



NI HSIN RESOURCES BERHAD

(Company No.: 653353-W)

(Incorporated in Malaysia under the Companies Act, 1965)

INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED

30 SEPTEMBER 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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014**

(The figures have not been audited)

	Note	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 9 MONTHS ENDED	
		30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Revenue	A11	10,246	13,310	30,139	40,728
Cost of sales		(7,717)	(10,026)	(22,416)	(30,719)
Gross Profit		2,529	3,284	7,723	10,009
Other operating income		198	489	809	1,036
Operating expenses		(2,665)	(2,608)	(8,420)	(8,542)
Operating profit	A12	62	1,165	112	2,503
Interest income		1	3	5	20
Finance costs		(62)	(94)	(165)	(260)
Profit/ (Loss) before taxation		1	1,074	(48)	2,263
Income tax expenses	B5	(160)	(283)	(503)	(733)
Profit/ (Loss) for the period		(159)	791	(551)	1,530
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		(71)	(157)	70	(224)
Total comprehensive income/ (loss) for the period		(230)	634	(481)	1,306
Profit/ (Loss) attributable to:					
Owners of the Company		(159)	791	(551)	1,530
Non-controlling interests		-	-	-	-
Profit/ (Loss) for the period		(159)	791	(551)	1,530
Total comprehensive income/ (loss) attributable to:					
Owners of the Company		(230)	634	(481)	1,306
Non-controlling interests		-	-	-	-
Total comprehensive income for the period		(230)	634	(481)	1,306
Earnings/ (Loss) per share (sen)					
~ Basic	B12	(0.07)	0.34	(0.24)	0.66
~ 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 30 SEPTEMBER 2014**

(The figures have not been audited)

	Note	AS AT 30.09.2014 RM'000	AS AT 31.12.2013 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A8	32,611	34,088
Goodwill		5,105	5,105
		<u>37,716</u>	<u>39,193</u>
Current assets			
Inventories		23,473	20,248
Receivables, deposits and prepayments		4,390	8,070
Other current financial assets	B11	-	-
Tax recoverable		495	255
Cash & cash equivalent		6,319	7,685
		<u>34,677</u>	<u>36,258</u>
TOTAL ASSETS		<u>72,393</u>	<u>75,451</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		47,320	47,320
Reserves		12,275	12,756
Total equity		<u>59,595</u>	<u>60,076</u>
Non-current liabilities			
Deferred tax liability		2,143	2,154
Borrowings	B7	-	44
		<u>2,143</u>	<u>2,198</u>
Current liabilities			
Payables and accruals		6,348	8,505
Borrowings	B7	4,307	4,539
Taxation		-	133
		<u>10,655</u>	<u>13,177</u>
Total liabilities		<u>12,798</u>	<u>15,375</u>
TOTAL EQUITY AND LIABILITIES		<u>72,393</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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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	-	-	-	(224)	-	-	1,530	1,306	
Dividend paid	-	-	-	-	-	-	(1,155)	(1,155)	
At 30 September 2013	47,320	1,820	(1,676)	(160)	202	9,206	3,833	60,545	
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	-	-	-	70	-	-	(551)	(481)	
At 30 September 2014	47,320	1,820	(1,676)	(153)	202	9,206	2,876	59,595	

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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014**

(The figures have not been audited)

	9 MONTHS ENDED	
	30.09.2014	30.09.2013
	RM'000	RM'000
Cash flows from operating activities		
Profit/ (Loss) before tax	(48)	2,263
Adjustments:		
Depreciation on property, plant and equipment	1,975	1,953
Loss/ (gain) on disposal of property, plant and equipment	(45)	27
Write off of property, plant and equipment	1	2
Write-down of inventories	-	-
Interest paid	165	260
Interest received	(5)	(20)
Net loss/ (gain) on foreign exchange	92	(17)
Net loss/ (gain) in fair value of financial instruments measured at fair value	-	-
Operating profit before changes in working capital	<u>2,135</u>	<u>4,468</u>
Changes in working capital:		
(Increase)/ decrease in operating assets	298	(5,065)
Decrease/ (increase) in operating liabilities	(2,004)	2,838
Cash (used in)/ generated from operations	<u>429</u>	<u>2,241</u>
Income taxes paid	(887)	(812)
Income taxes refunded	-	916
Interest paid	(165)	(260)
Interest received	5	20
Net cash (used in) / generated from operating activities	<u>(618)</u>	<u>2,105</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(504)	(696)
Proceeds from disposal of property, plant and equipment	50	300
Net cash (used in)/ generated from investing activities	<u>(454)</u>	<u>(396)</u>
Cash flows from financing activities		
Net proceeds/ (repayment) of bankers' acceptances	(334)	2,154
Net repayment of hire purchase	(77)	(73)
Dividends paid	-	(1,155)
Net cash (used in) / generated from financing activities	<u>(411)</u>	<u>926</u>
Net increase / (decrease) in cash and cash equivalents	(1,483)	2,635
Effect of exchange rate fluctuations on cash held	(18)	36
Cash and cash equivalents at 1 January	<u>7,579</u>	<u>4,041</u>
Cash and cash equivalents at 30 September	<u>6,078</u>	<u>6,712</u>

