



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 2015

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 2015**

(The figures have not been audited)

	Note	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 3 MONTHS ENDED	
		31.03.2015 RM'000	31.03.2014 RM'000	31.03.2015 RM'000	31.03.2014 RM'000
Revenue	A11	11,209	10,364	11,209	10,364
Cost of sales		(8,477)	(8,014)	(8,477)	(8,014)
Gross Profit		2,732	2,350	2,732	2,350
Other operating income		526	466	526	466
Operating expenses		(3,011)	(3,135)	(3,011)	(3,135)
Operating profit/ (loss)	A12	247	(319)	247	(319)
Interest income		2	2	2	2
Finance costs		(24)	(49)	(24)	(49)
Profit/ (Loss) before taxation		225	(366)	225	(366)
Income tax expenses	B5	(67)	(181)	(67)	(181)
Profit/ (Loss) for the period		158	(547)	158	(547)
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		(31)	72	(31)	72
Total comprehensive income/ (loss) for the period		127	(475)	127	(475)
Profit/ (Loss) attributable to:					
Owners of the Company		158	(547)	158	(547)
Non-controlling interests		-	-	-	-
Profit/ (Loss) for the period		158	(547)	158	(547)
Total comprehensive income/ (loss) attributable to:					
Owners of the Company		127	(475)	127	(475)
Non-controlling interests		-	-	-	-
Total comprehensive income for the period		127	(475)	127	(475)
Earnings/ (Loss) per share (sen)					
~ Basic	B12	0.07	(0.24)	0.07	(0.24)
~ 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 2014 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 2015**

(The figures have not been audited)

	Note	AS AT 31.03.2015 RM'000	AS AT 31.12.2014 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A8	32,333	32,536
Goodwill		5,105	5,105
		<u>37,438</u>	<u>37,641</u>
Current assets			
Inventories		21,775	21,216
Receivables, deposits and prepayments		4,790	4,900
Other current financial assets	B11	-	-
Tax recoverable		617	557
Cash & cash equivalent		6,594	5,851
		<u>33,776</u>	<u>32,524</u>
TOTAL ASSETS		<u>71,214</u>	<u>70,165</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		47,320	47,320
Reserves		12,068	11,941
Total equity		<u>59,388</u>	<u>59,261</u>
Non-current liabilities			
Deferred tax liability		1,956	1,967
Borrowings	B7	150	171
		<u>2,106</u>	<u>2,138</u>
Current liabilities			
Payables and accruals		8,427	6,352
Borrowings	B7	1,293	2,414
Taxation		-	-
		<u>9,720</u>	<u>8,766</u>
Total liabilities		<u>11,826</u>	<u>10,904</u>
TOTAL EQUITY AND LIABILITIES		<u>71,214</u>	<u>70,165</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 2014 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 2015**

(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 2014	47,320	1,820	(1,676)	(223)	202	9,206	3,427	60,076
Total comprehensive income/ (loss) for the period	-	-	-	72	-	-	(547)	(475)
Dividend paid	-	-	-	-	-	-	-	-
At 31 March 2014	47,320	1,820	(1,676)	(151)	202	9,206	2,880	59,601
At 1 January 2015	47,320	1,820	(1,676)	60	202	9,206	2,329	59,261
Total comprehensive (loss)/ income for the period	-	-	-	(31)	-	-	158	127
Dividend paid	-	-	-	-	-	-	-	-
At 31 March 2015	47,320	1,820	(1,676)	29	202	9,206	2,487	59,388

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 2014 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 2015**

(The figures have not been audited)

	3 MONTHS ENDED	
	31.03.2015	31.03.2014
	RM'000	RM'000
Cash flows from operating activities		
Profit/ (Loss) before tax	225	(366)
Adjustments:		
Depreciation on property, plant and equipment	645	662
Loss/ (gain) on disposal of property, plant and equipment	-	-
Write off of property, plant and equipment	1	-
Write-down of inventories	-	-
Interest paid	24	49
Interest received	(2)	(2)
Net loss/ (gain) on foreign exchange	102	201
Net loss/ (gain) in fair value of financial instruments measured at fair value	-	-
Operating profit before changes in working capital	<u>995</u>	<u>544</u>
Changes in working capital:		
(Increase)/ decrease in operating assets	(572)	(1,076)
Decrease/ (increase) in operating liabilities	2,062	628
Cash (used in)/ generated from operations	<u>2,485</u>	<u>96</u>
Income taxes paid	(215)	(306)
Income taxes refunded	76	-
Interest paid	(24)	(49)
Interest received	2	2
Net cash (used in) / generated from operating activities	<u><u>2,324</u></u>	<u><u>(257)</u></u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(443)	(111)
Proceeds from disposal of property, plant and equipment	-	-
Net cash (used in)/ generated from investing activities	<u><u>(443)</u></u>	<u><u>(111)</u></u>
Cash flows from financing activities		
Net proceeds/ (repayment) of bankers' acceptances	(787)	(3,209)
Net repayment of hire purchase	(19)	(25)
Dividends paid	-	-
Net cash (used in) / generated from financing activities	<u><u>(806)</u></u>	<u><u>(3,234)</u></u>
Net increase / (decrease) in cash and cash equivalents	1,075	(3,602)
Effect of exchange rate fluctuations on cash held	3	(61)
Cash and cash equivalents at 1 January	<u>5,516</u>	<u>7,579</u>
Cash and cash equivalents at 31 March	<u><u>6,594</u></u>	<u><u>3,916</u></u>

