



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 2023**

27 November 2023

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the Third Quarter Ended 30 September 2023

Condensed consolidated statement of financial position

	As at 30.09.2023 Unaudited RM	As at 31.12.2022 Audited RM
Assets		
Non-current Assets		
Property, plant and equipment	53,736,861	48,022,346
Intangible assets	290,868	381,277
	<u>54,027,729</u>	<u>48,403,623</u>
Current Assets		
Inventories	40,777,372	39,056,790
Trade and other receivables	81,601,803	92,315,440
Tax recoverable	556,520	-
Placements in money market funds	11,906,718	36,792,106
Short-term deposits, cash and bank balances	66,214,659	27,155,400
	<u>201,057,072</u>	<u>195,319,736</u>
Total Assets	<u>255,084,801</u>	<u>243,723,359</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	6,398	15,601
Revaluation reserve	17,120,611	17,253,097
Retained profits	142,711,630	135,519,367
Total Equity	<u>221,733,640</u>	<u>214,683,066</u>
Non-current Liabilities		
Deferred tax liabilities	2,441,738	2,360,337
Lease liabilities	-	694,157
	<u>2,441,738</u>	<u>3,054,494</u>
Current Liabilities		
Lease liabilities	923,583	906,435
Bank borrowings	-	1,000,000
Trade and other payables	25,305,159	23,694,257
Tax payable	180,681	385,107
Dividend payable	4,500,000	-
	<u>30,909,423</u>	<u>25,985,799</u>
Total Liabilities	<u>33,351,161</u>	<u>29,040,293</u>
Total Equity and Liabilities	<u>255,084,801</u>	<u>243,723,359</u>
Number of ordinary shares in issue	300,000,000	300,000,000
Net assets per share of the Company (RM)	<u>0.74</u>	<u>0.72</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 2022 and the accompanying explanatory notes attached to this interim financial report.

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the Third Quarter Ended 30 September 2023**Condensed consolidated statement of profit or loss and other comprehensive income**

	Note	Quarter ended		Year-to-date ended	
		30.09.2023	30.09.2022	30.09.2023	30.09.2022
		Unaudited RM	Unaudited RM	Unaudited RM	Unaudited RM
Revenue	A11	79,800,255	98,200,321	247,227,038	276,534,865
Cost of sales		(67,945,044)	(84,028,934)	(211,307,736)	(235,477,645)
Gross profit		11,855,211	14,171,387	35,919,302	41,057,220
Other income		427,512	596,514	2,816,269	1,518,869
Selling and distribution costs		(1,986,158)	(3,566,831)	(6,873,612)	(9,506,550)
Administrative expenses		(3,626,168)	(3,689,896)	(10,697,154)	(10,698,177)
Research and development costs		(113,750)	(175,688)	(348,135)	(457,009)
Other expenses		(54,461)	(15,570)	(142,706)	(65,042)
Operating profit		6,502,186	7,319,916	20,673,964	21,849,311
Finance costs		(8,941)	(28,044)	(32,327)	(126,487)
Profit before taxation	B5	6,493,245	7,291,872	20,641,637	21,722,824
Taxation	B6	(1,416,250)	(1,822,101)	(4,581,860)	(5,205,612)
Profit for the period		5,076,995	5,469,771	16,059,777	16,517,212
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		16,551	5,004	(9,203)	8,869
Total other comprehensive income/(loss) for the period		16,551	5,004	(9,203)	8,869
Total comprehensive income for the period		5,093,546	5,474,775	16,050,574	16,526,081
Attributable to owners of the Company					
Profit for the period		5,076,995	5,469,771	16,059,777	16,517,212
Total comprehensive income for the period		5,093,546	5,474,775	16,050,574	16,526,081
Earnings per share attributable to ordinary equity holders of the Company					
Basic and diluted (Sen)	B12	1.69	1.82	5.35	5.51
Weighted average number of ordinary shares in issue	B12	300,000,000	300,000,000	300,000,000	300,000,000

