



**NI HSIN**

**NI HSIN RESOURCES BERHAD**

(Company No.: 653353-W)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**

**FOR THE QUARTER ENDED**

**31 MARCH 2017**

**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 FINANCIAL PERIOD ENDED 31 MARCH 2017**

(The figures have not been audited)

	Note	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 3 MONTHS ENDED	
		31.03.2017 RM'000	31.03.2016 RM'000	31.03.2017 RM'000	31.03.2016 RM'000
Revenue	A12	10,417	9,524	10,417	9,524
Cost of sales		(7,365)	(6,776)	(7,365)	(6,776)
<b>Gross Profit</b>		<b>3,052</b>	<b>2,748</b>	<b>3,052</b>	<b>2,748</b>
Other operating income		126	128	126	128
Operating expenses		(2,995)	(2,774)	(2,995)	(2,774)
<b>Operating profit</b>	A13	<b>183</b>	<b>102</b>	<b>183</b>	<b>102</b>
Finance income		1	1	1	1
Finance costs		(15)	(4)	(15)	(4)
<b>Profit before taxation</b>		<b>169</b>	<b>99</b>	<b>169</b>	<b>99</b>
Income tax expenses	B5	(100)	(44)	(100)	(44)
<b>Profit for the period</b>		<b>69</b>	<b>55</b>	<b>69</b>	<b>55</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		-	-	-	-
<u>Item that may be subsequently reclassified to profit or loss:</u>					
Foreign currency translation differences for foreign operations		(1)	8	(1)	8
<b>Total comprehensive income/(expense) for the period</b>		<b>68</b>	<b>63</b>	<b>68</b>	<b>63</b>
<b>Profit attributable to:</b>					
Owners of the Company		83	55	83	55
Non-controlling interests		(14)	-	(14)	-
<b>Profit for the period</b>		<b>69</b>	<b>55</b>	<b>69</b>	<b>55</b>
<b>Total comprehensive income/(expense) attributable to:</b>					
Owners of the Company		82	63	82	63
Non-controlling interests		(14)	-	(14)	-
<b>Total comprehensive income/(expense) the period</b>		<b>68</b>	<b>63</b>	<b>68</b>	<b>63</b>
<b>Earnings per share (sen)</b>					
~ Basic	B12	0.04	0.02	0.04	0.02
~ Diluted	B12	0.03	0.02	0.03	0.02

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 2016 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 2017**

(The figures have not been audited)

	Note	AS AT 31.03.2017 RM'000	AS AT 31.12.2016 RM'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A9	48,485	49,267
Investment property		1,300	1,306
Goodwill		5,105	5,105
Deferred tax asset		35	35
		<u>54,925</u>	<u>55,713</u>
<b>Current assets</b>			
Inventories		18,199	18,639
Receivables, deposits and prepayments		3,047	5,575
Derivative financial assets	B11	-	-
Current tax assets		929	804
Cash and cash equivalents		6,591	4,113
		<u>28,766</u>	<u>29,131</u>
<b>TOTAL ASSETS</b>		<u>83,691</u>	<u>84,844</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		49,491	47,671
Reserves		25,110	26,848
Equity attributable to owners of the Company		<u>74,601</u>	<u>74,519</u>
Non-controlling interest		(89)	(75)
<b>Total equity</b>		<u>74,512</u>	<u>74,444</u>
<b>Non-current liabilities</b>			
Deferred tax liability		3,828	3,810
Borrowings	B7	-	-
		<u>3,828</u>	<u>3,810</u>
<b>Current liabilities</b>			
Payables and accruals		4,697	6,336
Borrowings	B7	654	254
Current tax liabilities		-	-
Derivative financial liabilities	B11	-	-
		<u>5,351</u>	<u>6,590</u>
<b>Total liabilities</b>		<u>9,179</u>	<u>10,400</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>83,691</u>	<u>84,844</u>
Net Assets per share attributable to owners of the Company (RM)		0.34	0.34

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 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 FINANCIAL PERIOD ENDED 31 MARCH 2017**  
(The figures have not been audited)

