



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 JUNE 2021

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

	Note	CURRENT QUARTER 3 MONTHS ENDED			CUMULATIVE QUARTER 6 MONTHS ENDED		
		30.06.2021 RM'000	30.06.2020 RM'000	Changes (%)	30.06.2021 RM'000	30.06.2020 RM'000	Changes (%)
Revenue	A12	7,840	4,592	71%	15,428	10,149	52%
Cost of sales		(5,861)	(3,773)		(11,882)	(8,131)	
Gross Profit		<u>1,979</u>	<u>819</u>	142%	<u>3,546</u>	<u>2,018</u>	76%
Other (loss)/income		203	2,149		515	(2,650)	
Operating expenses		(3,001)	(1,589)		(5,632)	(3,848)	
Operating (loss)/profit	A13	<u>(819)</u>	<u>1,379</u>	159%	<u>(1,571)</u>	<u>(4,480)</u>	65%
Finance income		1	2		2	5	
Finance costs		(23)	(33)		(53)	(66)	
Share of profit/(loss) of equity- accounted associate, net of tax		(15)	-		(15)	-	
Profit/(Loss) before taxation		<u>(856)</u>	<u>1,348</u>	164%	<u>(1,637)</u>	<u>(4,541)</u>	64%
Income tax expenses	B6	7	22		26	(23)	
Profit/(Loss) for the period		<u>(849)</u>	<u>1,370</u>	162%	<u>(1,611)</u>	<u>(4,564)</u>	65%
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		(10)	-		8	(3)	
Other comprehensive expense for the year, net of tax		<u>(10)</u>	<u>-</u>		<u>8</u>	<u>(3)</u>	
Total comprehensive income/(expense) for the period		<u>(859)</u>	<u>1,370</u>	163%	<u>(1,603)</u>	<u>(4,567)</u>	65%
Profit attributable to:							
Owners of the Company		(849)	1,370		(1,611)	(4,564)	
Non-controlling interests		-	-		-	-	
Profit for the period		<u>(849)</u>	<u>1,370</u>		<u>(1,611)</u>	<u>(4,564)</u>	
Total comprehensive income/(expense) attributable to:							
Owners of the Company		(859)	1,370		(1,603)	(4,567)	
Non-controlling interests		-	-		-	-	
Total comprehensive income/(expense) the period		<u>(859)</u>	<u>1,370</u>		<u>(1,603)</u>	<u>(4,567)</u>	
Earnings per share (sen)							
~ Basic	B12	(0.21)	0.43		(0.41)	(1.44)	
~ Diluted	B12	(0.08)	0.43		(0.14)	(1.44)	

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.

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

(The figures have not been audited)

	Note	AS AT 30.06.2021 RM'000	AS AT 31.12.2020 RM'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	A9	44,991	42,455
Investment property		1,186	1,198
Goodwill		5,105	5,105
Investment in associate		185	-
Deferred tax asset		17	17
		<u>51,484</u>	<u>48,775</u>
Current assets			
Inventories		23,135	20,125
Other investment		-	-
Receivables, deposits and prepayments		5,500	7,535
Derivative financial assets	B11	-	-
Right-of-use assets		-	-
Current tax assets		791	617
Cash and cash equivalents		31,912	20,609
		<u>61,338</u>	<u>48,886</u>
TOTAL ASSETS		<u>112,822</u>	<u>97,661</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		77,298	66,495
Reserves		18,657	22,021
Equity attributable to owners of the Company		<u>95,955</u>	<u>88,516</u>
Non-controlling interest		-	-
Total equity		<u>95,955</u>	<u>88,516</u>
Non-current liabilities			
Deferred tax liability		2,696	2,721
Borrowings	B7	708	-
Redeemable Convertible Preference Shares (RCPS) - Liability component		5,951	-
		<u>9,355</u>	<u>2,721</u>
Current liabilities			
Payables and accruals		4,767	3,993
Borrowings	B7	2,384	2,431
Redeemable Convertible Preference Shares (RCPS) - Liability component		361	-
Lease liabilities		-	-
Current tax liabilities		-	-
Derivative financial liabilities	B11	-	-
		<u>7,512</u>	<u>6,424</u>
Total liabilities		<u>16,867</u>	<u>9,145</u>
TOTAL EQUITY AND LIABILITIES		<u>112,822</u>	<u>97,661</u>
Net Assets per share attributable to owners of the Company (RM)		0.22	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.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

