



**HEXTAR INDUSTRIES BERHAD**

201101044580 (972700-P)  
(Incorporated in Malaysia)

Interim Financial Report  
For the Second (2nd) Quarter Ended  
28 February 2022

**HEXTAR INDUSTRIES BERHAD**  
**201101044580 (972700-P)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SECOND (2ND) QUARTER ENDED 28 FEBRUARY 2022**

	<-- Individual Quarter -->		<- Cumulative Quarter -->	
	Unaudited 28.02.2022 RM'000	Unaudited 28.02.2021 RM'000	Unaudited 28.02.2022 RM'000	Unaudited 28.02.2021 RM'000
Revenue	99,879	20,291	147,674	57,783
Cost of Sales	(94,005)	(16,929)	(135,780)	(48,129)
Gross Profit	5,874	3,362	11,894	9,654
Other operating income	999	799	1,559	1,222
Administrative expenses	(2,885)	(3,570)	(4,747)	(6,205)
Selling and distribution expenses	(1,487)	(1,597)	(3,242)	(3,738)
Profit/(Loss) from operations	2,501	(1,006)	5,464	933
Finance costs	(529)	(597)	(1,160)	(1,340)
Profit/ (Loss) before taxation	1,972	(1,603)	4,304	(407)
Taxation	(186)	1,673	(525)	1,156
Profit for the financial period	1,786	70	3,779	749
Other comprehensive income:				
Foreign currency translation differences	1	2	(4)	17
Total comprehensive income for the financial period	1,787	72	3,775	766
<b>Profit/(Loss) for the period</b>				
- Owners of the company	1,862	(159)	3,952	469
- Non-controlling interest	(76)	229	(173)	280
	1,786	70	3,779	749
<b>Total comprehensive income/ (loss) attributable to:</b>				
- Owners of the company	1,863	(157)	3,948	486
- Non-controlling interest	(76)	229	(173)	280
	1,787	72	3,775	766
Earnings per share:				
- Basic (sen)	0.16	(0.07)	0.46	0.20

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2021 and the accompanying explanatory notes attached to the interim financial report.

**HEXTAR INDUSTRIES BERHAD**  
**201101044580 (972700-P)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 28 FEBRUARY 2022**

	<b>Unaudited as at 28.02.2022 RM'000</b>	<b>Audited as at 31.08.2021 RM'000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	54,935	57,407
Goodwill on consolidation	19,276	19,276
Trade receivables	422	-
Other receivables	-	50
	<u>74,633</u>	<u>76,733</u>
<b>CURRENT ASSETS</b>		
Inventories	50,049	29,637
Trade receivables	110,543	40,932
Other receivables, prepayments and deposits	14,638	6,043
Tax recoverable	1,431	1,387
Fixed deposit with licensed banks	20	6,460
Cash and bank balances	27,805	9,846
	204,486	94,305
Non-current assets held for sale	267	-
	<u>204,753</u>	<u>94,305</u>
<b>TOTAL ASSETS</b>	<b><u>279,386</u></b>	<b><u>171,038</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	191,941	76,159
Merger deficit reserve	(23,859)	(23,859)
Foreign currency translation reserves	(7)	(3)
Retained earnings	31,526	27,574
	199,601	79,871
Non-controlling interest	3,847	4,020
<b>TOTAL EQUITY</b>	<b><u>203,448</u></b>	<b><u>83,891</u></b>
<b>CURRENT LIABILITIES</b>		
Trade payables	31,116	14,038
Other payables	10,281	4,697
Contract liabilities	374	259
Lease liabilities	143	136
Bank borrowings	14,699	18,103
Tax payable	73	2
	<u>56,686</u>	<u>37,235</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 28 FEBRUARY 2022 (CONTINUED)**

	<b>Unaudited as at 28.02.2022 RM'000</b>	<b>Audited as at 31.08.2021 RM'000</b>
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	293	353
Bank borrowings	12,419	43,019
Deferred tax liabilities	6,540	6,540
	<u>19,252</u>	<u>49,912</u>
<b>TOTAL LIABILITIES</b>	<b>75,938</b>	<b>87,147</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>279,386</b>	<b>171,038</b>
<b>NET ASSET PER SHARE (sen)</b>	<u>17.40</u>	<u>42.95</u>

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2021 and the accompanying explanatory notes attached to this interim financial report.

