



YENHER

YENHER HOLDINGS BERHAD

(Registration No. 202001008388 (1364708-X))
(Incorporated in Malaysia under Companies Act 2016)

**Interim Financial Report
For The Third Quarter Ended
30 September 2022**

29 November 2022

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the Third Quarter Ended 30 September 2022**Condensed consolidated statement of financial position**

	As at 30.09.2022	As at 31.12.2021
	Unaudited RM	Audited RM
Assets		
Non-current Assets		
Property, plant and equipment	39,432,899	39,593,337
Intangible assets	411,414	444,960
	<u>39,844,313</u>	<u>40,038,297</u>
Current Assets		
Inventories	42,535,944	38,011,660
Trade and other receivables	92,896,175	77,399,971
Placements in money market funds	31,747,057	26,871,484
Short-term deposits, cash and bank balances	26,896,653	39,949,506
	<u>194,075,829</u>	<u>182,232,621</u>
Total Assets	<u>233,920,142</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	6,022	(2,847)
Revaluation reserve	9,253,882	9,286,916
Retained profits	130,308,867	122,758,621
Total Equity	<u>201,463,772</u>	<u>193,937,691</u>
Non-current Liabilities		
Deferred tax liabilities	1,469,182	1,478,611
Lease liabilities	896,387	1,550,126
	<u>2,365,569</u>	<u>3,028,737</u>
Current Liabilities		
Bank borrowings	2,997,000	-
Lease liabilities	868,193	847,632
Trade and other payables	21,081,936	23,773,358
Tax payable	643,672	683,500
Dividend payable	4,500,000	-
	<u>30,090,801</u>	<u>25,304,490</u>
Total Liabilities	<u>32,456,370</u>	<u>28,333,227</u>
Total Equity and Liabilities	<u>233,920,142</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>0.67</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 Third Quarter Ended 30 September 2022**Condensed consolidated statement of profit or loss and other comprehensive income**

	Note	Quarter ended		Year-to-date ended	
		30.09.2022	30.09.2021	30.09.2022	30.09.2021
		Unaudited RM	Unaudited RM	Unaudited RM	Unaudited RM
Revenue	A11	98,200,321	66,236,962	276,534,865	192,214,715
Cost of sales		(84,028,934)	(54,382,708)	(235,477,645)	(154,218,912)
Gross profit		14,171,387	11,854,254	41,057,220	37,995,803
Other income		596,514	281,035	1,518,869	653,829
Selling and distribution costs		(3,566,831)	(2,437,844)	(9,506,550)	(6,772,336)
Administrative expenses		(3,689,896)	(3,983,528)	(10,698,177)	(11,398,721)
Research and development costs		(175,688)	(87,502)	(457,009)	(178,547)
Other expenses		(15,570)	(19,218)	(65,042)	(93,497)
Operating profit		7,319,916	5,607,197	21,849,311	20,206,531
Finance costs		(28,044)	(31,880)	(126,487)	(107,040)
Profit before taxation	B5	7,291,872	5,575,317	21,722,824	20,099,491
Taxation	B6	(1,822,101)	(1,292,680)	(5,205,612)	(4,885,597)
Profit for the period		5,469,771	4,282,637	16,517,212	15,213,894
Other comprehensive income, net of tax					
<i>Item that will be reclassified subsequently to profit or loss :</i>					
- Exchange gain/(loss) on translation of foreign operation		5,004	(3,279)	8,869	(6,450)
Total other comprehensive income/(loss) for the period		5,004	(3,279)	8,869	(6,450)
Total comprehensive income for the period		5,474,775	4,279,358	16,526,081	15,207,444
Attributable to owners of the Company					
Profit for the period		5,469,771	4,282,637	16,517,212	15,213,894
Total comprehensive income for the period		5,474,775	4,279,358	16,526,081	15,207,444
Earnings per share attributable to owners of the Company					
Basic and diluted (Sen)	B12	1.82	1.48	5.51	5.99
Weighted average number of ordinary shares in issue	B12	300,000,000	290,195,283	300,000,000	253,977,857

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.

