



## **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 2016**

**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 2016**

(The figures have not been audited)

	Note	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 3 MONTHS ENDED	
		31.03.2016 RM'000	31.03.2015 RM'000	31.03.2016 RM'000	31.03.2015 RM'000
Revenue	A11	9,524	11,209	9,524	11,209
Cost of sales		(6,776)	(8,477)	(6,776)	(8,477)
<b>Gross Profit</b>		<b>2,748</b>	<b>2,732</b>	<b>2,748</b>	<b>2,732</b>
Other operating income		128	526	128	526
Operating expenses		(2,774)	(3,011)	(2,774)	(3,011)
<b>Operating profit/ (loss)</b>	A12	<b>102</b>	<b>247</b>	<b>102</b>	<b>247</b>
Finance income		1	2	1	2
Finance costs		(4)	(24)	(4)	(24)
<b>Profit/ (Loss) before taxation</b>		<b>99</b>	<b>225</b>	<b>99</b>	<b>225</b>
Income tax expenses	B5	(44)	(67)	(44)	(67)
<b>Profit/ (Loss) for the period</b>		<b>55</b>	<b>158</b>	<b>55</b>	<b>158</b>
<b>Other comprehensive income / (expense), net of tax</b>					
<u>Item that may be subsequently reclassified to profit or loss:</u>					
Foreign currency translation differences for foreign operations		8	(31)	8	(31)
<b>Total comprehensive income/ (expense) for the period</b>		<b>63</b>	<b>127</b>	<b>63</b>	<b>127</b>
<b>Profit/ (Loss) attributable to:</b>					
Owners of the Company		55	158	55	158
Non-controlling interests		-	-	-	-
<b>Profit/ (Loss) for the period</b>		<b>55</b>	<b>158</b>	<b>55</b>	<b>158</b>
<b>Total comprehensive income/ (expense) attributable to:</b>					
Owners of the Company		63	127	63	127
Non-controlling interests		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>63</b>	<b>127</b>	<b>63</b>	<b>127</b>
<b>Earnings/ (Loss) per share (sen)</b>					
~ Basic	B12	0.02	0.07	0.02	0.07
~ Diluted	B12	0.02	0.06	0.02	0.06

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 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 2016**

(The figures have not been audited)

	Note	AS AT 31.03.2016 RM'000	AS AT 31.12.2015 RM'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A8	30,880	31,377
Investment property		1,326	1,333
Goodwill		5,105	5,105
		<u>37,311</u>	<u>37,815</u>
<b>Current assets</b>			
Inventories		18,124	17,339
Receivables, deposits and prepayments		5,759	5,280
Derivative financial assets	B11	-	-
Current tax assets		642	760
Cash and cash equivalents		5,760	5,761
		<u>30,285</u>	<u>29,140</u>
<b>TOTAL ASSETS</b>		<u>67,596</u>	<u>66,955</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		47,498	47,320
Reserves		10,616	11,333
Equity attributable to owners of the Company		<u>58,114</u>	<u>58,653</u>
Non-controlling interest		30	-
<b>Total equity</b>		<u>58,144</u>	<u>58,653</u>
<b>Non-current liabilities</b>			
Deferred tax liability		2,164	2,149
Borrowings	B7	66	87
		<u>2,230</u>	<u>2,236</u>
<b>Current liabilities</b>			
Payables and accruals		6,268	5,961
Borrowings	B7	954	83
Current tax liabilities		-	11
Derivative financial liabilities	B11	-	11
		<u>7,222</u>	<u>6,066</u>
<b>Total liabilities</b>		<u>9,452</u>	<u>8,302</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>67,596</u>	<u>66,955</u>
		-	-
Net Assets per share attributable to owners of the Company (RM)		0.25	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 2015 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 2016**

