



NI HSIN

NI HSIN RESOURCES BERHAD

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

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

30 SEPTEMBER 2019

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**
(The figures have not been audited)

	Note	CURRENT QUARTER 3 MONTHS ENDED			CUMULATIVE QUARTER 9 MONTHS ENDED		
		30.09.2019 RM'000	30.09.2018 RM'000	Changes (%)	30.09.2019 RM'000	30.09.2018 RM'000	Changes (%)
Revenue	A12	6,564	8,538	-23%	21,361	23,399	-9%
Cost of sales		(5,642)	(7,206)		(17,692)	(18,459)	
Gross Profit		<u>922</u>	<u>1,332</u>	-31%	<u>3,669</u>	<u>4,940</u>	-26%
Other operating (loss)/income		188	7,429		506	7,766	
Operating expenses		(1,939)	(2,636)		(10,932)	(9,505)	
Operating (loss)/profit	A13	<u>(829)</u>	<u>6,125</u>	-114%	<u>(6,757)</u>	<u>3,201</u>	-311%
Finance income		2	2		70	69	
Finance costs		(24)	(25)		(69)	(35)	
(Loss)/Profit before taxation		<u>(851)</u>	<u>6,102</u>	-114%	<u>(6,756)</u>	<u>3,235</u>	-309%
Income tax expenses	B5	(3)	63		(80)	(36)	
(Loss)/Profit for the period		<u>(854)</u>	<u>6,165</u>	-114%	<u>(6,836)</u>	<u>3,199</u>	-314%
Other comprehensive income/(expense), net of tax							
<u>Item that may be subsequently reclassified to profit or loss:</u>							
Foreign currency translation differences for foreign operations		(2)	7		67	(1)	
Total comprehensive income/(expense) for the period		<u>(856)</u>	<u>6,172</u>	-114%	<u>(6,769)</u>	<u>3,198</u>	-312%
Profit attributable to:							
Owners of the Company		(854)	6,165		(6,836)	3,200	
Non-controlling interests		-	-		-	(1)	
Profit for the period		<u>(854)</u>	<u>6,165</u>		<u>(6,836)</u>	<u>3,199</u>	
Total comprehensive income/(expense) attributable to:							
Owners of the Company		(856)	6,172		(6,769)	3,199	
Non-controlling interests		-	-		-	(1)	
Total comprehensive income/(expense) the period		<u>(856)</u>	<u>6,172</u>		<u>(6,769)</u>	<u>3,198</u>	
Earnings per share (sen)							
~ Basic	B11	(0.27)	2.12		(2.17)	1.10	
~ Diluted	B11	(0.27)	2.12		(2.17)	1.10	

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 2018 and the accompanying explanatory notes attached to the Interim Financial Statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019
(The figures have not been audited)

	Note	AS AT 30.09.2019 RM'000	AS AT 31.12.2018 RM'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	A9	44,415	46,251
Investment property		1,233	1,252
Right-of-use assets		128	-
Goodwill		5,105	5,105
Deferred tax asset		-	-
		<u>50,881</u>	<u>52,608</u>
Current assets			
Inventories		21,586	20,608
Other investment		9,596	11,967
Receivables, deposits and prepayments		2,911	4,679
Derivative financial assets	B10	-	-
Current tax assets		534	636
Cash and cash equivalents		10,896	12,888
		<u>45,523</u>	<u>50,778</u>
TOTAL ASSETS		<u>96,404</u>	<u>103,386</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		66,123	66,123
Reserves		19,700	26,614
Equity attributable to owners of the Company		<u>85,823</u>	<u>92,737</u>
Non-controlling interest		-	-
Total equity		<u>85,823</u>	<u>92,737</u>
Non-current liabilities			
Deferred tax liability		3,877	3,835
Borrowings	B6	109	269
		<u>3,986</u>	<u>4,104</u>
Current liabilities			
Payables and accruals		5,005	5,059
Borrowings	B6	1,459	1,486
Lease liabilities		131	-
Current tax liabilities		-	-
Derivative financial liabilities	B10	-	-
		<u>6,595</u>	<u>6,545</u>
Total liabilities		<u>10,581</u>	<u>10,649</u>
TOTAL EQUITY AND LIABILITIES		<u>96,404</u>	<u>103,386</u>
Net Assets per share attributable to owners of the Company (RM)		0.27	0.32

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the Interim Financial Statements.

