NI HSIN

NI HSIN RESOURCES BERHAD

(Company No.: 653353-W)
(Incorporated in Malaysia under the Companies Act, 1965)

INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

30 JUNE 2012

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2012
(The figures have not been audited)

		CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 6 MONTHS ENDED	
		30.6.2012	30.6.2011 (Restated)	30.6.2012	30.6.2011 (Restated)
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	A11	10,377	9,157	22,122	16,880
Cost of sales		(7,999)	(6,910)	(16,597)	(13,044)
Gross Profit		2,378	2,247	5,525	3,836
Other operating income		274	154	432	305
Operating expenses		(2,812)	(2,392)	(5,405)	(4,685)
Interest income		10	8	22	16
Finance costs		(55)	(31)	(99)	(65)
(Loss)/ Profit before taxation		(205)	(14)	475	(593)
Income tax expenses	B5	(203)	(196)	(457)	(412)
(Loss)/ Profit for the period		(408)	(210)	18	(1,005)
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		48	(23)	81	(56)
Total comprehensive income/ (loss) for the period		(360)	(233)	99	(1,061)
Profit attributable to:					
Owners of the Company		(408)	(210)	18	(1,005)
Non-controlling interests		-	-	-	-
(Loss)/ Profit for the period		(408)	(210)	18	(1,005)
Total comprehensive income/ (loss) attributable to:					
Owners of the Company		(360)	(233)	99	(1,061)
Non-controlling interests		-	-	-	-
Total comprehensive income for the period		(360)	(233)	99	(1,061)
Earnings/ (Loss) per share (sen)					
~ Basic	B12	(0.18)	(0.09)	0.01	(0.44)
~ Diluted	B12	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 2011 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 JUNE 2012
(The figures have not been audited)

	Note	AS AT 30.6.2012 RM'000	AS AT 31.12.2011 (Restated) RM'000	AS AT 1.1.2011 (Restated) RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	A8	35,746	36,558	38,735
Goodwill		5,105	5,105	5,105
		40,851	41,663	43,840
Current assets				
Inventories		19,684	17,353	17,324
Receivables, deposits and prepayments		6,602	4,878	4,424
Other current financial assets	B11	-	-	19
Tax recoverable		1,275	963	715
Cash & cash equivalent		3,272	6,426	3,616
		30,833	29,620	26,098
TOTAL ASSETS		71,684	71,283	69,938
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital		47,320	47,320	47,320
Reserves		12,232	12,133	14,379
Total equity		59,552	59,453	61,699
Non-current liabilities				
Deferred tax liability		2,247	2,263	2,336
Borrowings	B7	206	-	-
		2,453	2,263	2,336
Current liabilities				
Payables and accruals		5,670	7,513	4,917
Borrowings	B7	3,524	1,829	980
Other current financial liabilities	B11	12	-	-
Taxation		473	225	6
		9,679	9,567	5,903
Total liabilities		12,132	11,830	8,239
TOTAL EQUITY AND LIABILITIES		71,684	71,283	69,938
		-	-	-
Net Assets per share attributable to owners of the Company (RM)		0.26	0.26	0.27

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011 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 SIX MONTHS PERIOD ENDED 30 JUNE 2012
(The figures have not been audited)

	/------ Non Distributable					------/	Distributable	
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Translation Reserve RM'000	Property Revaluation Reserve RM'000	Fair value Reserve RM'000	Retained Profits RM'000	Total RM'000
At 1 January 2011								
- as previously stated	47,320	1,820	(1,676)	7	4,924	-	5,029	57,424
- effect of change in accounting policy	-	-	-	(7)	(4,924)	-	9,206	4,275
At 1 January 2011, as restated	47,320	1,820	(1,676)	-	-	-	14,235	61,699
Total comprehensive income/ (loss) for the period	-	-		(56)	-	-	(1,005)	(1,061)
At 30 June 2011	**47,320**	**1,820**	**(1,676)**	**(56)**	**-**	**-**	**13,230**	**60,638**
At 1 January 2012								
- as previously stated	47,320	1,820	(1,676)	36	4,924	202	2,571	55,197
- effect of change in accounting policy	-	-	-	(7)	(4,924)	-	9,187	4,256
At 1 January 2012, as restated	47,320	1,820	(1,676)	29	-	202	11,758	59,453
Total comprehensive income/ (loss) for the period	-	-	-	81	-	-	18	99
At 30 June 2012	**47,320**	**1,820**	**(1,676)**	**110**	**-**	**202**	**11,776**	**59,552**

