



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 2014

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 THREE MONTHS PERIOD ENDED 31 MARCH 2014

(The figures have not been audited)

	Note	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 3 MONTHS ENDED	
		31.03.2014 RM'000	31.03.2013 RM'000	31.03.2014 RM'000	31.03.2013 RM'000
Revenue	A11	10,364	14,638	10,364	14,638
Cost of sales		(8,014)	(11,415)	(8,014)	(11,415)
Gross Profit		2,350	3,223	2,350	3,223
Other operating income		466	145	466	145
Operating expenses		(3,135)	(2,955)	(3,135)	(2,955)
Operating profit	A12	(319)	413	(319)	413
Interest income		2	10	2	10
Finance costs		(49)	(83)	(49)	(83)
Profit/ (Loss) before taxation		(366)	340	(366)	340
Income tax expenses	B5	(181)	(213)	(181)	(213)
Profit/ (Loss) for the period		(547)	127	(547)	127
Other comprehensive income / (loss), net of tax					
<u>Item that may be subsequently reclassified to profit or loss:</u>					
Foreign currency translation differences for foreign operations		72	45	72	45
Total comprehensive income/ (loss) for the period		(475)	172	(475)	172
Profit/ (Loss) attributable to:					
Owners of the Company		(547)	127	(547)	127
Non-controlling interests		-	-	-	-
Profit/ (Loss) for the period		(547)	127	(547)	127
Total comprehensive income/ (loss) attributable to:					
Owners of the Company		(475)	172	(475)	172
Non-controlling interests		-	-	-	-
Total comprehensive income for the period		(475)	172	(475)	172
Earnings/ (Loss) per share (sen)					
~ Basic	B12	(0.24)	0.05	(0.24)	0.05
~ 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 2013 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 2014**

(The figures have not been audited)

	Note	AS AT 31.03.2014 RM'000	AS AT 31.12.2013 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A8	33,537	34,088
Goodwill		5,105	5,105
		<u>38,642</u>	<u>39,193</u>
Current assets			
Inventories		22,466	20,248
Receivables, deposits and prepayments		6,734	8,070
Other current financial assets	B11	-	-
Tax recoverable		308	255
Cash & cash equivalent		5,211	7,685
		<u>34,719</u>	<u>36,258</u>
TOTAL ASSETS		<u>73,361</u>	<u>75,451</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		47,320	47,320
Reserves		12,281	12,756
		<u>59,601</u>	<u>60,076</u>
Total equity		<u>59,601</u>	<u>60,076</u>
Non-current liabilities			
Deferred tax liability		2,102	2,154
Borrowings	B7	18	44
		<u>2,120</u>	<u>2,198</u>
Current liabilities			
Payables and accruals		9,007	8,505
Borrowings	B7	2,520	4,539
Taxation		113	133
		<u>11,640</u>	<u>13,177</u>
Total liabilities		<u>13,760</u>	<u>15,375</u>
TOTAL EQUITY AND LIABILITIES		<u>73,361</u>	<u>75,451</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 2013 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 2014**

(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 2013	47,320	1,820	(1,676)	64	202	9,206	3,458	60,394
Total comprehensive income/ (loss) for the period	-	-	-	45	-	-	127	172
At 31 March 2013	47,320	1,820	(1,676)	109	202	9,206	3,585	60,566
At 1 January 2014	47,320	1,820	(1,676)	(223)	202	9,206	3,427	60,076
Total comprehensive (loss)/ income for the period	-	-	-	72	-	-	(547)	(475)
At 31 March 2014	47,320	1,820	(1,676)	(151)	202	9,206	2,880	59,601

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 2013 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 THREE MONTHS PERIOD ENDED 31 MARCH 2014**

(The figures have not been audited)