NI HSI 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 2019**

(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 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	-	-	-	(1)	-	-	-	-	-	(1)	-	(1)
Fair value of available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income/(expense) for the period	-	-	-	(1)	-	-	-	-	-	(1)	-	(1)
Profit for the period	-	-	-	-	-	-	-	-	3,200	3,200	(1)	3,199
Total comprehensive income/ (expense) for the period	-	-	-	(1)	-	-	-	-	3,200	3,199	(1)	3,198
<i>Contributions by and distributions to owners of the Company</i>												
Own shares acquired	-	-	(568)	-	-	-	-	-	-	(568)	-	(568)
Warrant exercised	12,143	-	-	-	-	-	-	-	-	12,143	-	12,143
Total transactions with the owners of the Company	12,143	-	(568)	-	-	-	-	-	-	11,575	-	11,575
At 30 September 2018	66,123	-	(7,570)	93	80	5,034	17,149	9,206	4,870	94,985	(94)	94,891
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
Change in RPTG rate	-	-	-	-	-	-	-	-	-	-	-	-
Fair value of available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income/(expense) for the period	-	-	-	67	-	-	-	-	-	67	-	67
Profit/(Loss) 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

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 2018 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 2019**

(The figures have not been audited)

	9 MONTHS ENDED	
	30.09.2019	30.09.2018
	RM'000	RM'000
Cash flows from operating activities		
Profit/ (Loss) before tax	(6,756)	3,235
Adjustments:		
Depreciation on property, plant and equipment	1,753	1,779
Depreciation on investment property	20	20
Depreciation on right-of-use assets	77	-
Loss/(Gain) on disposal of property, plant and equipment	52	(16)
Write off of property, plant and equipment	2	1
Write-down of inventories	-	-
Interest paid	69	35
Interest received	(70)	(69)
Dividend income	(151)	-
Net loss on foreign exchange	6	(56)
(Gain)/ loss on disposal of quoted or unquoted investments	-	15
(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	2,684	(7,141)
Operating profit before changes in working capital	<u>(2,314)</u>	<u>(2,197)</u>
Changes in working capital:		
Decrease/(Increase) in operating assets	785	(4,223)
(Increase)/Decrease in operating liabilities	(64)	(503)
Cash generated from operations	<u>(1,593)</u>	<u>(6,923)</u>
Income taxes paid	(428)	(499)
Income taxes refunded	493	-
Interest paid	(69)	(35)
Interest received	70	69
Net cash generated from/(used in) operating activities	<u><u>(1,527)</u></u>	<u><u>(7,388)</u></u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(97)	(1,601)
Acquisition of other investments	(314)	(12,359)
Proceeds from disposal of property, plant and equipment	126	106
Dividend income	151	-
Proceeds from disposal of other investments	-	401
Proceeds from disposal of available-for-sale financial assets	-	-
Net cash generated from/(used in) investing activities	<u><u>(134)</u></u>	<u><u>(13,453)</u></u>
Cash flows from financing activities		
Net (repayment)/ proceeds of bankers' acceptances	(18)	1,360
Proceeds/(Payments) of finance lease liabilities	(169)	539
Repurchase of treasury shares	(145)	(568)
Proceeds from exercise of warrants	-	12,143
Dividends paid	-	-
Net cash generated from/(used in) financing activities	<u><u>(332)</u></u>	<u><u>13,474</u></u>
Net increase in cash and cash equivalents	(1,993)	(7,367)
Effect of exchange rate fluctuations on cash held	1	29
Cash and cash equivalents at 1 January	12,888	9,439
Cash and cash equivalents at 30 September	<u><u>10,896</u></u>	<u><u>2,101</u></u>

Notes:

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

	RM'000	RM'000
Deposits with licensed bank	205	199
Bank and Cash balances	2,556	2,035
Fixed income trust fund	8,135	-
Bank overdraft (included within short term borrowings in Note B6)	-	(133)
	<u><u>10,896</u></u>	<u><u>2,101</u></u>

The Unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the Interim Financial Statements.

