



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 2012

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2012**
 (The figures have not been audited)

	Note	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 12 MONTHS ENDED	
		31.12.2012 RM'000	31.12.2011 (Restated) RM'000	31.12.2012 RM'000	31.12.2011 (Restated) RM'000
Revenue	A11	15,779	13,123	49,935	39,338
Cost of sales		(11,264)	(9,052)	(37,031)	(29,190)
Gross Profit		<u>4,515</u>	<u>4,071</u>	<u>12,904</u>	<u>10,148</u>
Other operating income		228	173	592	740
Operating expenses		(3,959)	(2,887)	(11,823)	(10,062)
Operating profit	A12	<u>784</u>	<u>1,357</u>	<u>1,673</u>	<u>826</u>
Interest income		3	9	31	37
Finance costs		(56)	(33)	(216)	(135)
Profit/ (Loss) before taxation		<u>731</u>	<u>1,333</u>	<u>1,488</u>	<u>728</u>
Income tax expenses	B5	146	(214)	(583)	(894)
Profit/ (Loss) for the period		<u>877</u>	<u>1,119</u>	<u>905</u>	<u>(166)</u>
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		(45)	94	35	29
Fair value reserve		-	202	-	202
Total comprehensive income/ (loss) for the period		<u>832</u>	<u>1,415</u>	<u>940</u>	<u>65</u>
Profit attributable to:					
Owners of the Company		877	1,119	905	(166)
Non-controlling interests		-	-	-	-
(Loss)/ Profit for the period		<u>877</u>	<u>1,119</u>	<u>905</u>	<u>(166)</u>
Total comprehensive income/ (loss) for attributable to:					
Owners of the Company		832	1,415	940	65
Non-controlling interests		-	-	-	-
Total comprehensive (loss)/ income for the period		<u>832</u>	<u>1,415</u>	<u>940</u>	<u>65</u>
Earnings/ (Loss) per share (sen)					
- Basic	B12	0.38	0.48	0.39	(0.07)
- 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 31 DECEMBER 2012**

(The figures have not been audited)

	Note	AS AT 31.12.2012 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	35,108	36,558	38,735
Goodwill		5,105	5,105	5,105
		<u>40,213</u>	<u>41,663</u>	<u>43,840</u>
Current assets				
Inventories		19,629	17,353	17,324
Receivables, deposits and prepayments		6,683	4,879	4,424
Other current financial assets	B11	-	-	19
Tax recoverable		774	963	715
Cash & cash equivalent		5,600	6,426	3,616
		<u>32,686</u>	<u>29,621</u>	<u>26,098</u>
TOTAL ASSETS		<u>72,899</u>	<u>71,284</u>	<u>69,938</u>
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital		47,320	47,320	47,320
Reserves		13,074	12,134	14,379
		<u>60,394</u>	<u>59,454</u>	<u>61,699</u>
Total equity		<u>60,394</u>	<u>59,454</u>	<u>61,699</u>
Non-current liabilities				
Deferred tax liability		1,712	2,263	2,336
Borrowings	B7	147	-	-
		<u>1,859</u>	<u>2,263</u>	<u>2,336</u>
Current liabilities				
Payables and accruals		5,748	7,513	4,917
Borrowings	B7	4,898	1,829	980
Other current financial liabilities	B11	-	-	-
Taxation		-	225	6
		<u>10,646</u>	<u>9,567</u>	<u>5,903</u>
Total liabilities		<u>12,505</u>	<u>11,830</u>	<u>8,239</u>
TOTAL EQUITY AND LIABILITIES		<u>72,899</u>	<u>71,284</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 TWELVE MONTHS PERIOD ENDED 31 DECEMBER 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	Other 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)	-	-	-	9,206	5,029	61,699
Total comprehensive income/ (loss) for the period	-	-	-	29	-	202	-	(166)	65
Dividend - 2011 interim	-	-	-	-	-	-	-	(2,310)	(2,310)
At 31 December 2011	47,320	1,820	(1,676)	29	-	202	9,206	2,553	59,454
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)	-	9,206	(18)	4,257
At 1 January 2012, as restated	47,320	1,820	(1,676)	29	-	202	9,206	2,553	59,454
Total comprehensive income/ (loss) for the period	-	-	-	35	-	-	-	905	940
At 31 December 2012	47,320	1,820	(1,676)	64	-	202	9,206	3,458	60,394

