



## **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**

**31 MARCH 2022**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**  
(The figures have not been audited)

	Note	CURRENT QUARTER 3 MONTHS ENDED			CUMULATIVE QUARTER 3 MONTHS ENDED		
		31.03.2022 RM'000	31.03.2021 RM'000	Changes (%)	31.03.2022 RM'000	31.03.2021 RM'000	Changes (%)
Revenue	A12	8,766	7,588	16%	8,766	7,588	16%
Cost of sales		(5,818)	(6,021)		(5,818)	(6,021)	
<b>Gross Profit</b>		<b>2,948</b>	<b>1,567</b>	<b>88%</b>	<b>2,948</b>	<b>1,567</b>	<b>88%</b>
Other (loss)/income		557	312		557	312	
Operating expenses		(3,308)	(2,631)		(3,308)	(2,631)	
<b>Operating (loss)/profit</b>	A13	<b>197</b>	<b>(752)</b>	<b>126%</b>	<b>197</b>	<b>(752)</b>	<b>126%</b>
Finance income		1	1		1	1	
Finance costs		(81)	(30)		(81)	(30)	
Share of profit/(loss) of equity- accounted associate, net of tax		(40)	-		(40)	-	
<b>Profit/(Loss) before taxation</b>		<b>77</b>	<b>(781)</b>	<b>110%</b>	<b>77</b>	<b>(781)</b>	<b>110%</b>
Income tax expenses	B6	(33)	19		(33)	19	
<b>Profit/(Loss) for the period</b>		<b>44</b>	<b>(762)</b>	<b>106%</b>	<b>44</b>	<b>(762)</b>	<b>106%</b>
<b>Other comprehensive income/(expense), net of tax</b>							
Revaluation of property		-	-		-	-	
<u>Item that may be subsequently reclassified to profit or loss:</u>							
Foreign currency translation differences for foreign operations		(9)	18		(9)	18	
Other comprehensive expense for the year, net of tax		(9)	18		(9)	18	
<b>Total comprehensive income/(expense) for the period</b>		<b>35</b>	<b>(744)</b>	<b>105%</b>	<b>35</b>	<b>(744)</b>	<b>105%</b>
<b>Profit attributable to:</b>							
Owners of the Company		44	(762)		44	(762)	
Non-controlling interests		-	-		-	-	
<b>Profit for the period</b>		<b>44</b>	<b>(762)</b>		<b>44</b>	<b>(762)</b>	
<b>Total comprehensive income/(expense) attributable to:</b>							
Owners of the Company		35	(744)		35	(744)	
Non-controlling interests		-	-		-	-	
<b>Total comprehensive income/(expense) the period</b>		<b>35</b>	<b>(744)</b>		<b>35</b>	<b>(744)</b>	
<b>Earnings per share (sen)</b>							
~ Basic	B12	0.01	(0.21)		0.01	(0.21)	
~ Diluted	B12	0.01	(0.21)		0.01	(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 2021 and the accompanying explanatory notes attached to the Interim Financial Statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2022**  
(The figures have not been audited)