	3 MONTHS ENDED	
	31.03.2014	31.03.2013
	RM'000	RM'000
Cash flows from operating activities		
Profit/ (Loss) before tax	(366)	340
Adjustments:		
Depreciation on property, plant and equipment	662	647
Loss/ (gain) on disposal of property, plant and equipment	-	-
Write off of property, plant and equipment	-	-
Write-down of inventories	-	-
Interest paid	49	83
Interest received	(2)	(10)
Net loss/ (gain) on foreign exchange	201	(30)
Net loss/ (gain) in fair value of financial instruments measured at fair value	-	-
Operating profit before changes in working capital	<u>544</u>	<u>1,030</u>
Changes in working capital:		
(Increase)/ decrease in operating assets	(1,076)	(2,963)
Decrease/ (increase) in operating liabilities	628	(163)
Cash (used in)/ generated from operations	<u>96</u>	<u>(2,096)</u>
Income taxes paid	(306)	(183)
Income taxes refunded	-	-
Interest paid	(49)	(83)
Interest received	2	10
Net cash (used in) / generated from operating activities	<u>(257)</u>	<u>(2,352)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(111)	(177)
Proceeds from disposal of property, plant and equipment	-	-
Net cash (used in)/ generated from investing activities	<u>(111)</u>	<u>(177)</u>
Cash flows from financing activities		
Net proceeds/ (repayment) of bankers' acceptances	(3,209)	2,199
Net repayment of hire purchase	(25)	(24)
Dividends paid	-	-
Net cash (used in) / generated from financing activities	<u>(3,234)</u>	<u>2,175</u>
Net increase / (decrease) in cash and cash equivalents	(3,602)	(354)
Effect of exchange rate fluctuations on cash held	(61)	-
Cash and cash equivalents at 1 January	<u>7,579</u>	<u>4,041</u>
Cash and cash equivalents at 31 December	<u>3,916</u>	<u>3,687</u>

Notes:

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

	RM'000	RM'000
Deposits with licensed bank	174	976
Bank and Cash balances	5,037	4,004
Bank overdraft (included within short term borrowings in Note B7)	<u>(1,295)</u>	<u>(1,293)</u>
	<u>3,916</u>	<u>3,687</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 2013 and the accompanying explanatory notes attached to the Interim Financial Statements.

NI HSIN RESOURCES BERHAD

(Company no. 653353-W)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2014

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 2013. 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 2013.

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 2013, except for the adoption of Amendments to Standards and Issue Committee (IC) interpretations effective as of 1 January 2014.

Adoption of Amendments to Standards and IC Interpretations

The Group has adopted the following Amendments to Standards and IC Interpretations, with a date of initial application of 1 January 2014.

- | | |
|--------------------------|--|
| • Amendments to MFRS 10 | <i>Consolidated Financial Statements: Investment Entities</i> |
| • Amendments to MFRS 12 | <i>Disclosure of Interests in Other Entities: Investment Entities</i> |
| • Amendments to MFRS 127 | <i>Separate Financial Statements: Investment Entities</i> |
| • Amendments to MFRS 132 | <i>Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities</i> |
| • Amendments to MFRS 136 | <i>Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets</i> |
| • Amendments to MFRS 139 | <i>Novation of Derivatives and Continuation of Hedge Accounting</i> |
| • IC Interpretation 21 | <i>Levies</i> |

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

Standards issued but not yet effective

At the date of authorisation of the Condensed Report, the following Standards were issued but not yet effective and have not been adopted by the Group:

Description		Effective for financial periods beginning on or after
• MFRS 9	<i>Financial Instruments (IFRS 9 issued by International Accounting Standards Board (IASB) in November 2009)</i>	To be announced by Malaysian Accounting Standards Board (MASB)
• MFRS 9	<i>Financial Instruments (IFRS 9 issued by IASB in October 2010)</i>	To be announced by MASB
• MFRS 9	<i>Financial Instruments: Mandatory Effective Date of MFRS 9 and Transition Disclosures (Amendments to MFRS 9 and MFRS 7)</i>	To be announced by MASB
• MFRS 9	<i>Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)</i>	To be announced by MASB
• Amendments to MFRS 119	<i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
• Annual Improvements to MFRSs 2010 - 2012 Cycle		1 July 2014
• Annual Improvements to MFRSs 2011 - 2013 Cycle		1 July 2014

A1 BASIS OF PREPARATION (CONT.)

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, other than for MFRS 9 *Financial Instruments*. The Group will assess the financial implications of MFRS 9 *Financial Instruments* when the full standard is issued.

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 2013.

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 2014.

A5 UNUSUAL ITEMS DUE TO THE NATURE, SIZE OR INCIDENCE

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows during the current quarter and financial period ended 31 March 2014.

A6 MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates that have a material effect on the results for the current quarter and financial period ended 31 March 2014.

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 2014:

(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 shares purchased during the quarter ended 31 March 2014, 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 2014.

A10 DIVIDEND PAID

No dividend was paid during the current quarter ended 31 March 2014.

