NI HSIN RESOURCES BERHAD

(Company No.: 653353-W)
(Incorporated in Malaysia under the Companies Act, 1965)

INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

30 JUNE 2016

NI HSIN RESOURCES BERHAD
(Company no. 653353-W)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016
(The figures have not been audited)

	Note	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 6 MONTHS ENDED	
		30.06.2016 RM'000	30.06.2015 RM'000	30.06.2016 RM'000	30.06.2015 RM'000
Revenue	A12	10,548	12,871	20,072	24,080
Cost of sales		(7,665)	(9,431)	(14,441)	(17,908)
Gross Profit		2,883	3,440	5,631	6,172
Other operating income		76	364	204	890
Operating expenses		(7,868)	(3,271)	(10,642)	(6,282)
Operating profit/ (loss)	A13	(4,909)	533	(4,807)	780
Finance income		2	2	3	4
Finance costs		(20)	(21)	(24)	(45)
Profit/ (Loss) before taxation		(4,927)	514	(4,828)	739
Income tax expenses	B5	(95)	(143)	(139)	(210)
Profit/ (Loss) for the period		(5,022)	371	(4,967)	529
Other comprehensive income / (expense), net of tax					
Item that will not be reclassified subsequently to profit or loss:					
Revaluation of property, plant and equipment		13,831	-	13,831	-
Item that may be subsequently reclassified to profit or loss:					
Foreign currency translation differences for foreign operations		-	(10)	8	(41)
Total comprehensive income/ (expense) for the period		8,809	361	8,872	488
Profit/ (Loss) attributable to:					
Owners of the Company		(4,964)	371	(4,909)	529
Non-controlling interests		(58)	-	(58)	-
Profit/ (Loss) for the period		(5,022)	371	(4,967)	529
Total comprehensive income/ (expense) attributable to:					
Owners of the Company		8,867	361	8,930	488
Non-controlling interests		(58)	-	(58)	-
Total comprehensive income for the period		8,809	361	8,872	488
Earnings/ (Loss) per share (sen)					
~ Basic	B12	(2.29)	0.16	(2.26)	0.23
~ Diluted	B12	(1.93)	0.13	(1.91)	0.19

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 2015 and the accompanying explanatory notes attached to the Interim Financial Statements.

NI HSIN RESOURCES BERHAD
(Company no. 653353-W)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016
(The figures have not been audited)

	Note	AS AT 30.06.2016 RM'000	AS AT 31.12.2015 RM'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	A9	45,414	31,377
Investment property		1,320	1,333
Goodwill		5,105	5,105
		51,839	37,815
Current assets			
Inventories		17,539	17,339
Receivables, deposits and prepayments		5,207	5,280
Derivative financial assets	B11	-	-
Current tax assets		644	760
Cash and cash equivalents		5,993	5,761
		29,383	29,140
TOTAL ASSETS		81,222	66,955
EQUITY AND LIABILITIES			
Equity			
Share capital		47,671	47,320
Reserves		23,732	11,333
Equity attributable to owners of the Company		71,403	58,653
Non-controlling interest		(28)	-
Total equity		71,375	58,653
Non-current liabilities			
Deferred tax liability		2,911	2,149
Borrowings	B7	45	87
		2,956	2,236
Current liabilities			
Payables and accruals		5,386	5,961
Borrowings	B7	1,505	83
Current tax liabilities		-	11
Derivative financial liabilities	B11	-	11
		6,891	6,066
Total liabilities		9,847	8,302
TOTAL EQUITY AND LIABILITIES		81,222	66,955
		-	-
Net Assets per share attributable to owners of the Company (RM)		0.33	0.26

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the Interim Financial Statements.

NI HSIN RESOURCES BERHAD
(Company no. 653353-W)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016
(The figures have not been audited)

