



# **NI HSIN RESOURCES BERHAD**

(Company No.: 653353-W)

(Incorporated in Malaysia)

## **INTERIM FINANCIAL STATEMENTS**

**FOR THE QUARTER AND YEAR ENDED**

**31 DECEMBER 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 QUARTER AND YEAR ENDED 31 DECEMBER 2016**

(The figures have not been audited)

	Note	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 12 MONTHS ENDED	
		31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000 (Audited)
Revenue	A12	10,539	9,840	37,817	45,936
Cost of sales		(8,086)	(6,174)	(27,383)	(33,098)
<b>Gross Profit</b>		<b>2,453</b>	<b>3,666</b>	<b>10,434</b>	<b>12,838</b>
Other operating income		395	(257)	776	2,143
Operating expenses		(2,573)	(2,844)	(15,727)	(11,810)
<b>Operating profit/(loss)</b>	A13	<b>275</b>	<b>565</b>	<b>(4,517)</b>	<b>3,171</b>
Finance income		2	2	6	8
Finance costs		(13)	(11)	(49)	(80)
<b>Profit/(Loss) before taxation</b>		<b>264</b>	<b>556</b>	<b>(4,560)</b>	<b>3,099</b>
Income tax expenses	B5	(322)	(410)	(459)	(883)
<b>(Loss)/Profit for the period</b>		<b>(58)</b>	<b>146</b>	<b>(5,019)</b>	<b>2,216</b>
<b>Other comprehensive income / (expense), net of tax</b>					
<u>Item that will not be reclassified subsequently to profit or loss:</u>					
Revaluation of property, plant and equipment		3,318	-	17,149	-
<u>Item that may be subsequently reclassified to profit or loss:</u>					
Foreign currency translation differences for foreign operations		13	52	31	(11)
<b>Total comprehensive income/(expense) for the period</b>		<b>3,273</b>	<b>198</b>	<b>12,161</b>	<b>2,205</b>
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company		(28)	146	(4,914)	2,216
Non-controlling interests		(30)	-	(105)	-
<b>(Loss)/Profit for the period</b>		<b>(58)</b>	<b>146</b>	<b>(5,019)</b>	<b>2,216</b>
<b>Total comprehensive income/(expense) attributable to:</b>					
Owners of the Company		3,303	198	12,266	2,205
Non-controlling interests		(30)	-	(105)	-
<b>Total comprehensive income/(expense) the period</b>		<b>3,273</b>	<b>198</b>	<b>12,161</b>	<b>2,205</b>
<b>Earnings/(Loss) per share (sen)</b>					
~ Basic	B12	(0.01)	0.06	(2.25)	0.97
~ Diluted	B12	(0.01)	0.05	(1.93)	0.82

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 DECEMBER 2016**

(The figures have not been audited)