(The figures have not been audited)

	/----- Non-distributable -----/						Distributable	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				Retained Profits / (Accumulated losses) 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	-	-	(3)	-	-	-	-	-	(3)	-	(3)
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	-	-	(3)	-	-	-	-	-	(3)	-	(3)
Profit for the period	-	-	-	-	-	-	-	(4,564)	(4,564)	-	(4,564)
Total comprehensive income/ (expense) for the period	-	-	(3)	-	-	-	-	(4,564)	(4,567)	-	(4,567)
<i>Contributions by and distributions to owners of the Company</i>											
Own shares acquired	-	(449)	-	-	-	-	-	-	(449)	-	(449)
Cancellation of ESOS	-	-	-	-	-	-	-	-	-	-	-
Warrant exercised	-	-	-	-	-	-	-	-	-	-	-
Share dividend	-	-	-	-	-	-	-	-	-	-	-
Total transactions with the owners of the Company	-	(449)	-	-	-	-	-	-	(449)	-	(449)
At 30 June 2020	66,123	(1,694)	158	-	-	16,386	9,206	(8,687)	81,492	-	81,492
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	-	-	8	-	-	-	-	-	8	-	8
Change in RPGT rate	-	-	-	-	-	-	-	-	-	-	-
Fair value of available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income/(expense) for the period	-	-	8	-	-	-	-	-	8	-	8
Profit/(Loss) for the period	-	-	-	-	-	-	-	(1,611)	(1,611)	-	(1,611)
Total comprehensive income/ (expense) for the period	-	-	8	-	-	-	-	(1,611)	(1,603)	-	(1,603)
<i>Contributions by and distributions to owners of the Company</i>											
Own shares acquired	-	(4,340)	-	-	-	-	-	-	(4,340)	-	(4,340)
Own shares sold	-	1,617	-	-	-	-	-	847	2,464	-	2,464
Warrant exercised	6,237	-	-	-	-	-	-	-	6,237	-	6,237
Issuance of RCPS	-	-	-	-	122	-	-	-	122	-	122
RCPS conversion	4,566	-	-	-	(7)	-	-	-	4,559	-	4,559
Total transactions with the owners of the Company	10,803	(2,723)	-	-	115	-	-	847	9,042	-	9,042
At 30 June 2021	77,298	(4,297)	159	-	115	16,386	9,206	(2,912)	95,955	-	95,955

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 JUNE 2021**

(The figures have not been audited)

	6 MONTHS ENDED	
	30.06.2021	30.06.2020
	RM'000	RM'000
Cash flows from operating activities		
Profit/ (Loss) before tax	(1,637)	(4,541)
Adjustments:		
Depreciation on property, plant and equipment	1,112	962
Depreciation on investment property	13	13
Depreciation on right-of-use assets	-	51
Loss/(Gain) on disposal of property, plant and equipment	(53)	-
Write off of property, plant and equipment	2	2
Write-down of inventories	-	-
Interest paid	53	66
Interest received	(2)	(5)
Dividend income	(194)	(134)
Net loss on foreign exchange	(153)	3
Share of profit/(loss) of equity-accounted associate	15	-
(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	-	(37)
Net loss/ (gain) in fair value of financial instruments measured at fair value	2	3,034
Operating profit before changes in working capital	<u>(841)</u>	<u>(586)</u>
Changes in working capital:		
Decrease/(Increase) in operating assets	(949)	(1,585)
(Increase)/Decrease in operating liabilities	7,086	(342)
Cash generated from operations	<u>5,296</u>	<u>(2,513)</u>
Income taxes paid	(174)	(242)
Income taxes refunded	-	-
Interest paid	(53)	(66)
Interest received	2	5
Net cash generated from/(used in) operating activities	<u>5,071</u>	<u>(2,816)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,704)	(18)
Acquisition of other investments	-	(721)
Investment in associate	(200)	-
Proceeds from disposal of property, plant and equipment	106	-
Dividend income	194	134
Net cash generated from/(used in) investing activities	<u>(3,604)</u>	<u>(605)</u>
Cash flows from financing activities		
Net (repayment)/ proceeds of bankers' acceptances	417	390
Proceeds/(Payments) of finance lease liabilities	760	(88)
Payments of lease liabilities	-	(55)
Repurchase of treasury shares	(4,340)	(449)
Proceeds from exercise of warrants	6,237	-
Proceeds from conversion of redeemable convertible preference shares	4,682	-
Proceeds from sales of treasury shares	2,464	-
Net cash generated from/(used in) financing activities	<u>10,220</u>	<u>(202)</u>
Net increase in cash and cash equivalents	11,687	(3,623)
Effect of exchange rate fluctuations on cash held	131	(7)
Cash and cash equivalents at 1 January	19,297	11,148
Cash and cash equivalents at 30 June	<u>31,115</u>	<u>7,518</u>
Cash and cash equivalent at the end of the financial period comprise the following :		
	RM'000	RM'000
Deposits with licensed bank	212	209
Bank and Cash balances	8,090	2,689
Fixed income trust fund	23,609	6,340
Bank overdraft (included within short term borrowings in Note B7)	(796)	(1,720)
	<u>31,115</u>	<u>7,518</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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 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 June 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 June 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 June 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 June 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 20% 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 June 2021, the total number of shares bought back and held as treasury shares were 23,878,036 ordinary shares, representing 5.18% 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 June 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

