



# **NI HSIN RESOURCES BERHAD**

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

## **INTERIM FINANCIAL STATEMENTS**

**FOR THE QUARTER ENDED**

**30 JUNE 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**  
(The figures have not been audited)

	Note	CURRENT QUARTER 3 MONTHS ENDED			CUMULATIVE QUARTER 6 MONTHS ENDED		
		30.06.2020 RM'000	30.06.2019 RM'000	Changes (%)	30.06.2020 RM'000	30.06.2019 RM'000	Changes (%)
Revenue	A12	4,592	7,089	-35%	10,149	14,797	-31%
Cost of sales		(3,773)	(6,048)		(8,131)	(12,050)	
<b>Gross Profit</b>		<u>819</u>	<u>1,041</u>	-21%	<u>2,018</u>	<u>2,747</u>	-27%
Other (loss)/income		2,149	(3,201)		(2,650)	(3,066)	
Operating expenses		(1,589)	(2,890)		(3,848)	(5,609)	
<b>Operating (loss)/profit</b>	A13	<u>1,379</u>	<u>(5,050)</u>	127%	<u>(4,480)</u>	<u>(5,928)</u>	24%
Finance income		2	2		5	68	
Finance costs		(33)	(23)		(66)	(45)	
<b>(Loss)/Profit before taxation</b>		<u>1,348</u>	<u>(5,071)</u>	127%	<u>(4,541)</u>	<u>(5,905)</u>	23%
Income tax expenses	B5	22	(12)		(23)	(77)	
<b>(Loss)/Profit for the period</b>		<u><u>1,370</u></u>	<u><u>(5,083)</u></u>	127%	<u><u>(4,564)</u></u>	<u><u>(5,982)</u></u>	24%
<b>Other comprehensive income/(expense), net of tax</b>							
Revaluation of property - revision of tax rate		-	-		-	-	
<u>Item that may be subsequently reclassified to profit or loss:</u>							
Foreign currency translation differences for foreign operations		-	-		(3)	69	
Other comprehensive expense for the year, net of tax		<u>-</u>	<u>-</u>		<u>(3)</u>	<u>69</u>	
<b>Total comprehensive income/(expense) for the period</b>		<u><u>1,370</u></u>	<u><u>(5,083)</u></u>	127%	<u><u>(4,567)</u></u>	<u><u>(5,913)</u></u>	23%
<b>Profit attributable to:</b>							
Owners of the Company		1,370	(5,083)		(4,564)	(5,982)	
Non-controlling interests		-	-		-	-	
<b>Profit for the period</b>		<u><u>1,370</u></u>	<u><u>(5,083)</u></u>		<u><u>(4,564)</u></u>	<u><u>(5,982)</u></u>	
<b>Total comprehensive income/(expense) attributable to:</b>							
Owners of the Company		1,370	(5,083)		(4,567)	(5,913)	
Non-controlling interests		-	-		-	-	
<b>Total comprehensive income/(expense) the period</b>		<u><u>1,370</u></u>	<u><u>(5,083)</u></u>		<u><u>(4,567)</u></u>	<u><u>(5,913)</u></u>	
<b>Earnings per share (sen)</b>							
~ Basic	B11	0.43	(1.61)		(1.44)	(1.90)	
~ Diluted	B11	0.43	(1.61)		(1.44)	(1.90)	

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 2019 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 FINANCIAL POSITION****AS AT 30 JUNE 2020**

(The figures have not been audited)

	Note	AS AT 30.06.2020 RM'000	AS AT 31.12.2019 RM'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A9	43,083	44,030
Investment property		1,213	1,225
Goodwill		5,105	5,105
Deferred tax asset		4	4
		<u>49,405</u>	<u>50,364</u>
<b>Current assets</b>			
Inventories		21,859	20,437
Other investment		7,645	9,946
Receivables, deposits and prepayments		2,981	2,835
Derivative financial assets	B10	37	-
Right-of-use assets		51	102
Current tax assets		607	365
Cash and cash equivalents		9,239	11,148
		<u>42,419</u>	<u>44,833</u>
<b>TOTAL ASSETS</b>		<u>91,824</u>	<u>95,197</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		66,123	66,123
Reserves		15,369	20,385
Equity attributable to owners of the Company		81,492	86,508
Non-controlling interest		-	-
<b>Total equity</b>		<u>81,492</u>	<u>86,508</u>
<b>Non-current liabilities</b>			
Deferred tax liability		3,012	2,989
Borrowings	B6	-	73
		<u>3,012</u>	<u>3,062</u>
<b>Current liabilities</b>			
Payables and accruals		3,597	3,948
Borrowings	B6	3,669	1,573
Lease liabilities		54	106
Current tax liabilities		-	-
Derivative financial liabilities	B10	-	-
		<u>7,320</u>	<u>5,627</u>
<b>Total liabilities</b>		<u>10,332</u>	<u>8,689</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>91,824</u>	<u>95,197</u>
Net Assets per share attributable to owners of the Company (RM)		0.26	0.27

