



YENHER

YENHER HOLDINGS BERHAD

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia under Companies Act 2016)

**Interim Financial Report
For The Forth Quarter Ended
31 December 2022**

27 February 2023

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the Forth Quarter Ended 31 December 2022

Condensed consolidated statement of financial position

	As at 31.12.2022	As at 31.12.2021
	Unaudited RM	Audited RM
Assets		
Non-current Assets		
Property, plant and equipment	48,022,346	39,593,337
Intangible assets	381,277	444,960
	<u>48,403,623</u>	<u>40,038,297</u>
Current Assets		
Inventories	39,056,791	38,011,660
Trade and other receivables	92,312,595	77,399,971
Placements in money market funds	36,792,106	26,871,484
Short-term deposits, cash and bank balances	27,125,999	39,949,506
	<u>195,287,491</u>	<u>182,232,621</u>
Total Assets	<u>243,691,114</u>	<u>222,270,918</u>
Equity and Liabilities		
Equity Attributable to Owners of the Company		
Share capital	177,429,501	177,429,501
Merger deficit	(115,534,500)	(115,534,500)
Exchange translation reserve	24,608	(2,847)
Revaluation reserve	17,253,097	9,286,916
Retained profits	135,488,960	122,758,621
Total Equity	<u>214,661,666</u>	<u>193,937,691</u>
Non-current Liabilities		
Deferred tax liabilities	2,345,475	1,478,611
Lease liabilities	694,157	1,550,126
	<u>3,039,632</u>	<u>3,028,737</u>
Current Liabilities		
Bank borrowings	1,000,000	-
Lease liabilities	906,435	847,632
Trade and other payables	23,683,274	23,773,358
Tax payable	400,107	683,500
	<u>25,989,816</u>	<u>25,304,490</u>
Total Liabilities	<u>29,029,448</u>	<u>28,333,227</u>
Total Equity and Liabilities	<u>243,691,114</u>	<u>222,270,918</u>
Number of ordinary shares in issue	300,000,000	300,000,000
Net assets per share of the Company (RM)	<u>0.72</u>	<u>0.65</u>

The condensed consolidated statement of financial position should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

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Interim Financial Report for the Forth Quarter Ended 31 December 2022**Condensed consolidated statement of profit or loss and other comprehensive income**

	Note	Quarter ended		Financial year ended	
		31.12.2022 Unaudited RM	31.12.2021 Unaudited RM	31.12.2022 Unaudited RM	31.12.2021 Audited RM
Revenue	A11	78,803,121	71,194,928	355,337,986	263,409,643
Cost of sales		(66,284,717)	(57,328,401)	(301,762,362)	(211,547,313)
Gross profit		12,518,404	13,866,527	53,575,624	51,862,330
Other income		249,915	352,225	1,768,784	1,006,054
Selling and distribution costs		(2,818,870)	(2,781,820)	(12,325,420)	(9,542,476)
Administrative expenses		(3,089,165)	(3,690,273)	(13,787,342)	(15,100,674)
Research and development costs		(76,362)	(127,651)	(533,371)	(306,198)
Other expenses		(22,385)	(8,717)	(87,427)	(102,214)
Operating profit		6,761,537	7,610,291	28,610,848	27,816,822
Finance costs		(23,079)	(32,314)	(149,566)	(139,354)
Profit before taxation	B5	6,738,458	7,577,977	28,461,282	27,677,468
Taxation	B6	(1,569,377)	(1,954,752)	(6,774,989)	(6,840,349)
Profit for the period/year		5,169,081	5,623,225	21,686,293	20,837,119
Other comprehensive income, net of tax					
<i>Item that will not be reclassified subsequently to profit or loss :</i>					
- Revaluation of land and buildings		8,010,227	-	8,010,227	-
<i>Item that will be reclassified subsequently to profit or loss :</i>					
- Exchange gain/(loss) on translation of foreign operation		18,586	4,162	27,455	(2,847)
Total other comprehensive income/(loss) for the period/year		8,028,813	4,162	8,037,682	(2,847)
Total comprehensive income for the period/year		13,197,894	5,627,387	29,723,975	20,834,272
Attributable to owners of the Company					
Profit for the period/year		5,169,081	5,623,225	21,686,293	20,837,119
Total comprehensive income for the period/year		13,197,894	5,627,387	29,723,975	20,834,272
Earnings per share attributable to owners of the Company					
Basic and diluted (Sen)	B12	1.72	1.87	7.23	7.85
Weighted average number of ordinary shares in issue	B12	300,000,000	300,000,000	300,000,000	265,577,959