**HEXTAR INDUSTRIES BERHAD**  
**201101044580 (972700-P)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SECOND (2ND) QUARTER ENDED 28 FEBRUARY 2022**

	<i>&lt;- Attributable to the Owners of the Company -&gt;</i>			<i>Retained Earnings</i>	<i>Total</i>	<i>Non Controlling Interest</i>	<i>Total Equity</i>
	<i>&lt;-- Non-Distributable --&gt;</i>	<i>Distributable</i>					
<b>Unaudited</b>	<b>Share Capital</b>	<b>Merger Reserve</b>	<b>Translation Reserve</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 September 2021	76,159	(23,859)	(3)	27,574	79,871	4,020	83,891
Conversion of warrants	5,041	-	-	-	5,041	-	5,041
Right Issues	110,741	-	-	-	110,741	-	110,741
Profit for the financial period	-	-	-	3,952	3,952	(173)	3,779
Other comprehensive loss for the financial period	-	-	(4)	-	(4)	-	(4)
Total comprehensive income/(loss) for the financial period	115,782	-	(4)	3,952	119,730	(173)	119,557
Balance as at 28 February 2022	191,941	(23,859)	(7)	31,526	199,601	3,847	203,448

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SECOND (2ND) QUARTER ENDED 28 FEBRUARY 2022 (CONTINUED)**

	<i>&lt;- Attributable to the Owners of the Company -&gt;</i>			<i>Retained Earnings</i>	<i>Total</i>	<i>Non Controlling Interest</i>	<i>Total Equity</i>
	<i>&lt;-- Non-Distributable --&gt;</i>	<i>Distributable</i>					
<b>Audited</b>	<b>Share Capital</b>	<b>Merger Reserve</b>	<b>Translation Reserve</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 September 2020	75,918	(23,859)	(11)	25,932	77,980	3,746	81,726
Conversion of warrants	241	-	-	-	241	-	241
Profit for the financial year	-	-	-	1,642	1,642	274	1,916
Other comprehensive income for the financial year	-	-	8	-	8	-	8
Total comprehensive income for the financial year	241	-	8	1,642	1,891	274	2,165
Balance as at 31 August 2021	76,159	(23,859)	(3)	27,574	79,871	4,020	83,891

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2021 and the accompanying explanatory notes attached to this interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SECOND (2ND) QUARTER ENDED 28 FEBRUARY 2022**

	<b>Unaudited 6 months ended 28.02.2022 RM'000</b>	<b>Unaudited 6 months ended 28.02.2021 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	4,304	(407)
Adjustment for:		
Bad debts written off	-	4
Depreciation of property, plant and equipment	2,452	2,384
Unrealised gain on foreign exchange	(30)	(110)
Non-cash income	(434)	(744)
Interest expenses	1,160	1,340
Interest income	(525)	(129)
Operating profit before working capital changes	6,927	2,338
<b>Changes in working capital:</b>		
Inventories	(20,417)	1,140
Trade and other receivables	(78,012)	14,267
Trade and other payables	22,658	(15,295)
	(75,771)	112
Cash (used in)/generated from operations	(68,844)	2,450
Interest received	525	129
Interest paid	(1,160)	(1,340)
Tax paid	(841)	(268)
Tax refunded	355	-
	(1,121)	(1,479)
Net cash (used in)/from operating activities	(69,965)	971

