



NI HSIN RESOURCES BERHAD

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

INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

31 MARCH 2020

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

	Note	CURRENT QUARTER 3 MONTHS ENDED			CUMULATIVE QUARTER 3 MONTHS ENDED		
		31.03.2020 RM'000	31.03.2019 RM'000	Changes (%)	31.03.2020 RM'000	31.03.2019 RM'000	Changes (%)
Revenue	A12	5,557	7,708	-28%	5,557	7,708	-28%
Cost of sales		(4,358)	(6,002)		(4,358)	(6,002)	
Gross Profit		<u>1,199</u>	<u>1,706</u>	-30%	<u>1,199</u>	<u>1,706</u>	-30%
Other (loss)/income		(4,799)	198		(4,799)	198	
Operating expenses		(2,259)	(2,782)		(2,259)	(2,782)	
Operating (loss)/profit	A13	<u>(5,859)</u>	<u>(878)</u>	567%	<u>(5,859)</u>	<u>(878)</u>	567%
Finance income		3	66		3	66	
Finance costs		(33)	(22)		(33)	(22)	
(Loss)/Profit before taxation		<u>(5,889)</u>	<u>(834)</u>	606%	<u>(5,889)</u>	<u>(834)</u>	606%
Income tax expenses	B5	(45)	(65)		(45)	(65)	
(Loss)/Profit for the period		<u>(5,934)</u>	<u>(899)</u>	560%	<u>(5,934)</u>	<u>(899)</u>	560%
Other comprehensive income/(expense), net of tax							
Revaluation of property - revision of tax rate		-	-		-	-	
<u>Item that may be subsequently reclassified to profit or loss:</u>							
Foreign currency translation differences for foreign operations		(3)	(13)		(3)	(13)	
Other comprehensive expense for the year, net of tax		<u>(3)</u>	<u>(13)</u>		<u>(3)</u>	<u>(13)</u>	
Total comprehensive income/(expense) for the period		<u>(5,937)</u>	<u>(912)</u>	551%	<u>(5,937)</u>	<u>(912)</u>	551%
Profit attributable to:							
Owners of the Company		(5,934)	(899)		(5,934)	(899)	
Non-controlling interests		-	-		-	-	
Profit for the period		<u>(5,934)</u>	<u>(899)</u>		<u>(5,934)</u>	<u>(899)</u>	
Total comprehensive income/(expense) attributable to:							
Owners of the Company		(5,937)	(912)		(5,937)	(912)	
Non-controlling interests		-	-		-	-	
Total comprehensive income/(expense) the period		<u>(5,937)</u>	<u>(912)</u>		<u>(5,937)</u>	<u>(912)</u>	
Earnings per share (sen)							
~ Basic	B11	(1.86)	(0.29)		(1.86)	(0.29)	
~ Diluted	B11	(1.86)	(0.29)		(1.86)	(0.29)	

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the Interim Financial Statements.

NI HSIN RESOURCES BERHAD

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

(Incorporated in Malaysia)

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

(The figures have not been audited)

	Note	AS AT 31.03.2020 RM'000	AS AT 31.12.2019 RM'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	A9	43,553	44,030
Investment property		1,220	1,225
Goodwill		5,105	5,105
Deferred tax asset		4	4
		<u>49,882</u>	<u>50,364</u>
Current assets			
Inventories		21,068	20,437
Other investment		5,283	9,946
Receivables, deposits and prepayments		2,617	2,835
Derivative financial assets	B10	72	-
Right-of-use assets		77	102
Current tax assets		452	365
Cash and cash equivalents		9,182	11,148
		<u>38,751</u>	<u>44,833</u>
TOTAL ASSETS		<u>88,633</u>	<u>95,197</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		66,123	66,123
Reserves		14,044	20,385
Equity attributable to owners of the Company		80,167	86,508
Non-controlling interest		-	-
Total equity		<u>80,167</u>	<u>86,508</u>
Non-current liabilities			
Deferred tax liability		3,034	2,989
Borrowings	B6	18	73
		<u>3,052</u>	<u>3,062</u>
Current liabilities			
Payables and accruals		3,112	3,948
Borrowings	B6	2,222	1,573
Lease liabilities		80	106
Current tax liabilities		-	-
Derivative financial liabilities	B10	-	-
		<u>5,414</u>	<u>5,627</u>
Total liabilities		<u>8,466</u>	<u>8,689</u>
TOTAL EQUITY AND LIABILITIES		<u>88,633</u>	<u>95,197</u>
Net Assets per share attributable to owners of the Company (RM)		0.26	0.27

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the Interim Financial Statements.