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 2011 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 SIX MONTHS PERIOD ENDED 30 JUNE 2012
(The figures have not been audited)

	6 MONTHS ENDED	
	30.6.2012	30.6.2011 (Restated)
	RM'000	RM'000
Cash flows from operating activities		
Profit/ (Loss) before tax	475	(593)
Adjustments:		
Depreciation on property, plant and equipment	1,439	1,540
Gain on disposal of property, plant and equipment	(121)	-
Write off of property, plant and equipment	13	1
Interest paid	99	65
Interest received	(22)	(16)
Net loss/ (gain) on foreign exchange	50	(41)
Net loss/ (gain) in fair value of financial instruments measured at fair value	12	-
Operating profit before changes in working capital	1,945	956
Changes in working capital:		
Decrease in operating assets	(3,943)	(112)
Increase/ (decrease) in operating liabilities	399	(256)
Cash (used in)/ generated from operations	(1,599)	588
Income taxes paid	(536)	(681)
Income taxes refunded	-	46
Interest paid	(99)	(65)
Interest received	22	16
Net cash used in operating activities	(2,212)	(96)
Cash flows from investing activities		
Purchase of property, plant and equipment	(685)	(323)
Proceeds from disposal of property, plant and equipment	168	-
Net cash used in investing activities	(517)	(323)
Cash flows from financing activities		
Net proceeds of bankers' acceptances	173	767
Net proceeds of hire purchase	313	-
Dividends paid	(2,310)	-
Net cash (used in) / generated from financing activities	(1,824)	767
Net (decrease)/ increase in cash and cash equivalents	(4,553)	348
Effect of exchange rate fluctuations on cash held	(16)	(1)
Cash and cash equivalents at 1 January	6,426	3,357
Cash and cash equivalents at 30 June	1,857	3,704

Notes:

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

	RM'000	RM'000
Bank and Cash balances	1,013	2,791
Fixed Deposit & Repo with licensed bank	2,259	1,434
Bank overdraft (included within short term borrowings in Note B7)	(1,415)	(521)
	1,857	3,704

The Unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the Interim Financial Statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2012

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

A1 BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (MFRS) 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 2011. 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 2011.

These are the Group's condensed consolidation interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards has been applied. An explanation of how the transition to MFRSs has affected the reported financial position, financial performance and cash flows of the Group is provided in Note A18.

Since the previous annual audited financial statements as at 31 December 2011 were issued, the Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the Malaysian Accounting Standards Board ("MASB") with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board. Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain of the FRSs. The financial effects of convergence to the MFRS framework and any consequential changes in accounting policies as a result of the convergence are discussed in Note A18.

The following MFRS, IC Interpretation and Amendments to MFRSs have been adopted by the Group during the current period:

- IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to MFRS 1)
- Disclosures - Transfers of Financial Assets (Amendments to MFRS 7)
- Deferred tax: Recovery of Underlying Assets (Amendments to MFRS 112)

The adoption of the IC Interpretation and Amendments to MFRSs above did not have any financial impact on the Group as they mainly help to clarify the requirements of or provide further explanations to existing MFRSs.

The following MFRSs and IC Interpretations have been issued by the MASB and are not yet effective:

Effective for annual periods commencing on or after 1 July 2012
Presentation of Items of Other Comprehensive income (Amendments to MFRS 101)

Effective for annual periods commencing on or after 1 January 2013

- MFRS 10 Consolidated Financial Statements
- MFRS 11 Joint Arrangements
- MFRS 12 Disclosure of Interests in Other Entities
- MFRS 13 Fair Value Measurement
- MFRS 119 Employee Benefits (as amended in June 2011)
- MFRS 127 Separate Financial Statements (as amended by IASB in May 2011)
- MFRS 128 Investments in Associates and Joint Ventures (as amended by IASB in May 2011)
- IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
- Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7)

A1 BASIS OF PREPARATION (CONT.)