Interim Financial Report for the Third Quarter Ended 30 September 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	
Year-to-date ended 30 September 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 period	-	-	-	-	16,517,212	16,517,212
Exchange gain on translation of foreign operation	-	-	8,869	-	-	8,869
Total comprehensive income for the period	-	-	8,869	-	16,517,212	16,526,081
Transfer of revaluation surplus on land and buildings	-	-	-	(33,034)	33,034	-
Dividends declared and/or paid (Note A8)	-	-	-	-	(9,000,000)	(9,000,000)
Balance as at 30 September 2022	177,429,501	(115,534,500)	6,022	9,253,882	130,308,867	201,463,772
Year-to-date ended 30 September 2021 (Unaudited)						
Balance as at 1 January 2021	117,784,501	(115,534,500)	-	9,337,236	117,171,182	128,758,419
Profit for the period	-	-	-	-	15,213,894	15,213,894
Exchange loss on translation of foreign operation	-	-	(6,450)	-	-	(6,450)
Total comprehensive (loss)/income for the period	-	-	(6,450)	-	15,213,894	15,207,444
Transfer of revaluation surplus on land and buildings	-	-	-	(39,309)	39,309	-
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 30 September 2021	177,429,501	(115,534,500)	(6,450)	9,297,927	117,124,385	188,310,863

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.

Yenher Holdings Berhad

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Interim Financial Report for the Third Quarter Ended 30 September 2022**Condensed consolidated statement of cash flows**

	Year-to-date ended	
	30.09.2022	30.09.2021
	Unaudited	Unaudited
	RM	RM
Cash flows from operating activities		
Profit before taxation	21,722,824	20,099,491
<i>Adjustments for :-</i>		
Amortisation of intangible assets	85,513	78,299
Depreciation of property, plant and equipment	896,897	777,155
Depreciation of right-of-use assets	637,785	626,225
Gain on disposal of property, plant and equipment	(199,596)	(15,240)
Property, plant and equipment written off	542	-
Net addition of impairment losses on trade receivables	438,122	320,460
Write-down in value of inventories	240,000	-
Interest expense	126,487	107,040
Income from placements in money market funds	(14,733)	-
Interest income	(373,146)	(286,737)
Gain on changes in fair value of money market funds	(339,092)	-
Gain on redemption of money market funds	(25,575)	-
Unrealised gain on foreign exchange	(336,582)	(106,666)
Operating profit before working capital changes	22,859,446	21,600,027
Increase in inventories	(4,770,874)	(9,847,130)
Increase in trade and other receivables	(14,772,700)	(19,849,091)
(Decrease)/Increase in trade and other payables	(3,504,169)	4,775,265
Cash utilised in operations	(188,297)	(3,320,929)
Interest received	373,146	286,737
Interest paid	(126,487)	(107,040)
Tax paid	(5,256,440)	(5,007,169)
Net cash used in operating activities	(5,198,078)	(8,148,401)
Cash flows from investing activities		-
Purchase of intangible assets	(51,967)	(242,202)
Purchase of property, plant and equipment	(1,374,790)	(2,824,357)
Proceeds from disposal of property, plant and equipment	199,600	15,400
Net placements in money market funds	(4,510,905)	-
Income from placements in money market funds	14,733	-
Net cash used in investing activities	(5,723,329)	(3,051,159)

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Interim Financial Report for the Third Quarter Ended 30 September 2022**Condensed consolidated statement of cash flows (Cont'd)**

	Year-to-date ended	
	30.09.2022	30.09.2021
	Unaudited	Unaudited
	RM	RM
Cash flows from financing activities		
Bank borrowings obtained, net of repayment	2,997,000	2,000,000
Payments of lease liabilities	(633,178)	(640,237)
Proceeds from new ordinary shares issued	-	61,209,450
Payments of share issue expenses	-	(1,564,450)
Dividend paid	(4,500,000)	(10,800,000)
Net cash (used in)/from financing activities	(2,136,178)	50,204,763
Net (decrease)/increase in cash and cash equivalents	(13,057,585)	39,005,203
Effect of foreign exchange difference on cash and cash equivalents	4,732	(1,506)
Cash and cash equivalents at beginning of period	38,340,466	24,695,389
Cash and cash equivalents at end of period	25,287,613	63,699,086

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
	30.09.2022	30.09.2021
	RM	RM
Short-term deposits, cash and bank balances, as presented in the condensed consolidated statement of financial position	26,896,653	65,238,639
Less : Short-term deposits pledged as security	(1,609,040)	(1,539,553)
Cash and cash equivalents, as presented in the condensed consolidated statement of cash flows	25,287,613	63,699,086

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 Third Quarter Ended 30 September 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 101 - Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101 - Disclosure of Accounting Policies
- Amendments to MFRS 108 - Definition of Accounting Estimates
- Amendments to MFRS 112 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

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Interim Financial Report for the Third Quarter Ended 30 September 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)

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-to-date 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-to-date 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-to-date under review.

A8. Dividends declared and/or paid

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

	Year-to-date ended	
	30.09.2022	30.09.2021
	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>

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Interim Financial Report for the Third Quarter Ended 30 September 2022

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

A8. Dividends declared and/or paid (Cont’d)

Save as disclosed above, there were no other dividends paid or declared during the current quarter and financial year-to-date under review.

