



NI HSIN RESOURCES BERHAD

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

INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

30 SEPTEMBER 2020

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

	Note	CURRENT QUARTER 3 MONTHS ENDED			CUMULATIVE QUARTER 9 MONTHS ENDED		
		30.09.2020 RM'000	30.09.2019 RM'000	Changes (%)	30.09.2020 RM'000	30.09.2019 RM'000	Changes (%)
Revenue	A12	7,824	6,564	19%	17,973	21,361	-16%
Cost of sales		(5,421)	(5,642)		(13,552)	(17,692)	
Gross Profit		<u>2,403</u>	<u>922</u>	161%	<u>4,421</u>	<u>3,669</u>	20%
Other (loss)/income		5,513	188		2,863	(2,178)	
Operating expenses		(2,665)	(1,939)		(6,513)	(8,248)	
Operating (loss)/profit	A13	<u>5,251</u>	<u>(829)</u>	733%	<u>771</u>	<u>(6,757)</u>	111%
Finance income		14	2		19	70	
Finance costs		(31)	(24)		(97)	(69)	
Profit/(Loss) before taxation		<u>5,234</u>	<u>(851)</u>	715%	<u>693</u>	<u>(6,756)</u>	110%
Income tax expenses	B5	28	(3)		5	(80)	
Profit/(Loss) for the period		<u><u>5,262</u></u>	<u><u>(854)</u></u>	716%	<u><u>698</u></u>	<u><u>(6,836)</u></u>	110%
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		(2)	(2)		(5)	67	
Other comprehensive expense for the year, net of tax		<u>(2)</u>	<u>(2)</u>		<u>(5)</u>	<u>67</u>	
Total comprehensive income/(expense) for the period		<u><u>5,260</u></u>	<u><u>(856)</u></u>	714%	<u><u>693</u></u>	<u><u>(6,769)</u></u>	110%
Profit attributable to:							
Owners of the Company		5,262	(854)		698	(6,836)	
Non-controlling interests		-	-		-	-	
Profit for the period		<u><u>5,262</u></u>	<u><u>(854)</u></u>		<u><u>698</u></u>	<u><u>(6,836)</u></u>	
Total comprehensive income/(expense) attributable to:							
Owners of the Company		5,260	(856)		693	(6,769)	
Non-controlling interests		-	-		-	-	
Total comprehensive income/(expense) the period		<u><u>5,260</u></u>	<u><u>(856)</u></u>		<u><u>693</u></u>	<u><u>(6,769)</u></u>	
Earnings per share (sen)							
~ Basic	B11	1.68	(0.27)		0.22	(2.17)	
~ Diluted	B11	1.57	(0.27)		0.21	(2.17)	

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 SEPTEMBER 2020**

(The figures have not been audited)

	Note	AS AT 30.09.2020 RM'000	AS AT 31.12.2019 RM'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	A9	42,827	44,030
Investment property		1,206	1,225
Goodwill		5,105	5,105
Deferred tax asset		4	4
		<u>49,142</u>	<u>50,364</u>
Current assets			
Inventories		20,712	20,437
Other investment		4,295	9,946
Receivables, deposits and prepayments		4,668	2,835
Derivative financial assets	B10	3	-
Right-of-use assets		26	102
Current tax assets		728	365
Cash and cash equivalents		17,206	11,148
		<u>47,638</u>	<u>44,833</u>
TOTAL ASSETS		<u>96,780</u>	<u>95,197</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		66,430	66,123
Reserves		20,795	20,385
Equity attributable to owners of the Company		<u>87,225</u>	<u>86,508</u>
Non-controlling interest		-	-
Total equity		<u>87,225</u>	<u>86,508</u>
Non-current liabilities			
Deferred tax liability		2,984	2,989
Borrowings	B6	-	73
		<u>2,984</u>	<u>3,062</u>
Current liabilities			
Payables and accruals		3,437	3,948
Borrowings	B6	3,107	1,573
Lease liabilities		27	106
Current tax liabilities		-	-
Derivative financial liabilities	B10	-	-
		<u>6,571</u>	<u>5,627</u>
Total liabilities		<u>9,555</u>	<u>8,689</u>
TOTAL EQUITY AND LIABILITIES		<u>96,780</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.