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(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

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 2018. 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 2018.

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 2018, 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 2019

MFRS 6 Leases

(b) Standards issued but not yet effective

Effective for financial periods commencing on or after 1 January 2020

Amendments to MFRS 3 Business Combinations - Definition of a Business

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material

Amendment to MFRS 101 Presentation of Financial Statements - Definition of Material

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 2018.

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 2019.

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 2019.

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 2019.

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 2019.

(a) Share Buy-backs

At the Annual General Meeting of the Company held on 27 June 2019, 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.

On 22 March 2019, a total of 24,389,364 treasury shares amounting to RM6,824,000 were distributed as share dividend to shareholders on the basis of 1 treasury share for every 12 ordinary shares held on 26 February 2019.

As at 30 September 2019, the total number of shares bought back and held as treasury shares were 4,443,536 ordinary shares, representing 1.38% of the total issued share capital of the Company. The shares purchased are being held as treasury shares. None of the treasury shares were cancelled or resold during the current quarter and financial period ended 30 September 2019.

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	561,600	0.243	0.283	0.259	145,339.63

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

(b) Warrants

On 21 May 2019, the Company undertook a bonus issue of 158,535,265 free warrants on the basis of one warrant for every two existing ordinary shares in the Company. The expiry date of the warrants is 13 May 2022.

The exercise price of the warrants is RM0.138 per share. There were no warrants exercised by the registered warrant holders to new ordinary share during the financial period ended 30 September 2019.

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 current quarter and financial period ended 30 September 2019.

- (i) In January 2019, Pentoli S.R.L., a wholly-owned dormant subsidiary of Steels Crafts Europa S.R.L. which in turn is a wholly-owned subsidiary of the Company was dissolved in accordance with the Italian law.
- (ii) In March 2019, the Company incorporated a wholly-owned subsidiary, Ni Hsin Marketing (HK) Limited. Its intended to carry out the business of distribution of the Group's products and trading of general merchandise in Hong Kong, China and the rest of East Asia.

A11 DIVIDEND PAID

On 12 February 2019, the Board of Directors declared an interim single tier dividend via a share dividend distribution of up to 24,390,168 units of treasury shares on the basis of 1 treasury share for every 12 ordinary shares held in respect of the financial year ending 31 December 2019. The entitlement and payment dates were 26 February 2019 and 22 March 2019 respectively.

On 22 March 2019, a total of 24,389,364 treasury shares amounting to RM6,824,000 (equivalent to approximately RM0.28 per share) were distributed as share dividend and credited into the entitled shareholders' securities accounts maintained with Bursa Malaysia Depository Sdn Bhd.

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 2019

<u>Segment Revenue</u>	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Revenue from:				
Cookware	2,683	4,971	9,319	11,479
Convex mirror	2,741	2,673	8,381	8,667
Clad metals	3,561	3,838	8,698	8,658
Others	79	-	151	-
Total revenue including inter-segment sales	9,064	11,482	26,549	28,804
Elimination of inter-segment sales	(2,500)	(2,944)	(5,188)	(5,405)
Total	6,564	8,538	21,361	23,399
Results from:				
Cookware	(1,324)	(1,174)	(3,093)	(2,822)
Convex mirror	432	533	1,267	1,117
Clad metals	(375)	(1,080)	(1,882)	(1,427)
Others	67	(2)	126	(18)
	(1,200)	(1,723)	(3,582)	(3,150)
Elimination of inter-segment results	(142)	(38)	180	108
Total result	(1,342)	(1,761)	(3,402)	(3,042)
Unallocated corporate income/(expenses)	513	7,886	(3,355)	6,243
Finance income	2	2	70	69
Finance costs	(24)	(25)	(69)	(35)
Income tax expense	(3)	63	(80)	(36)
Profit for the period	(854)	6,165	(6,836)	3,199

A12 SEGMENTAL INFORMATION (CONT.)

