



# **NI HSIN RESOURCES BERHAD**

(Registration No.: 200401014850 (653353-W))  
(Incorporated in Malaysia)

## **INTERIM FINANCIAL STATEMENTS**

**FOR THE QUARTER ENDED**

**31 DECEMBER 2019**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(The figures have not been audited)

	Note	CURRENT QUARTER 3 MONTHS ENDED			CUMULATIVE QUARTER 12 MONTHS ENDED		
		31.12.2019 RM'000	31.12.2018 RM'000	Changes (%)	31.12.2019 RM'000	31.12.2018 RM'000 (Audited)	Changes (%)
Revenue	A12	9,756	9,796	0%	31,117	33,195	-6%
Cost of sales		(7,421)	(6,961)		(25,113)	(25,420)	
<b>Gross Profit</b>		<b>2,335</b>	<b>2,835</b>	<b>-18%</b>	<b>6,004</b>	<b>7,775</b>	<b>-23%</b>
Other operating (loss)/income		147	(877)		653	6,889	
Operating expenses		(2,467)	(3,411)		(13,399)	(12,916)	
<b>Operating (loss)/profit</b>	A13	<b>15</b>	<b>(1,453)</b>	<b>-101%</b>	<b>(6,742)</b>	<b>1,748</b>	<b>-486%</b>
Finance income		1	12		71	81	
Finance costs		(24)	(25)		(93)	(60)	
<b>(Loss)/Profit before taxation</b>		<b>(8)</b>	<b>(1,466)</b>	<b>-99%</b>	<b>(6,764)</b>	<b>1,769</b>	<b>-482%</b>
Income tax expenses	B5	689	432		609	396	
<b>(Loss)/Profit for the period</b>		<b>681</b>	<b>(1,034)</b>	<b>-166%</b>	<b>(6,155)</b>	<b>2,165</b>	<b>-384%</b>
<b>Other comprehensive income/(expense), net of tax</b>							
Revaluation of property - revision of tax rate		-	(763)		-	(763)	
<u>Item that may be subsequently reclassified to profit or loss:</u>							
Foreign currency translation differences for foreign operations		4	(3)		71	(4)	
Other comprehensive expense for the year, net of tax		4	(766)		71	(767)	
<b>Total comprehensive income/(expense) for the period</b>		<b>685</b>	<b>(1,800)</b>	<b>-138%</b>	<b>(6,084)</b>	<b>1,398</b>	<b>-535%</b>
<b>Profit attributable to:</b>							
Owners of the Company		681	(1,033)		(6,155)	2,167	
Non-controlling interests		-	(1)		-	(2)	
<b>Profit for the period</b>		<b>681</b>	<b>(1,034)</b>		<b>(6,155)</b>	<b>2,165</b>	
<b>Total comprehensive income/(expense) attributable to:</b>							
Owners of the Company		685	(1,799)		(6,084)	1,400	
Non-controlling interests		-	(1)		-	(2)	
<b>Total comprehensive income/(expense) the period</b>		<b>685</b>	<b>(1,800)</b>		<b>(6,084)</b>	<b>1,398</b>	
<b>Earnings per share (sen)</b>							
~ Basic	B11	0.22	(0.35)		(1.95)	0.74	
~ Diluted	B11	0.20	(0.35)		(1.81)	0.74	

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 2018 and the accompanying explanatory notes attached to the Interim Financial Statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2019**

(The figures have not been audited)

