



YENHER

YENHER HOLDINGS BERHAD

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

**Interim Financial Report
For The Second Quarter Ended
30 June 2024**

23 August 2024

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the Second Quarter Ended 30 June 2024

Condensed consolidated statement of financial position

	As at 30.06.2024	As at 31.12.2023
	Unaudited RM	Audited RM
Assets		
Non-current Assets		
Property, plant and equipment	80,811,998	70,546,843
Intangible assets	200,458	260,731
	<u>81,012,456</u>	<u>70,807,574</u>
Current Assets		
Inventories	35,032,168	45,425,414
Trade and other receivables	74,442,373	70,572,836
Tax recoverable	894,759	671,862
Placements in money market funds	62,891,943	45,190,924
Short-term deposits, cash and bank balances	10,085,470	37,455,786
	<u>183,346,713</u>	<u>199,316,822</u>
Total Assets	<u>264,359,169</u>	<u>270,124,396</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	9,657	(7,686)
Revaluation reserve	25,478,146	25,495,306
Retained profits	153,472,446	147,845,476
Total Equity	<u>240,855,250</u>	<u>235,228,097</u>
Non-current Liabilities		
Deferred tax liabilities	3,361,751	3,277,882
Lease liabilities	1,412,727	1,956,218
	<u>4,774,478</u>	<u>5,234,100</u>
Current Liabilities		
Lease liabilities	1,077,830	1,070,621
Trade and other payables	17,619,084	28,441,789
Tax payable	32,527	149,789
Dividend payable	-	-
	<u>18,729,441</u>	<u>29,662,199</u>
Total Liabilities	<u>23,503,919</u>	<u>34,896,299</u>
Total Equity and Liabilities	<u>264,359,169</u>	<u>270,124,396</u>
Number of ordinary shares in issue	300,000,000	300,000,000
Net assets per share of the Company (RM)	<u>0.80</u>	<u>0.78</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 2023 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 Second Quarter Ended 30 June 2024**Condensed consolidated statement of profit or loss and other comprehensive income**

	Note	Quarter ended		Year-to-date ended	
		30.06.2024	30.06.2023	30.06.2024	30.06.2023
		Unaudited RM	Unaudited RM	Unaudited RM	Unaudited RM
Revenue	A11	65,072,824	89,025,294	138,312,109	167,426,783
Cost of sales		(52,982,741)	(77,072,451)	(113,104,268)	(143,362,692)
Gross profit		12,090,083	11,952,843	25,207,841	24,064,091
Other income		777,314	1,214,301	1,654,312	1,946,427
Selling and distribution costs		(2,537,247)	(2,201,892)	(5,508,386)	(4,887,454)
Administrative expenses		(3,581,029)	(3,391,425)	(7,677,417)	(7,070,986)
Reversal of impairment losses on trade receivables		24,019	326,924	71,334	442,330
Research and development costs		(89,233)	(117,064)	(181,273)	(234,385)
Other expenses		(55,861)	(54,316)	(101,373)	(88,245)
Operating profit		6,628,046	7,729,371	13,465,038	14,171,778
Finance costs		(29,750)	(14,678)	(62,518)	(23,386)
Profit before taxation	B5	6,598,296	7,714,693	13,402,520	14,148,392
Taxation	B6	(1,538,850)	(1,749,285)	(3,292,710)	(3,165,610)
Profit for the period		5,059,446	5,965,408	10,109,810	10,982,782
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		10,052	(19,659)	17,343	(25,754)
Total other comprehensive income/ (loss) for the period		10,052	(19,659)	17,343	(25,754)
Total comprehensive income for the period		5,069,498	5,945,749	10,127,153	10,957,028
Attributable to owners of the Company					
Profit for the period		5,059,446	5,965,408	10,109,810	10,982,782
Total comprehensive income for the period		5,069,498	5,945,749	10,127,153	10,957,028
Earnings per share attributable to ordinary equity holders of the Company					
Basic and diluted (Sen)	B12	1.69	1.99	3.37	3.66
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 2023 and the accompanying explanatory notes attached to this interim financial report.

