



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 2021**

23 November 2021

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Unaudited Interim Financial Report for the Third Quarter Ended 30 September 2021

Condensed consolidated statements of financial position ⁽¹⁾

	Unaudited as at 30.09.2021 RM	Audited as at 31.12.2020 RM
Assets		
Non-current Assets		
Property, plant and equipment	37,757,710	36,336,892
Intangible assets	472,498	308,595
	<u>38,230,208</u>	<u>36,645,487</u>
Current Assets		
Inventories	40,875,549	31,024,612
Trade and other receivables	76,798,913	60,306,314
Short-term deposits, cash and bank balances	65,238,639	26,234,942
	<u>182,913,101</u>	<u>117,565,868</u>
Total Assets	<u>221,143,309</u>	<u>154,211,355</u>
Equity and Liabilities		
Equity Attributable to Owners of the Company		
Share capital	177,429,501	117,784,501
Merger deficit	(115,534,500)	(115,534,500)
Exchange translation reserve	(6,450)	-
Revaluation reserve	9,297,927	9,337,236
Retained profits	117,124,385	117,171,182
	<u>188,310,863</u>	<u>128,758,419</u>
Non-current Liabilities		
Deferred tax liabilities	1,481,624	1,450,051
Lease liabilities	-	670,850
	<u>1,481,624</u>	<u>2,120,901</u>
Current Liabilities		
Bank borrowings	2,000,000	-
Lease liabilities	889,295	858,682
Trade and other payables	22,885,527	21,244,208
Dividend payable	4,500,000	-
Tax payable	1,076,000	1,229,145
	<u>31,350,822</u>	<u>23,332,035</u>
Total Liabilities	<u>32,832,446</u>	<u>25,452,936</u>
Total Equity and Liabilities	<u>221,143,309</u>	<u>154,211,355</u>
Number of ordinary shares in issue	300,000,000	235,569,000
Net assets per share of the Company (RM)	0.63	0.55

Note :

1. The condensed consolidated statements of financial position should be read in conjunction with the Accountants' Report as included in the Prospectus of the Company dated 22 June 2021 and the accompanying explanatory notes attached to this interim financial report.

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Unaudited Interim Financial Report for the Third Quarter Ended 30 September 2021**Condensed consolidated statements of profit or loss and other comprehensive income ⁽¹⁾**

	Note	Current quarter ended		Cumulative quarter ended	
		30.09.2021	30.09.2020 ⁽²⁾	30.09.2021	30.09.2020 ⁽²⁾
		RM	RM	RM	RM
Revenue	A11	66,236,962	N/A	192,214,715	N/A
Cost of sales		(54,382,708)	N/A	(154,218,912)	N/A
Gross profit		11,854,254	N/A	37,995,803	N/A
Other income		281,035	N/A	653,829	N/A
Selling and distribution costs		(2,437,844)	N/A	(6,772,336)	N/A
Administrative expenses		(3,983,528)	N/A	(11,398,721)	N/A
Research and development costs		(87,502)	N/A	(178,547)	N/A
Other expenses		(19,218)	N/A	(93,497)	N/A
Operating profit		5,607,197	N/A	20,206,531	N/A
Finance costs		(31,880)	N/A	(107,040)	N/A
Profit before taxation	B5	5,575,317	N/A	20,099,491	N/A
Taxation	B6	(1,292,680)	N/A	(4,885,597)	N/A
Profit for the period		4,282,637	N/A	15,213,894	N/A
Other comprehensive income, net of tax					
<i>Item that will be reclassified subsequently to profit or loss :</i>					
Exchange loss on translation of foreign operation		(3,279)	N/A	(6,450)	N/A
Total comprehensive income for the period		4,279,358	N/A	15,207,444	N/A
Attributable to owners of the Company					
Profit for the period		4,282,637	N/A	15,213,894	N/A
Total comprehensive income for the period		4,279,358	N/A	15,207,444	N/A
Earnings per share attributable to owners of the Company					
Basic and diluted (Sen) ⁽³⁾	B12	1.48	N/A	5.99	N/A
Weighted average number of ordinary shares in issue	B12	290,195,283	N/A	253,977,857	N/A

Notes :

- The condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the Accountants' Report as included in the Prospectus of the Company dated 22 June 2021 and the accompanying explanatory notes attached to this interim financial report.
- This is the Company's third interim financial report announced in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements"). As the Company was only listed on 15 July 2021 on the Main Market of Bursa Securities, there are no comparative figures for the preceding year's corresponding quarter and cumulative quarter as there was no interim financial report prepared for the comparative financial period concerned.
- The basic earnings per share ("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.