Segment Assets

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

	As at 30.09.2019	As at 31.12.2018
	RM'000	RM'000
Cookware	53,032	54,578
Convex mirror	6,466	6,258
Clad metals	18,475	17,738
Others	11,900	13,281
	<u>89,873</u>	<u>91,855</u>
Elimination of inter-segment assets	(4,899)	(1,994)
Total segment assets	<u>84,974</u>	<u>89,861</u>
Unallocated corporate assets	11,430	13,525
Total assets	<u><u>96,404</u></u>	<u><u>103,386</u></u>

Segment Liabilities

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

	As at 30.09.2019	As at 31.12.2018
	RM'000	RM'000
Cookware	5,279	4,574
Convex mirror	1,374	1,158
Clad metals	4,658	2,978
Others	515	144
	<u>11,826</u>	<u>8,854</u>
Elimination of inter-segment liabilities	(5,123)	(2,040)
Total segment liabilities	<u>6,703</u>	<u>6,814</u>
Unallocated corporate liabilities	3,878	3,835
Total liabilities	<u><u>10,581</u></u>	<u><u>10,649</u></u>

A13 OPERATING PROFIT/(LOSS)

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) is arrived at after charging and (crediting):				
Finance income	(2)	(2)	(70)	(69)
Other income including investment income	-	-	-	-
Rental income	(57)	(57)	(171)	(171)
Depreciation on property, plant and equipment	559	590	1,753	1,779
Depreciation on investment property	7	7	20	20
Depreciation on right-of-use assets	26	-	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	1	1	2	1
(Gain)/ loss on disposal of quoted or unquoted investments	-	-	-	15
(Gain)/ loss on disposal of property, plant and equipment	42	-	52	(16)
(Gain)/ loss on disposal of available-for-sale financial assets	-	-	-	-
Impairment of assets	-	-	-	-
Net (gain)/ loss on foreign exchange - unrealised	(5)	(25)	6	(56)
Net (gain)/ loss on foreign exchange - realised	(137)	(146)	(263)	(299)

A13 OPERATING PROFIT/(LOSS) (CONT.)

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) is arrived at after charging and (crediting) (Cont.):				
Net (gain)/loss in fair value of financial instruments measured at fair value	(700)	(8,055)	2,684	(7,141)
Share-based payments	-	-	-	-
Net (gain)/ loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-

A14 FINANCE COSTS

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Bank overdrafts	1	5	3	5
Bankers' acceptances	16	14	42	19
Finance lease liability	4	6	14	11
Lease liabilities	3	-	10	-
	24	25	69	35

A15 SUBSEQUENT EVENTS

Save as disclosed below, 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.

On 14 October 2019, the Company entered into an investment agreement ("Agreement") with Encik Mohd Zailani Bin Abdul Razak ("Vendor") for the proposed acquisition of 490,000 ordinary shares ("Sale Shares"), representing 49% of the issued share capital in Satumarin Sdn Bhd ("Satumarin") for a total cash consideration of RM735,000 ("Proposed Acquisition") subject to the terms and conditions of the Agreement.

Upon the successful transfer of the Sale Shares to Ni Hsin Resources Berhad ("Ni Hsin"), Ni Hsin would subscribe for up to 9,265,000 redeemable preference shares ("Subscription Shares") for a total cash consideration of RM9,265,000 in Satumarin ("Proposed Subscription") within a period of five (5) years following the Sale Completion Date, from time to time and in such amount and tranches as mutually agreed between the Company and the Investor, taking into consideration the working capital funding requirement of the Company.