	Note	AS AT 31.03.2022 RM'000	AS AT 31.12.2021 RM'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A9	54,477	54,539
Intangible assets		158	186
Investment property		-	-
Right-of-use assets		1,282	163
Goodwill		5,633	5,633
Investment in associate		142	182
Deferred tax asset		-	-
Other investment		1,857	524
		<u>63,549</u>	<u>61,227</u>
<b>Current assets</b>			
Inventories		22,172	21,961
Receivables, deposits and prepayments		5,230	4,999
Derivative financial assets	B11	-	-
Current tax assets		625	661
Cash and cash equivalents		27,107	28,183
		<u>55,134</u>	<u>55,804</u>
<b>TOTAL ASSETS</b>		<u>118,683</u>	<u>117,031</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		81,872	81,062
Reserves		19,797	20,020
Equity attributable to owners of the Company		<u>101,669</u>	<u>101,082</u>
Non-controlling interest		-	-
<b>Total equity</b>		<u>101,669</u>	<u>101,082</u>
<b>Non-current liabilities</b>			
Deferred tax liability		3,258	3,230
Borrowings	B7	631	688
Redeemable Convertible Preference Shares (RCPS)		5,931	6,065
- Liability component			
Lease liabilities		1,291	126
		<u>11,111</u>	<u>10,109</u>
<b>Current liabilities</b>			
Payables and accruals		4,224	4,908
Borrowings	B7	1,331	731
Redeemable Convertible Preference Shares (RCPS)		348	161
- Liability component			
Lease liabilities		-	40
Derivative financial liabilities	B11	-	-
		<u>5,903</u>	<u>5,840</u>
<b>Total liabilities</b>		<u>17,014</u>	<u>15,949</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>118,683</u>	<u>117,031</u>
Net Assets per share attributable to owners of the Company (RM)		0.21	0.21

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 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 31 MARCH 2022**

(The figures have not been audited)

	/----- Non-distributable -----					Distributable		Non-	Total	
	Share	Treasury	Translation	RCPS - equity	Revaluation	Other	Retained Profits /	controlling	Equity	
	Capital	Shares	Reserve	component	Reserve	Reserve	(Accumulated	Interest		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	losses)	RM'000	RM'000	
							RM'000		RM'000	
<b>At 1 January 2021</b>	66,495	(1,574)	151	-	16,386	9,206	(2,148)	88,516	-	88,516
Foreign currency translation differences for foreign operations	-	-	18	-	-	-	-	18	-	18
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	-	-	18	-	-	-	-	18	-	18
Profit for the period	-	-	-	-	-	-	(762)	(762)	-	(762)
<b>Total comprehensive income/ (expense) for the period</b>	-	-	18	-	-	-	(762)	(744)	-	(744)
<i>Contributions by and distributions to owners of the Company</i>										
Own shares acquired	-	(3,546)	-	-	-	-	-	(3,546)	-	(3,546)
Own shares sold	-	1,617	-	-	-	-	847	2,464	-	2,464
Warrant exercised	6,167	-	-	-	-	-	-	6,167	-	6,167
Issuance of RCPS	-	-	-	122	-	-	-	122	-	122
RCPS conversion	4,566	-	-	(7)	-	-	-	4,559	-	4,559
<b>Total transactions with the owners of the Company</b>	10,733	(1,929)	-	115	-	-	847	9,766	-	9,766
<b>At 31 March 2021</b>	<b>77,228</b>	<b>(3,503)</b>	<b>169</b>	<b>115</b>	<b>16,386</b>	<b>9,206</b>	<b>(2,063)</b>	<b>97,538</b>	<b>-</b>	<b>97,538</b>
<b>At 1 January 2022</b>	81,062	(5,549)	163	137	23,758	9,206	(7,695)	101,082	-	101,082
Foreign currency translation differences for foreign operations	-	-	(9)	-	-	-	-	(9)	-	(9)
Revaluation of property	-	-	-	-	-	-	-	-	-	-
Fair value of available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income/(expense) for the period	-	-	(9)	-	-	-	-	(9)	-	(9)
Profit/(Loss) for the period	-	-	-	-	-	-	44	44	-	44
<b>Total comprehensive income/ (expense) for the period</b>	-	-	(9)	-	-	-	44	35	-	35
<i>Contributions by and distributions to owners of the Company</i>										
Own shares acquired	-	(258)	-	-	-	-	-	(258)	-	(258)
Own shares sold	-	-	-	-	-	-	-	-	-	-
Warrant exercised	810	-	-	-	-	-	-	810	-	810
Issuance of RCPS	-	-	-	-	-	-	-	-	-	-
RCPS conversion	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiary	-	-	-	-	-	-	-	-	-	-
<b>Total transactions with the owners of the Company</b>	810	(258)	-	-	-	-	-	552	-	552
<b>At 31 March 2022</b>	<b>81,872</b>	<b>(5,807)</b>	<b>154</b>	<b>137</b>	<b>23,758</b>	<b>9,206</b>	<b>(7,651)</b>	<b>101,669</b>	<b>-</b>	<b>101,669</b>