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

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Interim Financial Report for the Forth Quarter Ended 31 December 2022**Condensed consolidated statement of changes in equity**

	Non-distributable			Distributable		Total RM
	Share capital RM	Merger deficit RM	Exchange translation reserve RM	Revaluation reserve RM	Retained profits RM	
Financial year ended 31 December 2022 (Unaudited)						
Balance as at 1 January 2022	177,429,501	(115,534,500)	(2,847)	9,286,916	122,758,621	193,937,691
Profit for the year	-	-	-	-	21,686,293	21,686,293
Surplus on revaluation of land and buildings, net of attributable deferred tax	-	-	-	8,010,227	-	8,010,227
Exchange gain on translation of foreign operation	-	-	27,455	-	-	27,455
Total comprehensive income for the year	-	-	27,455	8,010,227	21,686,293	29,723,975
Transfer of revaluation surplus on land and buildings	-	-	-	(44,046)	44,046	-
Dividends paid (Note A8)	-	-	-	-	(9,000,000)	(9,000,000)
Balance as at 31 December 2022	177,429,501	(115,534,500)	24,608	17,253,097	135,488,960	214,661,666
Financial year ended 31 December 2021 (Audited)						
Balance as at 1 January 2021	117,784,501	(115,534,500)	-	9,337,236	117,171,182	128,758,419
Profit for the year	-	-	-	-	20,837,119	20,837,119
Exchange loss on translation of foreign operation	-	-	(2,847)	-	-	(2,847)
Total comprehensive (loss)/income for the year	-	-	(2,847)	-	20,837,119	20,834,272
Transfer of revaluation surplus on land and buildings	-	-	-	(50,320)	50,320	-
New ordinary shares issued pursuant to the Public Issue	61,209,450	-	-	-	-	61,209,450
Share issue expenses	(1,564,450)	-	-	-	-	(1,564,450)
Dividends paid (Note A8)	-	-	-	-	(15,300,000)	(15,300,000)
Balance as at 31 December 2021	177,429,501	(115,534,500)	(2,847)	9,286,916	122,758,621	193,937,691

The condensed consolidated statement of changes in equity should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

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Interim Financial Report for the Forth Quarter Ended 31 December 2022**Condensed consolidated statement of cash flows**

	Financial year ended	
	31.12.2022 Unaudited RM	31.12.2021 Audited RM
Cash flows from operating activities		
Profit before taxation	28,461,282	27,677,468
<i>Adjustments for :-</i>		
Amortisation of intangible assets	115,649	105,837
Depreciation of property, plant and equipment	1,220,763	1,069,403
Depreciation of right-of-use assets	863,488	838,820
Gain on disposal of property, plant and equipment	(199,596)	(120,239)
Property, plant and equipment written off	543	-
Net (reversal)/addition of impairment losses on trade receivables	(76,724)	911,493
Write-down in value of inventories	306,852	-
Interest expense	149,566	139,354
Income from placements in money market funds	(36,474)	(232,294)
Interest income	(465,875)	(335,825)
Gain on changes in fair value of money market funds	(565,788)	(39,169)
Gain on redemption of money market funds	(25,710)	-
Unrealised gain/(loss) on foreign exchange	88,819	(122,730)
Revaluation increase on property, plant and equipment	(191,024)	-
Operating profit before working capital changes	29,645,771	29,892,118
Increase in inventories	(1,365,604)	(6,982,433)
Increase in trade and other receivables	(14,093,709)	(21,856,659)
(Decrease)/Increase in trade and other payables	(886,580)	6,495,086
Cash utilised in operations	13,299,878	7,548,112
Interest received	465,875	335,825
Interest paid	(149,566)	(139,354)
Tax paid	(7,072,463)	(7,357,434)
Net cash from operating activities	6,543,724	387,149
Cash flows from investing activities		
Purchase of intangible assets	(51,966)	(242,202)
Purchase of property, plant and equipment	(1,493,040)	(3,448,658)
Proceeds from disposal of property, plant and equipment	323,947	120,400
Net placements in money market funds	(9,329,124)	(26,832,315)
Income from placements in money market funds	36,474	232,294
Net cash used in investing activities	(10,513,709)	(30,170,481)

