



# **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 2011**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2011**  
(The figures have not been audited)

	Note	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 12 MONTHS ENDED	
		31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 RM'000
Revenue	A10	13,123	9,993	39,338	35,975
Cost of sales		(9,052)	(7,910)	(29,190)	(27,363)
<b>Gross Profit</b>		<b>4,071</b>	<b>2,083</b>	<b>10,148</b>	<b>8,612</b>
Other operating income		173	134	740	643
Operating expenses		(2,883)	(2,876)	(10,044)	(9,228)
<b>Operating profit</b>	A11	<b>1,361</b>	<b>(659)</b>	<b>844</b>	<b>27</b>
Interest income		9	14	37	58
Finance costs	A12	(33)	(19)	(135)	(76)
<b>Profit/(Loss) before taxation</b>		<b>1,337</b>	<b>(664)</b>	<b>746</b>	<b>9</b>
Income tax expenses	B5	(214)	296	(894)	(338)
<b>(Loss)/ Profit for the period</b>		<b>1,123</b>	<b>(368)</b>	<b>(148)</b>	<b>(329)</b>
<b>Other comprehensive income, net of tax</b>					
Foreign currency translation differences for foreign operations		94	16	29	7
Fair value reserve		202	-	202	-
<b>Total comprehensive (loss)/ income for the period</b>		<b>1,419</b>	<b>(352)</b>	<b>83</b>	<b>(322)</b>
<b>(Loss)/ Profit attributable to:</b>					
Owners of the Company		1,123	(368)	(148)	(329)
Minority interests		-	-	-	-
<b>(Loss)/ Profit for the period</b>		<b>1,123</b>	<b>(368)</b>	<b>(148)</b>	<b>(329)</b>
<b>Total comprehensive (loss)/ income attributable to:</b>					
Owners of the Company		1,408	(352)	83	(322)
Minority interests		-	-	-	-
<b>Total comprehensive (loss)/ income for the period</b>		<b>1,408</b>	<b>(352)</b>	<b>83</b>	<b>(322)</b>
<b>(Loss)/ Earnings per share (sen)</b>					
~ Basic	B11	0.49	(0.16)	(0.06)	(0.14)
~ Diluted	B11	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 31 DECEMBER 2011**  
 (The figures have not been audited)

		(UNAUDITED)	(AUDITED)
	Note	AS AT 31.12.2011 RM'000	AS AT 31.12.2010 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A7	32,158	34,316
Goodwill		5,105	5,105
		<u>37,263</u>	<u>39,421</u>
<b>Current assets</b>			
Inventories		17,353	17,324
Receivables, deposits and prepayments		4,878	4,424
Other current financial assets		-	19
Tax recoverable		963	715
Cash & cash equivalent		6,426	3,616
		<u>29,620</u>	<u>26,098</u>
<b>TOTAL ASSETS</b>		<u>66,883</u>	<u>65,519</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		47,320	47,320
Reserves		7,877	10,104
<b>Total equity</b>		<u>55,197</u>	<u>57,424</u>
<b>Non-current liabilities</b>			
Deferred tax liability		2,119	2,192
		<u>2,119</u>	<u>2,192</u>
<b>Current liabilities</b>			
Payables and accruals		7,513	4,917
Borrowings	B7	1,829	980
Taxation		225	6
		<u>9,567</u>	<u>5,903</u>
<b>Total liabilities</b>		<u>11,686</u>	<u>8,095</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>66,883</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 TWELVE MONTHS PERIOD ENDED 31 DECEMBER 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	Fair Value Reserve RM'000	Translation Reserve RM'000	Property Revaluation Reserve RM'000	Retained Profits RM'000	Total RM'000
<b>At 1 January 2010</b>	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)	-	-	-	229	(77)
<b>At 31 December 2010</b>	<b>47,320</b>	<b>1,820</b>	<b>(1,676)</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>4,924</b>	<b>5,029</b>	<b>57,424</b>
<b>At 1 January 2011</b>	47,320	1,820	(1,676)	-	-	7	4,924	5,029	57,424
Total comprehensive income for the period	-	-	-	-	202	29	-	(148)	83
Dividend - 2011 Interim	-	-	-	-	-	-	-	(2,310)	(2,310)
<b>At 31 December 2011</b>	<b>47,320</b>	<b>1,820</b>	<b>(1,676)</b>	<b>-</b>	<b>202</b>	<b>36</b>	<b>4,924</b>	<b>2,571</b>	<b>55,197</b>