	Note	AS AT 31.12.2016 RM'000	AS AT 31.12.2015 RM'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A9	49,267	31,377
Investment property		1,306	1,333
Goodwill		5,105	5,105
Deferred tax asset		35	-
		<u>55,713</u>	<u>37,815</u>
<b>Current assets</b>			
Inventories		18,639	17,339
Receivables, deposits and prepayments		5,575	5,280
Derivative financial assets	B11	-	-
Current tax assets		804	760
Cash and cash equivalents		4,113	5,761
		<u>29,131</u>	<u>29,140</u>
<b>TOTAL ASSETS</b>		<u>84,844</u>	<u>66,955</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		47,671	47,320
Reserves		26,848	11,333
Equity attributable to owners of the Company		<u>74,519</u>	<u>58,653</u>
Non-controlling interest		(75)	-
<b>Total equity</b>		<u>74,444</u>	<u>58,653</u>
<b>Non-current liabilities</b>			
Deferred tax liability		3,810	2,149
Borrowings	B7	-	87
		<u>3,810</u>	<u>2,236</u>
<b>Current liabilities</b>			
Payables and accruals		6,336	5,961
Borrowings	B7	254	83
Current tax liabilities		-	11
Derivative financial liabilities	B11	-	11
		<u>6,590</u>	<u>6,066</u>
<b>Total liabilities</b>		<u>10,400</u>	<u>8,302</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>84,844</u>	<u>66,955</u>
		-	-
Net Assets per share attributable to owners of the Company (RM)		0.34	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 YEAR ENDED 31 DECEMBER 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	Share Option Reserve RM'000	Revaluation Reserve RM'000	Other Reserve RM'000	Retained Profits / (Accumulated Losses) RM'000	Total RM'000	Non- controlling Interest RM'000	Total Equity RM'000	
At 1 January 2015	47,320	1,820	(1,676)	60	202	-	-	9,206	2,329	59,261	-	59,261	
Total comprehensive income/ (expense) for the period	-	-	-	(11)	-	-	-	-	2,216	2,205	-	2,205	
Own shares acquired	-	-	(3,055)	-	-	-	-	-	-	(3,055)	-	(3,055)	
Own shares sold	-	-	288	-	-	-	-	-	(46)	242	-	242	
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	
At 31 December 2015	47,320	1,820	(4,443)	49	202	-	-	9,206	4,499	58,653	-	58,653	
At 1 January 2016	47,320	1,820	(4,443)	49	202	-	-	9,206	4,499	58,653	-	58,653	
Total comprehensive income/ (expense) for the period	-	-	-	31	-	-	17,149	-	(4,914)	12,266	(105)	12,161	
Own shares acquired	-	-	(1,785)	-	-	-	-	-	-	(1,785)	-	(1,785)	
Own shares sold	-	-	-	-	-	-	-	-	-	-	-	-	
Warrants exercised	351	-	-	-	-	-	-	-	-	351	-	351	
Share-based payment transaction	-	-	-	-	-	5,034	-	-	-	5,034	-	5,034	
Ownership interests in a subsidiary	-	-	-	-	-	-	-	-	-	-	30	30	
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	
At 31 December 2016	47,671	1,820	(6,228)	80	202	5,034	17,149	9,206	(415)	74,519	(75)	74,444	

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 YEAR ENDED 31 DECEMBER 2016**

(The figures have not been audited)

	<b>12 MONTHS ENDED</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Audited)</b>
<b>Cash flows from operating activities</b>		
(Loss)/ Profit before tax	(4,560)	3,099
Adjustments:		
Depreciation on property, plant and equipment	2,774	2,642
Depreciation on investment property	27	-
Loss/ (gain) on disposal of property, plant and equipment	-	(31)
Write off of property, plant and equipment	26	33
Write-down of inventories	-	-
Interest paid	49	80
Interest received	(6)	(8)
Net loss/ (gain) on foreign exchange	(68)	210
Share-based payment transaction	5,034	-
Net loss/ (gain) in fair value of financial instruments measured at fair value	-	11
Operating profit before changes in working capital	3,276	6,036
Changes in working capital:		
(Increase)/ decrease in operating assets	(1,590)	3,230
Decrease/ (increase) in operating liabilities	378	(351)
Cash (used in)/ generated from operations	2,064	8,915
Income taxes paid	(939)	(969)
Income taxes refunded	450	76
Interest paid	(49)	(80)
Interest received	6	8
<b>Net cash generated from operating activities</b>	<b>1,532</b>	<b>7,950</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,939)	(1,596)
Purchase of investment property	-	(1,333)
Proceeds from disposal of property, plant and equipment	-	111
Acquisition of non-controlling interests	30	-
Acquisition of subsidiary	*	-
<b>Net cash used in investing activities</b>	<b>(1,909)</b>	<b>(2,818)</b>
<b>Cash flows from financing activities</b>		
Net proceeds/ (repayment) of bankers' acceptances	-	(1,956)
Net repayment of hire purchase	(84)	(124)
Proceeds from treasury shares	-	241
Repurchase of treasury shares	(1,785)	(3,055)
Proceeds from exercise of warrants	351	-
Dividends paid	-	-
<b>Net cash used in financing activities</b>	<b>(1,518)</b>	<b>(4,894)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,895)</b>	<b>238</b>
Effect of exchange rate fluctuations on cash held	80	7
Cash and cash equivalents at 1 January	5,761	5,516
<b>Cash and cash equivalents at 31 December</b>	<b>3,946</b>	<b>5,761</b>

\* Denotes RM2

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	189	183
Bank and Cash balances	3,924	5,578
Bank overdraft (included within short term borrowings in Note B7)	(167)	-
	<b>3,946</b>	<b>5,761</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.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016****PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING****A1 BASIS OF PREPARATION**

This condensed consolidated financial statements, other than for financial instruments, freehold land and buildings and investment property, have been prepared under the historical cost convention. Certain financial instruments are carried at fair value in accordance with Malaysian Financial Reporting Standard ("MFRS") 9 Financial Instruments and MFRS 139 Financial Instruments: Recognition and Measurement.

