



NI HSIN RESOURCES BERHAD

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

INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

31 DECEMBER 2020

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**
(The figures have not been audited)

	Note	CURRENT QUARTER 3 MONTHS ENDED			CUMULATIVE QUARTER 12 MONTHS ENDED		
		31.12.2020 RM'000	31.12.2019 RM'000	Changes (%)	31.12.2020 RM'000	31.12.2019 RM'000	Changes (%)
Revenue	A12	7,316	9,756	-25%	25,289	31,117	-19%
Cost of sales		(5,315)	(7,421)		(18,867)	(25,113)	
Gross Profit		2,001	2,335	-14%	6,422	6,004	7%
Other (loss)/income		2,464	147		5,327	(1,682)	
Operating expenses		(3,256)	(2,467)		(9,769)	(11,064)	
Operating (loss)/profit	A13	1,209	15	-7960%	1,980	(6,742)	129%
Finance income		6	1		25	71	
Finance costs		(35)	(24)		(132)	(93)	
Profit/(Loss) before taxation		1,180	(8)	14850%	1,873	(6,764)	128%
Income tax expenses	B5	44	689		49	609	
Profit/(Loss) for the period		1,224	681	-80%	1,922	(6,155)	131%
Other comprehensive income/(expense), net of tax							
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		(5)	4		(10)	71	
Other comprehensive expense for the year, net of tax		(5)	4		(10)	71	
Total comprehensive income/(expense) for the period		1,219	685	-78%	1,912	(6,084)	131%
Profit attributable to:							
Owners of the Company		1,224	681		1,922	(6,155)	
Non-controlling interests		-	-		-	-	
Profit for the period		1,224	681		1,922	(6,155)	
Total comprehensive income/(expense) attributable to:							
Owners of the Company		1,219	685		1,912	(6,084)	
Non-controlling interests		-	-		-	-	
Total comprehensive income/(expense) the period		1,219	685		1,912	(6,084)	
Earnings per share (sen)							
~ Basic	B11	0.39	0.22		0.61	(1.95)	
~ Diluted	B11	0.35	0.21		0.55	(1.86)	

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.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

(The figures have not been audited)

	Note	AS AT 31.12.2020 RM'000	AS AT 31.12.2019 RM'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	A9	42,455	44,030
Investment property		1,200	1,225
Goodwill		5,105	5,105
Deferred tax asset		17	4
		<u>48,777</u>	<u>50,364</u>
Current assets			
Inventories		20,125	20,437
Other investment		-	9,946
Receivables, deposits and prepayments		7,533	2,835
Derivative financial assets	B10	-	-
Right-of-use assets		-	102
Current tax assets		617	365
Cash and cash equivalents		20,609	11,148
		<u>48,884</u>	<u>44,833</u>
TOTAL ASSETS		<u>97,661</u>	<u>95,197</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		66,548	66,123
Reserves		21,968	20,385
Equity attributable to owners of the Company		<u>88,516</u>	<u>86,508</u>
Non-controlling interest		-	-
Total equity		<u>88,516</u>	<u>86,508</u>
Non-current liabilities			
Deferred tax liability		2,722	2,989
Borrowings	B6	-	73
		<u>2,722</u>	<u>3,062</u>
Current liabilities			
Payables and accruals		3,992	3,948
Borrowings	B6	2,431	1,573
Lease liabilities		-	106
Current tax liabilities		-	-
Derivative financial liabilities	B10	-	-
		<u>6,423</u>	<u>5,627</u>
Total liabilities		<u>9,145</u>	<u>8,689</u>
TOTAL EQUITY AND LIABILITIES		<u>97,661</u>	<u>95,197</u>
Net Assets per share attributable to owners of the Company (RM)		0.28	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.