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

The Group acquired PPE amounting to RM0.34 million during the current quarter and RM1.37 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.

There were also no valuations of PPE during the current quarter and financial year-to-date 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-to-date 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 :

	Quarter ended		Year-to-date ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM	RM	RM	RM
Manufacturing	26,308,317	27,123,593	82,016,327	83,542,517
Distribution	71,892,004	39,113,369	194,518,538	108,672,198
	<u>98,200,321</u>	<u>66,236,962</u>	<u>276,534,865</u>	<u>192,214,715</u>

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		Year-to-date ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM	RM	RM	RM
Malaysian customers	89,213,304	61,292,999	247,253,487	178,682,089
Overseas customers	8,987,017	4,943,963	29,281,378	13,532,626
	<u>98,200,321</u>	<u>66,236,962</u>	<u>276,534,865</u>	<u>192,214,715</u>

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

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-to-date 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 30.09.2022 RM	As at 31.12.2021 RM
Level 2		
Financial assets at fair value through profit or loss - Placements in money market funds	31,747,057	26,871,484

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

A16. Contingent liabilities and contingent assets

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

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Interim Financial Report for the Third Quarter Ended 30 September 2022**Part A : Explanatory notes pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting (Cont'd)****A17. Capital commitments**

	As at 30.09.2022 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	10,934,186	9,843,296
Authorised but not contracted for :		
- Acquisition of property, plant and equipment	697,819	537,075
- Construction of a new factory building	30,065,215	30,065,215
	<u>30,763,034</u>	<u>30,602,290</u>

A18. Significant related party transactions

	Quarter ended		Year-to-date ended	
	30.09.2022 RM	30.09.2021 RM	30.09.2022 RM	30.09.2021 RM
Transactions with a company in which certain Directors of the Group have substantial financial interests :				
- Payments for leases	(252,600)	(240,000)	(732,600)	(720,000)
Transactions with companies in which a person connected to certain Directors of the Group has substantial financial interests :				
- Sales of goods	4,747,714	5,874,897	19,440,237	20,194,538
- Purchases of goods	(131,558)	(687,799)	(1,168,098)	(1,892,476)
- Rendering of services	(87,654)	(196,716)	(496,818)	(555,135)
Rental charged by a Director of the Company	(4,500)	(20,500)	(13,500)	(29,500)

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Interim Financial Report for the Third Quarter Ended 30 September 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		Year-to-date ended	
	30.09.2022 ("Q3-2022") RM	30.09.2021 ("Q3-2021") RM	30.09.2022 RM	30.09.2021 RM
Revenue	98,200,321	66,236,962	276,534,865	192,214,715
Gross profit	14,171,387	11,854,254	41,057,220	37,995,803
Profit before taxation	7,291,872	5,575,317	21,722,824	20,099,491
Profit for the period	5,469,771	4,282,637	16,517,212	15,213,894

In the Q3-2022 under review, the Group recorded a total revenue of RM98.20 million, of which RM26.31 million or 26.79% was derived from its manufacturing activity while the distribution activity contributed the remaining RM71.89 million or 73.21%.

The Group recorded an increase in revenue to RM98.20 million in Q3-2022 as compared to RM66.24 million posted in the corresponding quarter Q3-2021. The increase was contributed mainly by higher sales of commodities and vitamin and minerals.

The Group recorded a gross profit of RM14.17 million for Q3-2022 and RM41.06 million for financial year-to-date under review. In respect of the current quarter under review, the Group's manufacturing activity contributed RM7.03 million or 49.62% of the total gross profit while the remaining gross profit of RM7.14 million or 50.38% was contributed by its distribution activity.

The gross profit for the 9-month period ended 30 September 2022 increased by RM3.06 million or 8.06% to RM41.06 million as compared to RM37.80 million posted in the corresponding period for 2021. The increase was contributed by the increase in sales from distribution activity.

The Group recorded profit before taxation of RM7.29 million for Q3-2022 and RM21.72 million for financial year-to-date 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, depreciation and impairment losses on trade receivables.

The profit before taxation for Q3-2022 is RM1.72 million or 30.79% higher than the profit before taxation posted by the Group for Q3-2021. This was contributed mainly by the increase in sales from distribution activity.

