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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 2011

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2011
(The figures have not been audited)

	Note	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 9 MONTHS ENDED	
		30.9.2011 RM'000	30.9.2010 RM'000	30.9.2011 RM'000	30.9.2010 RM'000
Revenue	A10	9,335	9,548	26,215	25,982
Cost of sales		(7,094)	(7,208)	(20,138)	(19,453)
Gross Profit		2,241	2,340	6,077	6,529
Other operating income		262	52	567	509
Operating expenses		(2,485)	(2,248)	(7,161)	(6,352)
Interest income		12	15	28	44
Finance costs		(37)	(29)	(102)	(57)
(Loss) / Profit before taxation		(7)	130	(591)	673
Income tax expenses	B5	(268)	(196)	(680)	(634)
(Loss)/ Profit for the period		(275)	(66)	(1,271)	39
Other comprehensive income, net of tax Foreign currency translation differences for foreign operations		(9)	(19)	(65)	(9)
Total comprehensive (loss)/ income for the period		(284)	(85)	(1,336)	30
(Loss)/ Profit attributable to:					
Owners of the Company		(275)	(66)	(1,271)	39
Minority interests		-	-	-	-
(Loss)/ Profit for the period		(275)	(66)	(1,271)	39
Total comprehensive (loss)/ income attributable to:					
Owners of the Company		(284)	(85)	(1,336)	30
Minority interests		-	-	-	-
Total comprehensive (loss)/ income for the period		(284)	(85)	(1,336)	30
(Loss)/ Earnings per share (sen)					
~ Basic	B14	(0.12)	(0.03)	(0.55)	0.02
~ 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 2010 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 30 SEPTEMBER 2011
 (The figures have not been audited)

		(UNAUDITED)	(AUDITED)
	Note	AS AT 30.9.2011 RM'000	AS AT 31.12.2010 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A7	32,520	34,316
Goodwill		5,105	5,105
		<u>37,625</u>	<u>39,421</u>
Current assets			
Inventories		19,007	17,324
Receivables, deposits and prepayments		3,319	4,424
Other current financial assets	B10	-	19
Tax recoverable		1,618	715
Cash & cash equivalent		4,523	3,616
		<u>28,467</u>	<u>26,098</u>
TOTAL ASSETS		<u>66,092</u>	<u>65,519</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		47,320	47,320
Reserves		8,768	10,104
		<u>56,088</u>	<u>57,424</u>
Total equity		<u>56,088</u>	<u>57,424</u>
Non-current liabilities			
Deferred tax liability		2,179	2,192
		<u>2,179</u>	<u>2,192</u>
Current liabilities			
Payables and accruals		4,752	4,917
Borrowings	B9	2,251	980
Other current financial liabilities	B10	5	-
Taxation		817	6
		<u>7,825</u>	<u>5,903</u>
Total liabilities		<u>10,004</u>	<u>8,095</u>
TOTAL EQUITY AND LIABILITIES		<u>66,092</u>	<u>65,519</u>
Net Assets per share attributable to owners of the Company (RM)		0.24	0.25

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010 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 2011
(The figures have not been audited)

	Non Distributable					Distributable			
	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	Total RM'000	
At 1 January 2010	47,320	1,820	(1,676)	306	-	4,924	6,290	58,984	
Total comprehensive income for the period	-	-	-	-	(9)	-	39	30	
Dividend - 2009 Final	-	-	-	-	-	-	(1,161)	(1,161)	
Employee Share Options Scheme - Options lapsed	-	-	-	(306)	-	-	306	-	
At 30 September 2010	47,320	1,820	(1,676)	-	(9)	4,924	5,474	57,853	
At 1 January 2011	47,320	1,820	(1,676)	-	7	4,924	5,029	57,424	
Total comprehensive income for the period	-	-	-	-	(65)	-	(1,271)	(1,336)	
At 30 September 2011	47,320	1,820	(1,676)	-	(58)	4,924	3,758	56,088	

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 2010 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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2011
 (The figures have not been audited)

