


HEXTAR HEALTHCARE BERHAD (199601000297) (372642-U)

Condensed Consolidated Statements of Comprehensive Income for the third quarter ended 30 September 2023

These figures have not been audited

	Individual Period		Cumulative Period	
	2023 Current Year Quarter ended 30 September RM'000	2022 Preceding Year Quarter ended 30 September RM'000	2023 Current Year to-Date ended 30 September RM'000	2022 Preceding Year to-Date ended 30 September RM'000
Revenue	45,542	35,914	118,452	134,897
Cost of sales	(47,494)	(38,082)	(120,657)	(129,668)
Gross profit/(loss)	(1,952)	(2,168)	(2,205)	5,229
Other gains and losses	(248)	1,202	1,119	5,095
Operating expenses	(5,900)	(3,586)	(14,916)	(10,239)
Profit/(Loss) from operations	(8,100)	(4,552)	(16,002)	85
Finance costs	(71)	-	(284)	(5)
Profit/(Loss) before tax	(8,171)	(4,552)	(16,286)	80
Income tax (expense)/credit	(1,652)	182	(2,077)	159
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	(9,823)	(4,370)	(18,363)	239
Other comprehensive income, net of tax:				
Foreign currency translation differences for foreign operations	(327)	(334)	1,411	(1,189)
Total comprehensive income for the period attributable to Equity holders of the Company	(10,150)	(4,704)	(16,952)	(950)
(Loss)/Earnings per share:				
Basic (sen)	(0.98)	(0.51)	(1.83)	0.03
Weighted average number of shares	1,001,919,781	859,401,695	1,001,919,781	859,401,695

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying notes attached to the interim financial statements.

**HEXTAR HEALTHCARE BERHAD (199601000297) (372642-U)**

Condensed Consolidated Statements of Financial Position as at 30 September 2023
These figures have not been audited

	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	199,770	208,214
Prepaid lease payments	16,057	16,308
Other investments	180,645	180,645
Right-of-use assets	1,965	4,105
	<u>398,437</u>	<u>409,272</u>
Current Assets		
Inventories	89,082	82,132
Trade and other receivables	104,840	99,773
Amount due by related parties	75	-
Cash and bank balances	37,191	92,796
	<u>231,188</u>	<u>274,701</u>
TOTAL ASSETS	<u>629,625</u>	<u>683,973</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Issued capital	341,308	341,308
Treasury shares	(48,191)	(48,191)
Other reserves	1,549	139
Retained earnings	292,924	311,286
TOTAL EQUITY	<u>587,590</u>	<u>604,542</u>
Non-current Liabilities		
Borrowings	1,366	1,638
Lease liabilities	833	1,649
Deferred tax liabilities	7,041	6,191
	<u>9,240</u>	<u>9,478</u>
Current Liabilities		
Trade and other payables	31,306	66,406
Amount due to related parties	50	50
Lease liabilities	1,251	2,482
Borrowings	188	1,015
	<u>32,795</u>	<u>69,953</u>
TOTAL LIABILITIES	42,035	79,431
TOTAL EQUITY AND LIABILITIES	<u>629,625</u>	<u>683,973</u>
Net asset per share (RM)	0.59	0.60

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying notes attached to the interim financial statements.

**HEXTAR HEALTHCARE BERHAD (199601000297) (372642-U)**

Condensed Consolidated Statements of Changes in Equity for the third quarter ended 30 September 2023
These figures have not been audited

	Attributable to Equity Holders of the Company				Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Non-distributable Translation Reserves RM'000	Retained Earnings RM'000	
As at 01 January 2022	257,794	(24,203)	575	366,972	601,138
Total comprehensive income for the period	-	-	-	239	239
Resale/(Purchase) of treasury shares		(23,988)	-	-	(23,988)
Effects of foreign exchange differences	-	-	(1,189)	-	(1,189)
As at 30 September 2022	<u>257,794</u>	<u>(48,191)</u>	<u>(614)</u>	<u>367,211</u>	<u>576,200</u>
As at 01 January 2023	341,308	(48,191)	139	311,286	604,542
Total comprehensive income for the period	-	-	-	(18,363)	(18,363)
Effects of foreign exchange differences	-	-	1,411	-	1,411
As at 30 September 2023	<u>341,308</u>	<u>(48,191)</u>	<u>1,550</u>	<u>292,923</u>	<u>587,590</u>

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying notes attached to the interim financial statements.