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.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2011**  
 (The figures have not been audited)

	12 MONTHS ENDED	
	31.12.2011 RM'000	31.12.2010 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	746	9
Adjustments	3,139	2,957
Operating profit before changes in working capital	<u>3,885</u>	<u>2,966</u>
Changes in working capital	23	(647)
Cash generated from operations	3,908	2,319
Income taxes paid	(1,042)	(1,547)
Income taxes refunded	46	375
Interest paid	(135)	(76)
Interest received	37	58
<b>Net cash generated from operating activities</b>	<u><u>2,814</u></u>	<u><u>1,129</u></u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,002)	(2,911)
Proceeds from disposal of property, plant and equipment	125	172
<b>Net cash used in investing activities</b>	<u><u>(877)</u></u>	<u><u>(2,739)</u></u>
<b>Cash flows from financing activities</b>		
Net proceeds/(repayment) of bankers' acceptances	1,108	(1,348)
Dividends paid	-	(2,460)
<b>Net cash generated from/(used in) financing activities</b>	<u><u>1,108</u></u>	<u><u>(3,808)</u></u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	3,045	(5,418)
Effect of exchange rate fluctuations on cash held	24	(23)
Cash and cash equivalents at 1 January	<u>3,357</u>	<u>8,798</u>
<b>Cash and cash equivalents at 31 December</b>	<u><u>6,426</u></u>	<u><u>3,357</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	4,093	2,431
Fixed Deposit & Repo with licensed bank	2,333	1,185
Bank overdraft (included within short term borrowings in Note B9)	-	(259)
	<u><u>6,426</u></u>	<u><u>3,357</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.

## NI HSIN RESOURCES BERHAD

(Company no. 653353-W)

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 2011.

**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 financial year ended 31 December 2011.

**A5 MATERIAL CHANGES IN ESTIMATES**

There were no material changes in estimates that have a material effect on the results for the financial year ended 31 December 2011.

**A6 DEBT AND EQUITY SECURITIES**

Save as disclosed below, there were no issuance, repurchase and repayment of debt and equity securities, share buy-backs, share cancellation for the financial year ended 31 December 2011:

**(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 financial year ended 31 December 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 year 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 year ended 31 December 2011.

**A9 DIVIDEND PAID**

No dividend was paid during the financial year ended 31 December 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 12 MONTHS ENDED 31 DECEMBER 2011**

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 RM'000
<b><u>Segment Revenue</u></b>				
Revenue from:				
Cookware	9,236	7,317	25,766	24,754
Convex mirror	2,437	1,582	8,051	6,871
Clad metals	3,144	2,566	11,998	11,249
Others	251	210	797	210
Total revenue including inter-segment sales	15,068	11,675	46,612	43,084
Elimination of inter-segment sales	(1,945)	(1,682)	(7,274)	(7,109)
<b>Total</b>	<b>13,123</b>	<b>9,993</b>	<b>39,338</b>	<b>35,975</b>

**Segment Results**

Results from:				
Cookware	858	(207)	(891)	(1,367)
Convex mirror	389	297	1,312	1,095
Clad metals	330	(24)	1,359	1,643
Others	(101)	(240)	(544)	(240)
	1,476	(174)	1,236	1,131
Elimination of inter-segment sales	38	88	(13)	43
<b>Total result</b>	<b>1,514</b>	<b>(86)</b>	<b>1,223</b>	<b>1,174</b>
Unallocated corporate expenses	(153)	(573)	(379)	(1,147)
Interest income	9	14	37	58
Interest expenses	(33)	(19)	(135)	(76)
Income tax expense	(214)	296	(894)	(338)
<b>Profit/(loss) for the period</b>	<b>1,123</b>	<b>(368)</b>	<b>(148)</b>	<b>(329)</b>