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the Interim Financial Statements.

**NI HSIN RESOURCES BERHAD**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

(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 2019</b>	66,123	(7,924)	90	-	-	16,386	9,206	8,856	92,737	-	92,737
Foreign currency translation differences for foreign operations	-	-	69	-	-	-	-	-	69	-	69
Reclassification of financial assets from fair value through other comprehensive income to fair value	-	-	-	-	-	-	-	-	-	-	-
Revaluation of property - change of tax rate	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income/(expense) for the period	-	-	69	-	-	-	-	-	69	-	69
Profit for the period	-	-	-	-	-	-	-	(5,982)	(5,982)	-	(5,982)
<b>Total comprehensive income/ (expense) for the period</b>	-	-	69	-	-	-	-	(5,982)	(5,913)	-	(5,913)
<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 30 June 2019</b>	<b>66,123</b>	<b>(1,245)</b>	<b>159</b>	<b>-</b>	<b>-</b>	<b>16,386</b>	<b>9,206</b>	<b>(3,950)</b>	<b>86,679</b>	<b>-</b>	<b>86,679</b>
<b>At 1 January 2020</b>	66,123	(1,245)	161	-	-	16,386	9,206	(4,123)	86,508	-	86,508
Foreign currency translation differences for foreign operations	-	-	(3)	-	-	-	-	-	(3)	-	(3)
Change in RPGT rate	-	-	-	-	-	-	-	-	-	-	-
Fair value of available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income/(expense) for the period	-	-	(3)	-	-	-	-	-	(3)	-	(3)
Profit/(Loss) for the period	-	-	-	-	-	-	-	(4,564)	(4,564)	-	(4,564)
<b>Total comprehensive income/ (expense) for the period</b>	-	-	(3)	-	-	-	-	(4,564)	(4,567)	-	(4,567)
<i>Contributions by and distributions to owners of the Company</i>											
Own shares acquired	-	(449)	-	-	-	-	-	-	(449)	-	(449)
Cancellation of ESOS	-	-	-	-	-	-	-	-	-	-	-
Warrant exercised	-	-	-	-	-	-	-	-	-	-	-
Share dividend	-	-	-	-	-	-	-	-	-	-	-
<b>Total transactions with the owners of the Company</b>	-	(449)	-	-	-	-	-	-	(449)	-	(449)
<b>At 30 June 2020</b>	<b>66,123</b>	<b>(1,694)</b>	<b>158</b>	<b>-</b>	<b>-</b>	<b>16,386</b>	<b>9,206</b>	<b>(8,687)</b>	<b>81,492</b>	<b>-</b>	<b>81,492</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 2019 and the accompanying explanatory notes attached to the Interim Financial Statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

(The figures have not been audited)