	/----- Non-distributable -----/							Distributable Retained Profits / (Accumulated losses)	Total RM'000	Non- controlling Interest RM'000	Total Equity RM'000	
	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
<b>At 1 January 2016</b>	47,320	1,820	(4,443)	49	202	-	-	9,206	4,499	58,653	-	58,653
Foreign currency translation differences for foreign operations	-	-	-	8	-	-	-	-	-	8	-	8
Total other comprehensive income/(expense) for the period	-	-	-	8	-	-	-	-	-	8	-	8
Profit for the period	-	-	-	-	-	-	-	-	55	55	-	55
<b>Total comprehensive income/ (expense) for the period</b>	-	-	-	8	-	-	-	-	55	63	-	63
<i>Contributions by and distributions to owners of the Company</i>												
Own shares acquired	-	-	(780)	-	-	-	-	-	-	(780)	-	(780)
Own shares sold	-	-	-	-	-	-	-	-	-	-	-	-
Warrant exercised	178	-	-	-	-	-	-	-	-	178	-	178
Ownership interests in a subsidiary	-	-	-	-	-	-	-	-	-	-	30	30
<b>Total transactions with the owners of the Company</b>	178	-	(780)	-	-	-	-	-	-	(602)	-	(602)
<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>-</b>	<b>-</b>	<b>9,206</b>	<b>4,554</b>	<b>58,114</b>	<b>30</b>	<b>58,144</b>
<b>At 1 January 2017</b>	47,671	1,820	(6,228)	80	202	5,034	17,149	9,206	(415)	74,519	(75)	74,444
Adjustments for effects of Companies Act 2016 <b>(Note a)</b>	1,820	(1,820)	-	-	-	-	-	-	-	-	-	-
Foreign currency translation differences for foreign operations	-	-	-	(1)	-	-	-	-	-	(1)	-	(1)
Total other comprehensive income/(expense) for the period	-	-	-	(1)	-	-	-	-	-	(1)	-	(1)
Profit/(Loss) for the period	-	-	-	-	-	-	-	-	83	83	(14)	69
<b>Total comprehensive income/ (expense) for the period</b>	-	-	-	(1)	-	-	-	-	83	82	(14)	68
<b>At 31 March 2017</b>	<b>49,491</b>	<b>-</b>	<b>(6,228)</b>	<b>79</b>	<b>202</b>	<b>5,034</b>	<b>17,149</b>	<b>9,206</b>	<b>(332)</b>	<b>74,601</b>	<b>(89)</b>	<b>74,512</b>

**Note a**

With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credit standing in the share premium account of RM1,820,000 has been transferred to the share capital account. Pursuant to subsection 618(3) of the New Act, the Group may exercise its right to use the credit amounts being transferred from share premium account within 24 months after the commencement of the New Act. The Board of Directors will make a decision thereon by 31 January 2019.

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 2016 and the accompanying explanatory notes attached to the Interim Financial Statements.

**NI HSIN RESOURCES BERHAD**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

(The figures have not been audited)

	<b>3 MONTHS ENDED</b>	
	<b>31.03.2017</b>	<b>31.03.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	169	99
Adjustments:		
Depreciation on property, plant and equipment	686	690
Depreciation on investment property	7	7
Gain on disposal of property, plant and equipment	(7)	-
Write off of property, plant and equipment	-	4
Write-down of inventories	-	-
Interest paid	15	4
Interest received	(1)	(1)
Net loss on foreign exchange	49	308
Share-based payment transaction	-	-
Net loss/ (gain) in fair value of financial instruments measured at fair value	-	-
Operating profit before changes in working capital	<u>918</u>	<u>1,111</u>
Changes in working capital:		
Decrease/(Increase) in operating assets	2,958	(1,366)
(Increase)/Decrease in operating liabilities	<u>(1,613)</u>	<u>341</u>
Cash generated from operations	2,263	86
Income taxes paid	(207)	(229)
Income taxes refunded	-	307
Interest paid	(15)	(4)
Interest received	1	1
<b>Net cash generated from operating activities</b>	<u>2,042</u>	<u>161</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(175)	(197)
Purchase of investment property	-	-
Proceeds from disposal of property, plant and equipment	279	-
Acquisition of non-controlling interests	-	30
Acquisition of subsidiary	-	-
<b>Net cash generated from/( used in) investing activities</b>	<u>104</u>	<u>(167)</u>
<b>Cash flows from financing activities</b>		
Net proceeds of bankers' acceptances	580	870
Net repayment of hire purchase	(21)	(20)
Proceeds from treasury shares	-	-
Repurchase of treasury shares	-	(780)
Proceeds from exercise of warrants	-	178
Dividends paid	-	-
<b>Net cash generated from financing activities</b>	<u>559</u>	<u>248</u>
<b>Net increase in cash and cash equivalents</b>	2,705	242
Effect of exchange rate fluctuations on cash held	(68)	(243)
Cash and cash equivalents at 1 January	3,946	5,761
<b>Cash and cash equivalents at 31 March</b>	<u>6,583</u>	<u>5,760</u>

