



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 2012

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

	Note	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 9 MONTHS ENDED	
		30.9.2012 RM'000	30.9.2011 (Restated) RM'000	30.9.2012 RM'000	30.9.2011 (Restated) RM'000
Revenue	A11	12,034	9,335	34,156	26,215
Cost of sales		(9,170)	(7,094)	(25,767)	(20,138)
Gross Profit		<u>2,864</u>	<u>2,241</u>	<u>8,389</u>	<u>6,077</u>
Other operating income		(68)	262	364	567
Operating expenses		(2,459)	(2,490)	(7,864)	(7,175)
Interest income		6	12	28	28
Finance costs		(61)	(37)	(160)	(102)
Profit/ (Loss) before taxation		<u>282</u>	<u>(12)</u>	<u>757</u>	<u>(605)</u>
Income tax expenses	B5	(272)	(268)	(729)	(680)
Profit/ (Loss) for the period		<u>10</u>	<u>(280)</u>	<u>28</u>	<u>(1,285)</u>
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		(1)	(9)	80	(65)
Total comprehensive income/ (loss) for the period		<u>9</u>	<u>(289)</u>	<u>108</u>	<u>(1,350)</u>
Profit attributable to:					
Owners of the Company		10	(280)	28	(1,285)
Non-controlling interests		-	-	-	-
(Loss)/ Profit for the period		<u>10</u>	<u>(280)</u>	<u>28</u>	<u>(1,285)</u>
Total comprehensive income/ (loss) for attributable to:					
Owners of the Company		9	(289)	108	(1,350)
Non-controlling interests		-	-	-	-
Total comprehensive (loss)/ income for the period		<u>9</u>	<u>(289)</u>	<u>108</u>	<u>(1,350)</u>
Earnings/ (Loss) per share (sen)					
~ Basic	B12	0.00	(0.12)	0.01	(0.56)
~ 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 SEPTEMBER 2012**

(The figures have not been audited)

	Note	AS AT 30.9.2012 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	35,335	36,558	38,735
Goodwill		5,105	5,105	5,105
		<u>40,440</u>	<u>41,663</u>	<u>43,840</u>
Current assets				
Inventories		19,643	17,353	17,324
Receivables, deposits and prepayments		7,535	4,878	4,424
Other current financial assets	B11	-	-	19
Tax recoverable		1,667	963	715
Cash & cash equivalent		2,727	6,426	3,616
		<u>31,572</u>	<u>29,620</u>	<u>26,098</u>
TOTAL ASSETS		<u>72,012</u>	<u>71,283</u>	<u>69,938</u>
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital		47,320	47,320	47,320
Reserves		12,241	12,133	14,379
		<u>59,561</u>	<u>59,453</u>	<u>61,699</u>
Total equity		<u>59,561</u>	<u>59,453</u>	<u>61,699</u>
Non-current liabilities				
Deferred tax liability		2,233	2,263	2,336
Borrowings	B7	179	-	-
		<u>2,412</u>	<u>2,263</u>	<u>2,336</u>
Current liabilities				
Payables and accruals		6,293	7,513	4,917
Borrowings	B7	2,988	1,829	980
Other current financial liabilities	B11	-	-	-
Taxation		758	225	6
		<u>10,039</u>	<u>9,567</u>	<u>5,903</u>
Total liabilities		<u>12,451</u>	<u>11,830</u>	<u>8,239</u>
TOTAL EQUITY AND LIABILITIES		<u>72,012</u>	<u>71,283</u>	<u>69,938</u>
		-	-	-
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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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	-	-	-	(65)	-	-	(1,285)	(1,350)
At 30 September 2011	47,320	1,820	(1,676)	(65)	-	-	12,950	60,349
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	-	-	-	80	-	-	28	108
At 30 September 2012	47,320	1,820	(1,676)	109	-	202	11,786	59,561

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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012**

(The figures have not been audited)