	<b>6 MONTHS ENDED</b>	
	<b>30.06.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit/ (Loss) before tax	(4,541)	(5,905)
Adjustments:		
Depreciation on property, plant and equipment	962	1,194
Depreciation on investment property	13	13
Depreciation on right-of-use assets	51	51
Loss/(Gain) on disposal of property, plant and equipment	-	10
Write off of property, plant and equipment	2	1
Write-down of inventories	-	-
Interest paid	66	45
Interest received	(5)	(68)
Dividend income	(134)	(72)
Net loss on foreign exchange	3	11
(Gain)/ loss on disposal of quoted or unquoted investments	-	-
(Gain)/ loss on disposal of available-for-sale financial assets	-	-
Share-based payment transaction	-	-
Net (gain)/ loss on derivatives	(37)	-
Net loss/ (gain) in fair value of financial instruments measured at fair value	3,034	3,384
Operating profit before changes in working capital	<u>(586)</u>	<u>(1,336)</u>
Changes in working capital:		
Decrease/(Increase) in operating assets	(1,585)	26
(Increase)/Decrease in operating liabilities	(342)	(420)
Cash generated from operations	<u>(2,513)</u>	<u>(1,730)</u>
Income taxes paid	(242)	(286)
Income taxes refunded	-	120
Interest paid	(66)	(45)
Interest received	5	68
<b>Net cash generated from/(used in) operating activities</b>	<u>(2,816)</u>	<u>(1,873)</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(18)	(89)
Acquisition of other investments	(721)	(314)
Proceeds from disposal of property, plant and equipment	-	51
Dividend income	134	72
<b>Net cash generated from/(used in) investing activities</b>	<u>(605)</u>	<u>(280)</u>
<b>Cash flows from financing activities</b>		
Net (repayment)/ proceeds of bankers' acceptances	390	202
Proceeds/(Payments) of finance lease liabilities	(88)	(118)
Payments of lease liabilities	(55)	-
Repurchase of treasury shares	(449)	(145)
Dividends paid	-	-
<b>Net cash generated from/(used in) financing activities</b>	<u>(202)</u>	<u>(61)</u>
<b>Net increase in cash and cash equivalents</b>	(3,623)	(2,214)
Effect of exchange rate fluctuations on cash held	(7)	1
Cash and cash equivalents at 1 January	11,148	12,888
<b>Cash and cash equivalents at 30 June</b>	<u>7,518</u>	<u>10,675</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	209	203
Bank and Cash balances	2,689	2,407
Fixed income trust fund	6,340	8,065
Bank overdraft (included within short term borrowings in Note B6)	(1,720)	-
	<u>7,518</u>	<u>10,675</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 2019 and the accompanying explanatory notes attached to the Interim Financial Statements.

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(Incorporated in Malaysia)

### **NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020**

#### **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 2019. 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 2019.

##### **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 2019, 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 2020

Amendments to MFRS 3 Business Combinations - Definition of a Business

Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material

Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures – Interest Rate Benchmark Reform

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

Effective for financial periods commencing on or after 1 January 2021

MFRS 17 Insurance Contracts

Effective for financial periods commencing on or after 1 January 2022

Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

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 2019.

#### 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 period ended 30 June 2020.

#### 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 30 June 2020.

#### 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 30 June 2020.

#### 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 period ended 30 June 2020.

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

At the Annual General Meeting of the Company held on 29 July 2020, 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 30 June 2020, the total number of shares bought back and held as treasury shares were 10,216,536 ordinary shares, representing 3.18% 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 period ended 30 June 2020.

During the financial period, 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)
March	5,268,000	0.077	0.115	0.077	404,412.41
April	505,000	0.089	0.090	0.089	44,852.78

<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 converted by the registered warrant holders to new ordinary share during the financial period ended 30 June 2020.

## 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 30 June 2020.

## A11 DIVIDEND PAID

No dividend was paid during the current quarter and financial period ended 30 June 2020.

## 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 PERIOD ENDED 30 JUNE 2020

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
<b>Segment Revenue</b>				
Revenue from:				
Cookware	1,639	3,603	3,538	6,636
Convex mirror	2,261	2,823	4,658	5,640
Clad metals	1,212	1,537	4,216	5,137
Others	164	63	237	72
Total revenue including inter-segment sales	5,276	8,026	12,649	17,485
Elimination of inter-segment sales	(684)	(937)	(2,500)	(2,688)
Total	4,592	7,089	10,149	14,797
Results from:				
Cookware	(757)	(800)	(1,573)	(1,769)
Convex mirror	515	376	950	835
Clad metals	(336)	(1,194)	(805)	(1,507)
Others	77	53	143	59
	(501)	(1,565)	(1,285)	(2,382)
Elimination of inter-segment results	(89)	51	99	322
Total result	(590)	(1,514)	(1,186)	(2,060)
Unallocated corporate income/(expenses)	1,969	(3,536)	(3,294)	(3,868)
Finance income	2	2	5	68
Finance costs	(33)	(23)	(66)	(45)
Income tax expense	22	(12)	(23)	(77)
Profit for the period	1,370	(5,083)	(4,564)	(5,982)