NI HSIN RESOURCES BERHAD

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	-	-	67	-	-	-	-	-	67	-	67
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	-	-	67	-	-	-	-	-	67	-	67
Profit for the period	-	-	-	-	-	-	-	(6,836)	(6,836)	-	(6,836)
Total comprehensive income/ (expense) for the period	-	-	67	-	-	-	-	(6,836)	(6,769)	-	(6,769)
<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 30 September 2019	66,123	(1,245)	157	-	-	16,386	9,206	(4,804)	85,823	-	85,823
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	-	-	(5)	-	-	-	-	-	(5)	-	(5)
Change in RPGT rate	-	-	-	-	-	-	-	-	-	-	-
Fair value of available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income/(expense) for the period	-	-	(5)	-	-	-	-	-	(5)	-	(5)
Profit/(Loss) for the period	-	-	-	-	-	-	-	698	698	-	698
Total comprehensive income/ (expense) for the period	-	-	(5)	-	-	-	-	698	693	-	693
<i>Contributions by and distributions to owners of the Company</i>											
Own shares acquired	-	(449)	-	-	-	-	-	-	(449)	-	(449)
Own shares sold	53	166	-	-	-	-	-	-	219	-	219
Warrant exercised	254	-	-	-	-	-	-	-	254	-	254
Share dividend	-	-	-	-	-	-	-	-	-	-	-
Total transactions with the owners of the Company	307	(283)	-	-	-	-	-	-	24	-	24
At 30 September 2020	66,430	(1,528)	156	-	-	16,386	9,206	(3,425)	87,225	-	87,225

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 SEPTEMBER 2020**
(The figures have not been audited)

	9 MONTHS ENDED	
	30.09.2020	30.09.2019
	RM'000	RM'000
Cash flows from operating activities		
Profit/ (Loss) before tax	693	(6,756)
Adjustments:		
Depreciation on property, plant and equipment	1,414	1,753
Depreciation on investment property	20	20
Depreciation on right-of-use assets	77	77
Loss/(Gain) on disposal of property, plant and equipment	-	52
Write off of property, plant and equipment	5	2
Write-down of inventories	-	-
Interest paid	97	69
Interest received	(19)	(70)
Dividend income	(166)	(151)
Net loss on foreign exchange	38	6
(Gain)/ loss on disposal of quoted or unquoted investments	(2,365)	-
(Gain)/ loss on disposal of available-for-sale financial assets	-	-
Share-based payment transaction	-	-
Net (gain)/ loss on derivatives	(3)	-
Net loss/ (gain) in fair value of financial instruments measured at fair value	(108)	2,684
Operating profit before changes in working capital	<u>(317)</u>	<u>(2,314)</u>
Changes in working capital:		
Decrease/(Increase) in operating assets	(2,123)	785
(Increase)/Decrease in operating liabilities	(518)	(64)
Cash generated from operations	<u>(2,958)</u>	<u>(1,593)</u>
Income taxes paid	(363)	(428)
Income taxes refunded	-	493
Interest paid	(93)	(69)
Interest received	19	70
Net cash generated from/(used in) operating activities	<u>(3,395)</u>	<u>(1,527)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(216)	(97)
Acquisition of other investments	(2,944)	(314)
Proceeds from disposal of other investments	11,091	-
Proceeds from disposal of property, plant and equipment	-	126
Dividend income	166	151
Net cash generated from/(used in) investing activities	<u>8,097</u>	<u>(134)</u>
Cash flows from financing activities		
Net (repayment)/ proceeds of bankers' acceptances	256	(18)
Proceeds/(Payments) of finance lease liabilities	(71)	(169)
Payments of lease liabilities	(83)	-
Repurchase of treasury shares	(449)	(145)
Proceeds from exercise of warrants	254	-
Proceeds from sales of treasury shares	219	-
Net cash generated from/(used in) financing activities	<u>126</u>	<u>(332)</u>
Net increase in cash and cash equivalents	4,828	(1,993)
Effect of exchange rate fluctuations on cash held	(47)	1
Cash and cash equivalents at 1 January	11,148	12,888
Cash and cash equivalents at 30 June	<u>15,929</u>	<u>10,896</u>