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 2022 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 2023**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 2023 (Unaudited)						
Balance as at 1 January 2023	177,429,501	(115,534,500)	15,601	17,253,097	135,519,367	214,683,066
Profit for the period	-	-	-	-	16,059,777	16,059,777
Exchange loss on translation of foreign operation	-	-	(9,203)	-	-	(9,203)
Total comprehensive (loss)/income for the period	-	-	(9,203)	-	16,059,777	16,050,574
Transfer of revaluation surplus on land and buildings	-	-	-	(132,486)	132,486	-
Dividends paid (Note A8)	-	-	-	-	(9,000,000)	(9,000,000)
Balance as at 30 September 2023	177,429,501	(115,534,500)	6,398	17,120,611	142,711,630	221,733,640
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 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

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 2022 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 2023**Condensed consolidated statement of cash flows**

	Year-to-date ended	
	30.09.2023 Unaudited RM	30.09.2022 Unaudited RM
Cash flows from operating activities		
Profit before taxation	20,641,637	21,722,824
<i>Adjustments for :-</i>		
Amortisation of intangible assets	90,410	85,513
Depreciation of property, plant and equipment	1,083,592	896,897
Depreciation of right-of-use assets	661,379	637,785
Gain on changes in fair value of money market funds	(320,557)	(339,092)
Gain on disposal of property, plant and equipment	(252,089)	(199,596)
Property, plant and equipment written off	2,109	542
Net (reversal)/addition of impairment losses on trade receivables	(105,747)	438,122
Write-down in value of inventories	450,000	240,000
Interest expense	32,327	126,487
Income from placements in money market funds	(23,836)	(14,733)
Interest income	(1,345,107)	(373,146)
Gain on redemption of money market funds	(2,270)	(25,575)
Unrealised gain on foreign exchange	(408,017)	(336,582)
Operating profit before working capital changes	20,503,831	22,859,446
Increase in inventories	(2,165,949)	(4,770,874)
Decrease/(Increase) in trade and other receivables	9,343,108	(14,772,700)
Increase/(Decrease) in trade and other payables	3,478,530	(3,504,169)
Cash generated from/(utilised in) operations	31,159,520	(188,297)
Interest received	1,345,107	373,146
Interest paid	(32,327)	(126,487)
Tax paid	(5,261,405)	(5,256,440)
Net cash from/(used in) operating activities	27,210,895	(5,198,078)
Cash flows from investing activities		
Purchase of intangible assets	-	(51,967)
Purchase of property, plant and equipment	(7,461,597)	(1,374,790)
Proceeds from disposal of property, plant and equipment	252,092	199,600
Net proceeds from redemption of money market funds	25,208,215	(4,510,905)
Income from placements in money market funds	23,836	14,733
Net cash from/(used in) investing activities	18,022,546	(5,723,329)

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Interim Financial Report for the Third Quarter Ended 30 September 2023**Condensed consolidated statement of cash flows (Cont'd)**

	Year-to-date ended	
	30.09.2023	30.09.2022
	Unaudited	Unaudited
	RM	RM
Cash flows from financing activities		
Net (repayment)/drawdown of bank borrowings	(1,000,000)	2,997,000
Payments of lease liabilities	(677,009)	(633,178)
Dividend paid	(4,500,000)	(4,500,000)
Net cash used in financing activities	(6,177,009)	(2,136,178)
Net increase/(decrease) in cash and cash equivalents	39,056,432	(13,057,585)
Effect of foreign exchange difference on cash and cash equivalents	2,827	4,732
Cash and cash equivalents at beginning of period	26,792,250	38,340,466
Cash and cash equivalents at end of period	65,851,509	25,287,613

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
	30.09.2023	30.09.2022
	RM	RM
Short-term deposits, cash and bank balances, as presented in the condensed consolidated statement of financial position	66,214,659	26,896,653
Less : Short-term deposits pledged as security	(363,150)	(1,609,040)
Cash and cash equivalents, as presented in the condensed consolidated statement of cash flows	65,851,509	25,287,613

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 2022 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 2023

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 2022 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant accounting policies

A2.1 Adoption of new MFRS and 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 2022, except for the adoption of the following new MFRS and 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-to-date under review :

MFRS 17, Insurance Contracts

Amendments to MFRS 17 - Insurance Contracts

Amendment to MFRS 17 - Initial Application of MFRS 17 and MFRS 9 - Comparative Information

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

The adoption of the above new MFRS and 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 Amendments to MFRSs that are in issue but not yet effective

The Group has not early adopted the following 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 2024

Amendments to MFRS 16 - Lease Liability in a Sale and Leaseback

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

Amendments to MFRS 107 and MFRS 7 - Supplier Finance Arrangements

Amendments to MFRS 112 - International Tax Reform - Pillar Two Model Rules

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Interim Financial Report for the Third Quarter Ended 30 September 2023

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 Amendments to MFRSs that are in issue but not yet effective (Cont'd)

Effective for annual periods beginning on or after 1 January 2025

Amendments to MFRS 121 - Lack of Exchangeability

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 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 2022.

