               | <b>297</b>                           | <b>3,133</b>                                 | <b>3,557</b>                  | <b>54,844</b>   |
| <b>At 1 January 2009</b>                                   | 47,320                     | 1,820                      | (1,556)                      | 297                                  | 3,286  | 4,776                         | 55,943          |
| Purchase of treasury shares                                | -                          | -                          | (120)                        | -                                    | -  | -                             | (120)           |
| Surplus on revaluation of<br>Property, plant and equipment | -                          | -                          | -                            | -                                    | 1,861  | -                             | 1,861           |
| Profit for the period                                      | -                          | -                          | -                            | -                                    | -  | 4,003                         | 4,003           |
| Share-based payment under ESOS                             | -                          | -                          | -                            | 9                                    | -  | -                             | 9               |
| Dividend - 2008 Final                                      | -                          | -                          | -                            | -                                    | -  | (1,155)                       | (1,155)         |
| <b>At 30 September 2009</b>                                | <b>47,320</b>              | <b>1,820</b>               | <b>(1,676)</b>               | <b>306</b>                           | <b>5,147</b>                                 | <b>7,624</b>                  | <b>60,541</b>   |

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 2008 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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2009**

(The figures have not been audited)

|  | 9 MONTHS ENDED      |                     |
|--|---------------------|---------------------|
|  | 30.9.2009<br>RM'000 | 30.9.2008<br>RM'000 |
| Net cash generated from/(used in) operating activities | 12,938              | (1,234)             |
| Net cash used in investing activities                  | (1,168)             | (147)               |
| Net cash (used in)/generated from financing activities | <u>(9,489)</u>      | <u>2,135</u>        |
| Net increase in cash and cash equivalents              | 2,281               | 754                 |
| Effect of exchange rate fluctuations on cash held      | 2                   | -                   |
| Cash and cash equivalents at 1 January                 | <u>5,300</u>        | <u>2,687</u>        |
| Cash and cash equivalents at 30 September              | <u><u>7,583</u></u> | <u><u>3,441</u></u> |

## Notes:

Cash and cash equivalent at the end of the financial period comprise the following :

|   | RM'000              | RM'000              |
|---|---------------------|---------------------|
| Bank and cash balances                  | 2,821               | 2,941               |
| Fixed Deposit & Repo with licensed bank | <u>4,762</u>        | <u>500</u>          |
|   | <u><u>7,583</u></u> | <u><u>3,441</u></u> |

The Unaudited Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2008 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 30 SEPTEMBER 2009****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 Main Market 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 2008. 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 2008.

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 2008.

**A2 AUDITORS' REPORT ON PRECEDING FINANCIAL STATEMENTS**

There was no qualification on the audited financial statements for the Company or subsidiaries for the financial year ended 31 December 2008.

**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 the 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 30 September 2009.

**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 30 September 2009.

**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 period to-date:

## A6 ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES (CONT.)

### (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 period ended 30 September 2009.

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                         |
| January 2009 | 451,400       | 0.275   | 0.240  | 0.264   | 119,362                    |

# Inclusive of transaction costs

The number of treasury shares held in hand as at 30 September 2009 are as follows :

|  | Average price per share (RM) | Number of shares | Amount RM |
|--|------------------------------|------------------|-----------|
| Balance at 1 January 2009                  |                              | 5,191,000        | 1,556,235 |
| Increase in treasury shares                |                              | 451,400          | 119,362   |
| Total treasury shares at 30 September 2009 | 0.297                        | 5,642,400        | 1,675,597 |

## 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 2008.

## 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 period ended 30 September 2009.

## A9 DIVIDEND PAID

During the financial period ended 30 September 2009, the Company paid the following dividend:-

- (a) final tax-exempt dividend of 0.50 sen per share in respect of the financial year ended 31 December 2008, amounting to RM1,154,788.02 was paid on 30 June 2009.