NI HSIN RESOURCES BERHAD

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

(The figures have not been audited)

	/----- Non-distributable -----/						Distributable				
	Share Capital	Treasury Shares	Translation Reserve	Fair value Reserve	Share Option Reserve	Revaluation Reserve	Other Reserve	Retained Profits / (Accumulated losses)	Total	Non-controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	66,123	(7,924)	90	-	-	16,386	9,206	8,856	92,737	-	92,737
Foreign currency translation differences for foreign operations	-	-	(13)	-	-	-	-	-	(13)	-	(13)
Reclassification of financial assets from fair value through other comprehensive income to fair value	-	-	-	-	-	-	-	-	-	-	-
Revaluation of property - change of tax rate	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income/(expense) for the period	-	-	(13)	-	-	-	-	-	(13)	-	(13)
Profit for the period	-	-	-	-	-	-	-	(899)	(899)	-	(899)
Total comprehensive income/ (expense) for the period	-	-	(13)	-	-	-	-	(899)	(912)	-	(912)
<i>Contributions by and distributions to owners of the Company</i>											
Own shares acquired	-	(145)	-	-	-	-	-	-	(145)	-	(145)
Cancellation of ESOS	-	-	-	-	-	-	-	-	-	-	-
Warrant exercised	-	-	-	-	-	-	-	-	-	-	-
Share dividend	-	6,824	-	-	-	-	-	(6,824)	-	-	-
Total transactions with the owners of the Company	-	6,679	-	-	-	-	-	(6,824)	(145)	-	(145)
At 31 March 2019	66,123	(1,245)	77	-	-	16,386	9,206	1,133	91,680	-	91,680
At 1 January 2020	66,123	(1,245)	161	-	-	16,386	9,206	(4,123)	86,508	-	86,508
Foreign currency translation differences for foreign operations	-	-	(3)	-	-	-	-	-	(3)	-	(3)
Change in RPGT rate	-	-	-	-	-	-	-	-	-	-	-
Fair value of available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income/(expense) for the period	-	-	(3)	-	-	-	-	-	(3)	-	(3)
Profit/(Loss) for the period	-	-	-	-	-	-	-	(5,934)	(5,934)	-	(5,934)
Total comprehensive income/ (expense) for the period	-	-	(3)	-	-	-	-	(5,934)	(5,937)	-	(5,937)
<i>Contributions by and distributions to owners of the Company</i>											
Own shares acquired	-	(404)	-	-	-	-	-	-	(404)	-	(404)
Cancellation of ESOS	-	-	-	-	-	-	-	-	-	-	-
Warrant exercised	-	-	-	-	-	-	-	-	-	-	-
Share dividend	-	-	-	-	-	-	-	-	-	-	-
Total transactions with the owners of the Company	-	(404)	-	-	-	-	-	-	(404)	-	(404)
At 31 March 2020	66,123	(1,649)	158	-	-	16,386	9,206	(10,057)	80,167	-	80,167

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the Interim Financial Statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

(The figures have not been audited)

	3 MONTHS ENDED	
	31.03.2020	31.03.2019
	RM'000	RM'000
Cash flows from operating activities		
Profit/ (Loss) before tax	(5,889)	(834)
Adjustments:		
Depreciation on property, plant and equipment	489	596
Depreciation on investment property	7	7
Depreciation on right-of-use assets	26	26
Loss/(Gain) on disposal of property, plant and equipment	-	1
Write off of property, plant and equipment	4	1
Write-down of inventories	-	-
Interest paid	33	22
Interest received	(3)	(66)
Dividend income	(73)	(9)
Net loss on foreign exchange	(74)	(3)
(Gain)/ loss on disposal of quoted or unquoted investments	-	-
(Gain)/ loss on disposal of available-for-sale financial assets	-	-
Share-based payment transaction	-	-
Net (gain)/ loss on derivatives	(72)	-
Net loss/ (gain) in fair value of financial instruments measured at fair value	5,110	63
Operating profit before changes in working capital	<u>(442)</u>	<u>(196)</u>
Changes in working capital:		
Decrease/(Increase) in operating assets	(406)	7
(Increase)/Decrease in operating liabilities	(810)	(736)
Cash generated from operations	<u>(1,658)</u>	<u>(925)</u>
Income taxes paid	(87)	(144)
Income taxes refunded	-	120
Interest paid	(33)	(22)
Interest received	3	66
Net cash generated from/(used in) operating activities	<u>(1,775)</u>	<u>(905)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(17)	(25)
Acquisition of other investments	(438)	(106)
Proceeds from disposal of property, plant and equipment	-	-
Dividend income	73	9
Net cash generated from/(used in) investing activities	<u>(382)</u>	<u>(122)</u>
Cash flows from financing activities		
Net (repayment)/ proceeds of bankers' acceptances	647	10
Proceeds/(Payments) of finance lease liabilities	(52)	(50)
Payments of lease liabilities	(28)	-
Repurchase of treasury shares	(404)	(145)
Dividends paid	-	-
Net cash generated from/(used in) financing activities	<u>163</u>	<u>(185)</u>
Net increase in cash and cash equivalents	(1,994)	(1,212)
Effect of exchange rate fluctuations on cash held	28	(4)
Cash and cash equivalents at 1 January	11,148	12,888
Cash and cash equivalents at 31 March	<u>9,182</u>	<u>11,672</u>

