



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 2024**

25 November 2024

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the Third Quarter Ended 30 September 2024

Condensed consolidated statement of financial position

	As at 30.09.2024	As at 31.12.2023
	Unaudited RM	Audited RM
Assets		
Non-current Assets		
Property, plant and equipment	86,543,050	70,546,843
Intangible assets	236,563	260,731
	<u>86,779,613</u>	<u>70,807,574</u>
Current Assets		
Inventories	32,338,070	45,425,414
Trade and other receivables	77,527,918	70,572,836
Tax recoverable	953,236	671,862
Placements in money market funds	65,487,352	45,190,924
Short-term deposits, cash and bank balances	9,254,292	37,455,786
	<u>185,560,868</u>	<u>199,316,822</u>
Total Assets	<u>272,340,481</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	75,147	(7,686)
Revaluation reserve	25,469,565	25,495,306
Retained profits	153,502,608	147,845,476
Total Equity	<u>240,942,321</u>	<u>235,228,097</u>
Non-current Liabilities		
Deferred tax liabilities	2,945,368	3,277,882
Lease liabilities	1,136,422	1,956,218
	<u>4,081,790</u>	<u>5,234,100</u>
Current Liabilities		
Lease liabilities	1,116,446	1,070,621
Trade and other payables	21,699,924	28,441,789
Tax payable	-	149,789
Dividend payable	4,500,000	-
	<u>27,316,370</u>	<u>29,662,199</u>
Total Liabilities	<u>31,398,160</u>	<u>34,896,299</u>
Total Equity and Liabilities	<u>272,340,481</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))

(Incorporated in Malaysia)

Interim Financial Report for the Third Quarter Ended 30 September 2024**Condensed consolidated statement of profit or loss and other comprehensive income**

	Note	Quarter ended		Year-to-date ended	
		30.09.2024	30.09.2023	30.09.2024	30.09.2023
		Unaudited RM	Unaudited RM	Unaudited RM	Unaudited RM
Revenue	A11	72,212,850	79,800,255	210,524,959	247,227,038
Cost of sales		(58,049,207)	(67,945,044)	(171,153,475)	(211,307,736)
Gross profit		14,163,643	11,855,211	39,371,484	35,919,302
Other income		597,860	759,078	2,252,172	2,705,505
Selling and distribution costs		(3,229,544)	(1,986,158)	(8,737,930)	(6,873,612)
Administrative expenses		(5,376,698)	(3,575,019)	(13,054,115)	(10,646,005)
(Additional)/Reversal of impairment losses on trade receivables		(130,768)	(382,715)	(59,434)	59,615
Research and development costs		(78,670)	(113,750)	(259,943)	(348,135)
Other expenses		(33,071)	(54,461)	(134,444)	(142,706)
Operating profit		5,912,752	6,502,186	19,377,790	20,673,964
Finance costs		(26,964)	(8,941)	(89,482)	(32,327)
Profit before taxation	B5	5,885,788	6,493,245	19,288,308	20,641,637
Taxation	B6	(1,364,207)	(1,416,250)	(4,656,917)	(4,581,860)
Profit for the period		4,521,581	5,076,995	14,631,391	16,059,777
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		65,490	16,551	82,833	(9,203)
Total other comprehensive income/ (loss) for the period		65,490	16,551	82,833	(9,203)
Total comprehensive income for the period		4,587,071	5,093,546	14,714,224	16,050,574
Attributable to owners of the Company					
Profit for the period		4,521,581	5,076,995	14,631,391	16,059,777
Total comprehensive income for the period		4,587,071	5,093,546	14,714,224	16,050,574
Earnings per share attributable to ordinary equity holders of the Company					
Basic and diluted (Sen)	B12	1.51	1.69	4.88	5.35
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.

Yenher Holdings Berhad

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(Incorporated in Malaysia)

Interim Financial Report for the Third Quarter Ended 30 September 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 September 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	-	-	-	-	14,631,391	14,631,391
Exchange gain on translation of foreign operation	-	-	82,833	-	-	82,833
Total comprehensive income for the period	-	-	82,833	-	14,631,391	14,714,224
Transfer of revaluation surplus on land and buildings	-	-	-	(25,741)	25,741	-
Dividends declared/paid (Note A8)	-	-	-	-	(9,000,000)	(9,000,000)
Balance as at 30 September 2024	177,429,501	(115,534,500)	75,147	25,469,565	153,502,608	240,942,321
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 declared/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

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.