Notes:

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

	RM'000	RM'000
Deposits with licensed bank	7,210	205
Bank and Cash balances	4,627	2,556
Fixed income trust fund	5,369	8,135
Bank overdraft (included within short term borrowings in Note B6)	(1,277)	-
	<u>15,929</u>	<u>10,896</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 PERIOD ENDED 30 SEPTEMBER 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 September 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 September 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 September 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 September 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 September 2020, the total number of shares bought back and held as treasury shares were 9,216,536 ordinary shares, representing 2.85% 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 period ended 30 September 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 [#] (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

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

During the financial period, 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 period, 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

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 September 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 period ended 30 September 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 SEPTEMBER 2020

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Segment Revenue				
Revenue from:				
Cookware	3,776	2,683	7,314	9,319
Convex mirror	2,287	2,741	6,945	8,381
Clad metals	2,767	3,561	6,983	8,698
Others	623	79	860	151
Total revenue including inter-segment sales	9,453	9,064	22,102	26,549
Elimination of inter-segment sales	(1,629)	(2,500)	(4,129)	(5,188)
Total	7,824	6,564	17,973	21,361
Results from:				
Cookware	224	(1,324)	(1,349)	(3,093)
Convex mirror	608	432	1,558	1,267
Clad metals	(338)	(375)	(1,143)	(1,882)
Others	63	67	206	126
	557	(1,200)	(728)	(3,582)
Elimination of inter-segment results	(119)	(142)	(20)	180
Total result	438	(1,342)	(748)	(3,402)
Unallocated corporate income/(expenses)	4,813	513	1,519	(3,355)
Finance income	14	2	19	70
Finance costs	(31)	(24)	(97)	(69)
Income tax expense	28	(3)	5	(80)
Profit for the period	5,262	(854)	698	(6,836)

Segment Assets

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

	As at 30.09.2020 RM'000	As at 31.12.2019 RM'000
Cookware	54,406	51,829
Convex mirror	6,613	6,497
Clad metals	16,353	17,364
Others	9,578	11,688
	86,950	87,378
Elimination of inter-segment assets	(8,063)	(3,697)
Total segment assets	78,887	83,681
Unallocated corporate assets	17,893	11,516
Total assets	96,780	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 30.09.2020	As at 31.12.2019
	RM'000	RM'000
Cookware	8,038	4,008
Convex mirror	1,491	1,275
Clad metals	3,496	3,648
Others	1,662	623
	<hr/> 14,687	<hr/> 9,554
Elimination of inter-segment liabilities	(8,116)	(3,855)
Total segment liabilities	<hr/> 6,571	<hr/> 5,699
Unallocated corporate liabilities	2,984	2,990
Total liabilities	<hr/> <hr/> 9,555	<hr/> <hr/> 8,689

A13 OPERATING PROFIT/(LOSS)

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) is arrived at after charging and (crediting):				
Finance income	(14)	(2)	(19)	(70)
Other income including investment income	-	-	-	-
Rental income	-	(57)	-	(171)
Depreciation on property, plant and equipment	452	559	1,414	1,753
Depreciation on investment property	7	7	20	20
Depreciation on right-of-use assets	26	26	77	77
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Provision for and write off of property, plant and equipment	3	1	5	2
(Gain)/ loss on disposal of quoted or unquoted investments	(2,365)	-	(2,365)	-
(Gain)/ loss on disposal of property, plant and equipment	-	42	-	52
(Gain)/ loss on disposal of available-for-sale financial assets	-	-	-	-
Impairment of assets	-	-	-	-
Net (gain)/ loss on foreign exchange - unrealised	35	(5)	38	6
Net (gain)/ loss on foreign exchange - realised	(82)	(137)	(338)	(263)
Net (gain)/loss in fair value of financial instruments measured at fair value	(3,142)	(700)	(108)	2,684
Share-based payments	-	-	-	-
Net (gain)/ loss on derivatives	34	-	(3)	-
Exceptional items	-	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