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SECOND (2ND) QUARTER ENDED 28 FEBRUARY 2022 (CONTINUED)**

	<b>Unaudited 6 months ended 28.02.2022 RM'000</b>	<b>Unaudited 6 months ended 28.02.2021 RM'000</b>
<b>Cash Flow From Investing Activities</b>		
Acquisition of subsidiaries, net of cash acquired	-	(93)
Profit guarantee received	-	10,217
Purchase of property, plant and equipment	(250)	(368)
Proceed from disposal of property, plant and equipment	10	1,059
Net cash (used in)/from investing activities	<u>(240)</u>	<u>10,815</u>
<b>Cash Flow From Financing Activities</b>		
Proceeds from warrant converted to ordinary shares	5,041	-
Proceed from right issues	110,741	-
Repayment of lease liabilities	(184)	(560)
Repayment of term loan	(34,163)	(3,680)
Changes on bills payable	289	7,974
Net cash from financing activities	<u>81,724</u>	<u>3,734</u>
Net increase in cash and cash equivalents	11,519	15,520
Cash and cash equivalents at beginning of the financial period	16,286	16,895
Cash and cash equivalents at end of the financial period	<b><u>27,805</u></b>	<b><u>32,415</u></b>
<b>Cash and cash equivalents at end of the financial period comprises:</b>		
- Fixed deposits placed with licensed banks	20	5,160
- Cash and bank balances	27,805	27,275
	<u>27,825</u>	<u>32,435</u>
Less: Fixed deposits pledged with licensed banks	(20)	(20)
	<b><u>27,805</u></b>	<b><u>32,415</u></b>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2021 and the accompanying explanatory notes attached to this interim financial report.



**NOTES TO THE INTERIM FINANCIAL REPORT**

**A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2022**

**A1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") No. 134: Interim Financial Reporting and Paragraph 9.22 and Appendix 9B of the ACE Listing Requirements ("Listing Requirement").

The interim financial statements should be read in conjunction with the audited financial statements of Hextar Industries Berhad ("the Group") for the financial year ended 31 August 2021 and the accompanying explanatory notes attached to this interim financial report.

The significant accounting policies adopted in preparation of this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 August 2021, except for the adoption of the new MFRS, amendments to MFRSs and IC Interpretation as below:

Amendments to MFRS 3: Definition of a Business  
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform  
Amendments to MFRS 108 and MFRS 101: Definition of Material  
Amendments to MFRS 16: Leases-Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption above mentioned standards did not have any material impact on this interim financial report.

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**A2. Auditors' report of preceding annual audited financial statements**

The auditors' report on the preceding year audited financial statements was not subject to any qualification.

**A3. Seasonal or cyclical factors**

The businesses of the Group were not affected by seasonal or cyclical factors.

**A4. Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial period under review.

**A5. Material changes in estimates**

There were no changes in the estimates of amounts reported in prior financial years that had a material effect on the current financial period under review.

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**A6. Debt and equity securities**

There were no issuances, cancellations, repurchases, resales, repayments of debts and/or securities, shares held as treasury shares or the resale of treasury shares during the financial period ended 28 February 2022.

Rights Issue with Warrants

On 26 February 2021, the shareholders of the Company had resolved to approve the Rights Issue with Warrants, and on 14 September 2021, the Company announced that the entitlement basis for the Rights Issue is fixed at 5 Rights Shares for every 1 existing shares held, with the issue price of RM0.12 per Right Share and the exercise price of Warrants is adjusted from RM0.30 to RM0.16 per share.

On 29 October 2021, the Rights Issue was completed with the listing and quotation of 929,864,180 Rights Shares and 61,138,799 additional warrants on the ACE Market of Bursa Malaysia Securities Berhad, raising a total proceeds of approximately RM111.6 mil.

The status of utilisation of proceeds as at 28 February 2022 is as follow.

<b>Proposed utilisation of proceeds</b>	<b>Proceeds raised RM'000</b>	<b>Actual utilised RM'000</b>	<b>Timeframe for utilisation</b>
Repayment of bank borrowings	33,500	33,500	Within 6 months
Purchase of direct materials and fertilisers	53,849	53,849	Within 24 months
Purchase of industrial products	11,550	9,380	Within 24 months
Purchase of heavy equipment and spare parts	4,950	4,797	Within 24 months
Other operating expenses	6,735	1,338	Within 24 months
Working capital	1,000	889	Within 1 month
	111,584	103,753	

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**A7. Segmental information**

The Group's revenue was derived from four (4) main business segments, namely the following: -