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

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

	Financial year ended	
	30.09.2024	30.09.2023
	Unaudited	Unaudited
	RM	RM
Cash flows from operating activities		
Profit before taxation	19,288,308	20,641,637
<i>Adjustments for :-</i>		
Amortisation of intangible assets	92,694	90,410
Depreciation of property, plant and equipment	1,088,918	1,083,592
Depreciation of right-of-use assets	828,531	661,379
Gain on changes in fair value of money market funds	(661,439)	(320,557)
Gain on redemption of money market funds	(15,316)	(2,270)
Gain on disposal of property, plant and equipment	(37,129)	(252,089)
Income from placements in money market funds	(938,049)	(23,836)
Interest income	(224,121)	(1,345,107)
Interest expense	89,482	32,327
Inventories written down	450,000	450,000
Property, plant and equipment written off	5,576	2,109
Additional/(Reversal of) impairment losses on trade receivables	59,434	(105,747)
Unrealised loss/(gain) on foreign exchange	1,168,643	(408,017)
Operating profit before working capital changes	21,195,532	20,503,831
Decrease/(Increase) in inventories	12,659,694	(2,165,949)
(Increase)/Decrease in trade and other receivables	(10,646,033)	9,343,108
(Decrease)/Increase in trade and other payables	(4,194,923)	3,478,530
Cash generated from operations	19,014,270	31,159,520
Interest received	224,121	1,345,107
Interest paid	(89,482)	(32,327)
Tax paid	(5,402,217)	(5,261,405)
Net cash from operating activities	13,746,692	27,210,895
Cash flows from investing activities		
Purchase of intangible assets	(68,526)	-
Purchase of property, plant and equipment	(17,994,303)	(7,461,597)
Proceeds from disposal of property, plant and equipment	112,200	252,092
Net (placement in)/redemption of money market funds	(19,619,673)	25,208,215
Income from placements in money market funds	919,673	23,836
Net cash (used in)/from investing activities	(36,650,629)	18,022,546

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

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

	Financial year ended	
	30.09.2024	30.09.2023
	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	(773,971)	(677,009)
Dividends paid	(4,500,000)	(4,500,000)
Net cash used in financing activities	<u>(4,903,292)</u>	<u>(6,177,009)</u>
Net (decrease)/increase in cash and cash equivalents	(27,807,229)	39,056,432
Effect of foreign exchange difference on cash and cash equivalents	(23,586)	2,827
Cash and cash equivalents at beginning of period	37,085,107	26,792,250
Cash and cash equivalents at end of period	<u>9,254,292</u>	<u>65,851,509</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
	30.09.2024	30.09.2023
	RM	RM
Short-term deposits, cash and bank balances, as presented in the condensed consolidated statement of financial position	9,254,292	66,214,659
Less : Short-term deposits pledged as security	-	(363,150)
Cash and cash equivalents, as presented in the condensed consolidated statement of cash flows	<u>9,254,292</u>	<u>65,851,509</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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(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the Third Quarter Ended 30 September 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 new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective :-

Effective for annual periods beginning on or after 1 January 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

Annual Improvements to MFRS Accounting Standards - Volume 11 :

- Amendments to MFRS 1 *First-time Adoption of Malaysia Financial Reporting Standards*

- Amendments to MFRS 7 *Financial Instruments : Disclosures and Guidance on Implementing MFRS 7*

- Amendments to MFRS 9 *Financial Instruments*

- Amendments to MFRS 10 *Consolidated Financial Statements*

- Amendments to MFRS 107 *Statement of Cash Flows*

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the Third Quarter Ended 30 September 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 new MFRSs and 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 1 January 2027

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 19 Subsidiaries without Public Accountability : Disclosures

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.

