



NI HSIN

NI HSIN RESOURCES BERHAD

(Company No.: 653353-W)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

31 MARCH 2018

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**
(The figures have not been audited)

	Note	CURRENT QUARTER 3 MONTHS ENDED			CUMULATIVE QUARTER 3 MONTHS ENDED		
		31.03.2018 RM'000	31.03.2017 RM'000	Changes (%)	31.03.2018 RM'000	31.03.2017 RM'000	Changes (%)
Revenue	A12	7,494	10,417	-28%	7,494	10,417	-28%
Cost of sales		(5,389)	(7,365)		(5,389)	(7,365)	
Gross Profit		<u>2,105</u>	<u>3,052</u>	-31%	<u>2,105</u>	<u>3,052</u>	-31%
Other operating income		551	126		551	126	
Operating expenses		(2,816)	(2,995)		(2,816)	(2,995)	
Operating profit/(loss)	A13	<u>(160)</u>	<u>183</u>	-187%	<u>(160)</u>	<u>183</u>	-187%
Finance income		66	1		66	1	
Finance costs		(2)	(15)		(2)	(15)	
Profit/(Loss) before taxation		<u>(96)</u>	<u>169</u>	-157%	<u>(96)</u>	<u>169</u>	-157%
Income tax expenses	B5	(48)	(100)		(48)	(100)	
Profit/(Loss) for the period		<u>(144)</u>	<u>69</u>	-309%	<u>(144)</u>	<u>69</u>	-309%
Other comprehensive income/(expense), net of tax							
<u>Item that will not be reclassified subsequently to profit or loss:</u>							
Revaluation of property, plant and equipment		-	-		-	-	
<u>Item that may be subsequently reclassified to profit or loss:</u>							
Foreign currency translation differences for foreign operations		(3)	(1)		(3)	(1)	
Fair value of available-for-sale financial assets - Reclassification adjustment for gain on disposal included in profit or loss		-	-		-	-	
Total comprehensive income/(expense) for the period		<u>(147)</u>	<u>68</u>	-316%	<u>(147)</u>	<u>68</u>	-316%
Profit/(Loss) attributable to:							
Owners of the Company		(144)	83		(144)	83	
Non-controlling interests		-	(14)		-	(14)	
Profit/(Loss) for the period		<u>(144)</u>	<u>69</u>		<u>(144)</u>	<u>69</u>	
Total comprehensive income/(expense) attributable to:							
Owners of the Company		(147)	82		(147)	82	
Non-controlling interests		-	(14)		-	(14)	
Total comprehensive income/(expense) the period		<u>(147)</u>	<u>68</u>		<u>(147)</u>	<u>68</u>	
Earnings per share (sen)							
- Basic	B11	(0.05)	0.04		(0.05)	0.04	
- Diluted	B11	N/A	0.03		N/A	0.03	

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 2017 and the accompanying explanatory notes attached to the Interim Financial Statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

(The figures have not been audited)

	Note	AS AT 31.03.2018 RM'000	AS AT 31.12.2017 RM'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	A9	46,393	46,843
Investment property		1,273	1,279
Goodwill		5,105	5,105
Deferred tax asset		9	9
		<u>52,780</u>	<u>53,236</u>
Current assets			
Inventories		20,860	20,191
Other investment		3,718	3,570
Receivables, deposits and prepayments		5,894	3,953
Derivative financial assets	B10	-	-
Current tax assets		336	182
Cash and cash equivalents		18,753	9,439
		<u>49,561</u>	<u>37,335</u>
TOTAL ASSETS		<u>102,341</u>	<u>90,571</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		66,123	53,980
Reserves		25,587	26,231
Equity attributable to owners of the Company		91,710	80,211
Non-controlling interest		(93)	(93)
Total equity		<u>91,617</u>	<u>80,118</u>
Non-current liabilities			
Deferred tax liability		3,674	3,639
Borrowings	B6	-	-
		<u>3,674</u>	<u>3,639</u>
Current liabilities			
Payables and accruals		6,800	6,814
Borrowings	B6	250	-
Current tax liabilities		-	-
Derivative financial liabilities	B10	-	-
		<u>7,050</u>	<u>6,814</u>
Total liabilities		<u>10,724</u>	<u>10,453</u>
TOTAL EQUITY AND LIABILITIES		<u>102,341</u>	<u>90,571</u>
Net Assets per share attributable to owners of the Company (RM)		0.31	0.37