## 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 30.06.2020</b>	<b>As at 31.12.2019</b>
	RM'000	RM'000
Cookware	53,075	51,829
Convex mirror	6,968	6,497
Clad metals	16,295	17,364
Others	10,341	11,688
	<u>86,679</u>	<u>87,378</u>
Elimination of inter-segment assets	(4,705)	(3,697)
Total segment assets	<u>81,974</u>	<u>83,681</u>
Unallocated corporate assets	9,850	11,516
Total assets	<u><u>91,824</u></u>	<u><u>95,197</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 30.06.2020</b>	<b>As at 31.12.2019</b>
	RM'000	RM'000
Cookware	6,587	4,008
Convex mirror	1,605	1,275
Clad metals	3,382	3,648
Others	624	623
	<u>12,198</u>	<u>9,554</u>
Elimination of inter-segment liabilities	(4,879)	(3,855)
Total segment liabilities	<u>7,319</u>	<u>5,699</u>
Unallocated corporate liabilities	3,013	2,990
Total liabilities	<u><u>10,332</u></u>	<u><u>8,689</u></u>

## A13 OPERATING PROFIT/(LOSS)

	<b>Current Quarter 3 months ended</b>		<b>Cumulative Quarter 6 months ended</b>	
	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>30.06.2020</b>	<b>30.06.2019</b>
	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) is arrived at after charging and (crediting):				
Finance income	(2)	(2)	(5)	(68)
Other income including investment income	-	-	-	-
Rental income	-	(57)	-	(114)
Depreciation on property, plant and equipment	473	598	962	1,194
Depreciation on investment property	6	6	13	13
Depreciation on right-of-use assets	25	25	51	51
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)	-	2	1
(Gain)/ loss on disposal of quoted or unquoted investments	-	-	-	-
(Gain)/ loss on disposal of property, plant and equipment	-	9	-	10

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

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>30.06.2020</b>	<b>30.06.2019</b>
	RM'000	RM'000	RM'000	RM'000
(Gain)/ loss on disposal of available-for-sale financial assets	-	-	-	-
Impairment of assets	-	-	-	-
Net (gain)/ loss on foreign exchange - unrealised	77	14	3	11
Net (gain)/ loss on foreign exchange - realised	(157)	(98)	(256)	(126)
Net (gain)/loss in fair value of financial instruments measured at fair value	(2,076)	3,321	3,034	3,384
Share-based payments	-	-	-	-
Net (gain)/ loss on derivatives	35	-	(37)	-
Exceptional items	-	-	-	-

**A14 FINANCE COSTS**

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>30.06.2020</b>	<b>30.06.2019</b>
	RM'000	RM'000	RM'000	RM'000
Bank overdrafts	21	2	32	2
Bankers' acceptances	9	13	26	26
Finance lease liability	2	5	5	10
Lease liabilities	1	3	3	7
	33	23	66	45

**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 except for the effect of COVID-19 pandemic as explained in Item B3 in this report.

**A16 CONTINGENT ASSETS AND LIABILITIES**

Save as disclosed below, the Company is not aware of any other contingent liabilities as at 30 June 2020:

	<b>30.06.2020</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 30 June 2020 are as follows:

	<b>30.06.2020</b>
	RM'000
Approved and contracted for	
- Plant & Equipment	<u>328</u>

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

B1 OPERATING SEGMENTS REVIEW

Quarter Ended 30 June 2020 ("Q2 2020") vs Quarter Ended 30 June 2019 ("Q2 2019")

The Group's revenue and Profit Before Taxation ("PBT") were approximately RM4.59 million and RM1.35 million respectively for Q2 2020. Revenue in Q2 2020 was lower by 35.22% as compared with the revenue in Q2 2019. However, the Group's gross profit ("GP") margin for Q2 2020 was higher by 3.16% compared with GP margin of 14.68% achieved in Q2 2019. The Group recorded a higher other income of RM2.15 million in Q2 2020 compared with that in Q2 2019 due to the net fair value gain on financial assets of RM2.08 million in Q2 2020. Operating expenses in Q2 2020 was lower as compared with Q2 2019 by RM1.30 million as a result of cost reduction exercise executed by the Management. The Group recorded a PBT of RM1.35 million in Q2 2020 against a Loss Before Tax of RM5.07 million in Q2 2019. The Profit After Taxation ("PAT") achieved in Q2 2020 was RM1.37 million compared with Loss After Tax of RM5.08 million recorded in Q2 2019. This was due to the net fair value gain on financial assets of RM2.08 million in Q2 2020 as compared to the net fair value loss on financial assets of RM3.32 million in Q2 2019.