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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
At 1 January 2019	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
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	-	-	71	-	-	-	-	-	71	-	71
Profit for the period	-	-	-	-	-	-	-	(6,155)	(6,155)	-	(6,155)
Total comprehensive income/ (expense) for the period	-	-	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)	-	-	-
Total transactions with the owners of the Company	-	6,679	-	-	-	-	-	(6,824)	(145)	-	(145)
At 31 December 2019	66,123	(1,245)	161	-	-	16,386	9,206	(4,123)	86,508	-	86,508
At 1 January 2020	66,123	(1,245)	161	-	-	16,386	9,206	(4,123)	86,508	-	86,508
Foreign currency translation differences for foreign operations	-	-	(10)	-	-	-	-	-	(10)	-	(10)
Change in RPGT rate	-	-	-	-	-	-	-	-	-	-	-
Fair value of available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income/(expense) for the period	-	-	(10)	-	-	-	-	-	(10)	-	(10)
Profit/(Loss) for the period	-	-	-	-	-	-	-	1,922	1,922	-	1,922
Total comprehensive income/ (expense) for the period	-	-	(10)	-	-	-	-	1,922	1,912	-	1,912
<i>Contributions by and distributions to owners of the Company</i>											
Own shares acquired	-	(495)	-	-	-	-	-	-	(495)	-	(495)
Own shares sold	53	166	-	-	-	-	-	-	219	-	219
Warrant exercised	372	-	-	-	-	-	-	-	372	-	372
Share dividend	-	-	-	-	-	-	-	-	-	-	-
Total transactions with the owners of the Company	425	(329)	-	-	-	-	-	-	96	-	96
At 31 December 2020	66,548	(1,574)	151	-	-	16,386	9,206	(2,201)	88,516	-	88,516

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 YEAR ENDED 31 DECEMBER 2020**
(The figures have not been audited)

	12 MONTHS ENDED	
	31.12.2020 RM'000	31.12.2019 RM'000
Cash flows from operating activities		
Profit/ (Loss) before tax	1,873	(6,764)
Adjustments:		
Depreciation on property, plant and equipment	1,873	2,259
Depreciation on investment property	27	27
Depreciation on right-of-use assets	102	102
Loss/(Gain) on disposal of property, plant and equipment	-	52
Write off of property, plant and equipment	14	44
Write-down of inventories	-	-
Interest paid	132	93
Interest received	(25)	(71)
Dividend income	(240)	(230)
Net loss on foreign exchange	113	9
(Gain)/ loss on disposal of quoted or unquoted investments	(4,361)	-
(Gain)/ loss on disposal of available-for-sale financial assets	-	-
Share-based payment transaction	-	-
Net (gain)/ loss on derivatives	-	-
Net loss/ (gain) in fair value of financial instruments measured at fair value	22	2,300
Operating profit before changes in working capital	<u>(470)</u>	<u>(2,179)</u>
Changes in working capital:		
Decrease/(Increase) in operating assets	(4,405)	2,015
(Increase)/Decrease in operating liabilities	35	(1,045)
Cash generated from operations	<u>(4,840)</u>	<u>(1,209)</u>
Income taxes paid	(484)	(570)
Income taxes refunded	-	600
Interest paid	(128)	(81)
Interest received	25	71
Net cash generated from/(used in) operating activities	<u><u>(5,427)</u></u>	<u><u>(1,189)</u></u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(312)	(261)
Acquisition of other investments	(2,944)	(314)
Proceeds from disposal of other investments	17,251	-
Proceeds from disposal of property, plant and equipment	-	127
Dividend income	240	230
Net cash generated from/(used in) investing activities	<u><u>14,235</u></u>	<u><u>(218)</u></u>
Cash flows from financing activities		
Net (repayment)/ proceeds of bankers' acceptances	(386)	95
Proceeds/(Payments) of finance lease liabilities	(141)	(204)
Payments of lease liabilities	(110)	(110)
Repurchase of treasury shares	(495)	(145)
Proceeds from exercise of warrants	372	-
Proceeds from sales of treasury shares	219	-
Net cash generated from/(used in) financing activities	<u><u>(541)</u></u>	<u><u>(364)</u></u>
Net increase in cash and cash equivalents	8,267	(1,771)
Effect of exchange rate fluctuations on cash held	(118)	31
Cash and cash equivalents at 1 January	11,148	12,888
Cash and cash equivalents at 30 June	<u><u>19,297</u></u>	<u><u>11,148</u></u>

Notes:

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

	RM'000	RM'000
Deposits with licensed bank	211	206
Bank and Cash balances	4,958	2,700
Fixed income trust fund	15,440	8,242
Bank overdraft (included within short term borrowings in Note B6)	(1,312)	-
	<u><u>19,297</u></u>	<u><u>11,148</u></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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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 year ended 31 December 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 year ended 31 December 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 year ended 31 December 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 year ended 31 December 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 31 December 2020, the total number of shares bought back and held as treasury shares were 9,461,536 ordinary shares, representing 2.92% 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 during the current quarter and financial year ended 31 December 2020.

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 [#] (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
November	245,000	0.185	0.190	0.185	45,690.13

[#] Inclusive of Sales and Services Tax (SST), commission, stamp duty and other charges.