N/A - Not applicable

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Unaudited Interim Financial Report for the Third Quarter Ended 30 September 2021

Condensed consolidated statements of changes in equity ⁽¹⁾

	Non-Distributable			Distributable		
	Share capital RM	Merger deficit RM	Exchange translation reserve RM	Revaluation reserve RM	Retained profits RM	Total RM
30.09.2021						
Balance as at 1 January 2021 (Audited)	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 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 (Note B7)	61,209,450	-	-	-	-	61,209,450
Share issue expenses	(1,564,450)	-	-	-	-	(1,564,450)
Dividends declared (Note A8)	-	-	-	-	(15,300,000)	(15,300,000)
Balance as at 30 September 2021 (Unaudited)	177,429,501	(115,534,500)	(6,450)	9,297,927	117,124,385	188,310,863

30.09.2020⁽²⁾ - N/A

Notes :

1. The condensed consolidated statements of changes in equity should be read in conjunction with the Accountants' Report as included in the Prospectus of the Company dated 22 June 2021 and the accompanying explanatory notes attached to this interim financial report.
2. This is the Company's third interim financial report announced in compliance with the Listing Requirements. As the Company was only listed on 15 July 2021 on the Main Market of Bursa Securities, there are no comparative figures for the preceding year's corresponding period as there was no interim financial report prepared for the comparative financial period concerned.

N/A - Not applicable

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Unaudited Interim Financial Report for the Third Quarter Ended 30 September 2021**Condensed consolidated statements of cash flows ⁽¹⁾**

	Current period ended 30.09.2021 ⁽¹⁾ RM	Preceding period ended 30.09.2020 ⁽²⁾ RM
Cash flows from operating activities		
Profit before taxation	20,099,491	N/A
<i>Adjustments for :-</i>		
Depreciation of property, plant and equipment	777,155	N/A
Depreciation of right-of-use assets	626,225	N/A
Amortisation of intangible assets	78,299	N/A
Gain on disposal of property, plant and equipment	(15,240)	N/A
Net impairment losses on trade receivables	320,460	N/A
Interest expense	107,040	N/A
Interest income	(286,737)	N/A
Unrealised gain on foreign exchange	(106,666)	N/A
Operating profit before working capital changes	21,600,027	N/A
Increase in inventories	(9,847,130)	N/A
Increase in trade and other receivables	(19,849,091)	N/A
Increase in trade and other payables	4,775,265	N/A
Cash utilised in operations	(3,320,929)	N/A
Interest received	286,737	N/A
Interest paid	(107,040)	N/A
Tax paid	(5,007,169)	N/A
Net cash used in operating activities	(8,148,401)	N/A
Cash flows from investing activities		
Purchase of intangible assets	(242,202)	N/A
Purchase of property, plant and equipment	(2,824,357)	N/A
Proceeds from disposal of property, plant and equipment	15,400	N/A
Net cash used in investing activities	(3,051,159)	N/A
Cash flows from financing activities		
Increase in bank borrowings, net of repayment	2,000,000	N/A
Payment of lease liabilities	(640,237)	N/A
Proceeds from new ordinary shares issued	61,209,450	N/A
Payment of share issue expenses	(1,564,450)	N/A
Dividend paid (Note A8)	(10,800,000)	N/A
Net cash from financing activities	50,204,763	N/A
Net increase in cash and cash equivalents	39,005,203	N/A
Cash and cash equivalents at beginning of period	24,695,389	N/A
Effect of foreign exchange difference on cash and cash equivalents	(1,506)	N/A
Cash and cash equivalents at end of period	63,699,086	N/A

