



## **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 2013**

**NI HSIN RESOURCES BERHAD**

(Company no. 653353-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE TWELVE MONTHS YEAR ENDED 31 DECEMBER 2013**

(The figures have not been audited)

	Note	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 12 MONTHS ENDED	
		31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
Revenue	A11	14,422	15,779	55,150	49,935
Cost of sales		(10,368)	(11,264)	(41,087)	(37,031)
<b>Gross Profit</b>		<b>4,054</b>	<b>4,515</b>	<b>14,063</b>	<b>12,904</b>
Other operating income		187	228	1,223	592
Operating expenses		(2,819)	(3,959)	(11,361)	(11,823)
<b>Operating profit</b>	A12	<b>1,422</b>	<b>784</b>	<b>3,925</b>	<b>1,673</b>
Interest income		4	3	24	31
Finance costs		(51)	(56)	(311)	(216)
<b>Profit/ (Loss) before taxation</b>		<b>1,375</b>	<b>731</b>	<b>3,638</b>	<b>1,488</b>
Income tax expenses	B5	(626)	146	(1,359)	(583)
<b>Profit/ (Loss) for the period</b>		<b>749</b>	<b>877</b>	<b>2,279</b>	<b>905</b>
<b>Other comprehensive income / (loss), net of tax</b>					
<u>Item that may be subsequently reclassified to profit or loss:</u>					
Foreign currency translation differences for foreign operations		(63)	(45)	(287)	35
<b>Total comprehensive income/ (loss) for the period</b>		<b>686</b>	<b>832</b>	<b>1,992</b>	<b>940</b>
<b>Profit/ (Loss) attributable to:</b>					
Owners of the Company		749	877	2,279	905
Non-controlling interests		-	-	-	-
<b>Profit/ (Loss) for the period</b>		<b>749</b>	<b>877</b>	<b>2,279</b>	<b>905</b>
<b>Total comprehensive income/ (loss) attributable to:</b>					
Owners of the Company		686	832	1,992	940
Non-controlling interests		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>686</b>	<b>832</b>	<b>1,992</b>	<b>940</b>
<b>Earnings/ (Loss) per share (sen)</b>					
~ Basic	B12	0.32	0.38	0.99	0.39
~ 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 DECEMBER 2013**

(The figures have not been audited)

	Note	AS AT 31.12.2013 RM'000	AS AT 31.12.2012 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A8	34,088	35,108
Goodwill		5,105	5,105
		<u>39,193</u>	<u>40,213</u>
<b>Current assets</b>			
Inventories		20,248	19,629
Receivables, deposits and prepayments		8,070	6,682
Other current financial assets	B11	-	-
Tax recoverable		255	1,119
Cash & cash equivalent		7,685	5,600
		<u>36,258</u>	<u>33,030</u>
<b>TOTAL ASSETS</b>		<u>75,451</u>	<u>73,243</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		47,320	47,320
Reserves		12,756	13,074
<b>Total equity</b>		<u>60,076</u>	<u>60,394</u>
<b>Non-current liabilities</b>			
Deferred tax liability		2,154	1,712
Borrowings	B7	44	147
		<u>2,198</u>	<u>1,859</u>
<b>Current liabilities</b>			
Payables and accruals		8,505	5,748
Borrowings	B7	4,539	4,898
Taxation		133	344
		<u>13,177</u>	<u>10,990</u>
<b>Total liabilities</b>		<u>15,375</u>	<u>12,849</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>75,451</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 TWELVE MONTHS YEAR ENDED 31 DECEMBER 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
<b>At 1 January 2012</b>	47,320	1,820	(1,676)	29	202	9,206	2,553	59,454
Total comprehensive income/ (loss) for the period	-	-	-	35	-	-	905	940
<b>At 31 December 2012</b>	<b>47,320</b>	<b>1,820</b>	<b>(1,676)</b>	<b>64</b>	<b>202</b>	<b>9,206</b>	<b>3,458</b>	<b>60,394</b>
<b>At 1 January 2013</b>	47,320	1,820	(1,676)	64	202	9,206	3,458	60,394
Total comprehensive (loss)/ income for the period	-	-	-	(287)	-	-	2,279	1,992
Dividend paid	-	-	-	-	-	-	(2,310)	(2,310)
<b>At 31 December 2013</b>	<b>47,320</b>	<b>1,820</b>	<b>(1,676)</b>	<b>(223)</b>	<b>202</b>	<b>9,206</b>	<b>3,427</b>	<b>60,076</b>