Notes:

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

	RM'000	RM'000
Deposits with licensed bank	176	171
Bank and Cash balances	6,143	6,541
Bank overdraft (included within short term borrowings in Note B7)	(241)	-
	<u>6,078</u>	<u>6,712</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 30 SEPTEMBER 2014**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING****A1 BASIS OF PREPARATION**

The condensed consolidated 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 condensed consolidated 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 condensed consolidated 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
MFRS 14	<i>Regulatory Deferral Accounts</i>	1 January 2016
MFRS 15	<i>Revenue from Contracts with Customers</i>	1 January 2017
Amendments to MFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016

A1 BASIS OF PREPARATION (CONT.)

Standards issued but not yet effective (Cont.)

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
Amendments to MFRS 116 and MFRS 138	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 116 and MFRS 141	<i>Agriculture: Bearer Plants</i>	1 January 2016
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

* On 24 July 2014, the IASB issued the final version of IFRS 9 Financial Instruments . This standard will come into effect on 1 January 2018, with early application permitted.

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any material impact 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 30 September 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 30 September 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 30 September 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 30 September 2014:

(a) Share Buy-backs

At the Annual General Meeting of the Company held on 21 May 2014, 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 30 September 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 30 September 2014.

A10 DIVIDEND PAID

No dividend was paid during the current quarter ended 30 September 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 9 MONTHS ENDED 30 SEPTEMBER 2014

	Current Quarter		Cumulative Quarter	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
<u>Segment Revenue</u>	RM'000	RM'000	RM'000	RM'000
Revenue from:				
Cookware	5,212	7,028	15,447	25,485
Convex mirror	2,666	2,336	7,574	5,998
Clad metals	5,013	7,165	14,192	17,868
Others	130	263	589	771
Total revenue including inter-segment sales	13,021	16,792	37,802	50,122
Elimination of inter-segment sales	(2,775)	(3,482)	(7,663)	(9,394)
Total	10,246	13,310	30,139	40,728
	-	-	-	-

A11 SEGMENTAL INFORMATION (CONT.)

RESULTS FOR 9 MONTHS ENDED 30 SEPTEMBER 2014 (CONT.)

<u>Segment Results</u>	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
Results from:				
Cookware	(337)	110	(614)	553
Convex mirror	538	445	1,388	1,003
Clad metals	(49)	635	(6)	1,535
Others	(90)	(34)	(271)	(142)
	62	1,156	497	2,949
Elimination of inter-segment sales	11	(50)	(38)	(326)
Total result	73	1,106	459	2,623
Unallocated corporate expenses	(11)	59	(347)	(120)
Interest income	1	3	5	20
Interest expenses	(62)	(94)	(165)	(260)
Income tax expense	(160)	(283)	(503)	(733)
Profit/ (Loss) for the period	(159)	791	(551)	1,530
	-	-	-	-

A12 OPERATING PROFIT

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after charging and crediting:				
Interest income	(1)	(3)	(5)	(20)
Other income including investment income	-	-	-	-
Rental income	(21)	(41)	(122)	(122)
Depreciation on property, plant and equipment	653	604	1,975	1,953
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Provision for and write off of property, plant and equipment	-	1	1	2
(Gain)/ loss on disposal of quoted or unquoted investments	-	-	-	-
Loss/ (gain) on disposal of property, plant and equipment	-	(71)	(45)	27
Impairment of assets	-	-	-	-
Net (gain)/ loss on foreign exchange - unrealised	(153)	69	92	(17)
Net gain in fair value of financial instruments measured at fair value	-	3	-	-
Exceptional items	-	-	-	-