	Note	AS AT 31.12.2019 RM'000	AS AT 31.12.2018 RM'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A9	44,030	46,251
Investment property		1,226	1,252
Right-of-use assets		102	-
Goodwill		5,105	5,105
Deferred tax asset		4	-
		<u>50,467</u>	<u>52,608</u>
<b>Current assets</b>			
Inventories		20,437	20,608
Other investment		9,946	11,967
Receivables, deposits and prepayments		2,834	4,679
Derivative financial assets	B10	-	-
Current tax assets		365	636
Cash and cash equivalents		11,148	12,888
		<u>44,730</u>	<u>50,778</u>
<b>TOTAL ASSETS</b>		<u>95,197</u>	<u>103,386</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		66,123	66,123
Reserves		20,385	26,614
Equity attributable to owners of the Company		<u>86,508</u>	<u>92,737</u>
Non-controlling interest		-	-
<b>Total equity</b>		<u>86,508</u>	<u>92,737</u>
<b>Non-current liabilities</b>			
Deferred tax liability		2,989	3,835
Borrowings	B6	73	269
		<u>3,062</u>	<u>4,104</u>
<b>Current liabilities</b>			
Payables and accruals		3,948	5,059
Borrowings	B6	1,573	1,486
Lease liabilities		106	-
Current tax liabilities		-	-
Derivative financial liabilities	B10	-	-
		<u>5,627</u>	<u>6,545</u>
<b>Total liabilities</b>		<u>8,689</u>	<u>10,649</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>95,197</u>	<u>103,386</u>
Net Assets per share attributable to owners of the Company (RM)		0.27	0.32

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the Interim Financial Statements.

**NI HSIN RESOURCES BERHAD**

(Registration No.: 200401014850 (653353-W))

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

(The figures have not been audited)

	/----- Non-distributable -----/						Distributable				
	Share Capital	Treasury Shares	Translation Reserve	Fair value Reserve	Share Option Reserve	Revaluation Reserve	Other Reserve	Retained Profits / (Accumulated losses)	Total	Non-controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2018</b>	53,980	(7,002)	94	80	5,034	17,149	9,206	1,670	80,211	(93)	80,118
Foreign currency translation differences for foreign operations	-	-	(4)	-	-	-	-	-	(4)	-	(4)
Reclassification of financial assets from fair value through other comprehensive income to fair value	-	-	-	(80)	-	-	-	80	-	-	-
Revaluation of property - change of tax rate	-	-	-	-	-	(763)	-	-	(763)	-	(763)
Total other comprehensive income/(expense) for the period	-	-	(4)	(80)	-	(763)	-	80	(767)	-	(767)
Profit for the period	-	-	-	-	-	-	-	2,167	2,167	(2)	2,165
<b>Total comprehensive income/ (expense) for the period</b>	-	-	(4)	(80)	-	(763)	-	2,247	1,400	(2)	1,398
<i>Contributions by and distributions to owners of the Company</i>											
Own shares acquired	-	(922)	-	-	-	-	-	-	(922)	-	(922)
Cancellation of ESOS	-	-	-	-	(5,034)	-	-	5,034	-	-	-
Warrant exercised	12,143	-	-	-	-	-	-	-	12,143	-	12,143
Changes in ownership interests in a subsidiary	-	-	-	-	-	-	-	(95)	(95)	95	-
<b>Total transactions with the owners of the Company</b>	12,143	(922)	-	-	(5,034)	-	-	4,939	11,126	95	11,221
<b>At 31 December 2018</b>	<b>66,123</b>	<b>(7,924)</b>	<b>90</b>	<b>-</b>	<b>-</b>	<b>16,386</b>	<b>9,206</b>	<b>8,856</b>	<b>92,737</b>	<b>-</b>	<b>92,737</b>
<b>At 1 January 2019</b>	66,123	(7,924)	90	-	-	16,386	9,206	8,856	92,737	-	92,737
Foreign currency translation differences for foreign operations	-	-	71	-	-	-	-	-	71	-	71
Change in RPGT rate	-	-	-	-	-	-	-	-	-	-	-
Fair value of available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income/(expense) for the period	-	-	71	-	-	-	-	-	71	-	71
Profit/(Loss) for the period	-	-	-	-	-	-	-	(6,155)	(6,155)	-	(6,155)
<b>Total comprehensive income/ (expense) for the period</b>	-	-	71	-	-	-	-	(6,155)	(6,084)	-	(6,084)
<i>Contributions by and distributions to owners of the Company</i>											
Own shares acquired	-	(145)	-	-	-	-	-	-	(145)	-	(145)
Cancellation of ESOS	-	-	-	-	-	-	-	-	-	-	-
Warrant exercised	-	-	-	-	-	-	-	-	-	-	-
Share dividend	-	6,824	-	-	-	-	-	(6,824)	-	-	-
<b>Total transactions with the owners of the Company</b>	-	6,679	-	-	-	-	-	(6,824)	(145)	-	(145)
<b>At 31 December 2019</b>	<b>66,123</b>	<b>(1,245)</b>	<b>161</b>	<b>-</b>	<b>-</b>	<b>16,386</b>	<b>9,206</b>	<b>(4,123)</b>	<b>86,508</b>	<b>-</b>	<b>86,508</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 2018 and the accompanying explanatory notes attached to the Interim Financial Statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

