



NI HSIN RESOURCES BERHAD

(Company No.: 653353-W)

(Incorporated in Malaysia under the Companies Act, 1965)

INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

31 MARCH 2013

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2013**

(The figures have not been audited)

	Note	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 3 MONTHS ENDED	
		31.3.2013 RM'000	31.3.2012 RM'000	31.3.2013 RM'000	31.3.2012 RM'000
Revenue	A11	14,638	11,745	14,638	11,745
Cost of sales		(11,415)	(8,598)	(11,415)	(8,598)
Gross Profit		3,223	3,147	3,223	3,147
Other operating income		145	158	145	158
Operating expenses		(2,955)	(2,593)	(2,955)	(2,593)
Operating profit	A12	413	712	413	712
Interest income		10	12	10	12
Finance costs		(83)	(44)	(83)	(44)
Profit/ (Loss) before taxation		340	680	340	680
Income tax expenses	B5	(213)	(254)	(213)	(254)
Profit/ (Loss) for the period		127	426	127	426
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		45	33	45	33
Total comprehensive income/ (loss) for the period		172	459	172	459
Profit attributable to:					
Owners of the Company		127	426	127	426
Non-controlling interests		-	-	-	-
Profit for the period		127	426	127	426
Total comprehensive income/ (loss) attributable to:					
Owners of the Company		172	459	172	459
Non-controlling interests		-	-	-	-
Total comprehensive income for the period		172	459	172	459
Earnings/ (Loss) per share (sen)					
~ Basic	B12	0.05	0.18	0.05	0.18
~ 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 2012 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 MARCH 2013**

(The figures have not been audited)

	Note	AS AT 31.3.2013 RM'000	AS AT 31.12.2012 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A8	34,638	35,108
Goodwill		5,105	5,105
		<u>39,743</u>	<u>40,213</u>
Current assets			
Inventories		19,207	19,629
Receivables, deposits and prepayments		10,068	6,682
Other current financial assets	B11	-	-
Tax recoverable		1,119	1,119
Cash & cash equivalent		4,980	5,600
		<u>35,374</u>	<u>33,030</u>
TOTAL ASSETS		<u>75,117</u>	<u>73,243</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		47,320	47,320
Reserves		13,246	13,074
Total equity		<u>60,566</u>	<u>60,394</u>
Non-current liabilities			
Deferred tax liability		1,665	1,712
Borrowings	B7	122	147
		<u>1,787</u>	<u>1,859</u>
Current liabilities			
Payables and accruals		5,569	5,748
Borrowings	B7	6,832	4,898
Taxation		363	344
		<u>12,764</u>	<u>10,990</u>
Total liabilities		<u>14,551</u>	<u>12,849</u>
TOTAL EQUITY AND LIABILITIES		<u>75,117</u>	<u>73,243</u>
Net Assets per share attributable to owners of the Company (RM)		0.26	0.26

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 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 THREE MONTHS PERIOD ENDED 31 MARCH 2013**

(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	Fair value Reserve RM'000	Other Reserve RM'000	Retained Profits RM'000	Total RM'000
At 1 January 2012	47,320	1,820	(1,676)	29	202	9,206	2,553	59,454
Total comprehensive income/ (loss) for the period	-	-	-	33	-	-	426	459
At 31 March 2012	47,320	1,820	(1,676)	62	202	9,206	2,979	59,913
At 1 January 2013	47,320	1,820	(1,676)	64	202	9,206	3,458	60,394
Total comprehensive income for the period	-	-	-	45	-	-	127	172
At 31 March 2013	47,320	1,820	(1,676)	109	202	9,206	3,585	60,566

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 2012 and the accompanying explanatory notes attached to the Interim Financial Statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2013**

(The figures have not been audited)