	9 MONTHS ENDED	
	30.9.2011 RM'000	30.9.2010 RM'000
Net cash used in operating activities	(2)	(2,589)
Net cash used in investing activities	(456)	(1,230)
Net cash generated from/(used in) financing activities	<u>1,307</u>	<u>(1,769)</u>
Net increase/(decrease) in cash and cash equivalents	849	(5,588)
Effect of exchange rate fluctuations on cash and cash equivalents	94	2
Cash and cash equivalents at 1 January	<u>3,357</u>	<u>8,798</u>
Cash and cash equivalents at 30 September	<u><u>4,300</u></u>	<u><u>3,212</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	2,641	1,810
Fixed Deposit & Repo with licensed bank	1,882	1,860
Bank overdraft (included within short term borrowings in Note B9)	<u>(223)</u>	<u>(458)</u>
	<u><u>4,300</u></u>	<u><u>3,212</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 2010 and the accompanying explanatory notes attached to the Interim Financial Statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2011

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 2010. 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 2010.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010, except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2011.

- FRS 1, *First-time Adoption of Financial Reporting Standards*
- FRS 3, *Business Combinations (Revised)*
- FRS 127, *Consolidated and Separate Financial Statements (revised)*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
 - *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
 - *Additional Exemptions for First-time Adopters*
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distributions of Non-cash Assets to Owners*
- IC Interpretation 18, *Transfers of Assets from Customers*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*
- Improvements to FRSs (2010)

The Group has not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective.

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures (revised)*
- IC Interpretation 15, *Agreements for the Construction of Real Estate*

FRS 1 (revised), IC Interpretation 12, IC Interpretation 16 and Amendments to FRS 1 are not applicable to the Group and the Company.

The Group and the Company plan to adopt the abovementioned standards, amendments and interpretations from the annual period beginning on 1 January 2012 for those standards, amendments and interpretations that will be effective for annual periods beginning on or after 1 July 2011 and 1 January 2012, except for Amendments to IC Interpretation 14, IC Interpretation 19 and IC Interpretation 15 which are not applicable to the Group and the Company.

A1 . BASIS OF PREPARATION (CONT.)

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 2010.

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 2011.

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 2011.

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 18 May 2011, 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.

There was no additional share purchased during the quarter ended 30 September 2011, 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 2010.

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 financial period ended 30 September 2011.

A9 DIVIDEND PAID

No dividend was paid during the current quarter and financial period ended 30 September 2011.

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:

RESULTS FOR 9 MONTHS ENDED 30 SEPTEMBER 2011

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.9.2011 RM'000	30.9.2010 RM'000	30.9.2011 RM'000	30.9.2010 RM'000
<u>Segment Revenue</u>				
Revenue from:				
Cookware	5,801	6,676	16,530	17,437
Convex mirror	1,673	1,956	5,614	5,289
Clad metals	3,644	2,890	8,854	8,683
Others	196	-	546	-
Total revenue including inter-segment sales	11,314	11,522	31,544	31,409
Elimination of inter-segment sales	(1,979)	(1,974)	(5,329)	(5,427)
Total	9,335	9,548	26,215	25,982
<u>Segment Results</u>				
Results from:				
Cookware	(528)	(396)	(1,749)	(1,165)
Convex mirror	310	325	923	798
Clad metals	638	462	1,029	1,668
Others	(140)	-	(443)	-
Elimination of inter-segment sales	280	391	(240)	1,301
Total result	(139)	37	(51)	(38)
Unallocated corporate expenses	141	428	(291)	1,263
Interest income	(123)	(284)	(226)	(577)
Interest expenses	12	15	28	44
Income tax expense	(37)	(29)	(102)	(57)
Income tax expense	(268)	(196)	(680)	(634)
(Loss)/profit for the period	(275)	(66)	(1,271)	39

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 2011:

	30.9.2011
	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 30 September 2011 are as follows:

	30.9.2011 RM'000
Approved and contracted for	
- Plant & Equipment	<u>120</u>

A14 SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions which involve the directors of the Group for the financial period ended 30 September 2011 are as follows:

	Transaction value for 9 months ended 30.9.2011 RM'000	Balance outstanding as at 30.9.2011 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	(1,898)	-
Purchases	113	(1)
Standardworld Holding Ltd.		
Royalty fee payable	102	(288)
With a company in which the Company's directors, Hsiao Chih Jen and Hsiao Chih Chien, have substantial financial interests		
Everpro Sdn. Bhd.		
Sales	(3,840)	961
Purchases	23	-
Rental income	(122)	-
With a company in which the Company's director, Hsiao Chih Chien, has substantial financial interests		
I.D.M. Creative Development Co. Ltd.		
Sales	(141)	-
Purchases	928	(139)

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

B1 REVIEW OF PERFORMANCE

Operating Environment

For the quarter ended 30 September 2011, the Group operated in a difficult economic environment due to the slow down in Japan, which is the Group's main export market, that was impacted by the massive earthquake and tsunami in the first quarter of 2011. Based on an IMF report in July 2011, the Japanese economy is expected to shrink by 0.7% in this year. However the reconstruction efforts and supply chain recovery in Japan is expected to pick up steadily in the second half of 2011 onwards. The decline in the Japanese economy has curtailed consumer spending as the current consumer spending will be more cautious and restrained.

As for the European market, the economic conditions remain weak with the European debt crisis affecting consumer spending. The Group's other major markets such as Malaysia, Singapore, USA, Taiwan, Hong Kong and South Korea registered positive economic growth for the period under review.

Performance Review

The Group recorded a revenue of RM9.335 million and Loss Before Taxation ("LBT") of RM0.007 million in the current quarter ended 30 September 2011. Revenue in the current quarter declined marginally by RM0.213 million or 2.2% compared to the revenue of the previous year's corresponding quarter, mainly due to lower cookware and convex mirror sales. Operating expenses in the current quarter however increased by RM0.237 million or 10.5%, mainly due to the operational expenses of our Italian subsidiary company, Steel Crafts Europa S.R.L., and operational costs of our restaurant business in Malaysia.

The Group's revenue for the 9 month period ended 30 September 2011 was RM26.215 million, which was an improvement of RM0.233 million or 0.9% compared to the previous year's corresponding period. However, the Group incurred a LBT of RM0.591 million for the current period compared to a Profit Before Taxation of RM0.673 million in the previous year's corresponding period due to weak demand for our premium cookware in Japan, weak US dollar, and higher operating expenses arising from our Italian subsidiary and restaurant business in Malaysia.

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

(i) **Cookware Division**

The Cookware Division's revenue for the quarter declined by RM0.897 million or 13.4% compared to the previous year's corresponding quarter, and revenue for the 9 month period declined by RM0.925 million or 5.3% compared to the previous year's corresponding period. The cookware revenue by geographical market for the period is as follows:-

	9 month ended 30.09.2011	9 month ended 30.09.2010	Increase/ (Decrease)	%
	RM'000	RM'000	RM'000	
Japan	7,028	9,085	(2,057)	-22.6%
Malaysia	3,890	2,468	1,422	57.6%
USA and Canada	1,375	1,624	(249)	-15.3%
Taiwan	2,066	3,022	(956)	-31.6%
Singapore	1,240	641	599	93.4%
Hong Kong and PRC	692	566	126	22.3%
Others	216	26	190	730.8%
	<u>16,507</u>	<u>17,432</u>	<u>(925)</u>	<u>-5.3%</u>

The Group's sales declined mainly in Japan due to the weak market conditions after the earthquake and tsunami in March 2011 whereas the Group's Taiwanese distributor faced more competition from other brands. Cookware sales to the USA and Canada reduced in the period due to the weaker economic conditions in the region. Nevertheless the Group's sales to the other markets such as Malaysia, Singapore and Hong Kong registered improvements to partially offset the reduction in sales in Japan, USA and Taiwan. The Group registered higher sales in these markets due to better promotional efforts by the distributors to increase sales. Malaysian sales improved due to more Buffalo Lifestyle Corner outlets being opened in Klang Valley and higher distributor orders by our local distributor, Everpro Sdn Bhd.

B1 REVIEW OF PERFORMANCE (CONT.)

Performance Review (Cont.)