**HEXTAR HEALTHCARE BERHAD (199601000297) (372642-U)**

Condensed Consolidated Statements of Cashflows for the third quarter ended 30 September 2023
These figures have not been audited

	2023 Year-to-Date ended 30 September RM'000	2022 Year ended 31 December RM'000
Net cash (used in)/generated from operating activities	(14,820)	(20,306)
Net cash (used in)/generated from investing activities	(38,803)	(159,999)
Net cash (used in)/generated from financing activities	<u>(3,060)</u>	<u>(25,790)</u>
Net increase/(decrease) in cash and cash equivalents	(56,683)	(206,095)
Effects of foreign exchange differences	1,069	60
Cash and cash equivalents at beginning of financial period	<u>92,328</u>	<u>298,363</u>
Cash and cash equivalents at end of financial period	<u>36,714</u>	<u>92,328</u>

Cash and cash equivalents at end of financial period comprise the following:

Cash and bank balances	36,714	92,328
Short term borrowings - bank overdrafts	<u>-</u>	<u>-</u>
	<u>36,714</u>	<u>92,328</u>

The condensed consolidated statements of cashflows should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying notes attached to the interim financial statements.



NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (“FRS”) 134: INTERIM FINANCIAL REPORTING

1. Basis of Preparation of the Financial Statements and Adoption of New and Revised Financial Reporting Standards (“FRSs”)

The interim financial report is unaudited and has been prepared in accordance with FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2022.

The accounting policies and methods of computation adopted for the interim financial statements were consistent with those adopted for the annual audited financial statements for the year ended 31 December 2022.

2. Auditor’s Report on Preceding Annual Financial Statements

The auditor’s report on the financial statements of the Group and the Company for the previous year ended 31 December 2022 was not subject to any qualification.

3. Seasonal or Cyclical Factors

The Group’s products are not materially impacted by any seasonal or cyclical factors.

4. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting the Group’s assets, liabilities, equity, net income or cash flows in the financial statements ended 30 September 2023.

5. Changes in Material Estimates

There were no changes in the nature and computation of estimates reported in prior financial year(s) that have a material effect in the financial statements ended 30 September 2023.

6. Changes in Debt and Equity Securities

6.1 Share Buy-back

The Company did not carry out any Share Buy-back in the current quarter. As of 30 September 2023, a total of 91,273,100 shares were held as Treasury Shares by the Company.

As of 30 September 2023, the Company’s total number of issued share capital net of treasury shares was 1,001,919,781 shares.

**7. Dividends Paid**

No dividends have been declared by the Company in respect of the current financial year.

8. Segmental Information

Segmental information is presented in accordance to business operating activities, which is the Group's primary reporting format.

	Gloves Operations RM'000	Medical Devices Operation RM'000	Investment Holding RM'000	Group adjustments RM'000	Current quarter ended 30 September 2023 RM'000	Cumulative year-to-date RM'000
Revenue	51,926	1,722	-	(8,106)	45,452	118,452
Segment Results	(4,318)	(3,675)	(143)	(361)	(8,496)	(17,242)
Investment Income					396	1,240
Finance Costs					(71)	(284)
Loss before Tax					(8,171)	(16,286)
Taxation					(1,652)	(2,077)
Loss after Tax					(9,823)	(18,363)

9. Valuation of Property, Plant and Equipment

The Group did not carry out any revaluations on its property, plant and equipment in the current quarter ended 30 September 2023.

The values of property, plant and equipment have been brought forward without amendment from the previous annual financial statements ended 31 December 2022.

10. Subsequent Events

There were no material events subsequent to the end of the current quarter that have not been reflected in the financial period ended 30 September 2023.

11. Changes in the Composition of the Group

There were no changes to the composition of the Group including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations since the last audited financial year ended 31 December 2022.

12. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or assets since the last audited annual balance sheet date of 31 December 2022.

13. Capital Commitments

The commitment for the purchase of property, plant and equipment not provided for in the financial statements as of 30 September 2023 was as follows: -

	RM'000
Capital expenditure approved and contracted for	9



B. ADDITIONAL INFORMATION PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Review of Performance

The Group achieved a sales turnover of RM45.5 million in the current quarter compared to RM35.9 million in the corresponding quarter ended 30 September 2022, an increase of 26.7%. However, loss after tax increased to RM9.8 million in the current quarter, compared to RM4.4 million in the corresponding period of the previous year owing to higher production costs, low operating efficiencies and persistent unfavorable average selling prices of the Group's products.

The low utilization rates of the Group's production lines due to overcapacity of nitrile disposable gloves have adversely impacted the Group's Glove operation. Similarly, the global transitioning of the COVID-19 pandemic to endemicity have also affected demand and sales of medical self-test kits of the Group.