	3 MONTHS ENDED	
	31.3.2013	31.3.2012
	RM'000	RM'000
Cash flows from operating activities		
Profit/ (Loss) before tax	340	680
Adjustments:		
Depreciation on property, plant and equipment	647	728
Gain on disposal of property, plant and equipment	-	(99)
Write off of property, plant and equipment	-	10
Interest paid	83	44
Interest received	(10)	(12)
Net loss/ (gain) on foreign exchange	(30)	(1)
Net loss/ (gain) in fair value of financial instruments measured at fair value	-	(1)
Operating profit before changes in working capital	<u>1,030</u>	<u>1,349</u>
Changes in working capital:		
(Increase)/ decrease in operating assets	(2,963)	(744)
Decrease/ (increase) in operating liabilities	(163)	(999)
Cash (used in)/ generated from operations	<u>(2,096)</u>	<u>(394)</u>
Income taxes paid	(183)	(257)
Income taxes refunded	-	-
Interest paid	(83)	(44)
Interest received	10	12
Net cash used in operating activities	<u>(2,352)</u>	<u>(683)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(177)	(164)
Proceeds from disposal of property, plant and equipment	-	99
Net cash used in investing activities	<u>(177)</u>	<u>(65)</u>
Cash flows from financing activities		
Net proceeds of bankers' acceptances	2,199	463
Net proceeds of hire purchase	(24)	-
Dividends paid	-	(2,310)
Net cash (used in) / generated from financing activities	<u>2,175</u>	<u>(1,847)</u>
Net (decrease)/ increase in cash and cash equivalents	(354)	(2,595)
Effect of exchange rate fluctuations on cash held	-	6
Cash and cash equivalents at 1 January	<u>4,041</u>	<u>6,426</u>
Cash and cash equivalents at 31 March	<u><u>3,687</u></u>	<u><u>3,837</u></u>

Notes:

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

	RM'000	RM'000
Deposits with licensed bank	976	1,966
Bank and Cash balances	4,004	2,950
Bank overdraft (included within short term borrowings in Note B7)	(1,293)	(1,079)
	<u>3,687</u>	<u>3,837</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 2012 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 PERIOD ENDED 31 MARCH 2013

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 2012. 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 2012.

The Group has early adopted the amendments to MFRS 101, Presentation of Financial Statements which are effective for annual periods beginning on or after 1 July 2012. The early adoption of the amendments to MFRS 101 has no impact on the financial statements other than the presentation format of the statement of profit or loss and other comprehensive income.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent annual financial statements for the year ended 31 December 2012, except for the adoption of the following MFRSs, IC Interpretation and Amendments to MFRSs during the current financial period:

Effective for annual periods commencing on or after 1 January 2013

- MFRS 3 Business Combinations
- 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 (revised)
- MFRS 127 Consolidated and Separate Financial Statements (revised)
- MFRS 128 Investments in Associates and Joint Ventures (revised)
- Amendments to MFRS 1 First-time Adoption of MFRS - Government Loans
- Amendments to MFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities

- Amendments to MFRS 10 Consolidated Financial Statements: Transition Guidance
- Amendments to MFRS 11 Joint Arrangements: Transition Guidance
- Amendments to MFRS 12 Disclosure of Interests in Other Entities: Transition Guidance
- Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income
- Annual Improvements to IC Interpretations and MFRSs 2009 - 2011 Cycle

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

The following MFRSs and Amendments to MFRSs have been issued by the MASB but are not yet effective to the Group:

Effective for annual periods commencing on or after 1 January 2014

- Amendments to MFRS 9 Mandatory Effective Date of MFRS 9 and Transition Disclosures
- Amendments to MFRS 10 Consolidated Financial Statements: Investment Entities
- Amendments to MFRS 12 Disclosure of Interests in Other Entities: Investment Entities
- Amendments to MFRS 127 Consolidated and Separate Financial Statements: Investment Entities

A1 BASIS OF PREPARATION (CONT.)

Effective for annual periods commencing on or after 1 January 2014 (Cont.)

- Amendments to MFRS 132 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncement are not expected to have any effect to the financial statements of the Group upon their initial application.

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 2012.

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

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter and financial period ended 31 March 2013.

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 ended 31 March 2013.

A6 MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates that have a material effect on the results for the current quarter ended 31 March 2013.