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Interim Financial Report for the Second Quarter Ended 30 June 2024**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 June 2024 (Unaudited)						
Balance as at 1 January 2024	177,429,501	(115,534,500)	(7,686)	25,495,306	147,845,476	235,228,097
Profit for the period	-	-	-	-	10,109,810	10,109,810
Exchange gain on translation of foreign operation	-	-	17,343	-	-	17,343
Total comprehensive income for the period	-	-	17,343	-	10,109,810	10,127,153
Transfer of revaluation surplus on land and buildings	-	-	-	(17,160)	17,160	-
Dividends declared/paid (Note A8)	-	-	-	-	(4,500,000)	(4,500,000)
Balance as at 30 June 2024	177,429,501	(115,534,500)	9,657	25,478,146	153,472,446	240,855,250
Year-to-date ended 30 June 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	-	-	-	-	10,982,782	10,982,782
Exchange loss on translation of foreign operation	-	-	(25,754)	-	-	(25,754)
Total comprehensive (loss)/income for the period	-	-	(25,754)	-	10,982,782	10,957,028
Transfer of revaluation surplus on land and buildings	-	-	-	(123,092)	123,092	-
Dividends declared/paid (Note A8)	-	-	-	-	(4,500,000)	(4,500,000)
Balance as at 30 June 2023	177,429,501	(115,534,500)	(10,153)	17,130,005	142,125,241	221,140,094

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 2023 and the accompanying explanatory notes attached to this interim financial report.

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Interim Financial Report for the Second Quarter Ended 30 June 2024**Condensed consolidated statement of cash flows**

	Financial year ended	
	30.06.2024	30.06.2023
	Unaudited	Unaudited
	RM	RM
Cash flows from operating activities		
Profit before taxation	13,402,520	14,148,392
<i>Adjustments for :-</i>		
Amortisation of intangible assets	60,273	60,273
Depreciation of property, plant and equipment	733,798	703,386
Depreciation of right-of-use assets	551,944	440,920
Gain on changes in fair value of money market funds	(319,684)	(216,661)
Gain on redemption of money market funds	(14,481)	(1,412)
Gain on disposal of property, plant and equipment	(37,129)	(244,997)
Income from placements in money market funds	(675,343)	(23,742)
Interest income	(164,755)	(807,778)
Interest expense	62,518	23,386
Inventories written down	300,000	300,000
Property, plant and equipment written off	5,287	2,109
Reversal of impairment losses on trade receivables	(71,334)	(422,230)
Unrealised (gain) on foreign exchange	(101,677)	(394,815)
Operating profit before working capital changes	13,731,937	13,566,831
Decrease in inventories	10,154,808	1,279,875
(Increase)/Decrease in trade and other receivables	(5,976,426)	6,638,101
Decrease in trade and other payables	(8,581,777)	(4,548,061)
Cash generated from operations	9,328,542	16,936,746
Interest received	164,755	807,778
Interest paid	(62,518)	(23,386)
Tax paid	(3,540,511)	(3,467,812)
Net cash from operating activities	5,890,268	14,253,326
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,631,255)	(2,596,989)
Proceeds from disposal of property, plant and equipment	112,200	245,000
Net (placement in)/redemption of money market funds	(17,366,856)	35,707,145
Income from placements in money market funds	666,856	23,742
Net cash (used in)/from investing activities	(28,219,055)	33,378,898

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Interim Financial Report for the Second Quarter Ended 30 June 2024**Condensed consolidated statement of cash flows (Cont'd)**

	Financial year ended	
	30.06.2024	30.06.2023
	Unaudited	Unaudited
	RM	RM
Cash flows from financing activities		
Decrease in short-term deposits pledged as security	370,679	-
Net repayment of bank borrowings	-	(1,000,000)
Payments of lease liabilities	(536,282)	(449,472)
Dividends paid	(4,500,000)	(4,500,000)
Net cash used in financing activities	<u>(4,665,603)</u>	<u>(5,949,472)</u>
Net (decrease)/increase in cash and cash equivalents	(26,994,390)	41,682,752
Effect of foreign exchange difference on cash and cash equivalents	(5,247)	8,258
Cash and cash equivalents at beginning of period	37,085,107	26,792,250
Cash and cash equivalents at end of period	<u>10,085,470</u>	<u>68,483,260</u>