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.

**A2 SIGNIFICANT ACCOUNTING POLICIES**

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 following:

**(a) Property, Plant and Equipment**

During the financial year, the Group elected to measure the properties using the revaluation model under MFRS 116 Property, Plant and Equipment. Accordingly, the financial impact is as follows:

- an increase of RM15,255,000, RM763,000 and RM14,492,000 for freehold land was recognised in property, plant and equipment, deferred tax liabilities and properties revaluation reserve respectively as of 31 December 2016; and
- an increase of RM3,496,000, RM839,000 and RM2,657,000 for building on freehold land was recognised in property, plant and equipment, deferred tax liabilities and properties revaluation reserve respectively as of 31 December 2016.

The properties are stated at their revalued amount, being fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

**(b) Adoption of the Amendments to MFRS during the current financial year**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.

Effective for annual periods commencing on or after 1 January 2017

- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112)

The amendments to MFRS 112 clarify the accounting treatment of deferred tax assets for unrealised losses on fixed-rate debt instruments measured at fair value. The adoption of these amendments did not have any financial impact on the Group.

## A2 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

### (b) Adoption of the Amendments to MFRS during the current financial period (Cont.)

#### Effective for annual periods commencing on or after 1 January 2017 (Cont.)

##### - Disclosure Initiative (Amendments to MFRS 107)

The amendments to MFRS 107 require entity to provide disclosures on changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. Arising from the adoption of these amendments, a reconciliation between the opening and closing balances for liabilities from financing activities will be disclosed in the annual financial statements. The adoption of these amendments did not have any financial impact on the Group as it only affected disclosures.

#### 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

Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)

MFRS 15, *Revenue from Contracts with Customers*

Clarifications to MFRS 15 *Revenue Contracts with Customers*

MFRS 9, *Financial Instruments* (2014)

Amendments to MFRS 140 *Investment Property* - Transfers of Investment Property

Annual Improvements to MFRSs 2014 - 2016 Cycle

#### Effective for annual periods commencing on or after 1 January 2019

MFRS 16, *Leases*

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.

#### **Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)**

- The effects of vesting and non-vesting conditions on the measurement of a cash-settled share based payments;
- The classification of a share-based payment transaction with net settlement features for withholding tax obligations; and
- A modification to the terms and conditions of a share-based payment transaction that changes the classification of the transaction from cash-settled to equity-settled.

The financial effects of its adoption are still being assessed by the Group.

#### **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.

#### **Clarifications to MFRS 15 *Revenue Contracts with Customers***

The amendments provide clarifications on how certain principles should be applied in identifying performance obligations, determining whether an entity is a principal or an agent and accounting for licenses of intellectual property. The amendments also added two practical expedients to reduce the effort and cost of transition to MFRS 15. As the amendments only provide clarifications and do not change the underlying principle of MFRS 15, no material impact is expected on the financial statements of the Group upon the adoption of the amendments.

## **A2 SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

### **(b) Adoption of the Amendments to MFRS during the current financial period (Cont.)**

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

##### **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.

##### **MFRS 16, Leases**

MFRS 16 introduces a single accounting model for a lessee and eliminates the distinction between finance lease and operating lease. Lessee is now required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Upon adoption of MFRS 16, the Group are required to account for major part of their operating leases in the balance sheet by recognising the 'right-of-use' assets and the lease liability, thus increasing the assets and liabilities of the Group. The financial effects arising from the adoption of this standard are still being assessed by the Group.

## **A3 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.

## **A4 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.

## **A5 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 2016 other than from the change in accounting measurement of properties to revaluation model as disclosed in Note A2(a) above.

The Board has approved the revaluation of the landed properties of the Group.

## **A6 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 2016.

## **A7 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 2016 other than from the change in accounting measurement of properties to revaluation model as disclosed in Note A2(a) above.



