



HEXTAR INDUSTRIES BERHAD

201101044580 (972700-P)
(Incorporated in Malaysia)

Interim Financial Report
For the Third (3rd) Quarter Ended
30 September 2023

HEXTAR INDUSTRIES BERHAD
201101044580 (972700-P)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2023

	<--Individual Quarter-->		<--Cumulative Quarter-->	
	Unaudited 3 Months Ended 30.09.2023 RM'000	Unaudited 3 Months Ended 30.09.2022 RM'000	Unaudited 9 Months Ended 30.09.2023 RM'000	Unaudited 9 Months Ended 30.09.2022 RM'000
Revenue	250,678	N/A	771,506	N/A
Cost of Sales	(213,374)	N/A	(639,661)	N/A
Gross Profit	37,304	N/A	131,845	N/A
Other operating income	1,973	N/A	5,215	N/A
Administrative expenses	(8,343)	N/A	(26,255)	N/A
Selling and distribution expenses	(12,032)	N/A	(28,028)	N/A
Profit from operations	18,902	N/A	82,777	N/A
Finance costs	(3,182)	N/A	(12,769)	N/A
Profit before taxation	15,720	N/A	70,008	N/A
Taxation	(2,600)	N/A	(15,253)	N/A
Profit for the financial year	13,120	N/A	54,755	N/A
Other comprehensive income:				
Revaluation of properties	-	N/A	-	N/A
Foreign currency translation differences	-	N/A	-	N/A
Profit/Total comprehensive income for the financial year	13,120	N/A	54,755	N/A
Profit/Total comprehensive income attributable to:				
- Owners of the company	13,120	N/A	54,755	N/A
- Non-controlling interest	-	N/A	-	N/A
	13,120	N/A	54,755	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 30 SEPTEMBER 2023

	Unaudited as at 30.09.2023 RM'000	Audited as at 31.12.2022 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	212,306	231,856
Goodwill on consolidation	14,430	14,430
Trade receivables	535	925
	227,271	247,211
CURRENT ASSETS		
Inventories	141,834	280,347
Trade receivables	276,170	254,254
Other receivables, prepayments and deposits	39,651	20,830
Tax recoverable	361	1,154
Derivative assets	143	113
Fixed deposit with licensed banks	292	403
Cash and bank balances	52,158	76,089
	510,609	633,190
Non-current assets held for sale	-	267
	510,609	633,457
TOTAL ASSETS	737,880	880,668
EQUITY AND LIABILITIES		
EQUITY		
Share capital	671,443	671,443
Merger deficit reserve	(559,301)	(559,301)
Revaluation reserve	35,557	36,261
Retained earnings	202,763	202,251
TOTAL EQUITY	350,462	350,654
CURRENT LIABILITIES		
Trade payables	63,546	104,695
Other payables and accruals	55,940	41,995
Contract liabilities	741	397
Lease liabilities	3,989	5,977
Bank borrowings	126,446	224,461
Derivative liabilities	1	474
Tax payable	12,642	10,304
	263,305	388,303

HEXTAR INDUSTRIES BERHAD
201101044580 (972700-P)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023 (CONTINUED)

	Unaudited as at 30.09.2023 RM'000	Audited as at 31.12.2022 RM'000
NON-CURRENT LIABILITIES		
Lease liabilities	54,270	68,538
Bank borrowings	44,302	50,502
Deferred tax liabilities	25,541	22,671
	<u>124,113</u>	<u>141,711</u>
TOTAL LIABILITIES	387,418	530,014
TOTAL EQUITY AND LIABILITIES	737,880	880,668
NET ASSET PER SHARE (sen)	<u>12.76</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.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

HEXTAR INDUSTRIES BERHAD
201101044580 (972700-P)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2023**

<- Attributable to the Owners of the Company ->
<----- Non-Distributable -----> Distributable

Unaudited	Share Capital RM'000	Merger Reserve RM'000	Revaluation Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
Balance as at 1 January 2023	671,443	(559,301)	36,261	202,251	350,654
- Profit after tax for the financial year	-	-	-	54,755	54,755
- Dividend paid	-	-	-	(54,947)	(54,947)
- Realisation of revaluation reserve	-	-	(704)	704	-
Balance as at 30 September 2023	<u>671,443</u>	<u>(559,301)</u>	<u>35,557</u>	<u>202,763</u>	<u>350,462</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.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