## 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	190	185
Bank and Cash balances	6,401	5,575
Bank overdraft (included within short term borrowings in Note B7)	(8)	-
	<u>6,583</u>	<u>5,760</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 2016 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 2017

#### 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, 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 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 2016. 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 2016.

##### 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 2016, except for the following:

###### (a) Adoption of the Amendments to MFRS during the current financial year

###### Effective for annual periods commencing on or after 1 January 2017

Amendments to MFRS 107 Statement of Cash Flows - *Disclosure Initiative*

Amendments to MFRS 112 Income Taxes - *Recognition of Deferred Tax Assets for Unrealised Losses*

Amendments to MFRS 12 Disclosure of Interests in Other Entities (*Annual Improvements to MFRSs 2014 - 2016 Cycle*)

The above pronouncements are either not relevant or do not have any impact on the financial statements of the Group, except for the Amendments to MFRS 107 Statement of Cash Flows - Disclosure Initiative.

These amendments to MFRS 107 Statement of Cash Flows require the entity to disclose a reconciliation between the opening and closing balances for liabilities arising from financing activities, including both changes arising from cash flows and non-cash flow changes. The adoption of these amendments affects only the disclosure notes to the financial statements and has no financial impact on the Group's financial statements.

###### 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

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

Amendments to MFRS 4 Insurance Contracts - *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*

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

Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (*Annual Improvements to MFRSs 2014 - 2016 Cycle*)

Amendments to MFRS 128 Investments in Associates and Joint Ventures (*Annual Improvements to MFRSs 2014 - 2016 Cycle*)

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

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

Effective for financial periods beginning on or after 1 January 2018 (Cont.)

IC Interpretations 22 Foreign Currency Transactions and Advance Consideration

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.

### **(b) Companies Act 2016**

The Companies Act 2016 ("New Act") was enacted to replace the Companies Act, 1965 with the objectives to create a legal and regulatory structure that will facilitate business, and promote accountability as well as protection of corporate directors and shareholders, taking into consideration the interest of other stakeholders. The New Act was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the date on which the New Act comes into operation, except section 241 and Division 8 of Part III of the New Act, will 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 upon the commencement of the New Act on 31 January 2017 includes:

- (a) removal of the authorised share capital;
- (b) shares of the Company will cease to have par or nominal value; and
- (c) the Company's share premium account will become part of the Company's share capital.

During the period, the Company had transferred a total of RM1,820,000 from its share premium account to the share capital pursuant to the New Act.

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

## **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 2016.

## **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 ended 31 March 2017.

## **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 period ended 31 March 2017.

#### **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 period ended 31 March 2017.

#### **A8 ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES**

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation, warrant exercise for the current quarter and financial period ended 31 March 2017.

##### **(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 share 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.

As at 31 March 2017, the total number of shares bought back and held as treasury shares were 20,873,200 ordinary shares, representing 8.76% of the total issued share capital of the Company. The shares purchased are being held as treasury shares. None of the treasury shares were cancelled or resold during current quarter and financial period ended 31 March 2017.

##### **(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 in the Company.

During the financial period to-date, there were no warrants exercised by registered warrant holders to new ordinary shares.

As at 31 March 2017, the total warrants outstanding were 113,725,203.

#### **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**

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 current quarter and financial period ended 31 March 2017.

#### **A11 DIVIDEND PAID**

No dividend was paid during the current quarter and financial period ended 31 March 2017.