	<b>3-months quarter ended 28 February 2022</b>					
	Investment Holding RM'000	Fertilisers RM'000	Heavy Equipment RM'000	Equipment Rental RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue</b>						
External sales	-	81,495	12,207	6,177	-	99,879
Inter-segment	-	-	5,488	27	(5,515)	-
<b>Total</b>	<b>-</b>	<b>81,495</b>	<b>17,695</b>	<b>6,204</b>	<b>(5,515)</b>	<b>99,879</b>
<b>Results</b>						
Segment results	(144)	1,053	89	1,198	-	2,196
Finance costs	(170)	(282)	(51)	(26)	-	(529)
Finance income	236	54	11	4	-	305
Profit before taxation	(78)	825	49	1,176	-	1,972
Taxation	(56)	-	3	(133)	-	(186)
<b>Profit after taxation</b>	<b>(134)</b>	<b>825</b>	<b>52</b>	<b>1,043</b>	<b>-</b>	<b>1,786</b>

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**HEXTAR INDUSTRIES BERHAD**  
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**A7. Segmental information (Continued)**

	<b>3-months quarter ended 28 February 2021</b>					
	Investment Holding RM'000	Fertilisers RM'000	Heavy Equipment RM'000	Equipment Rental RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue</b>						
External sales	-	12,765	4,659	2,867	-	20,291
Inter-segment	2,000	-	-	-	(2,000)	-
<b>Total</b>	<b>2,000</b>	<b>12,765</b>	<b>4,659</b>	<b>2,867</b>	<b>(2,000)</b>	<b>20,291</b>
<b>Results</b>						
Segment results	1,314	(122)	(218)	(127)	(1,924)	(1,077)
Finance costs	(365)	(156)	(62)	(15)	1	(597)
Finance income	38	22	8	3	-	71
Profit before taxation	987	(256)	(272)	(139)	(1,923)	(1,603)
Taxation	-	1,673	-	-	-	1,673
<b>Profit after taxation</b>	<b>987</b>	<b>1,417</b>	<b>(272)</b>	<b>(139)</b>	<b>(1,923)</b>	<b>70</b>

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**HEXTAR INDUSTRIES BERHAD**  
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**A7. Segmental information (Continued)**

	<b>6-months year-to-date ended 28 February 2022</b>					
	Investment Holding RM'000	Fertilisers RM'000	Heavy Equipment RM'000	Equipment Rental RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue</b>						
External sales	-	112,625	18,674	16,375	-	147,674
Inter-segment	-	-	5,488	110	(5,598)	-
<b>Total</b>	<b>-</b>	<b>112,625</b>	<b>24,162</b>	<b>16,485</b>	<b>(5,598)</b>	<b>147,674</b>
<b>Results</b>						
Segment results	231	1,489	673	2,546	-	4,939
Finance costs	(510)	(468)	(118)	(64)	-	(1,160)
Finance income	414	70	34	7	-	525
Profit before taxation	135	1,091	589	2,489	-	4,304
Taxation	(99)	-	(8)	(418)	-	(525)
<b>Profit after taxation</b>	<b>36</b>	<b>1,091</b>	<b>581</b>	<b>2,071</b>	<b>-</b>	<b>3,779</b>

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**HEXTAR INDUSTRIES BERHAD**  
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**A7. Segmental information (Continued)**

	<b>6-months year-to-date ended 28 February 2021</b>					
	Investment Holding RM'000	Fertilisers RM'000	Heavy Equipment RM'000	Equipment Rental RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue</b>						
External sales	-	34,676	9,536	13,571	-	57,783
Inter-segment	2,000	-	-	36	(2,036)	-
<b>Total</b>	<b>2,000</b>	<b>34,676</b>	<b>9,536</b>	<b>13,607</b>	<b>(2,036)</b>	<b>57,783</b>
<b>Results</b>						
Segment results	1,115	623	136	893	(1,963)	804
Finance costs	(749)	(333)	(121)	(139)	2	(1,340)
Finance income	74	41	8	6	-	129
Profit before taxation	440	331	23	760	(1,961)	(407)
Taxation	-	1,456	(7)	(293)	-	1,156
<b>Profit after taxation</b>	<b>440</b>	<b>1,787</b>	<b>16</b>	<b>467</b>	<b>(1,961)</b>	<b>749</b>

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**A8. Dividend Paid**

No dividend was paid during the current financial period under review.

**A9. Valuation of property, plant and equipment**

The Group has not carried out any valuation on its property, plant and equipment in the current financial period under review.