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Interim Financial Report for the Forth Quarter Ended 31 December 2022**Condensed consolidated statement of cash flows (Cont'd)**

	Financial year ended	
	31.12.2022	31.12.2021
	Unaudited	Audited
	RM	RM
Cash flows from financing activities		
Increase in fixed deposit pledged as security	-	(69,487)
Bank borrowings obtained, net of repayment	1,000,000	-
Payments of lease liabilities	(860,086)	(847,946)
Proceeds from new ordinary shares issued	-	61,209,450
Payments of share issue expenses	-	(1,564,450)
Dividend paid	(9,000,000)	(15,300,000)
Net cash (used in)/from financing activities	<u>(8,860,086)</u>	<u>43,427,567</u>
Net (decrease)/increase in cash and cash equivalents	(12,830,071)	13,644,235
Effect of foreign exchange difference on cash and cash equivalents	6,564	842
Cash and cash equivalents at beginning of year	<u>38,340,466</u>	<u>24,695,389</u>
Cash and cash equivalents at end of year	<u>25,516,959</u>	<u>38,340,466</u>

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following amounts from the condensed consolidated statement of financial position :

	As at	As at
	31.12.2022	31.12.2021
	RM	RM
Short-term deposits, cash and bank balances, as presented in the condensed consolidated statement of financial position	27,125,999	39,949,506
Less : Short-term deposits pledged as security	<u>(1,609,040)</u>	<u>(1,609,040)</u>
Cash and cash equivalents, as presented in the condensed consolidated statement of cash flows	<u>25,516,959</u>	<u>38,340,466</u>

The condensed consolidated statement of cash flows should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

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Interim Financial Report for the Forth Quarter Ended 31 December 2022

Part A : Explanatory notes pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134 *Interim Financial Reporting*

A1. Basis of preparation

This interim financial report of Yenher Holdings Berhad (“Yenher” or “Company”) and its subsidiaries (collectively, the “Group”) is unaudited and has been prepared in accordance with the requirements of MFRS 134 and International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* as well as Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”).

This interim financial report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant accounting policies

A2.1 Adoption of amendments to MFRSs

The significant accounting policies and methods of computations adopted by the Group in this interim financial report are consistent with those adopted in the audited consolidated financial statements of the Group for the financial year ended 31 December 2021, except for the adoption of the following amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) and which are relevant and mandatory for the current financial year :

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

Amendments to MFRS 3 - Reference to the Conceptual Framework

Amendments to MFRS 116 - Proceeds before Intended Use

Amendments to MFRS 137 - Onerous Contracts - Cost of Fulfilling a Contract

Amendments to MFRSs Classified as "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

The adoption of the above amendments to MFRSs did not have any significant effect on the financial statements of the Group and did not result in significant changes to the Group's existing accounting policies.

A2.2 New MFRS and amendments to MFRSs that are in issue but not yet effective

The Group has not early adopted the following new MFRS and amendments to MFRSs that have been issued by the MASB but are not yet effective :-

Effective for annual periods beginning on or after 1 January 2023

MFRS 17, Insurance Contracts

Amendments to MFRS 17 - Insurance Contracts

Amendments to MFRS 108 - Definition of Accounting Estimates

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

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Interim Financial Report for the Forth Quarter Ended 31 December 2022

Part A : Explanatory notes pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134 *Interim Financial Reporting (Cont'd)*

A2. Significant accounting policies (Cont'd)

A2.2 New MFRS and amendments to MFRSs that are in issue but not yet effective (Cont'd)

Effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16 - Sale & Leaseback Transactions

Amendments to MFRS 101 - Classification of Liabilities as Current or Non-current

Amendments to MFRS 101 - Non-current Liabilities with Covenants

Effective for annual periods beginning on or after a date to be determined by the MASB

Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group will apply the above new MFRS and amendments to MFRSs that are applicable once they become effective and their adoption is not expected to have any significant impact on the Group's financial statements in the period of initial application.

