



NI HSIN GROUP BERHAD
(Registration No.: 200401014850 (653353-W))
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

30 SEPTEMBER 2022

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**
(The figures have not been audited)

	Note	CURRENT QUARTER 3 MONTHS ENDED			CUMULATIVE QUARTER 9 MONTHS ENDED		
		30.09.2022 RM'000	30.09.2021 RM'000	Changes (%)	30.09.2022 RM'000	30.09.2021 RM'000	Changes (%)
Revenue	A12	9,350	6,345	47%	26,622	21,773	22%
Cost of sales		(7,117)	(4,469)		(19,309)	(16,351)	
Gross Profit		2,233	1,876	19%	7,313	5,422	35%
<i>Gross profit margin (%)</i>		<i>24%</i>	<i>30%</i>		<i>27%</i>	<i>25%</i>	
Other (loss)/income		322	219		781	734	
Operating expenses		(3,928)	(3,448)		(10,278)	(9,080)	
Operating (loss)/profit	A13	(1,373)	(1,353)	-1%	(2,184)	(2,924)	25%
Finance income		1	1		3	3	
Finance costs		(104)	(146)		(284)	(199)	
Share of profit/(loss) of equity- accounted associate, net of tax		(55)	(53)		(132)	(68)	
Profit/(Loss) before taxation		(1,531)	(1,551)	1%	(2,597)	(3,188)	19%
Income tax expenses	B6	(80)	(3)		32	23	
Profit/(Loss) for the period		(1,611)	(1,554)	-4%	(2,565)	(3,165)	19%
Other comprehensive income/(expense), net of tax							
Revaluation of property		-	-		-	-	
<u>Item that may be subsequently reclassified to profit or loss:</u>							
Foreign currency translation differences for foreign operations		6	3		-	11	
Other comprehensive expense for the year, net of tax		6	3		-	11	
Total comprehensive income/(expense) for the period		(1,605)	(1,551)	-3%	(2,565)	(3,154)	19%
Profit attributable to:							
Owners of the Company		(1,611)	(1,554)		(2,565)	(3,165)	
Non-controlling interests		-	-		-	-	
Profit for the period		(1,611)	(1,554)		(2,565)	(3,165)	
Total comprehensive income/(expense) attributable to:							
Owners of the Company		(1,605)	(1,551)		(2,565)	(3,154)	
Non-controlling interests		-	-		-	-	
Total comprehensive income/(expense) the period		(1,605)	(1,551)		(2,565)	(3,154)	
Earnings per share (sen)							
~ Basic	B12	(0.32)	(0.38)		(0.50)	(0.76)	
~ Diluted	B12	(0.32)	(0.38)		(0.50)	(0.76)	

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.

NI HSIN GROUP BERHAD

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

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 30 SEPTEMBER 2022**

(The figures have not been audited)

	Note	AS AT 30.09.2022 RM'000	AS AT 31.12.2021 RM'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	A9	56,645	54,539
Intangible assets		102	186
Investment property		-	-
Right-of-use assets		1,145	163
Goodwill		5,633	5,633
Investment in associate		50	182
Deferred tax asset		-	-
Other investment		1,493	524
		<u>65,068</u>	<u>61,227</u>
Current assets			
Inventories		22,619	21,961
Receivables, deposits and prepayments		7,313	4,999
Derivative financial assets	B11	-	-
Current tax assets		615	661
Cash and cash equivalents		21,886	28,183
		<u>52,433</u>	<u>55,804</u>
TOTAL ASSETS		<u>117,501</u>	<u>117,031</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		84,017	81,062
Reserves		16,626	20,020
Equity attributable to owners of the Company		<u>100,643</u>	<u>101,082</u>
Non-controlling interest		-	-
Total equity		<u>100,643</u>	<u>101,082</u>
Non-current liabilities			
Deferred tax liability		3,130	3,230
Borrowings	B7	420	688
Redeemable Convertible Preference Shares (RCPS)		6,228	6,065
- Liability component			
Lease liabilities		1,033	126
		<u>10,811</u>	<u>10,109</u>
Current liabilities			
Payables and accruals		3,820	4,908
Borrowings	B7	1,932	731
Redeemable Convertible Preference Shares (RCPS)		159	161
- Liability component			
Lease liabilities		136	40
Derivative financial liabilities	B11	-	-
		<u>6,047</u>	<u>5,840</u>
Total liabilities		<u>16,858</u>	<u>15,949</u>
TOTAL EQUITY AND LIABILITIES		<u>117,501</u>	<u>117,031</u>
Net Assets per share attributable to owners of the Company (RM)		0.19	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 30 SEPTEMBER 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	
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
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	-	-	11	-	-	-	-	11	-	11
Profit 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
At 1 January 2022	81,062	(5,549)	163	137	23,758	9,206	(7,695)	101,082	-	101,082
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	-	-	-	-
Revaluation of property	-	-	-	-	-	-	-	-	-	-
Fair value of available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income/(expense) for the period	-	-	-	-	-	-	-	-	-	-
Profit/(Loss) for the period	-	-	-	-	-	-	(2,565)	(2,565)	-	(2,565)
Total comprehensive income/ (expense) for the period	-	-	-	-	-	-	(2,565)	(2,565)	-	(2,565)
<i>Contributions by and distributions to owners of the Company</i>										
Own shares acquired	-	(829)	-	-	-	-	-	(829)	-	(829)
Own shares sold	-	-	-	-	-	-	-	-	-	-
Warrant exercised	2,955	-	-	-	-	-	-	2,955	-	2,955
Issuance of RCPS	-	-	-	-	-	-	-	-	-	-
RCPS conversion	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiary	-	-	-	-	-	-	-	-	-	-
Total transactions with the owners of the Company	2,955	(829)	-	-	-	-	-	2,126	-	2,126
At 30 September 2022	84,017	(6,378)	163	137	23,758	9,206	(10,260)	100,643	-	100,643