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Interim Financial Report for the Third Quarter Ended 30 September 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	
	30.09.2022 ("Q3-2022")	preceding quarter 30.06.2022 ("Q2-2022")	RM	%
	RM	RM		
Revenue	98,200,321	102,246,197	(4,045,876)	(3.96)
Gross profit	14,171,387	14,906,511	(735,124)	(4.93)
Selling and distribution costs	(3,566,831)	(3,591,154)	24,323	(0.68)
Administrative expenses	(3,689,896)	(3,694,643)	4,747	(0.13)
Profit before taxation	7,291,872	8,009,321	(717,449)	(8.96)

The Group's revenue for Q3-2022 decreased by 3.96% to RM98.20 million from RM102.25 million recorded in Q2-2022. The decrease was mainly contributed by the decrease in revenue from the manufacturing activity.

The Group's gross profit margin dropped by 0.15% from 14.58% in Q2-2022 to 14.43% in Q3-2022. The drop was primarily due to the higher cost of sales arising from higher overall material costs.

The Group's profit before taxation decreased by 8.96% to RM7.29 million from RM8.01 million recorded in Q2-2022 as a result of decrease in revenue in the current quarter.

B3. Prospect of the Group for the financial year ending 31 December 2022

The Board expects the Group's performance in 2022 to remain profitable despite uncertain economic environment, volatile commodity prices and foreign exchange rates. Barring any unforeseen circumstances, the Group is cautiously optimistic that it will continue to perform well in the remaining part of the year, while continuously assessing if adjustments need to be made.

The Group continues to focus on expanding its business into new markets and to improve the Group's product portfolio by increasing 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.

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.

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the Third Quarter Ended 30 September 2022**Part B : Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (Cont'd)****B5. Profit before taxation**

	Quarter ended		Year-to-date ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM	RM	RM	RM
This includes the following items of income/(expense) :				
Interest income	91,448	228,963	373,146	286,737
Income from placements in money market funds	5,744	-	14,733	-
Gain on changes in fair value of money market funds	102,199	-	339,092	-
Gain on disposal of property, plant and equipment	31,999	(158)	199,596	15,240
Realised loss on foreign exchange	107,232	(18,504)	(18,539)	(108,752)
Unrealised gain on foreign exchange	226,508	(113,456)	336,582	106,666
Write-down in value of inventories	(120,000)	-	(240,000)	-
Amortisation of intangible assets	(30,137)	(27,537)	(85,513)	(78,299)
Depreciation of property, plant and equipment	(308,711)	(280,542)	(896,897)	(777,155)
Depreciation of right-of-use assets	(212,595)	(208,742)	(637,785)	(626,225)
Net (additional)/reversal of impairment losses on trade receivables	(231,823)	53,728	(438,122)	(320,460)
Interest expense	(28,044)	(31,880)	(126,487)	(107,040)
Listing expenses	-	(384,341)	-	(1,109,659)
Property, plant and equipment written off	-	-	(542)	-

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.

B6. Taxation

	Quarter ended		Year-to-date ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM	RM	RM	RM
Current tax	1,624,367	1,354,024	5,078,067	4,854,024
Deferred tax (income)/expense resulting from origination and reversal of temporary differences	93,138	(78,017)	22,949	(107,988)
	1,717,505	1,276,007	5,101,016	4,746,036
Under/(Over) provided in prior year				
- Income tax	137,542	-	137,542	-
- Deferred tax	(32,946)	16,673	(32,946)	139,561
	1,822,101	1,292,680	5,205,612	4,885,597
Effective tax rate (%)	23.19%	23.19%	23.96%	24.31%
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-to-date under review was slightly lower than the statutory tax rate mainly due higher non-taxable income.

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Interim Financial Report for the Third Quarter Ended 30 September 2022**Part B : Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (Cont'd)****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.

B9. Borrowings and debt securities

	As at 30.09.2022 RM	As at 31.12.2021 RM
Bankers' acceptances	2,997,000	-

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 30 September 2022 was RM3.36 million (30.09.2021 : RM1.49 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.

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Interim Financial Report for the Third Quarter Ended 30 September 2022

Part B : Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (Cont'd)**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-to-date under review as the Group did not have any financial liabilities measured at fair value.

B12. Earnings per share ("EPS")

	Quarter ended		Year-to-date ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
Profit attributable to owners of the Company (RM)	5,469,771	4,282,637	16,517,212	15,213,894
Weighted average number of shares in issue	300,000,000	290,195,283	300,000,000	253,977,857
Basic and diluted EPS (Sen)	<u>1.82</u>	<u>1.48</u>	<u>5.51</u>	<u>5.99</u>

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.

B14. Dividend declared

On 19 August 2022, the Directors of the Company declared the payment of an interim dividend of 1.50 sen per ordinary share amounting to RM4,500,000 for the financial year ending 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.

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 period under review to date.

By Order of the Board
Company Secretary
29 November 2022