## 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:

**A10 SEGMENTAL INFORMATION (CONT.)****RESULTS FOR 3 MONTHS AND 9 MONTHS ENDED 30 SEPTEMBER 2009**

|   | <b>Current Quarter</b> |                  | <b>Cumulative Quarter</b> |                  |
|---|------------------------|------------------|---------------------------|------------------|
|   | <b>3 months ended</b>  |                  | <b>9 months ended</b>     |                  |
|   | <b>30.9.2009</b>       | <b>30.9.2008</b> | <b>30.9.2009</b>          | <b>30.9.2008</b> |
|   | RM'000                 | RM'000           | RM'000                    | RM'000           |
| <b><u>Segment Revenue</u></b>               |                        |                  |                           |                  |
| Revenue from:                               |                        |                  |                           |                  |
| Cookware                                    | 9,372                  | 14,529           | 28,957                    | 32,582           |
| Convex mirror                               | 1,335                  | 1,389            | 3,361                     | 3,369            |
| Clad metals                                 | 4,480                  | 7,035            | 12,631                    | 15,088           |
| Total revenue including inter-segment sales | 15,187                 | 22,953           | 44,949                    | 51,039           |
| Elimination of inter-segment sales          | (3,184)                | (5,104)          | (8,589)                   | (10,577)         |
| Total                                       | 12,003                 | 17,849           | 36,360                    | 40,462           |

**Segment Results**

|                                    |       |       |         |         |
|------------------------------------|-------|-------|---------|---------|
| Results from:                      |       |       |         |         |
| Cookware                           | 1,248 | 2,251 | 2,835   | 2,825   |
| Convex mirror                      | 377   | 183   | 681     | 319     |
| Clad metals                        | 1,148 | 1,602 | 2,509   | 2,835   |
|                                    | 2,773 | 4,036 | 6,025   | 5,979   |
| Elimination of inter-segment sales | (101) | (231) | (7)     | (143)   |
| Total result                       | 2,672 | 3,805 | 6,018   | 5,836   |
| Unallocated corporate exercise     | (88)  | (84)  | (302)   | (187)   |
| Interest income                    | 26    | 6     | 108     | 14      |
| Interest expenses                  | (92)  | (236) | (323)   | (740)   |
| Income tax expense                 | (714) | (962) | (1,498) | (1,241) |
| Profit for the period              | 1,804 | 2,529 | 4,003   | 3,682   |

**A11 MATERIAL SUBSEQUENT EVENTS**

There were no material events subsequent to the end of the quarter that have not been reflected in the financial statements for the financial period under review.

**A12 CONTINGENT LIABILITIES**

Save as disclosed below, the Company is not aware of any other contingent liabilities as at 30 September 2009.

|   |                  |
|---|------------------|
|   | <b>30.9.2009</b> |
|   | RM'000           |
| - Corporate guarantee given by the Company to licensed banks for credit facilities granted to NHC | 24,140           |
| - Corporate guarantee given by the Company to supplier for credit facilities granted to EGAM      | 800              |
|   | <u>24,940</u>    |



### A13 CAPITAL COMMITMENT

Capital commitments not provided for in the financial statements as at 30 September 2009 are as follows:

|                             |                  |
|-----------------------------|------------------|
|                             | <b>30.9.2009</b> |
|                             | RM'000           |
| Approved and contracted for |                  |
| - Plant & Equipment         | <u>246</u>       |

### A14 SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions which involve the directors of the Group for the financial period ended 30 September 2009 are as follows:

|   | <b>Transaction<br/>value for<br/>9 months<br/>ended<br/>30.9.2009<br/>RM'000</b> | <b>Balance<br/>outstanding<br/>as at<br/>30.9.2009<br/>RM'000</b> |
|---|--|---|
| 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   | 2,134  | -   |
| Purchases   | 168  | 3   |
| Ni Hsin International Trade (Shanghai) Co. Ltd.   |  |   |
| Sales   | 75   | 75  |
| With a company in which Company's directors, Hsiao Chih Jen and Hsiao Chih Chien, have substantial financial interest                 |  |   |
| Everpro Sdn. Bhd.   |  |   |
| Sales   | 3,758  | 1,456   |
| Rental income   | 122  | 27  |

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## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

#### B1 REVIEW OF PERFORMANCE

For the quarter ended 30 September 2009, the Group recorded a revenue of RM12.0 million and profit before taxation ("PBT") of RM2.5 million. For the 9-month period ended 30 September 2009, the Group achieved a revenue of RM36.4 million and PBT of RM5.5 million. Revenue in the current quarter declined by RM5.9 million or 32.8% compared to the previous year's corresponding quarter. As a result of the lower revenue in the current quarter, the Group PBT also declined by RM1.0 million or 27.9% compared to the previous year's corresponding quarter.

Though the Group's revenue for the 9 month period ended 30 September 2009 declined by RM4.0 million or 10.1% compared to the previous year's corresponding period, the Group's PBT improved by RM0.6 million or 11.7%, mainly due to margin improvements.

