



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 2010

NI HSIN RESOURCES BERHAD
(Company no. 653353-W)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2010**
(The figures have not been audited)

	Note	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 12 MONTHS ENDED	
		31.12.2010 RM'000	31.12.2009 RM'000	31.12.2010 RM'000	31.12.2009 RM'000
Revenue	A10	9,993	10,953	35,975	47,313
Cost of sales		(7,910)	(7,825)	(27,363)	(34,066)
Gross Profit		2,083	3,128	8,612	13,247
Other operating income		134	65	643	848
Operating expenses		(2,876)	(1,986)	(9,228)	(7,172)
Interest income		14	23	58	131
Finance costs		(19)	(1)	(76)	(324)
(Loss) / Profit before taxation		(664)	1,229	9	6,730
Income tax expenses	B5	296	(109)	(338)	(1,607)
(Loss)/ Profit for the period		(368)	1,120	(329)	5,123
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		16	-	7	-
Total comprehensive (loss)/ income for the period		(352)	1,120	(322)	5,123
(Loss)/ Profit attributable to:					
Owners of the Company		(368)	1,120	(329)	5,123
Minority interests		-	-	-	-
(Loss)/ Profit for the period		(368)	1,120	(329)	5,123
Total comprehensive (loss)/ income attributable to:					
Owners of the Company		(352)	1,120	(322)	5,123
Minority interests		-	-	-	-
Total comprehensive (loss)/ income for the period		(352)	1,120	(322)	5,123
(Loss)/ Earnings per share (sen)					
~ Basic	B14	(0.16)	0.48	(0.14)	2.22
~ Diluted	B14	N/A	N/A	N/A	N/A

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 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 FINANCIAL POSITION
AS AT 31 DECEMBER 2010
 (The figures have not been audited)

	Note	(UNAUDITED) AS AT 31.12.2010 RM'000	(AUDITED) AS AT 31.12.2009 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A7	34,316	34,514
Goodwill		5,105	5,105
		<u>39,421</u>	<u>39,619</u>
Current assets			
Inventories		17,324	16,111
Receivables, deposits and prepayments		4,211	3,798
Other current financial assets	B10	19	-
Tax recoverable		709	416
Cash & cash equivalent		3,613	8,869
		<u>25,876</u>	<u>29,194</u>
TOTAL ASSETS		<u>65,297</u>	<u>68,813</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		47,320	47,320
Reserves		10,105	11,664
Total equity		<u>57,425</u>	<u>58,984</u>
Non-current liabilities			
Deferred tax liability		2,192	2,650
		<u>2,192</u>	<u>2,650</u>
Current liabilities			
Payables and accruals		4,700	5,032
Borrowings	B9	980	2,140
Taxation		-	7
		<u>5,680</u>	<u>7,179</u>
Total liabilities		<u>7,872</u>	<u>9,829</u>
TOTAL EQUITY AND LIABILITIES		<u>65,297</u>	<u>68,813</u>
Net Assets per share attributable to owners of the Company (RM)		0.25	0.26

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 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 2010
(The figures have not been audited)

	Non Distributable					Distributable			Total RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Share Option Reserve RM'000	Translation Reserve RM'000	Property Revaluation Reserve RM'000	Retained Profits RM'000		
At 1 January 2009	47,320	1,820	(1,556)	297	-	3,286	4,776	55,943	
Surplus on revaluation of Property, plant and equipment	-	-	-	-	-	1,638	-	1,638	
Total comprehensive income for the period	-	-	-	-	-	-	5,123	5,123	
Share-based payment under ESOS	-	-	-	9	-	-	-	9	
Purchase of treasury shares	-	-	(120)	-	-	-	-	(120)	
Dividend - 2008 Final	-	-	-	-	-	-	(1,155)	(1,155)	
Dividend - 2009 Interim	-	-	-	-	-	-	(2,454)	(2,454)	
At 31 December 2009	47,320	1,820	(1,676)	306	-	4,924	6,290	58,984	
At 1 January 2010	47,320	1,820	(1,676)	306	-	4,924	6,290	58,984	
Total comprehensive income for the period	-	-	-	-	7	-	(329)	(322)	
Dividend - 2009 Final	-	-	-	-	-	-	(1,161)	(1,161)	
Employee Share Options Scheme - Options lapsed	-	-	-	(306)	-	-	230	(76)	
At 31 December 2010	47,320	1,820	(1,676)	-	7	4,924	5,030	57,425	