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 2014

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2014 RM'000	31.03.2013 RM'000	31.03.2014 RM'000	31.03.2013 RM'000
<u>Segment Revenue</u>				
Revenue from:				
Cookware	4,836	10,927	4,836	10,927
Convex mirror	2,395	1,919	2,395	1,919
Clad metals	5,565	4,338	5,565	4,338
Others	237	230	237	230
Total revenue including inter-segment sales	13,033	17,414	13,033	17,414
Elimination of inter-segment sales	(2,669)	(2,776)	(2,669)	(2,776)
Total	10,364	14,638	10,364	14,638
	-	-	-	-
<u>Segment Results</u>				
Results from:				
Cookware	(380)	190	(380)	190
Convex mirror	389	236	389	236
Clad metals	124	406	124	406
Others	(100)	(49)	(100)	(49)
	33	783	33	783
Elimination of inter-segment sales	(204)	(206)	(204)	(206)
Total result	(171)	577	(171)	577
Unallocated corporate expenses	(148)	(164)	(148)	(164)
Interest income	2	10	2	10
Interest expenses	(49)	(83)	(49)	(83)
Income tax expense	(181)	(213)	(181)	(213)
Profit/ (Loss) for the period	(547)	127	(547)	127
	-	-	-	-

A12 OPERATING PROFIT

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2014 RM'000	31.03.2013 RM'000	31.03.2014 RM'000	31.03.2013 RM'000
Operating profit is arrived at after charging and crediting:				
Interest income	(2)	(10)	(2)	(10)
Other income including investment income	-	-	-	-
Rental income	(41)	(41)	(41)	(41)
Depreciation on property, plant and equipment	662	647	662	647
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Provision for and write off of property, plant and equipment	-	-	-	-
(Gain)/ loss on disposal of quoted or unquoted investments	-	-	-	-
Loss/ (gain) on disposal of property, plant and equipment	-	-	-	-
Impairment of assets	-	-	-	-
Net (gain)/ loss on foreign exchange - unrealised	201	(30)	201	(30)
Net gain in fair value of financial instruments measured at fair value	-	-	-	-
Exceptional items	-	-	-	-

A13 FINANCE COSTS

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2014 RM'000	31.03.2013 RM'000	31.03.2014 RM'000	31.03.2013 RM'000
Bank overdrafts	23	31	23	31
Bankers' acceptances	24	49	24	49
Finance lease liability	2	3	2	3
	49	83	49	83
	-	-	-	-

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 2014:

	31.03.2014
	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 2014 are as follows:

	31.03.2014
	RM'000
Approved and contracted for	
- Plant & Equipment	<u>274</u>

A17 SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions which involve the directors of the Group for the financial period ended 31 March 2014 are as follows:

	Transaction value for 3 months ended 31.03.2014 RM'000	Balance outstanding as at 31.03.2014 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	(1,615)	195
Purchases	18	(17)
Standardworld Holding Ltd.		
Royalty fee payable	31	(740)
With a company in which the Company's directors, Hsiao Chih Jen and Hsiao Chih Chien, have substantial financial interests		
Everpro Sdn. Bhd.		
Sales	(194)	3,167
Purchases	15	(5)
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	(12)	95
Purchases	144	135

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

B1 OPERATING SEGMENTS REVIEW

Operating Environment

During the quarter, 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 Japanese 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 1 Ended 31 March 2014 ("Q12014") vs Quarter Ended 31 March 2013 ("Q12013")

The Group recorded a revenue of RM10.36 million and Loss Before Taxation ("LBT") of RM0.36 million in Q12014. Revenue in Q12014 declined by RM4.27 million or 29.2% compared to the revenue of Q12013, mainly due to reduction in cookware orders from our Japanese customers and local distributor. The orders declined due to slow performance by the Japanese customers and local distributor. Group's gross profit ("GP") margin was maintained in the quarter under review. Operating expenses in Q12014 increased by RM0.18 million compared to Q12013 mainly due to the expansion of cookware division in Europe. As a result of the lower revenue generated in Q12014, the Group had a LBT of RM0.36 million, compared to a Profit Before Taxation of RM0.34 million in Q12013. Group Loss After Taxation ("LAT") for Q12014 is RM0.55 million compared to a Profit After Taxation of RM0.13 million for Q12013 due to tax provisions.