Effective for annual periods commencing on or after 1 January 2014
Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132)

Effective for annual periods commencing on or after 1 January 2015
- MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)
- MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)

IC Interpretation 20 will not have any financial impact to the Group as it is not relevant to the Group's operations. The financial effects of the above MFRSs and Amendments to MFRSs are still being assessed due to the complexity of these new MFRSs and Amendments to MFRSs, and their proposed changes.

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 CHANGES IN ESTIMATES

Other than as disclosed in Note A18, there were no material changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter ended 30 June 2012.

A5 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 June 2012.

A6 MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates that have a material effect on the results for the current quarter and financiap period ended 30 June 2012.

A7 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 ended 30 June 2012:

(a) Share Buy-backs

At the Annual General Meeting of the Company held on 23 May 2012, 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.

A7 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 March 2012, 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.

A8 CARRYING AMOUNT OF REVALUED ASSETS

In the previous years, the Group has availed itself to the transitional provision when the MASB first adopted IAS 16: Property, plant and equipment in 1998. The freehold land and buildings were revalued in 31 December 2010 and no later valuation has been recorded for these property, plant and equipment.

Upon transition to MFRSs, the Group elected to apply the optional exemption to use that previous revaluation as deemed cost under MFRSs. The revaluation reserve of RM4,924,000 at 1 January 2011, 30 June 2011 and 31 December 2011 was reclassified to retained earnings.

The aggregate fair value of these freehold land and buildings at 31 December 2010 was determined to be RM20,985,000 compared to the then carrying amount of RM16,566,000 under MFRSs.

The impact arising from the change is summarised as follows:

	01.01.2011	**30.06.2011**	**31.12.2011**
	RM'000	RM'000	RM'000
Consolidated statement of financial position			
Reclassification of revaluation reserve to retained earnings	4,924	4,924	4,924
Fair value of properties (net of deferred tax)	4,275	4,275	4,275
Adjustment to retained earnings	9,199	9,199	9,199

A9 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 June 2012.

A10 DIVIDEND PAID

No dividend was paid during the current quarter ended 30 June 2012.

During the financial period ended 31 March 2012, the Company paid an interim single-tier ordinary dividend of 1.0 sen per ordinary share totalling approximately RM2,310,000 in respect of the year ended 31 December 2011 on 18 January 2012.

A11 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 6 MONTHS ENDED 30 JUNE 2012

	Current Quarter 3 months ended		**Cumulative Quarter 6 months ended**	
	30.6.2012	**30.6.2011 (Restated)**	**30.6.2012**	**30.6.2011 (Restated)**
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Revenue from:				
Cookware	6,813	6,061	14,794	10,729
Convex mirror	2,553	2,197	4,432	3,941
Clad metals	3,386	2,838	6,862	5,210
Others	263	191	494	350
Total revenue including inter-segment sales	13,015	11,287	26,582	20,230
Elimination of inter-segment sales	(2,638)	(2,130)	(4,460)	(3,350)
Total	10,377	9,157	22,122	16,880
	-	-	-	-
Segment Results				
Results from:				
Cookware	(628)	(445)	(380)	(1,695)
Convex mirror	552	523	870	613
Clad metals	262	89	627	391
Others	(84)	93	(188)	162
	102	260	929	(529)
Elimination of inter-segment sales	(91)	(183)	(67)	88
Total result	11	77	862	(441)
Unallocated corporate expenses	(171)	(68)	(310)	(103)
Interest income	10	8	22	16
Interest expenses	(55)	(31)	(99)	(65)
Income tax expense	(203)	(196)	(457)	(412)
Profit/(Loss) for the period	(408)	(210)	18	(1,005)
	-	-	-	-

A12 OPERATING PROFIT

	Current Quarter 3 months ended		**Cumulative Quarter 6 months ended**	
	30.6.2012	**30.6.2011 (Restated)**	**30.6.2012**	**30.6.2011 (Restated)**
	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after charging and crediting:				
Interest income	(10)	(8)	(22)	(16)
Other income including investment income	-	-	-	-
Rental income	(40)	(40)	(81)	(81)
Depreciation on property, plant and equipment	711	774	1,439	1,540
Write off of property, plant and equipment	13	1	13	1
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
(Gain)/ loss on disposal of quoted or unquoted investments	-	-	-	-
Gain on disposal of property, plant and equipment	(22)	-	(121)	-
Impairment of assets	-	-	-	-
Net loss/ (gain) on foreign exchange	49	(37)	50	(41)
Net loss/ (gain) in fair value of financial instruments measured at fair value	13	(3)	12	(7)
Exceptional items	-	-	-	-

A13 FINANCE COSTS

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.6.2012	**30.6.2011 (Restated)**	**30.6.2012**	**30.6.2011 (Restated)**
	RM'000	RM'000	RM'000	RM'000
Bank overdrafts	30	17	52	40
Bankers' acceptances	24	14	46	25
Finance lease interest	1	-	1	-
	55	31	99	65
	-	-	-	-

A14 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.

