



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 2023**

30 August 2023

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the Second Quarter Ended 30 June 2023

Condensed consolidated statement of financial position

	As at 30.06.2023	As at 31.12.2022
	Unaudited RM	Audited RM
Assets		
Non-current Assets		
Property, plant and equipment	49,472,918	48,022,346
Intangible assets	321,004	381,277
	<u>49,793,922</u>	<u>48,403,623</u>
Current Assets		
Inventories	37,491,890	39,056,790
Trade and other receivables	84,545,018	92,315,440
Tax recoverable	166,323	-
Placements in money market funds	1,303,034	36,792,106
Short-term deposits, cash and bank balances	68,846,410	27,155,400
	<u>192,352,675</u>	<u>195,319,736</u>
Total Assets	<u>242,146,597</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	(10,153)	15,601
Revaluation reserve	17,130,005	17,253,097
Retained profits	142,125,241	135,519,367
Total Equity	<u>221,140,094</u>	<u>214,683,066</u>
Non-current Liabilities		
Deferred tax liabilities	2,450,412	2,360,337
Lease liabilities	229,575	694,157
	<u>2,679,987</u>	<u>3,054,494</u>
Current Liabilities		
Lease liabilities	921,545	906,435
Bank borrowings	-	1,000,000
Trade and other payables	17,245,818	23,694,257
Tax payable	159,153	385,107
	<u>18,326,516</u>	<u>25,985,799</u>
Total Liabilities	<u>21,006,503</u>	<u>29,040,293</u>
Total Equity and Liabilities	<u>242,146,597</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 Second Quarter Ended 30 June 2023**Condensed consolidated statement of profit or loss and other comprehensive income**

	Note	Quarter ended		Year-to-date ended	
		30.06.2023 Unaudited RM	30.06.2022 Unaudited RM	30.06.2023 Unaudited RM	30.06.2022 Unaudited RM
Revenue	A11	89,025,294	102,246,197	167,426,783	178,334,544
Cost of sales		(77,072,451)	(87,339,686)	(143,362,692)	(151,448,711)
Gross profit		11,952,843	14,906,511	24,064,091	26,885,833
Other income		1,541,225	585,211	2,388,757	922,355
Selling and distribution costs		(2,201,892)	(3,591,154)	(4,887,454)	(5,939,719)
Administrative expenses		(3,391,425)	(3,694,643)	(7,070,986)	(7,008,281)
Research and development costs		(117,064)	(108,339)	(234,385)	(281,321)
Other expenses		(54,316)	(22,400)	(88,245)	(49,472)
Operating profit		7,729,371	8,075,186	14,171,778	14,529,395
Finance costs		(14,678)	(65,865)	(23,386)	(98,443)
Profit before taxation	B5	7,714,693	8,009,321	14,148,392	14,430,952
Taxation	B6	(1,749,285)	(1,874,749)	(3,165,610)	(3,383,511)
Profit for the period		5,965,408	6,134,572	10,982,782	11,047,441
Other comprehensive income, net of tax					
<i>Item that will be reclassified subsequently to profit or loss :</i>					
- Exchange (loss)/gain on translation of foreign operation		(19,659)	(1,433)	(25,754)	3,865
Total other comprehensive (loss)/income for the period		(19,659)	(1,433)	(25,754)	3,865
Total comprehensive income for the period		5,945,749	6,133,139	10,957,028	11,051,306
Attributable to owners of the Company					
Profit for the period		5,965,408	6,134,572	10,982,782	11,047,441
Total comprehensive income for the period		5,945,749	6,133,139	10,957,028	11,051,306
Earnings per share attributable to owners of the Company					
Basic and diluted (Sen)	B12	1.99	2.04	3.66	3.68
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 Second Quarter Ended 30 June 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 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 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
Year-to-date ended 30 June 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	-	-	-	-	11,047,441	11,047,441
Exchange gain on translation of foreign operation	-	-	3,865	-	-	3,865
Total comprehensive income for the period	-	-	3,865	-	11,047,441	11,051,306
Transfer of revaluation surplus on land and buildings	-	-	-	(22,023)	22,023	-
Dividends paid (Note A8)	-	-	-	-	(4,500,000)	(4,500,000)
Balance as at 30 June 2022	177,429,501	(115,534,500)	1,018	9,264,893	129,328,085	200,488,997

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 Second Quarter Ended 30 June 2023**Condensed consolidated statement of cash flows**