Notes:

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

	RM'000	RM'000
Deposits with licensed bank	208	502
Bank and Cash balances	2,675	2,659
Fixed income trust fund	6,299	8,511
Bank overdraft (included within short term borrowings in Note B6)	-	-
	<u>9,182</u>	<u>11,672</u>

The Unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the Interim Financial Statements.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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

A1 BASIS OF PREPARATION

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and the requirements of the Companies Act 2016 in Malaysia, where applicable. This condensed consolidated interim financial statements has also been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This condensed consolidated financial statements, other than for financial instruments, freehold land and buildings, have been prepared under the historical cost convention. Certain financial instruments are carried at fair value in accordance with Malaysian Financial Reporting Standard ("MFRS") 9 Financial Instruments.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2019.

A2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation applied in the unaudited condensed consolidated interim financial statements are consistent with those adopted in the most recent annual financial statements for the year ended 31 December 2019, except for the following:

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

Effective for financial periods commencing on or after 1 January 2020

Amendments to MFRS 3 Business Combinations - Definition of a Business

Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material

Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures – Interest Rate Benchmark Reform

(b) Standards issued but not yet effective

Effective for financial periods commencing on or after 1 January 2021

MFRS 17 Insurance Contracts

Effective for financial periods commencing on or after 1 January 2022

Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

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

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

A3 AUDITORS' REPORT ON PRECEDING FINANCIAL STATEMENTS

There was no qualification on the audited financial statements for the Company or its subsidiaries for the financial year ended 31 December 2019.

A4 SEASONAL OR CYCLICAL FACTORS

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

A5 CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported in prior financial period that have a material effect in the current quarter and financial period ended 31 March 2020.

A6 UNUSUAL ITEMS DUE TO THE NATURE, SIZE OR INCIDENCE

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows during the current quarter and financial period ended 31 March 2020.

A7 MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates that have a material effect on the results for the current quarter and financial period ended 31 March 2020.

A8 ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

Save as disclosed below, there were no issuance and repayment of debt and equity securities, share buy-backs, share dividend, and/or share cancellation for the current quarter and financial period ended 31 March 2020.

(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.

As at 31 March 2020, the total number of shares bought back and held as treasury shares were 9,711,536 ordinary shares, representing 3.02% 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 31 March 2020.

During the financial period, the Company bought back its issued shares from the open market as follows:

Month	No. of shares purchased	Minimum price (RM)	Maximum price (RM)	Average price (RM)	Total amount paid [#] (RM)
March	5,268,000	0.077	0.115	0.077	404,412.41
April	505,000	0.089	0.090	0.089	44,852.78

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

(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 31 March 2020.

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 31 March 2020.

- (i) In February 2020, Inoco Resources Sdn. Bhd. ("Inoco"), a wholly-owned dormant subsidiary of the Company was disposed to an independent party for the disposal of 2 ordinary shares held in Inoco, representing 100% of equity interest in Inoco for a total cash consideration of Ringgit Malaysia Two (RM2.00) only.

A11 DIVIDEND PAID

No dividend was paid during the current quarter and financial period ended 31 March 2020.

