



NI HSIN GROUP BERHAD

(Formerly known as Ni Hsin Resources Berhad)
(Registration No.: 200401014850 (653353-W))
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

30 SEPTEMBER 2021

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**
(The figures have not been audited)

	Note	CURRENT QUARTER 3 MONTHS ENDED			CUMULATIVE QUARTER 9 MONTHS ENDED		
		30.09.2021 RM'000	30.09.2020 RM'000	Changes (%)	30.09.2021 RM'000	30.09.2020 RM'000	Changes (%)
Revenue	A12	6,345	7,824	-19%	21,773	17,973	21%
Cost of sales		(4,469)	(5,421)		(16,351)	(13,552)	
Gross Profit		1,876	2,403	-22%	5,422	4,421	23%
Other (loss)/income		219	5,513		734	2,863	
Operating expenses		(3,448)	(2,665)		(9,080)	(6,513)	
Operating (loss)/profit	A13	(1,353)	5,251	126%	(2,924)	771	479%
Finance income		1	14		3	19	
Finance costs		(146)	(31)		(199)	(97)	
Share of profit/(loss) of equity- accounted associate, net of tax		(53)	-		(68)	-	
Profit/(Loss) before taxation		(1,551)	5,234	130%	(3,188)	693	560%
Income tax expenses	B6	(3)	28		23	5	
Profit/(Loss) for the period		(1,554)	5,262	130%	(3,165)	698	553%
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	(2)		11	(5)	
Other comprehensive expense for the year, net of tax		3	(2)		11	(5)	
Total comprehensive income/(expense) for the period		(1,551)	5,260	129%	(3,154)	693	555%
Profit attributable to:							
Owners of the Company		(1,554)	5,262		(3,165)	698	
Non-controlling interests		-	-		-	-	
Profit for the period		(1,554)	5,262		(3,165)	698	
Total comprehensive income/(expense) attributable to:							
Owners of the Company		(1,551)	5,260		(3,154)	693	
Non-controlling interests		-	-		-	-	
Total comprehensive income/(expense) the period		(1,551)	5,260		(3,154)	693	
Earnings per share (sen)							
~ Basic	B12	(0.38)	1.68		(0.76)	0.22	
~ Diluted	B12	(0.14)	1.57		(0.29)	0.21	

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 2020 and the accompanying explanatory notes attached to the Interim Financial Statements.

NI HSIN GROUP BERHAD (Formerly known as Ni Hsin Resources Berhad)

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

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 30 SEPTEMBER 2021**

(The figures have not been audited)

	Note	AS AT 30.09.2021 RM'000	AS AT 31.12.2020 RM'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	A9	45,101	42,455
Intangible assets		213	-
Investment property		1,180	1,198
Right-of-use assets		173	-
Goodwill		5,105	5,105
Investment in associate		132	-
Deferred tax asset		17	17
		<u>51,921</u>	<u>48,775</u>
Current assets			
Inventories		23,123	20,125
Receivables, deposits and prepayments		5,798	7,535
Derivative financial assets	B11	-	-
Current tax assets		848	617
Cash and cash equivalents		30,580	20,609
		<u>60,349</u>	<u>48,886</u>
TOTAL ASSETS		<u>112,270</u>	<u>97,661</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		80,981	66,495
Reserves		16,568	22,021
Equity attributable to owners of the Company		<u>97,549</u>	<u>88,516</u>
Non-controlling interest		-	-
Total equity		<u>97,549</u>	<u>88,516</u>
Non-current liabilities			
Deferred tax liability		2,699	2,721
Borrowings	B7	625	-
Redeemable Convertible Preference Shares (RCPS) - Liability component		6,038	-
		<u>9,362</u>	<u>2,721</u>
Current liabilities			
Payables and accruals		3,457	3,993
Borrowings	B7	1,567	2,431
Redeemable Convertible Preference Shares (RCPS) - Liability component		160	-
Lease liabilities		175	-
Derivative financial liabilities	B11	-	-
		<u>5,359</u>	<u>6,424</u>
Total liabilities		<u>14,721</u>	<u>9,145</u>
TOTAL EQUITY AND LIABILITIES		<u>112,270</u>	<u>97,661</u>
Net Assets per share attributable to owners of the Company (RM)		0.20	0.28

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the Interim Financial Statements.