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 TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2012**

(The figures have not been audited)

	12 MONTHS ENDED	
	31.12.2012	31.12.2011 (Restated)
	RM'000	RM'000
Cash flows from operating activities		
Profit/ (Loss) before tax	1,488	728
Adjustments:		
Depreciation on property, plant and equipment	2,829	3,068
Gain on disposal of property, plant and equipment	(121)	(23)
Write off of property, plant and equipment	29	9
Interest paid	216	135
Interest received	(31)	(37)
Net loss/ (gain) on foreign exchange	16	(13)
Net loss/ (gain) in fair value of financial instruments measured at fair value	-	19
Operating profit before changes in working capital	<u>4,426</u>	<u>3,886</u>
Changes in working capital:		
(Increase)/ decrease in operating assets	(4,018)	(281)
Decrease/ (increase) in operating liabilities	525	304
Cash (used in)/ generated from operations	<u>933</u>	<u>3,909</u>
Income taxes paid	(1,173)	(1,042)
Income taxes refunded	-	46
Interest paid	(216)	(135)
Interest received	31	37
Net cash used in operating activities	<u>(425)</u>	<u>2,815</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,453)	(1,003)
Proceeds from disposal of property, plant and equipment	168	125
Net cash used in investing activities	<u>(1,285)</u>	<u>(878)</u>
Cash flows from financing activities		
Net proceeds of bankers' acceptances	1,412	1,108
Net proceeds of hire purchase	245	-
Dividends paid	(2,310)	-
Net cash (used in) / generated from financing activities	<u>(653)</u>	<u>1,108</u>
Net (decrease)/ increase in cash and cash equivalents	(2,363)	3,045
Effect of exchange rate fluctuations on cash held	(22)	24
Cash and cash equivalents at 1 January	<u>6,426</u>	<u>3,357</u>
Cash and cash equivalents at 31 December	<u><u>4,041</u></u>	<u><u>6,426</u></u>

Notes:

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

	RM'000	RM'000
Bank and Cash balances	956	2,333
Fixed Deposit & Repo with licensed bank	4,644	4,093
Bank overdraft (included within short term borrowings in Note B7)	(1,559)	-
	<u><u>4,041</u></u>	<u><u>6,426</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 2011 and the accompanying explanatory notes attached to the Interim Financial Statements.

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(Company no. 653353-W)

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 year:

- 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
- Government Loans (Amendments to MFRS 1)
- 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)
- Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to MFRS 10, MFRS 11 and MFRS 12)

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)
Mandatory Effective Date of MFRS 9 and Transition Disclosures (Amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009), MFRS 9 (IFRS 9 issued by IASB in October 2010) and MFRS 7)

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 year ended 31 December 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 year ended 31 December 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 year ended 31 December 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 year ended 31 December 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.

There was no additional share purchased during the quarter ended 31 December 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 subsequent valuation has been conducted for these property, plant and equipment.

Upon transition to MFRSs, the Group elected to apply the optional exemption to use the previous revalued amount as deemed cost under MFRSs. The revaluation reserve of RM4,924,000 at 1 January 2011 and 31 December 2011 was reclassified to other reserves.

Under the MFRSs, 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.

The impact arising from the change is summarised as follows:

	01.01.2011	31.12.2011
	RM'000	RM'000
Consolidated statement of financial position		
Reclassification of revaluation reserve to other reserves	4,924	4,924
Fair value of properties (net of deferred tax)	4,275	4,275
Adjustment to other reserve	<u>9,199</u>	<u>9,199</u>

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 year ended 31 December 2012.

A10 DIVIDEND PAID

No dividend was paid during the current quarter ended 31 December 2012.

During the financial year ended 31 December 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 12 MONTHS ENDED 31 DECEMBER 2012

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2012	31.12.2011 (Restated)	31.12.2012	31.12.2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
Revenue from:				
Cookware	8,437	9,236	31,183	25,766
Convex mirror	2,390	2,437	9,427	8,051
Clad metals	4,639	3,144	15,505	11,998
Others	2,565	251	3,366	797
Total revenue including inter-segment sales	18,031	15,068	59,481	46,612
Elimination of inter-segment sales	(2,252)	(1,945)	(9,546)	(7,274)
Total	15,779	13,123	49,935	39,338