A12 SEGMENTAL INFORMATION

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

RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

<u>Segment Revenue</u>	Current Quarter		Cumulative Quarter	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Revenue from:				
Cookware	1,899	3,033	1,899	3,033
Convex mirror	2,397	2,817	2,397	2,817
Clad metals	3,004	3,600	3,004	3,600
Others	73	9	73	9
Total revenue including inter-segment sales	7,373	9,459	7,373	9,459
Elimination of inter-segment sales	(1,816)	(1,751)	(1,816)	(1,751)
Total	5,557	7,708	5,557	7,708
Results from:				
Cookware	(816)	(969)	(816)	(969)
Convex mirror	435	459	435	459
Clad metals	(469)	(313)	(469)	(313)
Others	66	6	66	6
Elimination of inter-segment results	188	271	188	271
Total result	(596)	(546)	(596)	(546)
Unallocated corporate income/(expenses)	(5,263)	(332)	(5,263)	(332)
Finance income	3	66	3	66
Finance costs	(33)	(22)	(33)	(22)
Income tax expense	(45)	(65)	(45)	(65)
Profit for the period	(5,934)	(899)	(5,934)	(899)

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 31.03.2020	As at 31.12.2019
	RM'000	RM'000
Cookware	52,829	51,829
Convex mirror	6,817	6,497
Clad metals	15,959	17,364
Others	8,030	11,688
	<u>83,635</u>	<u>87,378</u>
Elimination of inter-segment assets	(4,640)	(3,697)
Total segment assets	<u>78,995</u>	<u>83,681</u>
Unallocated corporate assets	9,638	11,516
Total assets	<u><u>88,633</u></u>	<u><u>95,197</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 31.03.2020	As at 31.12.2019
	RM'000	RM'000
Cookware	5,508	4,008
Convex mirror	1,313	1,275
Clad metals	2,733	3,648
Others	778	623
	<u>10,332</u>	<u>9,554</u>
Elimination of inter-segment liabilities	(4,901)	(3,855)
Total segment liabilities	<u>5,431</u>	<u>5,699</u>
Unallocated corporate liabilities	3,035	2,990
Total liabilities	<u><u>8,466</u></u>	<u><u>8,689</u></u>

A13 OPERATING PROFIT/(LOSS)

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) is arrived at after charging and (crediting):				
Finance income	(3)	(66)	(3)	(66)
Other income including investment income	-	-	-	-
Rental income	-	(57)	-	(57)
Depreciation on property, plant and equipment	489	596	489	596
Depreciation on investment property	7	7	7	7
Depreciation on right-of-use assets	26	26	26	26
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Provision for and write off of property, plant and equipment	4	1	4	1
(Gain)/ loss on disposal of quoted or unquoted investments	-	-	-	-
(Gain)/ loss on disposal of property, plant and equipment	-	1	-	1
(Gain)/ loss on disposal of available-for-sale financial assets	-	-	-	-
Impairment of assets	-	-	-	-
Net (gain)/ loss on foreign exchange - unrealised	(74)	(3)	(74)	(3)
Net (gain)/ loss on foreign exchange - realised	(99)	(28)	(99)	(28)

A13 OPERATING PROFIT/(LOSS) (CONT.)

	Current Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	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	5,110	63	5,110	63
Share-based payments	-	-	-	-
Net (gain)/ loss on derivatives	(72)	-	(72)	-
Exceptional items	-	-	-	-

A14 FINANCE COSTS

	Current Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Bank overdrafts	11	-	11	-
Bankers' acceptances	17	13	17	13
Finance lease liability	3	5	3	5
Lease liabilities	2	4	2	4
	33	22	33	22

A15 SUBSEQUENT EVENTS

There were no material events subsequent to the end of the quarter that have not been reflected in the financial statements for the financial period under review except for the effect of COVID-19 pandemic as explained in Item B3 in this report.

A16 CONTINGENT ASSETS AND LIABILITIES

Save as disclosed below, the Company is not aware of any other contingent liabilities as at 31 March 2020:

	31.03.2020
	RM'000
- Corporate guarantee given by the Company to licensed banks for credit facilities granted to subsidiaries	26,140
	<u>26,140</u>

A17 CAPITAL COMMITMENT

Capital commitments not provided for in the financial statements as at 31 March 2020 are as follows:

	31.03.2020
	RM'000
Approved and contracted for	
- Plant & Equipment	441
	<u>441</u>

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

B1 OPERATING SEGMENTS REVIEW

Quarter Ended 31 March 2020 ("Q1 2020") vs Quarter Ended 31 March 2019 ("Q1 2019")