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 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 CASH FLOW
FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2010
 (The figures have not been audited)

	12 MONTHS ENDED	
	31.12.2010 RM'000	31.12.2009 RM'000
Net cash (used in)/generated from operating activities	(194)	17,709
Net cash used in investing activities	(2,784)	(1,594)
Net cash used in financing activities	<u>(2,464)</u>	<u>(12,605)</u>
Net (decrease)/increase in cash and cash equivalents	(5,442)	3,510
Effect of exchange rate fluctuations on cash and cash equivalents	(2)	(12)
Cash and cash equivalents at 1 January	<u>8,798</u>	<u>5,300</u>
Cash and cash equivalents at 31 December	<u><u>3,354</u></u>	<u><u>8,798</u></u>

Notes:

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

	RM'000	RM'000
Bank and Cash balances	2,428	2,026
Fixed Deposit & Repo with licensed bank	1,185	6,843
Bank overdraft (included within short term borrowings in Note B9)	<u>(259)</u>	<u>(71)</u>
	<u><u>3,354</u></u>	<u><u>8,798</u></u>

The Unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 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 YEAR ENDED 31 DECEMBER 2010

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 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 2009. 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 2009.

The accounting policies and methods of computation adopted by the Group in these condensed consolidated interim financial statements are consistent with those adopted in the consolidated financial statements for the year ended 31 December 2009, except for adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 January 2010:

- FRS 8, *Operating Segments*
- FRS 4, *Insurance Contracts*
- FRS 7, *Financial Instruments: Disclosures*
- FRS 101, *Presentation of Financial Statements*
- FRS 123, *Borrowing Costs*
- FRS 139, *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards* and FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*

- Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 132, *Financial Instruments: Presentation* and FRS 101, *Presentation of Financial Statements - Puttable Financial Instruments and Obligation Arising on Liquidation*
- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*, FRS 7, *Financial Instruments: Disclosures* and IC Interpretation 9, *Reassessment of Embedded Derivatives*
- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*
- Improvements to FRSs (2009)
- IC Interpretation 9, *Reassessment of Embedded Derivatives*
- IC Interpretation 10, *Interim Financial Reporting and Impairment*
- IC Interpretation 11, *FRS 2 - Group and Treasury Share Transactions*
- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, *FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

FRS 4, IC Interpretation 13 and IC Interpretation 14 are not applicable to the Group's and the Company's operations.

The principal effects of the changes in presentation, changes in methods of computation and in accounting policies resulting from the adoption of the new and revised FRSs, IC Interpretations and Amendments are set out below:-

A1 BASIS OF PREPARATION (CONT.)

(i) FRS 8, Operating Segments

FRS 8 requires the identification and reporting of operating segments based on internal reports that are regularly reviewed by the chief operating decision maker of the Group in order to allocate resources to the segment and to assess its performance. As a result, the Group will present segment information in respect of its operating segments by products, namely cookware, convex mirrors and clad metals. This standard does not have any impact on the financial position and results of the Group.

(ii) FRS 101, Presentation of Financial Statements

FRS 101 separates owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. Comparative information, with exception of the requirements under FRS 139, had been re-presented so that it is also in conformity with the revised standard. This standard does not have any impact on the financial position and results of the Group.

The adoption of the other new and revised FRSS, IC Interpretations and Amendments has no material effect to the Group's consolidated financial statements of the quarter or the comparative consolidated financial statements of the prior financial year.

A2 AUDITORS' REPORT ON PRECEDING FINANCIAL STATEMENTS

There was no qualification on the audited financial statements for the Company or its subsidiaries for the financial year ended 31 December 2009.

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 year ended 31 December 2010.

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 year ended 31 December 2010.

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:

(a) Share Buy-backs

At the Annual General Meeting of the Company held on 19 May 2010, the shareholders of the Company had renewed a mandate for the Company to purchase and/or hold up to maximum of 10% of the issued and paid-up capital of the ordinary shares of the Company as may be determined by the Directors of the Company. The mandate will expire upon the conclusion of the next Annual General Meeting.