(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	Non- controlling Interest RM'000	Total Equity RM'000
<b>At 1 January 2015</b>	47,320	1,820	(1,676)	60	202	9,206	2,329	59,261	-	59,261
Total comprehensive income/ (expense) for the period	-	-	-	(31)	-	-	158	127	-	127
Dividend paid	-	-	-	-	-	-	-	-	-	-
<b>At 31 March 2015</b>	<b>47,320</b>	<b>1,820</b>	<b>(1,676)</b>	<b>29</b>	<b>202</b>	<b>9,206</b>	<b>2,487</b>	<b>59,388</b>	<b>-</b>	<b>59,388</b>
<b>At 1 January 2016</b>	47,320	1,820	(4,443)	49	202	9,206	4,499	58,653	-	58,653
Total comprehensive income/ (expense) for the period	-	-	-	8	-	-	55	63	-	63
Own shares acquired	-	-	(780)	-	-	-	-	(780)	-	(780)
Own shares sold	-	-	-	-	-	-	-	-	-	-
Warrants exercised	178	-	-	-	-	-	-	178	-	178
Ownership interests in a subsidiary	-	-	-	-	-	-	-	-	30	30
Dividend paid	-	-	-	-	-	-	-	-	-	-
<b>At 31 March 2016</b>	<b>47,498</b>	<b>1,820</b>	<b>(5,223)</b>	<b>57</b>	<b>202</b>	<b>9,206</b>	<b>4,554</b>	<b>58,114</b>	<b>30</b>	<b>58,144</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 2015 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 2016**

(The figures have not been audited)

	<b>3 MONTHS ENDED</b>	
	<b>31.03.2016</b>	<b>31.03.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit/ (Loss) before tax	99	225
Adjustments:		
Depreciation on property, plant and equipment	690	645
Depreciation on investment property	7	-
Loss/ (gain) on disposal of property, plant and equipment	-	-
Write off of property, plant and equipment	4	1
Write-down of inventories	-	-
Interest paid	4	24
Interest received	(1)	(2)
Net loss/ (gain) on foreign exchange	308	102
Net loss/ (gain) in fair value of financial instruments measured at fair value	-	-
Operating profit before changes in working capital	1,111	995
Changes in working capital:		
(Increase)/ decrease in operating assets	(1,366)	(572)
Decrease/ (increase) in operating liabilities	341	2,062
Cash (used in)/ generated from operations	86	2,485
Income taxes paid	(229)	(215)
Income taxes refunded	307	76
Interest paid	(4)	(24)
Interest received	1	2
<b>Net cash (used in) / generated from operating activities</b>	<b>161</b>	<b>2,324</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(197)	(443)
Proceeds from disposal of property, plant and equipment	-	-
Acquisition of non-controlling interests	30	-
<b>Net cash (used in)/ generated from investing activities</b>	<b>(167)</b>	<b>(443)</b>
<b>Cash flows from financing activities</b>		
Net proceeds/ (repayment) of bankers' acceptances	870	(787)
Net repayment of hire purchase	(20)	(19)
Repurchase of treasury shares	(780)	-
Proceeds from exercise of warrants	178	-
Dividends paid	-	-
<b>Net cash (used in) / generated from financing activities</b>	<b>248</b>	<b>(806)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>242</b>	<b>1,075</b>
Effect of exchange rate fluctuations on cash held	(243)	3
Cash and cash equivalents at 1 January	5,761	5,516
<b>Cash and cash equivalents at 31 March</b>	<b>5,760</b>	<b>6,594</b>

Notes:

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

	<b>RM'000</b>	<b>RM'000</b>
Deposits with licensed bank	185	179
Bank and Cash balances	5,575	6,415
Bank overdraft (included within short term borrowings in Note B7)	-	-
	<b>5,760</b>	<b>6,594</b>

The Unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the Interim Financial Statements.

**NI HSIN RESOURCES BERHAD**

(Company no. 653353-W)

(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2016**

**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 2015. 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 2015.

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 2015, except for the adoption of the following Amendments to MFRS during the current financial period:

Effective for annual periods commencing on or after 1 January 2016

- Disclosure Initiative (Amendments to MFRS 101)

The amendments to MFRS 101 aim to improve the presentation and disclosure in the financial statements and are designed to encourage companies to apply professional judgement in determining what information to disclose and how to structure it in their financial statements. Since the amendments only affect disclosures, the adoption of these amendments did not have any financial impact on 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 2018**

MFRS 15, *Revenue from Contracts with Customers*

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

The Group will adopt the above pronouncements when they become effective in the respective financial periods. The 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 2018 with early adoption permitted.