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Condensed consolidated statements of cash flows ⁽¹⁾ (Cont'd)

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

	As at 30.09.2021 ⁽¹⁾ RM	As at 30.09.2020 ⁽²⁾ RM
Short-term deposits, cash and bank balances, as presented in the unaudited condensed consolidated statements of financial position	65,238,639	N/A
Less : Short-term deposits pledged as security	(1,539,553)	N/A
Cash and cash equivalents, as presented in the unaudited condensed consolidated statements of cash flows	<u>63,699,086</u>	<u>N/A</u>

Notes :

- The condensed consolidated statements of cash flows should be read in conjunction with the Accountant's Report as included in the Prospectus of the Company dated 22 June 2021 and the accompanying explanatory notes attached to this interim financial report.*
- This is the Company's third interim financial report announced in compliance with the Listing Requirements. As the Company was only listed on 15 July 2021 on the Main Market of Bursa Securities, there are no comparative figures for the preceding year's corresponding period as there was no interim financial report prepared for the comparative financial period concerned.*

N/A - Not applicable

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Unaudited Interim Financial Report for the Third Quarter Ended 30 September 2021

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 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 is the Company's third interim financial report announced in compliance with the Listing Requirements. As the Company was only listed on 15 July 2021 on the Main Market of Bursa Securities, there are no comparative figures for the preceding year's corresponding quarter and cumulative quarter as there was no interim financial report prepared for the comparative financial period concerned.

This interim financial report should be read in conjunction with the Accountants' Report as included in the Prospectus of the Company dated 22 June 2021 and the accompanying 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 2020, except for the application of an additional accounting policy as explained in Note A2.2 below and 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 period :

- Amendment to MFRS 16 - Covid-19-Related Rent Concessions
- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 - Interest Rate Benchmark Reform - Phase 2

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 Application of an additional accounting policy

In addition to the accounting policies already disclosed in its audited consolidated financial statements for the financial year ended 31 December 2020, the Group has applied the following accounting policy with respect to the translation of the financial statements of a new branch located in Taiwan, the Republic of China (the “foreign operation”) during the financial period under review. The financial statements of the foreign operation are presented in New Taiwan Dollar, being the currency of the primary economic environment in which the foreign operation operates i.e. the foreign operation's functional currency.

The results and financial position of the foreign operation that has a functional currency different from the presentation currency of the financial statements of the Group which is Ringgit Malaysia (“RM”) are translated into RM as follows :

- (a) Assets and liabilities for statement of financial position presented are translated at the closing rate at the date of that statement of financial position; and
- (b) Income and expenses for statement presenting profit or loss and other comprehensive income are translated at average exchange rate for the period, which approximates the exchange rates at the dates of the transactions.

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Unaudited Interim Financial Report for the Third Quarter Ended 30 September 2021

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 Application of an additional accounting policy (Cont'd)

All resulting exchange differences are recognised in other comprehensive income and are accumulated in foreign currency translation reserve within equity. On disposal of the foreign operation, if any, such cumulative amount recognised in other comprehensive income and accumulated in the equity under foreign currency translation reserve will be reclassified to profit or loss.

The application of this additional accounting policy has resulted in the recognition of an exchange loss of RM3,279 and RM6,450 in other comprehensive income for the current quarter and financial period under review respectively.

A2.3 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 April 2021

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

Effective for annual periods beginning on or after 1 January 2022

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 16, Leases

- Amendment to MFRS 141, Agriculture

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

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.

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

134 Interim Financial Reporting (Cont'd)

A3. Auditors’ report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2020.

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 period under review.

A6. Material changes in estimates

There were no material changes in estimates of amounts reported in the prior financial years as included in the Company's Prospectus dated 22 June 2021 that have a material effect on the financial results of the Group for the current quarter and financial period under review.

A7. Debt and equity securities

Except for the 64,431,000 new ordinary shares issued by the Company at an issue price of RM0.95 each in conjunction with its initial public offering exercise as further explained in Note B7 below, there were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial period under review.