A3. Auditors' report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2021.

A4. Seasonal or cyclical factors

The Group's business is not subjected to any seasonal or cyclical trend.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting the assets, liabilities, equity, net income and cash flows of the Group during the current quarter and financial year under review.

A6. Material changes in estimates

There were no material changes in estimates of amounts reported in the prior financial years that have a material effect on the financial results of the Group for the current quarter and financial year under review.

A7. Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter and financial year under review.

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Interim Financial Report for the Forth Quarter Ended 31 December 2022**Part A : Explanatory notes pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134
Interim Financial Reporting (Cont'd)****A8. Dividends paid**

The following dividends were declared and paid during the current and previous corresponding financial year :-

	<u>Financial year ended</u>	
	<u>31.12.2022</u>	<u>31.12.2021</u>
	RM	RM
For the financial year ending 31 December 2022		
(a) First single-tier interim dividend of 1.50 sen per ordinary share declared on 19 August 2022 and payable on 28 October 2022	4,500,000	-
For the financial year ended 31 December 2021		
(a) First single-tier interim dividend of approximately 4.58 sen per ordinary share declared on 30 April 2021 and paid on 3 May 2021	-	10,800,000
(b) Second single-tier interim dividend of 1.50 sen per ordinary share declared on 23 August 2021 and paid on 6 October 2021	-	4,500,000
(c) Single-tier final dividend of 1.50 sen per ordinary share declared on 3 June 2022 and paid on 29 June 2022	4,500,000	-
	<u>9,000,000</u>	<u>15,300,000</u>

Save as disclosed above and disclosed in Note B14 below, there were no other dividends paid or declared during the current quarter and financial year under review.

A9. Property, plant and equipment (“PPE”)

The Group acquired PPE amounting to RM0.12 million during the current quarter and RM1.49 million during the financial year-to-date under review.

There were no material disposals of PPE during the current quarter and financial year-to-date under review.

On 31 December 2022, the Group performed a revaluation exercise on its land and buildings which resulted in an additional net revaluation surplus of RM9.08 million, before deferred tax impact. There were no other valuations of PPE during the current quarter and financial year under review.

A10. Impairment losses

Save as disclosed in Note B5 below, there were no other impairment losses or reversal of impairment losses arising from PPE, financial assets or other assets during the current quarter and financial year under review.

A11. Operating revenue

The Group's revenue from sales of goods is recognised at a point in time and is derived from the following business activities :

	<u>Quarter ended</u>		<u>Financial year ended</u>	
	<u>31.12.2022</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2021</u>
	RM	RM	RM	RM
Manufacturing	27,559,965	32,302,080	109,576,292	115,844,597
Distribution	51,243,156	38,892,848	245,761,694	147,565,046
	<u>78,803,121</u>	<u>71,194,928</u>	<u>355,337,986</u>	<u>263,409,643</u>

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Interim Financial Report for the Forth Quarter Ended 31 December 2022**Part A : Explanatory notes pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134
Interim Financial Reporting (Cont'd)****A12. Segmental information**

The Group is mainly involved in manufacturing, supplying and marketing of health and nutrition products for livestock and companion animals which collectively are considered as one business segment. Accordingly, the operating revenue and results of this segment are reflected in the Group’s statement of profit or loss and other comprehensive income. The segment assets and liabilities are as presented in the Group’s statement of financial position.

The revenue from external customers by location of customers is set out below :

	Quarter ended		Financial year ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM	RM	RM	RM
Malaysian customers	70,426,730	60,664,812	317,680,217	239,346,901
Overseas customers	8,376,391	10,530,116	37,657,769	24,062,742
	<u>78,803,121</u>	<u>71,194,928</u>	<u>355,337,986</u>	<u>263,409,643</u>

A13. Material events subsequent to the end of reporting period

There were no material events subsequent to the end of the current quarter up to the date of this interim financial report.

A14. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter and financial year under review.

A15. Fair value of financial instruments

The Group measures its financial instruments carried at fair value in accordance with the following levels of fair value hierarchy which are categorised based on the input used in the valuation technique :

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability; and

Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable input).