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017 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 FINANCIAL PERIOD ENDED 31 MARCH 2018**

(The figures have not been audited)

	/----- Non-distributable -----/								Distributable Retained Profits / (Accumulated losses) RM'000	Total RM'000	Non- controlling Interest RM'000	Total Equity RM'000
	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				
At 1 January 2017	47,671	1,820	(6,228)	80	202	5,034	17,149	9,206	(415)	74,519	(75)	74,444
Adjustments for effects of Companies Act 2016 (Note a)	1,820	(1,820)	-	-	-	-	-	-	-	-	-	-
Foreign currency translation differences for foreign operations	-	-	-	(1)	-	-	-	-	-	(1)	-	(1)
Revaluation of property	-	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income/(expense) for the period	-	-	-	(1)	-	-	-	-	-	(1)	-	(1)
Loss for the period	-	-	-	-	-	-	-	-	83	83	(14)	69
Total comprehensive income/ (expense) for the period	-	-	-	(1)	-	-	-	-	83	82	(14)	68
<i>Contributions by and distributions to owners of the Company</i>												
Own shares acquired	-	-	-	-	-	-	-	-	-	-	-	-
Ownership interests in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-
Total transactions with the owners of the Company	-	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2017	49,491	-	(6,228)	79	202	5,034	17,149	9,206	(332)	74,601	(89)	74,512
At 1 January 2018	53,980	-	(7,002)	94	80	5,034	17,149	9,206	1,670	80,211	(93)	80,118
Foreign currency translation differences for foreign operations	-	-	-	(3)	-	-	-	-	-	(3)	-	(3)
Fair value of available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income/(expense) for the period	-	-	-	(3)	-	-	-	-	-	(3)	-	(3)
Profit/(Loss) for the period	-	-	-	-	-	-	-	-	(144)	(144)	-	(144)
Total comprehensive income/ (expense) for the period	-	-	-	(3)	-	-	-	-	(144)	(147)	-	(147)
<i>Contributions by and distributions to owners of the Company</i>												
Own shares acquired	-	-	(497)	-	-	-	-	-	-	(497)	-	(497)
Warrant exercised	12,143	-	-	-	-	-	-	-	-	12,143	-	12,143
Total transactions with the owners of the Company	12,143	-	(497)	-	-	-	-	-	-	11,646	-	11,646
At 31 March 2018	66,123	-	(7,499)	91	80	5,034	17,149	9,206	1,526	91,710	(93)	91,617

Note a

With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credit standing in the share premium account of RM1,820,000 has been transferred to the share capital account. Pursuant to subsection 618(3) of the New Act, the Group may exercise its right to use the credit amounts being transferred from share premium account within 24 months after the commencement of the New Act. The Board of Directors will make a decision thereon by 31 January 2019.

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 2017 and the accompanying explanatory notes attached to the Interim Financial Statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

(The figures have not been audited)

	3 MONTHS ENDED	
	31.03.2018	31.03.2017
	RM'000	RM'000
Cash flows from operating activities		
Profit/ (Loss) before tax	(96)	169
Adjustments:		
Depreciation on property, plant and equipment	593	686
Depreciation on investment property	7	7
Gain on disposal of property, plant and equipment	-	(7)
Write off of property, plant and equipment	-	-
Write-down of inventories	-	-
Interest paid	2	15
Interest received	(66)	(1)
Net loss on foreign exchange	22	49
(Gain)/ loss on disposal of quoted or unquoted investments	21	-
(Gain)/ loss on disposal of available-for-sale financial assets	-	-
Share-based payment transaction	-	-
Net loss/ (gain) in fair value of financial instruments measured at fair value	(409)	-
Operating profit before changes in working capital	<u>74</u>	<u>918</u>
Changes in working capital:		
Decrease/(Increase) in operating assets	(2,647)	2,958
(Increase)/Decrease in operating liabilities	43	(1,613)
Cash generated from operations	<u>(2,530)</u>	<u>2,263</u>
Income taxes paid	(168)	(207)
Income taxes refunded	-	-
Interest paid	(2)	(15)
Interest received	66	1
Net cash generated from/(used in) operating activities	<u>(2,634)</u>	<u>2,042</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(144)	(175)
Acquisition of other investments	(62)	-
Proceeds from disposal of property, plant and equipment	-	279
Acquisition of non-controlling interests	-	-
Proceeds from disposal of other investments	301	-
Proceeds from disposal of available-for-sale financial assets	-	-
Net cash generated from/(used in) investing activities	<u>95</u>	<u>104</u>
Cash flows from financing activities		
Net proceeds of bankers' acceptances	250	580
Net repayment of hire purchase	-	(21)
Proceeds from treasury shares	-	-
Repurchase of treasury shares	(497)	-
Proceeds from exercise of warrants	12,143	-
Dividends paid	-	-
Net cash generated from/(used in) financing activities	<u>11,896</u>	<u>559</u>
Net increase in cash and cash equivalents	9,357	2,705
Effect of exchange rate fluctuations on cash held	(43)	(68)
Cash and cash equivalents at 1 January	<u>9,439</u>	<u>3,946</u>
Cash and cash equivalents at 31 March	<u>18,753</u>	<u>6,583</u>