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the Third Quarter Ended 30 September 2024

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	
	30.09.2024	30.09.2023
	RM	RM
For the financial year ended 31 December 2024		
First single-tier interim dividend of 1.50 sen per ordinary share, declared on 23 August 2024 and paid on 11 October 2024	4,500,000	-
For the financial year ended 31 December 2023		
First single-tier interim dividend of 1.50 sen per ordinary share, declared on 30 August 2023 and paid on 6 October 2023	-	4,500,000
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>9,000,000</u>	<u>9,000,000</u>

Save as disclosed above, there were no other dividends declared or 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 RM6.36 million during the current quarter and RM17.99 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 reversals 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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(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the Third Quarter Ended 30 September 2024

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	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM	RM	RM	RM
Manufacturing	28,728,773	24,481,724	84,368,341	75,140,532
Distribution	43,484,077	55,318,531	126,156,618	172,086,506
	<u>72,212,850</u>	<u>79,800,255</u>	<u>210,524,959</u>	<u>247,227,038</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	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM	RM	RM	RM
Malaysian customers	59,788,139	71,676,193	175,114,919	221,129,437
Overseas customers	12,424,711	8,124,062	35,410,040	26,097,601
	<u>72,212,850</u>	<u>79,800,255</u>	<u>210,524,959</u>	<u>247,227,038</u>

A13. Material events subsequent to the end of reporting period

Save as disclosed in Note A14 below, there were no other material events subsequent to the end of the current quarter up to the date of this interim financial report.

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(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the Third Quarter Ended 30 September 2024

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

A14. Changes in the composition of the Group

On 13 September 2024, the Company entered into a Business Cooperation and Shareholders' Agreement ("the Cooperation Agreement") with FermentationExperts A/S ("FE"), a company incorporated and registered in Denmark. Pursuant to the Cooperation Agreement, YH European Protein Asia Sdn. Bhd. ("YHEPA") was incorporated on 20 September 2024 to undertake the activities to manufacture, market and sell series of plant proteins and fermented palm kernel meal under the brand European Protein ("the Products") in South East Asia and Taiwan for livestock and aquaculture. The Company holds 60% equity interest in YHEPA and the remaining 40% is held by FE. The salient features of the Cooperation Agreement are set in the announcement made by the Company on Bursa Malaysia Securities Berhad on 13 September 2024.

On 16 October 2024, YHEPA and FE entered into a Patents and Know-How License Agreement whereby FE grants YHEPA an exclusive license under FE's Patents and Know-How to (i) manufacture the Products; and (ii) distribute, market and sell the Products in South East Asia and Taiwan, for a one-off licensing fee of USD2 million payable in three tranches and royalties of EUR11 per tonne produced. As at the date of this interim financial report, YHEPA has yet to commence any of the activities outlined in the Cooperation Agreement.

Other than as disclosed above, there were no changes in the composition of the Group during the current quarter and financial year-to-date under review.

A15. Fair value of financial instruments

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

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

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

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

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

	As at 30.09.2024 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	65,487,352	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.

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the Third Quarter Ended 30 September 2024

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

134 Interim Financial Reporting (Cont'd)

A16. Contingent liabilities and contingent assets

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

A17. Capital commitments

	As at 30.09.2024 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	26,636,573	13,439,962
- Construction of a new factory building	18,768,750	24,604,573
	<u>45,405,323</u>	<u>38,044,535</u>
Authorised but not contracted for :		
- Acquisition of property, plant and equipment	<u>5,100,000</u>	<u>9,000,000</u>

A18. Significant related party transactions

	Quarter ended		Year-to-date ended	
	30.09.2024 RM	30.09.2023 RM	30.09.2024 RM	30.09.2023 RM
Transactions with a company in which certain Directors of the Group have substantial financial interests :				
- Payments for leases	(316,500)	(252,600)	(949,500)	(757,800)
Transactions with companies in which persons connected to certain Directors of the Group have substantial financial interests :				
- Sales of goods	4,476,942	6,135,691	12,289,344	19,261,111
- Purchases of goods	(235,207)	(392,890)	(827,131)	(737,581)
- Rendering of services	(280,795)	(204,547)	(735,395)	(456,563)
Rental charged by a Director of the Company	<u>(19,500)</u>	<u>(19,500)</u>	<u>(58,500)</u>	<u>(58,500)</u>

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(Registration No. 202001008388 (1364708-X))

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Interim Financial Report for the Third Quarter Ended 30 September 2024

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

B1. Performance review

	Current quarter performance			
	Quarter ended		Changes	
	30.09.2024 ("Q3-2024") RM	30.09.2023 ("Q3-2023") RM	Q3-2024 vs Q3-2023 RM %	
Revenue	72,212,850	79,800,255	(7,587,405)	(9.51%)
Gross profit	14,163,643	11,855,211	2,308,432	19.47%
Profit before taxation	5,885,788	6,493,245	(607,457)	(9.36%)
Profit for the period	4,521,581	5,076,995	(555,414)	(10.94%)