	Year-to-date ended	
	30.06.2023	30.06.2022
	Unaudited	Unaudited
	RM	RM
Cash flows from operating activities		
Profit before taxation	14,148,392	14,430,952
<i>Adjustments for :-</i>		
Amortisation of intangible assets	60,273	55,376
Depreciation of property, plant and equipment	703,386	588,186
Depreciation of right-of-use assets	440,920	425,190
Gain on changes in fair value of money market funds	(216,661)	(236,893)
Gain on disposal of property, plant and equipment	(244,997)	(167,597)
Property, plant and equipment written off	2,109	542
Net (reversal)/addition of impairment losses on trade receivables	(422,230)	206,299
Write-down in value of inventories	300,000	120,000
Interest expense	23,386	98,443
Income from placements in money market funds	(23,742)	(8,989)
Interest income	(807,778)	(281,698)
Gain on redemption of money market funds	(1,412)	(819)
Unrealised gain on foreign exchange	(394,815)	(110,074)
Operating profit before working capital changes	13,566,831	15,118,918
Decrease/(Increase) in inventories	1,279,875	(12,635,082)
Decrease/(Increase) in trade and other receivables	6,638,101	(21,009,136)
(Decrease)/Increase in trade and other payables	(4,548,061)	2,509,809
Cash generated from/(utilised in) operations	16,936,746	(16,015,491)
Interest received	807,778	281,698
Interest paid	(23,386)	(98,443)
Tax paid	(3,467,812)	(3,328,830)
Net cash from/(used in) operating activities	14,253,326	(19,161,066)
Cash flows from investing activities		
Purchase of intangible assets	-	(5,998)
Purchase of property, plant and equipment	(2,596,989)	(1,035,720)
Proceeds from disposal of property, plant and equipment	245,000	167,600
Net proceeds from redemption of money market funds	35,707,145	5,394,287
Income from placements in money market funds	23,742	8,989
Net cash from investing activities	33,378,898	4,529,158

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Condensed consolidated statement of cash flows (Cont'd)

	Year-to-date ended	
	30.06.2023	30.06.2022
	Unaudited	Unaudited
	RM	RM
Cash flows from financing activities		
Net (repayment)/drawdown of bank borrowings	(1,000,000)	10,297,000
Payments of lease liabilities	(449,472)	(420,430)
Dividend paid	(4,500,000)	(4,500,000)
Net cash (used in)/from financing activities	(5,949,472)	5,376,570
Net increase/(decrease) in cash and cash equivalents	41,682,752	(9,255,338)
Effect of foreign exchange difference on cash and cash equivalents	8,258	4,365
Cash and cash equivalents at beginning of period	26,792,250	38,340,466
Cash and cash equivalents at end of period	68,483,260	29,089,493

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
	30.06.2023	30.06.2022
	RM	RM
Short-term deposits, cash and bank balances, as presented in the condensed consolidated statement of financial position	68,846,410	30,698,532
Less : Short-term deposits pledged as security	(363,150)	(1,609,039)
Cash and cash equivalents, as presented in the condensed consolidated statement of cash flows	68,483,260	29,089,493

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 Second Quarter Ended 30 June 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

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Interim Financial Report for the Second Quarter Ended 30 June 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 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	
	30.06.2023	30.06.2022
	RM	RM
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	-
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>4,500,000</u>	<u>4,500,000</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 RM0.61 million during the current quarter and RM2.60 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.

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	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM	RM	RM	RM
Manufacturing	25,967,946	28,483,429	50,658,808	55,708,010
Distribution	63,057,348	73,762,768	116,767,975	122,626,534
	<u>89,025,294</u>	<u>102,246,197</u>	<u>167,426,783</u>	<u>178,334,544</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	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM	RM	RM	RM
Malaysian customers	81,404,675	91,956,686	149,453,244	158,040,183
Overseas customers	7,620,619	10,289,511	17,973,539	20,294,361
	<u>89,025,294</u>	<u>102,246,197</u>	<u>167,426,783</u>	<u>178,334,544</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.