(The figures have not been audited)

	<b>12 MONTHS ENDED</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit/ (Loss) before tax	(6,764)	1,769
Adjustments:		
Depreciation on property, plant and equipment	2,259	2,354
Depreciation on investment property	27	27
Depreciation on right-of-use assets	102	-
Loss/(Gain) on disposal of property, plant and equipment	52	29
Write off of property, plant and equipment	44	40
Write-down of inventories	-	-
Interest paid	93	60
Interest received	(71)	(81)
Dividend income	(230)	(148)
Net loss on foreign exchange	8	(13)
(Gain)/ loss on disposal of quoted or unquoted investments	-	(1,185)
(Gain)/ loss on disposal of available-for-sale financial assets	-	-
Share-based payment transaction	-	-
Net loss/ (gain) in fair value of financial instruments measured at fair value	2,300	(4,854)
Operating profit before changes in working capital	<u>(2,180)</u>	<u>(2,002)</u>
Changes in working capital:		
Decrease/(Increase) in operating assets	2,013	(1,157)
(Increase)/Decrease in operating liabilities	<u>(1,043)</u>	<u>(1,750)</u>
Cash generated from operations	(1,210)	(4,909)
Income taxes paid	(570)	(616)
Income taxes refunded	602	-
Interest paid	(81)	(60)
Interest received	71	81
<b>Net cash generated from/(used in) operating activities</b>	<u><b>(1,188)</b></u>	<u><b>(5,504)</b></u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(261)	(1,440)
Acquisition of other investments	(314)	(12,344)
Proceeds from disposal of property, plant and equipment	126	229
Dividend income	230	148
Proceeds from disposal of other investments	-	9,986
Proceeds from disposal of available-for-sale financial assets	-	-
<b>Net cash generated from/(used in) investing activities</b>	<u><b>(219)</b></u>	<u><b>(3,421)</b></u>
<b>Cash flows from financing activities</b>		
Net (repayment)/ proceeds of bankers' acceptances	95	1,265
Proceeds/(Payments) of finance lease liabilities	(204)	(130)
Payments of lease liabilities	(110)	-
Repurchase of treasury shares	(145)	(922)
Proceeds from exercise of warrants	-	12,143
Dividends paid	-	-
<b>Net cash generated from/(used in) financing activities</b>	<u><b>(364)</b></u>	<u><b>12,356</b></u>
<b>Net increase in cash and cash equivalents</b>	<b>(1,771)</b>	<b>3,431</b>
Effect of exchange rate fluctuations on cash held	31	18
Cash and cash equivalents at 1 January	12,888	9,439
<b>Cash and cash equivalents at 31 December</b>	<u><b>11,148</b></u>	<u><b>12,888</b></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	206	9,200
Bank and Cash balances	2,700	3,688
Fixed income trust fund	8,242	-
Bank overdraft (included within short term borrowings in Note B6)	-	-
	<u><b>11,148</b></u>	<u><b>12,888</b></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 2018 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 2019**

**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 MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and the requirements of the Companies Act 2016 in Malaysia, where applicable. This condensed consolidated interim financial statements has also been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2018. 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 2018.

**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 2018, except for the following:

**(a) Adoption of the MFRS, Amendments to MFRS during the current financial period**

Effective for financial periods commencing on or after 1 January 2019

MFRS 6 Leases

**(b) Standards issued but not yet effective**

Effective for financial periods commencing on or after 1 January 2020

Amendments to MFRS 3 Business Combinations - Definition of a Business

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material

Amendment to MFRS 101 Presentation of Financial Statements - Definition of Material

Effective for financial periods commencing on or after 1 January 2021

MFRS 17 Insurance Contracts

Effective date of these Standards have been deferred, and yet to be announced

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

**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 2018.

#### 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 period that have a material effect in the current quarter and financial year ended 31 December 2019.

