



**HEXTAR INDUSTRIES BERHAD**

201101044580 (972700-P)  
(Incorporated in Malaysia)

Interim Financial Report  
For the First (1st) Quarter Ended  
31 March 2023

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2023**

	<--Individual Quarter-->		<--Cumulative Quarter-->	
	Unaudited 3 Months Ended 31.03.2023 RM'000	Unaudited 3 Months Ended 31.03.2022 RM'000	Unaudited 3 Months Ended 31.03.2023 RM'000	Unaudited 3 Months Ended 31.03.2022 RM'000
Revenue	269,427	N/A	269,427	N/A
Cost of Sales	(221,258)	N/A	(221,258)	N/A
Gross Profit	48,169	N/A	48,169	N/A
Other operating income	1,238	N/A	1,238	N/A
Administrative expenses	(8,737)	N/A	(8,737)	N/A
Selling and distribution expenses	(7,612)	N/A	(7,612)	N/A
Profit from operations	33,058	N/A	33,058	N/A
Finance costs	(4,897)	N/A	(4,897)	N/A
Profit before taxation	28,161	N/A	28,161	N/A
Taxation	(7,739)	N/A	(7,739)	N/A
Profit/Total comprehensive income for the financial year	20,422	N/A	20,422	N/A
<b>Profit/Total comprehensive income attributable to:</b>				
- Owners of the company	20,422	N/A	20,422	N/A
- Non-controlling interest	-	N/A	-	N/A
	20,422	N/A	20,422	N/A
Earnings per share:				
- Basic (sen)	0.74	N/A	0.74	N/A

Note: Pursuant to the change in the financial year end from 31 August 2022 to 31 December 2022, there are no comparative figures presented.

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 December 2022 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 31 MARCH 2023**

	<b>Unaudited as at 31.03.2023 RM'000</b>	<b>Audited as at 31.12.2022 RM'000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	231,063	231,856
Goodwill on consolidation	14,430	14,430
Trade receivables	802	925
	<u>246,295</u>	<u>247,211</u>
<b>CURRENT ASSETS</b>		
Inventories	254,973	280,347
Trade receivables	299,249	254,254
Other receivables, prepayments and deposits	14,333	20,830
Tax recoverable	676	1,154
Derivative assets	-	113
Fixed deposit with licensed banks	292	403
Cash and bank balances	80,491	76,089
	<u>650,014</u>	<u>633,190</u>
Non-current assets held for sale	267	267
	<u>650,281</u>	<u>633,457</u>
<b>TOTAL ASSETS</b>	<b><u>896,576</u></b>	<b><u>880,668</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	671,443	671,443
Merger deficit reserve	(559,301)	(559,301)
Revaluation reserve	36,026	36,261
Retained earnings	195,435	202,251
<b>TOTAL EQUITY</b>	<b><u>343,603</u></b>	<b><u>350,654</u></b>
<b>CURRENT LIABILITIES</b>		
Trade payables	45,726	104,695
Other payables and accruals	38,818	41,995
Contract liabilities	387	397
Lease liabilities	5,843	5,977
Bank borrowings	307,079	224,461
Derivative liabilities	189	474
Tax payable	17,025	10,304
	<u>415,067</u>	<u>388,303</u>

**HEXTAR INDUSTRIES BERHAD**  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2023 (CONTINUED)**

	<b>Unaudited as at 31.03.2023 RM'000</b>	<b>Audited as at 31.12.2022 RM'000</b>
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	66,906	68,538
Bank borrowings	48,415	50,502
Deferred tax liabilities	22,585	22,671
	<u>137,906</u>	<u>141,711</u>
<b>TOTAL LIABILITIES</b>	<b>552,973</b>	<b>530,014</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>896,576</b>	<b>880,668</b>
<b>NET ASSET PER SHARE (sen)</b>	<u>12.51</u>	<u>12.76</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 December 2022 and the accompanying explanatory notes attached to this interim financial report.

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**HEXTAR INDUSTRIES BERHAD**  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2023**

	<i>&lt;- Attributable to the Owners of the Company -&gt;</i>				<b>Total Equity</b>
	<i>&lt;-- Non-Distributable --&gt;</i>		<i>Distributable</i>		
<b>Unaudited</b>	<b>Share Capital</b>	<b>Merger Reserve</b>	<b>Revaluation Reserve</b>	<b>Retained Earnings</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January 2023	671,443	(559,301)	36,261	202,251	350,654
- Profit after tax for the financial year	-	-	-	20,422	20,422
- Dividend paid	-	-	-	(27,473)	(27,473)
- Realisation of revaluation reserve	-	-	(235)	235	-
Balance as at 31 March 2023	<u>671,443</u>	<u>(559,301)</u>	<u>36,026</u>	<u>195,435</u>	<u>343,603</u>

Note: Pursuant to the change in the financial year end from 31 August 2022 to 31 December 2022, there are no comparative figures presented.

