



# **HEXTAR GLOBAL BERHAD**

Company No.: 199001014551 (206220-U)

(Formerly known as Halex Holdings Berhad)

(Incorporated in Malaysia)

## **Interim Report For the 9-months Financial Period Ended 30 September 2019**



**Interim Report for the 9-months Financial Period Ended 30 September 2019**

**Unaudited Condensed Statements of Profit or Loss and Other Comprehensive Income**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(3-mths) Current Year Quarter 30/9/2019 RM'000	(3-mths) Preceding Year Quarter 30/9/2018 RM'000	(9-mths) Current Period to-Date 30/9/2019 RM'000	(9-mths) Preceding Period to-Date 30/9/2018 RM'000
Revenue	97,179	71,020	254,513	208,525
Cost of sales	(76,825)	(54,352)	(206,786)	(165,506)
Gross profit	20,354	16,668	47,727	43,019
Other income	859	339	2,157	2,466
Selling and marketing expenses	(2,770)	(1,503)	(6,352)	(4,239)
Administrative and other expenses	(5,888)	(3,828)	(16,017)	(10,471)
Impairment of goodwill	-	-	(23,987)	-
Finance costs	(1,367)	(718)	(3,324)	(2,396)
Share of results of joint venture	112	127	300	257
Profit before taxation	11,300	11,085	504	28,636
Less: Taxation	(2,559)	(1,152)	(5,850)	(5,204)
<b>Profit/(Loss) after taxation</b>	<b>8,741</b>	<b>9,933</b>	<b>(5,346)</b>	<b>23,432</b>
<b>Other comprehensive income:-</b>				
Revaluation of property	-	-	-	2,412
Foreign currency translation	3	-	1	-
Other comprehensive income for the financial period	3	-	1	2,412
<b>Total comprehensive income/(expenses) for the financial period</b>	<b>8,744</b>	<b>9,933</b>	<b>(5,345)</b>	<b>25,844</b>
Profit/(Loss) for the financial period attributable to:-				
Owners of the Parent	8,741	9,933	(5,346)	23,432
Total comprehensive income/(expenses) attributable to:-				
Owners of the Parent	8,744	9,933	(5,345)	25,844
Earnings/(Loss) per share				
Basic (sen)	1.07	1.39	(0.65)	3.28
Diluted (sen)	n/a	n/a	n/a	n/a

Note 1: As a result of the Reverse Acquisition of Hextar Global Berhad ("HGB") (formerly known as Halex Holdings Berhad) by Hextar Chemicals Limited ("HCL") as explained in Part A, Note 1 to the interim financial report. The current cumulative quarter covers from 1 January 2019 to 30 September 2019 for HCL and from 1 May 2019 to 30 September 2019 for HGB.

Note 2: The comparative figures of the individual quarter and cumulative quarter refer to the financial figures of HCL due to the Reverse Acquisition as explained in Part A, Note 1.

The unaudited Condensed Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements of HCL Group for the financial year ended 31 December 2018 and the accompanying notes attached to this interim financial report.



**Interim Report for the 9-months Financial Period Ended 30 September 2019**

**Unaudited Condensed Statements of Financial Position**

	<b>Unaudited as at 30/9/2019 RM'000</b>	<b>Audited as at 31/12/2018 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment in joint venture	2,812	2,513
Property, plant and equipment	92,888	32,048
Investment properties	5,249	-
Other investments	74	48
Intangible assets	1,162	1,075
Goodwill	7,449	7,449
Prepayment	5,878	4,357
<b>Total non-current assets</b>	<b>115,512</b>	<b>47,490</b>
<b>Current assets</b>		
Inventories	66,574	72,979
Trade receivables	152,467	112,601
Other receivables, deposits and prepayments	2,984	4,452
Amount owing by related companies	-	5,504
Current tax assets	882	36
Deposits with licensed banks	117	42
Cash and bank balances	18,519	13,879
<b>Total current assets</b>	<b>241,543</b>	<b>209,493</b>
<b>TOTAL ASSETS</b>	<b>357,055</b>	<b>256,983</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	85,838	#
Share premium *	84,075	84,075
Revaluation reserve	7,649	7,676
Exchange reserve	1	-
Retained profits	29,390	52,612
<b>TOTAL EQUITY</b>	<b>206,953</b>	<b>144,363</b>
<b>Non-current liabilities</b>		
Term loans	32,618	7,840
Finance lease payables	695	129
Deferred tax liabilities	9,622	6,826
<b>Total non-current liabilities</b>	<b>42,935</b>	<b>14,795</b>

# Amount below RM1,000.

\* The share premium is retained in a foreign subsidiary where the relevant laws require the recognition of share premium.