**A11 OPERATING PROFIT**

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 RM'000
Operating profit is arrived at after charging and crediting:				
Depreciation on property, plant and equipment	797	817	3,050	3,099
Net gain on foreign exchange	(28)	(8)	13	(21)
Net (gain)/loss in fair value of financial instruments measured at fair value	24	(3)	19	(19)

**A12 FINANCE COSTS**

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 RM'000
Bank overdrafts	14	3	68	17
Bankers' acceptances	19	16	67	59
	33	19	135	76



#### A13 SUBSEQUENT EVENT

There was no material event after the interim period that have not been reflected in the financial statements for the financial period under review.

#### A14 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets and no changes in the contingent liability since 31 December 2010.

#### A15 CAPITAL COMMITMENT

There were no other outstanding capital commitments at the end of the current quarter.

#### A16 SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions which involve the directors of the Group for the financial year ended 31 December 2011 are as follows:

	Transaction value for 12 months ended 31.12.2011 RM'000	Balance outstanding as at 31.12.2011 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	(3,385)	117
Purchases	152	(15)
Standardworld Holding Ltd.		
Royalty fee	181	(367)
With a company in which the Company's directors, Hsiao Chih Jen and Hsiao Chih Chien, have substantial financial interests		
Everpro Sdn. Bhd.		
Sales	(7,849)	2,785
Purchases	296	-
Rental income	(162)	-
With a company in which the Company's director, Hsiao Chih Chien, has substantial financial interests		
I.D.M. Creative Development Co. Ltd.		
Sales	(150)	-
Purchases	1,302	5

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

B1 OPERATING SEGMENTS REVIEW

**Operating Environment**

For the quarter and financial year ended 31 December 2011, the Group operated in a difficult economic environment due to the slowdown 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. Japan's economy shrank for the third time in four quarters between October and December, after floods in Thailand damaged production of key Japanese manufacturers, a strong yen and subdued overseas demand hurt exports. 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. However, 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.

**Quarter 4 Ended 31 December 2011 ("Q42011") vs Quarter Ended 31 December 2010 ("Q42010")**

The Group recorded a revenue of RM13.123 million and Profit Before Taxation ("PBT") of RM1.337 million in the current quarter ended 30 December 2011. Revenue in Q42011 improved by RM3.130 million or 31.3% compared to the revenue of Q42010, mainly due to higher cookware, convex mirror and clad metal sales. Group gross profit ("GP") margin improved in Q42011 from 20.8% to 31.0%, mainly due to improvements in GP margin of the cookware division. Operating expenses in the current quarter approximates that of last year's quarter. Profit After Taxation ("PAT") for Q42011 increased by RM1.491 million to RM1.123 million compared to Q42010 as a result of the improvement in revenue across all divisions.

**Financial Year Ended 31 December 2011 ("FY2011") vs Financial Year Ended 31 December 2010 ("FY2010")**

For FY2011, the Group recorded a revenue of RM39.338 million and PBT of RM0.746 million. Revenue in FY2011 improved by RM3.363 million or 9.3% compared to the revenue of FY2010 mainly due to higher cookware, convex mirror and clad metal sales achieved in Q42011. Group GP margin in FY2011 increased from 23.9% to 25.8% due to improvement in the GP margin of the cookware division in Q42011. Operating expenses in FY2011 is higher by RM0.816 million due to the operating expenses of our Italian subsidiary company which is in its second year of operations. With the higher revenue, the Group registered a PBT of RM0.746 million which is RM0.737 million higher than FY2010. However, the provision for taxation for FY2011 was RM0.894 million, mainly due to the taxation provided for the Convex Mirror and Clad Metals division which contributed the majority of the PBT. As a result, the Group registered a marginal Loss After Taxation of RM0.148 million for FY2011.