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 30 SEPTEMBER 2022**

(The figures have not been audited)

	9 MONTHS ENDED	
	30.09.2022	30.09.2021
	RM'000	RM'000
Cash flows from operating activities		
Profit/ (Loss) before tax	(2,597)	(3,188)
Adjustments:		
Depreciation on property, plant and equipment	2,052	1,607
Depreciation on investment property	-	20
Depreciation on right-of-use assets	186	31
Depreciation on intangible assets	83	9
Loss/(Gain) on disposal of property, plant and equipment	-	(53)
Loss/(Gain) on disposal of investment property	-	-
Write off of property, plant and equipment	4	5
Interest expenses	284	199
Interest income	(3)	(3)
Dividend income	(30)	(303)
Net gain on foreign exchange	(207)	(143)
Share of profit/(loss) of equity-accounted associate	132	68
(Gain)/ loss on disposal of quoted or unquoted investments	(26)	-
Net loss/ (gain) in fair value of financial instruments measured at fair value	(81)	2
Operating profit before changes in working capital	<u>(203)</u>	<u>(1,749)</u>
Changes in working capital:		
Decrease/(Increase) in operating assets	(2,548)	(2,998)
(Increase)/Decrease in operating liabilities	<u>(1,081)</u>	<u>7,105</u>
Cash generated from operations	<u>(3,832)</u>	<u>2,358</u>
Income taxes paid	(73)	(284)
Income taxes refunded	55	53
Interest paid	(69)	(81)
Interest received	3	3
Net cash generated from/(used in) operating activities	<u>(3,916)</u>	<u>2,049</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,180)	(4,311)
Purchase of intangible assets	-	-
Acquisition of other investments	(1,400)	-
Acquisition of subsidiary, net of cash and cash equivalents acquired	-	-
Acquisition of non-controlling interests	-	-
Investment in associate	-	(200)
Proceeds from disposal of property, plant and equipment	18	-
Proceeds from disposal of investment property	-	106
Proceeds from disposal of other investments	263	-
Dividend income	30	303
Net cash generated from/(used in) investing activities	<u>(5,269)</u>	<u>(4,102)</u>
Cash flows from financing activities		
Net (repayment)/ proceeds of bankers' acceptances	244	(36)
Proceeds/(Payments) of hire purchase liabilities	41	676
Payments of lease liabilities	(193)	(33)
Repurchase of treasury shares	(829)	(4,875)
Proceeds from exercise of warrants	2,955	7,737
Proceeds from conversion of redeemable convertible preference shares	-	6,862
Proceeds from sales of treasury shares	-	2,464
Net cash generated from/(used in) financing activities	<u>2,218</u>	<u>12,795</u>
Net increase in cash and cash equivalents	(6,967)	10,742
Effect of exchange rate fluctuations on cash held	47	108
Cash and cash equivalents at 1 January	<u>28,183</u>	<u>19,297</u>
Cash and cash equivalents at 30 September	<u>21,263</u>	<u>30,147</u>
Cash and cash equivalent at the end of the financial period comprise the following :		
	RM'000	RM'000
Deposits with licensed bank	260	213
Bank and Cash balances	4,463	6,655
Fixed income trust fund	17,163	23,712
Bank overdraft (included within short term borrowings in Note B7)	(623)	(433)
	<u>21,263</u>	<u>30,147</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 2021 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 SEPTEMBER 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 30 September 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 30 September 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 30 September 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 30 September 2022.