## A8 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 2016:

### (a) Share Buy-backs

At the Annual General Meeting of the Company held on 18 May 2016, 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 year 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
February	-	-	-	-	-
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	732,000	0.270	0.280	0.277	202,685.23
June	16,900	0.260	0.260	0.260	4,442.80
July	-	-	-	-	-
August	669,700	0.283	0.285	0.285	191,200.66
September	-	-	-	-	-
October	-	-	-	-	-
November	109,000	0.265	0.265	0.265	29,106.90
December	-	-	-	-	-

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

As at 31 December 2016, the total number of shares bought back and held as treasury shares were 20,873,200 ordinary shares of RM0.20 each, representing 8.76% 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 year 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 year 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
January	-	-	115,478,803
February	-	-	115,478,803
March	0.20	889,100	114,589,703
April	0.20	670,000	113,919,703
May	0.20	194,500	113,725,203
June	-	-	113,725,203
July	-	-	113,725,203
August	-	-	113,725,203
September	-	-	113,725,203
October	-	-	113,725,204
November	-	-	113,725,205
December	-	-	113,725,206

## A9 PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are measured at valuation/cost less any accumulated depreciation and any accumulated impairment losses.

## A10 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 2016.

On 7 June 2016, the Company acquired 2 ordinary shares of RM1.00 each, representing 100% of the issued and paid-up share capital of Pentoli Sdn Bhd ("PSB") from Loo Yee Mun and Lim Sai Weng, for a total cash consideration of RM2.00 only. Subsequent to the acquisition, PSB became a wholly-owned subsidiary of the Company.

The intended business activity of PSB is manufacturing and distribution of kitchen utensils, kitchen equipment, electronic appliances and apparatus.

## A11 DIVIDEND PAID

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

## A12 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 THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016

<u>Segment Revenue</u>	<b>Current Quarter 3 months ended</b>		<b>Cumulative Quarter 12 months ended</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
	RM'000	RM'000	RM'000	RM'000
Revenue from:				
Cookware	5,489	5,476	19,317	25,917
Convex mirror	3,765	3,454	12,028	10,521
Clad metals	2,621	2,103	13,042	20,265
Others	-	-	-	-
Total revenue including inter-segment sales	11,875	11,033	44,387	56,703
Elimination of inter-segment sales	(1,336)	(1,193)	(6,570)	(10,767)
Total	10,539	9,840	37,817	45,936
Results from:				
Cookware	(462)	362	(351)	2,095
Convex mirror	699	1,045	2,563	2,846
Clad metals	116	(1,100)	(718)	(534)
Others	(4)	(4)	(8)	(13)
	349	303	1,486	4,394
Elimination of inter-segment results	503	170	515	(31)
Total result	852	473	2,001	4,363
Unallocated corporate expenses	(577)	92	(6,518)	(1,192)
Finance income	2	2	6	8
Finance costs	(13)	(11)	(49)	(80)
Income tax expense	(322)	(410)	(459)	(883)
(Loss)/ Profit for the period	(58)	146	(5,019)	2,216

**A13 OPERATING PROFIT**

	<b>Current Quarter 3 months ended</b>		<b>Cumulative Quarter 12 months ended</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
	RM'000	RM'000	RM'000	RM'000
Operating profit/ (loss) is arrived at after charging and (crediting):				
Finance income	(2)	(2)	(6)	(8)
Other income including investment income	-	-	-	-
Rental income	(40)	(40)	(162)	(162)
Depreciation on property, plant and equipment	713	692	2,774	2,642
Depreciation on investment property	7	-	27	-
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Provision for and write off of property, plant and equipment	-	2	26	33
(Gain)/ loss on disposal of quoted or unquoted investments	-	-	-	-
Loss/ (gain) on disposal of property, plant and equipment	-	1	-	(31)
Impairment of assets	-	-	-	-
Net (gain)/ loss on foreign exchange - unrealised	(108)	461	(68)	210
Net (gain)/ loss on foreign exchange - realised	(279)	(427)	(612)	(2,090)
Net gain in fair value of financial instruments measured at fair value	-	11	-	11
Share-based payments	-	-	5,034	-
Exceptional items	-	-	-	-

**A14 FINANCE COSTS**

	<b>Current Quarter 3 months ended</b>		<b>Cumulative Quarter 12 months ended</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
	RM'000	RM'000	RM'000	RM'000
Bank overdrafts	8	2	16	8
Bankers' acceptances	4	7	27	62
Finance lease liability	1	2	6	10
	<b>13</b>	<b>11</b>	<b>49</b>	<b>80</b>

**A15 SUBSEQUENT EVENTS**

The Companies Act 2016 ("New Act") was enacted to replace the Companies Act 1965 and was passed by Parliament on 4 April 2016. The New Act was subsequently gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the effective date of the New Act, except for section 241 and Division 8 of Part III of the New Act, to be 31 January 2017.