A15 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets and liabilities to the end of the quarter that have not been reflected in the financial statements for the financial period under review.

A16 CAPITAL COMMITMENT

Capital commitments not provided for in the financial statements as at 30 June 2012 are as follows:

	30.6.2012
	RM'000
Approved and contracted for	
- Plant & Equipment	25

A17 SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions which involve the directors of the Group for the financial period ended 30 June 2012 are as follows:

	Transaction value for 6 months ended 30.6.2012	**Balance outstanding as at 30.6.2012**
	RM'000	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	(2,204)	-
Purchases	85	-
Standardworld Holding Ltd.		
Royalty fee payable	97	(464)

A17 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT.)

	Transaction value for 3 months ended 30.6.2012 RM'000	Balance outstanding as at 30.6.2012 RM'000
With a company in which the Company's directors, Hsiao Chih Jen and Hsiao Chih Chien, have substantial financial interests		
Everpro Sdn. Bhd.		
Sales	(5,496)	3,703
Purchases	116	(21)
Rental income	(81)	-
With a company in which the Company's director, Hsiao Chih Chien, has substantial financial interests		
I.D.M. Creative Development Co. Ltd.		
Sales	(115)	-
Purchases	1,658	77

A18 EXPLANATION OF TRANSITION TO MFRSs

These unaudited interim financial statements are for part of the period covered by the Group's first annual financial statements prepared under the MFRS framework. Accordingly, the Group have applied MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards in their transition to the MFRS framework on 1 January 2012. The MFRS did not result in any financial impact to the Group other than the financial impact arising from the change in accounting policy on property, plant and equipment, as the accounting policies adopted under the previous FRS framework were already in line with the requirements of the MFRS framework.

(a) Financial Impact of Changes in Accounting Policies

In preparing its opening MFRS statement of financial position, the Group has adjusted amounts reported previously in financial statements prepared in accordance with the previous FRSs. An explanation of how the transition from the previous FRSs to the new MFRSs has affected the Group's financial position, financial performance and cash flows is set out in the following notes.

(i) Reconciliation of financial position

As at 1 January 2011	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	34,316	4,419	38,735
Goodwill	5,105		5,105
	39,421		43,840
Current assets			
Inventories	17,324		17,324
Receivables, deposits and prepayments	4,424		4,424
Other current financial assets	19		19
Tax recoverable	715		715
Cash & cash equivalent	3,616		3,616
	26,098		26,098
TOTAL ASSETS	65,519		69,938

A18 EXPLANATION OF TRANSITION TO MFRSs (CONT.)

(a) Financial Impact of Changes in Accounting Policies (Cont.)

(i) Reconciliation of financial position (Cont.)

As at 1 January 2011	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	47,320		47,320
Reserves	10,104	4,275	14,379
Total equity	57,424		61,699
Non-current liabilities			
Deferred tax liability	2,192	144	2,336
	2,192		2,336
Current liabilities			
Payables and accruals	4,917		4,917
Borrowings	980		980
Taxation	6		6
	5,903		5,903
Total liabilities	8,095		8,239
TOTAL EQUITY AND LIABILITIES	65,519		69,938
	-		-

As at 30 June 2011	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	33,107	4,410	37,517
Goodwill	5,105		5,105
	38,212		42,622
Current assets			
Inventories	18,418		18,418
Receivables, deposits and prepayments	3,437		3,437
Other current financial assets	7		7
Tax recoverable	1,770		1,770
Cash & cash equivalent	4,225		4,225
	27,857		27,857
TOTAL ASSETS	66,069		70,479
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	47,320		47,320
Reserves	9,052	4,266	13,318
Total equity	56,372		60,638
Non-current liabilities			
Deferred tax liability	2,214	144	2,358
	2,214		2,358

A18 EXPLANATION OF TRANSITION TO MFRSs (CONT.)

