

Notes to the financial statements (continued)

4. Goodwill (continued)

4.1 Impairment testing for cash-generating unit containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating segments which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount of the cash-generating unit was based on its value-in-use. The carrying amount of the unit was determined to be approximately its recoverable amount and no impairment loss was recognised.

Value-in-use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

- Revenue growth rate ranging from 6% to 8% per annum (2016: 5% to 10% per annum)
- Gross profit margin of 21% (2016: 20%)
- A pre-tax discount rate of 8.5% (2016: 8.5%)

The values assigned to the key assumptions represent management's assessment of future trends in the clad metals and convex mirrors industry and are based on both external sources and internal sources (historical data).

5. Investments in subsidiaries

	Note	Company	
		2017 RM'000	2016 RM'000
Unquoted shares, at cost		56,654	56,654
Less: Impairment loss		(70)	(70)
		<u>56,584</u>	<u>56,584</u>
Amount due from a subsidiary	5.1	<u>2,871</u>	<u>2,871</u>
		<u>59,455</u>	<u>59,455</u>

5.1 The amount due from a subsidiary is non-trade in nature, unsecured and interest free. The settlement of the amount is neither planned nor likely to occur in the foreseeable future. As this amount is a part of the Company's net investment in the subsidiary in substance, it was stated at cost less accumulated impairment.

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective ownership interest	
			2017 %	2016 %
Ni Hsin Corporation Sdn. Bhd. ("NHC")#	Design, manufacture and sale of stainless steel kitchenware and cookware	Malaysia	100	100
Ever-Grow Advanced Materials Sdn. Bhd. ("EGAM")#	Research, development and manufacturing of clad metals and stainless steel convex mirrors	Malaysia	100	100
Steel Crafts Europa S.R.L. ("SCE")*	Trading and assembly of kitchenware, cookware, clad metals and stainless steel convex mirrors	Italy	100	100

Notes to the financial statements (continued)

5. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows: (continued)

Name of subsidiary	Principal activities	Country of incorporation	Effective ownership interest	
			2017 %	2016 %
and its subsidiary: Pentoli S.R.L.*	Retail sales of kitchenware, tableware and cookware, water filter and related products and accessories	Italy	100	100
Inoco Resources Sdn. Bhd. ("Inoco")@	General merchandiser and other commodities of all kinds and descriptions and retailer	Malaysia	100	100
MyAngkasa Ni Hsin Sdn. Bhd. ("MNH")@	Distribution and marketing of cookware, kitchenware, water filters and related products and accessories	Malaysia	70	70
Pentoli Sdn. Bhd. ("PSB")@	Distribution and marketing of cookware, kitchenware, water filters and related products and accessories	Malaysia	100	100

* Subsidiaries incorporated in Italy have not been audited as they are exempted from statutory audit under Italian Company Laws. They are consolidated based on unaudited management accounts for the year ended 31 December 2017.

Audited by KPMG

@ Not audited by KPMG

5.2 Non-controlling interests in subsidiary

The Group's subsidiary that have material non-controlling interests ("NCI") is as follows:

	MyAngkasa Ni Hsin	
	2017 RM'000	2016 RM'000
NCI percentage of ownership interest and voting interest	30%	30%
Carrying amount of NCI	(93)	(75)
Profit allocated to NCI	(18)	(105)
Summarised financial information before intragroup elimination		
As at 31 December		
Non-current assets	2	3
Current assets	3	16
Current liabilities	(315)	(268)
Net assets	(310)	(249)