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 2021 and the accompanying explanatory notes attached to the Interim Financial Statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

(The figures have not been audited)

	<b>3 MONTHS ENDED</b>	
	<b>31.03.2022</b>	<b>31.03.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit/ (Loss) before tax	77	(781)
Adjustments:		
Depreciation on property, plant and equipment	638	512
Depreciation on investment property	-	7
Depreciation on right-of-use assets	49	-
Depreciation on intangible assets	28	-
Loss/(Gain) on disposal of property, plant and equipment	-	(53)
Loss/(Gain) on disposal of investment property	-	-
Write off of property, plant and equipment	1	-
Interest paid	81	30
Interest received	(1)	(1)
Dividend income	(13)	(82)
Net gain on foreign exchange	(46)	(161)
Share of profit/(loss) of equity-accounted associate	40	-
(Gain)/ loss on disposal of quoted or unquoted investments	-	-
Net loss/ (gain) in fair value of financial instruments measured at fair value	(399)	2
Operating profit before changes in working capital	<u>455</u>	<u>(527)</u>
Changes in working capital:		
Decrease/(Increase) in operating assets	(998)	(1,319)
(Increase)/Decrease in operating liabilities	(6)	6,973
Cash generated from operations	<u>(549)</u>	<u>5,127</u>
Income taxes paid	(24)	(104)
Income taxes refunded	55	-
Interest paid	(11)	(30)
Interest received	1	1
<b>Net cash generated from/(used in) operating activities</b>	<u>(528)</u>	<u>4,994</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(578)	(2,107)
Purchase of intangible assets	-	-
Acquisition of other investments	(1,023)	-
Acquisition of subsidiary, net of cash and cash equivalents acquired	-	-
Acquisition of non-controlling interests	-	-
Investment in associate	-	-
Proceeds from disposal of property, plant and equipment	-	-
Proceeds from disposal of investment property	-	106
Proceeds from disposal of other investments	-	-
Dividend income	13	82
<b>Net cash generated from/(used in) investing activities</b>	<u>(1,588)</u>	<u>(1,919)</u>
<b>Cash flows from financing activities</b>		
Net (repayment)/ proceeds of bankers' acceptances	304	(100)
Proceeds/(Payments) of hire purchase liabilities	(64)	141
Payments of lease liabilities	(51)	-
Repurchase of treasury shares	(258)	(3,546)
Proceeds from exercise of warrants	810	6,167
Proceeds from conversion of redeemable convertible preference shares	-	4,682
Proceeds from sales of treasury shares	-	2,464
<b>Net cash generated from/(used in) financing activities</b>	<u>741</u>	<u>9,808</u>
<b>Net increase in cash and cash equivalents</b>	(1,375)	12,883
Effect of exchange rate fluctuations on cash held	5	112
Cash and cash equivalents at 1 January	<u>28,183</u>	<u>19,297</u>
<b>Cash and cash equivalents at 31 March</b>	<u><u>26,813</u></u>	<u><u>32,292</u></u>
Cash and cash equivalent at the end of the financial period comprise the following :		
	<b>RM'000</b>	<b>RM'000</b>
Deposits with licensed bank	208	212
Bank and Cash balances	6,034	11,756
Fixed income trust fund	20,865	20,513
Bank overdraft (included within short term borrowings in Note B7)	(294)	(189)
	<u><u>26,813</u></u>	<u><u>32,292</u></u>

The Unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 December 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 31 MARCH 2022**

**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 2021. 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 2021.