(a) Financial Impact of Changes in Accounting Policies (Cont.)

(i) Reconciliation of financial position (Cont.)

As at 30 June 2011	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Current liabilities			
Payables and accruals	4,657		4,657
Borrowings	2,009		2,009
Taxation	817		817
	7,483		7,483
Total liabilities	9,697		9,841
TOTAL EQUITY AND LIABILITIES	66,069		70,479
	-		-

As at 31 December 2011	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	32,158	4,400	36,558
Goodwill	5,105		5,105
	37,263		41,663
Current assets			
Inventories	17,353		17,353
Receivables, deposits and prepayments	4,878		4,878
Other current financial assets	-		-
Tax recoverable	963		963
Cash & cash equivalent	6,426		6,426
	29,620		29,620
TOTAL ASSETS	66,883		71,283
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	47,320		47,320
Reserves	7,877	4,256	12,133
Total equity	55,197		59,453
Non-current liabilities			
Deferred tax liability	2,119	144	2,263
	2,119		2,263
Current liabilities			
Payables and accruals	7,513		7,513
Borrowings	1,829		1,829
Taxation	225		225
	9,567		9,567
Total liabilities	11,686		11,830
TOTAL EQUITY AND LIABILITIES	66,883		71,283
	-		-

A18 EXPLANATION OF TRANSITION TO MFRSs (CONT.)

(a) Financial Impact of Changes in Accounting Policies (Cont.)

(ii) Reconciliation of statement of comprehensive income

3 months ended 30 June 2011	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Revenue	9,157		9,157
Cost of sales	(6,910)		(6,910)
Gross Profit	2,247		2,247
Other operating income	154		154
Operating expenses	(2,388)	(4)	(2,392)
Operating loss	13		9
Interest income	8		8
Finance costs	(31)		(31)
Loss before taxation	(10)		(14)
Income tax expenses	(196)		(196)
Loss for the period	(206)		(210)
Other comprehensive income, net of tax			
Foreign currency translation differences for foreign operations	(23)		(23)
Fair value reserve	-		-
Total comprehensive loss for the period	(229)		(233)

6 months ended 30 June 2011	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Revenue	16,880		16,880
Cost of sales	(13,044)		(13,044)
Gross Profit	3,836		3,836
Other operating income	305		305
Operating expenses	(4,676)	(9)	(4,685)
Operating profit	(535)		(544)
Interest income	16		16
Finance costs	(65)		(65)
Loss before taxation	(584)		(593)
Income tax expenses	(412)		(412)
Loss for the period	(996)		(1,005)
Other comprehensive income, net of tax			
Foreign currency translation differences for foreign operations	(56)		(56)
Fair value reserve	-		-
Total comprehensive loss for the period	(1,052)		(1,061)

A18 EXPLANATION OF TRANSITION TO MFRSs (CONT.)

(a) Financial Impact of Changes in Accounting Policies (Cont.)

(ii) Reconciliation of statement of comprehensive income (Cont.)

Year ended 31 December 2011	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Revenue	39,338		39,338
Cost of sales	(29,190)		(29,190)
Gross Profit	10,148		10,148
Other operating income	740		740
Operating expenses	(10,044)	(18)	(10,062)
Operating profit	844		826
Interest income	37		37
Finance costs	(135)		(135)
Profit before taxation	746		728
Income tax expenses	(894)		(894)
Loss for the period	(148)		(166)
Other comprehensive income, net of tax			
Foreign currency translation differences for foreign operations	29		29
Fair value reserve	202		202
Total comprehensive income for the period	83		65

(iii) Reconciliation of statement of cash flows

There are no material differences between the statement of cash flows presented under the MFRSs and the statement of cash flows presented under FRSs.

