



## **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 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 TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2014**

(The figures have not been audited)

	Note	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 12 MONTHS ENDED	
		31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Revenue	A11	10,588	14,422	40,727	55,150
Cost of sales		(7,375)	(10,368)	(29,791)	(41,087)
<b>Gross Profit</b>		<b>3,213</b>	<b>4,054</b>	<b>10,936</b>	<b>14,063</b>
Other operating income		687	187	1,496	1,223
Operating expenses		(3,234)	(2,819)	(11,654)	(11,361)
<b>Operating profit</b>	A12	<b>666</b>	<b>1,422</b>	<b>778</b>	<b>3,925</b>
Interest income		2	4	7	24
Finance costs		(48)	(51)	(213)	(311)
<b>Profit/ (Loss) before taxation</b>		<b>620</b>	<b>1,375</b>	<b>572</b>	<b>3,638</b>
Income tax expenses	B5	(12)	(626)	(515)	(1,359)
<b>Profit/ (Loss) for the period</b>		<b>608</b>	<b>749</b>	<b>57</b>	<b>2,279</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		213	(68)	283	(287)
<b>Total comprehensive income/ (loss) for the period</b>		<b>821</b>	<b>681</b>	<b>340</b>	<b>1,992</b>
<b>Profit/ (Loss) attributable to:</b>					
Owners of the Company		608	749	57	2,279
Non-controlling interests		-	-	-	-
<b>Profit/ (Loss) for the period</b>		<b>608</b>	<b>749</b>	<b>57</b>	<b>2,279</b>
<b>Total comprehensive income/ (loss) attributable to:</b>					
Owners of the Company		821	681	340	1,992
Non-controlling interests		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>821</b>	<b>681</b>	<b>340</b>	<b>1,992</b>
<b>Earnings/ (Loss) per share (sen)</b>					
~ Basic	B12	0.26	0.32	0.02	0.99
~ 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 DECEMBER 2014**

(The figures have not been audited)

	Note	AS AT 31.12.2014 RM'000	AS AT 31.12.2013 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A8	32,536	34,088
Goodwill		5,105	5,105
		<u>37,641</u>	<u>39,193</u>
<b>Current assets</b>			
Inventories		21,216	20,248
Receivables, deposits and prepayments		4,901	8,070
Other current financial assets	B11	-	-
Tax recoverable		557	255
Cash & cash equivalent		5,851	7,685
		<u>32,525</u>	<u>36,258</u>
<b>TOTAL ASSETS</b>		<u>70,166</u>	<u>75,451</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		47,320	47,320
Reserves		11,941	12,756
<b>Total equity</b>		<u>59,261</u>	<u>60,076</u>
<b>Non-current liabilities</b>			
Deferred tax liability		1,967	2,154
Borrowings	B7	171	44
		<u>2,138</u>	<u>2,198</u>
<b>Current liabilities</b>			
Payables and accruals		6,353	8,505
Borrowings	B7	2,414	4,539
Taxation		-	133
		<u>8,767</u>	<u>13,177</u>
<b>Total liabilities</b>		<u>10,905</u>	<u>15,375</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>70,166</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 TWELVE MONTHS PERIOD ENDED 31 DECEMBER 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	
<b>At 1 January 2013</b>	47,320	1,820	(1,676)	64	202	9,206	3,458	60,394	
Total comprehensive income/ (loss) 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>	
<b>At 1 January 2014</b>	47,320	1,820	(1,676)	(223)	202	9,206	3,427	60,076	
Total comprehensive (loss)/ income for the period	-	-	-	283	-	-	57	340	
Dividend paid	-	-	-	-	-	-	(1,155)	(1,155)	
<b>At 31 December 2014</b>	<b>47,320</b>	<b>1,820</b>	<b>(1,676)</b>	<b>60</b>	<b>202</b>	<b>9,206</b>	<b>2,329</b>	<b>59,261</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 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 TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2014**

(The figures have not been audited)