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 quarter declined by RM5.83 million or 54.7% compared to the previous year's corresponding quarter to RM4.83 million. Cookware revenue from our Japanese customers and local distributor declined substantially mainly due to reduction orders in rice cookers. The cookware revenue by geographical market for the quarter is as follows:-

	3 MONTHS ENDED		Increase/ (Decrease)	%
	31.03.2014	31.03.2013		
	RM'000	RM'000	RM'000	
Japan	1,384	2,883	(1,499)	-52.0%
Asia Pacific (exclude Japan)	3,189	7,057	(3,868)	-54.8%
USA & Canada	189	645	(456)	-70.7%
Europe	67	70	(3)	-4.3%
	<u>4,829</u>	<u>10,655</u>	<u>-5,826</u>	<u>-54.7%</u>

(ii) Convex Mirror Division

The Convex Mirror Division achieved a revenue of RM2.07 million for the quarter which is an improvement of RM0.3 million compared to the revenue of RM1.75 million achieved in last year's corresponding quarter. The revenue improved mainly due to higher export sales.

(iii) Clad Metal Division

Clad Metal Division's revenue improved in the quarter by RM1.23 million or 61% to RM3.23 million compared to the revenue achieved in last year's corresponding quarter of RM2.00 million. Clad Metal sales improved due to increased orders from customers in Europe, Thailand and Indonesia. Clad Metal division was, however, affected by decline in orders from Japan.

The Group's net assets per share as at 31 March 2014 remained at RM0.26. The Group's non-current assets reduced to RM38.6 million due to depreciation of plant and equipment. There was no material capital expenditure during the quarter. Within the current assets, inventory increased slightly to RM22.5 million as at 31 March 2014. Receivables reduced to RM6.73 million due to collections from trade receivables. The Group's net current assets was RM23.08 million as at 31 March 2014.

B1 OPERATING SEGMENTS REVIEW (CONT.)

Performance Review (Cont.)

The Group's net operating cash flow for the quarter was an outflow of RM0.26 million compared to a net operating cash outflow of RM2.35 million for last year's corresponding quarter. The net cash outflow from investing activities was RM0.11 million mainly due to purchases of property, plant and equipment. Net cash from financing activities was an outflow of RM3.23 million due to a repayment of bankers acceptances for working capital. The net resultant impact to Group's cash flow was a decline in cash of RM3.6 million during the quarter. Net cash and cash equivalents amounted to RM3.92 million as at 31 March 2014.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	3 months ended 31.03.2014	3 months ended 31.12.2013
	RM'000	RM'000
Revenue	10,364	14,422
Loss/Profit before taxation ("LBT/PBT")	(366)	1,375
Loss/Profit for the period	(547)	749

The Group experienced a lower revenue and a LBT in Q12014 compared to the previous quarter as this is seasonally the weakest quarter in the year.

B3 COMMENTARY ON PROSPECT

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

	Current Quarter 3 months ended 31.03.2014	Cumulative Quarter 3 months ended 31.03.2014
	RM'000	RM'000
In respect of the current period		
- Malaysian tax	233	233
- Deferred tax	<u>(52)</u>	<u>(52)</u>
	181	181
In respect of the prior year		
- Malaysian tax	<u>-</u>	<u>-</u>
	<u>181</u>	<u>181</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:

	As at 31.03.2014	As at 31.12.2013
	RM'000	RM'000
Total retained profits of the Group:		
Realised	38,504	38,866
Unrealised	(2,228)	(2,193)
	<u>36,276</u>	<u>36,673</u>
Less: Consolidation adjustments	(33,396)	(33,246)
Total Group retained profits as per consolidated accounts	<u><u>2,880</u></u>	<u><u>3,427</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 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 2014:

	As at 31.03.2014	As at 31.12.2013
	RM'000	RM'000
Non-current:		
Finance lease liability	<u>18</u>	<u>44</u>
Current:		
Bank overdraft	1,295	106
Bankers' acceptance	1,121	4,330
Finance lease liability	104	103
	<u>2,520</u>	<u>4,539</u>
	<u><u>2,538</u></u>	<u><u>4,583</u></u>

All borrowings are denominated in Malaysia Ringgit.

B8 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 31 March 2014, 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 2014, 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 3 months ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Basic EPS				
Profit/ (loss) attributable to owners of the Company (RM '000)	(547)	127	(547)	127
Weighted average no. of ordinary shares in issue ('000)	230,958	230,958	230,958	230,958
Basic EPS (sen)	(0.24)	0.05	(0.24)	0.05

(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 21 May 2014.

By order of the Board of Directors
NI HSIN RESOURCES BERHAD

HSIAO CHIH JEN
Chairman

Date: 21 May 2014