A14 FINANCE COSTS

	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Bank overdrafts	16	1	48	3
Bankers' acceptances	14	16	40	42
Finance lease liability	-	4	5	14
Lease liabilities	1	3	4	10
	<u>31</u>	<u>24</u>	<u>97</u>	<u>69</u>

A15 SUBSEQUENT EVENTS

There were no material events subsequent to the end of the quarter that have not been reflected in the financial statements for the financial period under review 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 September 2020:

	30.09.2020
	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 30 September 2020 are as follows:

	30.09.2020
	RM'000
Approved and contracted for	
- Plant & Machineries	3,036
- Furniture & Fixtures and Equipment	773
	<u>3,808</u>

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

B1 OPERATING SEGMENTS REVIEW

Quarter Ended 30 September 2020 ("Q3 2020") vs Quarter Ended 30 September 2019 ("Q3 2019")

The Group's revenue and Profit Before Taxation ("PBT") were approximately RM7.82 million and RM5.23 million respectively for Q3 2020. Revenue in Q3 2020 was higher by 19.2% as compared with the revenue in Q3 2019. The Group's gross profit ("GP") margin for Q3 2020 was higher at 16.7% compared with GP margin of 14.05% achieved in Q3 2019. The Group recorded a higher other income of RM5.51 million in Q3 2020 compared with that in Q3 2019 due to the gain on disposal and fair value of financial assets. Operating expenses in Q3 2020 was higher as compared with Q3 2019 by RM0.73 million. The Group recorded a PBT of RM5.23 million in Q3 2020 against a Loss Before Tax of RM0.85 million in Q3 2019. The Profit After Taxation ("PAT") achieved in Q3 2020 was RM5.23 million compared with Loss After Tax of RM0.85 million recorded in Q3 2019.

9 Months Period Ended 30 September 2020 ("9M2020") vs 9 Months Period Ended 30 September 2019 ("9M2019")

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 9M20 decreased by RM2.20 million or 23.6% to RM7.12 million compared with the revenue achieved in 9M2019 of RM9.32 million as sales to Japan decreased significantly by RM3.29 million. However, the sales to USA & Canada and Asia Pacific (excluding Japan) increased by RM0.75 million and RM0.23 million respectively. The cookware revenue by geographical market for 9M2020 is as follows:

	9 MONTHS ENDED		Increase/ (Decrease)	%
	30.09.2020	30.09.2019		
	RM'000	RM'000	RM'000	
Japan	1,644	4,930	(3,286)	-66.7%
Asia Pacific (excluding Japan)	3,507	3,274	233	7.1%
USA & Canada	1,563	817	746	91.3%
Europe	402	296	106	35.8%
	<u>7,116</u>	<u>9,317</u>	<u>(2,201)</u>	-23.6%

(ii) Convex Mirror Division

The Convex Mirror Division achieved a revenue of RM6.60 million for 9M2020, a decrease of RM1.06 million compared with the revenue of RM7.66 million achieved in 9M2019. The decrease in revenue is attributable to lower export sales to Europe, Korea and Bahrain. However, the sales to Japan slightly increased by RM0.47 million.

(iii) Clad Metal Division

Clad Metal Division's revenue decreased in 9M2020 by RM0.83 million to RM3.40 million compared with the revenue achieved in 9M2019 of RM4.23 million. The decrease in sales of clad metal in 9M2020 was mainly due to decreased orders from customers in Japan, Singapore and Indonesia markets. However, the sales to Taiwan increased by RM0.19 million for 9M2020.

B1 OPERATING SEGMENTS REVIEW (CONT.)

9 Months Period Ended 30 September 2020 ("9M2020") vs 9 Months Period Ended 30 September 2019 ("9M2019") (Cont.)

The Group's net assets per share as at 30 September 2020 stood at RM0.28. The Group's non-current assets decreased to RM49.14 million compared with the non-current assets of RM50.36 million as at 31 December 2019 due to depreciation charges. Inventories slightly increased to RM20.71 million as at 30 September 2020. Receivables, deposits and prepayments increased by RM1.83 million to RM4.67 million mainly due to outstanding debts from customers. The Group's net current assets was RM41.07 million as at 30 September 2020. The Group is in a positive net cash position as at 30 September 2020 with cash and cash equivalent of RM14.10 million after deducting all borrowings of the Group.