	/---- Non-distributable ----/								Distributable			
	Share Capital RM'000	**Share Premium RM'000**	**Treasury Shares RM'000**	**Translation Reserve RM'000**	**Fair value Reserve RM'000**	**Share Option Reserve RM'000**	**Revaluation Reserve RM'000**	**Other Reserve RM'000**	**Retained Profits RM'000**	**Total RM'000**	**Non-controlling Interest RM'000**	**Total Equity RM'000**
At 1 January 2015	47,320	1,820	(1,676)	60	202	-	-	9,206	2,329	59,261	-	59,261
Total comprehensive income/ (expense) for the period	-	-	-	(41)	-	-	-	-	529	488	-	488
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2015	**47,320**	**1,820**	**(1,676)**	**19**	**202**	**-**	**-**	**9,206**	**2,858**	**59,749**	**-**	**59,749**
At 1 January 2016	47,320	1,820	(4,443)	49	202	-	-	9,206	4,499	58,653	-	58,653
Total comprehensive income/ (expense) for the period	-	-	-	8	-	-	13,831	-	(4,909)	8,930	(58)	8,872
Own shares acquired	-	-	(1,565)	-	-	-	-	-	-	(1,565)	-	(1,565)
Own shares sold	-	-	-	-	-	-	-	-	-	-	-	-
Warrants exercised	351	-	-	-	-	-	-	-	-	351	-	351
Share-based payment transaction	-	-	-	-	-	5,034	-	-	-	5,034	-	5,034
Ownership interests in a subsidiary	-	-	-	-	-	-	-	-	-	-	30	30
Dividend paid	-	-	-	-	-	-	-	-	-	-		-
At 30 June 2016	**47,671**	**1,820**	**(6,008)**	**57**	**202**	**5,034**	**13,831**	**9,206**	**(410)**	**71,403**	**(28)**	**71,375**

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 2015 and the accompanying explanatory notes attached to the Interim Financial Statements.

NI HSIN RESOURCES BERHAD
(Company no. 653353-W)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016
(The figures have not been audited)

	6 MONTHS ENDED	
	30.06.2016 RM'000	30.06.2015 RM'000
Cash flows from operating activities		
Profit/ (Loss) before tax	(4,828)	739
Adjustments:		
Depreciation on property, plant and equipment	1,356	1,210
Depreciation on investment property	13	-
Loss/ (gain) on disposal of property, plant and equipment	-	(20)
Write off of property, plant and equipment	24	1
Write-down of inventories	-	-
Interest paid	24	45
Interest received	(3)	(4)
Net loss/ (gain) on foreign exchange	74	151
Share-based payment transaction	5,034	-
Net loss/ (gain) in fair value of financial instruments measured at fair value	-	-
Operating profit before changes in working capital	1,694	2,122
Changes in working capital:		
(Increase)/ decrease in operating assets	(154)	(597)
Decrease/ (increase) in operating liabilities	(566)	1,101
Cash (used in)/ generated from operations	974	2,626
Income taxes paid	(475)	(433)
Income taxes refunded	450	76
Interest paid	(24)	(45)
Interest received	3	4
Net cash generated from operating activities	928	2,228
Cash flows from investing activities		
Purchase of property, plant and equipment	(833)	(1,108)
Proceeds from disposal of property, plant and equipment	-	70
Acquisition of non-controlling interests	30	-
Acquisition of subsidiary	*	-
Net cash used in investing activities	(803)	(1,038)
Cash flows from financing activities		
Net proceeds/ (repayment) of bankers' acceptances	1,420	(510)
Net repayment of hire purchase	(41)	(39)
Repurchase of treasury shares	(1,565)	-
Proceeds from exercise of warrants	351	-
Dividends paid	-	-
Net cash generated from / (used in) financing activities	165	(549)
Net increase in cash and cash equivalents	290	641
Effect of exchange rate fluctuations on cash held	(58)	78
Cash and cash equivalents at 1 January	5,761	5,516
Cash and cash equivalents at 31 March	5,993	6,235

* Denotes RM2

Notes:

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

	RM'000	RM'000
Deposits with licensed bank	185	180
Bank and Cash balances	5,808	6,055
Bank overdraft (included within short term borrowings in Note B7)	-	-
	5,993	6,235

The Unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the Interim Financial Statements.

NI HSIN RESOURCES BERHAD
(Company no. 653353-W)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

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 Malaysian Financial Reporting Standard (MFRS) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2015. 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 2015.

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 2015, except for the following:

(a) Property, Plant and Equipment

During the current period, the Group elected to measure the properties using the revaluation model under MFRS 116 Property, Plant and Equipment. Accordingly, the financial impact is as follows:

- an increase of RM11,445,000 and RM11,445,000 for freehold land was recognised in property, plant and equipment and properties revaluation reserve respectively as of 30 June 2016; and
- an increase of RM3,140,000, RM754,000 and RM2,386,000 for building on freehold land was recognised in property, plant and equipment, deferred tax liabilities and properties revaluation reserve respectively as of 30 June 2016.