## 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 MARCH 2017

<u>Segment Revenue</u>	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>	<b>3 months ended</b>	<b>3 months ended</b>	<b>3 months ended</b>
	<b>31.03.2017</b>	<b>31.03.2016</b>	<b>31.03.2017</b>	<b>31.03.2016</b>
	RM'000	RM'000	RM'000	RM'000
Revenue from:				
Cookware	4,559	4,830	4,559	4,830
Convex mirror	3,511	2,851	3,511	2,851
Clad metals	3,927	3,077	3,927	3,077
Others	-	-	-	-
Total revenue including inter-segment sales	11,997	10,758	11,997	10,758
Elimination of inter-segment sales	(1,580)	(1,234)	(1,580)	(1,234)
<b>Total</b>	<b>10,417</b>	<b>9,524</b>	<b>10,417</b>	<b>9,524</b>
Results from:				
Cookware	57	123	57	123
Convex mirror	384	579	384	579
Clad metals	(177)	(370)	(177)	(370)
Others	(9)	(1)	(9)	(1)
	255	331	255	331
Elimination of inter-segment results	72	36	72	36
<b>Total result</b>	<b>327</b>	<b>367</b>	<b>327</b>	<b>367</b>
Unallocated corporate expenses	(144)	(265)	(144)	(265)
Finance income	1	1	1	1
Finance costs	(15)	(4)	(15)	(4)
Income tax expense	(100)	(44)	(100)	(44)
<b>Profit for the period</b>	<b>69</b>	<b>55</b>	<b>69</b>	<b>55</b>

## A13 OPERATING PROFIT

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>	<b>3 months ended</b>	<b>3 months ended</b>	<b>3 months ended</b>
	<b>31.03.2017</b>	<b>31.03.2016</b>	<b>31.03.2017</b>	<b>31.03.2016</b>
	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after charging and (crediting):				
Finance income	(1)	(1)	(1)	(1)
Other income including investment income	-	-	-	-
Rental income	(57)	(41)	(57)	(41)
Depreciation on property, plant and equipment	686	690	686	690
Depreciation on investment property	7	7	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	-	4
(Gain)/ loss on disposal of quoted or unquoted investments	-	-	-	-
Loss/ (gain) on disposal of property, plant and equipment	(7)	-	(7)	-
Impairment of assets	-	-	-	-
Net (gain)/ loss on foreign exchange - unrealised	49	308	49	308
Net (gain)/ loss on foreign exchange - realised	(151)	(105)	(151)	(105)
Net gain in fair value of financial instruments measured at fair value	-	-	-	-
Share-based payments	-	-	-	-
Exceptional items	-	-	-	-

#### A14 FINANCE COSTS

	Current Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Bank overdrafts	8	-	8	-
Bankers' acceptances	6	2	6	2
Finance lease liability	1	2	1	2
	<u>15</u>	<u>4</u>	<u>15</u>	<u>4</u>

#### A15 SUBSEQUENT EVENTS

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

#### A16 CONTINGENT ASSETS AND LIABILITIES

Save as disclosed below, the Company is not aware of any other contingent liabilities as at 31 March 2017:

	31.03.2017
	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 March 2017 are as follows:

	31.03.2017
	RM'000
Approved and contracted for	
- Plant & Equipment	<u>74</u>

#### A18 SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions which involve the former directors of the Group for the financial period ended 31 March 2017 are as follows:

	Transaction value for 3 months ended 31.03.2017	Balance outstanding as at 31.03.2017
	RM'000	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	(781)	-
Purchases	37	-
Ni Hsin International Trade (Shanghai) Co. Ltd.		
Sales	-	-
Purchases	-	-

## A18 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT.)

Significant related party transactions which involve the former directors of the Group for the financial period ended 31 March 2017 are as follows:

	<b>Transaction value for 3 months ended 31.03.2017 RM'000</b>	<b>Balance outstanding as at 31.03.2017 RM'000</b>
Standardworld Holding Ltd.		
Royalty fee payable	-	-
Marketing fee	242	(168)
With a company in which the Company's former directors, Hsiao Chih Jen and Hsiao Tung Min, have substantial financial interests		
Everpro Sdn. Bhd.		
Sales	(578)	437
Purchases	-	-
Rental income	(57)	-
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	(206)	206
Purchases	57	-
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	(149)	16
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	-	-