[#] 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

(b) Redeemable Convertible Preference Shares (RCPS)

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.

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

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

As at 30 June 2021, the total number of RCPS conversion were 38,053,300 RCPS into 38,053,300 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 June 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 June 2021.

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 JUNE 2021

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
<u>Segment Revenue</u>				
Revenue from:				
Cookware	4,903	1,639	9,290	3,538
Stainless steel products	3,415	3,473	7,687	8,874
Others	819	164	1,728	237
Total revenue including inter-segment sales	9,137	5,276	18,705	12,649
Elimination of inter-segment sales	(1,297)	(684)	(3,277)	(2,500)
Total	7,840	4,592	15,428	10,149

A12 SEGMENTAL INFORMATION (CONT.)

	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Results from:				
Cookware	57	(757)	287	(1,573)
Stainless steel products	82	179	19	145
Others	(623)	77	(1,048)	143
	(484)	(501)	(742)	(1,285)
Elimination of inter-segment results	(27)	(89)	(107)	99
Total result	(511)	(590)	(849)	(1,186)
Unallocated corporate income/(expenses)	(308)	1,969	(722)	(3,294)
Finance income	1	2	2	5
Finance costs	(23)	(33)	(53)	(66)
Share of profit/(loss) of equity-accounted associate	(15)	-	(15)	-
Income tax expense	7	22	26	(23)
Profit for the period	(849)	1,370	(1,611)	(4,564)

Segment Assets

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

	As at	As at
	30.06.2021	31.12.2020
	RM'000	RM'000
Cookware	53,314	55,335
Stainless steel products	23,631	22,365
Others	20,844	11,106
	97,789	88,806
Elimination of inter-segment assets	(17,687)	(12,248)
Total segment assets	80,102	76,558
Unallocated corporate assets	32,720	21,103
Total assets	112,822	97,661

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	As at
	30.06.2021	31.12.2020
	RM'000	RM'000
Cookware	8,832	8,903
Stainless steel products	6,035	4,859
Others	16,975	5,016
	31,842	18,778
Elimination of inter-segment liabilities	(17,671)	(12,354)
Total segment liabilities	14,171	6,424
Unallocated corporate liabilities	2,696	2,721
Total liabilities	16,867	9,145

A13 OPERATING PROFIT/(LOSS)

	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) is arrived at after charging and (crediting):				
Finance income	(1)	(2)	(2)	(5)
Other income including investment income	-	-	-	-
Rental income	-	-	-	-
Depreciation on property, plant and equipment	600	473	1,112	962
Depreciation on investment property	6	6	13	13
Depreciation on right-of-use assets	-	25	-	51
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Provision for and write off of property, plant and equipment	2	(2)	2	2
(Gain)/ loss on disposal of quoted or unquoted investments	-	-	-	-
(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	8	77	(153)	3
Net (gain)/ loss on foreign exchange - realised	(142)	(157)	(213)	(256)
Net (gain)/loss in fair value of financial instruments measured at fair value	-	(2,076)	-	3,034
Share-based payments	-	-	-	-
Net (gain)/ loss on derivatives	-	35	-	(37)
Exceptional items	-	-	-	-