NI HSI GROUP BERHAD (Formerly known as 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 30 SEPTEMBER 2021**

(The figures have not been audited)

	/----- Non-distributable -----/						Distributable Retained Profits / (Accumulated losses)	Total RM'000	Non- controlling Interest RM'000	Total Equity RM'000	
	Share Capital RM'000	Treasury Shares RM'000	Translation Reserve RM'000	Fair value Reserve RM'000	RCPS - equity component RM'000	Revaluation Reserve RM'000					Other Reserve RM'000
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	-	-	(5)	-	-	-	-	-	(5)	-	(5)
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	-	-	(5)	-	-	-	-	-	(5)	-	(5)
Profit for the period	-	-	-	-	-	-	-	698	698	-	698
Total comprehensive income/ (expense) for the period	-	-	(5)	-	-	-	-	698	693	-	693
<i>Contributions by and distributions to owners of the Company</i>											
Own shares acquired	-	(449)	-	-	-	-	-	-	(449)	-	(449)
Own shares sold	53	166	-	-	-	-	-	-	219	-	219
Warrant exercised	254	-	-	-	-	-	-	-	254	-	254
Share dividend	-	-	-	-	-	-	-	-	-	-	-
Total transactions with the owners of the Company	307	(283)	-	-	-	-	-	-	24	-	24
At 30 September 2020	66,430	(1,528)	156	-	-	16,386	9,206	(3,425)	87,225	-	87,225
At 1 January 2021	66,495	(1,574)	151	-	-	16,386	9,206	(2,148)	88,516	-	88,516
Foreign currency translation differences for foreign operations	-	-	11	-	-	-	-	-	11	-	11
Change in RPTG rate	-	-	-	-	-	-	-	-	-	-	-
Fair value of available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income/(expense) for the period	-	-	11	-	-	-	-	-	11	-	11
Profit/(Loss) for the period	-	-	-	-	-	-	-	(3,165)	(3,165)	-	(3,165)
Total comprehensive income/ (expense) for the period	-	-	11	-	-	-	-	(3,165)	(3,154)	-	(3,154)
<i>Contributions by and distributions to owners of the Company</i>											
Own shares acquired	-	(4,875)	-	-	-	-	-	-	(4,875)	-	(4,875)
Own shares sold	-	1,617	-	-	-	-	-	847	2,464	-	2,464
Warrant exercised	7,736	-	-	-	-	-	-	-	7,736	-	7,736
Issuance of RCPS	-	-	-	-	122	-	-	-	122	-	122
RCPS conversion	6,750	-	-	-	(10)	-	-	-	6,740	-	6,740
Total transactions with the owners of the Company	14,486	(3,258)	-	-	112	-	-	847	12,187	-	12,187
At 30 September 2021	80,981	(4,832)	162	-	112	16,386	9,206	(4,466)	97,549	-	97,549

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 30 SEPTEMBER 2021**

(The figures have not been audited)