The Group's financial instruments as at the end of the financial period under review measured at fair value are as follows :

	As at 31.12.2022 RM	As at 31.12.2021 RM
Level 2		
Financial assets at fair value through profit or loss - Placements in money market funds	<u>36,792,106</u>	<u>26,871,484</u>

The fair value of the placements in money market funds is determined by reference to market price at the end of the reporting period.

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Interim Financial Report for the Forth Quarter Ended 31 December 2022**Part A : Explanatory notes pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134
Interim Financial Reporting (Cont'd)****A16. Contingent liabilities and contingent assets**

There were no contingent liabilities and contingent assets as at the end of the reporting period.

A17. Capital commitments

	As at 31.12.2022 RM	As at 31.12.2021 RM
Authorised and contracted capital expenditure not provided for in the financial statements :		
- Acquisition of property, plant and equipment	10,399,298	9,843,296
Authorised but not contracted for :		
- Acquisition of property, plant and equipment	1,185,471	537,075
- Construction of a new factory building	30,065,215	30,065,215
	<u>31,250,686</u>	<u>30,602,290</u>

A18. Significant related party transactions

	Quarter ended		Financial year ended	
	31.12.2022 RM	31.12.2021 RM	31.12.2022 RM	31.12.2021 RM
Transactions with a company in which certain Directors of the Group have substantial financial interests :				
- Payments for leases	(252,600)	(240,000)	(985,200)	(960,000)
Transactions with companies in which a person connected to certain Directors of the Group has substantial financial interests :				
- Sales of goods	6,712,319	7,265,132	26,152,556	27,459,670
- Purchases of goods	(375,024)	(490,111)	(1,543,122)	(2,382,587)
- Rendering of services	(90,444)	(235,697)	(587,262)	(790,832)
Rental charged by a Director of the Company	(20,460)	(7,000)	(33,960)	(36,500)

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Interim Financial Report for the Forth Quarter Ended 31 December 2022**Part B : Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements****B1. Performance review**

The analyses of the Group performance are as follows :

	Quarter ended		Financial year ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM	RM	RM	RM
Revenue	78,803,121	71,194,928	355,337,986	263,409,643
Gross profit	12,518,404	13,866,527	53,575,624	51,862,330
Profit before taxation	6,738,458	7,577,977	28,461,282	27,677,468
Profit for the period/year	5,169,081	5,623,225	21,686,293	20,837,119

In the current quarter and financial year under review, the Group recorded a total revenue of RM78.80 million, of which RM27.56 million or 34.97% was derived from its manufacturing activity while the distribution activity contributed the remaining RM51.24 million or 65.03%.

The Group recorded an increase in revenue to RM78.80 million and RM355.34 million in the current quarter and financial year under review respectively as compared to RM71.19 million and RM263.41 million posted in the previous corresponding quarter and financial year respectively. The increase was contributed mainly by higher sales of grain and oil seeds.

The Group recorded a gross profit of RM12.52 million for current quarter under review. In respect of the current quarter under review, the Group's manufacturing activity contributed RM6.92 million or 55.34% of the total gross profit while the remaining gross profit of RM5.59 million or 44.66% was contributed by its distribution activity.

As for the current financial year, the gross profit increased to RM53.58 million leading to an overall increase of RM1.71 million or 0.03% as compared to RM51.86 million posted in the previous financial year. This increase in sales was due to the sales of grain and oil seeds from the Group's distribution activity.

The Group recorded profit before taxation of RM6.74 million for current quarter under review and RM28.46 million for financial year under review after incurring expenses such as selling and distribution costs as well as administrative expenses. These expenses consist mainly of staff costs, transportation costs and depreciation.

The profit before taxation for current quarter is RM0.84 million or 0.11% lower than the profit before taxation posted by the Group for previous financial year. This was mainly caused by the increase in transportation costs.