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

B1 OPERATING SEGMENTS REVIEW

Operating Environment

As 2017 begins, the global economic environment is characterised by new political realities. In the United States, there is a new president with new ideas and goals. In Europe, growth and inflation have begun to accelerate, yet unemployment rate remains stubbornly high. The Eurozone economy is likely to keep its current momentum. The positive development in the labour market is likely to continue, with private consumption likely to remain the key growth driver. In Asia, growth is stabilising, but risks are piling up in the form of higher debt and rising trade tensions. The Japanese economy performed better than expected in recent months. While the weakness in the yen should boost growth, consumer spending could remain weak, given low wage gains. Thus economic growth is likely to remain modest in the coming year. (Source: Deloitte University Press). The Group continues to operate under challenging market conditions in its local and export markets compared with the previous financial year.

Quarter Ended 31 March 2017 ("Q1 2017") vs Quarter Ended 31 March 2016 ("Q1 2016")

The Group's revenue and Profit Before Taxation ("PBT") were approximately RM10.42 million and RM0.17 million respectively for Q1 2017. Revenue in Q1 2017 increased by RM0.89 million or 9.4% compared with the revenue in Q1 2016, mainly due to increase in sales of convex mirror and clad metals. The Group's gross profit ("GP") margin for Q1 2017 increased slightly to 29.3%, compared with GP margin of 28.9% achieved in Q1 2016. Operating expenses in Q1 2017 increased by RM0.22 million compared with Q1 2016. The Group recorded a PBT of RM0.17 million in Q1 2017 compared with a PBT of RM0.10 million in Q1 2016. Consequently, the Group achieved a Profit After Taxation ("PAT") of RM0.69 million for Q1 2017 compared with a PAT of RM0.55 million for Q1 2016.

3 Months Period Ended 31 March 2017 ("3M2017") vs 3 Months Period Ended 31 March 2016 ("3M2016")

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

(i) Cookware Division

The Cookware Division's revenue for 3M2017 decreased by RM0.25 million or 5.2% to RM4.56 million compared with the revenue achieved in 3M2016 of RM4.81 million, as sales to the Group's key export markets declined during the 3M2017. The Group experienced lower sales of premium cookware to Japan which is the Group's major export market. However, sales to the Asia Pacific countries (excluding Japan), USA and Canada improved in 3M2017. The cookware revenue by geographical market for 3M2017 is as follows:

	3 MONTHS ENDED		Increase/ (Decrease)	%
	31.03.2017	31.03.2016		
	RM'000	RM'000	RM'000	
Japan	969	1,875	(906)	-48.3%
Asia Pacific (excluding Japan)	2,742	2,169	573	26.4%
USA & Canada	665	498	167	33.5%
Europe	180	263	(83)	-31.6%
	<u>4,556</u>	<u>4,805</u>	<u>(249)</u>	-5.2%

(ii) Convex Mirror Division

The Convex Mirror Division achieved a revenue of RM3.17 million for 3M2017, an increase of RM0.55 million compared with the revenue of RM2.62 million achieved in 3M2016. The increase in revenue is attributable to higher export sales to Japan and Korea.

(iii) Clad Metal Division

Clad Metal Division's revenue increased in 3M2017 by RM0.59 million to RM2.69 million compared with the revenue achieved in 3M2016 of RM2.10 million. Sales of clad metal improved in 3M2017 mainly due to increased orders from customers in Europe and Thailand but was partially offset by decreased orders from customers in Japan and Indonesia.

## B1 OPERATING SEGMENTS REVIEW (CONT.)

### 3 Months Period Ended 31 March 2017 ("3M2017") vs 3 Months Period Ended 31 March 2016 ("3M2016") (Cont.)

The Group's revenue and Profit Before Taxation ("PBT") were approximately RM10.42 million and RM0.17 million respectively for 3M2017. Revenue in 3M2017 increased by RM0.89 million or 9.4% compared with the revenue in 3M2016, mainly due to increase in sales of convex mirror and clad metals. The Group's gross profit ("GP") margin for Q1 2017 increased slightly to 29.3%, compared with GP margin of 28.9% achieved in 3M2016. Operating expenses in 3M2017 increased by RM0.22 million compared with 3M2016. The Group recorded a PBT of RM0.17 million in 3M2017 compared with a PBT of RM0.10 million in 3M2016. Consequently, the Group achieved a Profit After Taxation ("PAT") of RM0.69 million for 3M2017 compared with a PAT of RM0.55 million for 3M2016.