	12 MONTHS ENDED	
	31.12.2014 RM'000	31.12.2013 RM'000
<b>Cash flows from operating activities</b>		
Profit/ (Loss) before tax	572	3,638
Adjustments:		
Depreciation on property, plant and equipment	2,595	2,656
Loss/ (gain) on disposal of property, plant and equipment	(126)	25
Write off of property, plant and equipment	283	4
Write-down of inventories	-	178
Interest paid	213	311
Interest received	(7)	(24)
Net loss/ (gain) on foreign exchange	115	(52)
Net loss/ (gain) in fair value of financial instruments measured at fair value	-	-
Operating profit before changes in working capital	<u>3,645</u>	<u>6,736</u>
Changes in working capital:		
(Increase)/ decrease in operating assets	2,127	(2,162)
Decrease/ (increase) in operating liabilities	<u>(1,866)</u>	<u>2,437</u>
Cash (used in)/ generated from operations	3,906	7,011
Income taxes paid	(1,137)	(1,180)
Income taxes refunded	-	916
Interest paid	(213)	(311)
Interest received	7	24
<b>Net cash (used in) / generated from operating activities</b>	<u>2,563</u>	<u>6,460</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,460)	(1,969)
Proceeds from disposal of property, plant and equipment	260	304
<b>Net cash (used in)/ generated from investing activities</b>	<u>(1,200)</u>	<u>(1,665)</u>
<b>Cash flows from financing activities</b>		
Net proceeds/ (repayment) of bankers' acceptances	(2,124)	1,089
Net repayment of hire purchase	(103)	(98)
Dividends paid	(1,155)	(2,310)
<b>Net cash (used in) / generated from financing activities</b>	<u>(3,382)</u>	<u>(1,319)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	(2,019)	3,476
Effect of exchange rate fluctuations on cash held	(43)	62
Cash and cash equivalents at 1 January	<u>7,579</u>	<u>4,041</u>
<b>Cash and cash equivalents at 31 December</b>	<u>5,517</u>	<u>7,579</u>

Notes:

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

	RM'000	RM'000
Deposits with licensed bank	178	574
Bank and Cash balances	5,674	7,111
Bank overdraft (included within short term borrowings in Note B7)	<u>(335)</u>	<u>(106)</u>
	<u>5,517</u>	<u>7,579</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.

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(Incorporated in Malaysia)

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

<b>Description</b>		<b>Effective for financial periods beginning on or after</b>
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:

<b>Description</b>		<b>Effective for financial periods beginning on or after</b>
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 year ended 31 December 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 year ended 31 December 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 year ended 31 December 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 year ended 31 December 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 31 December 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**

Save as disclosed below, 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 2014.

On 14 November 2014, the Company acquired 2 ordinary shares of RM1.00 each representing the entire issued and paid-up capital of Inoco Resources Sdn Bhd ("IRSB") from Datin Ida Suzaini Binti Abdullah and Chen Shien Yee, for a total cash consideration of Ringgit Malaysia Two (RM2.00) ("Acquisition"). Subsequent to the Acquisition, IRSB becomes a wholly-owned subsidiary of the Company.

The intended business activity of IRSB is oil and gas exploration and production.

## **A10 DIVIDEND PAID**

During the financial year ended 31 December 2014, the Company paid 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 2014 on 13 November 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 12 MONTHS ENDED 31 DECEMBER 2014

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
<u>Segment Revenue</u>	RM'000	RM'000	RM'000	RM'000
Revenue from:				
Cookware	6,167	8,214	21,614	33,699
Convex mirror	2,309	2,498	9,883	8,496
Clad metals	3,661	4,498	17,853	22,366
Others	-	321	589	1,092
Total revenue including inter-segment sales	12,137	15,531	49,939	65,653
Elimination of inter-segment sales	(1,549)	(1,109)	(9,212)	(10,503)
Total	10,588	14,422	40,727	55,150
	-	-	-	-
Results from:				
Cookware	543	818	(71)	1,371
Convex mirror	678	652	2,066	1,655
Clad metals	(158)	(294)	(164)	1,241
Others	(15)	11	(286)	(131)
	1,048	1,187	1,545	4,136
Elimination of inter-segment sales	189	262	151	(64)
Total result	1,237	1,449	1,696	4,072
Unallocated corporate expenses	(571)	(27)	(918)	(147)
Interest income	2	4	7	24
Interest expenses	(48)	(51)	(213)	(311)
Income tax expense	(12)	(626)	(515)	(1,359)
Profit/ (Loss) for the period	608	749	57	2,279
	-	-	-	-