For the first nine months of the current financial year, the Group has recorded cumulative revenue of RM118.4 million, a decrease of 12.2% or a reduction from RM134.9 million achieved in the corresponding nine months of previous financial year owing to lower sales and average glove selling prices (ASPs) of certain Group products. The persistently low capacity utilization rates and higher operating costs in the current financial year had also impacted on the Group's overall bottom line where a cumulative loss of RM18.4 million was recorded, compared to a break-even position in the first nine months of previous financial year.

2. Material change in profits of the current quarter compared with preceding quarter

The Group recorded a loss after tax in the current quarter of RM9.8 million, attributable to the gloves division of RM6.1 million and the medical devices division of RM3.7 million, an increase from a net loss of RM5.9 million in the previous quarter due to the persistently low capacity utilization and higher costs of production. Glove demand and ASPs continue to be muted and restrained while the Group's medical devices division was also hit by slower orders as well as weak ASPs in the current quarter.

3. Current Year Prospects

The Management foresees performance of the glove division especially nitrile disposable gloves, to remain challenging for the next few financial quarters as headwinds such as excess supply, high energy and labour costs, foreign exchange fluctuations and uncertainty in the global economy are expected to prevail in the short to medium term.

As demand for COVID-19 self-test kits has eased drastically, the Group will focus on the manufacture and sales of other diagnostics test kits for the detection of various infectious diseases such as malaria, typhoid, HIV and other drug-of-abuse test kits in the current year. Overall, the Management is continually mindful of weak ASPs, rising costs and competition that could impact on the Group's financial performance.

4. Profit Forecast or Profit Guarantee

No profit forecast or profit guarantee has been issued for the current quarter.

5. Taxation

	Current quarter ended 30 September 2023 RM'000	Cumulative year- to-date RM'000
Current year – Malaysian income tax	728	1,486
Current year – Foreign income tax	(90)	(583)
Deferred tax liability/(asset)	1,014	1,174
Total income tax expense/(credit)	<u>1,652</u>	<u>2,077</u>

6. Sales of Unquoted Investments and/or Properties

There were no sales of unquoted investments and/or properties for the current quarter ended 30 September 2023.

7. Purchase/disposal of Quoted Securities

There were no purchase and/or disposal of quoted securities for the current quarter ended 30 September 2023.

8. (a) Status of Corporate Proposals

There were no corporate proposals not announced or outstanding as of 30 September 2023.

(b) Status of Utilisation of Proceeds

On 03 August 2023, the Company announced an extension of time and variation to the utilization of proceeds raised from the Private Placement exercise amounting to RM66.6 million.

Purpose	Proposed Utilisation RM'000	Variation in Utilisation of Proceeds* RM'000	Proceeds Un-utilised as of 30 September 2023 RM'000	Intended Timeframe for Utilisation
1. Acquisition of double- formers nitrile disposable glove production lines	66,024	-	-	-
2. Working capital	-	15,744	-	Immediate
3. Fixed or short-term deposits – earmarked for future investments	-	50,280	35,968	To be determined
4. Estimated expenses	558	-	-	-
TOTAL	<u>66,582</u>	<u>66,024</u>	<u>35,968</u>	

*As announced on 03 August 2023



9. Group Borrowings and Debt Securities

	As of 30 September, 2023		
	Secured RM'000	Unsecured RM'000	Total RM'000
Current	-	188	188
Non-current	246	1,120	1,366
	246	1,500	1,554

10. Financial Instruments Risks

As of 30 September 2023, the Group has the following foreign currency contracts outstanding: -

Currency	Contracted Amounts '000	Ringgit Equivalent RM'000	Fair Values RM'000	Expiry Periods
U.S. Dollar (USD)	55	258	258	October 2023
Euro (EUR)	80	403	399	October 2023
		661	657	

The above foreign currency contracts were entered into with local licensed banks to hedge the Group's receivables and payables in foreign currencies. The contracted rates will be used to translate the underlying foreign currencies into Ringgit Malaysia.

These foreign currency contracts are of a short-term nature. The accounting policy adopted with regards to off balance sheet financial instruments was consistent with those applied in the last audited financial statements as at 31 December 2022.

11. Changes in Material Litigation

There was no outstanding material litigation as of 30 September 2023.

12. Dividend Payable

No dividend is proposed for the current quarter ended 30 September 2023.

13. Earnings per Share ("EPS")

		Cumulative Year-to-Date ended 30 September 2023	Cumulative Year-to-Date ended 30 September 2022
Profit/(Loss) for the period attributable to equity holders of the Company	RM'000	(18,363)	239
Weighted average number of ordinary shares in issue	Shares	1,001,919,781	859,401,695
Basic EPS	sen	(1.83)	0.03



14. Authorisation for Issue

The interim financial statements and explanatory notes were authorised for issue by the Board of Directors on 28 November 2023.