	9 MONTHS ENDED	
	30.09.2021	30.09.2020
	RM'000	RM'000
Cash flows from operating activities		
Profit/ (Loss) before tax	(3,188)	693
Adjustments:		
Depreciation on property, plant and equipment	1,607	1,414
Depreciation on investment property	20	20
Depreciation on right-of-use assets	31	77
Depreciation on intangible assets	9	-
Loss/(Gain) on disposal of property, plant and equipment	(53)	-
Write off of property, plant and equipment	5	5
Write-down of inventories	-	-
Interest paid	199	97
Interest received	(3)	(19)
Dividend income	(303)	(166)
Net gain on foreign exchange	(143)	38
Share of profit/(loss) of equity-accounted associate	68	-
(Gain)/ loss on disposal of quoted or unquoted investments	-	(2,365)
(Gain)/ loss on disposal of available-for-sale financial assets	-	-
Share-based payment transaction	-	-
Net (gain)/ loss on derivatives	-	(3)
Net loss/ (gain) in fair value of financial instruments measured at fair value	2	(108)
Operating profit before changes in working capital	<u>(1,749)</u>	<u>(317)</u>
Changes in working capital:		
Decrease/(Increase) in operating assets	(2,998)	(2,123)
(Increase)/Decrease in operating liabilities	7,105	(518)
Cash generated from operations	<u>2,358</u>	<u>(2,958)</u>
Income taxes paid	(284)	(363)
Income taxes refunded	53	-
Interest paid	(81)	(93)
Interest received	3	19
Net cash generated from/(used in) operating activities	<u>2,049</u>	<u>(3,395)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,311)	(216)
Acquisition of other investments	-	(2,944)
Investment in associate	(200)	-
Proceeds from disposal of property, plant and equipment	106	-
Proceeds from disposal of other investments	-	11,091
Dividend income	303	166
Net cash generated from/(used in) investing activities	<u>(4,102)</u>	<u>8,097</u>
Cash flows from financing activities		
Net (repayment)/ proceeds of bankers' acceptances	(36)	256
Proceeds/(Payments) of finance lease liabilities	676	(71)
Payments of lease liabilities	(33)	(83)
Repurchase of treasury shares	(4,875)	(449)
Proceeds from exercise of warrants	7,737	254
Proceeds from conversion of redeemable convertible preference shares	6,862	-
Proceeds from sales of treasury shares	2,464	219
Net cash generated from/(used in) financing activities	<u>12,795</u>	<u>126</u>
Net increase in cash and cash equivalents	10,742	4,828
Effect of exchange rate fluctuations on cash held	108	(47)
Cash and cash equivalents at 1 January	19,297	11,148
Cash and cash equivalents at 30 September	<u>30,147</u>	<u>15,929</u>
Cash and cash equivalent at the end of the financial period comprise the following :		
	RM'000	RM'000
Deposits with licensed bank	213	7,210
Bank and Cash balances	6,655	4,627
Fixed income trust fund	23,712	5,369
Bank overdraft (included within short term borrowings in Note B7)	(433)	(1,277)
	<u>30,147</u>	<u>15,929</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 2020 and the accompanying explanatory notes attached to the Interim Financial Statements.

NI HSIN GROUP BERHAD (Formerly known as Ni Hsin Resources Berhad)

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

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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 2020. 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 2020.

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 2020, 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 June 2020

Amendment to MFRS 16, Leases – Covid-19 - Related Rent Concessions

Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement, MFRS 7, Financial Instruments: Disclosures, MFRS 4, Insurance Contracts and MFRS 16, Leases – Interest Rate Benchmark Reform – Phase 2

(b) Standards issued but not yet effective

Effective for financial periods commencing on or after 1 April 2021

Amendment to MFRS 16 Leases - Covid-19 - Related Rent Concessions beyond 30 June 2021

Effective for financial periods commencing on or after 1 January 2022

Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework

Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 - 2020:

- Amendment to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

- Amendment to MFRS 9 Financial Instruments

- Amendment to MFRS 141 Agriculture

Effective for financial periods commencing on or after 1 January 2023

MFRS 17, Insurance Contracts

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

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

Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

A2 SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(b) Standards issued but not yet effective (Cont.)

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 2020.

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 2021.

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 2021.

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 2021.

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 2021.

(a) Share Buy-backs

At the Annual General Meeting of the Company held on 23 June 2021, 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 30 September 2021, the total number of shares bought back and held as treasury shares were 27,738,036 ordinary shares, representing 5.45% 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 during the current quarter and financial period ended 30 September 2021.

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

(a) Share Buy-backs (Cont.)

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	1,000,000	0.240	0.265	0.256	256,645.14
February	14,749,600	0.170	0.210	0.197	2,912,147.50
March	3,051,200	0.145	0.175	0.162	494,972.81
April	1,772,500	0.145	0.150	0.148	262,011.54
May	2,039,200	0.130	0.150	0.139	282,814.14
June	1,046,000	0.120	0.135	0.126	131,551.50
July	200,000	0.120	0.120	0.120	24,183.84
August	0	0.000	0.000	0.000	0.00
September	3,660,000	0.130	0.155	0.141	517,851.92

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

During the financial period, the Company resold its treasury shares to the open market as follows:

Month	No. of shares resold	Minimum price (RM)	Maximum price (RM)	Average price (RM)	Total amount received [#] (RM)
February	9,242,000	0.265	0.270	0.268	2,464,076.30

[#] Net with 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.

On 8 February 2021, the Company undertook a warrant adjustment by issuance of 49,025,223 additional warrants with the new exercise price of the warrant of RM0.05 per share to reflect the consequential revisions in the exercise price of outstanding warrants and the total number of outstanding warrants after the implementation of the Rights Issue of Redeemable Convertible Preference Shares.