A8. Dividends declared and paid

For information purposes, Yenher Agro-Products Sdn Bhd ("Yenher Agro"), a wholly-owned subsidiary of the Company, had on 8 April 2021 declared a first and final single-tier dividend of RM5.80 per ordinary share amounting to RM11,600,000 in respect of the financial year ended 31 December 2020. The said dividend was paid to the Company, being the sole shareholder of Yenher Agro, on 20 April 2021 out of its operating cash flows.

Subsequently, on 30 April 2021, the Directors of the Company declared a first single-tier interim dividend of approximately 4.58 sen per ordinary share amounting to RM10,800,000 for the financial year ending 31 December 2021 which was paid to the Company's existing shareholders on 3 May 2021.

On 23 August 2021, the Directors of the Company declared the payment of a second single-tier interim dividend of 1.50 sen per ordinary share amounting to RM4,500,000 for the financial year ending 31 December 2021. The dividend was paid on 6 October 2021 to holders of the ordinary shares whose names appear in the Records of Depositors at the close of business on 14 September 2021.

Save as disclosed above, there were no other dividends paid and/or declared during the current quarter and financial period under review.

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

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

The Group acquired PPE amounting to RM1.54 million during the current quarter and RM2.82 million during the financial period under review.

There were no material disposals of PPE during the current quarter and financial period under review.

There were also no valuations of PPE during the current quarter and financial period 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 period 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 :

	Current quarter ended		Cumulative quarter ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM	RM	RM	RM
Manufacturing	27,123,593	N/A	83,542,517	N/A
Distribution	39,113,369	N/A	108,672,198	N/A
	66,236,962	N/A	192,214,715	N/A

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 :

	Current quarter ended		Cumulative quarter ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM	RM	RM	RM
Malaysian customers	61,292,999	N/A	178,682,089	N/A
Overseas customers	4,943,963	N/A	13,532,626	N/A
	66,236,962	N/A	192,214,715	N/A

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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 period under review.

A15. Contingent liabilities

	As at 30.09.2021 RM	As at 31.12.2020 RM
Secured		
Bank guarantees favouring a third party for supply of utilities (secured against the land and buildings of the Group)	35,000	35,000

A16. Capital commitments

	As at 30.09.2021 RM	As at 31.12.2020 RM
Authorised and contracted capital expenditure not provided for in the financial statements :		
- Acquisition of property, plant and equipment	9,871,448	9,647,405
Authorised but not contracted for :		
- Construction of a new factory building	30,269,230	32,000,000

A17. Significant related party transactions

	Current quarter ended		Cumulative quarter ended	
	30.09.2021 RM	30.09.2020 RM	30.09.2021 RM	30.09.2020 RM
Transactions with a company in which certain Directors of the Group have substantial financial interests :				
- Payments for leases	(240,000)	N/A	(720,000)	N/A
Transactions with companies in which a person connected to certain Directors of the Group has substantial financial interests :				
- Sales of goods	5,874,897	N/A	20,194,538	N/A
- Purchases of goods	(687,799)	N/A	(1,892,476)	N/A
- Rendering of services	(196,716)	N/A	(555,135)	N/A
Rental charged by a Director of the Company	(20,500)	N/A	(29,500)	N/A

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Unaudited Interim Financial Report for the Third Quarter Ended 30 September 2021

Part B : Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements

B1. Review of performance

The analyses of the Group performance are as follows :

	Current quarter ended		Cumulative quarter ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM	RM	RM	RM
Revenue	66,236,962	N/A	192,214,715	N/A
Gross profit	11,854,254	N/A	37,995,803	N/A
Profit before taxation	5,575,317	N/A	20,099,491	N/A
Profit for the period	4,282,637	N/A	15,213,894	N/A

In the current quarter ended 30 September 2021 and financial period under review, the Group recorded revenue of RM66.24 million and RM192.21 million respectively, of which RM27.12 million or 40.95% and RM83.54 million or 43.46% respectively was derived from its manufacturing activity while the distribution activity contributed the remaining RM39.11 million or 59.05% and RM108.67 million or 56.54% respectively.