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

	As at	As at
	30.06.2024	30.06.2023
	RM	RM
Short-term deposits, cash and bank balances, as presented in the condensed consolidated statement of financial position	10,085,470	68,846,410
Less : Short-term deposits pledged as security	-	(363,150)
Cash and cash equivalents, as presented in the condensed consolidated statement of cash flows	<u>10,085,470</u>	<u>68,483,260</u>

The condensed consolidated statement of cash flows should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

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Interim Financial Report for the Second Quarter Ended 30 June 2024

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 2023 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 2023, 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-to-date under review :

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

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 MFRSs and 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 2025

Amendments to MFRS 121 - Lack of Exchangeability

Effective for annual periods beginning on or after 1 January 2026

Amendments to MFRS 9 and MFRS 7 - Amendments to the Classification and Measurement of Financial Instruments

Effective for annual periods beginning on or after 1 January 2027

MFRS 18 *Presentation and Disclosure in Financial Statements*

MFRS 19 *Subsidiaries without Public Accountability : Disclosures*

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Interim Financial Report for the Second Quarter Ended 30 June 2024

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

The Group has not early adopted the following amendments to MFRSs that have been issued by the MASB but are not yet effective :- (Cont'd)

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 MFRSs 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 2023.

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 declared/paid

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

	Year-to-date ended	
	30.06.2024	30.06.2023
	RM	RM
For the financial year ended 31 December 2023		
Second single-tier interim dividend of 1.50 sen per ordinary share, declared on 26 February 2024 and paid on 5 April 2024	4,500,000	-
For the financial year ended 31 December 2022		
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
	<u>4,500,000</u>	<u>4,500,000</u>

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

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

The Group acquired PPE amounting to RM6.57 million during the current quarter and RM11.63 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 was no valuation 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	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM	RM	RM	RM
Manufacturing	27,033,975	25,967,946	55,639,568	50,658,808
Distribution	38,038,849	63,057,348	82,672,541	116,767,975
	<u>65,072,824</u>	<u>89,025,294</u>	<u>138,312,109</u>	<u>167,426,783</u>

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

134 Interim Financial Reporting (Cont'd)

A12. Segmental information

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

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

	Quarter ended		Year-to-date ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM	RM	RM	RM
Malaysian customers	54,396,303	81,404,675	115,326,780	149,453,244
Overseas customers	10,676,521	7,620,619	22,985,329	17,973,539
	<u>65,072,824</u>	<u>89,025,294</u>	<u>138,312,109</u>	<u>167,426,783</u>

A13. Material events subsequent to the end of reporting period

Save as disclosed in Note B7 below, there were no other 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).

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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 (Cont'd)

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

	As at 30.06.2024 RM	As at 31.12.2023 RM
Level 1		
Financial assets at fair value through profit or loss - Placements in money market unit trust funds	62,891,943	45,190,924

The fair value of the placements in money market unit trust 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 30.06.2024 RM	As at 31.12.2023 RM
Authorised and contracted capital expenditure not provided for in the financial statements :		
- Acquisition of property, plant and equipment	10,587,323	13,439,962
- Construction of a new factory building	19,286,641	24,604,573
	<u>29,873,964</u>	<u>38,044,535</u>
Authorised but not contracted for :		
- Acquisition of property, plant and equipment	5,100,000	9,000,000

A18. Significant related party transactions

	Quarter ended		Year-to-date ended	
	30.06.2024 RM	30.06.2023 RM	30.06.2024 RM	30.06.2023 RM
Transactions with a company in which certain Directors of the Group have substantial financial interests :				
- Payments for leases	(316,500)	(252,600)	(633,000)	(505,200)

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Interim Financial Report for the Second Quarter Ended 30 June 2024**Part A : Explanatory notes pursuant to Malaysian Financial Reporting Standards (“MFRS”)
134 Interim Financial Reporting (Cont'd)****A18. Significant related party transactions (Cont'd)**

	Quarter ended		Year-to-date ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM	RM	RM	RM
Transactions with companies in which persons connected to certain Directors of the Group have substantial financial interests :				
- Sales of goods	3,884,491	7,672,911	7,812,402	13,125,420
- Purchases of goods	(278,411)	(234,709)	(591,924)	(344,691)
- Rendering of services	(246,097)	(153,020)	(454,600)	(252,016)
Rental charged by a Director of the Company	(19,500)	(19,500)	(39,000)	(39,000)