Segment Results

Results from:				
Cookware	(262)	854	(1,168)	(909)
Convex mirror	736	389	2,393	1,312
Clad metals	541	330	1,461	1,359
Others	(287)	(101)	(510)	(544)
	728	1,472	2,176	1,218
Elimination of inter-segment sales	84	38	(67)	(13)
Total result	812	1,510	2,109	1,205
Unallocated corporate expenses	(28)	(153)	(436)	(379)
Interest income	3	9	31	37
Interest expenses	(56)	(33)	(216)	(135)
Income tax expense	146	(214)	(583)	(894)
Profit/(Loss) for the period	877	1,119	905	(166)

A12 OPERATING PROFIT

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2012	31.12.2011 (Restated)	31.12.2012	31.12.2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after charging and crediting:				
Interest income	(3)	(9)	(31)	(37)
Other income including investment income	-	-	-	-
Rental income	(40)	(40)	(162)	(162)
Depreciation on property, plant and equipment	682	801	2,829	3,068
Write off of property, plant and equipment	4	5	29	9
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	-	(17)	(121)	(23)
Impairment of assets	-	-	-	-
Net loss/ (gain) on foreign exchange	(148)	(28)	16	(13)
Net loss/ (gain) in fair value of financial instruments measured at fair value	-	24	-	19
Exceptional items	-	-	-	-

A13 FINANCE COSTS

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2012	31.12.2011 (Restated)	31.12.2012	31.12.2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
Bank overdrafts	34	14	124	68
Bankers' acceptances	20	19	85	67
Finance lease interest	2	-	7	-
	<u>56</u>	<u>33</u>	<u>216</u>	<u>135</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 year 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 year under review.

A16 CAPITAL COMMITMENT

Capital commitment not provided for in the financial statements as at 31 December 2012 are as follows:

	31.12.2012 RM'000
Approved and contracted for	
- plant and equipment	<u>126</u>

A17 SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions which involve the directors of the Group for the financial period ended 31 December 2012 are as follows:

	Transaction value for 12 months ended 31.12.2012 RM'000	Balance outstanding as at 31.12.2012 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	(4,344)	78
Purchases	114	1
Ni Hsin International Trade (Shanghai) Co. Ltd.		
Sales	(57)	-
Purchases	243	-
Standardworld Holding Ltd.		
Royalty fee payable	178	(545)

A17 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT.)

	Transaction value for 12 months ended 31.12.2012 RM'000	Balance outstanding as at 31.12.2012 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	(10,701)	3,490
Purchases	198	-
Rental income	(162)	14
With a company in which the Company's director, Hsiao Chih Chien, has substantial financial interests		
I.D.M. Creative Development Co. Ltd.		
Sales	(224)	-
Purchases	3,706	(191)

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 31 December 2011	FRSs RM'000		MFRSs RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	32,157	4,401	36,558
Goodwill	5,105		5,105
	<u>37,262</u>		<u>41,663</u>
Current assets			
Inventories	17,353		17,353
Receivables, deposits and prepayments	4,879		4,879
Other current financial assets	-		-
Tax recoverable	963		963
Cash & cash equivalent	6,426		6,426
	<u>29,621</u>		<u>29,621</u>
TOTAL ASSETS	<u>66,883</u>		<u>71,284</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	47,320		47,320
Reserves	7,877	4,257	12,134
Total equity	<u>55,197</u>		<u>59,454</u>
Non-current liabilities			
Deferred tax liability	2,119	144	2,263
	<u>2,119</u>		<u>2,263</u>

A18 EXPLANATION OF TRANSITION TO MFRSs (CONT.)

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

As at 31 December 2011	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
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>71,284</u>
	-		-

(ii) Reconciliation of statement of comprehensive income

3 months ended 31 December 2011	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Revenue	13,123		13,123
Cost of sales	(9,052)		(9,052)
Gross Profit	<u>4,071</u>		<u>4,071</u>
Other operating income	173		173
Operating expenses	(2,883)	(4)	(2,887)
Operating profit	<u>1,361</u>		<u>1,357</u>
Interest income	9		9
Finance costs	(33)		(33)
Loss before taxation	<u>1,337</u>		<u>1,333</u>
Income tax expenses	(214)		(214)
Loss for the period	<u>1,123</u>		<u>1,119</u>
Other comprehensive income, net of tax			
Foreign currency translation differences for foreign operations	(9)		94
Fair value reserve	-		202
Total comprehensive loss for the period	<u>1,114</u>		<u>1,415</u>