(a) Share Buy-backs

At the Annual General Meeting of the Company held on 23 May 2022, 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 2022, the total number of shares bought back and held as treasury shares were 43,024,136 ordinary shares, representing 7.55% 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 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 [#] (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
April	-	-	-	-	-
May	3,051,000	0.080	0.090	0.084	255,941.79
June	635,000	0.085	0.090	0.087	55,074.89
July	401,000	0.090	0.090	0.091	36,372.87
August	1,929,600	0.085	0.090	0.088	170,335.81
September	1,092,000	0.085	0.100	0.095	103,656.86

[#] 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 warrants exercised	Balance warrants outstanding
Balance b/f			74,829,028
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 30 September 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 30 September 2022, except for the following:

On 29 April 2022, the Company's wholly-owned subsidiary, Ni Hsin Ecologistics Sdn Bhd ("NHECO") has acquired the remaining 40% equity interest of its subsidiary, Pride Logistics Alliance Sdn. Bhd. ("PLA") via a share swap agreement between NHECO and Ian Thong Wing Choong whereby NHECO issued 400,000 new ordinary shares in NHECO as consideration for the remaining 40% equity interest in PLA. Subsequent to the acquisition, PLA becomes a wholly owned subsidiary of NHECO and the Company holds 71.43% of the equity interest of NHECO.

On 24 May 2022, the Company's wholly-owned subsidiary, Ni Hsin EV Tech Sdn Bhd ("NHEVT") has acquired 50% equity interest of a company, known as EV Mobility Sdn Bhd ("EVM"). The principal activity of EVM is distribution, marketing, trading, leasing and retailing all kinds of electric vehicles ("EV"). Subsequent to the acquisition, EVM becomes a subsidiary of NHEVT, which in turn is a 50% owned subsidiary of the Company.

A11 DIVIDEND PAID

No dividend was paid during the current quarter and financial period ended 30 September 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 30 SEPTEMBER 2022

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
<u>Segment Revenue</u>				
Revenue from:				
Cookware	4,417	2,781	10,508	12,071
Stainless steel products	4,594	4,747	15,770	12,434
Food and beverages	877	142	1,507	373
Logistics	1,183	-	4,055	-
Others	7	435	30	1,932
Total revenue including inter-segment sales	11,078	8,105	31,870	26,810
Elimination of inter-segment sales	(1,728)	(1,760)	(5,248)	(5,037)
Total	9,350	6,345	26,622	21,773
Results from:				
Cookware	299	(293)	320	(6)
Stainless steel products	60	225	1,860	244
Food and beverages	(1,533)	(1,207)	(3,274)	(2,466)
Logistics	(48)	-	(125)	-
Others	41	61	211	272
	(1,181)	(1,214)	(1,008)	(1,956)
Elimination of inter-segment results	54	11	(382)	(96)
Total result	(1,127)	(1,203)	(1,390)	(2,052)
Unallocated corporate income/(expenses)	(245)	(150)	(793)	(872)
Finance income	-	1	2	3
Finance costs	(104)	(146)	(284)	(199)
Share of profit/(loss) of equity-accounted associate	(55)	(53)	(132)	(68)
Income tax expense	(80)	(3)	32	23
Loss for the period	(1,611)	(1,554)	(2,565)	(3,165)

Segment Assets

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

	As at 30.09.2022	As at 31.12.2021
Cookware	60,641	60,134
Stainless steel products	23,756	21,950
Food and beverages	11,475	7,423
Logistics	1,500	1,224
Others	23,052	18,348
	120,424	109,079
Elimination of inter-segment assets	(25,423)	(20,890)
Total segment assets	95,001	88,189
Unallocated corporate assets	22,500	28,842
Total assets	117,501	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.

	As at 30.09.2022	As at 31.12.2021
	RM'000	RM'000
Cookware	6,525	6,361
Stainless steel products	3,817	3,883
Food and beverages	19,273	12,408
Logistics	660	991
Others	8,543	10,378
	<hr/>	<hr/>
	38,818	34,021
Elimination of inter-segment liabilities	(25,090)	(21,301)
Total segment liabilities	<hr/>	<hr/>
	13,728	12,720
Unallocated corporate liabilities	3,130	3,229
Total liabilities	<hr/> <hr/>	<hr/> <hr/>
	16,858	15,949

A13 OPERATING PROFIT/(LOSS)