During the financial year, the Company resold its treasury shares to the open market as follows:

Month	No. of shares resold	Minimum price (RM)	Maximum price (RM)	Average price (RM)	Total amount received [#] (RM)
August	1,000,000	0.220	0.220	0.220	219,034.40

[#] Net with Sales and Services Tax (SST), commission, stamp duty and other charges.

A8 ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES (CONT.)

(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.

During the financial year, the warrants exercised by registered warrant holders to new ordinary shares as follows:

Month of allotment	Exercise price (RM)	No. of warrants exercised	Balance warrants outstanding
Balance b/f			158,535,265
July	0.138	879,400	157,655,865
August	0.138	780,341	156,875,524
September	0.138	179,800	156,695,724
October	0.138	675,000	156,020,724
December	0.138	179,800	155,840,924

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 year ended 31 December 2020, except for the following:

On 21 July 2020, the Company has incorporated a new wholly-owned subsidiary, known as Ni Hsin Food & Beverages Sdn. Bhd. ("NHFB"). The issued and paid-up capital of NHFB is RM2.00 only comprising 2 ordinary shares only. The principal activity of NHFB is engaged in all kinds of business relating to foods and beverages.

NHFB had on 30 September 2020 completed the acquisition of 1 ordinary share, representing 100% of the issued and paid-up share capital of Blackbixon Sdn. Bhd. ("Blackbixon") from Mr Khoo Chee Kong, for a total cash consideration of Ringgit Malaysia One (RM1.00) only ("Acquisition").

Subsequent to the Acquisition, Blackbixon becomes a wholly-owned subsidiary of NHFB, which in turn a wholly-owned subsidiary of the Company.

A11 DIVIDEND PAID

No dividend was paid during the current quarter and financial year ended 31 December 2020.

A12 SEGMENTAL INFORMATION

The Group is principally engaged in the design, manufacture and sale of stainless steel kitchenware, cookware, and research and development stainless steel products. The clad metal and convex mirror segments are merged and reported as one business operation now known as Stainless Steel Products as both segments are operated under common facilities and within the same company. The segmental results of the Group for the financial year under review are as follows:

RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Revenue from:				
Cookware	3,355	4,757	10,669	14,077
Stainless steel products	4,352	6,462	18,280	23,540
Others	666	79	1,526	230
Total revenue including inter-segment sales	8,373	11,298	30,475	37,847
Elimination of inter-segment sales	(1,057)	(1,542)	(5,186)	(6,730)
Total	7,316	9,756	25,289	31,117
Results from:				
Cookware	137	(787)	(1,212)	(3,880)
Stainless steel products	(140)	774	275	159
Others	(257)	68	(51)	194
	(260)	55	(988)	(3,527)
Elimination of inter-segment results	54	(68)	34	112
Total result	(206)	(13)	(954)	(3,415)
Unallocated corporate income/(expenses)	1,415	28	2,934	(3,327)
Finance income	6	1	25	71
Finance costs	(35)	(24)	(132)	(93)
Income tax expense	44	689	49	609
Profit for the period	1,224	681	1,922	(6,155)

Segment Assets

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

	As at	As at
	31.12.2020	31.12.2019
	RM'000	RM'000
Cookware	55,335	51,829
Stainless steel products	22,365	23,861
Others	11,106	11,688
	88,806	87,378
Elimination of inter-segment assets	(12,248)	(3,697)
Total segment assets	76,558	83,681
Unallocated corporate assets	21,103	11,516
Total assets	97,661	95,197

A12 SEGMENTAL INFORMATION (CONT.)

Segment Liabilities

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

	As at 31.12.2020	As at 31.12.2019
	RM'000	RM'000
Cookware	8,903	4,008
Stainless steel products	4,859	4,923
Others	5,016	623
	<hr/> 18,778	<hr/> 9,554
Elimination of inter-segment liabilities	(12,355)	(3,855)
Total segment liabilities	<hr/> 6,423	<hr/> 5,699
Unallocated corporate liabilities	2,722	2,990
Total liabilities	<hr/> <hr/> 9,145	<hr/> <hr/> 8,689

A13 OPERATING PROFIT/(LOSS)