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.

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

134 Interim Financial Reporting (Cont'd)

A8. Dividends paid

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

	Year-to-date ended	
	30.09.2023	30.09.2022
	RM	RM
For the financial year ended 31 December 2023		
Single-tier interim dividend of 1.50 sen per ordinary share declared on 30 August 2023 and paid on 06 October 2023	4,500,000	-
For the financial year ended 31 December 2022		
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
Second single-tier interim dividend of 1.50 sen per ordinary share declared on 27 February 2023 and paid on 31 March 2023	4,500,000	-
For the financial year ended 31 December 2021		
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>9,000,000</u>

Save as disclosed above, there were no other dividends paid or declared during the current quarter and financial year-to-date under review. Dividend proposed subsequent to the current quarter is disclosed in B14 below.

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

The Group acquired PPE amounting to RM4.86 million during the current quarter and RM7.46 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 no other 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.

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

134 Interim Financial Reporting (Cont'd)

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	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM	RM	RM	RM
Manufacturing	24,481,724	26,308,317	75,140,532	82,016,327
Distribution	55,318,531	71,892,004	172,086,506	194,518,538
	<u>79,800,255</u>	<u>98,200,321</u>	<u>247,227,038</u>	<u>276,534,865</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	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM	RM	RM	RM
Malaysian customers	71,676,193	89,213,304	221,129,437	247,253,487
Overseas customers	8,124,062	8,987,017	26,097,601	29,281,378
	<u>79,800,255</u>	<u>98,200,321</u>	<u>247,227,038</u>	<u>276,534,865</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-to-date under review.

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

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 30.09.2023 RM	As at 31.12.2022 RM
Level 2		
Financial assets at fair value through profit or loss - Placements in money market funds	11,906,718	36,792,106

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.

A17. Capital commitments

	As at 30.09.2023 RM	As at 31.12.2022 RM
Authorised and contracted capital expenditure not provided for in the financial statements :		
- Acquisition of property, plant and equipment	13,727,663	10,399,298
- Construction of a new factory building	30,158,483	-
	<u>43,886,146</u>	<u>10,399,298</u>
Authorised but not contracted for :		
- Acquisition of property, plant and equipment	-	1,185,471
- Construction of a new factory building	9,000,000	30,065,215
	<u>9,000,000</u>	<u>31,250,686</u>

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Interim Financial Report for the Third Quarter Ended 30 September 2023**Part A : Explanatory notes pursuant to Malaysian Financial Reporting Standards (“MFRS”)
134 Interim Financial Reporting (Cont'd)****A18. Significant related party transactions**

	Quarter ended		Year-to-date ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM	RM	RM	RM
Transactions with a company in which certain Directors of the Group have substantial financial interests :				
- Payments for leases	(252,600)	(252,600)	(757,800)	(732,600)
Transactions with companies in which a person connected to certain Directors of the Group has substantial financial interests :				
- Sales of goods	6,135,691	4,747,714	19,261,111	19,440,237
- Purchases of goods	(392,890)	(131,558)	(737,581)	(1,168,098)
- Rendering of services	(204,547)	(87,654)	(456,563)	(496,818)
Rental charged by a Director of the Company	(19,500)	(4,500)	(58,500)	(13,500)

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

B1. Performance review

	Current quarter performance			
	Quarter ended		Changes	
	30.09.2023 ("Q3-2023") RM	30.09.2022 ("Q3-2022") RM	Q3-2023 vs Q3-2022 RM %	
Revenue	79,800,255	98,200,321	(18,400,066)	(18.74%)
Gross profit	11,855,211	14,171,387	(2,316,176)	(16.34%)
Profit before taxation	6,493,245	7,291,872	(798,627)	(10.95%)
Profit for the period	5,076,995	5,469,771	(392,776)	(7.18%)