Revenue for the period ended 30 September 2009 declined due to the following reasons:

- (i) As the Group is revamping its marketing strategy for the Japanese market, the Group has not agreed to an exclusive distribution agreement of a cookware series to a Japanese customer. Hence there is a decline in sales to this customer in the financial period as the customer requested for exclusive rights to the distribution of this cookware series in Japan. Revenue from this customer was approximately RM1.5 million in financial year ended 31 December 2008. Sales to our other Japanese customers also declined marginally in the period as our customers are cautious of the consumer spending sentiment in Japan for the rest of the year.
- (ii) Sales of our Buffalo brand of cookware to our distributors in Singapore, Hong Kong, China and Taiwan declined due to weaker orders from our distributors as they have taken a conservative outlook on the consumer spending for the third and fourth quarter of year 2009. Sales to our Malaysian distributor also declined marginally in the 9 month period.
- (iii) Sales of clad metal was lower due to weak orders from a Japanese customer.

Sales of convex mirrors remained constant in the current quarter.

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

The Group's operating cashflows improved in the 9 month period ended 30 September 2009 to RM12.9 million compared to a deficit of RM1.2 million last year. The improvement in operating cashflows enabled the Group to fully settle its long term borrowing amounting to RM7.0 million in this quarter. Net cash and cash equivalents at the end of the quarter increased to RM7.6 million.

#### B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

|                        | <b>3 months<br/>ended<br/>30.9.2009</b> | <b>3 months<br/>ended<br/>30.6.2009</b> |
|------------------------|---|---|
|                        | RM'000                                  | RM'000                                  |
| Revenue                | 12,003                                  | 12,109                                  |
| Profit before taxation | 2,518                                   | 1,497                                   |
| Profit for the period  | 1,804                                   | 1,107                                   |

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 the export markets, where 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 the 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.

## **B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS (CONT.)**

The revenue for the current quarter approximates the revenue achieved in the immediate preceding quarter as the Group's products mix are similar.

## **B3 COMMENTARY ON PROSPECT**

The Group's prospects are summarised as follows:

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

For the Japanese market, the Group will look for new distributors for its cookware range as the Group does not intend to enter into any exclusive distributorship with any customer unless significant minimum orders can be committed. The Group is currently in negotiation with several potential customers to distribute our cookware products.

### **(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.

### **(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. The water filter casing is manufactured as a single piece without welding and is formed using flow and shear forming technologies. The Group has developed a new water filter system using our stainless steel water filter casing. This version of water filter system is targeted for home use, and will be unique as the casings and water filter body are made entirely of stainless steel to ensure product safety and durability. The Group has begun marketing its water filter casings.

### **(d) Improving sales of Buffalo brand of cookware**

The Group will monitor its distributors' marketing plans for the Buffalo brand of cookware. The Group expects the orders from its distributors to remain weak in the last quarter and more efforts would be required to develop new marketing plans to improve sales in Singapore, Hong Kong, Taiwan and Malaysia. The Group's local distributor, Everpro Sdn Bhd, will be opening its 6th Buffalo Lifestyle Corner outlet at Taman Segar, Cheras in November 2009 as part of its business development plan to improve local sales.

Based on the reasons explained in section B1, the Board of Directors are of the view that the Group will achieve a lower revenue compared to the previous financial year. The Group will continue its efforts to improve its performance with the strategies outlined above.

## **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

|                                  | <b>Current<br/>Quarter<br/>3 months ended<br/>30.9.2009<br/>RM'000</b> | <b>Cumulative<br/>Quarter<br/>9 months ended<br/>30.9.2009<br/>RM'000</b> |
|----------------------------------|--|---|
| In respect of the current period |  |   |
| - Malaysian tax                  | 672  | 1,411   |
| - Deferred tax                   | 156  | 201   |
|                                  | <u>828</u>   | <u>1,612</u>  |
| In respect of the prior year     |  |   |
| - Malaysian tax                  | (114)  | (114)   |
|                                  | <u>714</u>   | <u>1,498</u>  |

The effective tax rate of the Group is higher than the statutory tax rate mainly due to deferred tax liabilities arose from the revaluation of land and building.

## B6 PROFIT ON SALES OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There was no purchase or disposal of unquoted investment and/or properties during the current quarter and financial period ended 30 September 2009.

## B7 PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There was no purchase or disposal of quoted securities during the current quarter and financial period ended 30 September 2009.