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) is arrived at after charging and (crediting):				
Finance income	(1)	(1)	(3)	(3)
Other income including investment income	-	-	-	-
Rental income	-	-	-	-
Depreciation on property, plant and equipment	759	495	2,052	1,607
Depreciation on investment property	-	7	-	20
Depreciation on intangible assets	27	-	83	-
Depreciation on right-of-use assets	68	31	186	31
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	3	4	5
(Gain)/ loss on disposal of quoted or unquoted investments	(25)	-	(26)	-
(Gain)/ loss on disposal of property, plant and equipment	-	-	-	(53)
(Gain)/ loss on disposal of investment property	-	-	-	-
Impairment of assets	-	-	-	-
Net (gain)/ loss on foreign exchange - unrealised	25	10	(207)	(143)
Net (gain)/ loss on foreign exchange - realised	(236)	(136)	(393)	(350)
Net (gain)/loss in fair value of financial instruments measured at fair value	(30)	5	(81)	5
Share-based payments	-	-	-	-
Net (gain)/ loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

A14 FINANCE COSTS

	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Bank overdrafts	24	10	48	44
Bankers' acceptances	9	8	21	20
Hire purchases	8	9	26	16
Lease liabilities	10	5	28	5
RCPS	53	114	161	114
	<u>104</u>	<u>146</u>	<u>284</u>	<u>199</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 30 September 2022:

	30.09.2022
	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 2022 are as follows:

	30.09.2022
	RM'000
Approved and contracted for	
- Plant & Machineries	322
- Office equipment	8
- Renovation	97
	<u>427</u>

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

B1 OPERATING SEGMENTS REVIEW

Quarter Ended 30 September 2022 ("Q3 2022") vs Quarter Ended 30 September 2021 ("Q3 2021")

The Group's revenue and Loss Before Taxation ("LBT") were approximately RM9.35 million and RM1.53 million respectively for Q3 2022. Revenue in Q3 2022 was higher by 47.36% as compared with the revenue in Q3 2021 as economic activities picked up on relaxation of pandemic restrictions. However, the Group's gross profit ("GP") margin for Q3 2022 decreased to 23.88% compared with the GP margin of 29.57% achieved in Q3 2021. Other income in Q3 2022 slightly increased to RM0.32 million compared to RM0.22 million in Q3 2021. Operating expenses in Q3 2022 was higher as compared with Q3 2021 by RM0.48 million due to expenses incurred in connection with the new food and beverages and logistics business. The Group recorded a LBT of RM1.53 million in Q3 2022 as compared to LBT of RM1.56 million in Q3 2021. The Loss After Taxation ("LAT") in Q3 2022 was RM1.61 million versus LAT of RM1.56 million recorded in Q3 2021.

9 Months Period Ended 30 September 2022 ("9M2022") vs 9 Months Period Ended 30 September 2021 ("9M2021")

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 9M2022 decreased by RM1.48 million or 13.4% to RM9.57 million compared with the revenue achieved in 9M2021 of RM11.05 million as sales to Asia Pacific (excluding Japan) and USA & Canada decreased by RM1.82 million and RM0.76 million respectively. However, the sales to Japan increased by RM1.02 million. The cookware revenue by geographical market for 9M2022 is as follows:

	9 MONTHS ENDED		Increase/ (Decrease)	%
	30.09.2022	30.09.2021		
	RM'000	RM'000	RM'000	
Japan	5,027	4,012	1,015	25.3%
Asia Pacific (excluding Japan)	3,617	5,435	(1,818)	-33.4%
USA & Canada	798	1,552	(754)	-48.6%
Europe	132	54	78	144.4%
	<u>9,574</u>	<u>11,053</u>	<u>(1,479)</u>	<u>-13.4%</u>

(ii) Stainless Steel Products Division

The Stainless Steel Products Division's revenue for 9M2022 increased by RM3.47 million or 40.2% to RM12.12 million compared with the revenue achieved in 9M2021 of RM8.65 million due to higher sales to Japan and Thailand.

(iii) Food and Beverages Division

The Food and Beverages Division's revenue for 9M2022 was RM1.14 million as compared to RM0.14 million in 9M2021. The Division generated a higher revenue for 9M2022 as the cafe and restaurant commenced business in end July 2022.

(iv) Logistics

The Logistics Division's revenue for 9M2022 was RM3.76 million. There was no revenue contributed in 9M2021 as the Group acquired the logistics company in Q4 2021.