Notes:

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

	RM'000	RM'000
Deposits with licensed bank	179	174
Bank and Cash balances	6,415	5,037
Bank overdraft (included within short term borrowings in Note B7)	-	(1,295)
	<u><u>6,594</u></u>	<u><u>3,916</u></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 2014 and the accompanying explanatory notes attached to the Interim Financial Statements.

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(Company no. 653353-W)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

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 2014. 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 2014.

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 2014, except for the adoption of Amendments to Standards and Issue Committee (IC) interpretations effective as of 1 January 2015.

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 2015.

Amendments to MFRS 119 *Employee Benefits - Defined Benefit Plans: Employee Contributions*

Annual Improvements to MFRSs 2010 - 2012 Cycle

Annual Improvements to MFRSs 2011 - 2013 Cycle

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 consolidated interim financial statements, the following Standards, Amendments and Annual improvements to Standards were issued by the MASB but are not yet effective and have not been adopted by the Group:

Effective for financial periods beginning on or after 1 January 2016

MFRS 14 *Regulatory Deferral Accounts*

Amendments to MFRS 11 *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*

Amendments to MFRS 101 *Presentation of Financial Statements - Disclosure Initiative*

Amendments to MFRS 127 *Consolidated and Separate Financial Statements - Equity Method in Separate Financial Statements*

Amendments to MFRS 10 *Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Amendments to MFRS 116 *Property, Plant and Equipment and MFRS 138 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation*

Amendments to MFRS 116 *Property, Plant and Equipment* and MFRS 141 *Agriculture - Bearer Plants*

Amendments to MFRS 10 *Consolidated Financial Statements*, MFRS 12 *Disclosure of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*

Annual Improvements to MFRSs 2012 - 2014 Cycle

Effective for financial periods beginning on or after 1 January 2017

MFRS 15 *Revenue from Contracts with Customers*

Effective for financial periods beginning on or after 1 January 2018

MFRS 9 Financial Instruments (IFRS 9 as issued by International Accounting Standards Board ("IASB") in July 2014)

A1 BASIS OF PREPARATION (CONT.)

Standards issued but not yet effective (Cont.)

Group does not expect any material impact to the financial statements on the above pronouncements other than for the two Standards described below, for which the effects are still being assessed:

(a) MFRS 15 Revenue from Contracts with Customers

MFRS 15 Revenue from Contracts with Customers was issued in September 2014 and established a new five-step model which will apply to recognition of revenue arising from contracts with customers. Under this Standard, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principle of this Standard is to provide a more structured approach to measuring and recognising revenue.

This Standard is applicable to all entities and will supersede all current revenue recognition requirements under MFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted.

(b) MFRS 9 Financial Instruments

In November 2014, the MASB issued the final version of MFRS 9 Financial Instruments, replacing MFRS 139. This Standard made changes to the requirements for classification and measurement, impairment, and hedge accounting of financial instruments. The adoption of this Standard will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

MFRS 9 Financial Instruments also requires impairment assessments to be based on an expected loss model, replacing the MFRS 139 incurred loss model. Finally, MFRS 9 Financial Instruments aligns hedge accounting more closely with risk management, establishes a more principle-based approach to hedge accounting and addresses inconsistencies and weaknesses in the previous model.

This Standard will come into effect on or after 1 January 2018 with early adoption permitted. Retrospective application is required, but comparative information is not compulsory.

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 2014.

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 2015.

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 2015.

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 2015.

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 2015:

(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 March 2015, 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 2015.

A10 DIVIDEND PAID

No dividend was paid during the current quarter ended 31 March 2015.