A13 FINANCE COSTS

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
Bank overdrafts	9	17	54	81
Bankers' acceptances	53	75	107	172
Finance lease liability	-	2	4	7
	62	94	165	260
	-	-	-	-

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 30 September 2014:

	30.09.2014
	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 30 September 2014 are as follows:

	30.09.2014
	RM'000
Approved and contracted for	
- Plant & Equipment	<u>6</u>

A17 SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions which involve the directors of the Group for the financial period ended 30 September 2014 are as follows:

	Transaction value for 9 months ended 30.09.2014	Balance outstanding as at 30.09.2014
	RM'000	RM'000
With a company in which the Company's directors, Hsiao Chih Jen, Hsiao Chih Chien and Hsiao Chih Che, have substantial financial interests		
Sun New Stainless Steel Industry Ltd.		
Sales	(3,775)	-
Purchases	67	(23)
Ni Hsin International Trade (Shanghai) Co. Ltd.		
Sales	(130)	-
Standardworld Holding Ltd.		
Royalty fee payable	66	(775)
With a company in which the Company's directors, Hsiao Chih Jen and Hsiao Chih Chien, have substantial financial interests		
Everpro Sdn. Bhd.		
Sales	(1,166)	1,067
Purchases	84	(6)
Rental income	(122)	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	(208)	186
Purchases	536	111

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

B1 OPERATING SEGMENTS REVIEW

Operating Environment

During the first half of 2014, the Group operated under improved economic conditions in its key markets. Japan, which is the Group's key export market, implemented aggressive monetary easing policies. Domestic demand, export, and the Japan Government's fiscal and monetary stimulus packages helped the Japanese economy grow by an estimated 1.6% in 2013. However, the Japanese consumer spending trend faced headwinds during this period due to a hike in consumption tax. As for other key markets, the Eurozone economy grew in the first quarter of 2014, and the economic conditions of the Group's other major markets such as Malaysia, Singapore, Australia, South Korea and Greater China were stable.

Quarter 3 Ended 30 September 2014 ("Q3 2014") vs Quarter Ended 30 September 2013 ("Q3 2013")

The Group recorded a revenue of RM10.2 million and Profit Before Taxation ("PBT") of approximately RM1,000 in Q3 2014. Revenue in Q3 2014 declined by RM3.1 million or 23.0% compared to the revenue in Q3 2013, mainly due to reduced cookware and clad metal sales. The Group's gross profit ("GP") margin for Q3 2014 remained at 24.7%, which is similar to that achieved in Q3 2013. Operating expenses in Q3 2014 increased marginally by RM0.1 million compared to Q3 2013. As a result of the lower revenue generated in Q3 2014, the Group just broke even compared to a PBT of RM1.1 million in Q3 2013. Consequently, the Group incurred a Loss After Taxation ("LAT") for Q3 2014 of RM0.16 million due to taxation, compared to a Profit After Taxation of RM0.8 million for Q3 2013.

9 Months Period Ended 30 September 2014 ("9M2014") vs 9 Months Period Ended 30 September 2013 ("9M2013")

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

(i) Cookware Division

The Cookware Division's revenue for 9M2014 declined by RM9.7 million or 38.6% compared to 9M2013 to RM15.4 million. Cookware revenue from Japanese customers and local distributor declined substantially mainly due to reduced orders in rice cookers and premium cookware. The Group experienced a steep decline in sales to its Japanese customers due to weak consumer spending after the hike in consumption tax from 5% to 8% this year. The cookware revenue by geographical market for the period is as follows:

	9 MONTHS ENDED		Increase/ (Decrease)	%
	30.09.2014 RM'000	30.09.2013 RM'000		
Japan	4,724	7,097	(2,373)	-33.4%
Asia Pacific (exclude Japan)	9,631	16,432	(6,801)	-41.4%
USA & Canada	701	1,443	(742)	-51.4%
Europe	384	190	194	102.1%
	<u>15,440</u>	<u>25,162</u>	(9,722)	-38.6%

(ii) Convex Mirror Division

The Convex Mirror Division achieved a revenue of RM6.7 million for 9M2014, which is an increase of RM1.3 million compared to the revenue of RM5.4 million achieved in 9M2013. The revenue improved mainly due to higher export sales to Europe, South Korea and Thailand, but was partially offset by a decline in sales to Japan.