The adoption of MFRS 15 is not expected to have any material impact on the financial statements of the Group.

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

### Standards issued but not yet effective (Cont.)

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

## **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 2015.

## **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 2016.

## **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 2016.

## **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 2016.

## 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 2016:

### (a) Share Buy-backs

At the Annual General Meeting of the Company held on 21 May 2015, 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.

During the financial period to date, the Company bought back its issued shares from the open market as follows:

Month	No. of shares purchased	Minimum price (RM)	Maximum price (RM)	Average price (RM)	Total amount paid <sup>#</sup> (RM)
January	500,000	0.295	0.295	0.295	148,163.96
March	1,895,000	0.320	0.346	0.334	632,152.36
April	2,000,000	0.275	0.300	0.289	577,487.36
May	132,000	0.270	0.270	0.270	35,914.01

<sup>#</sup> Inclusive of Goods and Services Tax (GST), commission, stamp duty and other charges.

As at 31 March 2016, the total number of shares bought back and held as treasury shares were 17,345,600 ordinary shares of RM0.20 each, representing 7.30% 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 cancelled or resold during the financial period under review.

### (b) Warrants

On 22 January 2015, the Company undertook a bonus issue of up to 115,478,803 free warrants on the basis of one warrant for every two existing ordinary shares of RM0.20 each in the Company.

During the financial period to date, the warrants exercised by registered warrant holders to new ordinary shares of RM0.20 each at a price of RM0.20 per ordinary share as follows:

Month of exercise	Exercise price (RM)	No. of warrants exercised	Balance warrants outstanding
March	0.20	889,100	114,589,703
April	0.20	670,000	113,919,703

## 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 period ended 31 March 2016.

On 22 January 2016, the Company acquired 7 ordinary shares of RM1.00 each, representing 70% of the issued and paid-up share capital of MyAngkasa Ni Hsin Sdn Bhd ("MNHSB") from Mr Chen Shien Yee, for a total cash consideration of RM7.00 only. Subsequent to the acquisition, MNHSB became a 70%-owned subsidiary of the Company.

On 15 February 2016, the Company subscribed for additional 69,993 ordinary shares of RM1.00 each in MNHSB. The Company remains to hold 70% of the issued and paid-up ordinary shares capital of MNHSB.

The intended principal activity of MNHSB is marketing and distribution of cookware and related products.

## A10 DIVIDEND PAID

No dividend was paid during the current quarter ended 31 March 2016.

## 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 2016

<b>Segment Revenue</b>	<b>Current Quarter 3 months ended</b>		<b>Cumulative Quarter 3 months ended</b>	
	<b>31.03.2016</b>	<b>31.03.2015</b>	<b>31.03.2016</b>	<b>31.03.2015</b>
	RM'000	RM'000	RM'000	RM'000
Revenue from:				
Cookware	4,830	6,265	4,830	6,265
Convex mirror	2,851	2,170	2,851	2,170
Clad metals	3,077	5,593	3,077	5,593
Others	-	-	-	-
Total revenue including inter-segment sales	10,758	14,028	10,758	14,028
Elimination of inter-segment sales	(1,234)	(2,819)	(1,234)	(2,819)
Total	9,524	11,209	9,524	11,209
	-	-	-	-
Results from:				
Cookware	123	463	123	463
Convex mirror	579	400	579	400
Clad metals	(370)	(18)	(370)	(18)
Others	(1)	(6)	(1)	(6)
	331	839	331	839
Elimination of inter-segment results	36	(49)	36	(49)
Total result	367	790	367	790
Unallocated corporate expenses	(265)	(543)	(265)	(543)
Finance income	1	2	1	2
Finance costs	(4)	(24)	(4)	(24)
Income tax expense	(44)	(67)	(44)	(67)
Profit/ (Loss) for the period	55	158	55	158
	-	-	-	-