	Financial year-to-date performance			
	Year-to-date ended		Changes	
	30.09.2023 ("YTD2023") RM	30.09.2022 ("YTD2022") RM	YTD2023 vs YTD2022 RM %	
Revenue	247,227,038	276,534,865	(29,307,827)	(10.60%)
Gross profit	35,919,302	41,057,220	(5,137,918)	(12.51%)
Profit before taxation	20,641,637	21,722,824	(1,081,187)	(4.98%)
Profit for the period	16,059,777	16,517,212	(457,435)	(2.77%)

In Q3-2023, the Group recorded a total revenue of RM79.80 million which is RM18.40 million or 18.74% lower than the revenue recorded in Q3-2022 of RM98.20 million. Whereas for YTD2023, the Group recorded a total revenue of RM247.23 million which is RM29.31 million or 10.60% lower than the revenue recorded in YTD2022. The decline in revenue was caused mainly by the outbreak of animal diseases in Malaysia which has affected many industry players. Revenue from the business activities of the Group is disclosed in Note A11 above.

The Group registered a gross profit of RM11.86 million for Q3-2023 which is a decline of RM2.32 million or 16.34% from Q3-2022's gross profit. For YTD2023, the Group registered a gross profit of RM35.92 million, a decline of RM5.14 million or 12.51% from the gross profit recorded for YTD2022.

The gross profit of RM11.86 million for Q3-2023 was contributed by the manufacturing activity where it has recorded RM6.93 million or 58.47% of the total gross profit though RM0.10 million or 1.42% lower than the gross profit for Q3-2022 at RM7.03 million. The remaining gross profit for Q3-2023 of RM4.92 million or 41.53% was contributed by the distribution activity even though RM2.22 million or 31.04% lower than the gross profit for Q3-2022 at RM7.14 million. In respect of YTD2023, manufacturing activity registered a gross profit of RM20.24 million or 56.34% of the total gross profit that is RM2.32 million or 10.28% lower than the gross profit recorded in YTD2022. The remaining gross profit for YTD2023 was attributable to distribution activity which registered RM15.68 million or 43.66% of the total gross profit that is RM2.82 million or 15.24% lower than the gross profit recorded in YTD2022.

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

B1. Performance review (Cont'd)

Despite recording a decline in gross profit at 16.34% and 12.51% in Q3-2023 and YTD2023 respectively, such decline was partly offset by lower selling and distribution costs which have declined by RM1.58 million or 44.32% and RM2.63 million or 27.70% in Q3-2023 and YTD2023 respectively. As a result, the Group recorded RM6.49 million of profit before taxation for Q3-2023 which is RM0.80 million or 10.95% lower than the profit before taxation for Q3-2022. In respect of YTD2023, the Group registered RM20.64 million of profit before taxation which is RM1.08 million or 4.98% lower than the profit before taxation for YTD2022.

The Group's profit after taxation for Q3-2023 is only RM0.39 million or 7.18% lower than Q3-2022 at RM5.07 million whereas for YTD2023, the Group's profit after taxation is only RM0.46 million or 2.77% lower than YTD2022 at RM16.06 million.

B2. Comparison with immediate preceding quarter

	Quarter ended	Immediate preceding quarter	Changes	
	30.09.2023 ("Q3-2023")	30.06.2023 ("Q2-2023")	RM	%
	RM	RM		
Revenue	79,800,255	89,025,294	(9,225,039)	(10.36%)
Gross profit	11,855,211	11,952,843	(97,632)	(0.82%)
Other income	427,512	1,541,225	(1,113,713)	(72.26%)
Selling and distribution costs	(1,986,158)	(2,201,892)	215,734	(9.80%)
Administrative expenses	(3,626,168)	(3,391,425)	(234,743)	6.92%
Profit before taxation	6,493,245	7,714,693	(1,221,448)	(15.83%)

The Group's revenue for Q3-2023 is RM9.23 million or 10.36% lower than the revenue recorded in Q2-2023. This decrease was contributed mainly by the distribution activity its revenue of which has declined by RM7.74 million or 12.27% from RM63.06 million in Q2-2023 to RM55.32 million in Q3-2023.

Although registering a decline in revenue, the Group managed to record a marginally higher gross profit margin which has increased from 13.43% in Q2-2023 to 14.86% in Q3-2023. This was influenced by the change in sales contributions of the Group's product mix where manufacturing activity contributed higher profit margin than that of distribution activity.