During the financial period, the warrants exercised by registered warrant holders to new ordinary shares as follows:

Month of allotment	Exercise price (RM)	No. of additional warrants issued	No. of warrants exercised	Balance warrants outstanding
Balance b/f				155,840,924
January	0.138		14,941,800	140,899,124
February	0.050		43,643,100	97,256,024
March	0.050	49,025,223	38,466,648	107,814,599
April	0.050		977,200	106,837,399
May	0.050		200,000	106,637,399
June	0.050		206,200	106,431,199
July	0.050		0	106,431,199
August	0.050		2,000,000	104,431,199
September	0.050		28,005,471	76,425,728

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

(b) Redeemable Convertible Preference Shares (RCPS) (Cont.)

The Company has on 3 March 2021 issued 675,863,030 new RCPS with the issue price of RM0.01. The expiry date of the RCPS is 2 March 2026. The conversion price of the RCPS is RM0.12 per share.

A fixed preference dividend rate per annum of 3% of the RCPS issue price (during the tenure of RCPS and up to the date of conversion), shall be payable out of post cumulative taxation profits. The dividends are to be paid annually in arrears. The RCPS can be redeemed during the beginning of the 5th year after issuance until maturity at the RCPS issue price plus any accumulated undeclared dividends up to the date of redemption. The redemption shall be at the option of the holders. All remaining RCPS that are not converted or redeemed during the Tenure shall be mandatorily redeemed by our Company at the RCPS issue price plus any accumulated undeclared dividends up to the date of redemption, subject to requirement of Section 72(6) of the Companies Act 2016, currently in force and as may be amended from time to time and any re-enactment thereof.

As at 30 September 2021, the total number of RCPS conversion were 56,247,900 RCPS into 56,247,900 new ordinary shares pursuant to the exercise of conversion rights of RCPS 2021/2026.

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 30 September 2021, except for the following:

On 22 March 2021, the Company's wholly-owned subsidiary, Ni Hsin Food & Beverages Sdn. Bhd. ("NHFB") has incorporated a new wholly-owned subsidiary, known as Blackbixon2Go Sdn. Bhd. ("BB2GO"). The issued and paid-up capital of BB2GO is RM2.00 only comprising 2 ordinary shares. The principal activity of BB2GO is engaged in all kinds of business relating to foods and beverages.

Subsequent to the incorporation, BB2GO becomes a wholly-owned subsidiary of NHFB, which in turn is a wholly-owned subsidiary of the Company.

A11 DIVIDEND PAID

No dividend was paid during the current quarter and financial period ended 30 September 2021.

The rest of this page is intentionally left blank

A12 SEGMENTAL INFORMATION

The Group is principally engaged in the design, manufacture and sale of stainless steel kitchenware, cookware, research and development stainless steel products and food & beverages business. The segmental results of the Group for the financial period under review are as follows:

RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Segment Revenue				
Revenue from:				
Cookware	2,781	3,776	12,071	7,314
Stainless steel products	4,747	5,054	12,434	13,928
Food and beverages	142	-	373	-
Others	435	623	1,932	860
Total revenue including inter-segment sales	8,105	9,453	26,810	22,102
Elimination of inter-segment sales	(1,760)	(1,629)	(5,037)	(4,129)
Total	6,345	7,824	21,773	17,973
Results from:				
Cookware	(293)	224	(6)	(1,349)
Stainless steel products	225	270	244	415
Food and beverages	(1,207)	-	(2,466)	-
Others	61	63	272	206
	(1,214)	557	(1,956)	(728)
Elimination of inter-segment results	11	(119)	(96)	(20)
Total result	(1,203)	438	(2,052)	(748)
Unallocated corporate income/(expenses)	(150)	4,813	(872)	1,519
Finance income	1	14	3	19
Finance costs	(146)	(31)	(199)	(97)
Share of profit/(loss) of equity-accounted associate	(53)	-	(68)	-
Income tax expense	(3)	28	23	5
Profit for the period	(1,554)	5,262	(3,165)	698