Notes:

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

	RM'000	RM'000
Deposits with licensed bank	196	190
Bank and Cash balances	18,557	6,401
Bank overdraft (included within short term borrowings in Note B7)	-	(8)
	<u>18,753</u>	<u>6,583</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 2017 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 31 MARCH 2018

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING

A1 BASIS OF PREPARATION

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 are unaudited and have been prepared in accordance with 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 2017. 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 2017.

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 2017, except for the following:

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

Effective for financial periods beginning on or after 1 January 2018

MFRS 15 Revenue from Contracts with Customers

MFRS 9 Financial Instruments (2014)

Transfers of Investment Property (Amendments to MFRS 140)

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (Amendments to MFRS 4)

The above pronouncements are either not relevant or do not have material impact on the financial statements of the Group.

(b) Standards issued but not yet effective

Effective for financial periods commencing on or after 1 January 2019

Amendments to MFRS 9 Financial Instruments - *Prepayment Features with Negative Compensation*

Amendments to MFRS 119 Employee Benefits - *Plan Amendment, Curtailment or Settlement*

Amendments to MFRS 128 Investments in Associates and Joint Ventures - *Long-term Interests in Associates and Joint Ventures*

Amendments to MFRS 3 Business Combinations (*Annual Improvements to MFRS Standards 2015 - 2017 Cycle*)

Amendments to MFRS 11 Joint Arrangements (*Annual Improvements to MFRS Standards 2015 - 2017 Cycle*)

Amendments to MFRS 112 Income Taxes (*Annual Improvements to MFRS Standards 2015 - 2017 Cycle*)

Amendments to MFRS 123 Borrowing Costs (*Annual Improvements to MFRS Standards 2015 - 2017 Cycle*)

IC Interpretation 23 Uncertainty over Income Tax Treatments

Effective for financial periods commencing on or after 1 January 2021

MFRS 17 Insurance Contracts

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

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

A3 AUDITORS' REPORT ON PRECEDING FINANCIAL STATEMENTS

There was no qualification on the audited financial statements for the Company or its subsidiaries for the financial year ended 31 December 2017.

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 31 March 2018.

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 31 March 2018.

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 31 March 2018.

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, warrant exercise for the current quarter and financial period ended 31 March 2018.

(a) Share Buy-backs

At the Annual General Meeting of the Company held on 23 June 2017, 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 March 2018, the total number of shares bought back and held as treasury shares were 26,518,800 ordinary shares, representing 8.2% of the total issued share capital of the Company. The shares purchased are being held as treasury shares. None of the treasury shares were cancelled or resold during current quarter and financial period ended 31 March 2018.

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)
January	800,000	0.224	0.227	0.226	181,187.96
February	478,200	0.190	0.190	0.190	91,555.76
March	1,291,100	0.173	0.175	0.174	224,634.04

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

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

(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 in the Company. The warrants have expired on 9 February 2018.

During the financial period and up to date of expiry, the warrants exercised by registered warrant holders 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
Balance b/f			91,277,903
January	0.20	55,326,000	35,951,903
February	0.20	5,388,000	30,563,903

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 31 March 2018.

A11 DIVIDEND PAID

No dividend was paid during the current quarter and financial period ended 31 March 2018.