## B8 GROUP BORROWINGS

Save as disclosed below, there were no other borrowings or debt securities in the Group as at 30 September 2009:

|                                 | <b>As at<br/>30.9.2009<br/>RM'000</b> | <b>As at<br/>31.12.2008<br/>RM'000</b> |
|---------------------------------|---------------------------------------|--|
| <b>Non-current:</b>             |                                       |  |
| Hire purchase liability         | 41                                    | 146                                    |
|                                 | <u>41</u>                             | <u>146</u>                             |
| <b>Current:</b>                 |                                       |  |
| Bankers' acceptance - unsecured | 2,569                                 | 3,601                                  |
| Term loan - secured             | -                                     | 7,000                                  |
| Hire purchase liabilities       | 120                                   | 198                                    |
|                                 | <u>2,689</u>                          | <u>10,799</u>                          |
|                                 | <u>2,730</u>                          | <u>10,945</u>                          |

All borrowings are denominated in Malaysia Ringgit.

## B9 OFF BALANCE SHEETS 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 13 November 2009 are as follows :-

| <b>Nature</b>  | <b>Currency</b> | <b>Contracted Amount</b><br>'000 | <b>Equivalent Amount</b><br>RM'000 |
|----------------|-----------------|----------------------------------|------------------------------------|
| Sale contracts | JPY             | 31,200                           | 1,198                              |

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 30 June 2009, 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 2009 to 8 August 2010, 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 14 July 2009.

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

On 10 February 2009, the Group has submitted the application for Qualified Title to Pejabat Tanah Hulu Langat ("PTHL").

On 27 April 2009, the Group has received the Qualified Title (Hakmilik Sementara) of the amalgamated land from PTHL.

On 20 July 2009, the Group has received the approval letter from Survey & Mapping Department (JUPEM) Qualified Title (Hakmilik Sementara) on the approved Certified Plan.

As at 13 November 2009 (the latest practicable date not earlier than seven (7) days from the date of issue of this report), the Group has completed the building plan and is in the process of preparing the necessary document for submission to Majlis Perbandaran Kajang for further process.

## 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 |                | Cumulative Quarter |                |
|---|-----------------|----------------|--------------------|----------------|
|   | 3 months ended  | 3 months ended | 9 months ended     | 9 months ended |
|   | 30.9.2009       | 30.9.2008      | 30.9.2009          | 30.9.2008      |
| <b>Basic EPS</b>  |                 |                |                    |                |
| Profit attributable to equity holders of the parent (RM '000) | 1,804           | 2,529          | 4,003              | 3,682          |
| Weighted average no of ordinary share in issue ('000)         | 232,170         | 232,621        | 230,973            | 226,583        |
| Basic EPS (sen)   | 0.78            | 1.09           | 1.73               | 1.63           |

### (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 |                | Cumulative Quarter |                |
|---|-----------------|----------------|--------------------|----------------|
|   | 3 months ended  | 3 months ended | 9 months ended     | 9 months ended |
|   | 30.9.2009       | 30.9.2008      | 30.9.2009          | 30.9.2008      |
| <b>Diluted EPS</b>  |                 |                |                    |                |
| Profit attributable to equity holders of the parent (RM '000) | 1,804           | 2,529          | 4,003              | 3,682          |
| Weighted average no of ordinary share in issue ('000)         | 232,170         | 232,621        | 230,973            | 226,583        |
| Dilutive impact of unexercised share options                  | N/A             | N/A            | N/A                | N/A            |
|   | N/A             | N/A            | N/A                | N/A            |
| Diluted EPS (sen)   | N/A             | N/A            | N/A                | N/A            |

N/A: Not applicable

The share options have no dilutive effect as the average market value of the Company's shares is lower than the exercise price of the options.

The average market value of the Company's shares for purpose of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

## B13 DIVIDEND

The Board of Directors have declared an interim dividend of 0.75 sen per Ordinary Share less 25% Income Tax (0.50 sen net) to be paid on 20 January 2010. The entitlement date for the interim dividend shall be 4 January 2010.

A depositor shall qualify for the entitlement to the dividend only in respect of:

- (1) shares transferred into the depositor's securities account before 4.00 p.m. on 4 January 2010 in respect of transfers; and
- (2) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis in accordance with the rules of Bursa Malaysia Securities Berhad.

**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 18 November 2009.

By order of the Board of Directors  
**NI HSIN RESOURCES BERHAD**

HSIAO CHIH JEN  
Managing Director

Date: 18 November 2009