Amongst the key changes introduced in the New Act which will affect the financial statements of the Group and of the Company would include the removal of the authorised share capital, replacement of no par value shares in place of par or nominal value shares, and the treatment of share premium and capital redemption reserves.

The adoption of the New Act is not expected to have any financial impact on the Group and on the Company for the financial year ended 31 December 2016 as any accounting implications will only be applied prospectively, if applicable, and the effect of adoption mainly will be on the disclosures to the annual report and financial statements of the Group and of the Company for the financial year ending 31 December 2017.

## A16 CONTINGENT ASSETS AND LIABILITIES

Save as disclosed below, the Company is not aware of any other contingent liabilities as at 31 December 2016:

	<b>31.12.2016</b> RM'000
- Corporate guarantee given by the Company to licensed banks for credit facilities granted to subsidiaries	26,140
	<u>26,140</u>

## A17 CAPITAL COMMITMENT

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

	<b>31.12.2016</b> RM'000
Approved and contracted for	
- Plant & Equipment	<u>8</u>

## A18 SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions which involve the former directors of the Group for the financial year 31 December 2016 are as follows:

	<b>Transaction value for 12 months ended 31.12.2016</b> RM'000	<b>Balance outstanding as at 31.12.2016</b> RM'000
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	(3,230)	490
Purchases	136	(1)
Ni Hsin International Trade (Shanghai) Co. Ltd.		
Sales	-	-
Purchases	4	-
Standardworld Holding Ltd.		
Royalty fee payable	-	-
Marketing fee	740	(148)
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	(2,142)	628
Purchases	4	-
Rental income	(162)	-
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	(848)	219
Purchases	235	(4)

**A18 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT.)**

Significant related party transactions which involve the former directors of the Group for the financial year 31 December 2016 are as follows: (Cont.)

	<b>Transaction value for 12 months ended 31.12.2016 RM'000</b>	<b>Balance outstanding as at 31.12.2016 RM'000</b>
With a company in which the Company's former director, Hsiao Chih Chien, is deemed interested by virtue of him being the father of Hsiao Tung Wei, who has substantial financial interests		
Buffalo Cookware Australia Pty Ltd		
Sales	(494)	-
With a company in which the Company's former directors, Hsiao Chih Jen and Hsiao Chih Chien, is deemed interested by virtue of him being the father of Hsiao Tung Min and Hsiao Tung Wei, who has substantial financial interests		
Buffalo GSB Sdn. Bhd.		
Sales	(5)	-

**PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES****B1 OPERATING SEGMENTS REVIEW****Operating Environment**

The global economy has lately been characterized by relatively slow growth, weak business investment, and slow growth of cross-border trade in goods and services. (Source: *Deloitte University Press*). However in Japan, exports rebounded in December 2016, putting an end to fourteen consecutive months of decline. Economic momentum is gathering steam in the Eurozone, as the economy continues to be unfazed by political uncertainty and external headwinds. Stronger export figures should support Malaysia's economy this year thanks to rising oil prices, a weaker ringgit and robust consumption growth in the U.S. However, the country will remain vulnerable to external developments such as a slowdown in China, Malaysia's second largest trading partner. (Source: *Focus Economic*) The Group also operated under increasingly challenging market conditions in its local and export markets compared with the previous financial year.

**Quarter Ended 31 December 2016 ("Q4 2016") vs Quarter Ended 31 December 2015 ("Q4 2015")**

The Group's revenue and Profit Before Taxation ("PBT") were approximately RM10.54 million and RM0.26 million respectively for Q4 2016. Revenue in Q4 2016 increased by RM0.7 million or 7.1% compared with the revenue in Q4 2015, mainly due to increased in sales of convex mirror and clad metals. However, the Group's gross profit ("GP") margin for Q4 2016 reduced to 23.3%, compared with GP margin of 37.3% achieved in Q4 2015 as sales for Q4 2016 were mainly attributable to products with lower GP margins. Operating expenses in Q4 2016 decreased by RM0.27 million compared with Q4 2015. The Group recorded a PBT of RM0.26 million in Q4 2016 compared with a PBT of RM0.56 million in Q4 2015. However, the Group recorded a Loss After Taxation ("LAT") of RM0.06 million for Q4 2016, compared with a PAT of RM0.15 million for Q4 2015.