After the completion of the Proposed Acquisition ("Proposal"), Satumarin will become an associate company of Ni Hsin.

A16 CONTINGENT ASSETS AND LIABILITIES

Save as disclosed below, the Company is not aware of any other contingent liabilities as at 30 September 2019:

	30.09.2019
	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 2019 are as follows:

30.09.2019
RM'000

Approved and contracted for
- Plant & Equipment

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

B1 OPERATING SEGMENTS REVIEW

Quarter Ended 30 September 2019 ("Q3 2019") vs Quarter Ended 30 September 2018 ("Q3 2018")

The Group's revenue and Loss Before Taxation ("LBT") were approximately RM6.56 million and RM0.85 million respectively for Q3 2019. Revenue in Q3 2019 decreased by RM1.97 million or 23.1% compared with the revenue in Q3 2018, due to lower sales of clad metals and cookware. The Group's gross profit ("GP") margin for Q3 2019 decreased to 14.1%, compared with GP margin of 15.6% achieved in Q3 2018 mainly attributable to sales of low margin products in Q3 2019. The Group recorded a lower other operating income amounting to RM0.19 million in Q3 2019 compared with that in Q3 2018, due mainly to a gain in the fair value of investment in quoted shares amounting to RM8.06 million in Q3 2018 while the said gain in Q3 2019 was RM0.70 million. Operating expenses in Q3 2019 was lower as compared with Q3 2018 by RM0.70 million. The Group recorded a LBT of RM0.85 million in Q3 2019 compared with Profit Before Tax ("PBT") of RM6.10 million in Q3 2018. Consequently, the Group recorded a Loss After Taxation ("LAT") of RM0.85 million for Q3 2019 compared with a Profit After Tax ("PAT") of RM6.17 million for Q3 2018.

9 Months Period Ended 30 September 2019 ("9M2019") vs 9 Months Period Ended 30 September 2018 ("9M2018")

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

(i) Cookware Division

The Cookware Division's revenue for 9M2019 decreased by RM1.63 million or 14.9% to RM9.32 million compared with the revenue achieved in 9M2018 of RM10.95 million as sales to Asia Pacific (excluding Japan), and USA and Canada have decreased by RM2.09 million and RM0.22 million respectively. However, the sales to Japan have increased by RM0.68 million. The cookware revenue by geographical market for 9M2019 is as follows:

	9 MONTHS ENDED		Increase/ (Decrease)	%
	30.09.2019	30.09.2018		
	RM'000	RM'000	RM'000	
Japan	4,930	4,253	677	15.9%
Asia Pacific (excluding Japan)	3,274	5,363	(2,089)	-39.0%
USA & Canada	817	1,033	(216)	-20.9%
Europe	296	300	(4)	-1.3%
	<u>9,317</u>	<u>10,949</u>	<u>(1,632)</u>	-14.9%

(ii) Convex Mirror Division

The Convex Mirror Division achieved a revenue of RM7.66 million for 9M2019, a slight decrease of RM0.11 million compared with the revenue of RM7.77 million achieved in 9M2018. The decrease in revenue is attributable to lower export sales to Korea and Australia. However, the sales to Japan and Bahrain have increased by RM0.65 million and RM0.23 million respectively.

(iii) Clad Metal Division

Clad Metal Division's revenue slightly decreased in 9M2019 by RM0.45 million to RM4.23 million compared with the revenue achieved in 9M2018 of RM4.68 million. The decline in sales of clad metal in 9M2019 was mainly due to decreased orders from customers in Taiwan and Europe markets. However, the sales to Singapore has increased by RM0.69 million for 9M2019.

B1 OPERATING SEGMENTS REVIEW (CONT.)