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

**(i) Cookware Division**

The Cookware Division's revenue for Q42011 improved by RM1.919 million or 26.2% compared to Q42010, and revenue for FY2011 improved by RM1.012 million or 4.1% compared to FY2010. Seasonally the cookware division's revenue is the highest in each year due to the year end festive season and holiday sales. The cookware revenue by geographical market for the period is as follows:-

	FY2011	FY2010	Increase/ (Decrease)	%
	RM'000	RM'000	RM'000	
Japan	10,230	10,489	(259)	-2.5%
Malaysia	7,712	5,205	2,507	48.2%
USA and Canada	1,737	1,612	125	7.8%
Taiwan	3,264	4,268	(1,004)	-23.5%
Singapore	1,551	696	855	122.8%
Hong Kong and China	693	2,229	(1,536)	-68.9%
Others	579	2,484	(1,905)	-76.7%
	<u>25,766</u>	<u>24,754</u>	<u>1,012</u>	<u>4.1%</u>

The Group's sales declined 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. The Group's revenue to Hong Kong and China declined substantially as there was an one-off order from a customer in China in FY2010. Nevertheless the Group's sales to the other markets such as Malaysia, USA & Canada, and Singapore registered improvements to partially offset the reduction in sales in Japan, Hong Kong and China, and Taiwan. The Group registered higher sales in these markets due to better promotional efforts by the distributors to increase sales. Malaysian sales improved substantially due to more Buffalo Lifestyle Corner outlets being opened in Klang Valley and higher distributor orders by our local distributor, Everpro Sdn Bhd. Singapore sales doubled due to more promotional efforts of our distributor to market our in-house brand "Buffalo" amidst strong economic growth and increasing cookware demand in the country.

## B1 REVIEW OF PERFORMANCE (CONT.)

### Performance Review (Cont.)

#### (ii) Convex Mirror Division

The Convex Mirror Division achieved a revenue of RM2.437 million for Q42011, which is an increase of RM0.855 million or 54.0%, compared to a revenue of RM1.582 million in Q42010. The revenue for FY2011 was RM8.051 million compared to a revenue of RM6.871 million in FY2010, registering an increase of RM1.180 million or 17.2%.

Stainless steel convex mirrors sales increased mainly due to higher local sales and export sales to Thailand, USA and 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.

#### (iii) Clad Metal Division

The Clad Metal Division's revenue improved in the quarter by RM0.578 million or 35.6%. The Division's revenue for FY2011 was RM11.998 million which was an improvement of RM0.749 million or 14.1% over FY2010. The Clad Metal sales improved due to our customers in Thailand and Japan increasing production of multi-ply stainless steel cookware, and hence increased its orders of clad metals in the quarter and financial year.

The Group's statement of financial position as at 31 December 2011 remained healthy with net assets per share of RM0.24. The non-current assets was at RM37.263 million. Within the current assets, inventory remained consistent at approximately RM17.353 million as at 31 December 2011. The Group's net current assets was RM20.053 million, with cash and cash equivalents at RM6.426 million. The Group is currently in net cash position of RM4.597 million after deducting its short term borrowings.

The Group's net operating cash flows for FY2011 was a surplus of RM2.814 million. The net cash outflow from investing activities was RM0.877 million mainly due to purchases of property, plant and equipment. Net cash from financing activities was an inflow of RM1.108 million due to a drawdown of bankers acceptances for working capital. The net resultant impact to Group cash flows was a positive increase in cash of RM3.045 million during the year. Cash and cash equivalents amounted to RM6.426 million as at 31 December 2011.