The Group's net assets per share as at 30 September 2022 stood at RM0.19. The Group's non-current assets increased to RM65.07 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 RM1.15 million and increase in other investment of RM0.97 million. Inventories increased to RM22.62 million as at 30 September 2022 as the Group stocked up inventories for the Food and Beverages Division. Receivables, deposits and prepayments increased by RM2.31 million to RM7.31 million mainly due to deposits and downpayment made for the new business of the Group. The Group's net current assets was RM46.39 million as at 30 September 2022. The Group is in a positive net cash position as at 30 September 2022 with cash and cash equivalent of RM19.53 million after deducting all borrowings of the Group.

B1 OPERATING SEGMENTS REVIEW (CONT.)

9 Months Period Ended 30 September 2022 ("9M2022") vs 9 Months Period Ended 30 September 2021 ("9M2021") (Cont.)

The Group's net operating cash outflow for 9M2022 was RM3.92 million. The net cash outflow from investing activities was RM5.27 million, mainly due to investment in quoted shares and purchase of plant and equipment. Net cash inflow from financing activities was RM2.22 million, mainly attributable to proceeds from exercise of warrants and additional bankers' acceptances, after deducting the cost of repurchase of treasury shares. The net resultant impact to the Group's cash flow was a decrease in cash of RM6.97 million during 9M2022. Net cash and cash equivalents amounted to RM21.26 million as at 30 September 2022.

B2 COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	3 months ended 30.09.2022	3 months ended 30.06.2022	Changes %
Revenue	9,350	8,506	10%
Gross profit ("GP")	2,233	2,132	5%
Operating (loss)/profit	(1,373)	(1,008)	36%
(Loss)/Profit before taxation ("LBT")/PBT")	(1,531)	(1,143)	-34%
(Loss)/Profit for the period	(1,611)	(998)	61%
(Loss)/Profit attributable to the owners of the Company	(1,611)	(998)	61%

The Group's revenue in Q3 2022 was slightly higher by RM0.84 million compared with Q2 2022. Consistently, the Group GP was higher in Q3 2022. The Group recorded a Loss Before Taxation ("LBT") of RM1.53 million in the third quarter of 2022 as compared to LBT of RM1.14 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. The Group had on 28 July 2022 expanded its Food and Beverages business with the opening of BLACBIXON CAFÉ at Jalan Inai, Kuala Lumpur serving freshly baked pastries and Western and Asian exquisite cuisine along with BLACKBIXON signature coffee and drinks.

The Group's diversification of its business into the electric vehicle (EV) sector was realised with the successful launch of two (2) models of its TAILG EBIXON EV Motorcycles on 22 November 2022. Ni Hsin EV Tech Sdn Bhd (NH EV TECH), a wholly owned subsidiary had obtained the manufacturing licence from the Ministry of Trade and Industry (MITI) for manufacturing and assembly of the EV motorcycles and received the Vehicle Type Approval for the said EV motorcycle models from Jabatan Pengangkutan Jalan (JPJ). The TAILG EBIXON EV Motorcycle models were jointly developed by NH EV TECH in collaboration with Dongguan Tailing Electric Vehicle Co., Ltd. The Group expects the EV segment to make a positive contribution to its financial performance in the near future.

B4 STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

The total proceeds from the public issue of RCPS amounted to RM6,759,000 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

	Current Quarter 3 months ended 30.09.2022 RM'000	Cumulative Quarter 9 months ended 30.09.2022 RM'000
In respect of the current period		
- Malaysian tax	-	-
- Deferred tax	-	-
	<u>-</u>	<u>-</u>
In respect of the prior year		
- Malaysian tax	(13)	22
- Deferred tax	93	(54)
	<u>80</u>	<u>(32)</u>
	<u>80</u>	<u>(32)</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 2022:

	As at 30.09.2022 RM'000	As at 31.12.2021 RM'000
Non-current:		
Hire purchase liabilities	420	688
	<u>420</u>	<u>688</u>
Current:		
Bank overdraft - unsecured	623	-
Bankers' acceptance - unsecured	750	506
Hire purchase liabilities	559	225
	<u>1,932</u>	<u>731</u>
	<u>2,352</u>	<u>1,419</u>

All borrowings are denominated in Malaysia Ringgit.

B8 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 30 September 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 30 September 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 9 months ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
Basic EPS				
(Loss)/Profit attributable to owners of the Company (RM '000)	(1,611)	(1,554)	(2,565)	(3,165)
Weighted average no. of ordinary shares in issue ('000)	509,355	414,201	509,355	414,201
Basic EPS (sen)	<u>(0.32)</u>	<u>(0.38)</u>	<u>(0.50)</u>	<u>(0.76)</u>

(b) Diluted

As at 30 September 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 29 November 2022.

On behalf of the Board of Directors
NI HSIN GROUP BERHAD

SOFIYAN BIN YAHYA
Independent Non-Executive Chairman

Date: 29 November 2022