The properties are stated at their revalued amount, being fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

(b) Adoption of the Amendments to MFRS during the current financial period

Effective for annual periods commencing on or after 1 January 2016
- Disclosure Initiative (Amendments to MFRS 101)

The amendments to MFRS 101 aim to improve the presentation and disclosure in the financial statements and are designed to encourage companies to apply professional judgement in determining what information to disclose and how to structure it in their financial statements. Since the amendments only affect disclosures, the adoption of these amendments did not have any financial impact on the Group.

Standards issued but not yet effective
At the date of authorisation of the condensed consolidated interim financial statements, the following Standards, Amendments and Annual improvements to Standards were issued by the MASB but are not yet effective and have not been adopted by the Group:

Effective for annual periods commencing on or after 1 January 2017
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112)
Disclosure Initiative (Amendments to MFRS 107)

Effective for financial periods beginning on or after 1 January 2018
MFRS 15, *Revenue from Contracts with Customers*
MFRS 9, *Financial Instruments* (IFRS 9 as issued by International Accounting Standards Board ("IASB") in July 2014)

A2 SIGNIFICANT ACCOUNTING POLICIES (cont.)

(b) Adoption of the Amendments to MFRS during the current financial period (Cont.)

Standards issued but not yet effective (Cont.)

Effective for annual periods commencing on or after 1 January 2019
MFRS 16, *Leases*

The Group will adopt the above pronouncements when they become effective in the respective financial periods. The Group does not expect any material impact to the financial statements on the above pronouncements other than for the two Standards described below, for which the effects are still being assessed:

(a) **MFRS 15 *Revenue from Contracts with Customers***
MFRS 15 Revenue from Contracts with Customers was issued in September 2014 and established a new five-step model which will apply to recognition of revenue arising from contracts with customers. Under this Standard, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principle of this Standard is to provide a more structured approach to measuring and recognising revenue.

This Standard is applicable to all entities and will supersede all current revenue recognition requirements under MFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

The adoption of MFRS 15 is not expected to have any material impact on the financial statements of the Group.

(b) **MFRS 9 *Financial Instruments***
In November 2014, the MASB issued the final version of MFRS 9 Financial Instruments, replacing MFRS 139. This Standard made changes to the requirements for classification and measurement, impairment, and hedge accounting of financial instruments. The adoption of this Standard will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

MFRS 9 Financial Instruments also requires impairment assessments to be based on an expected loss model, replacing the MFRS 139 incurred loss model. Finally, MFRS 9 Financial Instruments aligns hedge accounting more closely with risk management, establishes a more principle-based approach to hedge accounting and addresses inconsistencies and weaknesses in the previous model.

This Standard will come into effect on or after 1 January 2018 with early adoption permitted. Retrospective application is required, but comparative information is not compulsory. MFRS 9 introduces significant changes in the way the Group accounts for financial instruments. Due to the complexity of the standard and its requirements, the financial effects of its adoption are still being assessed by the Group.

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 2015.

A4 SEASONAL OR CYCLICAL FACTORS

The Cookware Division's revenue is subject to seasonality due to market demand and supply conditions. Historically, demand for the premium cookware and kitchenware generally increases in the second half of the year due mainly to the seasonal nature of consumer spending behaviour in the export markets, where the shopping seasons normally peak in the final quarter of the year during festive periods such as Christmas and New Year.

A5 CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter and financial period ended 30 June 2016 other than from the change in accounting measurement of properties to revaluation model as disclosed in Note A2(a) above.

The Board has approved the revaluation of the landed properties of the Group.

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 2016.

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 2016 other than from the change in accounting measurement of properties to revaluation model as disclosed in Note A2(a) above.

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 cancellation for the current financial period ended 30 June 2016:

(a) Share Buy-backs

At the Annual General Meeting of the Company held on 18 May 2016, the shareholders of the Company had renewed a mandate for the Company to purchase and/or hold up to maximum of 10% of the issued and paid-up 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.

During the financial period to date, 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)
January	500,000	0.295	0.295	0.295	148,163.96
March	1,895,000	0.320	0.346	0.334	632,152.36
April	2,000,000	0.275	0.300	0.289	577,487.36
May	732,000	0.270	0.280	0.277	202,685.23
June	16,900	0.260	0.260	0.260	4,442.80

Inclusive of Goods and Services Tax (GST), commission, stamp duty and other charges.