#### 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 2019.

#### 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 2019.

#### 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 dividend, and/or share cancellation for the current quarter and financial year ended 31 December 2019.

##### (a) Share Buy-backs

At the Annual General Meeting of the Company held on 27 June 2019, 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.

On 22 March 2019, a total of 24,389,364 treasury shares amounting to RM6,824,000 were distributed as share dividend to shareholders on the basis of 1 treasury share for every 12 ordinary shares held on 26 February 2019.

As at 31 December 2019, the total number of shares bought back and held as treasury shares were 4,443,536 ordinary shares, representing 1.38% 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 the current quarter and financial year ended 31 December 2019.

During the financial year, 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	561,600	0.243	0.283	0.259	145,339.63

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

##### (b) Warrants

On 21 May 2019, the Company undertook a bonus issue of 158,535,265 free warrants on the basis of one warrant for every two existing ordinary shares in the Company. The expiry date of the warrants is 13 May 2022.

The exercise price of the warrants is RM0.138 per share. There were no warrants exercised by the registered warrant holders to new ordinary share during the financial year ended 31 December 2019.

## 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 current quarter and financial year ended 31 December 2019.

- (i) In January 2019, Pentoli S.R.L., a wholly-owned dormant subsidiary of Steels Crafts Europa S.R.L. which in turn is a wholly-owned subsidiary of the Company was dissolved in accordance with the Italian law.
- (ii) In March 2019, the Company incorporated a wholly-owned subsidiary, Ni Hsin Marketing (HK) Limited with the intention to carry out the business of distribution of the Group's products and trading of general merchandise in Hong Kong, China and the rest of East Asia.

## A11 DIVIDEND PAID

On 12 February 2019, the Board of Directors declared an interim single tier dividend via a share dividend distribution of up to 24,390,168 units of treasury shares on the basis of 1 treasury share for every 12 ordinary shares held in respect of the financial year ended 31 December 2019. The entitlement and payment dates were 26 February 2019 and 22 March 2019 respectively.

On 22 March 2019, a total of 24,389,364 treasury shares amounting to RM6,824,000 (equivalent to approximately RM0.28 per share) were distributed as share dividend and credited into the entitled shareholders' securities accounts maintained with Bursa Malaysia Depository Sdn Bhd.

## 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 year under review are as follows:

### RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

<u>Segment Revenue</u>	<b>Current Quarter 3 months ended</b>		<b>Cumulative Quarter 12 months ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
	RM'000	RM'000	RM'000	RM'000
Revenue from:				
Cookware	4,757	6,722	14,076	18,201
Convex mirror	3,343	2,674	11,724	11,341
Clad metals	3,119	2,049	11,817	10,707
Others	79	148	230	148
Total revenue including inter-segment sales	11,298	11,593	37,847	40,397
Elimination of inter-segment sales	(1,542)	(1,797)	(6,730)	(7,202)
Total	9,756	9,796	31,117	33,195
Results from:				
Cookware	(787)	122	(3,880)	(2,700)
Convex mirror	745	429	2,012	1,546
Clad metals	29	(324)	(1,853)	(1,751)
Others	68	145	194	127
	55	372	(3,527)	(2,778)
Elimination of inter-segment results	(68)	2,989	112	3,097
Total result	(13)	3,361	(3,415)	319
Unallocated corporate income/(expenses)	28	(4,814)	(3,327)	1,429
Finance income	1	12	71	81
Finance costs	(24)	(25)	(93)	(60)
Income tax expense	689	432	609	396
Profit for the period	681	(1,034)	(6,155)	2,165



## A12 SEGMENTAL INFORMATION (CONT.)

### Segment Assets

The total of segment assets is measured based on all assets excluding deferred tax assets, cash and short term deposits.

	<b>As at 31.12.2019</b>	<b>As at 31.12.2018</b>
	RM'000	RM'000
Cookware	51,829	54,578
Convex mirror	6,497	6,258
Clad metals	17,364	17,738
Others	11,688	13,281
	<u>87,378</u>	<u>91,855</u>
Elimination of inter-segment assets	(3,697)	(1,994)
Total segment assets	<u>83,681</u>	<u>89,861</u>
Unallocated corporate assets	11,516	13,525
Total assets	<u><u>95,197</u></u>	<u><u>103,386</u></u>

### Segment Liabilities

The total of segment liabilities is measured based on all assets excluding deferred tax liabilities, provision for taxation and bank borrowings.