**A10. Capital commitments**

There were no material capital commitments as at the date of this report.

**A11. Changes in the composition of the Group**

There were no changes in the composition of the Group for the current financial period ended 28 February 2022.

**A12. Contingent liabilities and contingent assets**

There were no contingent liabilities and contingent assets as at the date of this financial report.

**A13. Material events subsequent to the end of the quarter**

There were no other material events subsequent to the end of current financial period under review that have not been reflected in this interim financial report.

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**HEXTAR INDUSTRIES BERHAD**  
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**A14. Related party transactions**

Transaction with companies in which a Director has interest for the current quarter ended 28 February 2022 was as follows: -

	<b>&lt;-- Individual Quarter --&gt;</b>		<b>&lt;-- Cumulative Quarter --&gt;</b>	
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
	<b>28.02.2022</b>	<b>28.02.2021</b>	<b>28.02.2022</b>	<b>28.02.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Income</u>				
Sales of industrial products and spare parts	128	98	202	148
Sales of fertilisers goods	53,752	628	59,814	1,597
Sales or rental of rental equipment	335	405	726	1,189
<u>Purchase/Expenditure</u>				
Rental of factory	(169)	(169)	(338)	(338)
Hiring of lorry	(49)	(49)	(98)	(98)
Purchase of fertilisers	(3,887)	(1,668)	(12,314)	(3,429)
Purchase of rental equipment	-	-	(466)	-
Acquisition of subsidiary	-	-	-	(180)

The transactions were carried out in the ordinary course of business and on normal commercial terms.

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**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS**

**B1. Review of performance**

	<b>Quarter ended 28.02.2022 ("Q2/22") RM'000</b>	<b>Quarter ended 28.02.2021 ("Q2/21") RM'000</b>	<b>Changes RM'000</b>	<b>Changes (%)</b>
Revenue	99,879	20,291	79,588	392.2%
Profit/(loss) before tax	1,972	(1,603)	3,575	223.0%
Profit after tax	1,786	70	1,716	2451.4%

**Comparison between Q2/22 with Q2/21**

In the current quarter under review, the Group achieved higher revenue of RM99.9mil, an increase by 392.2% as compared to corresponding quarter ("Q2/22") principally due to the higher demand of fertilisers and recovery in the heavy equipment division. With the higher revenue attained, the Group reported higher profit before tax of RM2.0mil in Q2/22 as compared to loss before tax of RM1.6mil.

	<b>Year-to-date 28.02.2022 ("YTD-22") RM'000</b>	<b>Year-to-date 28.02.2021 ("YTD-21") RM'000</b>	<b>Changes RM'000</b>	<b>Changes (%)</b>
Revenue	147,674	57,783	89,891	155.6%
Profit/(Loss) before tax	4,304	(407)	4,711	1157.5%
Profit after tax	3,779	749	3,030	404.5%

**Comparison between YTD-22 with YTD-21**

In the financial period ended 28 February 2022 ("YTD-22"), the Group achieved higher revenue of RM147.7mil, an increase of RM89.9mil or 155.6% as compared to revenue of RM57.8mil in the corresponding period ("YTD-21") attributable to the recovery from Enhanced Movement Control Order (EMCO) imposed by the Government. With the higher revenues attained, the Group has recorded profit before tax of RM4.3million in YTD-22 turned around the loss before tax of RM0.4million reported in YTD-21.

**B2. Comparison with immediate preceding quarter's results**

	<b>Quarter ended 28.02.2022 ("Q2/22") RM'000</b>	<b>Quarter ended 30.11.2021 ("Q1/22") RM'000</b>	<b>Changes RM'000</b>	<b>Changes (%)</b>
Revenue	99,879	47,795	52,084	109.0%
Profit before tax	1,972	2,332	(360)	-15.4%
Profit after tax	1,786	1,993	(207)	-10.4%

For the current quarter under review, the Group reported revenue of RM99.9 mil, an increase by 109.0% as compared to preceding quarter ("Q1/22"). The increase in revenue principally due to the higher demand of fertilisers and recovery from Enhanced Movement Control Order (EMCO) imposed by government.