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 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 CASH FLOW  
FOR THE TWELVE MONTHS YEAR ENDED 31 DECEMBER 2013**

(The figures have not been audited)

	12 MONTHS ENDED	
	31.12.2013 RM'000	31.12.2012 RM'000
<b>Cash flows from operating activities</b>		
Profit/ (Loss) before tax	3,638	1,488
Adjustments:		
Depreciation on property, plant and equipment	2,656	2,786
Loss/ (gain) on disposal of property, plant and equipment	25	(121)
Write off of property, plant and equipment	4	29
Write-down of inventories	178	
Interest paid	311	216
Interest received	(24)	(31)
Net loss/ (gain) on foreign exchange	(52)	16
Net loss/ (gain) in fair value of financial instruments measured at fair value	-	-
Operating profit before changes in working capital	<u>6,736</u>	<u>4,383</u>
Changes in working capital:		
(Increase)/ decrease in operating assets	(2,161)	(4,080)
Decrease/ (increase) in operating liabilities	2,437	586
Cash (used in)/ generated from operations	<u>7,012</u>	<u>889</u>
Income taxes paid	(1,180)	(1,171)
Income taxes refunded	916	-
Interest paid	(311)	(216)
Interest received	24	31
<b>Net cash generated from / (used in) operating activities</b>	<u><b>6,461</b></u>	<u><b>(467)</b></u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,969)	(1,111)
Proceeds from disposal of property, plant and equipment	304	168
<b>Net cash (used in)/ generated from investing activities</b>	<u><b>(1,665)</b></u>	<u><b>(943)</b></u>
<b>Cash flows from financing activities</b>		
Net proceeds/ (repayment) of bankers' acceptances	1,089	1,412
Net (repayment)/ proceeds of hire purchase	(98)	(55)
Dividends paid	(2,310)	(2,310)
<b>Net cash (used in) / generated from financing activities</b>	<u><b>(1,319)</b></u>	<u><b>(953)</b></u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	3,477	(2,363)
Effect of exchange rate fluctuations on cash held	61	(22)
Cash and cash equivalents at 1 January	<u>4,041</u>	<u>6,426</u>
<b>Cash and cash equivalents at 31 December</b>	<u><b>7,579</b></u>	<u><b>4,041</b></u>

Notes:

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

	RM'000	RM'000
Deposits with licensed bank	574	1,769
Bank and Cash balances	7,111	3,831
Bank overdraft (included within short term borrowings in Note B7)	(106)	(1,559)
	<u><b>7,579</b></u>	<u><b>4,041</b></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.

## NI HSIN RESOURCES BERHAD

(Company no. 653353-W)

(Incorporated in Malaysia)

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

- 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 by IASB 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)
- MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
- MFRS 127 Consolidated and Separate Financial Statements (IAS 27 Consolidated and Separate Financial Statements revised by IASB in December 2003)
- 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)
- Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to MFRS 10, MFRS 11 and MFRS 12)

The adoption of the above pronouncements did not have any impact on the financial statements of the Group. IC Interpretation 20 is not applicable to the Group as it is not relevant to the Group's operations.

The following MFRSs, amendments to MFRSs and IC Interpretation 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

- Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132)
- Investment Entities (Amendments to MFRS 10, MFRS 12 and MFRS 127)
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to MFRS 136)
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to MFRS 139)
- IC Interpretation 21 Levies

##### 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)

## **A1 BASIS OF PREPARATION (CONT.)**

MFRS 9 introduces significant changes in the way the Group accounts for financial instruments. Due to the complexity of this standard and its proposed changes, the financial effects of its adoption are still being assessed by the Group.

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 year ended 31 December 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 and financial year ended 31 December 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 and financial year ended 31 December 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 year ended 31 December 2013:

### **(a) Share Buy-backs**

At the Annual General Meeting of the Company held on 22 May 2013, 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 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 year ended 31 December 2013.