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Interim Financial Report for the Second Quarter Ended 30 June 2024

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

B1. Performance review

	Current quarter performance			
	Quarter ended		Changes	
	30.06.2024 ("Q2-2024") RM	30.06.2023 ("Q2-2023") RM	Q2-2024 vs Q2-2023 RM %	
Revenue	65,072,824	89,025,294	(23,952,470)	(26.91%)
Gross profit	12,090,083	11,952,843	137,240	1.15%
Profit before taxation	6,598,296	7,714,693	(1,116,397)	(14.47%)
Profit for the period	5,059,446	5,965,408	(905,962)	(15.19%)

	Financial year-to-date performance			
	Year-to-date ended		Changes	
	30.06.2024 ("YTD2024") RM	30.06.2023 ("YTD2023") RM	YTD2024 vs YTD2023 RM %	
Revenue	138,312,109	167,426,783	(29,114,674)	(17.39%)
Gross profit	25,207,841	24,064,091	1,143,750	4.75%
Profit before taxation	13,402,520	14,148,392	(745,872)	(5.27%)
Profit for the period	10,109,810	10,982,782	(872,972)	(7.95%)

In Q2-2024, the Group recorded a total revenue of RM65.07 million which is RM23.95 million or 26.91% lower than the revenue recorded in Q2-2023 at RM89.03 million. Whereas for YTD2024, the Group recorded a total revenue of RM138.31 million which is RM29.11 million or 17.39% lower than the YTD2023 revenue of RM167.43 million. The decline in revenue was driven by the outbreak of animal diseases in Malaysia which has affected many industry players along with decline in sales of grain and oil seeds under the distribution activity. Revenue from the business activities of the Group is disclosed in Note A11 above.

The Group registered a gross profit of RM12.09 million for Q2-2024 which is an increase of RM0.14 million or 1.15% from Q2-2023's gross profit. The increase in gross profit for Q2-2024 was contributed by the manufacturing activity where it has recorded RM6.85 million or 56.69% of the total gross profit. It posted RM0.37 million or 5.78% higher than the gross profit for Q2-2023 at RM6.48 million. The remaining gross profit for Q2-2024 of RM5.24 million or 43.31% was contributed by the distribution activity. It posted 4.33% lower than the gross profit for Q2-2023 of RM5.47 million.

In respect of YTD2024, the Group registered a gross profit of RM25.21 million which is an increase of RM1.14 million or 4.75% as compared to YTD2023. The manufacturing activity registered a gross profit of RM14.00 million or 55.52% of the Group's YTD2024 gross profit. This represents an increase of RM0.69 million or 5.18% from the YTD2023 manufacturing gross profit of RM13.31 million. The distribution activity contributed RM11.21 million or 44.48% of the Group's YTD2024 gross profit, an increase of RM0.45 million or 4.22% as compared to YTD2023 of RM10.76 million.

The Group recorded RM6.60 million of profit before taxation for Q2-2024 which is RM1.12 million or 14.47% lower than the profit before taxation for Q2-2023. The Group's YTD2024 profit before taxation is RM0.75 million or 5.27% lower than the YTD2023 profit before taxation at RM14.15 million.

The Group's profit after taxation for Q2-2024 is RM0.91 million or 15.19% lower than Q2-2023 at RM5.97 million. Whereas its YTD2024 profit after taxation of RM10.11 million is RM0.87 million or 7.95% lower than the YTD2023's profit after taxation at RM10.98 million.

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Interim Financial Report for the Second Quarter Ended 30 June 2024

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 preceding quarter	Changes	
	30.06.2024 ("Q2-2024")	31.03.2024 ("Q1-2024")	RM	%
	RM	RM		
Revenue	65,072,824	73,239,285	(8,166,461)	(11.15%)
Gross profit	12,090,083	13,117,758	(1,027,675)	(7.83%)
Other income	777,314	876,998	(99,684)	(11.37%)
Selling and distribution costs	(2,537,247)	(2,971,139)	433,892	(14.60%)
Administrative expenses	(3,581,029)	(4,096,388)	515,359	(12.58%)
Profit before taxation	6,598,296	6,804,224	(205,928)	(3.03%)

The Group's revenue for Q2-2024 is RM8.17 million or 11.15% lower than the revenue recorded in Q1-2024. The decrease was contributed mainly by the distribution activity where its revenue declined by RM6.59 million or 14.78% from RM44.63 million in Q1-2024 to RM38.04 million in Q2-2024.