The Group's net assets per share as at 31 March 2017 remained consistent at RM0.34. The Group's non-current assets decreased to RM54.93 million compared with the non-current assets of RM55.71 million as at 31 December 2016 due to depreciation charges and disposals of plant and equipment of the Group. Inventories decreased to RM18.20 million as at 31 March 2017. Receivables, deposits and prepayments decreased by RM2.53 million to RM3.05 million mainly due to collections from customers. The Group's net current assets was RM23.42 million as at 31 March 2017. The Group is in a positive net cash position as at 31 March 2017 with cash and cash equivalent of RM5.94 million after deducting all borrowings of the Group.

The Group's net operating cash inflow for 3M2017 was RM2.04 million. The net cash inflow from investing activities was RM0.10 million, mainly due to proceeds from disposal of plant and equipment which was partially offset by the purchase of plant and equipment. Net cash inflow from financing activities was RM0.56 million, mainly attributable to proceeds from banker acceptances. The net resultant impact to the Group's cash flow was increase in cash of RM2.71 million during 3M2017. Net cash and cash equivalents amounted to RM6.58 million as at 31 March 2017.

## B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	<b>3 months ended 31.03.2017</b>	<b>3 months ended 31.12.2016</b>
	RM'000	RM'000
Revenue	10,417	10,539
Profit before taxation ("PBT")	169	264
Profit/(Loss) for the period	69	(58)

The Group experienced consistent revenue in Q1 2017 compared with Q4 2016. However, the Group recorded a higher PBT of RM0.17 million in Q1 2017.

## 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. 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 interests and forecast profit after tax and non-controlling interests and for the shortfall in profit guarantee are not applicable.

## B5 TAXATION

	<b>Current Quarter 3 months ended 31.03.2017 RM'000</b>	<b>Cumulative Quarter 3 months ended 31.03.2017 RM'000</b>
In respect of the current period		
- Malaysian tax	190	190
- Deferred tax	<u>(90)</u>	<u>(90)</u>
	100	100
In respect of the prior year		
- Malaysian tax	-	-
- Deferred tax	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	<u>100</u>	<u>100</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:

	<b>As at 31.03.2017 RM'000</b>	<b>As at 31.12.2016 RM'000</b>
Total retained profits of the Group:		
Realised	36,357	36,166
Unrealised	<u>(4,051)</u>	<u>(3,888)</u>
	32,306	32,278
Less: Consolidation adjustments	<u>(32,638)</u>	<u>(32,693)</u>
Total Group retained profits as per consolidated accounts	<u>(332)</u>	<u>(415)</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 2017:

	<b>As at 31.03.2017 RM'000</b>	<b>As at 31.12.2016 RM'000</b>
<b>Non-current:</b>		
Finance lease liability	<u>-</u>	<u>-</u>
<b>Current:</b>		
Bank overdraft	8	167
Bankers' acceptance	580	-
Finance lease liability	<u>66</u>	<u>87</u>
	<u>654</u>	<u>254</u>
	<u>654</u>	<u>254</u>

All borrowings are denominated in Malaysia Ringgit.

## B8 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 31 March 2017, 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 arise 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 2017, 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	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
<b>Basic EPS</b>				
Profit attributable to owners of the Company (RM '000)	83	55	83	55
Weighted average no. of ordinary shares in issue ('000)	217,480	220,642	217,480	220,642
Basic EPS (sen)	0.04	0.02	0.04	0.02

## 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.

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
<b>Diluted EPS</b>				
Profit attributable to owners of the Company (RM '000)	83	55	83	55
Weighted average no. of ordinary shares in issue ('000)	217,480	220,642	217,480	220,642
Effect of dilution ('000)	32,493	44,772	32,493	44,772
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>249,973</u>	<u>265,414</u>	<u>249,973</u>	<u>265,414</u>
Diluted EPS (sen)	0.03	0.02	0.03	0.02

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 March 2017.

## 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 22 May 2017.

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

RIZVI BIN ABDUL HALIM  
Chairman

Date: 22 May 2017