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 2015

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
Revenue from:				
Cookware	6,265	4,836	6,265	4,836
Convex mirror	2,170	2,395	2,170	2,395
Clad metals	5,593	5,565	5,593	5,565
Others	-	237	-	237
Total revenue including inter-segment sales	14,028	13,033	14,028	13,033
Elimination of inter-segment sales	(2,819)	(2,669)	(2,819)	(2,669)
Total	11,209	10,364	11,209	10,364
	-	-	-	-
Results from:				
Cookware	463	(380)	463	(380)
Convex mirror	400	389	400	389
Clad metals	(18)	124	(18)	124
Others	(6)	(100)	(6)	(100)
	839	33	839	33
Elimination of inter-segment sales	(49)	(204)	(49)	(204)
Total result	790	(171)	790	(171)
Unallocated corporate expenses	(543)	(148)	(543)	(148)
Interest income	2	2	2	2
Interest expenses	(24)	(49)	(24)	(49)
Income tax expense	(67)	(181)	(67)	(181)
Profit/ (Loss) for the period	158	(547)	158	(547)
	-	-	-	-

A12 OPERATING PROFIT

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after charging and crediting:				
Interest income	(2)	(2)	(2)	(2)
Other income including investment income	-	-	-	-
Rental income	(41)	(41)	(41)	(41)
Depreciation on property, plant and equipment	645	662	645	662
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	-
(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	102	201	102	201
Net gain in fair value of financial instruments measured at fair value	-	-	-	-
Exceptional items	-	-	-	-

A13 FINANCE COSTS

	Current Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
	RM'000	RM'000	RM'000	RM'000
Bank overdrafts	3	23	3	23
Bankers' acceptances	18	24	18	24
Finance lease liability	3	2	3	2
	<u>24</u>	<u>49</u>	<u>24</u>	<u>49</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 March 2015:

	31.03.2015
	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 2015 are as follows:

	31.03.2015
	RM'000
Approved and contracted for	
- Plant & Equipment	<u>492</u>

A17 SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions which involve the directors of the Group for the financial period ended 31 March 2015 are as follows:

	Transaction value for 3 months ended 31.03.2015 RM'000	Balance outstanding as at 31.03.2015 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	(1,543)	-
Purchases	137	-
Ni Hsin International Trade (Shanghai) Co. Ltd.		
Sales	(108)	108
Purchases	134	-
Standardworld Holding Ltd.		
Royalty fee payable	40	(757)
With a company in which the Company's directors, Hsiao Chih Jen and Hsiao Chih Chien, have substantial financial interests		
Everpro Sdn. Bhd.		
Sales	(54)	635
Purchases	28	(11)
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	(91)	95
Purchases	203	-

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

B1 OPERATING SEGMENTS REVIEW

Operating Environment

The Group faced a subdued demand for premium cookware in Japan, the Group's main export market during the quarter. The Japanese economy had contracted during the second and third quarters of 2014 and subsequently expanded by 0.4% in the last quarter of 2014. Due to the weak Japanese economy, demand for premium cookware from the Group's customers remained soft. Eurozone, which is the Group's other key market, was estimated to grow at 1.5% economically by the European Commission. 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. For the local market, consumer spending is expected to be soft due to the implementation of GST in 2015.

Quarter Ended 31 March 2015 ("Q1 2015") vs Quarter Ended 31 March 2014 ("Q1 2014")

Group revenue and Profit Before Taxation ("PBT") were approximately RM11.2 million and RM0.2 million respectively for Q1 2015. Revenue in Q1 2015 improved by RM0.8 million or 8.2% compared to the revenue in Q1 2014, mainly due to an increase in cookware sales, offset by a decline in clad metal and convex mirror sales. The Group's gross profit ("GP") margin for Q1 2015 improved to 24.4%, compared with GP margin of 22.7% achieved in Q1 2014. Operating expenses in Q1 2015 declined by RM0.1 million, or 4.0% compared to Q1 2014. The Group achieved a PBT of RM0.2 million in Q1 2015 compared to a Loss Before Taxation of RM0.4 million in Q1 2014, mainly due to higher revenue achieved in the quarter. Consequently, the Group achieved a Profit After Taxation ("PAT") of RM0.16 million for Q1 2015, compared to a Loss After Taxation of RM0.5 million for Q1 2014.