	9 MONTHS ENDED	
	30.9.2012	30.9.2011 (Restated)
	RM'000	RM'000
Cash flows from operating activities		
Profit/ (Loss) before tax	757	(605)
Adjustments:		
Depreciation on property, plant and equipment	2,147	2,267
Gain on disposal of property, plant and equipment	(121)	(6)
Write off of property, plant and equipment	15	4
Interest paid	160	102
Interest received	(28)	(28)
Net loss/ (gain) on foreign exchange	164	(184)
Net loss/ (gain) in fair value of financial instruments measured at fair value	-	-
Operating profit before changes in working capital	<u>3,094</u>	<u>1,550</u>
Changes in working capital:		
Decrease in operating assets	(4,922)	(377)
Decrease in operating liabilities	1,023	(316)
Cash (used in)/ generated from operations	<u>(805)</u>	<u>857</u>
Income taxes paid	(930)	(831)
Income taxes refunded	-	46
Interest paid	(160)	(102)
Interest received	28	28
Net cash used in operating activities	<u>(1,867)</u>	<u>(2)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(990)	(462)
Proceeds from disposal of property, plant and equipment	168	6
Net cash used in investing activities	<u>(822)</u>	<u>(456)</u>
Cash flows from financing activities		
Net proceeds of bankers' acceptances	(225)	1,307
Net proceeds of hire purchase	286	-
Dividends paid	(2,310)	-
Net cash (used in) / generated from financing activities	<u>(2,249)</u>	<u>1,307</u>
Net (decrease)/ increase in cash and cash equivalents	(4,938)	849
Effect of exchange rate fluctuations on cash held	(37)	94
Cash and cash equivalents at 1 January	<u>6,426</u>	<u>3,357</u>
Cash and cash equivalents at 30 September	<u>1,451</u>	<u>4,300</u>

Notes:

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

	RM'000	RM'000
Bank and Cash balances	2,561	2,641
Fixed Deposit & Repo with licensed bank	166	1,882
Bank overdraft (included within short term borrowings in Note B7)	(1,276)	(223)
	<u>1,451</u>	<u>4,300</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 2011 and the accompanying explanatory notes attached to the Interim Financial Statements.

NI HSIN RESOURCES BERHAD

(Company no. 653353-W)

(Incorporated in Malaysia)

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

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)
- MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)

Amendments to MFRSs contained in the documents entitled "Annual Improvements 2009-2011 Cycle" Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to MFRS 10, MFRS 11 and MFRS 12)

A1 BASIS OF PREPARATION (CONT.)

Effective for annual periods commencing on or after 1 January 2013 (Cont.)

- MFRS 127 Consolidated and Separate Financial Statements (IAS 27 Consolidated and Separate Financial Statements revised by IASB in December 2003)

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 September 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 September 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 financial period ended 30 September 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 September 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 30 September 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 September 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	30.09.2011	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 September 2012.

A10 DIVIDEND PAID

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

During the financial period ended 30 September 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 9 MONTHS ENDED 30 SEPTEMBER 2012

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.9.2012	30.9.2011 (Restated)	30.9.2012	30.9.2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
Revenue from:				
Cookware	7,952	5,801	22,746	16,530
Convex mirror	2,605	1,673	7,037	5,614
Clad metals	4,004	3,644	10,866	8,854
Others	307	196	801	546
Total revenue including inter-segment sales	14,868	11,314	41,450	31,544
Elimination of inter-segment sales	(2,834)	(1,979)	(7,294)	(5,329)
Total	12,034	9,335	34,156	26,215
	-	-	-	-

Segment Results

Results from:				
Cookware	(526)	(533)	(906)	(1,763)
Convex mirror	787	310	1,657	923
Clad metals	293	638	920	1,029
Others	(35)	(140)	(223)	(443)
	519	275	1,448	(254)
Elimination of inter-segment sales	(84)	(139)	(151)	(51)
Total result	435	136	1,297	(305)
Unallocated corporate expenses	(98)	(123)	(408)	(226)
Interest income	6	12	28	28
Interest expenses	(61)	(37)	(160)	(102)
Income tax expense	(272)	(268)	(729)	(680)
Profit/(Loss) for the period	10	(280)	28	(1,285)
	-	-	-	-