A14 FINANCE COSTS

	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Bank overdrafts	10	21	34	32
Bankers' acceptances	8	9	12	26
Finance lease liability	5	2	7	5
Lease liabilities	-	1	-	3
	23	33	53	66

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 30 June 2021:

	30.06.2021
	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 June 2021 are as follows:

	30.06.2021
	RM'000
Approved and contracted for	
- Plant & Machineries	63
- Coffee machines	1,892
- Renovation	264
- Software development	144
	<u>2,363</u>
	<u><u>2,363</u></u>

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

B1 OPERATING SEGMENTS REVIEW

Quarter Ended 30 June 2021 ("Q2 2021") vs Quarter Ended 30 June 2020 ("Q2 2020")

The Group's revenue and Loss Before Taxation ("LBT") were approximately RM7.84 million and RM0.86 million respectively for Q2 2021. Revenue in Q2 2021 was higher by 70.73% as compared with the revenue in Q2 2020 when operations were suspended amidst the first MCO imposed when the pandemic occurred. Consistently, the Group's gross profit ("GP") margin for Q2 2021 increased to 25.24% compared with the GP margin of 17.84% achieved in Q2 2020. Other income generated in Q2 2021 amounted to RM0.20 million compared with RM2.15million in Q2 2020. This was mainly due to the net fair value gain on financial assets of RM2.08 million recorded in Q2 2020. Operating expenses in Q2 2021 was higher as compared with Q2 2020 by RM1.41 million due to expenses incurred in connection with the issuance of RCPS and the new food and beverages business. The Group recorded a LBT of RM0.86 million in Q2 2021 as compared to Profit Before Tax ("PBT") of RM1.35 million in Q2 2020. The Loss After Taxation ("LAT") in Q2 2021 was RM0.85 million versus Profit After Tax ("PAT") of RM1.37 million recorded in Q2 2020. The PBT and PAT in Q2 2020 were achieved after registering a gain in fair value of financial instruments amounting to RM2.08 million.

6 Months Period Ended 30 June 2021 ("6M2021") vs 6 Months Period Ended 30 June 2020 ("6M2020")

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 6M2021 increased by RM4.96 million or 140.2% to RM8.50 million compared with the revenue achieved in 6M2020 of RM3.54 million as sales to Asia Pacific (excluding Japan) increased significantly by RM3.07 million. Besides that, the sales to Japan and USA & Canada also increased by RM1.39 million and RM0.55 million respectively. The cookware revenue by geographical market for 6M2021 is as follows:

	6 MONTHS ENDED		Increase/ (Decrease)	%
	30.06.2021	30.06.2020		
	RM'000	RM'000	RM'000	
Japan	2,594	1,201	1,393	116.0%
Asia Pacific (excluding Japan)	4,759	1,687	3,072	182.1%
USA & Canada	1,124	574	550	95.8%
Europe	21	76	(55)	-72.4%
	<u>8,498</u>	<u>3,538</u>	<u>4,960</u>	140.2%

(ii) Stainless Steel Products Division

The Stainless Steel Products Division's revenue for 6M2021 decreased by RM1.03 million or 16.2% to RM5.34 million compared with the revenue achieved in 6M2020 of RM6.37 million as sales to Japan and Singapore decreased significantly by RM0.38 million and RM0.18 million respectively.

The Group's net assets per share as at 30 June 2021 stood at RM0.22. The Group's non-current assets increased to RM51.48 million compared with the non-current assets of RM48.78 million as at 31 December 2020 due to acquisition of property, plant and equipment and investment in an associate company. Inventories slightly increased to RM23.14 million as at 30 June 2021. Receivables, deposits and prepayments decreased by RM2.04 million to RM5.50 million mainly due to collections from customers. The Group's net current assets was RM53.83 million as at 30 June 2021. The Group is in a positive net cash position as at 30 June 2021 with cash and cash equivalent of RM28.82 million after deducting all borrowings of the Group.