The Group recorded gross profit of RM11.85 million and RM37.96 million for the current quarter and financial period under review respectively. In respect of the current quarter under review, the Group's manufacturing activity contributed RM7.93 million or 66.93% of the total gross profit while the remaining gross profit of RM3.92 million or 33.07% was contributed by its distribution activity. Overall, for the financial period under review, 65.35% or RM24.83 million of the Group's gross profit was derived from its manufacturing activity while the distribution activity contributed the remaining RM13.16 million or 34.65%.

The Group recorded profit before taxation of RM5.58 million and RM20.10 million for current quarter and financial period under review respectively 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 listing expenses.

As mentioned earlier, this is the Company's third interim financial report announced in compliance with the Listing Requirements. As the Company was only listed on 15 July 2021 on the Main Market of Bursa Securities, there are no comparative figures for the preceding year's corresponding quarter and cumulative quarter as there was no interim financial report prepared for the comparative financial period concerned. Notwithstanding this, please refer to the Company's Prospectus dated 22 June 2021 for further information on the Group's financial results in the past financial years.

B2. Comparison with immediate preceding quarter

	Current quarter 30.09.2021 ("Q3 2021") RM	Immediate preceding quarter 30.06.2021 ("Q2 2021") RM	Changes	
			RM	%
Revenue	66,236,962	67,191,499	(954,537)	(1.42)
Gross profit	11,854,254	13,237,820	(1,383,566)	(10.45)
Selling and distribution costs	(2,437,844)	(1,962,340)	(475,504)	24.23
Administrative expenses	(3,983,528)	(3,317,033)	(666,495)	20.09
Profit before taxation	5,575,317	7,906,054	(2,330,737)	(29.48)

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

B2. Comparison with immediate preceding quarter (Cont'd)

The Group's revenue for Q3 2021 decreased by 1.42% to RM66.24 million from RM67.19 million recorded in Q2 2021. The decrease in revenue was mainly contributed by the lower sales of premixes from the manufacturing activity and lower sales of veterinary vaccines and amino acid from the distribution activity.

The Group's gross profit margin declined by 1.80% from 19.70% in Q2 2021 to 17.90% in Q3 2021. The reduction in gross profit margin was primarily due to the increase in raw material costs.

The Group recorded a 29.48% decrease in profit before taxation from RM7.91 million in the preceding quarter to RM5.58 million in the current quarter. The decrease was contributed mainly by the increase in selling and distribution costs of RM0.48 million or 24.23% due to the increase in freight expenses and sales incentives and the increase in administrative expenses of RM0.67 million or 20.09% due to listing expenses, insurance expenses and software licensing fee in the current quarter.

B3. Prospects for the Group for the financial year ending 31 December 2021

As disclosed in Section 6.6 of the Prospectus of the Company dated 22 June 2021, the Group's future plans and strategies are as follows :

- (a) Construction of a new Good Manufacturing Practice ("GMP")-compliant manufacturing plant;
- (b) Expansion of business into new markets; and
- (c) Expansion of product range.

The Malaysian Government has imposed various forms of movement control order ("MCO") since the outbreak of Coronavirus disease 2019 ("COVID-19") in 2020. Notwithstanding this, there were no significant interruptions to the Group's business and operations as the Group operates within the food supply chain and is deemed as an essential service, and was allowed to operate during the various phases of MCO.

In addition, according to the independent market research on the animal health and nutrition industry in Malaysia dated 8 June 2021 prepared by Protégé Associates Sdn Bhd which has been included in Section 7 of the Company's Prospectus dated 22 June 2021, the animal health and nutrition industry in Malaysia is projected to grow from RM2.18 billion in 2020 to RM2.69 billion in 2025, registering a compound annual growth rate of 4.3%.

In this regard, despite the uncertain economic scenario posed by the COVID-19 pandemic, the Board of Directors expect the Group to achieve a satisfactory financial performance for this financial year ending 31 December 2021.

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.