	Financial year-to-date performance			
	Year-to-date ended		Changes	
	30.09.2024 ("YTD2024") RM	30.09.2023 ("YTD2023") RM	YTD2024 vs YTD2023 RM %	
Revenue	210,524,959	247,227,038	(36,702,079)	(14.85%)
Gross profit	39,371,484	35,919,302	3,452,182	9.61%
Profit before taxation	19,288,308	20,641,637	(1,353,329)	(6.56%)
Profit for the period	14,631,391	16,059,777	(1,428,386)	(8.89%)

In Q3-2024, the Group recorded a total revenue of RM72.21 million which is RM7.59 million or 9.51% lower than the revenue recorded in Q3-2023 at RM79.80 million. Whereas for YTD2024, the Group recorded a total revenue of RM210.52 million which is RM36.70 million or 14.85% lower than the YTD2023 revenue of RM247.23 million. The decline in revenue was driven by the 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 RM14.16 million for Q3-2024 which is an increase of RM2.31 million or 19.47% from Q3-2023's gross profit. The increase in gross profit for Q3-2024 was contributed by the manufacturing activity where it has recorded RM8.41 million or 59.35% of the total gross profit. It posted RM1.48 million or 21.28% higher than the gross profit for Q3-2023 at RM6.93 million. The remaining gross profit for Q3-2024 of RM5.76 million or 40.65% was contributed by the distribution activity. It posted 16.93% higher than the gross profit for Q3-2023 of RM4.92 million.

In respect of YTD2024, the Group registered a gross profit of RM39.37 million which is an increase of RM3.45 million or 9.61% as compared to YTD2023. The manufacturing activity registered a gross profit of RM22.40 million or 56.90% of the Group's YTD2024 gross profit. This represents an increase of RM2.16 million or 10.69% from the YTD2023 manufacturing gross profit of RM20.24 million. The distribution activity contributed RM16.97 million or 43.10% of the Group's YTD2024 gross profit, an increase of RM1.29 million or 8.21% as compared to YTD2023 of RM15.68 million. The Group's gross profit is gradually improving but is offset by RM0.70 million increase in ocean freight and fumigation charges for sales to overseas.

The Group recorded RM5.89 million of profit before taxation for Q3-2024 which is RM0.61 million or 9.36% lower than the profit before taxation for Q3-2023. The Group's YTD2024 profit before taxation is RM1.35 million or 6.56% lower than the YTD2023 profit before taxation at RM20.64 million. The lower profit before taxation was attributable to additional expenses incurred on professional fees for the bonus issue of free warrants exercise of RM0.20 million, RM0.48 million of realised loss on foreign exchange and RM1.00 million of unrealised loss in foreign exchange.

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the Third Quarter Ended 30 September 2024

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

B1. Performance review (Cont'd)

The Group's profit after taxation for Q3-2024 is RM0.56 million or 10.94% lower than Q3-2023 at RM5.08 million. Whereas its YTD2024 profit after taxation of RM14.63 million is RM1.43 million or 8.89% lower than the YTD2023's profit after taxation at RM16.06 million.

B2. Comparison with immediate preceding quarter

	Quarter ended	Immediate preceding quarter	Changes	
	30.09.2024 ("Q3-2024")	30.06.2024 ("Q2-2024")	RM	%
Revenue	72,212,850	65,072,824	7,140,026	10.97%
Gross profit	14,163,643	12,090,083	2,073,560	17.15%
Other income	597,860	777,314	(179,454)	(23.09%)
Selling and distribution costs	(3,229,544)	(2,537,247)	(692,297)	27.29%
Administrative expenses	(5,376,698)	(3,581,029)	(1,795,669)	50.14%
Profit before taxation	5,885,788	6,598,296	(712,508)	(10.80%)

The Group's revenue for Q3-2024 is RM7.14 million or 10.97% higher than the revenue recorded in Q3-2024. The increase was contributed mainly by the distribution activity where its revenue has increased by RM5.45 million or 14.31% from RM38.04 million in Q2-2024 to RM43.48 million in Q3-2024.

The Group's gross profit margin increased by 1.03 percentage point from 18.58% in Q2-2024 to 19.61% in Q3-2024.