**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 2021, except for the following which were adopted at the beginning of the current financial year. These pronouncements are either not relevant or do not have any material impact on the Group's financial statements for the current financial year:

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

- Amendment to MFRS 16 Leases - Covid-19 - Related Rent Concessions beyond 30 June 2021
- Amendments to MFRS 3 Business Combinations - Reference to the Conceptual Framework
- 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

**(b) Standards issued but not yet effective**

- Effective for financial periods commencing on or after 1 January 2023
- MFRS 17 Insurance Contracts ("MFRS 17") and Amendments to MFRS 17
- Amendments to MFRS 101 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosure 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

**(c) Effective date of these Amendments to Standards has 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 2021.

### 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 2022.

### 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 2022.

### 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 2022.

### 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 2022.

#### (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 31 March 2022, the total number of shares bought back and held as treasury shares were 33,568,455 ordinary shares, representing 6.84% 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 31 March 2022.

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 <sup>#</sup> (RM)
January	-	-	-	-	-
February	707,700	0.110	0.110	0.110	78,454.44
March	1,895,400	0.090	0.100	0.095	179,564.08

<sup>#</sup> Inclusive of commission, stamp duty and other charges.

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

### (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.

On 8 February 2021, the Company undertook a warrant adjustment with the issuance of 49,025,223 additional warrants resulting in 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 are as follows:

Month of allotment	Exercise price (RM)	No. of additional warrants issued	No. of warrants exercised	Balance warrants outstanding
<b>Balance b/f</b>				<b>74,829,028</b>
January	0.050		2,143,300	72,685,728
February	0.050		1,170,600	71,515,128
March	0.050		12,895,569	58,619,559

The warrants have expired on 13 May 2022.

### (c) 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.

As at 31 March 2022, 56,247,900 RCPS were converted 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 31 March 2022.

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 2022.

## A11 DIVIDEND PAID

No dividend was paid during the current quarter and financial period ended 31 March 2022.



## 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, food & beverages business and logistics services. The segmental results of the Group for the financial period under review are as follows:

### RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2022 RM'000	31.03.2021 RM'000	31.03.2022 RM'000	31.03.2021 RM'000
<b><u>Segment Revenue</u></b>				
Revenue from:				
Cookware	3,533	4,387	3,533	4,387
Stainless steel products	4,786	4,272	4,786	4,272
Food and beverages	338	27	338	27
Others	1,753	882	1,753	882
Total revenue including inter-segment sales	10,410	9,568	10,410	9,568
Elimination of inter-segment sales	(1,644)	(1,980)	(1,644)	(1,980)
Total	8,766	7,588	8,766	7,588
Results from:				
Cookware	223	230	223	230
Stainless steel products	502	(63)	502	(63)
Food and beverages	(722)	(547)	(722)	(547)
Others	(16)	122	(16)	122
	(13)	(258)	(13)	(258)
Elimination of inter-segment results	111	(80)	111	(80)
Total result	98	(338)	98	(338)
Unallocated corporate income/(expenses)	99	(414)	99	(414)
Finance income	1	1	1	1
Finance costs	(81)	(30)	(81)	(30)
Share of profit/(loss) of equity-accounted associate	(40)	-	(40)	-
Income tax expense	(33)	19	(33)	19
Profit for the period	44	(762)	44	(762)

### **Segment Assets**

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

	As at 31.03.2022	As at 31.12.2021
Cookware	59,867	60,134
Stainless steel products	22,665	21,950
Food and beverages	8,967	7,423
Others	20,668	19,572
	112,167	109,079
Elimination of inter-segment assets	(21,215)	(20,890)
Total segment assets	90,952	88,189
Unallocated corporate assets	27,731	28,842
Total assets	118,683	117,031