The unaudited Condensed Statements of Financial Position should be read in conjunction with the audited financial statements of HCL Group for the financial year ended 31 December 2018 and the accompanying notes attached to this interim financial report.



**Interim Report for the 9-months Financial Period Ended 30 September 2019**

**Unaudited Condensed Statements of Financial Position (Cont'd)**

	<b>Unaudited as at 30/9/2019 RM'000</b>	<b>Audited as at 31/12/2018 RM'000</b>
<b>Current liabilities</b>		
Trade payables	17,123	22,829
Other payables and accruals	4,618	2,856
Provision	40	-
Amount owing to related companies	-	929
Amount owing to joint venture	864	-
Derivative liabilities	-	121
Term loans	5,191	2,640
Finance lease payables	200	253
Bills payable	77,646	67,646
Current tax liabilities	1,485	551
<b>Total current liabilities</b>	<u>107,167</u>	<u>97,825</u>
<b>TOTAL LIABILITIES</b>	<u>150,102</u>	<u>112,620</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>357,055</u>	<u>256,983</u>
No. of ordinary shares in issue ('000)	820,652	714,680
Net assets per share attributable to equity holders of the Company (RM)	0.25	0.20

Note 1: The audited Statement of Financial Position of HCL and its subsidiaries and joint venture ("HCL Group") as at 31 December 2018 has been presented as the comparative figures, following the Reverse Acquisition as explained in Part A, Note 1 to the interim financial report.

Note 2: The net asset per share as at 30 September 2019 was calculated based on the newly issued 714,679,564 new ordinary shares in exchange for 4 ordinary shares in HCL, following the Reverse Acquisition as explained in Part A, Note 1 to the interim financial report.

The unaudited Condensed Statements of Financial Position should be read in conjunction with the audited financial statements of HCL Group for the financial year ended 31 December 2018 and the accompanying notes attached to this interim financial report.



**Interim Report for the 9-months Financial Period Ended 30 September 2019**

**Unaudited Condensed Statements of Cash Flows**

	<b>9-months ended 30/9/2019 RM'000</b>	<b>9-months ended 30/9/2018 RM'000</b>
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>		
Profit before taxation	504	28,636
Adjustments for:-		
Amortisation of intangible assets	267	185
Depreciation of property, plant and equipment	1,643	1,241
Impairment loss:		
- trade receivables	126	-
- goodwill	23,987	-
Interest expenses	3,324	2,396
Unrealised (gain)/loss on foreign exchange	(328)	4,058
Gain on disposal of equipment	(140)	-
Gain on forward currency exchange	-	(2,548)
Interest income	(170)	(29)
Reversal of impairment loss on trade receivables	(242)	-
Share of net profits of equity accounted joint venture	(300)	(257)
Operating profit before working capital changes	28,671	33,682
Changes in working capital:-		
Inventories	24,835	29,926
Receivables	(22,606)	11,854
Payables	(10,650)	(12,604)
Related companies	(8,921)	(4,227)
	(17,342)	24,949
Cash from operations	11,329	58,631
Tax paid	(5,028)	(9,075)
<b>Net cash from operating activities</b>	<b>6,301</b>	<b>49,556</b>

The unaudited Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements of HCL Group for the financial year ended 31 December 2018 and the accompanying notes attached to this interim financial



**Interim Report for the 9-months Financial Period Ended 30 September 2019**

**Unaudited Condensed Statements of Cash Flows (Cont'd)**

	<b>9-months ended 30/9/2019 RM'000</b>	<b>9-months ended 30/9/2018 RM'000</b>
<b>CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES</b>		
Acquisition of a subsidiary, net of cash and cash equivalents acquired	7,665	-
Interest received	170	29
Proceeds from disposal of equipment	140	-
Purchase of intangible assets	(354)	(218)
Purchase of property, plant and equipment	(2,849)	(519)
Placement of deposits with licensed banks	(2)	-
<b>Net cash from/(for) investing activities</b>	<b>4,770</b>	<b>(708)</b>
<b>CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES</b>		
Interest paid	(3,324)	(2,396)
Net decrease of bank borrowings	(410)	(48,054)
Net increase/(decrease) of finance lease payables	344	(288)
Repayment of term loans	(3,042)	(1,980)
<b>Net cash for financing activities</b>	<b>(6,432)</b>	<b>(52,718)</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>4,639</b>	<b>(3,870)</b>
<b>EFFECT OF FOREIGN EXCHANGE TRANSLATION</b>	<b>1</b>	<b>36</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>13,879</b>	<b>9,145</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>18,519</b>	<b>5,311</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE</b>		
Deposits with licensed banks	117	42
Cash and bank balances	18,519	5,311
	<b>18,636</b>	<b>5,353</b>
Less: Deposits pledged to licensed banks	(117)	(42)
	<b>18,519</b>	<b>5,311</b>