The Group's profit before taxation for Q3-2023 is RM1.22 million or 15.83% lower than the Q2-2023 profit before taxation which was at RM7.71 million as a result of decrease in revenue in the current quarter.

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

The Board expects the Group's performance in 2023 to remain profitable despite the outbreak of animal diseases in Malaysia affecting our customers in the sectors they operate, and volatile in foreign exchange rates affecting our average materials cost.

The Group will closely monitor the construction progress of the new GMP plant as part of its business expansion strategy. As of the date of this interim report, the construction work is under way and is estimated to complete by June 2025 as planned. The Group will tap on our core strengths as one of the major integrated one stop solution providers in ASEAN region's livestock industry by developing new products or improving existing products and enhancing our advisory services to remain relevant in the industry.

In 2024, poultry sector is expected to improve in market demand and supply, and our Group will put more efforts to increase the contribution from this sector. However, the swine sector is still facing ongoing challenges because the Malaysia Government has not given approval for the use of ASF vaccine. Potential opportunity for the group will be the importation of live breeder pig and frozen semen to help in the repopulation of the affected farms.

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		Year-to-date ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM	RM	RM	RM
This includes the following items of income/(expense) :				
Interest income	537,329	91,448	1,345,107	373,146
Income from placements in money market funds	94	5,744	23,836	14,733
Gain on changes in fair value of money market funds	103,896	102,199	320,557	339,092
Gain on redemption of money market funds	858	-	2,270	-
Gain on disposal of property, plant and equipment	7,092	31,999	252,089	199,596
Realised gain/(loss) on foreign exchange	34,197	107,232	241,997	(18,539)
Unrealised gain on foreign exchange	13,202	226,508	408,017	336,582
Write-down in value of inventories	(150,000)	(120,000)	(450,000)	(240,000)

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B5. Profit before taxation (Cont'd)

	Quarter ended		Year-to-date ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM	RM	RM	RM
This includes the following items of income/(expense) : (Cont'd)				
Amortisation of intangible assets	(30,137)	(30,137)	(90,410)	(85,513)
Depreciation of property, plant and equipment	(380,206)	(308,711)	(1,083,592)	(896,897)
Depreciation of right-of-use assets	(220,459)	(212,595)	(661,379)	(637,785)
Net reversal/(addition) of impairment losses on trade receivables	(316,483)	(231,823)	105,747	(438,122)
Interest expense	(8,941)	(28,044)	(32,327)	(126,487)
Property, plant and equipment written off	-	-	(2,109)	(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	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM	RM	RM	RM
Current tax	1,503,090	1,624,367	4,578,625	5,078,067
Deferred tax expense/(income) resulting from origination and reversal of temporary differences	2,954	93,138	93,029	22,949
	1,506,044	1,717,505	4,671,654	5,101,016
Under/(Over) provided in prior year				
- Income tax	(82,483)	137,542	(82,483)	137,542
- Deferred tax	(11,628)	(32,946)	(11,628)	(32,946)
	1,411,933	1,822,101	4,577,543	5,205,612
Effective tax rate (%)	23.19%	23.19%	22.18%	23.96%
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 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.

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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 :

Details of the use of proceeds	Proposed utilisation RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Intended timeframe for utilisation from the date of listing
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 30.09.2023 RM	As at 31.12.2022 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.

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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) and European Union Euro (EURO). The notional principal amount of the Group's outstanding forward foreign exchange contracts as at 30 September 2023 in was RM3.87 million (30.09.2022 : RM3.36 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-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	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Profit attributable to ordinary equity holders of the Company (RM)	5,076,995	5,469,771	16,059,777	16,517,212
Weighted average number of shares in issue	300,000,000	300,000,000	300,000,000	300,000,000
Basic and diluted EPS (Sen)	1.69	1.82	5.35	5.51

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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On 30 August 2023, the Directors of the Company declared an interim single-tier dividend of 1.50 sen per ordinary share amounting to RM4,500,000 for the financial year ending 31 December 2023. The dividend was paid on 6 October 2023 to holders of the ordinary shares whose names appear in the Records of Depositors at the close of business on 19 September 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 period under review to date.

By Order of the Board
Company Secretary
27 November 2023