HEXTAR INDUSTRIES BERHAD
201101044580 (972700-P)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2023

	Unaudited 9 months ended 30.09.2023 RM'000	Unaudited 9 months ended 30.09.2022 RM'000
Cash Flows From Operating Activities		
Profit before taxation	70,008	N/A
Adjustment for:		
Depreciation of property, plant and equipment	13,652	N/A
Gain on lease modification	(779)	N/A
Gain on disposal of non current asset held for sale	(283)	N/A
Gain on disposal of property, plant and equipment	(182)	N/A
Inventories written off	114	N/A
Inventories written down	3,634	N/A
Property, plant and equipment written off	79	N/A
Net recovery on trade receivables	(1,113)	N/A
Unrealised loss on foreign exchange	1,242	N/A
Interest expenses	12,769	N/A
Interest income	(890)	N/A
Operating profit before working capital changes	98,251	N/A
Changes in working capital:		
Inventories	134,676	N/A
Trade and other receivables	(39,400)	N/A
Trade and other payables	(28,748)	N/A
	66,528	N/A
Cash generated from operations	164,779	N/A
Interest received	890	N/A
Interest paid	(12,769)	N/A
Tax paid	(10,249)	N/A
Tax refunded	996	N/A
	(21,132)	N/A
Net cash generated from operating activities	143,647	N/A

HEXTAR INDUSTRIES BERHAD
201101044580 (972700-P)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2023 (CONTINUED)

	Unaudited 9 months ended 30.09.2023 RM'000	Unaudited 9 months ended 30.09.2022 RM'000
Cash Flow From Investing Activities		
Purchase of property, plant and equipment	(5,880)	N/A
Proceed from disposal of property, plant and equipment	1,113	N/A
Net cash used in investing activities	<u>(4,767)</u>	<u>N/A</u>
Cash Flow From Financing Activities		
Dividend paid	(54,947)	N/A
Repayment of borrowings	(104,539)	N/A
Advances from related parties	308	N/A
Net cash used in financing activities	<u>(159,178)</u>	<u>N/A</u>
Net decrease in cash and cash equivalents	(20,298)	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	<u>52,158</u>	<u>N/A</u>
Cash and cash equivalents at end of the financial period comprises:		
- Fixed deposits placed with licensed banks	292	N/A
- Cash and bank balances	52,158	N/A
	<u>52,450</u>	<u>N/A</u>
Less: Fixed deposits pledged with licensed banks	<u>(292)</u>	<u>N/A</u>
	<u>52,158</u>	<u>N/A</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 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 30 SEPTEMBER 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.

HEXTAR INDUSTRIES BERHAD
201101044580 (972700-P)

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 ending 31 December 2023.

A7. Segmental information

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

	3-months quarter ended 30 September 2023				
	Fertilisers RM'000	Industrial Products RM'000	Investment Holding RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External sales	236,445	14,233	-	-	250,678
Inter-segment sales	35,711	657	2,914	(39,282)	-
Total	272,156	14,890	2,914	(39,282)	250,678
Results					
Segment results	19,434	(470)	1,541	(1,965)	18,540
Finance costs	(3,109)	(73)	-	-	(3,182)
Finance income	287	47	28	-	362
Profit before taxation	16,612	(496)	1,569	(1,965)	15,720
Taxation	(3,078)	253	(55)	280	(2,600)
Profit after taxation	13,534	(243)	1,514	(1,685)	13,120

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

HEXTAR INDUSTRIES BERHAD
201101044580 (972700-P)

A7. Segmental information (Continued)

	9-months quarter ended 30 September 2023				Consolidated RM'000
	Fertilisers RM'000	Industrial Products RM'000	Investment Holding RM'000	Elimination RM'000	
Revenue					
External sales	730,102	41,404	-	-	771,506
Inter-segment sales	113,158	2,923	5,475	(121,556)	-
Total	843,260	44,327	5,475	(121,556)	771,506
Results					
Segment results	79,254	2,841	1,464	(1,672)	81,887
Finance costs	(12,506)	(239)	(24)	-	(12,769)
Finance income	511	165	214	-	890
Profit before taxation	67,259	2,767	1,654	(1,672)	70,008
Taxation	(14,808)	(336)	(109)	-	(15,253)
Profit after taxation	52,451	2,431	1,545	(1,672)	54,755

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

A8. Dividend Paid

On 22 February 2023, the Company declared an interim single-tier dividend of 1 sen per ordinary share for the financial period ended 31 December 2022, which equivalent to RM27,473,416, paid on 15 March 2023.