## A12 OPERATING PROFIT

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after charging and crediting:				
Interest income	(2)	(4)	(7)	(24)
Other income including investment income	-	-	-	-
Rental income	(40)	(40)	(162)	(162)
Depreciation on property, plant and equipment	620	703	2,595	2,656
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	178
Provision for and write off of property, plant and equipment	282	2	283	4
(Gain)/ loss on disposal of quoted or unquoted investments	-	-	-	-
Loss/ (gain) on disposal of property, plant and equipment	(81)	(2)	(126)	25
Impairment of assets	-	-	-	-
Net (gain)/ loss on foreign exchange - unrealised	23	(35)	115	(52)
Net gain in fair value of financial instruments measured at fair value	-	-	-	-
Exceptional items	-	-	-	-

### A13 FINANCE COSTS

	Current Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Bank overdrafts	7	10	61	91
Bankers' acceptances	40	39	147	211
Finance lease liability	1	2	5	9
	<u>48</u>	<u>51</u>	<u>213</u>	<u>311</u>
	-	-	-	-

### A14 SUBSEQUENT EVENTS

There were no material events subsequent to the end of the quarter that have not been reflected in the financial statements for the financial year under review.

### A15 CONTINGENT ASSETS AND LIABILITIES

Save as disclosed below, the Company is not aware of any other contingent liabilities as at 31 December 2014:

	31.12.2014
	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 December 2014 are as follows:

	31.12.2014
	RM'000
Approved and contracted for	
- Plant & Equipment	<u>233</u>

## A17 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	<b>Transaction value for 12 months ended 31.12.2014</b>	<b>Balance outstanding as at 31.12.2014</b>
	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	(5,101)	283
Purchases	67	(1)
Ni Hsin International Trade (Shanghai) Co. Ltd.		
Sales	(172)	43
Standardworld Holding Ltd.		
Royalty fee payable	138	(817)
With a company in which the Company's directors, Hsiao Chih Jen and Hsiao Chih Chien, have substantial financial interests		
Everpro Sdn. Bhd.		
Sales	(1,926)	1,067
Purchases	101	(16)
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	(276)	68
Purchases	935	(26)

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

**B1 OPERATING SEGMENTS REVIEW**

**Operating Environment**

The Group faced subdued demand for premium cookware in its key markets during the financial year ended 31 December 2014. Japan, the Group's main export market, experienced a slowdown in consumer spending due to a hike in consumption tax and entered into a technical recession in the second half of year 2014. Eurozone, which is the Group's other key market, was estimated to grow at a slower rate of 0.8% economically by the European Central Bank. The Group also operated under more challenging market conditions in its other markets as compared with the previous financial year due to weaker premium cookware demand.

**Quarter Ended 31 December 2014 ("Q4 2014") vs Quarter Ended 31 December 2013 ("Q4 2013")**

Group revenue and Profit Before Taxation ("PBT") were approximately RM10.6 million and RM0.7 million respectively for Q4 2014. Revenue in Q4 2014 declined by RM3.8 million or 26.6% compared to the revenue in Q4 2013, mainly due to decreased cookware and clad metal sales. The Group's gross profit ("GP") margin for Q4 2014 increased to 30.3%, compared with GP margin of 28.1% achieved in Q4 2013. Operating expenses in Q4 2014 increased by RM0.4 million, or 14.7% compared to Q4 2013. The Group achieved a PBT of RM0.6 million in Q4 2014 notwithstanding the lower revenue during the quarter, mainly due to higher other income of RM0.7 million. Consequently, the Group achieved a Profit After Taxation ("PAT") of RM0.6 million for Q4 2014, compared to a PAT of RM0.7 million for Q4 2013.

**12 Months Year Ended 31 December 2014 ("12M2014") vs 12 Months Year Ended 31 December 2013 ("12M2013")**

The Group's performance by each Division for the financial year is as follows:

**(i) Cookware Division**

The Cookware Division's revenue for 12M2014 declined by RM11.8 million or 35.2% compared with 12M2013 to RM21.6 million, as sales to the Group's key export markets declined sharply during the year. The Group faced decline in orders of rice cookers and premium cookware especially from its Japanese, Australian, Thai and Malaysian customers. Japan, being the Group's biggest export market, experienced weaker consumer spending after the hike in Japanese consumption tax from 5% to 8% during the year 2014. The Group's sales to its local distributor also declined due to a weaker cookware demand during the year 2014. The cookware revenue by geographical market for the period is as follows:

	12 MONTHS ENDED		Increase/ (Decrease)	%
	31.12.2014	31.12.2013		
	RM'000	RM'000	RM'000	
Japan	6,902	10,092	(3,190)	-31.6%
Asia Pacific (exclude Japan)	13,130	21,296	(8,166)	-38.3%
USA & Canada	1,019	1,602	(583)	-36.4%
Europe	556	372	184	49.5%
	<u>21,607</u>	<u>33,362</u>	(11,755)	-35.2%

**(ii) Convex Mirror Division**

The Convex Mirror Division achieved a revenue of RM8.9 million for 12M2014, which is an increase of RM1.3 million compared to the revenue of RM7.5 million achieved in 12M2013. The revenue improved mainly due to higher export sales to Europe, South Korea and Thailand, but was partially offset by a decreased sales to Japan.