## A10 DIVIDENDS PAID

During the twelve months ended 31 December 2013:

- a) A final single-tier ordinary dividend of 0.5 sen per ordinary share totalling approximately RM1,155,000 in respect of the year ended 31 December 2012 was paid on 18 July 2013.
- b) An interim single-tier ordinary dividend of 0.5 sen per ordinary share totalling approximately RM1,155,000 in respect of the year ended 31 December 2013 was paid on 13 November 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 12 MONTHS ENDED 31 DECEMBER 2013

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
<b><u>Segment Revenue</u></b>				
Revenue from:				
Cookware	8,214	8,437	33,699	31,183
Convex mirror	2,498	2,390	8,496	9,427
Clad metals	4,498	4,639	22,366	15,505
Others	321	2,565	1,092	3,366
Total revenue including inter-segment sales	15,531	18,031	65,653	59,481
Elimination of inter-segment sales	(1,109)	(2,252)	(10,503)	(9,546)
Total	14,422	15,779	55,150	49,935
	-	-	-	-
<b><u>Segment Results</u></b>				
Results from:				
Cookware	818	(262)	1,371	(1,168)
Convex mirror	652	736	1,655	2,393
Clad metals	(294)	541	1,241	1,461
Others	11	(287)	(131)	(510)
	1,187	728	4,136	2,176
Elimination of inter-segment sales	262	84	(64)	(67)
Total result	1,449	812	4,072	2,109
Unallocated corporate expenses	(27)	(28)	(147)	(436)
Interest income	4	3	24	31
Interest expenses	(51)	(56)	(311)	(216)
Income tax expense	(626)	146	(1,359)	(583)
Profit/ (Loss) for the period	749	877	2,279	905
	-	-	-	-



## A12 OPERATING PROFIT

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
Operating profit is arrived at after charging and crediting:				
Interest income	4	(3)	24	(31)
Other income including investment income	-	-	-	-
Rental income	(40)	(40)	(162)	(162)
Depreciation on property, plant and equipment	703	639	2,656	2,786
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	178	-	178	-
Provision for and write off of property, plant and equipment	2	14	4	29
(Gain)/ loss on disposal of quoted or unquoted investments	-	-	-	-
Loss/ (gain) on disposal of property, plant and equipment	(2)	-	25	(121)
Impairment of assets	-	-	-	-
Net (gain)/ loss on foreign exchange - unrealised	(35)	(148)	(52)	16
Net gain in fair value of financial instruments measured at fair value	-	-	-	-
Exceptional items	-	-	-	-

## A13 FINANCE COSTS

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
Bank overdrafts	10	33	91	123
Bankers' acceptances	39	20	211	85
Finance lease liability	2	3	9	8
	51	56	311	216
	-	-	-	-

## 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 December 2013:

	<b>31.12.2013</b>
	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 December 2013 are as follows:

	<b>31.12.2013</b>
	RM'000
Approved and contracted for	
- Plant & Equipment	<u><u>7</u></u>

## A17 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	<b>Transaction value for 12 months ended 31.12.2013 RM'000</b>	<b>Balance outstanding as at 31.12.2013 RM'000</b>
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	(4,836)	300
Purchases	116	-
Standardworld Holding Ltd.		
Royalty fee payable	164	(709)
With a company in which the Company's directors, Hsiao Chih Jen and Hsiao Chih Chien, have substantial financial interests		
Everpro Sdn. Bhd.		
Sales	(8,237)	4,519
Purchases	134	(6)
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	(572)	264
Purchases	1,210	(26)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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

#### B1 OPERATING SEGMENTS REVIEW

##### Operating Environment

For the year ended 31 December 2013, the Group operated under improved economic conditions for its key markets. Japan, which is the Group's key export market, implemented aggressive monetary easing policies. Domestic demand, exports, and the government's fiscal and monetary stimulus packages helped the Japan economy grow by an estimated 1.6% in 2013. The Eurozone economy remained weak and challenging during the quarter, though there were signs that the economy of the Eurozone has bottomed out. The economic conditions of the Group's other major markets such as Malaysia, Singapore, Australia, South Korea and Greater China were stable.