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Interim Financial Report for the Forth Quarter Ended 31 December 2022**Part B : Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (Cont'd)****B2. Comparison with immediate preceding quarter**

	Quarter ended	Immediate	Changes	
	31.12.2022 ("Q4-2022")	preceding quarter 30.09.2022 ("Q3-2022")	RM	%
	RM	RM		
Revenue	78,803,121	98,200,321	(19,397,200)	(19.75)
Gross profit	12,518,404	14,171,387	(1,652,983)	(11.66)
Selling and distribution costs	(2,818,870)	(3,566,831)	747,961	(20.97)
Administrative expenses	(3,089,165)	(3,689,896)	600,731	(16.28)
Profit before taxation	6,738,458	7,291,872	(553,414)	(7.59)

The Group's revenue for Q4-2022 decreased by 19.75% to RM78.80 million from RM98.20 million recorded in Q3-2022. The decrease was mainly contributed by the decrease in revenue from the distribution activity.

The Group's gross profit margin increased by 1.45% from 14.43% in Q3-2022 to 15.89% in Q4-2022. The increase in profit margin was primarily influenced by the change in contributions from the Group's product mix.

B3. Prospect of the Group for the financial year ending 31 December 2023

The Board views that 2023 to be a challenging year with the outbreak of animal diseases in Malaysia affecting our customers in the sector they operate, coupled with a rising interest rate environment and the inflationary pressures impacting the cost of living and households purchasing power.

The Group will continue to explore new products and opportunities in tapping on our core strengths as one of the major integrated one stop solutions provider in ASEAN region's livestock industry full life cycle from breeding to maturity in our provision of animal nutrition, bio feed compound, managing health and advisory services to our customers.

Barring any unforeseen circumstances, the Group is cautiously optimistic that it will continue to perform well in the upcoming financial year 2023, while continuously assessing and monitoring if adjustments need to be made in our business strategy.

The Group continues to focus on expanding its business into new markets and to develop the Group's product portfolio through its research and development efforts. The business expansion plan is also supported by the construction of the Group's new manufacturing plant. As mentioned in the previous quarter, the construction of this plant was expected to be completed by the fourth quarter of 2023. However, in view of the current economic conditions and the raising costs of construction, the management has revised the expected date of completion to the fourth quarter of 2024. Nevertheless, the management will continuously monitor the situation and will commence the construction of the plant as soon as the management considered that the construction costs are reasonable in order to avoid over spending.

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Interim Financial Report for the Forth Quarter Ended 31 December 2022**Part B : Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (Cont'd)****B4. Variance of actual profit from profit forecast or profit guarantee**

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

B5. Profit before taxation

	Quarter ended		Financial year ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM	RM	RM	RM
This includes the following items of income/(expense) :				
Interest income	92,729	172,016	465,875	335,825
Income from placements in money market funds	21,741	109,366	36,474	232,294
Gain on changes in fair value of money market funds	226,696	39,169	565,788	39,169
Gain on disposal of property, plant and equipment	-	104,999	199,596	120,239
Realised gain/(loss) on foreign exchange	92,074	(23,482)	73,535	(132,234)
Unrealised (loss)/gain on foreign exchange	(247,763)	16,064	88,819	122,730
Revaluation increase on property, plant and equipment	191,024	-	191,024	-
Write-down in value of inventories	(66,852)	-	(306,852)	-
Amortisation of intangible assets	(30,136)	(27,538)	(115,649)	(105,837)
Depreciation of property, plant and equipment	(323,866)	(292,248)	(1,220,763)	(1,069,403)
Depreciation of right-of-use assets	(225,703)	(212,595)	(863,488)	(838,820)
Net reversal/(additional) of impairment losses on trade receivables	514,846	(591,033)	76,724	(911,493)
Interest expense	(23,079)	(32,314)	(149,566)	(139,354)
Listing expenses	-	-	-	(1,109,659)
Property, plant and equipment written off	(1)	-	(543)	-

Save as disclosed above, the other disclosure items as required under Paragraph 16, Part A of Appendix 9B of the Listing Requirements are not applicable.