The Group's revenue and Loss Before Taxation ("LBT") were approximately RM5.56 million and RM5.89 million respectively for Q1 2020. Revenue in Q1 2020 was lower by 27.9% as compared with the revenue in Q1 2019. This has resulted in the Group's gross profit ("GP") margin for Q1 2020 dipping to 21.6% compared with GP margin of 22.1% achieved in Q1 2019. The Group recorded a higher other losses of RM 4.80 million in Q1 2020 compared with that in Q1 2019. Operating expenses in Q1 2020 was lower as compared with Q1 2019 by RM0.52 million. The Group recorded a LBT of RM5.58 million in Q1 2020 against a LBT of RM0.83 million in Q1 2019. The Loss After Taxation ("LAT") of RM5.93 million for Q1 2020 compared with LAT of RM0.90 million for Q1 2019 due to the net fair value loss on financial assets of RM5.11 million as compared to the net fair value loss on financial assets of RM0.063 million in the preceding quarter ended 31 March 2019. The significant net fair value loss is mainly due to global equity market sell down which happened towards the end of March 2020 as a result of the adverse impact from the Covid-19 pandemic.

3 Months Period Ended 31 March 2020 ("3M2020") vs 3 Months Period Ended 31 March 2019 ("3M2019")

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

(i) Cookware Division

The Cookware Division's revenue for 3M220 decreased by RM1.13 million or 37.4% to RM1.90 million compared with the revenue achieved in 3M2019 of RM2.03 million as sales to Japan and Asia Pacific (excluding Japan) have decreased by RM0.587 million and RM0.586 million respectively. However, the sales to USA & Canada have slightly increased by RM0.17 million. The cookware revenue by geographical market for 3M2020 is as follows:

	3 MONTHS ENDED		Increase/ (Decrease)	%
	31.03.2020	31.03.2019		
	RM'000	RM'000	RM'000	
Japan	869	1,455	(586)	-40.3%
Asia Pacific (excluding Japan)	589	1,176	(587)	-49.9%
USA & Canada	367	201	166	82.6%
Europe	74	201	(127)	-63.2%
	<u>1,899</u>	<u>3,033</u>	<u>(1,134)</u>	<u>-37.4%</u>

(ii) Convex Mirror Division

The Convex Mirror Division achieved a revenue of RM2.27 million for 3M2020, a decrease of RM0.43 million compared with the revenue of RM2.70 million achieved in 3M2019. The decrease in revenue is attributable to lower export sales to Bahrain and Taiwan. However, the sales to Japan and Korea have increased by RM0.12 million and RM0.09 million respectively.

(iii) Clad Metal Division

Clad Metal Division's revenue decreased in 3M2020 by RM0.68 million to RM1.32 million compared with the revenue achieved in 3M2019 of RM2.00 million. The decrease in sales of clad metal in 3M2020 was mainly due to decreased orders from customers in Japan and Europe markets. However, the sales to Taiwan has increased by RM0.19million for 3M2020.

B1 OPERATING SEGMENTS REVIEW (CONT.)

3 Months Period Ended 31 March 2020 ("3M2020") vs 3 Months Period Ended 31 March 2019 ("3M2019") (Cont.)

The Group's net assets per share as at 31 March 2020 stood at RM0.26. The Group's non-current assets decreased to RM49.88 million compared with the non-current assets of RM50.36 million as at 31 December 2019 due to depreciation charges. Inventories slightly increased to RM21.07 million as at 31 March 2020. Receivables, deposits and prepayments decreased by RM0.22 million to RM2.62 million mainly due to collections of outstanding debts from customers. The Group's net current assets was RM33.34 million as at 31 March 2020. The Group is in a positive net cash position as at 31 March 2020 with cash and cash equivalent of RM6.96 million after deducting all borrowings of the Group.

The Group's net operating cash outflow for 3M2020 was RM1.78 million. The net cash outflow from investing activities was RM0.38 million, mainly due to acquisition of quoted shares and purchase of plant and equipment after offsetting by the dividend income. Net cash inflow from financing activities was RM0.16 million, mainly attributable to proceeds from bankers' acceptances offset by 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 3M2020. Net cash and cash equivalents amounted to RM9.18 million as at 31 March 2020.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	3 months ended 31.03.2020	3 months ended 31.12.2019	Changes %
Revenue	5,557	9,756	-43%
Gross profit ("GP")	1,199	2,335	-49%
Operating (loss)/profit	(5,859)	15	-39160%
(Loss)/Profit before taxation ("LBT)/PBT")	(5,889)	(8)	-73513%
(Loss)/Profit for the period	(5,934)	681	-971%
(Loss)/Profit attributable to the owners of the Company	(5,934)	681	-971%

The Group's revenue in Q1 2020 was lower by RM4.20 million compared with Q4 2019. The Group GP was also lower in Q1 2020. The Group recorded a Loss Before Taxation ("LBT") of RM5.89 million in the first quarter of 2020 as compared to LBT of RM0.008 million in the immediate preceding quarter. This was mainly due to decrease in the fair value in quoted investments held by the Group for the current quarter under review.