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 loss for the period	<u>83</u>		<u>65</u>

A18 EXPLANATION OF TRANSITION TO MFRSs (CONT.)**(a) Financial Impact of Changes in Accounting Policies (Cont.)****(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	31.12.2011
	RM'000	RM'000
Fair valuation of property	144	144
Increase in deferred tax liabilities	<u>144</u>	<u>144</u>
Other reserve		
Reclassification of property's revaluation reserve to other reserves	4,924	4,924
Reclassification of translation reserve to other reserve	7	7
Fair valuation of property	4,419	4,419
Deferred tax liabilities impact on fair valuation of property	(144)	(144)
Depreciation of property	-	(18)
	<u>9,206</u>	<u>9,188</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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

B1 OPERATING SEGMENTS REVIEW

Operating Environment

The Group operated in challenging business conditions and weak economic prospects for the year ended 31 December 2012 ("FY2012").

Indicators of activity and unemployment show increasing and broad-based economic sluggishness in the first half of 2012 and no significant improvement in the third quarter. Global manufacturing has slowed down sharply. The euro area periphery has seen a marked decline in activity, driven by financial difficulties evident in a sharp increase in sovereign rate spreads. Activity has been disappointing in other economies too, notably the United States and United Kingdom. Spillovers from advanced economies and homegrown difficulties have held back activity in emerging market and developing economies. Industrial production has slowed down sharply in advanced and emerging markets and developing economies and so has the world trade. The deterioration is broad based. Unemployment in advanced economies remains appreciably above precrisis levels and is elevated in Eastern Europe, the Middle East and North Africa. These developments had resulted in weaker growth than projected because the intensity of the euro area crisis has not abated. Other causes of disappointing growth include weak financial institutions and inadequate policies in key advanced economies. (source: World Economic Outlook, October 2012 by IMF)

Quarter Ended 31 December 2012 ("Q42012") vs Quarter Ended 31 December 2011 ("Q42011")

The Group recorded a revenue of RM15.779 million and Profit Before Taxation ("PBT") of RM0.731 million in the current quarter ended 31 December 2012. Revenue in Q42012 improved by RM2.656 million or 20.2% compared to the revenue of Q42011, mainly due to higher sales of cookware, convex mirror and clad metal. Due to the higher revenue achieved, the Group posted a higher Gross Profit of RM4.515 million in Q42012 vs RM4.071 million in Q42011. Gross profit margin however declined slightly in Q42012 to 28.6% compared to 31% for Q42011. The operational expenditure for Q42012 increased by RM1.072 million or 37%, mainly due to higher transportation charges and staff related costs. As a result, the Group turned in a lower PBT of RM0.731 million for Q42012 compared to a PBT of RM1.333 million for Q42011.

Period Performance

The Group's performance by each Division for the 12 months' period are as follows:

(i) Cookware Division

The Cookware Division's revenue for FY2012 improved by RM5.413 million or 21% compared to the year ended 31 December 2011 ("FY2011"), to RM31.179 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, Australia, Thailand, Indonesia, Greater China and Taiwan improved during the year. Growth of the cookware division was mainly 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 Japan, Europe and North America declined in the year 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.

The cookware revenue by geographical market for the period is as follows:-

	12 MONTHS ENDED		Increase/ (Decrease)	%
	31.12.2012	31.12.2011		
	RM'000	RM'000	RM'000	
Japan	9,195	10,230	(1,035)	-10.1%
China & Hong Kong	1,542	693	849	122.5%
Taiwan	4,662	3,264	1,398	42.8%
Singapore	967	1,551	(584)	-37.7%
Europe	335	452	(117)	-25.9%
USA & Canada	1,635	1,737	(102)	-5.9%
Australia	1,329	0	1,329	100.0%
Thailand	480	57	423	742.1%
Others	380	70	310	442.9%
Local	10,654	7,712	2,942	38.1%
	31,179	25,766	5,413	21.0%

B1 OPERATING SEGMENTS REVIEW (CONT.)

Period Performance (Cont.)

(ii) Convex Mirror Division

The Convex Mirror Division achieved a revenue of RM8.560 million for FY2012, which is an increase of RM1.085 million or 14.5%, compared to a revenue of RM7.475 million in FY2011.

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 RM0.903 million in FY2011 to RM1.497 million in FY2012, which is a growth of 66% as the product gains customers' acceptance.