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 31 March 2013:

(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 March 2013, 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 PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

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 31 March 2013.

A10 DIVIDEND PAID

No dividend was paid during the current quarter ended 31 March 2013.

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 3 MONTHS ENDED 31 MARCH 2013

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.3.2013 RM'000	31.3.2012 RM'000	31.3.2013 RM'000	31.3.2012 RM'000
<u>Segment Revenue</u>				
Revenue from:				
Cookware	10,927	7,981	10,927	7,981
Convex mirror	1,919	1,879	1,919	1,879
Clad metals	4,338	3,476	4,338	3,476
Others	230	231	230	231
Total revenue including inter-segment sales	17,414	13,567	17,414	13,567
Elimination of inter-segment sales	(2,776)	(1,822)	(2,776)	(1,822)
Total	14,638	11,745	14,638	11,745
	-	-	-	-

Segment Results

Results from:				
Cookware	190	248	190	248
Convex mirror	236	318	236	318
Clad metals	406	365	406	365
Others	(49)	(104)	(49)	(104)
	783	827	783	827
Elimination of inter-segment sales	(206)	24	(206)	24
Total result	577	851	577	851
Unallocated corporate expenses	(164)	(139)	(164)	(139)
Interest income	10	12	10	12
Interest expenses	(83)	(44)	(83)	(44)
Income tax expense	(213)	(254)	(213)	(254)
Profit/ (Loss) for the period	127	426	127	426
	-	-	-	-

A12 OPERATING PROFIT

	Current Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.3.2013	31.3.2012	31.3.2013	31.3.2012
	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after charging and crediting:				
Interest income	(10)	(12)	(10)	(12)
Other income including investment income	-	-	-	-
Rental income	(41)	(41)	(41)	(41)
Depreciation on property, plant and equipment	647	728	647	728
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Provision for and write off of property, plant and equipment	-	10	-	10
(Gain)/ loss on disposal of quoted or unquoted investments	-	-	-	-
Gain on disposal of property, plant and equipment	-	(99)	-	-
Impairment of assets	-	-	-	-
Net loss/ (gain) on foreign exchange - unrealised	(30)	(1)	(30)	(1)
Net gain in fair value of financial instruments measured at fair value	-	(1)	-	(1)
Exceptional items	-	-	-	-

A13 FINANCE COSTS

	Current Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.3.2013	31.3.2012	31.3.2013	31.3.2012
	RM'000	RM'000	RM'000	RM'000
Bank overdrafts	31	22	31	22
Bankers' acceptances	49	22	49	22
Finance lease liability	3	-	3	-
	<u>83</u>	<u>44</u>	<u>83</u>	<u>44</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

Save as disclosed below, the Company is not aware of any other contingent liabilities as at 31 March 2013:

	31.3.2013
	RM'000
- Corporate guarantee given by the Company to licensed banks for credit facilities granted to subsidiaries	26,140
	<u>26,140</u>

A16 CAPITAL COMMITMENT

Capital commitments not provided for in the financial statements as at 31 March 2013 are as follows:

	31.3.2013
	RM'000
Approved and contracted for	
- Plant & Equipment	<u>600</u>

A17 SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions which involve the directors of the Group for the financial period ended 31 March 2013 are as follows:

	Transaction value for 3 months ended 31.3.2013 RM'000	Balance outstanding as at 31.3.2013 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	(779)	125
Purchases	35	(32)
Standardworld Holding Ltd.		
Royalty fee payable	37	(582)
With a company in which the Company's directors, Hsiao Chih Jen and Hsiao Chih Chien, have substantial financial interests		
Everpro Sdn. Bhd.		
Sales	(4,643)	5,904
Purchases	48	-
Rental income	(41)	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	(88)	-
Purchases	257	166

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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

B1 OPERATING SEGMENTS REVIEW

Operating Environment

For the quarter ended 31 March 2013, the Group's major markets remained weak. Japan, the Group's key export market, implemented aggressive monetary easing policies which weakened the Japanese yen. This caused the Group's exports to the Japanese market to be affected. Though Japanese consumers' confidence improved in the first quarter, the Group remained cautious in the outlook of the demand for the Group's premium cookware in Japan. The European economy remained weak and challenging during the quarter. The economic conditions of the Group's other major markets such as Malaysia, Singapore, Australia, South Korea and Greater China were stable.