(ii) Convex Mirror Division

The Convex Mirror Division achieved a revenue of RM1.454 million for the current quarter, which is a decline of RM0.353 million or 19.5%, compared to a revenue of RM1.807 million in the previous year's corresponding quarter. The revenue for the 9 month period was RM5.226 million compared to a revenue of RM5.043 million in the previous year's corresponding period, which was an increase of RM0.183 million or 3.6%. The convex mirror sales was affected in the quarter under review as our Japanese customers were affected by the economic downturn in Japan. Convex mirror sales to other countries remained stable during the quarter and period.

Stainless steel convex mirrors sales increased in the 9 month period mainly due to a higher take up of orders by our Japanese customers in the first half of 2011 and sales to Europe. For the European market, the Group now has 18 distributors in 12 countries and 1 distributor in Egypt due to marketing efforts by our Italian subsidiary. The Group will appoint more distributors to expand its convex mirror sales in Europe.

(iii) Clad Metal Division

The Clad Metal Division's revenue improved in the quarter compared to the previous year's corresponding quarter's revenue by RM0.841 million or 79.0%. The Division's revenue for the 9 month period was RM3.936 million which was an improvement of RM0.429 million or 12.2% compared to the previous year's corresponding period. The Clad Metal sales improved due to our customer in Thailand increasing production of multi-ply stainless steel cookware.

The Group's statement of financial position remained healthy with net assets per share of RM0.24. The non-current assets was at RM37.625 million as there was no major property, plant and equipment acquired during the period. Within the current assets, inventory increased to RM19.007 million as at 30 September 2011 due to stocking up for higher orders in the last quarter in 2011. The Group's net current assets was RM20.642 million, with cash and cash equivalents at RM4.523 million. The Group is currently in net cash position of RM2.272 million.

The Group's net operating cash flows for the 9 month period was a marginal deficit of RM0.002 million, compared to a deficit cashflow of RM2.589 million during last year's corresponding period due to a better collection of trade receivables. The net cash out flow from investing activities was RM0.456 million mainly due to purchases of property, plant and equipment. Net cash from financing activities was positive at RM1.307 million due to drawdown of bankers acceptances for working capital. The net resultant impact to Group cash flows was a positive increase of RM0.849 million during the period.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	3 months ended 30.9.2011 RM'000	3 months ended 30.6.2011 RM'000
Revenue	9,335	9,157
Loss before taxation	(7)	(9)
Loss for the period	(275)	(205)

The Group's revenue improved mainly due to better sales of clad metals, whilst the cookware and convex mirror revenue declined in this quarter. The cookware and convex mirror sales declined mainly due the impact of the Japanese market downturn. Clad metal sales improved due to higher exports to our customer in Thailand which has increased production of multi-ply stainless steel cookware. The Group incurred a lower loss before tax due to the higher revenue compared to the previous quarter.

B3 COMMENTARY ON PROSPECT

The current financial year will be a challenging period for the premium cookware business. The earthquake and tsunami in Japan in the first quarter has caused the cookware demand in Japan, which is our major export market, to be affected. The Group expects our Japanese market to gradually recover as reconstruction efforts and consumer demand picks up in the second half of 2011 onwards. The global economy faces more uncertainties due to the European debt crisis, inflationary pressures and high commodity prices. The European debt crisis is a major threat to the global economy which in turn may affect the Group's prospects and weaken demand for our products.

B3 COMMENTARY ON PROSPECT (CONT.)

For the last quarter of 2011 and moving to 2012, the Group will place more focus in improving the cookware sales for the Group's in-house brand Buffalo and developing the Asian and European market for premium cookware as there are still many countries that the Group has not exported to. Sales for cookware is expected to improve in the final quarter as seasonally cookware sales is higher towards the end of the year. Convex mirror sales in Japan is still expected to be weak due to the downturn. Convex mirror sales in Europe has shown positive contribution to the Group sales and is expected to improve with more distributors appointed next year.

Notwithstanding the weak operating environment, the management expects the Group's revenue to be maintained in this current financial year. However, the Group's operating expenses is expected to be higher due to our Italian subsidiary's and Malaysian restaurant's operational expenses. Hence, the Group is expected to incur a loss before taxation in the current financial year.