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 31 MARCH 2018

<u>Segment Revenue</u>	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Revenue from:				
Cookware	3,272	4,559	3,272	4,559
Convex mirror	2,795	3,511	2,795	3,511
Clad metals	3,025	3,927	3,025	3,927
Others	-	-	-	-
Total revenue including inter-segment sales	9,092	11,997	9,092	11,997
Elimination of inter-segment sales	(1,598)	(1,580)	(1,598)	(1,580)
Total	7,494	10,417	7,494	10,417

A12 SEGMENTAL INFORMATION (CONT.)

RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Results from:				
Cookware	(726)	57	(726)	57
Convex mirror	366	384	366	384
Clad metals	(135)	(177)	(135)	(177)
Others	(6)	(9)	(6)	(9)
	(501)	255	(501)	255
Elimination of inter-segment results	145	72	145	72
Total result	(356)	327	(356)	327
Unallocated corporate income/(expenses)	196	(144)	196	(144)
Finance income	66	1	66	1
Finance costs	(2)	(15)	(2)	(15)
Income tax expense	(48)	(100)	(48)	(100)
Profit for the period	(144)	69	(144)	69

Segment Assets

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

	As at 31.03.2018	As at 31.12.2017
	RM'000	RM'000
Cookware	62,284	60,600
Convex mirror	6,945	7,022
Clad metals	16,930	15,018
Others	-	-
	86,159	82,640
Elimination of inter-segment assets	(2,916)	(1,699)
Total segment assets	83,243	80,941
Unallocated corporate assets	19,098	9,630
Total assets	102,341	90,571

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 31.03.2018	As at 31.12.2017
	RM'000	RM'000
Cookware	5,054	4,724
Convex mirror	1,362	1,660
Clad metals	3,331	1,944
Others	234	53
	9,981	8,381
Elimination of inter-segment liabilities	(2,931)	(1,567)
Total segment liabilities	7,050	6,814
Unallocated corporate liabilities	3,674	3,639
Total liabilities	10,724	10,453

A13 OPERATING PROFIT/(LOSS)

	Current Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) is arrived at after charging and (crediting):				
Finance income	(66)	(1)	(66)	(1)
Other income including investment income	-	-	-	-
Rental income	(57)	(57)	(57)	(57)
Depreciation on property, plant and equipment	593	686	593	686
Depreciation on investment property	7	7	7	7
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Provision for and write off of property, plant and equipment	-	-	-	-
(Gain)/ loss on disposal of quoted or unquoted investments	21	-	21	-
(Gain)/ loss on disposal of property, plant and equipment	-	(7)	-	(7)
(Gain)/ loss on disposal of available-for-sale financial assets	-	-	-	-
Impairment of assets	-	-	-	-
Net (gain)/ loss on foreign exchange - unrealised	22	49	22	49
Net (gain)/ loss on foreign exchange - realised	(20)	(151)	(20)	(151)
Net gain in fair value of financial instruments measured at fair value	(409)	-	(409)	-
Share-based payments	-	-	-	-
Net (gain)/ loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-

A14 FINANCE COSTS

	Current Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Bank overdrafts	-	8	-	8
Bankers' acceptances	2	6	2	6
Finance lease liability	-	1	-	1
	<u>2</u>	<u>15</u>	<u>2</u>	<u>15</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.

A16 CONTINGENT ASSETS AND LIABILITIES

Save as disclosed below, the Company is not aware of any other contingent liabilities as at 31 March 2018:

	31.03.2018
	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 March 2018 are as follows:

	31.03.2018 RM'000
Approved and contracted for	
- Plant & Equipment	<u>60</u>

A18 SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions which involve the former directors of the Group for the financial period ended 31 March 2018 are as follows:

	Transaction value for 3 months ended 31.03.2018	Balance outstanding as at 31.03.2018
	RM'000	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	(451)	-
Purchases	53	(53)
With a company in which the Company's former directors, Hsiao Chih Jen, Hsiao Chih Chien and Hsiao Chih Che, have substantial financial interests		
Standardworld Holding Ltd.		
Royalty fee payable	-	-
Marketing fee	169	(162)
With a company in which the Company's former directors, Hsiao Chih Jen and Hsiao Tung Min, have substantial financial interests		
Everpro Sdn. Bhd.		
Sales	(279)	296
Purchases	-	-
Rental income	(57)	-
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	(134)	69
Purchases	17	(12)
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, who has substantial financial interests		
Buffalo Cookware Australia Pty Ltd		
Sales	(112)	112
With a company in which the Company's former directors, Hsiao Chih Jen and Hsiao Chih Chien, is deemed interested by virtue of him being the father of Hsiao Tung Min and Hsiao Tung Wei, who has substantial financial interests		
Buffalo GSB Sdn. Bhd.		
Sales	(186)	197