Despite higher revenue generated in Q2/22, the Group reported a lower profit before tax of RM2.0mil as compared to Q1/22 profit before tax of RM2.3mil principally due the higher raw material price in fertilisers particularly on certain sale orders committed earlier.

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**B3. Prospects**

**Fertilisers**

The Crude Palm Oil ("CPO") price topping RM8,000 per tonne for the first time on 1 March 2022 amid the shortfall in sunflower oil caused by the Russia-Ukraine crisis. With the favourable CPO price, the smallholders and individual planters are expected to increase the application of fertilisers. The demand for crude palm oil and our fertilisers is expected to remain healthy as India slashed the agriculture cess on CPO to from 20% to 7.5% while the Government promoting the B20 biodiesel programme to the transportation sector nationwide. Barring any unforeseen circumstances, our strategy to expand the core fertiliser business beyond the primary market in Sarawak should be augur well for the long-term prospect of the Group.

**Heavy Equipment**

Our heavy equipment are widely used to support the operations of mining and quarrying activities in Malaysia. As products from quarries and mines are commonly used as building materials in the construction industry, the availability and growth in infrastructure development in Malaysia will drive the growth of mining and quarrying activities.

As the construction works for, amongst others, LRT 3, Mass Rapid Transit Line 2 (MRT 2), Pan Borneo Highway, Gemas-Johor Bahru Electrified Double Tracking Project and Klang Valley Double Tracking projects progress, it may drive the growth of mining and quarrying activities, which in turn, may drive the demand for heavy equipment.

**Equipment Rental**

Notwithstanding that the world faced challenges in the rise of cases poised by the new COVID-19 variants, in the longer term when the impact of the COVID-19 subsides, the event industry is expected to gradually recover as more people become comfortable to attend these events and more international speakers, performers and artistes are able to travel to Malaysia.

**B4. Profit forecast**

The Group does not have any profit forecast in the public documents.

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**B5. Taxation**

	<- Individual Quarter ->		<- Cumulative Quarter ->	
	Unaudited	Unaudited	Unaudited	Audited
	28.02.2022	28.02.2021	28.02.2022	28.02.2021
	RM'000	RM'000	RM'000	RM'000
Income tax expense				
- Current financial year	186	42	525	559
- Over provision in prior years	-	(1,715)	-	(1,715)
	<u>186</u>	<u>(1,673)</u>	<u>525</u>	<u>(1,156)</u>

The effective tax for current financial period under review is lower than the Malaysian statutory tax rate of 24% is mainly due to the tax benefit available by the Group.

**B6. Status of corporate proposals announced**

On 6 November 2020, the Board of Directors of Hextar Industries Bhd ("the Company") proposes to undertake the following: -

- i. proposed consolidation of every 3 ordinary shares in SCH into 1 consolidated SCH Share ("Proposed Share Consolidation");
- ii. proposed rights issue of new SCH Shares ("Rights Shares") to raise gross proceeds of up to RM155 million ("Proposed Rights Issue"); and
- iii. proposed exemption to Hextar Holdings Sdn Bhd ("Hextar") and persons acting in concert with it to undertake a mandatory offer for the remaining SCH Shares not already owned by them arising from the subscription by Hextar of the Rights Shares pursuant to the irrevocable undertakings. ("Proposed Exemption")

On 12 January 2021, the Company announced that Bursa Securities had via its letter dated 12 January 2021, approved the Proposed Share Consolidation and Proposed Right Issue with conditions.

The Company had conducted Extraordinary General Meeting ("EGM") on 26 February 2021 to obtain shareholders' approval for the multiple proposals above. All the resolutions for the proposals as prescribed in the Notice of EGM were duly passed by the shareholders of the Company by way of poll via remote participation and voting at the EGM of the Company.

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**B6. Status of corporate proposals announced (Continued)**

On 9 March 2021, the Company announced that Securities Commission had vide its letter dated 8 March 2021, approved the application for the Proposed Exemption under paragraph 4.08(1)(b) of the Rules.

On 12 March 2021, the Company consolidated 555,511,720 ordinary shares into 185,169,736 Consolidated Shares pursuant to the Proposed Share Consolidation. Consequently, pursuant to the provision of the Deed Poll, 205,839,310 Warrant had been adjusted into 68,612,509 Consolidated Warrant.