Segment Assets

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

	As at 30.09.2021	As at 31.12.2020
	RM'000	RM'000
Cookware	53,681	55,335
Stainless steel products	24,261	22,365
Food and beverages	8,438	3,251
Others	13,980	7,855
	100,360	88,806
Elimination of inter-segment assets	(19,536)	(12,248)
Total segment assets	80,824	76,558
Unallocated corporate assets	31,446	21,103
Total assets	112,270	97,661

A12 SEGMENTAL INFORMATION (CONT.)**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 30.09.2021	As at 31.12.2020
	RM'000	RM'000
Cookware	8,067	8,903
Stainless steel products	5,339	4,859
Food and beverages	10,819	4,599
Others	7,272	417
	<u>31,497</u>	<u>18,778</u>
Elimination of inter-segment liabilities	(19,475)	(12,354)
Total segment liabilities	<u>12,022</u>	<u>6,424</u>
Unallocated corporate liabilities	2,699	2,721
Total liabilities	<u><u>14,721</u></u>	<u><u>9,145</u></u>

A13 OPERATING PROFIT/(LOSS)

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) is arrived at after charging and (crediting):				
Finance income	(1)	(14)	(3)	(19)
Other income including investment income	-	-	-	-
Rental income	-	-	-	-
Depreciation on property, plant and equipment	495	452	1,607	1,414
Depreciation on investment property	7	7	20	20
Depreciation on right-of-use assets	31	26	31	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	3	3	5	5
(Gain)/ loss on disposal of quoted or unquoted investments	-	(2,365)	-	(2,365)
(Gain)/ loss on disposal of property, plant and equipment	-	-	(53)	-
(Gain)/ loss on disposal of available-for-sale financial assets	-	-	-	-
Impairment of assets	-	-	-	-
Net (gain)/ loss on foreign exchange - unrealised	10	35	(143)	38
Net (gain)/ loss on foreign exchange - realised	(136)	(82)	(350)	(338)
Net (gain)/loss in fair value of financial instruments measured at fair value	5	(3,142)	5	(108)
Share-based payments	-	-	-	-
Net (gain)/ loss on derivatives	-	34	-	(3)
Exceptional items	-	-	-	-

A14 FINANCE COSTS

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Bank overdrafts	10	16	44	48
Bankers' acceptances	8	14	20	40
Finance lease liability	9	-	16	5
Lease liabilities	5	1	5	4
RCPS	114	-	114	-
	<u>146</u>	<u>31</u>	<u>199</u>	<u>97</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 except for the effect of COVID-19 pandemic as explained in Item B3 in this report and disclosed as below:

- (i) On 24 August 2021, the Company has incorporated new wholly-owned subsidiaries, known as Ni Hsin EV Tech Sdn. Bhd. ("NHEVT") and Ni Hsin Ecologistics Sdn Bhd ("NHECO"). The issued and paid-up capital of NHEVT and NHECO is RM1.00 only comprising 1 ordinary share respectively. The principal activity of NHEVT is manufacturing, assembling, promoting and marketing of all kinds of electric vehicles and accessories and the principal activity of NHECO is eco-friendly logistics, transport, general carriers forwarding agents, courier and cargo handlers and contractor.
- (ii) On 8 October 2021, NHEVT has increased the issued and paid-up capital to RM3.00 million and on 20 October 2021, NHECO has increased the issued and paid-up capital to RM1.00 million.
- (iii) On 22 October 2021, the Company's wholly-owned subsidiary, NHECO has acquired 60% equity interest of a company, known as Pride Logistics Alliance Sdn. Bhd. ("PLA"). The principal activity of PLA is logistics, transport, general carriers forwarding agents, courier and cargo handlers and contractor. Subsequent to the acquisition, PLA becomes a subsidiary of NHECO, which in turn is a 60% owned subsidiary of the Company.

A16 CONTINGENT ASSETS AND LIABILITIES

Save as disclosed below, the Company is not aware of any other contingent liabilities as at 30 September 2021:

	30.09.2021
	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 2021 are as follows:

	30.09.2021
	RM'000
Approved and contracted for	
- Plant & Machineries	236
- Coffee machines	1,892
- Office equipment	537
- Renovation	160
	<u>2,825</u>

The rest of this page is intentionally left blank

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

B1 OPERATING SEGMENTS REVIEW

Quarter Ended 30 September 2021 ("Q3 2021") vs Quarter Ended 30 September 2020 ("Q3 2020")