6 Months Period Ended 30 June 2020 ("6M2020") vs 6 Months Period Ended 30 June 2019 ("6M2019")

The Group's performance by each Division (after the elimination of inter-segment sales) for the financial period is as follows:

(i) Cookware Division

The Cookware Division's revenue for 6M20 decreased by RM3.10 million or 46.7% to RM3.54 million compared with the revenue achieved in 6M2019 of RM6.64 million as sales to Japan and Asia Pacific (excluding Japan) have decreased significantly by RM2.15 million and RM0.69 million respectively. Moreover, the sales to USA & Canada and Europe also slightly decreased by RM0.07 million and RM0.18 million respectively. The cookware revenue by geographical market for 6M2020 is as follows:

	6 MONTHS ENDED		Increase/ (Decrease)	%
	30.06.2020	30.06.2019		
	RM'000	RM'000	RM'000	
Japan	1,201	3,355	(2,154)	-64.2%
Asia Pacific (excluding Japan)	1,687	2,378	(691)	-29.1%
USA & Canada	574	643	(69)	-10.7%
Europe	76	260	(184)	-70.8%
	<u>3,538</u>	<u>6,636</u>	<u>(3,098)</u>	<u>-46.7%</u>

(ii) Convex Mirror Division

The Convex Mirror Division achieved a revenue of RM4.41 million for 6M2020, a decrease of RM0.88 million compared with the revenue of RM5.29 million achieved in 6M2019. The decrease in revenue is attributable to lower export sales to Europe and Bahrain. However, the sales to Japan and Korea have slightly increased by RM0.04 million and RM0.09 million respectively.

(iii) Clad Metal Division

Clad Metal Division's revenue decreased in 6M2020 by RM0.83 million to RM1.97 million compared with the revenue achieved in 6M2019 of RM2.80 million. The decrease in sales of clad metal in 6M2020 was mainly due to decreased orders from customers in Japan, Singapore and Europe markets. However, the sales to Taiwan has increased by RM0.19 million for 6M2020.

## B1 OPERATING SEGMENTS REVIEW (CONT.)

### 6 Months Period Ended 30 June 2020 ("6M2020") vs 6 Months Period Ended 30 June 2019 ("6M2019") (Cont.)

The Group's net assets per share as at 30 June 2020 stood at RM0.26. The Group's non-current assets decreased to RM49.41 million compared with the non-current assets of RM50.36 million as at 31 December 2019 due to depreciation charges. Inventories slightly increased to RM21.86 million as at 30 June 2020. Receivables, deposits and prepayments increased by RM0.15 million to RM2.98 million mainly due to outstanding debts from customers. The Group's net current assets was RM35.10 million as at 30 June 2020. The Group is in a positive net cash position as at 30 June 2020 with cash and cash equivalent of RM5.57 million after deducting all borrowings of the Group.

The Group's net operating cash outflow for 6M2020 was RM2.82 million. The net cash outflow from investing activities was RM0.61 million, mainly due to acquisition of quoted shares and purchase of plant and equipment after offsetting by the dividend income. Net cash outflow from financing activities was RM0.20 million, mainly attributable to repurchase of treasury shares and repayment of finance lease liabilities offset by proceeds from bankers' acceptances. The net resultant impact to the Group's cash flow was a decrease in cash of RM3.62 million during 6M2020. Net cash and cash equivalents amounted to RM7.52 million as at 30 June 2020.

## B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	3 months ended 30.06.2020	3 months ended 31.03.2020	Changes %
	RM'000	RM'000	
Revenue	4,592	5,557	-17%
Gross profit ("GP")	819	1,199	-32%
Operating (loss)/profit	1,379	(5,859)	-124%
(Loss)/Profit before taxation ("LBT)/PBT")	1,348	(5,889)	123%
(Loss)/Profit for the period	1,370	(5,934)	-123%
(Loss)/Profit attributable to the owners of the Company	1,370	(5,934)	-123%

The Group's revenue in Q2 2020 was lower by RM0.97 million compared with Q1 2020. The Group GP was also lower in Q2 2020. However, the Group recorded a Profit Before Taxation ("PBT") of RM1.35 million in the second quarter of 2020 as compared to Loss Before Tax of RM5.89 million in the immediate preceding quarter. This was mainly due to increase in the fair value in quoted investments held by the Group for the current quarter under review.