**A12 OPERATING PROFIT**

	<b>Current Quarter 3 months ended</b>		<b>Cumulative Quarter 3 months ended</b>	
	<b>31.03.2016</b>	<b>31.03.2015</b>	<b>31.03.2016</b>	<b>31.03.2015</b>
	RM'000	RM'000	RM'000	RM'000
Operating profit/ (loss) is arrived at after charging and crediting:				
Finance income	(1)	(2)	(1)	(2)
Other income including investment income	-	-	-	-
Rental income	(41)	(41)	(41)	(41)
Depreciation on property, plant and equipment	690	645	690	645
Depreciation on investment property	7	-	7	-
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Provision for and write off of property, plant and equipment	4	1	4	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	308	102	308	102
Net (gain)/ loss on foreign exchange - realised	(105)	(528)	(105)	(528)
Net gain in fair value of financial instruments measured at fair value	-	-	-	-
Exceptional items	-	-	-	-

**A13 FINANCE COSTS**

	<b>Current Quarter 3 months ended</b>		<b>Cumulative Quarter 3 months ended</b>	
	<b>31.03.2016</b>	<b>31.03.2015</b>	<b>31.03.2016</b>	<b>31.03.2015</b>
	RM'000	RM'000	RM'000	RM'000
Bank overdrafts	-	3	-	3
Bankers' acceptances	2	18	2	18
Finance lease liability	2	3	2	3
	<u>4</u>	<u>24</u>	<u>4</u>	<u>24</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 2016:

	<b>31.03.2016</b>
	RM'000
- Corporate guarantee given by the Company to licensed banks for credit facilities granted to subsidiaries	26,140
	<u>26,140</u>

## A16 CAPITAL COMMITMENT

Capital commitments not provided for in the financial statements as at 31 March 2016 are as follows:

	<b>31.03.2016</b> RM'000
Approved and contracted for	
- Plant & Equipment	<u>749</u>

## A17 SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions which involve the former directors of the Group for the financial period ended 31 March 2016 are as follows:

	<b>Transaction value for 3 months ended 31.03.2016 RM'000</b>	<b>Balance outstanding as at 31.03.2016 RM'000</b>
With a company in which the Company's former directors, Hsiao Chih Jen, Hsiao Chih Chien and Hsiao Chih Che, have substantial financial interests		
Sun New Stainless Steel Industry Ltd.		
Sales	(756)	-
Purchases	58	(1)
Ni Hsin International Trade (Shanghai) Co. Ltd.		
Sales	-	-
Purchases	4	-
Standardworld Holding Ltd.		
Royalty fee payable	-	(113)
With a company in which the Company's former directors, Hsiao Chih Jen and Hsiao Chih Chien, have substantial financial interests		
Everpro Sdn. Bhd.		
Sales	(606)	1,031
Purchases	1	(7)
Rental income	(41)	-
With a company in which the Company's former director, Hsiao Chih Chien, has substantial financial interests		
I.D.M. Creative Development Co. Ltd.		
Sales	(245)	245
Purchases	107	(32)

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

**B1 OPERATING SEGMENTS REVIEW**

**Operating Environment**

The global environment remains challenging as there are still uncertainties over China's growth prospects, the slower than expected US market recovery as well as financial market volatility. The economy of the Group's key market, Japan, continues to be weak due to dwindling consumer spending after a sales tax hike in April 2014. European industries continue to slowdown during this quarter even though conditions for production are favourable and economists predict a modest growth. For Malaysia, external demand was weak in 2015 and is expected to continue to be weak in 2016.

**Quarter Ended 31 March 2016 ("Q1 2016") vs Quarter Ended 31 March 2015 ("Q1 2015")**

The Group's revenue and Profit Before Taxation ("PBT") were approximately RM9.52 million and RM0.10 million respectively for Q1 2016. Revenue in Q1 2016 decreased by RM1.69 million or 15.0% compared with the revenue in Q1 2015, mainly due to decrease in sales of cookware and clad metal. However, the Group's gross profit ("GP") margin for Q1 2016 improved to 28.9%, compared with GP margin of 24.4% achieved in Q1 2015 mainly due to control in manufacturing costs. Other operating income in Q1 2016 decreased by RM0.40 million, mainly due to foreign exchange loss. Operating expenses in Q1 2016 decreased marginally compared with Q1 2015. The Group achieved a PBT of RM0.10 million in Q1 2016 compared with a PBT of RM0.23 million in Q1 2015, mainly due to foreign exchange loss in Q1 2016. Consequently, the Group achieved a Profit After Taxation ("PAT") of RM0.06 million for Q1 2016, compared with a PAT of RM0.16 million for Q1 2015.