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 December 2022 and the accompanying explanatory notes attached to the interim financial report.

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**HEXTAR INDUSTRIES BERHAD**  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2023**

	<b>Unaudited 3 months ended 31.03.2023 RM'000</b>	<b>Unaudited 3 months ended 31.03.2022 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	28,161	N/A
Adjustment for:		
Depreciation of property, plant and equipment	4,609	N/A
Inventories written down	5,424	N/A
Net impairment on trade receivables	9	N/A
Unrealised gain on foreign exchange	(116)	N/A
Gain on lease modification	(266)	N/A
Gain on disposal of property, plant and equipment	(178)	N/A
Interest expenses	4,897	N/A
Interest income	(223)	N/A
Operating profit before working capital changes	42,317	N/A
<b>Changes in working capital:</b>		
Inventories	20,149	N/A
Trade and other receivables	(40,017)	N/A
Trade and other payables	(62,018)	N/A
	(81,886)	N/A
Cash used in operations	(39,569)	N/A
Interest received	223	N/A
Interest paid	(4,897)	N/A
Tax paid	(637)	N/A
Tax refunded	10	N/A
	(5,301)	N/A
Net cash used in operating activities	(44,870)	N/A

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2023 (CONTINUED)**

	<b>Unaudited 3 months ended 31.03.2023 RM'000</b>	<b>Unaudited 3 months ended 31.03.2022 RM'000</b>
<b>Cash Flow From Investing Activities</b>		
Purchase of property, plant and equipment	(3,217)	N/A
Proceed from disposal of property, plant and equipment	255	N/A
Net cash used in investing activities	<u>(2,962)</u>	<u>N/A</u>
<b>Cash Flow From Financing Activities</b>		
Dividend paid	(27,473)	N/A
Drawdown of borrowings	82,295	N/A
Advances from related parties	436	N/A
Net cash generated from financing activities	<u>55,258</u>	<u>N/A</u>
Net increase in cash and cash equivalents	7,426	N/A
Cash and cash equivalents at beginning of the financial period	72,456	N/A
Cash and cash equivalents at end of the financial period	<b><u>79,882</u></b>	<b><u>N/A</u></b>
Cash and cash equivalents at end of the financial period comprises:		
- Cash and bank balances	80,783	N/A
- Bank overdraft	<u>(609)</u>	<u>N/A</u>
	80,174	N/A
Less: Fixed deposits pledged with licensed banks	<u>(292)</u>	<u>N/A</u>
	<b><u>79,882</u></b>	<b><u>N/A</u></b>

Note: Pursuant to the change in the financial year end from 31 August 2022 to 31 December 2022, there are no comparative figures presented.

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 December 2022 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 31 MARCH 2023**

**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 ("HIB" or "the Group") for the financial year ended 31 December 2022 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 December 2022, except for the adoption of the new MFRS, amendments to MFRSs and IC Interpretation as below:

MFRS 17: Insurance Contracts  
Amendments to MFRS 17: Insurance Contracts  
Amendments to MFRS 101: Disclosures 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 above mentioned standards did not have any material impact on this interim financial report.

As announced on 18 August 2022, HIB has changed its financial year end from 31 August to 31 December. As such, there is no comparative figures presented in this report.

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

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

**A3. Seasonal or cyclical factors**

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

**A4. Unusual items**

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



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**A5. Material changes in estimates**

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

**A6. Debt and equity securities**

There are 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 year ended 31 December 2023.

**A7. Segmental information**

The Group's revenues are derived from three (3) reportable segments, as below:

	<b>3-months quarter ended 31 March 2023</b>				
	Fertilisers RM'000	Industrial Products RM'000	Investment Holding RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue</b>					
External sales	254,900	14,527	-	-	269,427
Inter-segment sales	50,039	1,921	-	(51,960)	-
<b>Total</b>	<b>304,939</b>	<b>16,448</b>	<b>-</b>	<b>(51,960)</b>	<b>269,427</b>
<b>Results</b>					
Segment results	30,911	2,049	(125)	-	32,835
Finance costs	(4,831)	(66)	-	-	(4,897)
Finance income	54	64	105	-	223
Profit before taxation	26,134	2,047	(20)	-	28,161
Taxation	(7,274)	(440)	(25)	-	(7,739)
Profit after taxation	18,860	1,607	(45)	-	20,422

In view of the revenue contribution and nature of the business, Heavy Equipment Division and Equipment Rental Division have been consolidated into single business segment, namely Industrial Products. After combined the revenue from both divisions, Industrial Products represents only 5.4% (FPE 2022:6.8%) of the Group's revenue. The combination is solely for corporate reporting purpose without any change on the actual business location, operation or structure.