The Group's net operating cash outflow for 9M2020 was RM3.40 million. The net cash inflow from investing activities was RM8.10 million, mainly due to proceeds from disposal of quoted shares after offsetting the acquisition of quoted shares. Net cash inflow from financing activities was RM0.13 million, mainly attributable to proceeds from bankers' acceptances and proceeds from exercise of warrants offset by repurchase of treasury shares. The net resultant impact to the Group's cash flow was an increase in cash of RM4.83 million during 9M2020. Net cash and cash equivalents amounted to RM15.93 million as at 30 September 2020.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	3 months ended 30.09.2020	3 months ended 30.06.2020	Changes %
Revenue	7,824	4,592	70%
Gross profit ("GP")	2,403	819	193%
Operating (loss)/profit	5,251	1,379	281%
(Loss)/Profit before taxation ("LBT)/PBT")	5,234	1,348	-288%
(Loss)/Profit for the period	5,262	1,370	284%
(Loss)/Profit attributable to the owners of the Company	5,262	1,370	284%

The Group's revenue in Q3 2020 was higher by RM3.23 million compared with Q2 2020. The Group GP was also higher in Q3 2020. The Group recorded a Profit Before Taxation ("PBT") of RM5.23 million in the third quarter of 2020 as compared to RM1.35 million in the immediate preceding quarter. This was mainly due to gain on disposal in the 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. 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 30.09.2020 RM'000	Cumulative Quarter 9 months ended 30.09.2020 RM'000
In respect of the current period		
- Malaysian tax	-	-
- Deferred tax	(28)	(5)
	<u>(28)</u>	<u>(5)</u>
In respect of the prior year		
- Malaysian tax	-	-
- Deferred tax	-	-
	<u>-</u>	<u>-</u>
	<u>(28)</u>	<u>(5)</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 30.09.2020 RM'000	As at 31.12.2019 RM'000
Non-current:		
Finance lease liability	-	73
Current:		
Bank overdraft - unsecured	1,277	-
Bankers' acceptance - unsecured	1,632	1,360
Finance lease liability	198	213
	<u>3,107</u>	<u>1,573</u>
	<u>3,107</u>	<u>1,646</u>

All borrowings are denominated in Malaysia Ringgit.

B7 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 30 September 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")

On 24 September 2020, Bursa Malaysia Securities Berhad ("Bursa Securities") had vide its letter, approved the following:

- i) Admission and listing of and quotation for up to 960,100,350 new RCPS to the Official List of Bursa Securities to be issued pursuant to the Proposed Right Issues of RCPS;
- ii) Listing of and quotation for up to 960,100,350 new Ni Hsin Shares to be issued arising from the conversion of RCPS;
- iii) Listing of and quotation of 37,318,783 additional warrants to be issued pursuant to the adjustment arising from the Proposed Right Issues of RCPS ("Additional Warrants"); and
- iv) Listing of and quotation of 37,318,783 new Ni Hsin Shares to be issued pursuant to the exercise of Additional Warrants.

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 September 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	74	71	3	-

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 9 months ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
Basic EPS				
(Loss)/Profit attributable to owners of the Company (RM '000)	5,262	(854)	698	(6,836)
Weighted average no. of ordinary shares in issue ('000)	313,581	315,554	313,581	315,554
Basic EPS (sen)	<u>1.68</u>	<u>(0.27)</u>	<u>0.22</u>	<u>(2.17)</u>

(b) Diluted

As at 30 September 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 9 months ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
Diluted EPS				
Profit/(Loss) attributable to owners of the Company (RM '000)	5,262	(854)	698	(6,836)
Weighted average no. of ordinary shares in issue ('000)	313,581	315,554	313,581	315,554
Effect of dilution ('000)	22,056	-	22,056	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>335,636</u>	<u>315,554</u>	<u>335,636</u>	<u>315,554</u>
Diluted EPS (sen)	<u>1.57</u>	<u>(0.27)</u>	<u>0.21</u>	<u>(2.17)</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 18 November 2020.

On behalf of the Board of Directors
NI HSIN RESOURCES BERHAD

SOFIYAN BIN YAHYA
Chairman

Date: 18 November 2020