As at 30 June 2016, the total number of shares bought back and held as treasury shares were 20,094,500 ordinary shares of RM0.20 each, representing 8.43% of the total paid-up share capital of the Company. The shares purchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. None of the treasury shares were cancelled or resold during the financial period under review.

(b) Warrants

On 22 January 2015, the Company undertook a bonus issue of up to 115,478,803 free warrants on the basis of one warrant for every two existing ordinary shares of RM0.20 each in the Company.

During the financial period to date, the warrants exercised by registered warrantholders to new ordinary shares of RM0.20 each at a price of RM0.20 per ordinary share as follows:

Month of exercise	Exercise price (RM)	No. of warrants exercised	Balance warrants outstanding
March	0.20	889,100	114,589,703
April	0.20	670,000	113,919,703
May	0.20	194,500	113,725,203
June	-	-	113,725,203

A9 PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are measured at valuation/cost less any accumulated depreciation and any accumulated impairment losses.

A10 CHANGES IN THE COMPOSITION OF THE GROUP

Save as disclosed below, there were no changes in the composition of the Group, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations during the financial period ended 30 June 2016.

On 7 June 2016, the Company acquired 2 ordinary shares of RM1.00 each, representing 100% of the issued and paid-up share capital of Pentoli Sdn Bhd ("PSB") from Loo Yee Mun and Lim Sai Weng, for a total cash consideration of RM2.00 only. Subsequent to the acquisition, PSB became a wholly-owned subsidiary of the Company.

The intended business activity of PSB is manufacturing and distribution of kitchen utensils, kitchen equipment, electronic appliances and apparatus.

A11 DIVIDEND PAID

No dividend was paid during the current quarter ended 30 June 2016.

A12 SEGMENTAL INFORMATION

The Group is principally engaged in the design, manufacture and sale of stainless steel kitchenware, cookware, convex mirror and research and development and manufacture of clad metals. The segmental results of the Group for the financial period under review based on activities are as follows:

RESULTS FOR 6 MONTHS ENDED 30 JUNE 2016

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
Segment Revenue	**30.06.2016**	**30.06.2015**	**30.06.2016**	**30.06.2015**
	RM'000	RM'000	RM'000	RM'000
Revenue from:				
Cookware	5,473	7,386	10,303	13,651
Convex mirror	2,851	2,441	5,702	4,611
Clad metals	4,575	6,841	7,652	12,434
Others	-	-	-	-
Total revenue including inter-segment sales	12,899	16,668	23,657	30,696
Elimination of inter-segment sales	(2,351)	(3,797)	(3,585)	(6,616)
Total	10,548	12,871	20,072	24,080
	-	-	-	-
Results from:				
Cookware	25	462	148	925
Convex mirror	711	579	1,290	979
Clad metals	(151)	(1)	(521)	(19)
Others	(1)	(3)	(2)	(9)
	584	1,037	915	1,876
Elimination of inter-segment results	(2)	(104)	34	(153)
Total result	582	933	949	1,723
Unallocated corporate expenses	(5,491)	(400)	(5,756)	(943)
Finance income	2	2	3	4
Finance costs	(20)	(21)	(24)	(45)
Income tax expense	(95)	(143)	(139)	(210)
Profit/ (Loss) for the period	(5,022)	371	(4,967)	529
	-	-	-	-

A13 OPERATING PROFIT

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.06.2016	**30.06.2015**	**30.06.2016**	**30.06.2015**
	RM'000	RM'000	RM'000	RM'000
Operating profit/ (loss) is arrived at after charging and (crediting):				
Finance income	(2)	(2)	(3)	(4)
Other income including investment income	-	-	-	-
Rental income	(40)	(40)	(81)	(81)
Depreciation on property, plant and equipment	666	565	1,356	1,210
Depreciation on investment property	6	-	13	-
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Provision for and write off of property, plant and equipment	20	-	24	1
(Gain)/ loss on disposal of quoted or unquoted investments	-	-	-	-
Loss/ (gain) on disposal of property, plant and equipment	-	(20)	-	(20)
Impairment of assets	-	-	-	-
Net (gain)/ loss on foreign exchange - unrealised	(234)	49	74	151
Net (gain)/ loss on foreign exchange - realised	(50)	(383)	(155)	(557)
Net gain in fair value of financial instruments measured at fair value	-	-	-	-
Share-based payments	5,034	-	5,034	-
Exceptional items	-	-	-	-

A14 FINANCE COSTS

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.06.2016	**30.06.2015**	**30.06.2016**	**30.06.2015**
	RM'000	RM'000	RM'000	RM'000
Bank overdrafts	5	-	5	3
Bankers' acceptances	13	18	15	36
Finance lease liability	2	3	4	6
	20	21	24	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.