## B3 COMMENTARY ON PROSPECT

The Malaysian economy is seen contracting at the sharpest rate since 1998 this year, plagued by the Covid-19 pandemic and low oil prices. Private consumption, investment and exports are all seen plunging, weighed on by lockdowns at home and abroad. Risks to the outlook include a slow recovery in key trading partners and snap elections. FocusEconomics panelists see the economy contracting 3.4% in 2020 before rebounding and growing 5.5% in 2021. (*FocusEconomics*).

Outlook for 2020 remains challenging and uncertain as the full impact of the COVID-19 pandemic has not been ascertained. In view of the dim economic outlook the Group will strive to intensify efforts to meet the product and service requirements of customers. Besides the foray into the Personal Protective Equipment, facial mask, hand sanitiser, etc. the Group has also decided to venture into the food and beverage industry to expand our 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 30.06.2020 RM'000</b>	<b>Cumulative Quarter 6 months ended 30.06.2020 RM'000</b>
In respect of the current period		
- Malaysian tax	-	-
- Deferred tax	(22)	23
	<u>(22)</u>	<u>23</u>
In respect of the prior year		
- Malaysian tax	-	-
- Deferred tax	-	-
	<u>-</u>	<u>-</u>
	<u>(22)</u>	<u>23</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 30 June 2020:

	<b>As at 30.06.2020 RM'000</b>	<b>As at 31.12.2019 RM'000</b>
<b>Non-current:</b>		
Finance lease liability	-	73
<b>Current:</b>		
Bank overdraft - unsecured	1,750	-
Bankers' acceptance - unsecured	1,720	1,360
Finance lease liability	199	213
	<u>3,669</u>	<u>1,573</u>
	<u>3,669</u>	<u>1,646</u>

All borrowings are denominated in Malaysia Ringgit.

**B7 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES**

As at 30 June 2020, 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

On 16 July 2020, the Company has proposed to undertake the following:

- a) Proposed renounceable rights issue of up to 960,100,350 redeemable convertible preference shares ("RCPS") at an issue price of RM0.01 per RCPS on the basis of 2 RCPS for every 1 existing ordinary shares in Ni Hsin held by the entitled shareholders of the Company on an entitlement date to be determined ("Proposed Rights Issue of RCPS");
- b) Proposed diversification of the existing businesses of the Company and its subsidiaries to include food and beverage business; and
- c) Proposed amendments to the Constitution of the Company to facilitate the creation of the RCPS pursuant to the Proposed Rights Issue of RCPS.

(Collectively referred to as "Proposals")

The Company is in the midst of preparing the application for submission to Bursa Securities in respect of the Proposals.

## 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 30 June 2020, total contract value and fair value of the Group outstanding derivative financial instruments are as follows:-

Type of derivatives	Notional Value RM'000	Fair Value RM'000	Fair Value Net gain RM'000	Cash Requirement RM'000
Forward foreign exchange contracts				
- Less than 1 year				
- In Japanese Yen	1,088	1,051	37	-

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 minimal credit and market risk as the above forward contracts are executed with a creditworthy financial institution. The Group is of the view that the possibility of non-performance by the financial institution is remote on the basis of their financial strength.

## 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 6 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
<b>Basic EPS</b>				
(Loss)/Profit attributable to owners of the Company (RM '000)	1,370	(5,083)	(4,564)	(5,982)
Weighted average no. of ordinary shares in issue ('000)	315,922	314,783	315,922	314,783
Basic EPS (sen)	<u>0.43</u>	<u>(1.61)</u>	<u>(1.44)</u>	<u>(1.90)</u>

### (b) Diluted

As at 30 June 2020, 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 6 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
<b>Diluted EPS</b>				
Profit/(Loss) attributable to owners of the Company (RM '000)	1,370	(5,083)	(4,564)	(5,982)
Weighted average no. of ordinary shares in issue ('000)	315,922	314,783	315,922	314,783
Effect of dilution ('000)	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>315,922</u>	<u>314,783</u>	<u>315,922</u>	<u>314,783</u>
Diluted EPS (sen)	<u>0.43</u>	<u>(1.61)</u>	<u>(1.44)</u>	<u>(1.90)</u>

The effect of Warrants 2019/2022 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 2020.

## 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 26 August 2020.

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

SOFIYAN BIN YAHYA  
Chairman

Date: 26 August 2020