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

(a) Share Buy-backs (Cont.)

There was no additional share purchased during the quarter ended 31 December 2010, and the total number of treasury shares were 5,642,400 ordinary shares of RM0.20 each, representing 2.39% of the total paid-up share capital of the Company. The shares purchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. None of the treasury shares were sold or cancelled during the financial period under review.

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 2009.

A8 CHANGES IN THE COMPOSITION OF THE GROUP

Save as disclosed below, 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 financial year ended 31 December 2010:-

- (a) On 2 March 2010, the Company subscribed for 10,000 new ordinary shares of EURO1.00 each representing the entire issued and paid-up capital of Steel Crafts Europa S.R.L. for a total consideration of EURO10,000 (equivalent to approximately RM46,000.00)("Subscription"). Subsequent to the Subscription, Steel Crafts Europa S.R.L. has become a wholly-owned subsidiary of the Company.

The principal activity of Steel Crafts Europa S.R.L. is assembling and trading of kitchenware, cookware, clad metals and stainless steel convex mirrors.

A9 DIVIDEND PAID

During the financial year ended 31 December 2010, the Company paid the following dividend:-

- (a) interim dividend of 0.75 sen per Ordinary Share less 25% income tax in respect of the financial year ended 31 December 2009, amounting to RM1,299,140.41 was paid on 20 January 2010; and
- (b) final dividend of 0.67 sen per Ordinary Share less 25% income tax in respect of the financial year ended 31 December 2009, amounting to RM1,160,565.90 was paid on 30 June 2010.

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 12 MONTHS ENDED 31 DECEMBER 2010

	Current Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
Revenue from:				
Cookware	7,252	8,120	24,689	37,077
Convex mirror	1,777	1,386	7,066	4,747
Clad metals	2,436	3,436	11,119	16,067
Others	210	-	210	-
Total revenue including inter-segment sales	11,675	12,942	43,084	57,891
Elimination of inter-segment sales	(1,682)	(1,989)	(7,109)	(10,578)
Total	9,993	10,953	35,975	47,313
	-	-	-	-

Segment Results

Results from:				
Cookware	(303)	173	(1,468)	3,008
Convex mirror	339	349	1,137	1,030
Clad metals	27	738	1,695	3,247
Others	(240)	-	(240)	-
	(177)	1,260	1,124	7,285
Elimination of inter-segment sales	88	31	50	24
Total result	(89)	1,291	1,174	7,309
Unallocated corporate expenses	(570)	(84)	(1,147)	(386)
Interest income	14	23	58	131
Interest expenses	(19)	(1)	(76)	(324)
Income tax expense	296	(109)	(338)	(1,607)
(Loss)/profit for the period	(368)	1,120	(329)	5,123
	-	-	-	-

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 31 December 2010:

	31.12.2010
	RM'000
- Corporate guarantee given by the Company to licensed banks for credit facilities granted to NHC	26,140
	<u>26,140</u>

A13 CAPITAL COMMITMENT

Capital commitments not provided for in the financial statements as at 31 December 2010 are as follows:

	31.12.2010 RM'000
Approved and contracted for	
- Plant & Equipment	<u>221</u>

A14 SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions which involve the directors of the Group for the financial year ended 31 December 2010 are as follows:

	Transaction value for 12 months ended 31.12.2010 RM'000	Balance outstanding as at 31.12.2010 RM'000
With a company in which the Company's directors, Hsiao Chih Jen, Hsiao Chih Chien and Hsiao Chih Che, have substantial financial interests		
Sun New Stainless Steel Industry Ltd.		
Sales	(3,693)	-
Purchases	129	(3)
Standardworld Holding Ltd.		
Royalty fee payable	129	(336)
With a company in which the Company's directors, Hsiao Chih Jen and Hsiao Chih Chien, have substantial financial interests		
Everpro Sdn. Bhd.		
Sales	(4,779)	2,167
Rental income	163	-
With a company in which the Company's director, Hsiao Chih Chien, has substantial financial interests		
I.D.M. Creative Development Co. Ltd.		
Sales	(611)	240
Purchases	972	(90)

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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

B1 REVIEW OF PERFORMANCE

For the quarter ended 31 December 2010, the Group recorded a weaker revenue of RM9.99 million and loss before taxation ("LBT") of RM0.66 million. Revenue in the current quarter declined by RM0.96 million compared to the previous year's corresponding quarter. Operating expenses in the current quarter increased mainly due to the operational expenses of our new subsidiary company, Steel Crafts Europa S.R.L., higher marketing expenses incurred to penetrate the European market and start-up operational cost of a restaurant which showcases the Group's products. As a result, the Group PBT declined by RM1.89 million compared to the previous year's corresponding quarter.