On 24 August 2023, the Company declared an interim single-tier dividend of 1 sen per ordinary share financial period ending 31 December 2023, which equivalent to another RM27,473,416, paid on 20 September 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 30 September 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.

A14. Related party transactions

Transaction with companies in which the major shareholders of the Group has interest for the current quarter ended 30 September 2023 are as follows: -

	<--Individual Quarter-->		<--Cumulative Quarter-->	
	Unaudited 3 Months Ended 30.09.2023 RM'000	Unaudited 3 Months Ended 30.09.2022 RM'000	Unaudited 9 Months Ended 30.09.2023 RM'000	Unaudited 9 Months Ended 30.09.2022 RM'000
<u>Income</u>				
Sales of fertilisers	146	N/A	343	N/A
Sales or rental of equipment	9	N/A	503	N/A
<u>Purchase/Expenditure</u>				
Rental of factories and warehouses	(1,897)	N/A	(5,876)	N/A
Rental of office	(19)	N/A	(57)	N/A
Hiring of lorry	(72)	N/A	(186)	N/A
Purchase of fertilisers	(633)	N/A	(712)	N/A
Management fee	(390)	N/A	(1,170)	N/A
Transportation charges	-	N/A	(54)	N/A
Administrative expenses	(23)	N/A	(143)	N/A

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

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Review of performance

	<--Individual Quarter-->		<-- Cumulative Quarter -->	
	Unaudited 3 Months Ended 30.09.2023 RM'000	Unaudited 3 Months Ended 30.09.2022 RM'000	Unaudited 9 Months Ended 30.09.2023 RM'000	Unaudited 9 Months Ended 30.09.2022 RM'000
Revenue	250,678	N/A	771,506	N/A
Profit before tax	15,720	N/A	70,008	N/A
Profit after tax	13,120	N/A	54,755	N/A

As announced on 18 August 2022, the Group changed its financial year end from 31 August to 31 December. As such, there is no comparative figures for the corresponding period.

The Group registered a quarterly consolidated revenue of RM250.7 million, profit before tax ("PBT") of RM15.7 million and profit after tax ("PAT") of RM13.1 million for the third quarter ended 30 September 2023 ("Q3/23"). Despite the softening in the global price of fertilisers, the local demand for fertilisers remains robust. This is mainly due to majority of the food commodity prices are high as compared to pre-pandemic levels.

The Group registered revenue of RM771.5 million, PBT of RM70.0 million and PAT of RM54.7 million for the financial period ended 30 September 2023 ("FPE2023"). The Fertiliser Division contributed RM730.1 million which equivalent to approximately 95% of the Group's revenue of FPE2023. Heavy Equipment Division and Equipment Rental Division have been combined namely "Industrial Products", for the corporate reporting purpose, currently contributed revenue of RM41.4 million or equivalent to approximately 5% of the Group revenue of FPE2023.

Heavy Equipment Division and Equipment Rental Division have been combined together namely "Industrial Products" for the corporate reporting purpose. Industrial Products currently contributed approximately 5% of the Group revenue for the financial period under review.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

B2. Comparison with immediate preceding quarter's results

	Quarter ended 30.09.2023 ("Q3/23") RM'000	Quarter ended 30.06.2023 ("Q2/23") RM'000	Changes RM'000	Changes (%)
Revenue	250,678	251,401	(723)	-0.3%
Profit before tax	15,720	27,066	(11,346)	-41.9%
Profit after tax	13,120	21,213	(8,093)	-38.2%

The Group reported lower revenue of RM250.7 million in the third quarter of 2023, approximately the same as the revenue reported in the preceding quarter ("Q2/23") of RM251.4 million. Despite higher sales volume by 18% achieved in Q3/23, the revenue and profit has impacted by lower average selling price which follows the global market trend after the peak last year. In addition, the raw material cost was also impacted by the weakening of ringgit. Accordingly, the Group reported a lower profit after tax of RM13.1 million as compared to preceding quarter (RM21.2 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. The demand for fertiliser is also expected to be driven by food security issue, together with the continuous interest of government in the development of plantation crops and trying to attain self-sufficiency in some major commodities.