9 Months Period Ended 30 September 2019 ("9M2019") vs 9 Months Period Ended 30 September 2018 ("9M2018") (Cont.)

The Group's net assets per share as at 30 September 2019 stood at RM0.27. The Group's non-current assets decreased to RM50.88 million compared with the non-current assets of RM52.61 million as at 31 December 2018 due to depreciation charges. Inventories increased to RM21.59 million as at 30 September 2019. Receivables, deposits and prepayments decreased by RM1.77 million to RM9.60 million mainly due to collections of outstanding debts from customers. The Group's net current assets was RM38.93 million as at 30 September 2019. The Group is in a positive net cash position as at 30 September 2019 with cash and cash equivalent of RM9.33 million after deducting all borrowings of the Group.

The Group's net operating cash outflow for 9M2019 was RM1.53 million. The net cash outflow from investing activities was RM0.13 million, mainly due to acquisition of quoted shares and purchase of plant and equipment. Net cash outflow from financing activities was RM0.33 million, mainly attributable to repurchase of treasury shares and repayment of finance lease liabilities. The net resultant impact to the Group's cash flow was a decrease in cash of RM1.99 million during 9M2019. Net cash and cash equivalents amounted to RM10.90 million as at 30 September 2019.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	3 months ended 30.09.2019	3 months ended 30.06.2019	Changes %
Revenue	6,564	7,089	-7%
Gross profit ("GP")	922	1,041	-11%
Operating (loss)/profit	(829)	(5,050)	84%
(Loss)/Profit before taxation ("LBT)/PBT")	(851)	(5,071)	83%
(Loss)/Profit for the period	(854)	(5,083)	83%
(Loss)/Profit attributable to the owners of the Company	(854)	(5,083)	83%

The Group recorded lower revenue in Q3 2019 compared with Q2 2019. The Group GP was lower in Q3 2019. The Group recorded a lower LBT and loss for the period in Q3 2019 due to lower of net loss in fair value of investment in quoted shares measured by the Company as at 30 September 2019 as compared to the value as at 30 June 2019.

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.

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 30.09.2019 RM'000	Cumulative Quarter 9 months ended 30.09.2019 RM'000
In respect of the current period		
- Malaysian tax	-	140
- Deferred tax	(34)	(97)
	<u>(34)</u>	<u>43</u>
In respect of the prior year		
- Malaysian tax	37	37
- Deferred tax	-	-
	<u>37</u>	<u>37</u>
	<u>3</u>	<u>80</u>

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

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

B6 GROUP BORROWINGS AND DEBT SECURITIES

Save as disclosed below, there were no other borrowings or debt securities in the Group as at 30 September 2019:

	As at 30.09.2019 RM'000	As at 31.12.2018 RM'000
Non-current:		
Finance lease liability	<u>109</u>	<u>269</u>
Current:		
Bank overdraft - unsecured	-	-
Bankers' acceptance - unsecured	1,230	1,265
Finance lease liability	<u>229</u>	<u>221</u>
	<u>1,459</u>	<u>1,486</u>
	<u>1,568</u>	<u>1,755</u>

All borrowings are denominated in Malaysia Ringgit.

B7 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 30 September 2019, 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 30 September 2019, the Group does not have any outstanding derivative financial instruments.

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

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

B11 EARNINGS PER SHARE ("EPS")

(a) Basic

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

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
Basic EPS				
(Loss)/Profit attributable to owners of the Company (RM '000)	(854)	6,165	(6,836)	3,200
Weighted average no. of ordinary shares in issue ('000)	315,554	290,316	315,554	290,316
Basic EPS (sen)	<u>(0.27)</u>	<u>2.12</u>	<u>(2.17)</u>	<u>1.10</u>

(b) Diluted

As at 30 September 2019, the diluted earnings per share of the Group is equal to the basic earnings per share as the Group does not have any material potential dilutive ordinary shares in issue.

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 20 November 2019.

On behalf of the Board of Directors
NI HSIN RESOURCES BERHAD

SOFIYAN BIN YAHYA
Chairman

Date: 20 November 2019