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

B1 OPERATING SEGMENTS REVIEW

Quarter Ended 31 March 2018 ("Q1 2018") vs Quarter Ended 31 March 2017 ("Q1 2017")

The Group's revenue and Loss Before Taxation ("LBT") were approximately RM7.49 million and RM0.10 million respectively for Q1 2018. Revenue in Q1 2018 decreased by RM2.92 million or 28.1% compared with the revenue in Q1 2017, due to lower sales of cookware, convex mirrors as well as clad metals. The Group's gross profit ("GP") margin for Q1 2018 decreased to 28.1%, compared with GP margin of 29.3% achieved in Q1 2017. Other operating income increased to RM0.55 million in Q1 2018 mainly due to net gain in fair value of investment in quoted shares measured at fair value by the Company of RM0.41 million. Operating expenses in Q1 2018 slightly decreased by RM0.18 million compared with Q1 2017. As a result of the lower of sales in Q1 2018, the Group recorded a LBT of RM0.10 million in Q1 2018 compared with Profit Before Taxation ("PBT") of RM0.17 million in Q1 2017. Consequently, the Group achieved a Loss After Taxation ("LAT") of RM0.14 million for Q1 2018 compared with Profit After Taxation ("PAT") RM0.70 million for Q1 2017.

3 Months Period Ended 31 March 2018 ("3M2018") vs 3 Months Period Ended 31 March 2017 ("3M2017")

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

(i) Cookware Division

The Cookware Division's revenue for 3M2018 decreased by RM1.28 million or 28.2% to RM3.27 million compared with the revenue achieved in 3M2017 of RM4.56 million, as sales to the Asia Pacific countries (excluding Japan) and Europe during the 3M2018 has decreased by RM1.33 million and RM0.15 million respectively. However, the sales to Japan which is the Group's major export market and USA and Canada have increased slightly for the 3M2018. The cookware revenue by geographical market for 3M2018 is as follows:

	3 MONTHS ENDED		Increase/ (Decrease) RM'000	%
	31.03.2018 RM'000	31.03.2017 RM'000		
Japan	1,016	969	47	4.9%
Asia Pacific (excluding Japan)	1,408	2,742	(1,334)	-48.7%
USA & Canada	818	665	153	23.0%
Europe	30	180	(150)	-83.3%
	<u>3,272</u>	<u>4,556</u>	<u>(1,284)</u>	-28.2%

(ii) Convex Mirror Division

The Convex Mirror Division achieved a revenue of RM2.46 million for 3M2018, a decrease of RM0.71 million compared with the revenue of RM3.17 million achieved in 3M2017. The decrease in revenue is attributable to lower export sales to Korea and Europe.

(iii) Clad Metal Division

Clad Metal Division's revenue decreased in 3M2018 by RM0.93 million to RM1.76 million compared with the revenue achieved in 3M2017 of RM2.69 million. Sales of clad metal decreased in 3M2018 mainly due to decreased orders from customers in Thailand and Europe but was partially offset by increased orders from customers in Indonesia and Taiwan.

B1 OPERATING SEGMENTS REVIEW (CONT.)

3 Months Period Ended 31 March 2018 ("3M2018") vs 3 Months Period Ended 31 March 2017 ("3M2017") (Cont.)

The Group's net assets per share as at 31 March 2018 stood at RM0.31. The Group's non-current assets decreased to RM52.78 million compared with the non-current assets of RM53.24 million as at 31 December 2017 due to depreciation charges. Inventories slightly increased to RM20.86 million as at 31 March 2018. Receivables, deposits and prepayments increased by RM1.94 million to RM5.89 million mainly due to collections outstanding from customers. The Group's net current assets was RM42.51 million as at 31 March 2018. The Group is in a positive net cash position as at 31 March 2018 with cash and cash equivalent of RM18.50 million after deducting all borrowings of the Group.