A12 OPERATING PROFIT

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.9.2012	30.9.2011 (Restated)	30.9.2012	30.9.2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after charging and crediting:				
Interest income	(6)	(12)	(28)	(28)
Other income including investment income	-	-	-	-
Rental income	(41)	(41)	(122)	(122)
Depreciation on property, plant and equipment	708	727	2,147	2,267
Write off of property, plant and equipment	2	-	15	4
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	-	-	(121)	(6)
Impairment of assets	-	-	-	-
Net loss/ (gain) on foreign exchange	114	(143)	164	(184)
Net loss/ (gain) in fair value of financial instruments measured at fair value	(12)	12	-	5
Exceptional items	-	-	-	-

A13 FINANCE COSTS

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.9.2012	30.9.2011 (Restated)	30.9.2012	30.9.2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
Bank overdrafts	38	14	90	54
Bankers' acceptances	19	23	65	48
Finance lease interest	4	-	5	-
	<u>61</u>	<u>37</u>	<u>160</u>	<u>102</u>
	-	-	-	-

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

There were no capital commitment not provided to the end of the quarter that have not been reflected in the financial statements for the financial period under review.

A17 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Transaction value for 9 months ended 30.9.2012 RM'000	Balance outstanding as at 30.9.2012 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	(3,255)	112
Purchases	113	-
Standardworld Holding Ltd.		
Royalty fee payable	138	(507)
With a company in which the Company's directors, Hsiao Chih Jen and Hsiao Chih Chien, have substantial financial interests		
Everpro Sdn. Bhd.		
Sales	(7,809)	3,685
Purchases	153	(37)
Rental income	(122)	14

A17 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT.)

	Transaction value for 9 months ended 30.9.2012 RM'000	Balance outstanding as at 30.9.2012 RM'000
With a company in which the Company's director, Hsiao Chih Chien, has substantial financial interests I.D.M. Creative Development Co. Ltd.		
Sales	(157)	42
Purchases	2,638	(354)

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
	<u>39,421</u>		<u>43,840</u>
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
	<u>26,098</u>		<u>26,098</u>
TOTAL ASSETS	<u>65,519</u>		<u>69,938</u>

A18 EXPLANATION OF TRANSITION TO MFRSs (CONT.)

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

(i) Reconciliation of financial position (Cont.)

	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
As at 1 January 2011			
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	<u>57,424</u>		<u>61,699</u>
Non-current liabilities			
Deferred tax liability	2,192	144	2,336
	<u>2,192</u>		<u>2,336</u>
Current liabilities			
Payables and accruals	4,917		4,917
Borrowings	980		980
Taxation	6		6
	<u>5,903</u>		<u>5,903</u>
Total liabilities	<u>8,095</u>		<u>8,239</u>
TOTAL EQUITY AND LIABILITIES	<u>65,519</u>		<u>69,938</u>
	-		-
		Effect of transition to MFRSs RM'000	MFRSs RM'000
As at 30 September 2011	FRSs RM'000		MFRSs RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	32,520	4,405	36,925
Goodwill	5,105		5,105
	<u>37,625</u>		<u>42,030</u>
Current assets			
Inventories	19,007		19,007
Receivables, deposits and prepayments	3,319		3,319
Other current financial assets	-		-
Tax recoverable	1,618		1,618
Cash & cash equivalent	4,523		4,523
	<u>28,467</u>		<u>28,467</u>
TOTAL ASSETS	<u>66,092</u>		<u>70,497</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	47,320		47,320
Reserves	8,768	4,261	13,029
Total equity	<u>56,088</u>		<u>60,349</u>
Non-current liabilities			
Deferred tax liability	2,179	144	2,323
	<u>2,179</u>		<u>2,323</u>

A18 EXPLANATION OF TRANSITION TO MFRSs (CONT.)

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

(i) Reconciliation of financial position (Cont.)