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(Incorporated in Malaysia)

Unaudited Interim Financial Report for the Third Quarter Ended 30 September 2021**Part B : Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (Cont'd)****B5. Profit before taxation**

	Current quarter ended		Cumulative quarter ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM	RM	RM	RM
This includes the following items of income/(expense) :				
Interest income	228,963	N/A	286,737	N/A
(Loss)/Gain on disposal of property, plant and equipment	(158)	N/A	15,240	N/A
Realised loss on foreign exchange	(18,504)	N/A	(108,752)	N/A
Unrealised (loss)/gain on foreign exchange	(113,456)	N/A	106,666	N/A
Depreciation of property, plant and equipment	(280,542)	N/A	(777,155)	N/A
Depreciation of right-of-use assets	(208,742)	N/A	(626,225)	N/A
Amortisation of intangible assets	(27,537)	N/A	(78,299)	N/A
Net reversal/(additional) impairment losses on trade receivables	53,728	N/A	(320,460)	N/A
Interest expense	(31,880)	N/A	(107,040)	N/A
Listing expenses	(384,341)	N/A	(1,109,659)	N/A

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

	Current quarter ended		Cumulative quarter ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM	RM	RM	RM
Current period income tax	1,354,024	N/A	4,854,024	N/A
Deferred tax :				
- Origination and reversal of temporary differences	(78,017)	N/A	(107,988)	N/A
- Under provision in prior year	16,673	N/A	139,561	N/A
	1,292,680	N/A	4,885,597	N/A
Effective tax rate (%)	23.19%	N/A	24.31%	N/A
Statutory tax rate (%)	24.00%	N/A	24.00%	N/A

The effective tax rate of the Group for the current quarter under review was slightly lower than the statutory tax rate as statutory income of a subsidiary is exempted from tax.

In respect of the financial period under review, the effective tax rate of the Group was slightly higher than the statutory tax rate mainly due to certain expenses which were not deductible for tax purposes and deferred tax liabilities under provided for in prior year.

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

B7. Status of corporate proposals

In conjunction with the Company's initial public offering ("IPO") and the listing of and quotation for its entire enlarged issued shares on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), the following listing scheme was undertaken by the Company :

- (a) Public issue of 64,431,000 new ordinary shares at an issue price of RM0.95 per share ("Public Issue"); and
- (b) Offer for sale of up to 41,757,000 existing ordinary shares at the offer price of RM0.95 per share.

The listing of and quotation for the entire enlarged issued shares of the Company on the Main Market of Bursa Securities were completed on 15 July 2021.

Save as disclosed above, there was no other 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 gross proceeds from the Public Issue of approximately RM61.21 million are expected to be used in the following manner :

	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 GMP-compliant manufacturing plant	31,000	1,640	29,360	Within 30 months
Purchase of new machinery and equipment	9,700	-	9,700	Within 30 months
Working capital	16,709	5,000	11,709	Within 36 months
Estimated listing expenses	3,800	3,127	673	Within 1 month [#]
Total	61,209	9,767	51,442	

[#] Subsequent to the reporting quarter and up to the date of this interim financial report, the Company has further utilised a total of RM106,000 for the payment of listing expenses.

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 30.09.2021 RM	As at 31.12.2020 RM
Bankers' acceptances	2,000,000	-

The bank borrowings are secured against the land and buildings of the Group and denominated in Ringgit Malaysia.

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.

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Unaudited Interim Financial Report for the Third Quarter Ended 30 September 2021**Part B : Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (Cont'd)****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 2021 was 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.

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 period under review as the Group did not have any financial liabilities measured at fair value.

B12. Earnings per share ("EPS")

	Current quarter ended		Cumulative quarter ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Profit attributable to owner of the Company (RM)	4,282,637	N/A	15,213,894	N/A
Weighted average number of shares in issue	290,195,283	N/A	253,977,857	N/A
Basic and diluted EPS (Sen)	1.48	N/A	5.99	N/A

The diluted EPS is equivalent to the basic EPS as there were no dilutive potential ordinary shares outstanding as at the end of the reporting period.

B13. Material litigations

There was no material litigation involving the Group for the current financial period to date.

B14. Dividend declared

Save as disclosed in Note A8 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
23 November 2021