**(iii) Clad Metal Division**

Clad Metal Division's revenue declined in 12M2014 by RM3.5 million to RM9.7 million compared to the revenue achieved in 12M2013 of RM13.1 million. Clad Metal sales declined in 12M2014 mainly due to reduced orders from customers in the premium cookware industry in Europe, Indonesia and Japan, in tandem with the slowdown in demand for premium cookware experienced by the Group.

## B1 OPERATING SEGMENTS REVIEW (CONT.)

### Performance Review (Cont.)

The Group's net assets per share as at 31 December 2014 remained at RM0.26. The Group's non-current assets reduced to RM32.5 million due to depreciation of plant and equipment. There was no material capital expenditure in 12M2014. Inventory increased to RM21.2million as at 31 December 2014. Receivables, deposits and prepayments reduced to RM4.9 million due to lower trade receivables as a result of the lower revenue achieved in year 2014. The Group's net current assets was RM32.5 million as at 31 December 2014. The Group is in net cash position as at 31 December 2014 with a cash and cash equivalent of RM3.3 million after deducting all borrowings of the Group.

The Group's net operating cash flow for 12M2014 was an inflow of RM2.6 million. The net cash outflow from investing activities was RM1.2 million mainly due to purchases of property, plant and equipment. Net cash outflow from financing activities was RM3.4 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 RM2.0 million during 12M2014. Net cash and cash equivalents amounted to RM5.5 million as at 31 December 2014.

## B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	<b>3 months ended 31.12.2014</b>	<b>3 months ended 30.09.2014</b>
	RM'000	RM'000
Revenue	10,588	10,246
Profit/(Loss) before taxation ("PBT/LBT")	620	1
Profit/(Loss) for the period	608	(159)

The Group experienced a higher revenue in Q4 2014 compared to the ended quarter 30 September 2014 mainly due to higher clad metals sales during Q4 2014. The Group achieved a higher PBT of RM0.6 million mainly due to a higher gross profit and other operating income.

## 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 2015, due to the slowing global economic growth, and the business prospects will remain challenging given the lower demand experienced for its premium cookware and clad metals in 2015.

## 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 31.12.2014</b>	<b>Cumulative Quarter 12 months ended 31.12.2014</b>
	RM'000	RM'000
In respect of the current period		
- Malaysian tax	183	669
- Deferred tax	<u>(365)</u>	<u>(376)</u>
	(182)	293
In respect of the prior year		
- Malaysian tax	<u>194</u>	<u>222</u>
	<u>12</u>	<u>515</u>

Income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the year.

## B5 TAXATION (CONT.)

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 31.12.2014</b>	<b>As at 31.12.2013</b>
	RM'000	RM'000
Total retained profits of the Group:		
Realised	37,681	38,866
Unrealised	(2,206)	(2,193)
	<u>35,475</u>	<u>36,673</u>
Less: Consolidation adjustments	(33,146)	(33,246)
Total Group retained profits as per consolidated accounts	<u><u>2,329</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 December 2014:

	<b>As at 31.12.2014</b>	<b>As at 31.12.2013</b>
	RM'000	RM'000
<b>Non-current:</b>		
Finance lease liability	<u>171</u>	<u>44</u>
<b>Current:</b>		
Bank overdraft	335	106
Bankers' acceptance	1,956	4,330
Finance lease liability	123	103
	<u>2,414</u>	<u>4,539</u>
	<u><u>2,585</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 December 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 December 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 12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
<b>Basic EPS</b>				
Profit/ (loss) attributable to owners of the Company (RM '000)	608	749	57	2,279
Weighted average no. of ordinary shares in issue ('000)	230,958	230,958	230,958	230,958
Basic EPS (sen)	0.26	0.32	0.02	0.99

### (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 16 February 2015.

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

MD NAZIR BIN MD KASSIM  
Chairman

Date: 16 February 2015