(iv) Notes to reconciliations

Income tax

The changes that affected the deferred tax liabilities are as follows:

	1.1.2011 RM'000	30.6.2011 RM'000	31.12.2011 RM'000
Fair valuation of property	144	144	144
Increase in deferred tax liabilities	144	144	144

Retained earnings

	1.1.2011 RM'000	30.6.2011 RM'000	31.12.2011 RM'000
Reclassification of property's revaluation reserve to retained earnings	4,924	4,924	4,924
Reclassification of translation reserve to retained earnings	7	7	7
Fair valuation of property	4,419	4,419	4,419
Deferred tax liabilities impact on fair valuation of property	(144)	(144)	(144)
Depreciation of property	-	(9)	(18)
	9,206	9,197	9,188

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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

B1 OPERATING SEGMENTS REVIEW

Operating Environment

During the quarter ended 30 June 2012, the Japanese economy was affected by a higher yen and subdued exports due to the European austerity drive. Hence, consumer spending for premium cookware remained cautious and restrained in the Japanese market, which is the Group's largest export market. The European economy was affected by high government debts and high unemployment rates in various European countries, affecting consumer spending power in the region. The Malaysian and Singaporean economies also experienced a slowdown in the second quarter of 2012 due to the global economic weakness.

Quarter 2 Ended 30 June 2012 ("Q22012") vs Quarter Ended 30 June 2011 ("Q22011")

The Group recorded a revenue of RM10.377 million and Loss Before Taxation ("LBT") of RM0.205 million in the current quarter ended 30 June 2012. Revenue in Q22012 improved by RM1.220 million or 13.3% compared to the revenue of Q22011, mainly due to higher cookware, convex mirror and clad metal sales. However, operating expenses in the current quarter increased compared to last year's corresponding quarter due to increase in staff related costs. Hence, the Group experienced a LBT and Loss After Taxation ("LAT") for Q22012 of RM0.205 million and RM0.408 million respectively.

Period Performance

The Group's performance by each Division for the 6 months' period are as follows:

(i) Cookware Division

The Cookware Division's revenue for the period ended 30 June 2012 (1H2012) improved by RM3.942 million or 36.7% compared to the period ended 30 June 2011 (1H2011), to RM14.671 million. Cookware sales improved mainly in our Malaysian, Greater China (Hong Kong and China) and Taiwanese market. Sales remained stagnant in Japan as the Group's Japanese customers experienced subdued premium cookware demand in their market. Cookware orders by our distributors in Malaysia, Greater China and Taiwan improved due to better promotional efforts to boost sales. However, the Group's exports to Singapore, Europe and North America declined in Q22012. The cookware revenue by geographical market for the period is as follows:-

	6 MONTHS ENDED		**Increase/**	**%**
	30.6.2012	**30.6.2011**	**(Decrease)**	
	RM'000	**RM'000**	**RM'000**	
Japan	4,435	4,433	2	0.0%
China & Hong Kong	390	162	228	140.7%
Taiwan	2,448	1,253	1,195	95.4%
Singapore	654	795	(141)	-17.7%
Europe	168	221	(53)	-24.0%
USA & Canada	696	1,366	(670)	-49.0%
Malaysia	5,132	2,499	2,633	105.4%
Others	748	0	748	100.0%
	14,671	10,729	3,942	36.7%

(ii) Convex Mirror Division

The Convex Mirror Division achieved a revenue of RM3.861 million for 1H2012, which is an increase of RM0.221 million or 6.1%, compared to a revenue of RM3.640 million in IH2011.

Stainless steel convex mirrors sales improved mainly due to higher sales to the European market. The Group's Italian subsidiary company has appointed 17 distributors across Europe to market stainless steel convex mirrors.

(iii) Clad Metal Division

The Clad Metal Division's revenue improved in 1H2012 by RM0.935 million or 43.3% compared with 1H2011. 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 1H2012.

B1 OPERATING SEGMENTS REVIEW (CONT.)

Performance Review (Cont.)

The Group's statement of financial position as at 30 June 2012 remained healthy with net assets per share of RM0.26. The non-current assets was at RM40.85 million after incorporating the fair value gain in revaluation of our landed properties. In respect of current assets, inventory increased to approximately RM19.68 million as the Group stocked up stainless steel coils in June 2012 for its production needs in the third quarter of 2012. The Group's net current assets was RM21.154 million, with cash and cash equivalents at RM3.272 million. Short term borrowings increased to RM3.524 million to finance the Group's working capital needs.