The Group's revenue and Loss Before Taxation ("LBT") were approximately RM6.35 million and RM1.55 million respectively for Q3 2021. Revenue in Q3 2021 was lower by 18.9% as compared with the revenue in Q3 2020 which saw a spike in business after the MCO was lifted. Consistently, the Group's gross profit ("GP") margin for Q3 2021 decreased to 29.57% compared with the GP margin of 31.09% achieved in Q3 2020. Other income generated in Q3 2021 amounted to RM0.20 million compared with RM5.51 million in Q3 2020. This was mainly due to the net fair value gain on financial assets of RM3.14 million and gain on disposal of quoted investment of RM2.57 million recorded in Q3 2020. Operating expenses in Q3 2021 was higher as compared with Q3 2020 by RM0.78 million due to expenses incurred in connection with the new food and beverages business. The Group recorded a LBT of RM1.55 million in Q3 2021 as compared to Profit Before Tax ("PBT") of RM5.23 million in Q3 2020. The Loss After Taxation ("LAT") in Q3 2021 was RM1.55 million versus Profit After Tax ("PAT") of RM5.26 million recorded in Q3 2020. The PBT and PAT in Q3 2020 were achieved after registering a gain in fair value of financial instruments and gain on disposal of quoted investment of approximately RM5.71 million.

9 Months Period Ended 30 September 2021 ("9M2021") vs 9 Months Period Ended 30 September 2020 ("9M2020")

The Group's performance by each Division (after the elimination of inter-segment sales) for the financial period is as follows:

(i) Cookware Division

The Cookware Division's revenue for 9M2021 increased by RM3.94 million or 55.3% to RM11.05 million compared with the revenue achieved in 9M2020 of RM7.12 million as both sales to Japan and Asia Pacific (excluding Japan) increased significantly by RM2.37 million and RM1.93 million respectively. However, the sales to USA & Canada and Europe were decreased slightly by RM0.36 million for 9M2021 as compared to 9M2020. The cookware revenue by geographical market for 9M2021 is as follows:

	9 MONTHS ENDED		Increase/ (Decrease)	%
	30.09.2021	30.09.2020		
	RM'000	RM'000	RM'000	
Japan	4,012	1,644	2,368	144.0%
Asia Pacific (excluding Japan)	5,435	3,507	1,928	55.0%
USA & Canada	1,552	1,563	(11)	-0.7%
Europe	54	402	(348)	-86.6%
	<u>11,053</u>	<u>7,116</u>	<u>3,937</u>	<u>55.3%</u>

(ii) Stainless Steel Products Division

The Stainless Steel Products Division's revenue for 9M2021 decreased by RM1.35 million or 13.5% to RM8.65 million compared with the revenue achieved in 9M2020 of RM10.00 million as sales to Japan and Korea decreased significantly by RM0.58 million and RM0.34 million respectively.

(iii) Food and Beverages Division

The Food and Beverages Division's revenue for 9M2021 was RM0.14 million. The Division generated a low revenue for 9M2021 as it only commenced business in the second quarter of the financial year and is further impacted by the reimposition of the MCO in the midst of the pandemic.

The Group's net assets per share as at 30 September 2021 stood at RM0.20. The Group's non-current assets increased to RM51.92 million compared with the non-current assets of RM48.78 million as at 31 December 2020 due to acquisition of property, plant and equipment, intangible assets and investment in an associate company. Inventories increased to RM23.12 million as at 30 September 2021 as the Group stocked up inventories for the Food and Beverages Division. Receivables, deposits and prepayments decreased by RM1.74 million to RM5.80 million mainly due to collections from customers. The Group's net current assets was RM54.99 million as at 30 September 2021. The Group is in a positive net cash position as at 30 September 2021 with cash and cash equivalent of RM28.39 million after deducting all borrowings of the Group.

B1 OPERATING SEGMENTS REVIEW (CONT.)