	<b>As at 31.12.2019</b>	<b>As at 31.12.2018</b>
	RM'000	RM'000
Cookware	4,008	4,574
Convex mirror	1,275	1,158
Clad metals	3,648	2,978
Others	623	144
	<u>9,554</u>	<u>8,854</u>
Elimination of inter-segment liabilities	(3,855)	(2,040)
Total segment liabilities	<u>5,699</u>	<u>6,814</u>
Unallocated corporate liabilities	2,990	3,835
Total liabilities	<u><u>8,689</u></u>	<u><u>10,649</u></u>

## A13 OPERATING PROFIT/(LOSS)

	<b>Current Quarter 3 months ended</b>		<b>Cumulative Quarter 12 months ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) is arrived at after charging and (crediting):				
Finance income	(1)	(12)	(71)	(81)
Other income including investment income	-	-	-	-
Rental income	(2)	(57)	(173)	(228)
Depreciation on property, plant and equipment	506	575	2,259	2,354
Depreciation on investment property	7	7	27	27
Depreciation on right-of-use assets	25	-	102	-
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Provision for and write off of property, plant and equipment	42	39	44	40
(Gain)/ loss on disposal of quoted or unquoted investments	-	(1,200)	-	(1,185)
(Gain)/ loss on disposal of property, plant and equipment	-	45	52	29
(Gain)/ loss on disposal of available-for-sale financial assets	-	-	-	-
Impairment of assets	-	-	-	-
Net (gain)/ loss on foreign exchange - unrealised	2	43	8	(13)
Net (gain)/ loss on foreign exchange - realised	(75)	(194)	(338)	(493)

### A13 OPERATING PROFIT/(LOSS) (CONT.)

	Current Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) is arrived at after charging and (crediting) (Cont.):				
Net (gain)/loss in fair value of financial instruments measured at fair value	(384)	2,287	2,300	(4,854)
Share-based payments	-	-	-	-
Net (gain)/ loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-

### A14 FINANCE COSTS

	Current Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Bank overdrafts	3	4	6	9
Bankers' acceptances	15	15	57	34
Finance lease liability	4	6	18	17
Lease liabilities	2	-	12	-
	24	25	93	60

### A15 SUBSEQUENT EVENTS

Save as disclosed below, 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.

On 13 January 2020, the Company and Satumarin Sdn Bhd ("Satumarin") had executed a supplemental letter for the purpose to extend the completion period from 13 January 2020 to 13 February 2020.

On 10 February 2020, Inoco Resources Sdn Bhd, a wholly-owned dormant subsidiary of the Company was disposed to an independent party. The disposal would not have any financial impact on the Company and its subsidiaries for the financial year ending 31 December 2020.

On 13 February 2020, the Company and Satumarin had mutually confirmed that the investment agreement has lapsed and ceased to have force and effect due to the non-fulfilment of the conditions precedent to the investment agreement in respect of the due diligence findings. The termination of the agreement would not have any financial impact on the Company and its subsidiaries.

The Company had on 13 February 2020 entered into an investment agreement ("Agreement") with Seamog Group Sdn Bhd ("Seamog") for the proposed subscription of 250,000 ordinary shares for a total cash consideration of RM250,000.00 ("Proposed Subscription"), subject to the terms and conditions of the Agreement. After the completion of the Proposed Subscription, the Company will hold 22.73% of equity interest in Seamog and Seamog will become an associate company of the Company.