##### Quarter 4 Ended 31 December 2013 ("Q42013") vs Quarter Ended 31 December 2012 ("Q42012")

The Group recorded a revenue of RM14.42 million and Profit Before Taxation ("PBT") of RM1.38 million in Q42013. Revenue in Q42013 declined by RM1.38 million or 8.6% compared to the revenue of Q42012, mainly due to an one-off sales of polishing materials to a customer in Thailand which the Group secured last year. Group's gross profit ("GP") margin was maintained in the quarter under review. Operating expenses in Q42013 reduced compared to Q42012 mainly due to reductions in staff related expenses. With the lower operating costs, the Group Profit Before Taxation ("PBT") improved from RM0.64 million to RM1.38 million. Group Profit After Taxation ("PAT") for Q42013 however declined to RM0.75 million compared to RM0.88 million for Q42012 due to higher tax provisions.

##### Financial Year Ended 31 December 2013 ("FY2013") vs Financial Year Ended 31 December 2012 ("FY2012")

The Group's revenue for FY2013 improved by RM5.22 million or 10.4% to RM55.15 million compared with FY2012. The revenue increase was attributed to higher volume of sales achieved by the Cookware and Clad Metal Divisions. Convex Mirror revenue declined during the year. Group GP margin remained stable during the year at 25.5% similar to the GP margin achieved in the corresponding period last year. In tandem with the improvement in revenue, PBT increased to RM3.64 million for FY2013, which is an increase of RM2.15 million or 144% compared to the corresponding period last year. Group PAT improved to RM2.28 million for FY2013, which is an improvement of 152% compared to FY2012.

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

##### (i) Cookware Division

The Cookware Division's revenue for the period improved by RM2.18 million or 7% compared to the previous year's corresponding period, to RM33.36 million. Cookware sales improved due to higher exports to Japan, Taiwan, China & Hong Kong, Philippines and Australia. Local sales remained flat in FY2013 after the Group had experienced a high growth in FY2012. The cookware revenue by geographical market for the period is as follows:-

	12 MONTHS ENDED		Increase/ (Decrease)	%
	31.12.2013	31.12.2012		
	RM'000	RM'000	RM'000	
Japan	10,092	9,198	894	9.7%
Asia Pacific	21,296	20,013	1,283	6.4%
USA & Canada	1,602	1,635	(33)	-2.0%
Europe	372	335	37	11.0%
	<u>33,362</u>	<u>31,181</u>	<u>2,181</u>	<u>7.0%</u>

##### (ii) Convex Mirror Division

The Convex Mirror Division achieved a revenue of RM7.55 million for FY2013, which is a decline of RM1.03 million compared to the revenue of RM8.56 million achieved in FY2012.

Stainless steel convex mirrors sales had mixed results. The Group had lower local, Thailand and Japanese market sales but achieved improvement in export sales to USA, Canada and South Korea.

## B1 OPERATING SEGMENTS REVIEW (CONT.)

### Performance Review (Cont.)

#### (iii) Clad Metal Division

Clad Metal Division's revenue improved in FY2013 by RM6.34 million or 93% to RM13.15 million compared to the revenue achieved in FY2012 of RM6.81 million. Clad Metal sales improved due to increased orders from customers in Europe and Indonesia. Clad Metal division was, however, affected by decline in orders from Thailand and Japan. The Group achieved significantly higher revenue mainly due to the Group securing European customers for clad metals.

The Group's statement of financial position as at 31 December 2013 remained healthy with net assets per share of RM0.26. The Group's non-current assets amounted to RM39.1 million as there was a higher capital expenditure of plant and machinery in FY2013. Within the current assets, inventory increased slightly to RM20.2 million as at 31 December 2013. Trade and other receivables increased to RM8.07 million due to increase in Trade Receivables in line with the increase in Group's revenue. The Group's net current assets was RM36.3 million as at 31 December 2013.

The Group's net operating cash flow for the FYE2013 was a surplus of RM6.6 million. The net cash outflow from investing activities was RM1.8 million mainly due to purchases of property, plant and equipment. Net cash from financing activities was an inflow of RM1.3 million due to a drawdown of bankers acceptances for working capital offset by dividend payments to shareholders. The net resultant impact to Group's cash flow was an increase in cash of RM3.5 million during the period. Net cash and cash equivalents amounted to RM7.6 million as at 31 December 2013.