A16 CONTINGENT ASSETS AND LIABILITIES

Save as disclosed below, the Company is not aware of any other contingent liabilities as at 30 June 2016:

	30.06.2016
	RM'000
- Corporate guarantee given by the Company to licensed banks for credit facilities granted to subsidiaries	26,140
	26,140

A17 CAPITAL COMMITMENT

Capital commitments not provided for in the financial statements as at 30 June 2016 are as follows:

	30.06.2016 RM'000
Approved and contracted for	
- Plant & Equipment	411

A18 SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions which involve the former directors of the Group for the financial period ended 30 June 2016 are as follows:

	Transaction value for 6 months ended 30.06.2016 RM'000	**Balance outstanding as at 30.06.2016** RM'000
With a company in which the Company's former directors, Hsiao Chih Jen, Hsiao Chih Chien and Hsiao Chih Che, have substantial financial interests		
Sun New Stainless Steel Industry Ltd.		
Sales	(1,546)	-
Purchases	59	-
Ni Hsin International Trade (Shanghai) Co. Ltd.		
Sales	-	-
Purchases	4	-
Standardworld Holding Ltd.		
Royalty fee payable	-	-
Marketing fee	223	-
With a company in which the Company's former directors, Hsiao Chih Jen and Hsiao Chih Chien, have substantial financial interests		
Everpro Sdn. Bhd.		
Sales	(725)	462
Purchases	4	-
Rental income	(81)	-
With a company in which the Company's former director, Hsiao Chih Chien, has substantial financial interests		
I.D.M. Creative Development Co. Ltd.		
Sales	(476)	340
Purchases	171	-
With a company in which the Company's former director, Hsiao Chih Chien, is deemed interested by virtue of him being the father of Hsiao Tung Wei, which has substantial financial interests		
Buffalo Cookware Australia Pty Ltd		
Sales	(273)	-

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

B1 OPERATING SEGMENTS REVIEW

Operating Environment
The global economic conditions are expected to be increasingly challenging given the uncertainty over the pace of recovery in major global economies. The Japanese economy has been struggling in recent months and this is reflected in the poor equity market performance *(Source: Capital International Group)*. The moderate rate of recovery continued for European industries. However, the economic situtation remains adverse as significant internal and external risks for the Eurozone and the European Union have emerged which encompass the exit of the United Kingdom from the European Union. The Malaysian economy continues to deteriorate. Despite stable growth momentum, global uncertainties and political developments and weak domestic fundamentals are weighing on the economic outlook *(Source: Dr. Rumki Majumdar, Deloitte University Press)*.

Quarter Ended 30 June 2016 ("Q2 2016") vs Quarter Ended 30 June 2015 ("Q2 2015")
The Group's revenue and Loss Before Taxation ("LBT") were approximately RM10.55 million and RM4.93 million respectively for Q2 2016. Revenue in Q2 2016 decreased by RM2.32 million or 18.0% compared with the revenue in Q2 2015, mainly due to decreased in sales of cookware and clad metal. However, the Group's gross profit (“GP”) margin for Q2 2016 improved slightly to 27.3%, compared with GP margin of 26.7% achieved in Q2 2015 mainly due to higher sales of products with better GP margins and streamlining of direct labour cost. Operating expenses in Q2 2016 increased significantly compared with Q2 2015 mainly due to recognition of the Employees' Share Option Scheme ("ESOS") fair value of RM5.03 mil, which was a notional cost computed based on Binomial Option Pricing Model and has no impact on the cash flow and the net assets of the Company.The ESOS fair value of RM5.03 million was recognized and charged to income statement as operating expense upon the granting of ESOS to the Directors and eligible employees on 13 June 2016. Simultaneously, a Share Option Reserve of RM5.03 million was created and was classified as Non-Distributable Reserves. The Group recorded a LBT of RM4.93 million in Q2 2016 compared with a PBT of RM0.51 million in Q2 2015. Consequently, the Group recorded a Loss After Taxation (“LAT”) of RM5.02 million for Q2 2016, compared with a PAT of RM0.37 million for Q2 2015.