**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.

	<b>As at</b> <b>31.03.2022</b>	<b>As at</b> <b>31.12.2021</b>
	RM'000	RM'000
Cookware	6,425	6,361
Stainless steel products	4,068	3,883
Food and beverages	14,165	12,408
Others	10,562	11,369
	<u>35,220</u>	<u>34,021</u>
Elimination of inter-segment liabilities	(21,464)	(21,301)
Total segment liabilities	<u>13,756</u>	<u>12,720</u>
Unallocated corporate liabilities	3,258	3,229
Total liabilities	<u><u>17,014</u></u>	<u><u>15,949</u></u>

**A13 OPERATING PROFIT/(LOSS)**

	<b>Current Quarter</b> <b>3 months ended</b>		<b>Cumulative Quarter</b> <b>3 months ended</b>	
	<b>31.03.2022</b>	<b>31.03.2021</b>	<b>31.03.2022</b>	<b>31.03.2021</b>
	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) is arrived at after charging and (crediting):				
Finance income	(1)	(1)	(1)	(1)
Other income including investment income	-	-	-	-
Rental income	-	-	-	-
Depreciation on property, plant and equipment	638	512	638	512
Depreciation on investment property	-	7	-	7
Depreciation on intangible assets	28	-	28	-
Depreciation on right-of-use assets	49	-	49	-
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Provision for and write off of property, plant and equipment	1	-	1	-
(Gain)/ loss on disposal of quoted or unquoted investments	-	-	-	-
(Gain)/ loss on disposal of property, plant and equipment	-	(53)	-	(53)
(Gain)/ loss on disposal of investment property	-	-	-	-
Impairment of assets	-	-	-	-
Net (gain)/ loss on foreign exchange - unrealised	(46)	(161)	(46)	(161)
Net (gain)/ loss on foreign exchange - realised	(72)	(71)	(72)	(71)
Net (gain)/loss in fair value of financial instruments measured at fair value	(399)	-	(399)	-
Share-based payments	-	-	-	-
Net (gain)/ loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-

**A14 FINANCE COSTS**

	<b>Current Quarter</b> <b>3 months ended</b>		<b>Cumulative Quarter</b> <b>3 months ended</b>	
	<b>31.03.2022</b>	<b>31.03.2021</b>	<b>31.03.2022</b>	<b>31.03.2021</b>
	RM'000	RM'000	RM'000	RM'000
Bank overdrafts	6	24	6	24
Bankers' acceptances	5	4	5	4
Hire purchases	9	2	9	2
Lease liabilities	8	-	8	-
RCPS	53	-	53	-
	<u>81</u>	<u>30</u>	<u>81</u>	<u>30</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.

## A16 CONTINGENT ASSETS AND LIABILITIES

Save as disclosed below, the Company is not aware of any other contingent liabilities as at 31 March 2022:

	<b>31.03.2022</b>
	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 2022 are as follows:

	<b>31.03.2022</b>
	RM'000
Approved and contracted for	
- Plant & Machineries	338
- Coffee machines	1,892
- Office equipment	508
- Renovation	1,888
	<u>4,626</u>

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## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

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

#### B1 OPERATING SEGMENTS REVIEW

##### Quarter Ended 31 March 2022 ("Q1 2022") vs Quarter Ended 31 March 2021 ("Q1 2021")

The Group's revenue and Profit Before Taxation ("PBT") were approximately RM8.77 million and RM0.08 million respectively for Q1 2022. Revenue in Q1 2022 was higher by 15.5% as compared with the revenue in Q1 2021 as economic activities picked up on relaxation of pandemic restrictions. Consistently, the Group's gross profit ("GP") margin for Q1 2022 increased to 33.7% compared with the GP margin of 20.7% achieved in Q1 2021. Other income generated in Q1 2022 amounted to RM0.56 million compared with RM0.31 million in Q1 2021 which resulted from the gain on fair value of quoted investment of RM0.31 million in Q1 2022. Operating expenses in Q1 2022 was higher as compared with Q1 2021 by RM0.68 million due to expenses incurred in connection with the new food and beverages and logistics business. The Group recorded a PBT of RM0.08 million in Q1 2022 as compared to Loss Before Tax of RM0.78 million in Q1 2021. The Profit After Taxation ("PAT") in Q1 2022 was RM0.04 million versus Loss After Tax of RM0.76 million recorded in Q1 2021.