B3 COMMENTARY ON PROSPECT

As Covid-19 virus spreads across the world, the World Health Organisation declared it a pandemic in March 2020. In response to the outbreak, Malaysia implemented the unprecedented Movement Control Order (MCO) causing most business and social activities to be severely disrupted with major macro-economic impacts. Based on a report by Bank Negara Malaysia, the Gross Domestic Product (GDP) moderated sharply to 0.7% in the first quarter of 2020 due to the impact of measures taken to contain the spread of COVID-19 pandemic.

Outlook for 2020 remains challenging and uncertain as the full impact of the COVID-19 pandemic has not been ascertained. Despite the uncertainties, the Directors are cautiously optimistic of its performance in 2020 in view of the Group's product quality, service and innovative capabilities to meet customers' requirements. The Group's foray into the Personal Protective Equipment, facial mask, hand sanitiser, etc. is also expected to contribute positively to the performance of the Group.

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 31.03.2020 RM'000	Cumulative Quarter 3 months ended 31.03.2020 RM'000
In respect of the current period		
- Malaysian tax	-	-
- Deferred tax	45	45
	<u>45</u>	<u>45</u>
In respect of the prior year		
- Malaysian tax	-	-
- Deferred tax	-	-
	<u>-</u>	<u>-</u>
	<u>45</u>	<u>45</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 31 March 2020:

	As at 31.03.2020 RM'000	As at 31.12.2019 RM'000
Non-current:		
Finance lease liability	18	73
	<u>18</u>	<u>73</u>
Current:		
Bank overdraft - unsecured	947	-
Bankers' acceptance - unsecured	1,060	1,360
Finance lease liability	215	213
	<u>2,222</u>	<u>1,573</u>
	<u>2,240</u>	<u>1,646</u>

All borrowings are denominated in Malaysia Ringgit.

B7 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 31 March 2020, the Group does not have any financial liabilities measured at fair value through profit or loss.

B8 CHANGES IN MATERIAL LITIGATION

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

B9 STATUS OF CORPORATE PROPOSALS

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 2020, total contract value and fair value of the Group outstanding derivative financial instruments are as follows:-

Type of derivatives	Notional Value RM'000	Fair Value RM'000	Fair Value Net gain RM'000	Cash Requirement RM'000
Forward foreign exchange contracts				
- Less than 1 year				
- In Japanese Yen	2,584	2,511	72	-

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

There is minimal credit and market risk as the above forward contracts are executed with a creditworthy financial institution. The Group is of the view that the possibility of non-performance by the financial institution is remote on the basis of their financial strength.

B11 EARNINGS PER SHARE ("EPS")

(a) Basic

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

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Basic EPS				
(Loss)/Profit attributable to owners of the Company (RM '000)	(5,934)	(899)	(5,934)	(899)
Weighted average no. of ordinary shares in issue ('000)	319,776	312,469	319,776	312,469
Basic EPS (sen)	<u>(1.86)</u>	<u>(0.29)</u>	<u>(1.86)</u>	<u>(0.29)</u>

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

(b) Diluted

As at 31 March 2020, diluted EPS was calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average diluted number of ordinary shares outstanding during the period after accounting for the share buy-backs, reissue of treasury shares and adjustments for the effect of all dilutive potential ordinary shares arising from the share warrants on issue.

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Diluted EPS				
Profit/(Loss) attributable to owners of the Company (RM '000)	(5,934)	(899)	(5,934)	(899)
Weighted average no. of ordinary shares in issue ('000)	319,776	312,469	319,776	312,469
Effect of dilution ('000)	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>319,776</u>	<u>312,469</u>	<u>319,776</u>	<u>312,469</u>
Diluted EPS (sen)	<u>(1.86)</u>	<u>(0.29)</u>	<u>(1.86)</u>	<u>(0.29)</u>

The effect of Warrants 2019/2022 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 2020.

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 30 June 2020.

On behalf of the Board of Directors
NI HSIN RESOURCES BERHAD

SOFIYAN BIN YAHYA
Chairman

Date: 30 June 2020