6 Months Period Ended 30 June 2016 ("6M2016") vs 6 Months Period Ended 30 June 2015 ("6M2015")

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

(i) Cookware Division

The Cookware Division's revenue for 6M2016 decreased by RM3.38 million or 24.8% to RM10.27 million compared with the revenue achieved in 6M2015 of RM13.65 million, as sales to the Group’s key export markets declined during the year 2016. The Group experienced lower sales of premium cookware to Japan which is the Group's major export market. Sales to the Asia Pacific countries (excluding Japan), Europe, USA and Canada also declined in 6M2016. The cookware revenue by geographical market for 6M2016 is as follows:

	6 MONTHS ENDED		**Increase/**	**%**
	30.06.2016	**30.06.2015**	**(Decrease)**	
	RM'000	**RM'000**	**RM'000**	
Japan	4,483	5,550	(1,067)	-19.2%
Asia Pacific (excluding Japan)	4,660	6,722	(2,062)	-30.7%
USA & Canada	856	935	(79)	-8.4%
Europe	267	443	(176)	-39.7%
	10,266	13,650	(3,384)	-24.8%

(ii) Convex Mirror Division

The Convex Mirror Division achieved a revenue of RM5.31 million for 6M2016, an increase of RM1.26 million compared with the revenue of RM4.05 million achieved in 6M2015. The increase in revenue is mainly due to higher export sales to Europe and other Asia Pacific countries.

(iii) Clad Metal Division

Clad Metal Division's revenue declined in 6M2016 by RM1.89 million to RM4.49 million compared with the revenue achieved in 6M2015 of RM6.38 million. Sales of clad metal declined in 6M2016 mainly due to decreased orders from customers in Europe and Taiwan, but was partially offset by increased orders from customers in Japan.

B1 OPERATING SEGMENTS REVIEW (CONT.)

6 Months Period Ended 30 June 2016 ("6M2016") vs 6 Months Period Ended 30 June 2015 ("6M2015") (Cont.)

The Group's net assets per share as at 30 June 2016 increased to RM0.33. The Group's non-current assets increased to RM51.84 million compared with the non-current assets of RM37.82 million as at 31 December 2015 due to recognition of fair value for landed properties of the Group. Inventories increased slightly to RM17.54 million as at 30 June 2016. Receivables, deposits and prepayments decreased marginally by RM0.07 million to RM5.21 million. The Group's net current assets was RM29.38 million as at 30 June 2016. The Group is in a positive net cash position as at 30 June 2016 with cash and cash equivalent of RM4.44 million after deducting all borrowings of the Group.

The Group's net operating cash inflow for 6M2016 was RM0.93 million. The net cash outflow from investing activities was RM0.80 million, mainly due to purchases of property, plant and equipment. Net cash inflow from financing activities was RM0.17 million, mainly due to proceeds from bankers' acceptances for working capital and proceeds from exercise of warrants, which was offset by the repurchase of treasury shares. The net resultant impact to the Group's cash flow was an increase in cash of RM0.29 million during 6M2016. Net cash and cash equivalents amounted to RM5.99 million as at 30 June 2016.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	3 months ended 30.06.2016	**3 months ended 31.03.2016**
	RM'000	RM'000
Revenue	10,548	9,524
Profit/(Loss) before taxation ("PBT/LBT")	(4,927)	99
Profit/(Loss) for the period	(5,022)	55

The Group experienced a slightly higher revenue in Q2 2016 compared with Q1 2016. However, the Group recorded a LBT of RM4.93 million in Q2 2016 mainly due to recognition of fair value of ESOS in Q2 2016.

B3 COMMENTARY ON PROSPECT

The Directors expect the Group to operate in an increasingly challenging economic and business environment in its key markets in 2016, due to the slowdown in global economic growth and weaker consumption expected from Malaysia.

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

B5 TAXATION

	Current Quarter 3 months ended 30.06.2016 RM'000	Cumulative Quarter 6 months ended 30.06.2016 RM'000
In respect of the current period		
- Malaysian tax	103	293
- Deferred tax	(7)	(153)
	96	140
In respect of the prior year		
- Malaysian tax	(1)	(1)
	95	139

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year.