**A16 CONTINGENT ASSETS AND LIABILITIES**

Save as disclosed below, the Company is not aware of any other contingent liabilities as at 31 December 2019:

	<b>31.12.2019</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 2019 are as follows:

	<b>31.12.2019</b>
	RM'000
Approved and contracted for	
- Plant & Equipment	<u>13</u>

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

B1 OPERATING SEGMENTS REVIEW

Quarter Ended 31 December 2019 ("Q4 2019") vs Quarter Ended 31 December 2018 ("Q4 2018")

The Group's revenue and Loss Before Taxation ("LBT") were approximately RM9.76 million and RM0.008 million respectively for Q4 2019. Revenue in Q4 2019 was consistent as compared with the revenue in Q4 2018. However, the Group's gross profit ("GP") margin for Q4 2019 decreased to 23.9%, compared with GP margin of 28.9% achieved in Q4 2018 mainly attributable to sales of low margin products in Q4 2019. The Group recorded a higher other operating income amounting to RM0.15 million in Q4 2019 compared with that in Q4 2018, due mainly to a gain in the fair value of investment in quoted shares amounting to RM0.39 million in Q4 2019 while in Q4 2018 there was a fair value loss of RM2.29 million. Operating expenses in Q4 2019 was lower as compared with Q4 2018 by RM0.94 million. The Group recorded a LBT of RM0.008 million in Q4 2019 against a LBT of RM1.47 million in Q4 2018. Nonetheless, the Group recorded a Profit After Taxation ("PAT") of RM0.68 million for Q4 2019 compared with a Loss After Tax ("LAT") of RM1.03 million for Q4 2018 due to reversal of temporary differences in deferred tax liability.

12 Months Period Ended 31 December 2019 ("12M2019") vs 12 Months Period Ended 31 December 2018 ("12M2018")

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

(i) Cookware Division

The Cookware Division's revenue for 12M2019 decreased by RM3.38 million or 19.4% to RM14.07 million compared with the revenue achieved in 12M2018 of RM17.45 million as sales to Asia Pacific (excluding Japan), and USA and Canada have decreased by RM2.46 million and RM0.99 million respectively. However, the sales to Japan have slightly increased by RM0.29 million. The cookware revenue by geographical market for 12M2019 is as follows:

	12 MONTHS ENDED		Increase/ (Decrease)	%
	31.12.2019	31.12.2018		
	RM'000	RM'000	RM'000	
Japan	7,500	7,206	294	4.1%
Asia Pacific (excluding Japan)	5,452	7,910	(2,458)	-31.1%
USA & Canada	817	1,806	(989)	-54.8%
Europe	304	529	(225)	-42.5%
	<u>14,073</u>	<u>17,451</u>	<u>(3,378)</u>	-19.4%

(ii) Convex Mirror Division

The Convex Mirror Division achieved a revenue of RM10.74 million for 12M2019, a slight increase of RM0.60 million compared with the revenue of RM10.14 million achieved in 12M2018. The increase in revenue is attributable to higher export sales to Japan and Bahrain. However, the sales to Korea and Australia have decreased by RM0.46 million and RM0.13 million respectively.

(iii) Clad Metal Division

Clad Metal Division's revenue slightly increased in 12M2019 by RM0.62 million to RM6.07 million compared with the revenue achieved in 12M2018 of RM5.45 million. The increase in sales of clad metal in 12M2019 was mainly due to increased orders from customers in Japan and Singapore markets. However, the sales to Taiwan and Indonesia have decreased by RM0.40 million and RM0.20 million respectively for 12M2019.

## B1 OPERATING SEGMENTS REVIEW (CONT.)

### 12 Months Period Ended 31 December 2019 ("12M2019") vs 12 Months Period Ended 31 December 2018 ("12M2018") (Cont.)

The Group's net assets per share as at 31 December 2019 stood at RM0.27. The Group's non-current assets decreased to RM50.47 million compared with the non-current assets of RM52.61 million as at 31 December 2018 due to depreciation charges. Inventories slightly decreased to RM20.44 million as at 31 December 2019. Receivables, deposits and prepayments decreased by RM1.85 million to RM9.95 million mainly due to collections of outstanding debts from customers. The Group's net current assets was RM39.10 million as at 31 December 2019. The Group is in a positive net cash position as at 31 December 2019 with cash and cash equivalent of RM9.50 million after deducting all borrowings of the Group.

The Group's net operating cash outflow for 12M2019 was RM1.30 million. The net cash outflow from investing activities was RM0.22 million, mainly due to acquisition of quoted shares and purchase of plant and equipment offset by the dividend income. Net cash outflow from financing activities was RM0.25 million, mainly attributable to repurchase of treasury shares and repayment of finance lease liabilities. The net resultant impact to the Group's cash flow was a decrease in cash of RM1.77 million during 12M2019. Net cash and cash equivalents amounted to RM11.15 million as at 31 December 2019.