	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
As at 30 September 2011			
Current liabilities			
Payables and accruals	4,752		4,752
Borrowings	2,251		2,251
Other current financial liabilities	5		5
Taxation	817		817
	<u>7,825</u>		<u>7,825</u>
Total liabilities	<u>10,004</u>		<u>10,148</u>
TOTAL EQUITY AND LIABILITIES	<u>66,092</u>		<u>70,497</u>
	-		-
		Effect of transition to MFRSs RM'000	MFRSs RM'000
As at 31 December 2011	FRSs RM'000		MFRSs RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	32,158	4,400	36,558
Goodwill	5,105		5,105
	<u>37,263</u>		<u>41,663</u>
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
	<u>29,620</u>		<u>29,620</u>
TOTAL ASSETS	<u>66,883</u>		<u>71,283</u>
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	<u>55,197</u>		<u>59,453</u>
Non-current liabilities			
Deferred tax liability	2,119	144	2,263
	<u>2,119</u>		<u>2,263</u>
Current liabilities			
Payables and accruals	7,513		7,513
Borrowings	1,829		1,829
Taxation	225		225
	<u>9,567</u>		<u>9,567</u>
Total liabilities	<u>11,686</u>		<u>11,830</u>
TOTAL EQUITY AND LIABILITIES	<u>66,883</u>		<u>71,283</u>
	-		-

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 September 2011	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Revenue	9,335		9,335
Cost of sales	(7,094)		(7,094)
Gross Profit	<u>2,241</u>		<u>2,241</u>
Other operating income	262		262
Operating expenses	(2,485)	(5)	(2,490)
Operating profit	<u>18</u>		<u>13</u>
Interest income	12		12
Finance costs	(37)		(37)
Loss before taxation	<u>(7)</u>		<u>(12)</u>
Income tax expenses	(268)		(268)
Loss for the period	<u>(275)</u>		<u>(280)</u>
Other comprehensive income, net of tax			
Foreign currency translation differences for foreign operations	(9)		(9)
Fair value reserve	-		-
Total comprehensive loss for the period	<u>(284)</u>		<u>(289)</u>
	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
9 months ended 30 September 2011			
Revenue	26,215		26,215
Cost of sales	(20,138)		(20,138)
Gross Profit	<u>6,077</u>		<u>6,077</u>
Other operating income	567		567
Operating expenses	(7,161)	(14)	(7,175)
Operating loss	<u>(517)</u>		<u>(531)</u>
Interest income	28		28
Finance costs	(102)		(102)
Loss before taxation	<u>(591)</u>		<u>(605)</u>
Income tax expenses	(680)		(680)
Loss for the period	<u>(1,271)</u>		<u>(1,285)</u>
Other comprehensive income, net of tax			
Foreign currency translation differences for foreign operations	(65)		(65)
Fair value reserve	-		-
Total comprehensive loss for the period	<u>(1,336)</u>		<u>(1,350)</u>

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	<u>10,148</u>		<u>10,148</u>
Other operating income	740		740
Operating expenses	(10,044)	(18)	(10,062)
Operating profit	<u>844</u>		<u>826</u>
Interest income	37		37
Finance costs	(135)		(135)
Profit before taxation	<u>746</u>		<u>728</u>
Income tax expenses	(894)		(894)
Loss for the period	<u>(148)</u>		<u>(166)</u>
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	<u>83</u>		<u>65</u>

(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	30.9.2011 RM'000	31.12.2011 RM'000
Fair valuation of property	144	144	144
Increase in deferred tax liabilities	<u>144</u>	<u>144</u>	<u>144</u>
Retained earnings			
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	-	(14)	(18)
	<u>9,206</u>	<u>9,192</u>	<u>9,188</u>

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

B1 OPERATING SEGMENTS REVIEW

Operating Environment

Asia Pacific economies showed increasing signs of sluggishness during the third quarter of 2012 as major economic powerhouses across the world faced significant difficulties. The slowdown in China also caused ripple effects to the global economy. Japan's economy grew less than analysts forecast in the second quarter as Europe's debt crisis and the yen's gains weighed on exports, undermining a recovery from last year's earthquake. Japan's gross domestic product rose an annualized 1.4 percent in the three months through June, compared with a revised 5.5 percent expansion in the first quarter. This increases the risk that growth in the world's third-largest economy will slowdown further in the third quarter as global demand cools. The Eurozone economy continued to be weak after it shrank 0.2% in the three months from April to June 2012 compared with the previous quarter. The premium cookware market which is dependent on the general economic conditions of a country will thus be affected by the economic slowdown.