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 30.9.2011 RM'000	Cumulative Quarter 9 months ended 30.9.2011 RM'000
In respect of the current period		
- Malaysian tax	303	693
- Deferred tax	(35)	(13)
	<u>268</u>	<u>680</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 30.9.2011 RM'000	As at 31.12.2010 RM'000
Total retained profits of the Group:		
Realised	39,213	40,587
Unrealised	(2,279)	(2,396)
	<u>36,934</u>	<u>38,191</u>
Less: Consolidation adjustments	(33,176)	(33,162)
Total Group retained profits as per consolidated accounts	<u>3,758</u>	<u>5,029</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 ended 30 September 2011.

B8 PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There was no purchase or disposal of quoted securities during the current quarter ended 30 September 2011.

B9 GROUP BORROWINGS

Save as disclosed below, there were no other borrowings or debt securities in the Group as at 30 September 2011:

	As at 30.9.2011 RM'000	As at 31.12.2010 RM'000
Current:		
Bank overdraft	223	259
Bankers' acceptance - secured	2,028	721
	<u>2,251</u>	<u>980</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 30 September 2011, 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 Loss RM'000	Cash Requirement RM'000
Forward foreign exchange contracts				
- Less than 1 year				
- In Japanese Yen	373	378	(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 30 September 2011, 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 1 August 2011, the Company has submitted an application to the Securities Commission ("SC") seeking its approval for an extension of time from 9 August 2011 to 31 March 2012, 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 15 August 2011.

B13 STATUS OF CORPORATE PROPOSALS (CONT.)

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

On 29 March 2011, NHC has submitted building plan and site plan to MPKJ (Unit Pusat Setempat, OSC), MPKJ (Jabatan Bangunan) and Jabatan Perkhidmatan Bomba Malaysia for approval.

On 5 May 2011, MPKJ (Unit Pusat Setempat, OSC) visit NHC to carry out further checking and inspection

On 13 May 2011, MPKJ (Bahagian Bangunan) conditionally approved NHC application on the non-approved structures and covered terrace.

On 27 May 2011, MPKJ (Jabatan Perancangan Pembangunan) informed NHC that their requirement has been complied.

On 28 June 2011, NHC resubmitted amended building plan to Jabatan Bomba dan Penyelamat ("BOMBA") according to their comments and requirements. On 2 August 2011, BOMBA has rejected NHC's application with their comments given.

On 5 August 2011, NHC resubmitted the amended building plan to BOMBA for its approval. On 19 September 2011, Director of BOMBA (Bahagian Keselamatan Kebakaran) has verified NHC's fire fighting system and endorsed its building plan.

On 21 September 2011 and 5 October 2011, NHC has submitted BOMBA's approval letter and MPKJ (Jabatan Perancang)'s approval letter to MPKJ respectively.

On 12 October 2011, MPKJ has granted its approval on the building plan with validity period of one year. NHC shall fulfil all conditions required by MPKJ within the stipulated period.

On 30 October 2011, NHC has submitted Borang B (Notice of Project Start) to MPKJ.

As at 17 November 2011 (the latest practicable date not earlier than seven (7) days from the date of issue of this report), NHC is taking necessary actions to fulfil the conditions set out by MPKJ.

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 9 months ended	
	30.9.2011	30.9.2010	30.9.2011	30.9.2010
Basic EPS				
(Loss)/ profit attributable to owners of the Company (RM '000)	(275)	(66)	(1,271)	39
Weighted average no. of ordinary shares in issue ('000)	230,958	230,958	230,958	230,958
Basic EPS (sen)	(0.12)	(0.03)	(0.55)	0.02

(b) Diluted

Diluted EPS is not applicable to the Company.

B15 DIVIDEND

The Board of Directors have declared an interim single tier dividend of 1 sen per Ordinary Share in respect of the financial year ending 31 December 2011 to be paid on 18 January 2012. The entitlement date for the interim dividend shall be 21 December 2011.

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 21 December 2011 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.

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 21 November 2011.

By order of the Board of Directors
NI HSIN RESOURCES BERHAD

HSIAO CHIH JEN
Managing Director

Date: 21 November 2011