Quarter 1 Ended 31 March 2013 ("Q12013") vs Quarter Ended 31 March 2012 ("Q12012")

The Group recorded a revenue of RM14.64 million and Profit Before Taxation ("PBT") of RM0.34 million in the current quarter ended 31 March 2013. Revenue in Q12013 improved by RM2.89 million or 24.6% compared to the revenue of Q12012, mainly due to higher cookware and clad metal sales. Group gross profit ("GP") margin however declined in Q12013 from 26.8% to 22%, mainly due to a higher trading revenue in the cookware division which carries a lower GP margin. Operating expenses in the current quarter increased compared to last year's corresponding quarter mainly due to an increase in staff costs, advertisement and marketing expenses. Notwithstanding the improvement in revenue, due to the lower GP margin and higher operating expenses, PBT and Profit After Taxation ("PAT") for Q12013 declined by RM0.34 million compared to Q12012, to RM0.340 million.

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

(i) Cookware Division

The Cookware Division's revenue for Q12013 improved by RM2.67 million or 33.5% compared to Q12012, to RM10.66 million. Cookware sales improved mainly in our Northern America, Malaysian and Japanese markets. The cookware revenue by geographical market for the quarter is as follows:-

	3 MONTHS ENDED		Increase/ (Decrease)	%
	31.3.2013	31.3.2012		
	RM'000	RM'000	RM'000	
Japan	2,883	2,325	558	24.0%
China & Hong Kong	476	322	154	47.8%
Taiwan	856	1,138	(282)	-24.8%
Singapore	314	425	(111)	-26.1%
Europe	70	121	(51)	-42.1%
USA & Canada	645	219	426	194.5%
Malaysia	5,062	2,918	2,144	73.5%
Australia	259	446	(187)	-41.9%
Thailand	90	-	90	100.0%
Indonesia	-	67	(67)	-100.0%
	<u>10,655</u>	<u>7,981</u>	<u>2,674</u>	33.5%

(ii) Convex Mirror Division

The Convex Mirror Division achieved a revenue of RM1.75 million for Q12013, which is similar to the revenue of RM1.80 million achieved in Q12012.

Stainless steel convex mirrors sales had mixed results. The Group had lower local and Japanese market sales but achieved improvement in export sales to Europe and South Korea, thus resulting in similar revenue to last year's quarter.

(iii) Clad Metal Division

The Clad Metal Division's revenue improved in the quarter by RM0.28 million or 16%. The Clad Metal sales improved due to our customers in Europe and Indonesia increasing orders for clad metals. The Clad Metal division was affected however by decline in orders from Thailand and Japan.

The Group's statement of financial position as at 31 March 2013 remained healthy with net assets per share of RM0.26. The Group's non-current assets amounted to RM39.7 million as there were no material capital expenditure incurred in the quarter. Within the current assets, inventory remained consistent at approximately RM19.2 million as at 31 March 2013. The Group's net current assets was RM22.6 million, with cash and cash equivalents at RM3.68 million.

B1 OPERATING SEGMENTS REVIEW (CONT.)

Performance Review (Cont.)

The Group's net operating cash flows for the period ended 31 March 2013 was a deficit of RM2.35 million mainly due to higher receivables and lower payables. The net cash outflow from investing activities was RM0.18 million mainly due to purchases of property, plant and equipment. Net cash from financing activities was an inflow of RM2.18 million due to a drawdown of bankers acceptances for working capital. The net resultant impact to Group's cash flows was a decline in cash of RM0.35 million during the period. Cash and cash equivalents amounted to RM3.68 million as at 31 March 2013.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	3 months ended 31.3.2013	3 months ended 31.12.2012
	RM'000	RM'000
Revenue	14,638	15,779
Profit before taxation ("PBT")	340	731
Profit for the period	127	877

The Group's cookware revenue is seasonally higher in Quarter 4 and lowest in Quarter 1 of a financial year as explained in Note A3. Hence the Revenue and PBT were lower than the preceding quarter.