9 Months Period Ended 30 September 2021 ("9M2021") vs 9 Months Period Ended 30 September 2020 ("9M2020") (Cont.)

The Group's net operating cash inflow for 9M2021 was RM2.05 million. The net cash outflow from investing activities was RM4.10 million, mainly due to purchase of property, plant and equipment for the Food and Beverages Division. Net cash inflow from financing activities was RM12.80 million, mainly attributable to proceeds from exercise of warrants, conversion of RCPS and proceeds from reselling of treasury shares after deducting the cost of repurchase of the same. The net resultant impact to the Group's cash flow was an increase in cash of RM10.74 million during 9M2021. Net cash and cash equivalents amounted to RM30.15 million as at 30 September 2021.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	3 months ended 30.09.2021	3 months ended 30.06.2021	Changes %
Revenue	6,345	7,840	-19%
Gross profit ("GP")	1,876	1,979	-5%
Operating (loss)/profit	(1,353)	(819)	65%
(Loss)/Profit before taxation ("LBT)/PBT")	(1,551)	(856)	-81%
(Loss)/Profit for the period	(1,554)	(849)	83%
(Loss)/Profit attributable to the owners of the Company	(1,554)	(849)	83%

The Group's revenue in Q3 2021 was lower by RM1.50 million compared with Q2 2021. Consistently, the Group GP was lower in Q3 2021. The Group recorded a Loss Before Taxation ("LBT") of RM1.55 million in the third quarter of 2021 as compared to LBT of RM0.86 million in the immediate preceding quarter.

B3 COMMENTARY ON PROSPECT

The Malaysian economy contracted a heavy 4.5% in annual terms in the third quarter of the year, contrasting the prior quarter's 16.1% expansion, as surging Covid-19 cases in the period prompted the reinstatement of tough restrictions, hindering activity.

The third quarter's slump was broad-based. Household spending tumbled 4.2% in year-on-year terms in the quarter, contrasting the 11.7% expansion tallied in the prior quarter. Similarly, capital spending also swung into contraction, plunging 10.8% in the quarter (Q2: +16.5% yoy), as tight restrictions and pandemic-related uncertainty discouraged investment. More positively, public spending was robust in the quarter, albeit easing from Q2, as the government continued to deploy its fiscal tools to counter the negative economic impact of the restrictions (Q3: +8.1% yoy; Q2: +9.1% yoy).

In the external sector, with growth in exports of goods and services cooling markedly to 5.1% year-on-year in Q3 from 37.4% in the previous quarter, as rising numbers of new infections in key trading partners suppressed foreign demand.

Similarly, on a seasonally-adjusted quarter-on-quarter basis, the economy contracted 3.6% in the third quarter, deteriorating from the 1.9% decline logged in the second quarter.

FocusEconomics panelists expect GDP to expand 5.7% in 2022, which is up 0.1 percentage points from last month's forecast. In 2023, our panel sees GDP growth at 4.9%. (*FocusEconomics*).

With the positive projected outlook on the growth of the Malaysian economy buoyed by the high vaccination rate and the government's new approach to treating Covid-19 as endemic which will safeguard activity from future pandemic-related disruptions the Board is confident the Group's existing business will see improvements in 2022 and beyond.

The Group expects to make positive inroads in the electrical vehicle (EV) sector, more particularly in the EV Two Wheelers. The collaboration with China and local partners will see the Group playing a role in the eco-friendly e-mobility segment. The Group has obtained approval from the Ministry of International Trade and Industry (MITI) for the manufacturing and assembly of electric vehicle bike license. The Group's objective is to produce customised EV Two Wheelers for delivery of food and beverage and other products. Among the objectives of our business model is the creation of opportunities of entrepreneurship to the B40 in line with the strategies and objectives of the National Entrepreneurship Policy 2030 (DKN2030) in collaboration with various government agencies.

B3 COMMENTARY ON PROSPECT (CONT.)

The Group has also ventured into the logistics business with the acquisition of an established logistics company, Pride Logistics Alliance Sdn Bhd, to leverage on the Group's existing automated storage and retrieval system (ASRS) facility. The Group targets to venture into the Fifth Party Logistics (5PL) segment. The logistics and supply chain management business has seen a surge in demand as a result of the pandemic.

B4 STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

The status of the utilisation of proceeds from the public issue of RCPS is as follows:

Purpose	Proposed utilisation (RM'000)	Utilisation as at 30.9.2021 (RM'000)	Balance as at 30.9.2021		Estimated timeframe from 5 February 2021
			(RM'000)	(%)	
Capital expenditure for the F&B business	2,859	2,526	333	12%	Within 12 months
Working capital	3,400	3,400	0	0%	Completed
Estimated expenses for the corporate exercise	500	500	0	0%	Completed
Total	6,759	6,426	333	5%	

The utilisation of proceeds as disclosed above should be read in conjunction with the Abridged Prospectus of the Company dated 5 February 2021.