##### 3 Months Period Ended 31 March 2022 ("3M2022") vs 3 Months Period Ended 31 March 2021 ("3M2021")

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 3M2022 decreased by RM0.91 million or 22.5% to RM3.15 million compared with the revenue achieved in 3M2021 of RM4.07 million as sales to Asia Pacific (excluding Japan) decreased significantly by RM1.14 million. However, the sales to USA and Canada and Japan increased slightly by RM0.12 million and RM0.06 million respectively for 3M2022 as compared to 3M2021. The cookware revenue by geographical market for 3M2022 is as follows:

	3 MONTHS ENDED		Increase/ (Decrease)	%
	31.03.2022	31.03.2021		
	RM'000	RM'000	RM'000	
Japan	1,391	1,336	55	4.1%
Asia Pacific (excluding Japan)	896	2,036	(1,140)	-56.0%
USA & Canada	798	674	124	18.4%
Europe	67	20	47	235.0%
	<u>3,152</u>	<u>4,066</u>	<u>(914)</u>	<u>-22.5%</u>

##### (ii) Stainless Steel Products Division

The Stainless Steel Products Division's revenue for 3M2022 increased by RM1.17 million or 44.7% to RM3.78 million compared with the revenue achieved in 3M2021 of RM2.61 million due to higher sales to Japan and Thailand.

##### (iii) Food and Beverages Division

The Food and Beverages Division's revenue for 3M2022 was RM0.20 million. The Division generated a low revenue for 3M2022 as it only commenced business in the second quarter of the last financial year and is adversely impacted by the pandemic.

The Group's net assets per share as at 31 March 2022 stood at RM0.21. The Group's non-current assets increased to RM63.55 million compared with the non-current assets of RM61.23 million as at 31 December 2021 due to recognition of right-of-use asset of RM1.17 million and increase in other investment of RM1.02 million. Inventories increased to RM22.17 million as at 31 March 2022 as the Group stocked up inventories for the Food and Beverages Division. Receivables, deposits and prepayments increased slightly by RM0.23 million to RM5.23 million mainly due to deposits and downpayment made for the new business of the Group. The Group's net current assets was RM49.23 million as at 31 March 2022. The Group is in a positive net cash position as at 31 March 2022 with cash and cash equivalent of RM25.15 million after deducting all borrowings of the Group.

## B1 OPERATING SEGMENTS REVIEW (CONT.)

### 3 Months Period Ended 31 March 2022 ("3M2022") vs 3 Months Period Ended 31 March 2021 ("3M2021") (Cont.)

The Group's net operating cash outflow for 3M2022 was RM0.53 million. The net cash outflow from investing activities was RM1.59 million, mainly due to investment in quoted shares and purchase of plant and equipment. Net cash inflow from financing activities was RM0.74 million, mainly attributable to proceeds from exercise of warrants and additional bankers' acceptances, after deducting the cost of repurchase of the treasury shares. The net resultant impact to the Group's cash flow was a decrease in cash of RM1.38 million during 3M2022. Net cash and cash equivalents amounted to RM26.81 million as at 31 March 2022.

## B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	3 months ended 31.03.2022	3 months ended 31.12.2021	Changes
	RM'000	RM'000	%
Revenue	8,766	8,844	-1%
Gross profit ("GP")	2,948	1,958	51%
Operating (loss)/profit	197	(3,969)	-105%
(Loss)/Profit before taxation ("LBT)/PBT")	77	(4,087)	102%
(Loss)/Profit for the period	44	(3,282)	-101%
(Loss)/Profit attributable to the owners of the Company	44	(3,229)	-101%

The Group's revenue in Q1 2022 was lower by RM0.08 million compared with Q4 2021. However, the Group GP was higher in Q1 2022. The Group recorded a Profit Before Taxation ("PBT") of RM0.08 million in the first quarter of 2022 as compared to LBT of RM4.09 million in the immediate preceding quarter.