**12 Months Period Ended 31 December 2016 ("12M2016") vs 12 Months Period Ended 31 December 2015 ("12M2015")**

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

**(i) Cookware Division**

The Cookware Division's revenue for 12M2016 decreased by RM6.64 million or 25.6% to RM19.28 million compared with the revenue achieved in 12M2015 of RM25.92 million, as sales to the Group's key export markets declined during the year 2016. The Group experienced lower sales of premium cookware to Japan which is the Group's major export market. Sales to the Asia Pacific countries (excluding Japan), Europe, USA and Canada also declined in 12M2016. The cookware revenue by geographical market for 12M2016 is as follows:

	<b>12 MONTHS ENDED</b>		<b>Increase/ (Decrease)</b>	<b>%</b>
	<b>31.12.2016</b>	<b>31.12.2015</b>		
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
Japan	7,096	9,113	(2,017)	-22.1%
Asia Pacific (excluding Japan)	10,117	14,247	(4,130)	-29.0%
USA & Canada	1,664	1,978	(314)	-15.9%
Europe	398	577	(179)	-31.0%
	<u>19,275</u>	<u>25,915</u>	<u>(6,640)</u>	<u>-25.6%</u>

**(ii) Convex Mirror Division**

The Convex Mirror Division achieved a revenue of RM11.13 million for 12M2016, an increase of RM1.62 million compared with the revenue of RM9.51 million achieved in 12M2015. The increase in revenue is attributed to higher export sales to Europe and other Asia Pacific countries.

**(iii) Clad Metal Division**

Clad Metal Division's revenue declined in 12M2016 by RM3.10 million to RM7.41 million compared with the revenue achieved in 12M2015 of RM10.51 million. Sales of clad metal declined in 12M2016 mainly due to decreased orders from customers in Europe, USA and Canada, but was partially offset by increased orders from customers in Japan and Thailand.

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

### **12 Months Period Ended 31 December 2016 ("12M2016") vs 12 Months Period Ended 31 December 2015 ("12M2015") (Cont.)**

The Group's revenue and Loss Before Taxation ("LBT") were approximately RM37.82 million and RM4.56 million respectively for 12M2016. Revenue in 12M2016 decreased by RM8.12 million or 17.7% compared with the revenue in 12M2015, mainly due to decreased in sales of cookware and clad metal. However, the Group's gross profit ("GP") margin for 12M2016 decreased slightly to 27.6%, compared with GP margin of 28.0% achieved in 12M2015. Operating expenses in 12M2016 increased significantly compared with 12M2015 mainly due to recognition of the Employees' Share Option Scheme ("ESOS") fair value of RM5.03 mil, which was a notional cost computed based on Binomial Option Pricing Model and has no impact on the cash flow and the net assets of the Company. The ESOS fair value of RM5.03 million was recognized and charged to income statement as operating expense upon the granting of ESOS to the Directors and eligible employees on 13 June 2016. Simultaneously, a Share Option Reserve of RM5.03 million was created and was classified as Non-Distributable Reserves. The Group recorded a LBT of RM4.56 million in 12M2016 compared with a PBT of RM3.10 million in 12M2015. Consequently, the Group recorded a Loss After Taxation ("LAT") of RM5.02 million for 12M2016, compared with a PAT of RM2.22 million for 12M2015.

The Group's net assets per share as at 31 December 2016 increased to RM0.34. The Group's non-current assets increased to RM55.71 million compared with the non-current assets of RM37.82 million as at 31 December 2015 due to recognition of fair value for landed properties of the Group. Inventories increased to RM18.64 million as at 31 December 2016. Receivables, deposits and prepayments increased marginally by RM0.11 million to RM5.39 million. The Group's net current assets was RM22.54 million as at 31 December 2016. The Group is in a positive net cash position as at 31 December 2016 with cash and cash equivalent of RM4.13 million after deducting all borrowings of the Group.