**3 Months Period Ended 31 March 2016 ("3M2016") vs 3 Months Period Ended 31 March 2015 ("3M2015")**

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

**(i) Cookware Division**

The Cookware Division's revenue for 3M2016 decreased by RM1.46 million or 23.3% to RM4.81 million compared with the revenue achieved in 3M2015 of RM6.26 million, as sales to the Group's key export markets declined during 2016. The Group experienced a lower sales of premium cookware to Japan which is the Group's major export market. Sales to the USA, Canada and Asia Pacific (excluding Japan) countries also declined in 3M2016. The cookware revenue by geographical market for 3M2016 is as follows:

	<b>3 MONTHS ENDED</b>		<b>Increase/ (Decrease)</b>	<b>%</b>
	<b>31.03.2016</b>	<b>31.03.2015</b>		
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
Japan	1,875	2,768	(893)	-32.3%
Asia Pacific (exclude Japan)	2,169	2,756	(587)	-21.3%
USA & Canada	498	598	(100)	-16.7%
Europe	263	142	121	85.2%
	<u>4,805</u>	<u>6,264</u>	<u>(1,459)</u>	<u>-23.3%</u>

**(ii) Convex Mirror Division**

The Convex Mirror Division achieved a revenue of RM2.62 million for 3M2016, an increase of RM0.75 million compared with the revenue of RM1.87 million achieved in 3M2015. The increase in revenue is mainly due to higher export sales to Europe and other Asia Pacific countries.

**(iii) Clad Metal Division**

Clad Metal Division's revenue declined in 3M2016 by RM0.98 million to RM2.10 million compared with the revenue achieved in 3M2015 of RM3.07 million. Sales of clad metal declined in 3M2016 mainly due to decreased orders from customers in Europe and Taiwan, but was partially offset by increased orders from customers in Japan.

## **B1 OPERATING SEGMENTS REVIEW (CONT.)**

### **3 Months Period Ended 31 March 2016 ("3M2016") vs 3 Months Period Ended 31 March 2015 ("3M2015") (Cont.)**

The Group's net assets per share as at 31 March 2016 slightly decreased to RM0.25. The Group's non-current assets decreased to RM37.31 million compared with the non-current assets of RM37.82 million as at 31 December 2015 due to depreciation on property, plant and equipment, and investment property. Inventory increased to RM18.12 million as at 31 March 2016. Receivables, deposits and prepayments increased marginally by RM0.48 million to RM5.76 million. The Group's net current assets was RM23.06 million as at 31 March 2016. The Group is in a positive net cash position as at 31 March 2016 with a cash and cash equivalent of RM4.74 million after deducting all borrowings of the Group.

The Group's net operating cash inflow for 3M2016 was RM0.16 million. The net cash outflow from investing activities was RM0.17 million mainly due to purchases of property, plant and equipment. Net cash inflow from financing activities was RM0.25 million mainly due to proceeds from bankers' acceptances for working capital and proceeds from exercise of warrants which was offset by the repurchase of treasury shares. The net resultant impact to the Group's cash flow was an increase in cash of RM0.24 million during 3M2016. Net cash and cash equivalents amounted to RM5.76 million as at 31 March 2016.

## **B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS**

	<b>3 months ended 31.03.2016</b>	<b>3 months ended 31.12.2015</b>
	RM'000	RM'000
Revenue	9,524	9,840
Profit before taxation ("PBT")	99	556
Profit for the period	55	146

The Group experienced a slightly lower revenue in Q1 2016 compared with Q4 2015 mainly due to a decline in cookware and clad metal sales during the quarter. With the lower revenue, the Group achieved a lower PBT of RM0.10 million in Q1 2016.