B3 COMMENTARY ON PROSPECT

The current financial year will continue to be a challenging period for the premium cookware business. The Japanese government has implemented aggressive monetary policies, causing the Japanese yen to decline. The decline in Japanese yen has a direct impact on imported goods, which in turn will affect the Group's exports to Japan in the short term. While Japan's industrial production rose less than expected in March due to tepid demand overseas, economists are confident that exports and factory output will eventually pick up due to weaker Japanese yen. Consumers' confidence in Japan also rose in the quarter. The management hopes that though with the economic stimulus and improving consumer spending, the effects of the weaker yen may be offset by improving demand for consumer goods. The European economy faces more uncertainties due to the ongoing debt crisis, high unemployment rates and reduced fiscal spending.

For FY2013, 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. For the current financial year, we will focus on a range of commercial cookware ranging from fry pans to pressure cookers. Our commercial cookware, under a new brand "Kit-Zen", will be marketed to restaurants and hotels whereby high quality cookware is required for their business operations. We have also successfully developed pressure cookers with a capacity of 30 litres to be used for commercial restaurants. In January 2013, we actively participated as a sponsor for the Audi Chef's Cup Sudtiroi 2013, a prestigious cookware event in Italy, which attracted 68 chefs, including Michelin starred Chefs (for a total of 33 stars), Jeunes Restaurateurs d'Europe and emerging talents in the F&B industry. The response to our commercial series of cookware was encouraging and we will actively market our commercial cookware series when it is commercialised in the second quarter of this year.

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 has also successfully grew its clad metal sales to European premium cookware manufacturers for the manufacture of premium multi-ply stainless steel cookware. As clad metals are the key raw material for multi-ply stainless steel cookware, we aim to secure recurring orders from European customers.

Notwithstanding the challenging operating environment in 2013, 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 31.3.2013 RM'000	Cumulative Quarter 3 months ended 31.3.2013 RM'000
In respect of the current period		
- Malaysian tax	260	260
- Deferred tax	<u>(47)</u>	<u>(47)</u>
	213	213
In respect of the prior year		
- Malaysian tax	<u>-</u>	<u>-</u>
	<u>213</u>	<u>213</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 31.3.2013 RM'000	As at 31.12.2012 RM'000
Total retained profits of the Group:		
Realised	38,995	38,510
Unrealised	<u>(2,058)</u>	<u>(1,856)</u>
	36,937	36,654
Less: Consolidation adjustments	<u>(33,352)</u>	<u>(33,196)</u>
Total Group retained profits as per consolidated accounts	<u>3,585</u>	<u>3,458</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 31 March 2013:

	As at 31.3.2013 RM'000	As at 31.12.2012 RM'000
Non-current:		
Finance lease liability	122	147
Current:		
Bank overdraft	1,293	1,559
Bankers' acceptance	5,440	3,241
Finance lease liability	99	98
	<u>6,832</u>	<u>4,898</u>
	<u>6,954</u>	<u>5,045</u>

All borrowings are denominated in Malaysia Ringgit.

B8 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 31 March 2013, 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 March 2013, 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		Cumulative Quarter	
	3 months ended	3 months ended	3 months ended	3 months ended
	31.3.2013	31.3.2012	31.3.2013	31.3.2012
Basic EPS				
Profit/ (loss) attributable to owners of the Company (RM '000)	127	426	127	426
Weighted average no. of ordinary shares in issue ('000)	230,958	230,958	230,958	230,958
Basic EPS (sen)	0.05	0.18	0.05	0.18

(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 22 May 2013.

By order of the Board of Directors
NI HSIN RESOURCES BERHAD

HSIAO CHIH JEN
Chairman

Date: 22 May 2013