(iii) Clad Metal Division

The Clad Metal Division's revenue improved by RM1.512 million or 28.5% to RM6.812 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 31 December 2012. The non-current assets was at RM40.2 million after incorporating the fair value gain in revaluation of our landed properties. In respect of current assets, inventory increased to approximately RM19.63 million as the Group stocked up stainless steel coils for its production needs and semi-finished cookware in line with the increase in sales. The Group's net current assets was RM22.04 million, with cash and cash equivalents at RM5.60 million. Short term borrowings increased to RM4.89 million to finance the Group's working capital needs.

The Group's net operating cash flows for the FY2012 was a deficit of RM0.425 million mainly due to higher inventory and receivables. The net cash outflow from investing activities was RM1.285 million mainly due to purchases of property, plant and equipment. Net cash from financing activities was an outflow of RM0.653 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 RM2.363 million during the period. Cash and cash equivalents net of overdrafts amounted to RM4.041 million as at 31 December 2012.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	3 months ended 31.12.2012 RM'000	3 months ended 30.9.2012 RM'000
Revenue	15,779	12,034
Profit before taxation	731	282
Profit for the period	877	10

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 Euro zone recession, high debt problems amongst the developed countries, and weakening global demand.

For financial year ending 31 December 2013 ("FY2013"), the Group expects its Japanese customers' orders to remain weak in view of the slow down in Japanese economy in 2012. Hence, the Group will focus more 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 in 2012. The Group will focus in selling the "Smart Pan" in more countries.

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. The Group believes that the convex mirror revenue in Europe will improve further as this product gains 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. Clad metal sales is also expected to improve due to new customers secured in Europe.

Notwithstanding the uncertain and weak operating environment in 2013, the management expects the Group's revenue to improve in FY2013.

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 31.12.2012 RM'000	Cumulative Quarter 12 months ended 31.12.2012 RM'000
In respect of the current period		
- Malaysian tax	386	1,134
- Deferred tax	<u>(569)</u>	<u>(600)</u>
	(183)	534
In respect of the prior year		
- Malaysian tax	(10)	2
- Deferred tax	<u>47</u>	<u>47</u>
	<u><u>(146)</u></u>	<u><u>583</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 31.12.2012 RM'000	As at 31.12.2011 (Restated) RM'000
Total retained profits of the Group:		
Realised	38,510	37,987
Unrealised	<u>(1,856)</u>	<u>(2,292)</u>
	36,654	35,695
Less: Consolidation adjustments	<u>(33,196)</u>	<u>(33,142)</u>
Total Group retained profits as per consolidated accounts	<u><u>3,458</u></u>	<u><u>2,553</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 Berhad 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 2012:

	As at 31.12.2012	As at 31.12.2011
	RM'000	RM'000
Non-current:		
Finance lease liability	147	-
Current:		
Bank overdraft	1,559	-
Bankers' acceptance - secured	3,241	1,829
Finance lease liability	98	-
	<u>4,898</u>	<u>1,829</u>
	<u>5,045</u>	<u>1,829</u>

All borrowings are denominated in Malaysia Ringgit.

B8 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 31 December 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 31 December 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.

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 12 months ended	
	31.12.2012	31.12.2011 (Restated)	31.12.2012	31.12.2011 (Restated)
Basic EPS				
Profit/ (Loss) attributable to owners of the Company (RM '000)	877	1,119	905	(166)
Weighted average no. of ordinary shares in issue ('000)	230,958	230,958	230,958	230,958
Basic EPS (sen)	0.38	0.48	0.39	(0.07)

(b) Diluted

Diluted EPS is not applicable to the Company.

B13 DIVIDEND

The Board of Directors has proposed a final single tier dividend of 0.5 sen per Ordinary Share in respect of the financial year ended 31 December 2012, subject to the approval of the shareholders at the forthcoming Annual General Meeting. If approved, the final dividend will be paid to shareholders on 18 July 2013. The entitlement date for the said dividend shall be on 21 June 2013.

A Depositor shall qualify for entitlement to the Dividend only in respect of:

- (1) Shares transferred to the Depositor's securities account before 4.00 p.m. on 21 June 2013 in respect of ordinary transfers.
- (2) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

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 February 2013.

By order of the Board of Directors

NI HSIN RESOURCES BERHAD

HSIAO CHIH JEN
Managing Director

Date: 20 February 2013