**A8. Dividend Paid**

On 22 February 2023, the Company declared an interim single-tier dividend of RM0.01 per ordinary share total RM27,473,416 in respect of the financial period ended 31 December 2022, which had been paid on 15 March 2023.

**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 are no material capital commitments as at the date of this report.

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

There are no changes in the composition of the Group for the current financial period ended 31 March 2023.

**A12. Contingent liabilities and contingent assets**

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

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**A14. Related party transactions**

Transaction with companies in which the major shareholders of the Group has interest for the current quarter ended 31 March 2023 are as follows: -

	<--Individual Quarter-->		<--Cumulative Quarter-->	
	Unaudited 3 Months Ended 31.03.2023 RM'000	Unaudited 3 Months Ended 31.03.2022 RM'000	Unaudited 3 Months Ended 31.03.2023 RM'000	Unaudited 3 Months Ended 31.03.2022 RM'000
<u>Income</u>				
Sales of fertilisers	20	N/A	20	N/A
Sales or rental of equipment	462	N/A	462	N/A
<u>Purchase/Expenditure</u>				
Rental of factories and warehouses	(1,951)	N/A	(1,951)	N/A
Rental of office	(58)	N/A	(58)	N/A
Hiring of lorry	(49)	N/A	(49)	N/A
Purchase of fertilisers	(3)	N/A	(3)	N/A
Management fee	(390)	N/A	(390)	N/A

The transactions are 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**

	<--Individual Quarter-->		<-- Cumulative Quarter -->	
	Unaudited 3 Months Ended 31.03.2023 RM'000	Unaudited 3 Months Ended 31.03.2022 RM'000	Unaudited 3 Months Ended 31.03.2023 RM'000	Unaudited 3 Months Ended 31.03.2022 RM'000
Revenue	269,427	N/A	269,427	N/A
Profit before tax	28,161	N/A	28,161	N/A
Profit after tax	20,422	N/A	20,422	N/A

As announced on 18 August 2022, the Group has changed its financial year end from 31 August to 31 December. As such, there is no comparative figures for the corresponding quarter whereas preceding quarter represents only one (1) month financial result.

The Group registered a quarterly consolidated revenue of RM269 million, profit before tax of RM28.2 million and profit after tax ("PAT") of RM20.4 million for the first quarter ended 31 March 2023 ("1QE2023"). This is Hextar Industries Bhd ("HIB") highest quarterly revenue and profit reported in the interim financial report since HIB was listed on the ACE Market of Bursa Securities in 2014.

The outstanding quarterly result follows the consolidation of Hextar Fertilizers Limited and its subsidiary companies ("HFL Group") into the HIB Group. For the current quarter under review, the Group registered revenue of RM269.4 million, profit before tax of RM28.2 million and PAT of RM20.4 million. Fertiliser Division contributed RM254.9 million or 94.6% to the Group's revenue.

The profitability of 1QE2023 mainly attributed by higher gross profit margin achieved in the Fertilisers Division. The gross profit margin of this Division has improved to 17.0% in the current quarter under review, from 16.5% recorded in financial period ended 31 December 2022 and 11.3% recorded in financial year ended 31 August 2021.

Heavy Equipment Division and Equipment Rental Division have been combined together and re-named the division as Industrial Products for the corporate reporting purpose. Industrial Products Division recorded revenue of RM14.5 million (5.4% of the total Group revenue) and profit after tax of RM1.6 million.

**B2. Prospects**

**Fertilisers**

The local fertiliser industry is expected to recover and grow due to market player within the industry rearranging operation, which had in past, restricted by the labour shortage and containment measures of Covid-19. Other factors boosting the growth within the fertiliser industry are likely to come from the continuous interest from the Government in the development of plantation crops particularly for palm oil industry. The demand for fertiliser is also expected to be driven by food crops, whereby the Government is trying to attain self-sufficiency in some of the major commodities in line with the food security issue.