The profit before taxation for Q3-2024 is RM0.71 million or 10.80% lower than the Q2-2024 profit before taxation of RM6.60 million due to the realised loss of RM0.48 million and unrealised loss of RM1.00 million in foreign exchange suffered by the Group in the current quarter.

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

Looking at the consumer and market responses, we anticipate an encouraging recovery in the country's livestock industry in the year 2025. While challenges remain in the swine sector due to the African Swine Fever outbreak, there is a growing optimism backed by the gradual improvement in disease control strategies and market conditions.

In the poultry sector, rising consumer demands and improved supply conditions are further contributing to the positive outlook as production efficiency enhances supply stability. Our Group remains committed to playing a pivotal role in this recovery, leveraging our expertise and product offerings to help bolster the poultry sector's resilience and growth trajectory.

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the Third Quarter Ended 30 September 2024

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

B3. Prospect of the Group for the financial year ending 31 December 2024 (Cont'd)

In response to this encouraging outlook, the management has re-evaluated the Group's expansion plans and added feedmill machinery as part of the Group's new GMP plant which is currently under construction. With this new addition to the Group's business expansion strategy, the construction of the new plant which was initially planned for completion in June 2025, is now expected to be completed in December 2025. The management is closely monitoring the construction progress ensuring that the expected timeline is well met.

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	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM	RM	RM	RM
This includes the following items of income/(expense) :				
Interest income	59,366	537,329	224,121	1,345,107
Income from placements in money market funds	262,706	94	938,049	23,836
Gain on changes in fair value of money market funds	341,755	103,896	661,439	320,557
Gain on redemption of money market funds	835	858	15,316	2,270
Gain on disposal of property, plant and equipment	-	7,092	37,129	252,089
Realised (loss)/gain on foreign exchange	(551,983)	34,197	(519,431)	241,997
Unrealised (loss)/gain on foreign exchange	(1,270,320)	13,202	(1,168,643)	408,017
Write-down in value of inventories	(150,000)	(150,000)	(450,000)	(450,000)
Amortisation of intangible assets	(32,421)	(30,137)	(92,694)	(90,410)
Depreciation of property, plant and equipment	(355,120)	(380,206)	(1,088,918)	(1,083,592)
Depreciation of right-of-use assets	(276,587)	(220,459)	(828,531)	(661,379)
(Additional)/Reversal of impairment losses on trade receivables	(130,768)	(316,483)	(59,434)	105,747
Interest expense	(26,964)	(8,941)	(89,482)	(32,327)
Property, plant and equipment written off	(289)	-	(5,576)	(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.

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the Third Quarter Ended 30 September 2024

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

B6. Taxation

	Quarter ended		Year-to-date ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM	RM	RM	RM
Current tax	1,775,505	1,507,407	4,984,345	4,582,942
Deferred tax resulting from origination and reversal of temporary differences	(15,100)	2,954	68,770	93,029
	1,760,405	1,510,361	5,053,115	4,675,971
Under/(Over) provided in prior year :				
- Income tax	5,085	(82,483)	5,085	(82,483)
- Deferred tax	(401,283)	(11,628)	(401,283)	(11,628)
	1,364,207	1,416,250	4,656,917	4,581,860
Effective tax rate (%)	29.91%	23.26%	26.20%	22.65%
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.

B7. Status of corporate proposals

At an extraordinary general meeting held on 30 July 2024, its 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 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 during the financial period under review to date.

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the Third Quarter Ended 30 September 2024

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

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	31,000	-	Within 48 months
Purchase of new machinery and equipment	9,700	3,935	5,765	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	55,444	5,765	

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

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 September 2024 in was RM9.83 million (30.09.2023 : RM3.87 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.

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the Third Quarter Ended 30 September 2024

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

B12. Earnings per share ("EPS")

	Quarter ended		Year-to-date ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
Profit attributable to ordinary equity holders of the Company (RM)	4,521,581	5,076,995	14,631,391	16,059,777
Weighted average number of shares in issue	300,000,000	300,000,000	300,000,000	300,000,000
Basic and diluted EPS (Sen)	1.51	1.69	4.88	5.35

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 dividend was paid on 11 October 2024 to holders of ordinary shares whose names appear in the Records of Depository at the close of business on 23 September 2024.

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.

Company Secretary
25 November 2024