3 Months Period Ended 31 March 2015 ("3M2015") vs 3 Months Period Ended 31 March 2014 ("3M2014")

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

(i) Cookware Division

The Cookware Division's revenue for 3M2015 increased by RM1.4 million or 29.7% compared with 3M2014 to RM6.3 million, as sales to the Group's key export markets improved during the year. The Group had an improvement of sales of premium cookware to Japan which is the Group's major export market. Sales to the USA and Canada also improved in the quarter, whilst sales in Asia Pacific (ex Japan) faced a decline in sales, mainly due lower local orders. The cookware revenue by geographical market for the period is as follows:

	3 MONTHS ENDED		Increase/ (Decrease) RM'000	%
	31.03.2015 RM'000	31.03.2014 RM'000		
Japan	2,768	1,384	1,384	100.0%
Asia Pacific (exclude Japan)	2,756	3,189	(433)	-13.6%
USA & Canada	598	189	409	216.4%
Europe	142	67	75	111.9%
	<u>6,264</u>	<u>4,829</u>	1,435	29.7%

(ii) Convex Mirror Division

The Convex Mirror Division achieved a revenue of RM1.9 million for 3M2015, which is a decline of RM0.2 million compared to the revenue of RM2.1 million achieved in 3M2014. The revenue declined mainly due to lower export sales to Japan and other Asian Pacific countries, but was partially offset by an increase in sales to South Korea. Convex mirror sales for the local market also declined in the quarter.

(iii) Clad Metal Division

Clad Metal Division's revenue declined in 3M2015 by RM0.15 million to RM3.1 million compared to the revenue achieved in 3M2014 of RM3.2 million. Clad Metal sales declined in 3M2015 mainly due to reduced orders from customers in the premium cookware industry in Thailand and Indonesia. Clad metal sales to our customers in Japan, Taiwan and Europe improved in the quarter.

B1 OPERATING SEGMENTS REVIEW (CONT.)

Performance Review

The Group's net assets per share as at 31 March 2015 remained at RM0.26. The Group's non-current assets reduced to RM37.4 million compared to the non-current assets of RM37.6 million as at 31 December 2014 due to depreciation of plant and equipment. There was no material capital expenditure in 3M2015. Inventory increased to RM21.7 million as at 31 March 2015. Receivables, deposits and prepayments reduced marginally by RM0.1 million to RM4.8 million. The Group's net current assets was RM24.1 million as at 31 March 2015. The Group is in net cash position as at 31 March 2015 with a cash and cash equivalent of RM5.2 million after deducting all borrowings of the Group.

The Group's net operating cash flow for 3M2015 was an inflow of RM2.3 million. The net cash outflow from investing activities was RM0.4 million mainly due to purchases of property, plant and equipment. Net cash outflow from financing activities was RM0.8 million mainly due to repayment of bankers' acceptances for working capital. The net resultant impact to the Group's cash flow was an increase in cash of RM1.1 million during 3M2015. Net cash and cash equivalents amounted to RM6.6 million as at 31 March 2015.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	3 months ended 31.03.2015	3 months ended 31.12.2014
	RM'000	RM'000
Revenue	11,209	10,588
Profit before taxation ("PBT")	225	620
Profit for the period	158	608

The Group experienced a higher revenue in Q1 2015 compared to the quarter ended 31 December 2014 ("Q4 2014") mainly due to higher clad metals sales during Q1 2015. Notwithstanding the higher revenue, the Group achieved a lower PBT of RM0.2 million mainly due to a higher gross profit and other operating income achieved in Q 4 2014.

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 a weaker consumption expected for Malaysia due to the impact of GST.

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 31.03.2015	Cumulative Quarter 3 months ended 31.03.2015
	RM'000	RM'000
In respect of the current period		
- Malaysian tax	233	233
- Deferred tax	(166)	(166)
	<u>67</u>	<u>67</u>
In respect of the prior year		
- Malaysian tax	-	-
	<u>67</u>	<u>67</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:

	As at 31.03.2015	As at 31.12.2014
	RM'000	RM'000
Total retained profits of the Group:		
Realised	37,860	37,690
Unrealised	(2,206)	(2,230)
	<u>35,654</u>	<u>35,460</u>
Less: Consolidation adjustments	(33,167)	(33,131)
Total Group retained profits as per consolidated accounts	<u><u>2,487</u></u>	<u><u>2,329</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 2015:

	As at 31.03.2015	As at 31.12.2014
	RM'000	RM'000
Non-current:		
Finance lease liability	<u>150</u>	<u>171</u>
Current:		
Bank overdraft	-	335
Bankers' acceptance	1,195	1,956
Finance lease liability	98	123
	<u>1,293</u>	<u>2,414</u>
	<u><u>1,443</u></u>	<u><u>2,585</u></u>

All borrowings are denominated in Malaysia Ringgit.

B8 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 31 March 2015, 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 2015, 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	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Basic EPS				
Profit/ (loss) attributable to owners of the Company (RM '000)	158	(547)	158	(547)
Weighted average no. of ordinary shares in issue ('000)	230,958	230,958	230,958	230,958
Basic EPS (sen)	0.07	(0.24)	0.07	(0.24)

(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 21 May 2015.

By order of the Board of Directors
NI HSIN RESOURCES BERHAD

MD NAZIR BIN MD KASSIM
Chairman

Date: 21 May 2015