On 12 July 2021, Bursa Malaysia Securities Berhad had granted the Company an extension of time to 11 January 2022 to complete the implementation of Right Issue.

On 14 September 2021, the Company had fixed the entitlement date on 29 September 2021 for the Right Issue at the issue price of RM0.12 on the entitlement basis of 5 Rights Shares for every 1 Hextar Industries Share. In relation to the Right Issue, the Company had received valid acceptance and excess application for a total of 1,169,924,813 Right Shares, representing a subscription rate of 125.8% or over subscription of 25.8%.

On 29 October 2021, the Right Issue has been completed following the listing of and quotation for 929,864,180 Right Shares and 61,138,799 additional warrants on the ACE Market of Bursa Malaysia Securities Berhad.

There were no corporate proposals that were announced but not completed as at the date of this report, other than those disclosed above.

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**HEXTAR INDUSTRIES BERHAD**  
**201101044580 (972700-P)**

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**B7. Borrowings**

The Group's borrowings were as follows: -

	<b>Unaudited as at 28.02.2022 RM'000</b>	<b>Audited as at 31.08.2021 RM'000</b>
<b>Secured</b>		
Bankers' acceptance	12,888	12,235
Invoice Financing	466	914
Foreign currency loan	84	-
Hire purchases	1,202	1,332
Term loans	12,478	46,641
<b>Total bank borrowings</b>	<b>27,118</b>	<b>61,122</b>
<b>Short Term</b>		
Bankers' acceptance	12,888	12,235
Invoice Financing	466	914
Foreign currency loan	84	-
Hire purchases	261	263
Term loans	1,000	4,691
	<b>14,699</b>	<b>18,103</b>
<b>Long Term</b>		
Hire purchases	941	1,069
Term loans	11,478	41,950
	<b>12,419</b>	<b>43,019</b>

**B8. Changes in material litigation**

As at the date of this report, there is no litigation or arbitration, which has a material effect on the financial position of the Group, and the Board is not aware of any proceedings pending or of any fact likely to give rise to any proceedings.

**B9. Dividend**

No dividend was proposed for the financial quarter.

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**HEXTAR INDUSTRIES BERHAD**  
**201101044580 (972700-P)**

**B10. Basic earnings per share/Diluted earnings per share**

The basic earnings per share is calculated based on the Group's profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares as follows:

	Individual Quarter Ended		Cumulative Quarter Ended	
	28.02.2022 RM'000	28.02.2021 RM'000	28.02.2022 RM'000	28.02.2021 RM'000
Profit/(Loss) attributable to ordinary equity holders of the Group	1,862	(159)	3,952	469
Weighted average number of ordinary shares in issue ('000)	1,147,342	239,633	865,655	239,633
Adjustment for dilutive effect on conversion of warrants (RM'000)*	-	-	-	-
Total	1,147,342	239,633	865,655	239,633
Basic earnings per share	0.16	(0.07)	0.46	0.20

\* In FY2021, there are no dilutive effects for the warrants due to the warrants' exercise price of 10 sen being out-of-the-money. Accordingly, the diluted earnings per ordinary share for the year is equal to the basic earnings per ordinary share.

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**HEXTAR INDUSTRIES BERHAD**  
**201101044580 (972700-P)**

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**B11. Disclosure on selected expense/income items as required by the Listing Requirements**

	Individual Quarter Ended		Cumulative Quarter Ended	
	28.02.2022 RM'000	28.02.2021 RM'000	28.02.2022 RM'000	28.02.2021 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
- Interest expenses	529	597	1,160	1,340
- Interest income	(305)	(71)	(525)	(129)
- Depreciation of property, plant and equipment	1,229	1,188	2,452	2,384
- Gain on disposal of property, plant and equipment	-	(359)	-	(439)
- Bad debts written off	-	4	-	4
- Net impairment loss on trade receivables	1	(283)	3	(305)
- Realised gain on foreign exchange	(40)	80	(37)	178
- Unrealised gain on foreign exchange	(46)	(34)	(30)	(110)

**B12. Comparative figures**

Comparatives figures, where applicable, have been modified to conform to the current presentation.

**BY ORDER OF THE BOARD**  
**22 April 2022**