The effective tax rate of the Group is higher than the statutory tax rate mainly due to the losses of a subsidiary which cannot be set off against taxable profit made by other subsidiaries, and certain expenses which are not deductible for tax purposes.

B6 RETAINED EARNINGS

The breakdown of retained earnings of the Group as at the reporting date into realised and unrealised profits pursuant to Bursa Malaysia Securities Berhad's ("Bursa Securities") directive dated 25 March 2010 is as follows:

	As at 30.06.2016 RM'000	As at 31.12.2015 RM'000
Total retained profits of the Group:		
Realised	35,948	40,279
Unrealised	(3,230)	(2,625)
	32,718	37,654
Less: Consolidation adjustments	(33,128)	(33,155)
Total Group retained profits as per consolidated accounts	(410)	4,499

The determination of realised and unrealised profits is made based on the Guidance On Special Matter No 1 - Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Securities Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

B7 GROUP BORROWINGS

Save as disclosed below, there were no other borrowings or debt securities in the Group as at 30 June 2016:

	As at 30.06.2016 RM'000	As at 31.12.2015 RM'000
Non-current:		
Finance lease liability	45	87
Current:		
Bank overdraft	-	-
Bankers' acceptance	1,420	-
Finance lease liability	85	83
	1,505	83
	1,550	170

All borrowings are denominated in Malaysia Ringgit.

B8 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 30 June 2016, the Group does not have any financial liabilities measured at fair value through profit or loss.

B9 CHANGES IN MATERIAL LITIGATION

The Group is not engaged in any material litigation and the Directors do not have any knowledge of any material proceeding pending or threatened against the Group.

B10 STATUS OF CORPORATE PROPOSALS

There were no corporate proposals by the Company during the financial period to date except for the proposed establishment of a new Employees' Share Option Scheme (ESOS) to the eligible directors and employees, to subscribe for up to fifteen per cent of the total issued and paid-up share capital (excluding treasury shares) of the Company.

All requisite approvals had been obtained from Bursa Malaysia Securities Berhad and an Extraordinary General Meeting was held on 18 May 2016 to approve all the resolutions pertaining to the ESOS.

The ESOS was implemented by the Company on 13 June 2016.

B11 FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and foreign exchange risk arises 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 2016, the Group does not have any outstanding derivative financial instruments.

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

There is no credit and market risk as no forward contracts are executed with a creditworthy financial institution.

B12 EARNINGS PER SHARE ("EPS")

(a) Basic

Basic EPS is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period after accounting for the share buy-backs and reissue of treasury shares.

	Current Quarter 3 months ended		**Cumulative Quarter 6 months ended**	
	30.06.2016	**30.06.2015**	**30.06.2016**	**30.06.2015**
Basic EPS				
Profit/ (loss) attributable to owners of the Company (RM '000)	(5,022)	371	(4,967)	529
Weighted average no. of ordinary shares in issue ('000)	219,739	230,958	219,739	230,958
Basic EPS (sen)	(2.29)	0.16	(2.26)	0.23

B12 EARNINGS PER SHARE ("EPS") (CONT.)

(b) Diluted

Diluted EPS is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average diluted number of ordinary shares outstanding during the period after accounting for the share buy-backs, reissue of treasury shares and adjustments for the effect of all dilutive potential ordinary shares arising from the share warrants on issue.

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.06.2016	**30.06.2015**	**30.06.2016**	**30.06.2015**
Diluted EPS				
Profit/ (loss) attributable to owners of the Company (RM '000)	(5,022)	371	(4,967)	529
Weighted average no. of ordinary shares in issue ('000)	219,739	230,958	219,739	230,958
Effect of dilution ('000)	40,625	45,128	40,625	45,128
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	260,364	276,086	260,364	276,086
Diluted EPS (sen)	(1.93)	0.13	(1.91)	0.19

The effect of ESOS granted to the Directors and eligible employees of the Group that could potentially dilute basic earnings per share in future, but were not included in the calculationn of diluted earnings per share as above because they are anti-dilutive for the financial period ended 30 June 2016.

B13 DIVIDEND

No interim dividend has been recommended for the current quarter.

B14 AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 August 2016.

By order of the Board of Directors
NI HSIN RESOURCES BERHAD

MD NAZIR BIN MD KASSIM
Chairman

Date: 24 August 2016