B5 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.

B6 TAXATION

	Current Quarter 3 months ended 30.09.2021 RM'000	Cumulative Quarter 9 months ended 30.09.2021 RM'000
In respect of the current period		
- Malaysian tax	-	-
- Deferred tax	3	(23)
	<u>3</u>	<u>(23)</u>
In respect of the prior year		
- Malaysian tax	-	-
- Deferred tax	-	-
	<u>-</u>	<u>-</u>
	<u>3</u>	<u>(23)</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 lower than the statutory tax rate mainly due to the net gain in fair value of investment in quoted shares measured at fair value by the Company is not subject to income tax. Moreover, 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.

B7 GROUP BORROWINGS AND DEBT SECURITIES

Save as disclosed below, there were no other borrowings or debt securities in the Group as at 30 September 2021:

	As at 30.09.2021	As at 31.12.2020
	RM'000	RM'000
Non-current:		
Finance lease liability	625	-
	<hr/>	<hr/>
Current:		
Bank overdraft - unsecured	433	1,312
Bankers' acceptance - unsecured	938	974
Finance lease liability	196	145
	<hr/>	<hr/>
	1,567	2,431
	<hr/>	<hr/>
	2,192	2,431
	<hr/> <hr/>	<hr/> <hr/>

All borrowings are denominated in Malaysia Ringgit.

B8 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 30 September 2021, the Group does not have any financial liabilities measured at fair value through profit or loss.

B9 CHANGES IN MATERIAL LITIGATION

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

B10 STATUS OF CORPORATE PROPOSALS

Update on the status of Memorandum of Understanding ("MOU") entered into between Dongguan Tailing Electric Vehicle Co., Ltd. ("TAILG") and Ni Hsin EV Tech Sdn. Bhd. ("NH EV TECH"), a wholly-owned subsidiary of the Company

On 17 September 2021, NH EV TECH entered into a MOU with TAILG to enter into a collaboration and explore opportunities to study, research, develop, assemble and distribute customised Electric Vehicles for commercial purposes in Malaysia and the ASEAN region.

Following to the MOU, NH EV TECH had on 14 October 2021 entered into a Product Development Agreement ("Agreement") with TAILG to develop customised electric bikes based on TAILG's existing Model D-80 for commercial purposes and sell to NH EV TECH upon the terms and conditions of the Agreement.

On 29 October 2021, NH EV TECH received a letter of approval ("LOA") from the Ministry of International Trade and Industry ("MITI") for its application of manufacturing licence pursuant to The Industrial Co-ordination Act 1975 to carry out the business of manufacture and assembly of electric vehicle bike ("Manufacturing License") subject to the terms and conditions as stipulated in the LOA.

As at the date of this report, the MOU is still ongoing.

B11 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 2021, the Group does not have any outstanding derivative financial instruments.

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

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

B12 EARNINGS PER SHARE ("EPS")

(a) Basic

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

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Basic EPS				
(Loss)/Profit attributable to owners of the Company (RM '000)	(1,554)	5,262	(3,165)	698
Weighted average no. of ordinary shares in issue ('000)	414,201	313,581	414,201	313,581
Basic EPS (sen)	<u>(0.38)</u>	<u>1.68</u>	<u>(0.76)</u>	<u>0.22</u>

(b) Diluted

As at 30 September 2021, 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 9 months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Diluted EPS				
Profit/(Loss) attributable to owners of the Company (RM '000)	(1,554)	5,262	(3,165)	698
Weighted average no. of ordinary shares in issue ('000)	414,201	313,581	414,201	313,581
Effect of dilution ('000)	684,434	22,056	684,434	22,056
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>1,098,635</u>	<u>335,637</u>	<u>1,098,635</u>	<u>335,637</u>
Diluted EPS (sen)	<u>(0.14)</u>	<u>1.57</u>	<u>(0.29)</u>	<u>0.21</u>

B13 DIVIDEND

No interim dividend has been recommended for the current quarter.

B14 AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 November 2021.

On behalf of the Board of Directors

NI HSIN GROUP BERHAD

(Formerly known as Ni Hsin Resources Berhad)

SOFIYAN BIN YAHYA

Chairman

Date: 23 November 2021