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) is arrived at after charging and (crediting):				
Finance income	(6)	(1)	(25)	(71)
Other income including investment income	-	-	-	-
Rental income	-	(2)	-	(173)
Depreciation on property, plant and equipment	459	506	1,873	2,259
Depreciation on investment property	7	7	27	27
Depreciation on right-of-use assets	25	25	102	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	9	42	14	44
(Gain)/ loss on disposal of quoted or unquoted investments	(1,996)	-	(4,361)	-
(Gain)/ loss on disposal of property, plant and equipment	-	-	-	52
(Gain)/ loss on disposal of available-for-sale financial assets	-	-	-	-
Impairment of assets	-	-	-	-
Net (gain)/ loss on foreign exchange - unrealised	75	2	113	8
Net (gain)/ loss on foreign exchange - realised	(71)	(75)	(409)	(338)
Net (gain)/loss in fair value of financial instruments measured at fair value	108	(384)	-	2,300
Share-based payments	-	-	-	-
Net (gain)/ loss on derivatives	3	-	-	-
Exceptional items	-	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

A14 FINANCE COSTS

	Current Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Bank overdrafts	16	3	64	6
Bankers' acceptances	17	15	57	57
Finance lease liability	2	4	7	18
Lease liabilities	-	2	4	12
	<u>35</u>	<u>24</u>	<u>132</u>	<u>93</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 year 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 31 December 2020:

	31.12.2020
	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 2020 are as follows:

	31.12.2020
	RM'000
Approved and contracted for	
- Plant & Machineries	374
- Furniture & Fixtures and Equipment	198
- Coffee machines	2,308
- Renovation	130
- Software development	440
	<u>3,450</u>

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

B1 OPERATING SEGMENTS REVIEW

Quarter Ended 31 December 2020 ("Q4 2020") vs Quarter Ended 31 December 2019 ("Q4 2019")

The Group's revenue and Profit Before Taxation ("PBT") were approximately RM7.32 million and RM1.18 million respectively for Q4 2020. Revenue in Q4 2020 was lower by 25.01% as compared with the revenue in Q4 2019. However, the Group's gross profit ("GP") margin for Q4 2020 was higher at 27.4% compared with the GP margin of 23.9% achieved in Q4 2019. The Group recorded a higher other income of RM2.46 million in Q4 2020 compared with that in Q4 2019 due to the gain on disposal of financial assets. Operating expenses in Q4 2020 was higher as compared with Q4 2019 by RM0.79 million. The Group recorded a PBT of RM1.18 million in Q4 2020 against a Loss Before Tax of RM0.01 million in Q4 2019. The Profit After Taxation ("PAT") achieved in Q4 2020 was RM1.22 million compared with PAT of RM0.68 million recorded in Q4 2019.

12 Months Period Ended 31 December 2020 ("12M2020") vs 12 Months Period Ended 31 December 2019 ("12M2019")

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 12M2020 decreased by RM3.77 million or 26.8% to RM10.30 million compared with the revenue achieved in 12M2019 of RM14.07 million as sales to Japan decreased significantly by RM4.66 million. However, the sales to USA & Canada and Europe increased by RM1.21 million and RM0.09 million respectively. The cookware revenue by geographical market for 12M2020 is as follows:

	12 MONTHS ENDED		Increase/ (Decrease)	%
	31.12.2020	31.12.2019		
	RM'000	RM'000	RM'000	
Japan	2,843	7,500	(4,657)	-62.1%
Asia Pacific (excluding Japan)	5,025	5,452	(427)	-7.8%
USA & Canada	2,029	817	1,212	148.3%
Europe	402	304	98	32.2%
	<u>10,299</u>	<u>14,073</u>	<u>(3,774)</u>	-26.8%

(ii) Stainless Steel Products Division

The Stainless Steel Products Division's revenue for 12M2020 decreased by RM3.35 million or 19.9% to RM13.46 million compared with the revenue achieved in 12M2019 of RM16.81 million as sales to Europe and Korea decreased significantly by RM0.91 million and RM0.79 million respectively. However, the sales to Australia has increased by RM0.21 million.

The Group's net assets per share as at 31 December 2020 stood at RM0.28. The Group's non-current assets decreased to RM48.78 million compared with the non-current assets of RM50.36 million as at 31 December 2019 due to depreciation charges. Inventories slightly decreased to RM20.13 million as at 31 December 2020. Receivables, deposits and prepayments increased by RM4.70 million to RM7.53 million mainly due to deposits and prepayments paid for the new food and beverages business. During the financial year, the Company has disposed all the investments in quoted shares. The Group's net current assets was RM42.46 million as at 31 December 2020. The Group is in a positive net cash position as at 31 December 2020 with cash and cash equivalent of RM18.18 million after deducting all borrowings of the Group.

B1 OPERATING SEGMENTS REVIEW (CONT.)