The Group recorded a revenue of RM35.98 million for the 12 months period ended 31 December 2010, which is a decline of RM11.34 million compared to the previous year's corresponding period. Hence, the Group recorded a profit before taxation of approximately RM0.01 million.

The Group's performance by each Division for the current financial year is as follows:

(i) Cookware Division

The Group's revenue for the current financial year was lower than that achieved in financial year ended 31 December 2009 mainly due to a decline in sales orders from our customers in our main markets such as Japan, Hong Kong, Singapore, Taiwan and Malaysia. The decline in the Cookware Division's revenue of RM12.39 million was the major cause of the Group's weak performance this financial year. Our customers in the premium cookware market encountered weak demand in their respective markets, which in turn affected our Group's sales as we supply to our customers on an OEM or ODM basis.

(ii) Convex Mirror Division

The Group's Convex Mirror Division achieved an increase of RM2.32 million in revenue, which is a growth of 48.9% compared to the previous year. The Group's stainless steel convex mirrors sales improved due to better marketing efforts and new convex mirror models.

(iii) Clad Metal Division

The Clad Metal Division's revenue declined due to lower orders from the Group's customers in Japan in line with the weak demand for high end cookware experienced during the period.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	3 months ended 31.12.2010 RM'000	3 months ended 30.9.2010 RM'000
Revenue	9,993	9,548
Profit before taxation	(664)	130
Loss for the period	(368)	(66)

Though revenue for the current quarter improved compared to the preceding quarter, the Group's profit before tax and profit for the period suffered a decline mainly due to operating expenses incurred by the Group's newly incorporated subsidiary company in Europe and start-up operational costs of a new restaurant.

B3 COMMENTARY ON PROSPECT

Though there are signs of global economic recovery, the current financial year will still be a challenging period for the premium cookware business. The Board of Directors is of the view that the Group will still face a weak consumer demand for premium cookware in the current financial year and expects the Group's revenue to be maintained in this current financial year.

B3 COMMENTARY ON PROSPECT (CONT.)

The management is implementing new strategies for the premium cookware market in order to improve the Group's performance, which include securing new customers in Japan and developing new markets in European countries. The Group has commenced marketing its products in Europe via the setting up of its wholly-owned subsidiary company, Steel Crafts Europa S.R.L. which has shown encouraging sales. The Group has secured a new customer in Japan for premium cookware on an ODM basis in order to improve revenue.

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 31.12.2010 RM'000	Cumulative Quarter 12 months ended 31.12.2010 RM'000
In respect of the current period		
- Malaysian tax	142	886
- Deferred tax	<u>(424)</u>	<u>(534)</u>
	(282)	352
In respect of the prior year		
- Malaysian tax	<u>(14)</u>	<u>(14)</u>
	<u>(296)</u>	<u>338</u>

The effective tax rate of the Group is higher than the statutory tax rate mainly due to the losses of two of the subsidiaries which cannot be set off against taxable profit made by another subsidiary, and certain expenses which are not deductible for tax purposes.

B6 RETAINED EARNINGS

The breakdown of retained earnings of the Group as at the reporting date into realised and unrealised profits pursuant to Bursa Malaysia Securities Berhad's directive dated 25 March 2010 is as follows:

	As at 31.12.2010 RM'000	As at 30.9.2010 RM'000
Total retained profits of the Group:		
Realised	40,590	41,415
Unrealised	<u>(2,396)</u>	<u>(2,729)</u>
	38,194	38,686
Less: Consolidation adjustments	<u>(33,164)</u>	<u>(33,212)</u>
Total Group retained profits as per consolidated accounts	<u>5,030</u>	<u>5,474</u>

The determination of realised and unrealised profits is made based on the Guidance On Special Matter No 1 - Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

B7 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 year ended 31 December 2010.