With the consolidation of the HFL Group and resultant increase in our annual capacity of compound fertilisers by 8 times, HIB will be able to elevate the earnings capability. We now have presence in several strategic locations namely Bintulu, Lahad Datu, Port Klang and Pasir Gudang. Our enlarged HIB Group is now well-positioned to increase revenue and customer base through the HFL Group's extensive and efficient distribution network. We will expand our range of fertiliser products and offer value-added services to our existing and new customers. This provides us the leverage to tap into a bigger market and establish the HIB Group as a market leader in the fertiliser industry.

**Industrial Products**

The gradual reopening of borders beginning 1st April, 2022 had a positive impact on the domestic economy, resulting in an improvement in economic sentiment and a more solid outlook for the domestic construction and event industry. The progress of construction works, including but not limited to LRT 3, Mass Rapid Transit Line 3 (MRT 3), Pan Borneo Highway, East Coast Highway, and Klang Valley Double Tracking projects, may drive the growth of mining and quarrying activities. This may generate higher demand for heavy equipment machines, tools and parts.

The ongoing travel recovery in Asia and the Pacific, along with China's reopening this year 2023 is considered a critical driver for the revival of global tourism industry. This is also expected to have a positive impact on the events industry, which is predicted to experience a good recovery.

**B3. Profit forecast**

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

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**B4. Taxation**

	<--Individual Quarter-->		<--Cumulative Quarter-->	
	Unaudited 3 Months Ended 31.03.2023 RM'000	Unaudited 3 Months Ended 31.03.2022 RM'000	Unaudited 3 Months Ended 31.03.2023 RM'000	Unaudited 3 Months Ended 31.03.2022 RM'000
Income tax expense	7,825	N/A	7,825	N/A
Deferred tax	(86)	N/A	(86)	N/A
	<u>7,739</u>	<u>N/A</u>	<u>7,739</u>	<u>N/A</u>

The effective tax for current financial year under review is higher than the Malaysian statutory tax rate of 24% is mainly due to certain expenses were not allowable for tax deduction.

**B5. Status of corporate proposals announced**

There are no corporate proposals that had announced but not completed as at the date of this report.

**B6. Borrowings**

The Group's borrowings are as follows: -

	Unaudited as at 31.03.2023 RM'000	Audited as at 31.12.2022 RM'000
<b>Secured</b>		
Bankers' acceptance	285,020	199,449
Revolving credit	13,000	12,800
Bank overdraft	609	3,747
Hire purchases	3,568	3,853
Term loans	53,297	55,114
<b>Total bank borrowings</b>	<u>355,494</u>	<u>274,963</u>
<b>Short Term</b>		
Bankers' acceptance	285,020	199,449
Revolving credit	13,000	12,800
Bank overdraft	609	3,747
Hire purchases	1,129	1,143
Term loans	7,321	7,322
	<u>307,079</u>	<u>224,461</u>
<b>Long Term</b>		
Hire purchases	2,439	2,710
Term loans	45,976	47,792
	<u>48,415</u>	<u>50,502</u>

**B7. 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.

**B8. Dividend**

No dividend was proposed for the financial quarter.

**B9. 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-->		<--Cumulative Quarter-->	
	Ended		Ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the Group	20,422	N/A	20,422	N/A
Weighted average number of ordinary shares in issue ('000)	2,747,342	N/A	2,747,342	N/A
Basic earnings per share (sen)	0.74	N/A	0.74	N/A

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**201101044580 (972700-P)**

**B10. Disclosure on selected expense/income items as required by the Listing Requirements**

	<--Individual Quarter-->		<--Cumulative Quarter-->	
	Unaudited 3 Months Ended 31.03.2023 RM'000	Unaudited 3 Months Ended 31.03.2022 RM'000	Unaudited 3 Months Ended 31.03.2023 RM'000	Unaudited 3 Months Ended 31.03.2022 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
- Interest expenses	4,897	N/A	4,897	N/A
- Interest income	(223)	N/A	(223)	N/A
- Depreciation of property, plant and equipment	4,609	N/A	4,609	N/A
- Gain on lease modification	(266)	N/A	(266)	N/A
- Gain on disposal of property, plant and equipment	(178)	N/A	(178)	N/A
- Inventories written down	5,424	N/A	5,424	N/A
- Net impairment loss on trade receivables	9	N/A	9	N/A
- Realised loss on foreign exchange	1,006	N/A	1,006	N/A
- Unrealised gain on foreign exchange	(116)	N/A	(116)	N/A

**B11. Comparative figures**

Pursuant to the change in the financial year end from 31 August 2022 to 31 December 2022, there are no comparative figures presented.

**BY ORDER OF THE BOARD**  
**25 May 2023**