The Group's net operating cash flows for the period ended 30 June 2012 was a deficit of RM2.212 million mainly due to higher inventory, receivables and lower trade payables. The net cash outflow from investing activities was RM0.517 million mainly due to purchases of property, plant and equipment. Net cash from financing activities was an ouflow of RM1.824 million due to dividends paid to shareholders during the first quarter of 2012. The net resultant impact to the Group's cash flow was a decline in cash of RM4.553 million during the period. Cash and cash equivalents amounted to RM1.857 million as at 30 June 2012.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	3 months ended 30.6.2012	3 months ended 31.3.2012
	RM'000	RM'000
Revenue	10,377	11,745
Profit before taxation ("PBT")	(205)	680
Profit for the period	(408)	426

The Group experienced a decline in revenue in the current quarter compared to the immediate preceding quarter due to lower cookware sales in Q22012.

B3 COMMENTARY ON PROSPECT

The current financial year will continue to be a challenging period for the premium cookware business. The global economy faces more uncertainties due to the European debt problem and weakening global demand.

For FY2012, the Group expects its Japanese customers orders to remain weak in view of the slow down in Japanese economy in the second quarter of 2012. Hence, 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.

The Group has launched a new product named "Smart Pan" under the Buffalo brand in July 2012. Smart Pan is an innovative cookware whereby 2 separate multi-ply stainless steel pans can be locked together to become a single cookware. This gives the chef the benefit of cooking with very good and even heat distribution as heat is trapped within the 2 pans. The Group has received encouraging sales orders for this new product from its distributors in Malaysia, Singapore and Australia.

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 that convex mirror sales will have an improvement in demand this year as our distributors have to meet orders for the reconstruction efforts in 2012.

Notwithstanding the uncertain and weak 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 non-controlling 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 30.6.2012 RM'000	Cumulative Quarter 6 months ended 30.6.2012 RM'000
In respect of the current period		
- Malaysian tax	216	473
- Deferred tax	(13)	(16)
	203	457
In respect of the prior year		
- Malaysian tax	-	-
	203	457

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 a subsidiary which cannot be set off against taxable profit made by other subsidiaries, 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 30.6.2012 RM'000	As at 31.12.2011 (Restated) RM'000
Total retained profits of the Group:		
Realised	47,547	47,186
Unrealised	(2,586)	(2,292)
	44,961	44,894
Less: Consolidation adjustments	(33,185)	(33,136)
Total Group retained profits as per consolidated accounts	11,776	11,758

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 30 June 2012:

	As at 30.6.2012 RM'000	As at 31.12.2011 RM'000
Non-current:		
Finance lease liability	206	-
Current:		
Bank overdraft	1,415	-
Bankers' acceptance - secured	2,002	1,829
Finance lease liability	107	-
	3,524	1,829
	3,730	1,829

All borrowings are denominated in Malaysia Ringgit.

B8 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 30 June 2012, 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

Majlis Perbandaran Kajang ("MPKJ") has via its letter dated 27 February 2012 approved Ni Hsin Corporation Sdn Bhd's ("NHC"), a wholly-owned subsidiary, application for the issuance of a Certificate of Completion and Compliance (Borang F) with regard to the works on the two factories located at Lot P.T 71241, No. 45 & 47, Jalan Taming 2, Taman Taming Jaya, Mukim of Kajang, District of Ulu Langat, Selangor Darul Ehsan ("Works").

Subsequently, a Borang F was issued by a professional architect on 7 March 2012 certifying that the Works were completed in compliance with MPKJ's approved building plans dated 12 October 2011.

Accordingly, all the necessary approvals in respect of the rectification of the non-approved structures and covered terrace of the factories of NHC have been obtained.

B11 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.

B11 FINANCIAL INSTRUMENTS (CONT.)

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 June 2012, 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	168	180	(12)	-

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.

B12 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 6 months ended	
	30.6.2012	30.6.2011 (Restated)	30.6.2012	30.6.2011 (Restated)
Basic EPS				
Profit/ (loss) attributable to owners of the Company (RM '000)	(408)	(210)	18	(1,005)
Weighted average no. of ordinary shares in issue ('000)	230,958	230,958	230,958	230,958
Basic EPS (sen)	(0.18)	(0.09)	0.01	(0.44)

(b) Diluted

Diluted EPS is not applicable to the Company.

B13 DIVIDEND

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

B14 AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 August 2012.

By order of the Board of Directors
NI HSIN RESOURCES BERHAD

HSIAO CHIH JEN
Managing Director

Date: 24 August 2012