## B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	<b>3 months ended 31.12.2013</b>	<b>3 months ended 30.9.2013</b>
	RM'000	RM'000
Revenue	14,422	13,310
Profit before taxation ("PBT")	1,375	1,074
Profit for the period	749	791

The Group's revenue and PBT improved in Q42013 mainly due higher cookware and clad metal sales as explained in B1.

## B3 COMMENTARY ON PROSPECT

The current financial year will continue to be a challenging period for the premium cookware business. We remain cautious in our major market which is Japan. Though the Japanese economy expanded by an estimated 1.6% in 2013, consumer and corporate spending in the second half of the year failed to take off, pointing to a still-cautious mood among households and corporations. A weak quarter 4 GDP figure in 2013 of 0.3% showed that an anticipated surge in spending in the second half of 2013 ahead of a consumption tax hike in 2014 failed to materialise.

Though the Eurozone economy still face uncertainties due to the ongoing debt crisis, high unemployment rates and reduced fiscal spending, economists expect the Eurozone economy to bottom out this year. Other major markets that we export to remain positive, which augur well for our Group's prospects.

For financial year 2014, the Group will place more focus in improving the cookware sales for the Group's in-house brand Buffalo and developing the Asian markets for premium cookware under "Buffalo" brand as there are still many countries that the Group has not exported to. The Group has also commenced marketing its premium cookware in Italy under the brand "Kit-Zen". 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, the Group will focus on a range of commercial cookware ranging from frying pans to pressure cookers. The commercial cookware, under the brand "Kit-Zen", will be marketed to restaurants and hotels, where high quality cookware is required for their business operations. The Group has also successfully developed pressure cookers with a capacity of 30 litres to be used for commercial restaurants. The Group will also focus on its clad metals export to European cookware manufacturers, a strategy that has borne fruit over the last financial year as we have secured a major cookware player in Europe as our customer.

### 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 distribution 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, the Group aims to secure recurring orders from European customers.

Notwithstanding the challenging operating environment in 2014, 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 non-controlling interest and for the shortfall in profit guarantee are not applicable.

### B5 TAXATION

	<b>Current Quarter 3 months ended 31.12.2013 RM'000</b>	<b>Cumulative Quarter 12 months ended 31.12.2013 RM'000</b>
In respect of the current period		
- Malaysian tax	104	940
- Deferred tax	522	442
	<u>626</u>	<u>1,382</u>
In respect of the prior year		
- Malaysian tax	-	(23)
	<u>626</u>	<u>1,359</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 ("Bursa Securities") directive dated 25 March 2010 is as follows:

	<b>As at 31.12.2013 RM'000</b>	<b>As at 31.12.2012 RM'000</b>
Total retained profits of the Group:		
Realised	38,866	38,510
Unrealised	(2,193)	(1,856)
	<u>36,673</u>	<u>36,654</u>
Less: Consolidation adjustments	(33,246)	(33,196)
Total Group retained profits as per consolidated accounts	<u>3,427</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 Securities Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

## B7 GROUP BORROWINGS

Save as disclosed below, there were no other borrowings or debt securities in the Group as at 31 December 2013:

	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
<b>Non-current:</b>		
Finance lease liability	44	147
<b>Current:</b>		
Bank overdraft	106	1,559
Bankers' acceptance	4,330	3,241
Finance lease liability	103	98
	<u>4,539</u>	<u>4,898</u>
	<u>4,583</u>	<u>5,045</u>

All borrowings are denominated in Malaysia Ringgit.

## B8 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 31 December 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 December 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 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
<b>Basic EPS</b>				
Profit/ (loss) attributable to owners of the Company (RM '000)	749	877	2,279	905
Weighted average no. of ordinary shares in issue ('000)	230,958	230,958	230,958	230,958
Basic EPS (sen)	0.32	0.38	0.99	0.39

### (b) Diluted

Diluted EPS is not applicable to the Company.

## B13 PROPOSED DIVIDENDS

No interim dividend has been recommended for the current quarter.

## 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 26 February 2014.

By order of the Board of Directors  
**NI HSIN RESOURCES BERHAD**

HSIAO CHIH JEN  
Chairman

Date: 26 February 2014