12 Months Period Ended 31 December 2020 ("12M2020") vs 12 Months Period Ended 31 December 2019 ("12M2019") (Cont.)

The Group's net operating cash outflow for 12M2020 was RM5.43 million. The net cash inflow from investing activities was RM14.24 million, mainly due to proceeds from disposal of quoted shares after deducting the cost of acquisition of quoted shares. Net cash outflow from financing activities was RM0.54 million, mainly attributable to repayment of bankers' acceptances and repurchase of treasury shares less proceeds from exercise of warrants. The net resultant impact to the Group's cash flow was an increase in cash of RM8.27 million during 12M2020. Net cash and cash equivalents amounted to RM19.30 million as at 31 December 2020.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	3 months ended 31.12.2020	3 months ended 30.09.2020	Changes %
	RM'000	RM'000	
Revenue	7,316	7,824	-6%
Gross profit ("GP")	2,001	2,403	-17%
Operating (loss)/profit	1,209	5,251	-77%
(Loss)/Profit before taxation ("LBT)/PBT")	1,180	5,234	77%
(Loss)/Profit for the period	1,224	5,262	-77%
(Loss)/Profit attributable to the owners of the Company	1,224	5,262	-77%

The Group's revenue in Q4 2020 was lower by RM0.51 million compared with Q3 2020. The Group GP was also lower in Q4 2020. The Group recorded a Profit Before Taxation ("PBT") of RM1.22 million in the fourth quarter of 2020 as compared to RM5.26 million in the immediate preceding quarter which recorded a gain on disposal in the quoted investments held by the Group.

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 2021 remains challenging and uncertain as the full impact of the COVID-19 pandemic has not been ascertained. 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 is also diversifying into the food and beverage industry to expand our income stream. The food and beverage segment is expected to generate income in the first half of 2021.

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

	Current Quarter 3 months ended 31.12.2020 RM'000	Cumulative Quarter 12 months ended 31.12.2020 RM'000
In respect of the current period		
- Malaysian tax	199	199
- Deferred tax	<u>(342)</u>	<u>(347)</u>
	(143)	(148)
In respect of the prior year		
- Malaysian tax	33	33
- Deferred tax	<u>66</u>	<u>66</u>
	<u>99</u>	<u>99</u>
	<u>(44)</u>	<u>(49)</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 lower than the statutory tax rate mainly due to the net gain in fair value of investment in quoted shares measured at fair value by the Company is not subject to income tax. Moreover, 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 September 2020:

	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
Non-current:		
Finance lease liability	<u>-</u>	<u>73</u>
Current:		
Bank overdraft - unsecured	1,312	-
Bankers' acceptance - unsecured	974	1,360
Finance lease liability	<u>145</u>	<u>213</u>
	<u>2,431</u>	<u>1,573</u>
	<u>2,431</u>	<u>1,646</u>

All borrowings are denominated in Malaysia Ringgit.

B7 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 31 December 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

At the Extraordinary General Meeting of the Company held on 18 November 2020, the shareholders of the Company had approved the following resolutions:

- 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")

On 7 January 2021, the conversion price for the RCPS was fixed at RM0.12 per RCPS. The conversion price of the RCPS has been determined by the Board after taking into consideration the 5D-VWAMP of Ni Hsin Shares up to and including 6 January 2021 of RM0.2810 being the market day immediately preceding the date of 7 January 2021. The entitlement date was 5 February 2021.

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 2020, 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	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Basic EPS				
(Loss)/Profit attributable to owners of the Company (RM '000)	1,224	681	1,922	(6,155)
Weighted average no. of ordinary shares in issue ('000)	313,844	315,937	313,844	315,937
Basic EPS (sen)	0.39	0.22	0.61	(1.95)

B11 EARNINGS PER SHARE ("EPS") (CONT.)**(b) Diluted**

As at 31 December 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 12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Diluted EPS				
Profit/(Loss) attributable to owners of the Company (RM '000)	1,224	681	1,922	(6,155)
Weighted average no. of ordinary shares in issue ('000)	313,844	315,937	313,844	315,937
Effect of dilution ('000)	34,816	15,375	34,816	15,375
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>348,660</u>	<u>331,311</u>	<u>348,660</u>	<u>331,311</u>
Diluted EPS (sen)	<u>0.35</u>	<u>0.21</u>	<u>0.55</u>	<u>(1.86)</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 25 February 2021.

On behalf of the Board of Directors
NI HSIN RESOURCES BERHAD

SOFIYAN BIN YAHYA
Chairman

Date: 25 February 2021