(iii) Clad Metal Division

Clad Metal Division's revenue declined in 9M2014 by RM1.9 million to RM7.5 million compared to the revenue achieved in 9M2013 of RM9.4 million. Clad Metal sales declined in 9M2014 mainly due to a decline in orders from customers in Europe, Indonesia and Japan.

The Group's net assets per share as at 30 September 2014 remained at RM0.26. The Group's non-current assets reduced to RM32.6 million due to depreciation in plant and equipment. There was no material capital expenditure in 9M2014. Inventory increased to RM23.5 million as at 30 September 2014. Receivables reduced to RM4.4 million due to lower trade receivables as a result of the lower revenue achieved in the period. The Group's net current assets was RM24.0 million as at 30 September 2014.

B1 OPERATING SEGMENTS REVIEW (CONT.)

Performance Review (Cont.)

The Group's net operating cash flow for 9M2014 was an outflow of RM0.6 million. The net cash outflow from investing activities was RM0.5 million mainly due to purchases of property, plant and equipment. Net cash outflow from financing activities was RM0.4 million mainly due to repayment of bankers' acceptances for working capital. The net resultant impact to the Group's cash flow was a decline in cash of RM1.5 million during 9M2014. Net cash and cash equivalents amounted to RM6.1 million as at 30 September 2014.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	3 months ended 30.09.2014	3 months ended 30.06.2014
	RM'000	RM'000
Revenue	10,246	9,529
Profit/(Loss) before taxation ("PBT/LBT")	1	317
Profit/(Loss) for the period	(159)	155

The Group experienced a higher revenue in Q3 2014 compared to the ended quarter 30 June 2014 mainly due to higher clad metals sales during Q3 2014. Nevertheless the Group achieved a decline in PBT of RM0.32 million compared to a PBT of RM0.37 million mainly due to a reduction in GP margin in the quarter compared to the immediate preceding quarter, which led to a lower gross profit to offset operating expenses.

B3 COMMENTARY ON PROSPECT

Barring unforeseen circumstances, the Directors expect the Group will operate in a challenging economic and business environment in its key markets in the second half of 2014, due to the slowing economic growth, and the business prospects will remain challenging given the lower demand experienced for its premium cookware and clad metals in 2014.

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 30.09.2014	Cumulative Quarter 9 months ended 30.09.2014
	RM'000	RM'000
In respect of the current period		
- Malaysian tax	177	486
- Deferred tax	<u>2</u>	<u>(11)</u>
	179	475
In respect of the prior year		
- Malaysian tax	<u>(19)</u>	<u>28</u>
	<u>160</u>	<u>503</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 30.09.2014	As at 31.12.2013
	RM'000	RM'000
Total retained profits of the Group:		
Realised	38,342	38,866
Unrealised	(2,426)	(2,193)
	<u>35,916</u>	<u>36,673</u>
Less: Consolidation adjustments	(33,040)	(33,246)
Total Group retained profits as per consolidated accounts	<u><u>2,876</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 30 September 2014:

	As at 30.09.2014	As at 31.12.2013
	RM'000	RM'000
Non-current:		
Finance lease liability	<u>-</u>	<u>44</u>
Current:		
Bank overdraft	241	106
Bankers' acceptance	3,996	4,330
Finance lease liability	70	103
	<u>4,307</u>	<u>4,539</u>
	<u><u>4,307</u></u>	<u><u>4,583</u></u>

All borrowings are denominated in Malaysia Ringgit.

B8 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 30 September 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 30 September 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 9 months ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
Basic EPS				
Profit/ (loss) attributable to owners of the Company (RM '000)	(159)	791	(551)	1,530
Weighted average no. of ordinary shares in issue ('000)	230,958	230,958	230,958	230,958
Basic EPS (sen)	(0.07)	0.34	(0.24)	0.66

(b) Diluted

Diluted EPS is not applicable to the Company.

B13 DIVIDEND

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 19 November 2014.

By order of the Board of Directors
NI HSIN RESOURCES BERHAD

MD NAZIR BIN MD KASSIM
Chairman

Date: 19 November 2014