The Group's net operating cash inflow for 6M2021 was RM5.07 million. The net cash outflow from investing activities was RM3.60 million, mainly due to purchase of property, plant and equipment. Net cash inflow from financing activities was RM10.22 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 RM11.69 million during 6M2021. Net cash and cash equivalents amounted to RM31.12 million as at 30 June 2021.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	3 months ended 30.06.2021	3 months ended 31.03.2021	Changes
	RM'000	RM'000	%
Revenue	7,840	7,588	3%
Gross profit ("GP")	1,979	1,567	26%
Operating (loss)/profit	(819)	(752)	9%
(Loss)/Profit before taxation ("LBT)/PBT")	(856)	(781)	-10%
(Loss)/Profit for the period	(849)	(762)	11%
(Loss)/Profit attributable to the owners of the Company	(849)	(762)	11%

The Group's revenue in Q2 2021 was higher by RM0.25 million compared with Q1 2021. Consistently, the Group GP was higher in Q2 2021. The Group recorded a Loss Before Taxation ("LBT") of RM0.09 million in the second quarter of 2021 as compared to LBT of RM0.78 million in the immediate preceding quarter.

B3 COMMENTARY ON PROSPECT

The Malaysian economy rebounded strongly in the second quarter, with GDP swinging to a 16.1% year-on-year expansion from a 0.5% contraction in the first. The upturn reflected a broad-based improvement, with all expenditure categories returning to growth. Healthier foreign demand dynamics amid softer global lockdown measures support the external sector. Less positively, underlying momentum lost steam due to resurgence of the virus and renewed restrictions.

Looking ahead, annual growth should remain solid in the second half of the year on firming domestic demand, while the external sector is set to benefit from strengthening foreign demand buoyed by electronic and electrical products demand. Oil exports should also fuel the external sector. However, underlying momentum will remain frail amid the persistence of the virus and lingering restrictions as a consequence. (*FocusEconomics*).

Foreign demand for the cookware and stainless steel products segments is expected to remain positive for second half year ended 31 December 2021 ("2H FY2021").

As for the food and beverage business the continuing COVID-19 pandemic condition in the country has restricted the Group's planned marketing activities thus hampering its progress. Meanwhile work on other innovative marketing channels is in progress. The Group expects the food and beverage business to gain momentum when the pandemic situation improves and restrictions on meetings and group activities are relaxed.

The Group's outlook for 2H FY2021 remains cautious due to the resurgence of the virus and political uncertainties.

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 30.6.2021 (RM'000)	Balance as at 30.6.2021		Estimated timeframe from 5 February 2021
			(RM'000)	(%)	
Capital expenditure for the F&B business	2,859	2,044	815	29%	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	5,944	815	12%	

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 30.06.2021 RM'000	Cumulative Quarter 6 months ended 30.06.2021 RM'000
In respect of the current period		
- Malaysian tax	-	-
- Deferred tax	(7)	(26)
	<u>(7)</u>	<u>(26)</u>
In respect of the prior year		
- Malaysian tax	-	-
- Deferred tax	-	-
	<u>-</u>	<u>-</u>
	<u>(7)</u>	<u>(26)</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 June 2021:

	As at 30.06.2021 RM'000	As at 31.12.2020 RM'000
Non-current:		
Finance lease liability	708	-
Current:		
Bank overdraft - unsecured	796	1,312
Bankers' acceptance - unsecured	1,391	974
Finance lease liability	197	145
	<u>2,384</u>	<u>2,431</u>
	<u>3,092</u>	<u>2,431</u>

All borrowings are denominated in Malaysia Ringgit.

B8 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 30 June 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

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

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 June 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 6 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Basic EPS				
(Loss)/Profit attributable to owners of the Company (RM '000)	(849)	1,370	(1,611)	(4,564)
Weighted average no. of ordinary shares in issue ('000)	397,679	315,922	397,679	315,922
Basic EPS (sen)	<u>(0.21)</u>	<u>0.43</u>	<u>(0.41)</u>	<u>(1.44)</u>

(b) Diluted

As at 30 June 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 6 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Diluted EPS				
Profit/(Loss) attributable to owners of the Company (RM '000)	(849)	1,370	(1,611)	(4,564)
Weighted average no. of ordinary shares in issue ('000)	397,679	315,922	397,679	315,922
Effect of dilution ('000)	715,538	-	715,538	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>1,113,217</u>	<u>315,922</u>	<u>1,113,217</u>	<u>315,922</u>
Diluted EPS (sen)	<u>(0.08)</u>	<u>0.43</u>	<u>(0.14)</u>	<u>(1.44)</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 25 August 2021.

On behalf of the Board of Directors

NI HSIN GROUP BERHAD

(Formerly known as Ni Hsin Resources Berhad)

SOFIYAN BIN YAHYA

Chairman

Date: 25 August 2021