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 30.06.2023 RM	As at 31.12.2022 RM
Level 2		
Financial assets at fair value through profit or loss - Placements in money market funds	1,303,034	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 30.06.2023 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	9,731,105	10,399,298
- Construction of a new factory building	34,808,237	-
	<u>44,539,342</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	16,000,000	30,065,215
	<u>16,000,000</u>	<u>31,250,686</u>

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Interim Financial Report for the Second Quarter Ended 30 June 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	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM	RM	RM	RM
Transactions with a company in which certain Directors of the Group have substantial financial interests :				
- Payments for leases	(252,600)	(240,000)	(505,200)	(480,000)
Transactions with companies in which a person connected to certain Directors of the Group has substantial financial interests :				
- Sales of goods	7,672,911	6,458,075	13,125,420	14,692,523
- Purchases of goods	(234,709)	(507,798)	(344,691)	(1,036,540)
- Rendering of services	(153,020)	(199,871)	(252,016)	(409,164)
Rental charged by a Director of the Company	(19,500)	(4,500)	(39,000)	(9,000)

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Interim Financial Report for the Second Quarter Ended 30 June 2023

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

B1. Performance review

	Current quarter performance			
	Quarter ended		Changes	
	30.06.2023 ("Q2-2023") RM	30.06.2022 ("Q2-2022") RM	Q2-2023 vs Q2-2022 RM %	
Revenue	89,025,294	102,246,197	(13,220,903)	(12.93%)
Gross profit	11,952,843	14,906,511	(2,953,668)	(19.81%)
Profit before taxation	7,714,693	8,009,321	(294,628)	(3.68%)
Profit for the period	5,965,408	6,134,572	(169,164)	(2.76%)

	Financial year-to-date performance			
	Year-to-date ended		Changes	
	30.06.2023 ("YTD2023") RM	30.06.2022 ("YTD2022") RM	YTD2023 vs YTD2022 RM %	
Revenue	167,426,783	178,334,544	(10,907,761)	(6.12%)
Gross profit	24,064,091	26,885,833	(2,821,742)	(10.50%)
Profit before taxation	14,148,392	14,430,952	(282,560)	(1.96%)
Profit for the period	10,982,782	11,047,441	(64,659)	(0.59%)

In Q2-2023, the Group recorded a total revenue of RM89.03 million which is lower by RM13.22 million or 12.93% from the revenue of RM102.25 million recorded in Q2-2022. Whereas for YTD2023, the Group recorded a total revenue of RM167.43 million which is lower by RM10.91 million or 6.12% from the revenue recorded in YTD2022. The lower revenue was contributed mainly by lower sales of grain and oil seeds, veterinary vaccine and feed additives. Revenue from the business activities of the Group is disclosed in Note A11 above.

The Group registered a gross profit of RM11.95 million for Q2-2023 which is lower by RM2.95 million or 19.81% from Q2-2022's gross profit. For YTD2023, the Group registered a gross profit of RM24.06 million which is lower by RM2.82 million or 10.50% from the gross profit for YTD2022.

The gross profit of RM11.95 million for Q2-2023 was contributed by the manufacturing activity where it has recorded RM6.48 million or 54.21% of the total gross profit which is RM1.00 million or 13.41% lower than the gross profit for Q2-2022 at RM7.48 million. The remaining gross profit for Q2-2023 of RM5.47 million or 45.79% was contributed by the distribution activity which is RM1.95 million or 26.27% lower than the gross profit for Q2-2022 at RM7.42 million. In respect of YTD2023, manufacturing activity registered a gross profit of RM13.30 million or 55.29% of the total gross profit that is RM2.22 million or 14.29% lower than the gross profit recorded in YTD2022. The remaining gross profit for YTD2023 was attributable to distribution activity which registered RM10.76 million or 44.71% of the total gross profit that is RM0.60 million or 5.31% lower than the gross profit recorded in YTD2022.

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Interim Financial Report for the Second Quarter Ended 30 June 2023

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

B1. Performance review (Cont'd)

Despite recording a much lower gross profit for both Q2-2023 and YTD2023, the Group managed to record RM7.71 million of profit before taxation for Q2-2023 which is RM0.29 million or 3.68% marginally lower than the profit before taxation for Q2-2022. In respect of YTD2023, the Group registered RM14.15 million of profit before taxation which is RM0.28 million or 1.96% marginally lower than the profit before taxation for YTD2022. The Group's profit after taxation for Q2-2023 is only RM0.17 million or 2.76% lower than Q2-2022 at RM7.71 million whereas for YTD2023, the Group's profit after taxation is only RM0.06 million or 0.59% lower than YTD2022 at RM10.98 million.

B2. Comparison with immediate preceding quarter

	Quarter ended	Immediate preceding quarter	Changes	
	30.06.2023 ("Q2-2023")	31.03.2023 ("Q1-2023")	RM	%
	RM	RM		
Revenue	89,025,294	78,401,489	10,623,805	13.55%
Gross profit	11,952,843	12,111,248	(158,405)	(1.31%)
Other income	1,541,225	847,532	693,693	81.85%
Selling and distribution costs	(2,201,892)	(2,685,562)	483,670	(18.01%)
Administrative expenses	(3,391,425)	(3,679,561)	288,136	(7.83%)
Profit before taxation	7,714,693	6,433,699	1,280,994	19.91%

The Group's revenue for Q2-2023 is RM10.62 million or 13.55% higher than the revenue recorded in Q1-2023. This increase was contributed mainly by the distribution activity its revenue of which has increased by RM9.35 million or 17.40% from RM53.71 million in Q1-2023 to RM63.06 million in Q2-2023.