Interim Financial Report for the Forth Quarter Ended 31 December 2022

Part B : Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (Cont'd)

B6. Taxation

	Quarter ended		Financial year ended	
	31.12.2022 RM	31.12.2021 RM	31.12.2022 RM	31.12.2021 RM
Current tax	1,572,940	1,903,500	6,651,007	6,757,524
Deferred tax (income)/expense resulting from origination and reversal of temporary differences	(4,080)	33,281	18,869	(74,707)
	1,568,860	1,936,781	6,669,876	6,682,817
Under/(Over) provided in prior year				
- Income tax	517	54,265	138,059	54,265
- Deferred tax	-	(36,294)	(32,946)	103,267
	1,569,377	1,954,752	6,774,989	6,840,349
Effective tax rate (%)	23.19%	23.19%	23.80%	24.71%
Statutory tax rate (%)	24.00%	24.00%	24.00%	24.00%

The effective tax rate of the Group for the current quarter and financial year under review was slightly lower than the statutory tax rate mainly due to higher non-taxable income.

B7. Status of corporate proposals

There was no corporate proposal announced by the Company but not completed as at the date of this interim financial report.

B8. Utilisation of proceeds from the Public Issue

The status of the utilisation of gross proceeds from the Public Issue of approximately RM61.21 million is as follows :

	Proposed utilisation RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Intended timeframe for utilisation from the date of listing
Details of the use of proceeds				
Construction of a new Good Manufacturing Practice ("GMP") compliant manufacturing plant	31,000	1,935	29,065	Within 30 months
Purchase of new machinery and equipment	9,700	-	9,700	Within 30 months
Working capital	16,709	17,276	(567)	Within 36 months
Estimated listing expenses	3,800	3,233	567	Within 1 month [#]
Total	61,209	22,444	38,765	

[#] The balance of unutilised proceeds allocated for listing expenses had been reallocated for the Group's working capital purposes.

The use of proceeds as disclosed above should be read in conjunction with the Company's Prospectus dated 22 June 2021.

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Interim Financial Report for the Forth Quarter Ended 31 December 2022**Part B : Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (Cont'd)****B9. Borrowings and debt securities**

	As at 31.12.2022 RM	As at 31.12.2021 RM
Bankers' acceptances	1,000,000	-

Save as disclosed above, the Group does not have any other borrowings and debt securities outstanding as at the end of the current quarter under review.

B10. Derivative financial instruments

The Group has entered into forward foreign exchange contracts to manage the foreign currency exposures arising from the Group's receivables and payables denominated in United States Dollar (USD). The notional principal amount of the Group's outstanding forward foreign exchange contracts as at 31 December 2022 was RM3.48 million (31.12.2021 : RM3.97 million) and have maturities of less than one year as at the end of the reporting period. The fair value of these outstanding forward foreign exchange contracts has not been recognised in the current quarter under review as the financial impact is considered as immaterial.

B11. Fair value of financial liabilities

There was no gain or loss arising from fair value changes of financial liabilities for the current quarter and financial year as the Group did not have any financial liabilities measured at fair value.

B12. Earnings per share ("EPS")

	Quarter ended		Financial year ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Profit attributable to owners of the Company (RM)	5,169,081	5,623,225	21,686,293	20,837,119
Weighted average number of shares in issue	300,000,000	300,000,000	300,000,000	265,577,959
Basic and diluted EPS (Sen)	1.72	1.87	7.23	7.85

The basic EPS is computed based on the profit attributable to owners of the Company for the period divided by the weighted average number of ordinary shares in issue during the financial period under review. The diluted EPS is equivalent to the basic EPS as there were no dilutive potential ordinary shares outstanding as at the end of the financial period under review.

B13. Material litigations

There was no material litigation involving the Group since the date of the last annual statement of financial position to the date of this interim financial report.

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Part B : Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (Cont'd)**B14. Dividend declared**

On 19 August 2022, the Directors of the Company declared the payment of a first interim dividend of 1.50 sen per ordinary share amounting to RM4,500,000 for the financial year ended 31 December 2022. The dividend was paid on 28 October 2022 to holders of the ordinary shares whose names appear in the Records of Depositors at the close of business on 14 October 2022.

On 27 February 2023, the Directors of the Company declared a second interim single-tier dividend of 1.50 sen per ordinary share amounting to RM4,500,000 for the financial year ended 31 December 2022. The dividend will be paid on 31 March 2023 to holders of the ordinary shares whose names appear in the Records of Depositors at the close of business on 15 March 2023.

Save as disclosed above, there was no dividend that has been declared or recommended for payment by the Directors of the Company during the financial year under review.

By Order of the Board
Company Secretary
27 February 2023