## **B3 COMMENTARY ON PROSPECT**

Barring unforeseen circumstances, the Directors expect the Group to operate in a challenging economic and business environment in its key markets in 2016, due to the slowdown in global economic growth and a weaker consumption expected for Malaysia.

## **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 31.03.2016 RM'000	Cumulative Quarter 3 months ended 31.03.2016 RM'000
In respect of the current period		
- Malaysian tax	190	190
- Deferred tax	(146)	(146)
	<u>44</u>	<u>44</u>
In respect of the prior year		
- Malaysian tax	-	-
	<u>44</u>	<u>44</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year.

The effective tax rate of the Group is higher than the statutory tax rate mainly due to the losses of a subsidiary which cannot be set off against taxable profit made by other subsidiaries, and certain expenses which are not deductible for tax purposes.

**B6 RETAINED EARNINGS**

The breakdown of retained earnings of the Group as at the reporting date into realised and unrealised profits pursuant to Bursa Malaysia Securities Berhad's ("Bursa Securities") directive dated 25 March 2010 is as follows:

	As at 31.03.2016 RM'000	As at 31.12.2015 RM'000
Total retained profits of the Group:		
Realised	40,397	40,279
Unrealised	(2,710)	(2,625)
	<u>37,687</u>	<u>37,654</u>
Less: Consolidation adjustments	(33,133)	(33,155)
Total Group retained profits as per consolidated accounts	<u>4,554</u>	<u>4,499</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 2016:

	As at 31.03.2016 RM'000	As at 31.12.2015 RM'000
<b>Non-current:</b>		
Finance lease liability	<u>66</u>	<u>87</u>
<b>Current:</b>		
Bank overdraft	-	-
Bankers' acceptance	870	-
Finance lease liability	84	83
	<u>954</u>	<u>83</u>
	<u>1,020</u>	<u>170</u>

All borrowings are denominated in Malaysia Ringgit.

## B8 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 31 March 2016, 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

Save as disclosed below, there were no corporate proposals announced that have not been completed at the date of this announcement.

On 7 March 2016, the Company has proposed to establish an Employee Share Option Scheme ("ESOS") of up to fifteen percent (15%) of the total issued and paid-up share capital of Ni Hsin (excluding treasury shares), for the eligible employees and Directors of Ni Hsin and its subsidiaries (excluding subsidiaries which are dormant) ("Ni Hsin Group") ("Proposed ESOS").

## 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 2016, 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 outstanding during the period after accounting for the share buy-backs and reissue of treasury shares.

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
<b>Basic EPS</b>				
Profit/ (loss) attributable to owners of the Company (RM '000)	55	158	55	158
Weighted average no. of ordinary shares in issue ('000)	220,642	230,958	220,642	230,958
Basic EPS (sen)	0.02	0.07	0.02	0.07

**B12 EARNINGS PER SHARE ("EPS") (CONT.)****(b) Diluted**

Diluted EPS is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average diluted number of ordinary shares outstanding during the period after accounting for the share buy-backs, reissue of treasury shares and adjustments for the effect of all dilutive potential ordinary shares arising from the share warrants on issue.

	<b>Current Quarter 3 months ended</b>		<b>Cumulative Quarter 3 months ended</b>	
	<b>31.03.2016</b>	<b>31.03.2015</b>	<b>31.03.2016</b>	<b>31.03.2015</b>
<b>Basic EPS</b>				
Profit/ (loss) attributable to owners of the Company (RM '000)	55	158	55	158
Weighted average no. of ordinary shares in issue ('000)	220,642	230,958	220,642	230,958
Effect of dilution ('000)	44,772	52,405	44,772	52,405
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>265,414</u>	<u>283,363</u>	<u>265,414</u>	<u>283,363</u>
Diluted EPS (sen)	0.02	0.06	0.02	0.06

**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 18 May 2016.

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

MD NAZIR BIN MD KASSIM  
Chairman

Date: 18 May 2016