B8 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 2010.

B9 GROUP BORROWINGS

Save as disclosed below, there were no other borrowings or debt securities in the Group as at 31 December 2010:

	As at 31.12.2010 RM'000	As at 31.12.2009 RM'000
Current:		
Bank overdraft	259	71
Bankers' acceptance - secured	721	2,069
	<u>980</u>	<u>2,140</u>

All borrowings are denominated in Malaysia Ringgit.

B10 FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and foreign exchange risk arises in the normal course of the Group's business. Derivative financial instruments may be used to hedge exposure to fluctuations in foreign exchange rates and interest rates.

The relevant accounting policies and the effects of the adoption of new accounting policies are disclosed in Note A1 Basis of Preparation. There were no off balance sheet financial instruments as at the reporting date.

Outstanding derivatives

The Group had not entered into any new type of derivatives in the current interim quarter that was not disclosed in the preceding year's annual financial statements. As at 31 December 2010, total contract value and fair value of the Group outstanding derivative financial instruments are as follows:-

Type of derivatives	Notional Value RM'000	Fair Value RM'000	Fair Value Net gain RM'000	Cash Requirement RM'000
Forward foreign exchange contracts				
- Less than 1 year				
- In Japanese Yen	1,404	1,390	14	-
- In US Dollar	623	618	5	-

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

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.

B11 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 31 December 2010, the Group does not have any financial liabilities measured at fair value through profit or loss.

B12 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.

B13 STATUS OF CORPORATE PROPOSALS

On 23 July 2010, 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 2010 to 8 August 2011, for its subsidiary company, Ni Hsin Corporation Sdn Bhd ("NHC") to obtain all the necessary approvals in respect of the rectification of non-approved structures and covered terrace of its factories. The SC has approved the application of the extension of time vide its letter dated 18 August 2010.

On 8 January 2010, NHC has submitted the building plan and other relevant documents to Majlis Perbandaran Kajang for the covered terrace.

On 24 February 2010, Majlis Perbandaran Kajang has given conditional approval on the building plan of the covered terrace subject to submission of amended building plan and additional documents requested.

On 10 May 2010, NHC has submitted the amended building and additional documents plan to Majlis Perbandaran Kajang for approval of the covered terrace.

On 4 August 2010, NHC has received the approval of the building plan of the covered terrace from Majlis Perbandaran Kajang via their letter dated 20 July 2010.

On 29 October 2010, Bahagian Bangunan, Jabatan Kejuruteraan of Majlis Perbandaran Kajang issued its letter stating it has inspected the site and has no objections to Majlis Perbandaran Kajang for the issuance of the Certificate of Fitness for the covered terrace of the factory.

As at 18 February 2011 (the latest practicable date not earlier than seven (7) days from the date of issue of this report), NHC is preparing necessary document for application to Majlis Perbandaran Kajang for Certificate of Fitness of the building. NHC's architects are currently preparing the building plan for the non-approved structures and are expected to submit the building plan by end February 2011 to Majlis Perbandaran Kajang for approval.

B14 EARNINGS PER SHARE ("EPS")

(a) Basic

Basic EPS is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Basic EPS				
(Loss)/ profit attributable to owners of the Company (RM '000)	(368)	1,120	(329)	5,123
Weighted average no. of ordinary shares in issue ('000)	230,958	232,170	230,958	230,969
Basic EPS (sen)	(0.16)	0.48	(0.14)	2.22

B14 EARNINGS PER SHARE ("EPS") (CONT.)

(b) Diluted

The adjustment for weighted average number of ordinary shares to arrive at the diluted earnings per share were not calculated as the market share price at the current and previous financial quarter/period end closing respectively were below the exercisable prices offered. During the quarter, the Employee Share Option Scheme has lapsed and hence, there is no potential dilutive ordinary shares.

B15 DIVIDEND

No interim dividend has been recommended for the current quarter and financial period under review.

B16 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 23 February 2011.

By order of the Board of Directors
NI HSIN RESOURCES BERHAD

HSIAO CHIH JEN
Managing Director

Date: 23 February 2011