The Group's net operating cash inflow for 12M2016 was RM1.53 million. The net cash outflow from investing activities was RM1.91 million, mainly due to purchases of property, plant and equipment. Net cash outflow from financing activities was RM1.52 million, mainly due to repurchase of treasury shares which was offset by the proceeds from exercise of warrants. The net resultant impact to the Group's cash flow was decrease in cash of RM1.90 million during 12M2016. Net cash and cash equivalents amounted to RM3.95 million as at 31 December 2016.

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

	<b>3 months ended 31.12.2016</b>	<b>3 months ended 30.09.2016</b>
	RM'000	RM'000
Revenue	10,539	7,206
Profit/(Loss) before taxation ("PBT/LBT")	264	4
(Loss)/Profit for the period	(58)	6

The Group experienced a higher revenue in Q4 2016 compared with Q3 2016. As a result, the Group recorded a PBT of RM0.26 million in Q4 2016.

## **B3 COMMENTARY ON PROSPECT**

The Directors expect the Group to continue operating in challenging economic and business environment in its key markets in 2017. However, the Group had recently appointed an exclusive distributor in China for the distribution of its own brand PENTOLI stainless steel cookware and convex mirrors there. This is expected to contribute positively to the business and financial results in the year 2017 and beyond.

## **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 31.12.2016 RM'000	Cumulative Quarter 12 months ended 31.12.2016 RM'000
In respect of the current period		
- Malaysian tax	300	490
- Deferred tax	103	(6)
	<u>403</u>	<u>484</u>
In respect of the prior year		
- Malaysian tax	(112)	(56)
- Deferred tax	31	31
	<u>(81)</u>	<u>(25)</u>
	<u>322</u>	<u>459</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 31.12.2016 RM'000	As at 31.12.2015 RM'000
Total retained profits of the Group:		
Realised	35,438	40,279
Unrealised	(3,161)	(2,625)
	<u>32,277</u>	<u>37,654</u>
Less: Consolidation adjustments	(32,692)	(33,155)
Total Group retained profits as per consolidated accounts	<u>(415)</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 December 2016:

	As at 31.12.2016 RM'000	As at 31.12.2015 RM'000
<b>Non-current:</b>		
Finance lease liability	<u>-</u>	<u>87</u>
<b>Current:</b>		
Bank overdraft	167	-
Bankers' acceptance	-	-
Finance lease liability	87	83
	<u>254</u>	<u>83</u>
	<u>254</u>	<u>170</u>

All borrowings are denominated in Malaysia Ringgit.



## B8 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 31 December 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

There were no corporate proposals by the Company during the financial year to date except for the proposed establishment of a new Employees' Share Option Scheme (ESOS) to the eligible directors and employees, to subscribe for up to fifteen per cent of the total issued and paid-up share capital (excluding treasury shares) of the Company.

All requisite approvals had been obtained from Bursa Malaysia Securities Berhad and an Extraordinary General Meeting was held on 18 May 2016 to approve all the resolutions pertaining to the ESOS.

The ESOS was implemented by the Company on 13 June 2016.

## 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 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 12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
<b>Basic EPS</b>				
(Loss)/Profit attributable to owners of the Company (RM '000)	(28)	146	(4,914)	2,216
Weighted average no. of ordinary shares in issue ('000)	218,671	229,001	218,671	229,001
Basic EPS (sen)	(0.01)	0.06	(2.25)	0.97

**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 12 months ended</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
<b>Diluted EPS</b>				
(Loss)/Profit attributable to owners of the Company (RM '000)	(28)	146	(4,914)	2,216
Weighted average no. of ordinary shares in issue ('000)	218,671	229,001	218,671	229,001
Effect of dilution ('000)	36,157	39,945	36,157	39,945
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>254,828</u>	<u>268,946</u>	<u>254,828</u>	<u>268,946</u>
Diluted EPS (sen)	(0.01)	0.05	(1.93)	0.82

The effect of ESOS granted to the Directors and eligible employees of the Group that could potentially dilute basic earnings per share in future, but were not included in the calculation of diluted earnings per share as above because they are anti-dilutive for the financial period ended 31 December 2016.

**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 February 2017.

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

MD NAZIR BIN MD KASSIM  
Chairman

Date: 21 February 2017