## B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	<b>3 months ended 31.12.2019</b>	<b>3 months ended 30.09.2019</b>	<b>Changes %</b>
Revenue	9,756	6,564	49%
Gross profit ("GP")	2,335	922	153%
Operating (loss)/profit	15	(829)	102%
(Loss)/Profit before taxation ("LBT)/PBT")	(8)	(851)	99%
(Loss)/Profit for the period	681	(854)	180%
(Loss)/Profit attributable to the owners of the Company	681	(854)	180%

The Group recorded higher revenue in Q4 2019 compared with Q3 2019. The Group GP was higher in Q4 2019. The Group recorded a lower LBT in Q4 2019 due to lower of net loss in fair value of investment in quoted shares measured by the Company as at 31 December 2019 as compared to the value as at 30 September 2019. In Q4 2019, the Group recorded Profit After Tax as a result of reversal of temporary differences in deferred tax liabilities.

## B3 COMMENTARY ON PROSPECT

Despite the challenging economic and business environment, the Directors are confident of the quality and innovative capabilities of the Group to meet the product and service requirements of the customers. Intensive efforts are being made to further develop and expand existing markets as well as to penetrate into new markets worldwide.

The Group is also exploring investment opportunities in other viable businesses to diversify and expand the Group's income stream.

## 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 31.12.2019 RM'000</b>	<b>Cumulative Quarter 12 months ended 31.12.2019 RM'000</b>
In respect of the current period		
- Malaysian tax	63	203
- Deferred tax	<u>(943)</u>	<u>(1,040)</u>
	(880)	(837)
In respect of the prior year		
- Malaysian tax	-	37
- Deferred tax	<u>191</u>	<u>191</u>
	<u>191</u>	<u>228</u>
	<u>(689)</u>	<u>(609)</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 subsidiaries which cannot be set off against taxable profit made by other subsidiaries, and certain expenses which are not deductible for tax purposes.

## B6 GROUP BORROWINGS AND DEBT SECURITIES

Save as disclosed below, there were no other borrowings or debt securities in the Group as at 31 December 2019:

	<b>As at 31.12.2019 RM'000</b>	<b>As at 31.12.2018 RM'000</b>
<b>Non-current:</b>		
Finance lease liability	<u>73</u>	<u>269</u>
<b>Current:</b>		
Bank overdraft - unsecured	-	-
Bankers' acceptance - unsecured	1,360	1,265
Finance lease liability	<u>213</u>	<u>221</u>
	<u>1,573</u>	<u>1,486</u>
	<u>1,646</u>	<u>1,755</u>

All borrowings are denominated in Malaysia Ringgit.

## B7 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 31 December 2019, the Group does not have any financial liabilities measured at fair value through profit or loss.

## B8 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.

## B9 STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced that have not been completed at the date of this announcement.

## B10 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 December 2019, 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.

## B11 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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
<b>Basic EPS</b>				
(Loss)/Profit attributable to owners of the Company (RM '000)	681	(1,033)	(6,155)	2,167
Weighted average no. of ordinary shares in issue ('000)	315,937	291,148	315,937	291,148
Basic EPS (sen)	<u>0.22</u>	<u>(0.35)</u>	<u>(1.95)</u>	<u>0.74</u>

### (b) Diluted

As at 31 December 2019, diluted EPS was 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 12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
<b>Diluted EPS</b>				
Profit/(Loss) attributable to owners of the Company (RM '000)	681	(1,033)	(6,155)	2,167
Weighted average no. of ordinary shares in issue ('000)	315,937	291,148	315,937	291,148
Effect of dilution ('000)	24,941	-	24,941	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>340,878</u>	<u>291,148</u>	<u>340,878</u>	<u>291,148</u>
Diluted EPS (sen)	<u>0.20</u>	<u>(0.35)</u>	<u>(1.81)</u>	<u>0.74</u>

**B12 DIVIDEND**

No interim dividend has been recommended for the current quarter.

**B13 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 28 February 2020.

On behalf of the Board of Directors  
**NI HSIN RESOURCES BERHAD**

SOFIYAN BIN YAHYA  
Chairman

Date: 28 February 2020