Quarter Ended 30 September 2012 ("Q32012") vs Quarter Ended 30 September 2011 ("Q32011")

The Group recorded a revenue of RM12.034 million and Profit Before Taxation ("PBT") of RM0.282 million in the current quarter ended 30 September 2012. Revenue in Q32012 improved by RM2.699 million or 28.9% compared to the revenue of Q32011, mainly due to higher cookware, convex mirror and clad metal sales. Gross profit margins remained consistent during the quarter at approximately 24%. However, provision of taxation for the quarter amounted to RM0.272 million, resulting in the Group turning in a slight Profit After Taxation ("PAT") of RM0.010 million for Q32012 compared to a Loss After Taxation of RM0.280 million for Q32012.

Period Performance

The Group's performance by each Division for the 9 months' period are as follows:

(i) Cookware Division

The Cookware Division's revenue for the period ended 30 September 2012 ("9M2012") improved by RM6.117 million or 37.1% compared to the period ended 30 September 2011 ("9M2011"), to RM22.624 million. Cookware sales improved mainly in Malaysia, Greater China (Hong Kong and China), Taiwan and new markets such as Australia, Thailand and Indonesia. Sales remained stagnant in Japan as the Group's Japanese customers still experienced subdued premium cookware demand in their market due to the weak economy. Cookware orders by our distributors in Malaysia, Greater China and Taiwan improved due to the introduction of a new product - "Smart Pan" which is a double sided stainless steel pan during the third quarter, and more promotional efforts to market the "Buffalo" brand of cookware. The 'Smart Pan' was launched in Malaysia, Singapore and Australia during the third quarter. However, the Group's exports to Europe and North America declined in Q32012 due to a weak economic environment in these markets. The Group's sales to Singapore declined due to a decline in sales of "Enco Rice Bowl" which are multiply stainless steel inner pots for rice cookers to our Singapore distributor in Q32012 as compared to Q32011.

	9 MONTHS ENDED		Increase/ (Decrease)	%
	30.9.2012	30.9.2011		
	RM'000	RM'000	RM'000	
Japan	6,953	7,028	(75)	-1.1%
China & Hong Kong	1,351	692	659	95.3%
Taiwan	3,524	2,066	1,458	70.6%
Singapore	789	1,240	(451)	-36.4%
Europe	207	216	(9)	-4.3%
USA & Canada	1,209	1,375	(167)	-12.1%
Others	1,189	0	1,189	100.0%
Local	7,402	3,890	3,512	90.3%
	<u>22,624</u>	<u>16,507</u>	<u>6,117</u>	<u>37.1%</u>

(ii) Convex Mirror Division

The Convex Mirror Division achieved a revenue of RM6.277 million for 9M2012, which is an increase of RM1.04 million or 19.9%, compared to a revenue of RM5.237 million in 9M2011.

Stainless steel convex mirrors sales improved mainly due to higher sales to the European, Japanese and South Korean market. The Group's Italian subsidiary company has appointed 17 distributors across Europe to market stainless steel convex mirrors. Convex mirrors sales in Europe has improved significantly from RM0.596 million in 9M2011 to RM1.091 million in 9M2012, which is a growth of 83% as the product gains customers' acceptance.

B1 OPERATING SEGMENTS REVIEW (CONT.)

Period Performance (Cont.)

(iii) Clad Metal Division

The Clad Metal Division's revenue improved in 9M2012 by RM0.529 million or 13.5% compared with 9M2011, to RM4.454 million. The Clad Metal sales improved due to the Group's Italian subsidiary company securing new clad metal orders in Europe and improved orders from customers in Japan.