## B3 COMMENTARY ON PROSPECT

Malaysia's gross domestic product (GDP) is projected to expand at a swifter pace in 2022, bolstered by a new phase of the pandemic management strategy. Moreover, recovering activity among key trading partners and higher commodity prices should sustain exports. That said, potential COVID-19 flare-ups and the prospect of general elections in 2022 cloud the outlook.

Nonetheless, the Group will continue to maintain and improve product quality, focus on innovating products portfolio, monitoring costs, broadening the marketing network and addressing the needs of consumers to ensure business continuity.

## 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 31.03.2022 (RM'000)	Balance as at 31.03.2022		Estimated timeframe from 5 February 2021
			(RM'000)	(%)	
Capital expenditure for the F&B business	2,859	2,859	0	0%	Completed
Working capital	3,400	3,400	0	0%	Completed
Estimated expenses for the corporate exercise	500	500	0	0%	Completed
<b>Total</b>	<b>6,759</b>	<b>6,759</b>	<b>0</b>	<b>0%</b>	

The utilisation of proceeds as disclosed above should be read in conjunction with the Abridged Prospectus of the Company dated 5 February 2021. During the financial period ended 31 March 2022, the proposed utilisation has been fully utilised.

## 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

	<b>Current Quarter 3 months ended 31.03.2022 RM'000</b>	<b>Cumulative Quarter 3 months ended 31.03.2022 RM'000</b>
In respect of the current period		
- Malaysian tax	-	-
- Deferred tax	-	-
	<u>-</u>	<u>-</u>
In respect of the prior year		
- Malaysian tax	2	2
- Deferred tax	31	31
	<u>33</u>	<u>33</u>
	<u>33</u>	<u>33</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 31 March 2022:

	<b>As at 31.03.2022 RM'000</b>	<b>As at 31.12.2021 RM'000</b>
<b>Non-current:</b>		
Hire purchase liabilities	631	688
	<u>631</u>	<u>688</u>
<b>Current:</b>		
Bank overdraft - unsecured	294	-
Bankers' acceptance - unsecured	810	506
Hire purchase liabilities	227	225
	<u>1,331</u>	<u>731</u>
	<u>1,962</u>	<u>1,419</u>

All borrowings are denominated in Malaysia Ringgit.

## B8 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 31 March 2022, 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

- (1) Update on the status of Memorandum of Understanding ("MOU") entered into between Acasia Communications Sdn. Bhd. ("ACASIA") and BlackBixon2Go Sdn. Bhd. ("BB2GO"), a 50% subsidiary of Ni Hsin Food & Beverages Sdn. Bhd., which in turn a 50% subsidiary of the Company

On 12 December 2021, BB2GO entered into a MOU with ACASIA with the intention to enter into a collaboration and explore business opportunities related to BB2GO business concept, carrier services, Information and Communications Technology (ICT) solution and connectivity through mobile services by positioning ACASIA as technology partner including any technology exploration services.

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 31 March 2022, 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 3 months ended	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
<b>Basic EPS</b>				
(Loss)/Profit attributable to owners of the Company (RM '000)	44	(762)	44	(762)
Weighted average no. of ordinary shares in issue ('000)	430,491	356,674	430,491	356,674
Basic EPS (sen)	<u>0.01</u>	<u>(0.21)</u>	<u>0.01</u>	<u>(0.21)</u>

### (b) Diluted

As at 31 March 2022, the effects of warrants and RCPS on issue are anti-dilutive.

## 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 May 2022.

On behalf of the Board of Directors

**NI HSIN GROUP BERHAD**

*(Formerly known as Ni Hsin Resources Berhad)*

SOFIYAN BIN YAHYA

Independent Non-Executive Chairman

Date: 23 May 2022