## B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	3 months ended 31.12.2011 RM'000	3 months ended 30.9.2011 RM'000
Revenue	13,123	9,335
Profit/(Loss) before taxation	1,337	(7)
Profit/(Loss) for the period	1,123	(275)

The Group's revenue improved mainly due to higher sales of cookware and convex mirrors in this quarter. Seasonally the Group's cookware business peaks in the fourth quarter of the year. In line with the improvement in revenue, the Group registered a PBT of RM1.337 million.

## B3 COMMENTARY ON PROSPECT

The current financial year will continue to be a challenging period for the premium cookware business. The earthquake and tsunami in Japan in the Q12011 has caused the cookware demand in Japan, which is our major export market, to be affected. Japan's economy shrank for the third time in four quarters between October and December, after floods in Thailand damaged production of key Japanese manufacturers, a strong yen and subdued overseas demand hurt exports. The Group expects the Japanese market to gradually recover from the natural disasters that impacted its supply chains in 2012.

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.

For FY2012, 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 under our "Buffalo" brand as there are still many countries that the Group has not exported to. The management intends to increase the distributor base of its in-house cookware brand to reduce the reliance on the OEM and ODM markets.

### B3 COMMENTARY ON PROSPECT (CONT.)

The Group will also focus in improving convex mirror sales in Europe, South Korea and Japan. The Group will expand its distributor network in Europe as the European market is still a greenfield market for stainless steel convex mirrors to the Group. As for the Japanese market, the Group expects convex mirror sales to have a healthy demand.

Notwithstanding the uncertain and weaker operating environment in 2012, the management expects the Group's revenue to improve in this 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 31.12.2011 RM'000	Cumulative Quarter 12 months ended 31.12.2011 RM'000
Income Tax		
- current provision	292	985
- overprovision of tax in prior year	(18)	(18)
Deferred tax	(60)	(73)
Total income tax expense	214	894

Income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the year.

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 31.12.2011 RM'000	As at 31.12.2010 RM'000
Total retained profits of the Group:		
Realised	38,005	40,587
Unrealised	(2,292)	(2,396)
	35,713	38,191
Less: Consolidation adjustments	(33,142)	(33,162)
Total Group retained profits as per consolidated accounts	2,571	5,029

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 GROUP BORROWINGS

Save as disclosed below, there were no other borrowings or debt securities in the Group as at 31 December 2011:

	As at 31.12.2011 RM'000	As at 31.12.2010 RM'000
<b>Current:</b>		
Bank overdraft	-	259
Bankers' acceptance - secured	1,829	721
	<u>1,829</u>	<u>980</u>

All borrowings are denominated in Malaysia Ringgit.

## B8 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 31 December 2011, the Group does not have any financial liabilities measured at fair value through profit or loss.

## B9 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.

## B10 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.

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.

On 5 December 2011, NHC has submitted relevant documents to BOMBA for its approval before NHC can apply for Certificate of Fitness (CF) with MPKJ.

On 21 December 2011, officers from BOMBA carried out site visit at NHC premises. On 22 December 2011, BOMBA has given its clearance over the building's fire-fighting facilities.

On 4 January 2012, NHC has sent in application for CF approval with MPKJ. On 30 January 2012, MPKJ (Jabatan Landskap) has given their approval towards CF application.

On 10 February 2012, MPKJ officers has carried out site visit at NHC premises.

As at 22 February 2012 (the latest practicable date not earlier than seven (7) days from the date of issue of this report), NHC is awaiting for MPKJ approval for issuance of CF.

## B11 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	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
<b>Basic EPS</b>				
Profit/(loss) attributable to owners of the Company (RM '000)	1,123	(368)	(148)	(329)
Weighted average no. of ordinary shares in issue ('000)	230,958	230,958	230,958	230,958
Basic EPS (sen)	0.49	(0.16)	(0.06)	(0.14)

### (b) Diluted

Diluted EPS is not applicable to the Company.

## B12 DIVIDEND

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

## B13 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 27 February 2012.

By order of the Board of Directors  
NI HSIN RESOURCES BERHAD

HSIAO CHIH JEN  
Managing Director

Date: 27 February 2012