The Group has a net assets per share of RM0.26 as at 30 September 2012. The non-current assets was at RM40.44 million after incorporating the fair value gain in revaluation of our landed properties. In respect of current assets, inventory increased to approximately RM19.64 million as the Group stocked up stainless steel coils for its production needs and semi-finished cookware for the fourth quarter of 2012 which is seasonally the Group's peak season. The Group's net current assets was RM21.533 million, with cash and cash equivalents at RM2.727 million. Short term borrowings increased to RM2.988 million to finance the Group's working capital needs.

The Group's net operating cash flows for the period ended 30 September 2012 was a deficit of RM1.867 million mainly due to higher inventory, receivables and trade payables. The net cash outflow from investing activities was RM0.822 million mainly due to purchases of property, plant and equipment. Net cash from financing activities was an outflow of RM2.249 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 RM4.938 million during the period. Cash and cash equivalents amounted to RM1.451 million as at 30 September 2012.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	3 months ended 30.9.2012 RM'000	3 months ended 30.6.2012 RM'000
Revenue	12,034	10,377
Profit/ loss before taxation ("PBT/ LBT")	282	(205)
Profit/ (Loss) for the period	10	(408)

The Group experienced an increase in revenue in the current quarter compared to the immediate preceding quarter mainly due to higher cookware and clad metal sales.

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 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. The Group believes that the convex mirror revenue in Europe will improve further as its products gain customers' acceptance and has a wider distribution via its dealership network. As for the Japanese market, the Group expects that convex mirror sales demand will improve this year as our distributors have to meet orders for the reconstruction efforts in 2012. Clad metal sales is also expected to improve due to new customers secured in Europe.

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 30.9.2012 RM'000	Cumulative Quarter 9 months ended 30.9.2012 RM'000
In respect of the current period		
- Malaysian tax	275	748
- Deferred tax	<u>(15)</u>	<u>(31)</u>
	260	717
In respect of the prior year		
- Malaysian tax	<u>12</u>	<u>12</u>
	<u><u>272</u></u>	<u><u>729</u></u>

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 30.9.2012 RM'000	As at 31.12.2011 (Restated) RM'000
Total retained profits of the Group:		
Realised	47,617	47,186
Unrealised	<u>(2,574)</u>	<u>(2,292)</u>
	45,043	44,894
Less: Consolidation adjustments	<u>(33,257)</u>	<u>(33,136)</u>
Total Group retained profits as per consolidated accounts	<u><u>11,786</u></u>	<u><u>11,758</u></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 GROUP BORROWINGS

Save as disclosed below, there were no other borrowings or debt securities in the Group as at 30 September 2012:

	As at 30.9.2012	As at 31.12.2011
	RM'000	RM'000
Non-current:		
Finance lease liability	179	-
Current:		
Bank overdraft	1,276	-
Bankers' acceptance - secured	1,605	1,829
Finance lease liability	107	-
	<u>2,988</u>	<u>1,829</u>
	<u>3,167</u>	<u>1,829</u>

All borrowings are denominated in Malaysia Ringgit.

B8 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 30 September 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

There were no corporate proposals announced that have not been completed at the date of this announcement.

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.

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 2012, the Group does not have any outstanding derivative financial instruments.

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 no credit and market risk as no 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		Cumulative Quarter	
	3 months ended		9 months ended	
	30.9.2012	30.9.2011	30.9.2012	30.9.2011
		(Restated)		(Restated)
Basic EPS				
Profit/ (Loss) attributable to owners of the Company (RM '000)	10	(280)	28	(1,285)
Weighted average no. of ordinary shares in issue ('000)	230,958	230,958	230,958	230,958
Basic EPS (sen)	0.00	(0.12)	0.01	(0.56)

(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 20 November 2012.

By order of the Board of Directors
NI HSIN RESOURCES BERHAD

HSIAO CHIH JEN
Managing Director

Date: 20 November 2012