The Group's gross profit margin decreased by 0.67 percentage point from 17.91% in Q1-2024 to 18.58% in Q2-2024.

The Group's profit before taxation for Q2-2024 is RM0.21 million or 3.03% lower than the Q1-2024 profit before taxation which was at RM6.80 million as a result of decrease in gross profit in the current quarter.

B3. Prospect of the Group for the financial year ending 31 December 2024

In 2024, based on the feedback from our customers and industry players, we anticipate a progressive recovery in the livestock industry. While challenges remain in the swine sector due to the African Swine Fever outbreak, there is growing optimism surrounding the gradual improvement in control strategies and market conditions.

For the poultry sector, increasing demand and supply dynamics are contributing to a positive outlook. Our Group remains committed to playing a pivotal role in this recovery, leveraging our expertise and product offerings to bolster the poultry sector's resilience and growth trajectory.

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.

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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Interim Financial Report for the Second Quarter Ended 30 June 2024**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	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM	RM	RM	RM
This includes the following items of income/(expense) :				
Interest income	82,084	513,315	164,755	807,778
Income from placements in money market funds	390,668	1,058	675,343	23,742
Gain on changes in fair value of money market funds	147,665	8,036	319,684	216,661
Gain on redemption of money market funds	7,075	102	14,481	1,412
Gain on disposal of property, plant and equipment	-	59,999	37,129	244,997
Realised gain on foreign exchange	31,668	336,330	32,552	207,800
Unrealised (loss)/gain on foreign exchange	(95,170)	359,080	101,677	394,815
Write-down in value of inventories	(150,000)	(150,000)	(300,000)	(300,000)
Amortisation of intangible assets	(30,136)	(30,136)	(60,273)	(60,273)
Depreciation of property, plant and equipment	(366,104)	(370,971)	(733,798)	(703,386)
Depreciation of right-of-use assets	(275,972)	(220,460)	(551,944)	(440,920)
Net reversal of impairment losses on trade receivables	24,019	306,824	71,334	422,230
Interest expense	(29,750)	(14,678)	(62,518)	(23,386)
Property, plant and equipment written off	-	(2,109)	(5,287)	(2,109)

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	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM	RM	RM	RM
Current tax	1,494,341	1,671,309	3,208,840	3,075,535
Deferred tax expense resulting from origination and reversal of temporary differences	44,509	77,976	83,870	90,075
	1,538,850	1,749,285	3,292,710	3,165,610
Effective tax rate (%)	23.32%	22.67%	24.57%	22.37%
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 higher than the statutory tax rate mainly due to higher expenses not allowable for tax purposes and lower non-taxable income.

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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

At an extraordinary general meeting held on 30 July 2024, the shareholders had approved the Company's proposed bonus issue of up to 60,000,000 free warrants ("the Warrants") on the basis of 1 Warrant for every 5 existing ordinary shares in the Company held by the entitled shareholders of the Company on 13 August 2024. The Warrants were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 21 August 2024.

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 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	26,935	4,065	Within 48 months
Purchase of new machinery and equipment	9,700	-	9,700	Within 48 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	47,444	13,765	

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

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

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

B9. Borrowings and debt securities

The Group does not have any 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 and European Union Euro. The notional principal amount of the Group's outstanding forward foreign exchange contracts as at 30 June 2024 in was RM5.48 million (30.06.2023 : RM2.83 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	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Profit attributable to ordinary equity holders of the Company (RM)	5,059,446	5,965,408	10,109,810	10,982,782
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	1.99	3.37	3.66

The basic EPS is computed based on the profit attributable to ordinary equity holders 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 23 August 2024, the Directors of the Company declared an interim single-tier dividend of RM1.50 sen per ordinary share amounting to RM4,500,000 for the financial year ending 31 December 2024. The date of entitlement for the dividend payment will be announced in due course.

By Order of the Board
Company Secretary
23 August 2024