In addition, HIB are establishing partnerships with local distributors in neighbouring countries to drive the expansion of the export markets. Countries such as Indonesia, Thailand, Vietnam and Myanmar. HIB's diverse range of fertilizers and customisation capabilities enable HIB provide comprehensive solutions for various types of crops. The enlarged HIB Group is now well-positioned to increase revenue and customer base. 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 and Consumer Products

The progress of construction works expected to gain momentum, including but not limited to LRT 3, Mass Rapid Transit Line 3 (MRT 3), Pan Borneo Highway, East Coast Highway, Bayan Lepas Light Rail Transit (BLLRT), and the ongoing flood mitigation initiatives across the country may drive the growth of quarrying activities. This may generate higher demand for our heavy equipment machines, tools and parts. The equipment rental business is also likely to experience a good recovery from the event considered the revival of tourism industry.

On the other hand, the recent acquired office supplies business, which having a huge data base of more than 3,500 active customers, had been completed in October 2023. The acquisition allows HIB tap into the new customers and anticipating a good synergise with the existing businesses.

B3. Profit forecast

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

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

B4. Taxation

	<--Individual Quarter-->		<--Cumulative Quarter-->	
	Unaudited 3 Months Ended 30.09.2023 RM'000	Unaudited 3 Months Ended 30.09.2022 RM'000	Unaudited 9 Months Ended 30.09.2023 RM'000	Unaudited 9 Months Ended 30.09.2022 RM'000
Income tax expense	2,727	N/A	12,383	N/A
Deferred tax	(127)	N/A	2,870	N/A
	<u>2,600</u>	<u>N/A</u>	<u>15,253</u>	<u>N/A</u>

The effective tax for current financial year under review is lower than the Malaysian statutory tax rate of 24% is mainly due to utilisation of previously unrecognised tax benefits.

B5. Status of corporate proposals announced

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

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

HEXTAR INDUSTRIES BERHAD
201101044580 (972700-P)

B6. Borrowings

The Group's borrowings are as follows: -

	Unaudited as at 30.09.2023 RM'000	Audited as at 31.12.2022 RM'000
Secured		
Bills payable	88,978	199,449
Foreign currency loan (dominated in USD)	9,108	-
Revolving credit	20,000	12,800
Bank overdraft	-	3,747
Hire purchases	2,998	3,853
Term loans	49,664	55,114
Total bank borrowings	170,748	274,963
Short Term		
Bills payable	88,978	199,449
Foreign currency loan (dominated in USD)	9,108	-
Revolving credit	20,000	12,800
Bank overdraft	-	3,747
Hire purchases	1,100	1,143
Term loans	7,260	7,322
	126,446	224,461
Long Term		
Hire purchases	1,898	2,710
Term loans	42,404	47,792
	44,302	50,502

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.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

HEXTAR INDUSTRIES BERHAD
201101044580 (972700-P)

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	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the Group	13,120	N/A	54,755	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)	0.48	N/A	1.99	N/A

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

HEXTAR INDUSTRIES BERHAD
201101044580 (972700-P)

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

	<--Individual Quarter-->		<--Cumulative Quarter-->	
	Unaudited 3 Months Ended 30.09.2023 RM'000	Unaudited 3 Months Ended 30.09.2022 RM'000	Unaudited 9 Months Ended 30.09.2023 RM'000	Unaudited 9 Months Ended 30.09.2022 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
- Depreciation of property, plant and equipment	4,412	N/A	13,652	N/A
- Gain on disposal of non-current asset held for sale	-	N/A	(283)	N/A
- Loss/(Gain) on disposal of property, plant and equipment	21	N/A	(182)	N/A
- Gain on lease modification	(491)	N/A	(779)	N/A
- Interest expenses	3,182	N/A	12,769	N/A
- Interest income	(362)	N/A	(890)	N/A
- Inventories written off	114	N/A	114	N/A
- Inventories written down	-	N/A	3,634	N/A
- Property, plant and equipment written off	77	N/A	79	N/A
- Net recovery on trade receivables	(652)	N/A	(1,113)	N/A
- Realised loss/(gain) on foreign exchange	244	N/A	(220)	N/A
- Unrealised loss on foreign exchange	84	N/A	1,242	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
29 Nov 2023