The Group's net operating cash outflow for 3M2018 was RM2.63 million. The net cash inflow from investing activities was RM0.10 million, mainly due to proceeds from disposal of quoted investments which were partially offset with the purchases of plant and equipment. Net cash inflow from financing activities was RM11.90 million, mainly attributable to proceeds from exercise of warrants. The net resultant impact to the Group's cash flow was increase in cash of RM9.36 million during 3M2018. Net cash and cash equivalents amounted to RM18.75 million as at 31 March 2018.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	3 months ended 31.03.2018	3 months ended 31.12.2017	Changes %
Revenue	7,494	10,152	-26%
Gross profit ("GP")	2,105	3,482	-40%
Operating (loss)/profit	(160)	1,516	-111%
(Loss)/Profit before taxation ("LBT)/PBT")	(96)	1,521	-106%
(Loss)/Profit for the period	(144)	1,310	-111%
(Loss)/Profit attributable to the owners of the Company	(144)	1,312	-111%

The Group experienced lower revenue in Q1 2018 compared with Q4 2017. Consequently, the Group recorded lower GP in Q1 2018. The Group recorded a LBT and loss for the period in Q1 2018 due to lower sales achieved during Q1 2018 as compared to Q4 2017.

B3 COMMENTARY ON PROSPECT

Despite the challenging economic and business environment, the Directors are confident of the quality and innovative capabilities of the Group to meet the product and service requirements of the customers. Intensive efforts are being made to further develop and expand existing markets as well as to penetrate into new markets worldwide and the Directors expect the business prospects for 2018 and beyond to be positive.

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 31.03.2018 RM'000	Cumulative Quarter 3 months ended 31.03.2018 RM'000
In respect of the current period		
- Malaysian tax	164	164
- Deferred tax	(116)	(116)
	<u>48</u>	<u>48</u>
In respect of the prior year		
- Malaysian tax	-	-
- Deferred tax	-	-
	<u>-</u>	<u>-</u>
	<u>48</u>	<u>48</u>

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

The effective tax rate of the Group is higher than the statutory tax rate mainly due to the losses of 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 GROUP BORROWINGS AND DEBT SECURITIES

Save as disclosed below, there were no other borrowings or debt securities in the Group as at 31 March 2018:

	As at 31.03.2018 RM'000	As at 31.12.2017 RM'000
Non-current:		
Finance lease liability	-	-
Current:		
Bank overdraft - unsecured	-	-
Bankers' acceptance - unsecured	250	-
Finance lease liability	-	-
	<u>250</u>	<u>-</u>
	<u>250</u>	<u>-</u>

All borrowings are denominated in Malaysia Ringgit.

B7 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 31 March 2018, the Group does not have any financial liabilities measured at fair value through profit or loss.

B8 CHANGES IN MATERIAL LITIGATION

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

B9 STATUS OF CORPORATE PROPOSALS

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

B10 FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and foreign exchange risk arise in the normal course of the Group's business. Derivative financial instruments may be used to hedge exposure to fluctuations in foreign exchange rates and interest rates.

The relevant accounting policies and the effects of the adoption of new accounting policies are disclosed in Note A1 Basis of Preparation. There were no off-balance sheet financial instruments as at the reporting date.

Outstanding derivatives

The Group had not entered into any new type of derivatives in the current interim quarter that was not disclosed in the preceding year's annual financial statements. As at 31 March 2018, 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		Cumulative Quarter	
	3 months ended		3 months ended	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Basic EPS				
Profit/(Loss) attributable to owners of the Company (RM '000)	(144)	83	(144)	83
Weighted average no. of ordinary shares in issue ('000)	282,649	217,480	282,649	217,480
Basic EPS (sen)	(0.05)	0.04	(0.05)	0.04

B11 EARNINGS PER SHARE ("EPS") (CONT.)

(b) Diluted

There were no diluted EPS as at 31 March 2018 as the warrants have expired on 9 February 2018 and the ESOS granted to the Directors and eligible employees of the Group were terminated after the approval by the shareholders in the Extraordinary General Meeting held on 25 January 2018.

As at 31 March 2017, 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 3 months ended	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Diluted EPS				
Profit/(Loss) attributable to owners of the Company (RM '000)	-	83	-	83
Weighted average no. of ordinary shares in issue ('000)	-	217,480	-	217,480
Effect of dilution ('000)	-	32,493	-	32,493
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	-	249,973	-	249,973
Diluted EPS (sen)	N/A	0.03	N/A	0.03

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 calculation of diluted earnings per share as above because they are anti-dilutive for the financial period ended 31 March 2017.

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 24 May 2018.

On behalf of the Board of Directors
NI HSIN RESOURCES BERHAD

SOFIYAN BIN YAHYA
Chairman

Date: 24 May 2018