Despite the increase in revenue, the Group's gross profit margin has dropped from 15.45% in Q1-2023 to 13.43% in Q2-2023. This drop was primarily influenced by the change in sales contributions of the Group's product mix and the increase in foreign currency exchange rates that has increased the Group's costs of raw materials. To remain competitive in the market, the Group has decided not to pass down the increase in costs to its customers.

Even though the Group's gross profit for Q2-2023 is lower than Q1-2023, the Group's profit before taxation for Q2-2023 is RM1.28 million or 19.91% higher than the Q1-2023 profit before taxation which was at RM6.43 million. This phenomenon was contributed by the increase in other income and decrease in selling and distribution costs and administrative expenses in the current quarter.

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

The Board expects 2023 to be another challenging year with the outbreak of animal diseases in Malaysia affecting our customers in the sectors they operate. This is further amplified by the rising interest rates in and outside the Country which adds on to the inflationary pressures impacting the cost of living and households purchasing power.

Despite these challenges, the Group will continue tapping on our core strengths as one of the major integrated one stop solution providers in ASEAN region's livestock industry by inventing new products or improving existing products and enhancing our advisory services in order to remain relevant in the industry. Further, as part of its business expansion strategy, on 26 May 2023 the Group has successfully awarded a contract for the construction its new manufacturing plant. The construction work is under way as of the date of this interim report and is estimated to complete by June 2025.

The commencement of construction work on the new manufacturing plant signifies our commitment in preserving the Group's business expansion plan and the management will closely monitor its progress. Barring any unforeseen circumstances, the Board is cautiously optimistic that the Group will continue to perform well in the remaining part of the financial year 2023, while continuously assessing and monitoring if adjustments need to be made on its business strategy.

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	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM	RM	RM	RM
This includes the following items of income/(expense) :				
Interest income	513,315	150,707	807,778	281,698
Income from placements in money market funds	1,058	-	23,742	8,989
Gain on changes in fair value of money market funds	8,036	119,894	216,661	236,893
Gain on redemption of money market funds	102	-	1,412	-
Gain on disposal of property, plant and equipment	59,999	132,998	244,997	167,597
Realised gain/(loss) on foreign exchange	336,330	(98,796)	207,800	(125,771)
Unrealised gain on foreign exchange	359,080	108,406	394,815	110,074
Write-down in value of inventories	(150,000)	(120,000)	(300,000)	(120,000)

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B5. Profit before taxation (Cont'd)

	Quarter ended		Year-to-date ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM	RM	RM	RM
This includes the following items of income/(expense) : (Cont'd)				
Amortisation of intangible assets	(30,136)	(27,838)	(60,273)	(55,376)
Depreciation of property, plant and equipment	(370,971)	(306,045)	(703,386)	(588,186)
Depreciation of right-of-use assets	(220,460)	(212,595)	(440,920)	(425,190)
Net reversal/(addition) of impairment losses on trade receivables	306,824	(222,742)	422,230	(206,299)
Interest expense	(14,678)	(65,865)	(23,386)	(98,443)
Property, plant and equipment written off	(2,109)	(542)	(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	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM	RM	RM	RM
Current tax	1,671,309	1,892,400	3,075,535	3,453,700
Deferred tax expense/(income) resulting from origination and reversal of temporary differences	77,976	(17,651)	90,075	(70,189)
	1,749,285	1,874,749	3,165,610	3,383,511
Effective tax rate (%)	23.19%	23.19%	22.37%	23.45%
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 30.06.2023 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 June 2023 in was RM2.83 million (30.06.2022 : RM2.75 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	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Profit attributable to owners of the Company (RM)	5,965,408	6,134,572	10,982,782	11,047,441
Weighted average number of shares in issue	300,000,000	300,000,000	300,000,000	300,000,000
Basic and diluted EPS (Sen)	1.99	2.04	3.66	3.68

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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Part B : Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (Cont'd)**B14. Dividend declared**

On 30 August 2023, 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 2023. The date of entitlement for the dividend payment will be announced in due course.

By Order of the Board
Company Secretary
30 August 2023