Note: HCL's Consolidated Statement of Cash Flows has been presented as the comparative figures due to the Reverse Acquisition as explained in Part A, Note 1 to the interim financial report.

The unaudited Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements of HCL Group for the financial year ended 31 December 2018 and the accompanying notes attached to this interim financial



**Interim Report for the 9-months Financial Period Ended 30 September 2019**

**Unaudited Condensed Statements of Changes in Equity**

	←----- Non-distributable -----→				< Distributable >	
	Share Capital RM'000	Revaluation Reserve RM'000	Share Premium RM'000	Exchange Reserve RM'000	Accumulated Losses/ Retained Profits RM'000	Total RM'000
As at 1/1/2019	#	7,676	84,075	-	52,612	144,363
Loss after taxation for the financial period	-	-	-	-	(5,346)	(5,346)
Other comprehensive income for the financial period:						
- Foreign currency translation	-	-	-	1	-	1
Total comprehensive income/(expenses) for the financial period	-	-	-	1	(5,346)	(5,345)
Contributions by and distributions to owners of the Company:						
- Distribution to owners of the Company	-	-	-	-	(17,903)	(17,903)
- Issue of shares from acquisition	85,838	-	-	-	-	85,838
Total transactions with owners	85,838	-	-	-	(17,903)	67,935
Realisation of revaluation surplus	-	(27)	-	-	27	-
<b>As at 30/9/2019</b>	<b>85,838</b>	<b>7,649</b>	<b>84,075</b>	<b>1</b>	<b>29,390</b>	<b>206,953</b>

# Amount below RM1,000.

The unaudited Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements of HCL Group for the financial year ended 31 December 2018 and the accompanying notes attached to this interim financial report.



**Interim Report for the 9-months Financial Period Ended 30 September 2019**

**Unaudited Condensed Statements of Changes in Equity (Cont'd)**

	<----- Non-distributable ----->				< Distributable >	
	Share Capital RM'000	Revaluation Reserve RM'000	Share Premium RM'000	Exchange Reserve RM'000	Retained Profits RM'000	Total RM'000
As at 1/1/2018	#	5,388	84,075	-	20,557	110,020
Loss after taxation for the financial period	-	-	-	-	23,432	23,432
Other comprehensive income for the financial period:						
- Revaluation of property	-	2,412	-	-	-	2,412
Total comprehensive income for the financial period	-	2,412	-	-	23,432	25,844
<b>As at 30/9/2018</b>	<b>#</b>	<b>7,800</b>	<b>84,075</b>	<b>-</b>	<b>43,989</b>	<b>135,864</b>

# Amount below RM1,000.

Note: HCL's Statement of Changes in Equity has been presented as the comparative figures due to the Reverse Acquisition as explained in Part A, Note 1 to the interim financial report.

The unaudited Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements of HCL Group for the financial year ended 31 December 2018 and the accompanying notes attached to this interim financial report.



## Interim Report for the 9-months Financial Period Ended 30 September 2019

### A. EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134, INTERIM FINANCIAL REPORTING

#### 1. Basis of Preparation

This interim financial report is unaudited and has been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The audited Consolidated Statements of Financial Position of HCL Group has been presented as the comparative figures due to the Reverse Acquisition as explained below: -

This unaudited interim financial report should be read in conjunction with the annual audited financial statements of the HCL Group for the financial year ended 31 December 2018. The Group prepared its financial statements in accordance with the Malaysian Financial Reporting Standards (“MFRS”).

On 30 April 2019, the Company legally completed the acquisition of the entire equity interest in Hextar Chemicals Limited for an aggregate purchase consideration of RM596,794,275 through issuance and allotment of 714,679,564 new ordinary shares in Hextar Global Berhad (formerly known as Halex Holdings Berhad) at an issue price of RM0.81 per consideration share and RM17,903,828 in cash (“The Acquisition”).

The interim financial report have been prepared in compliance with MFRS 3: Business Combinations. The business combinations between the Company and HCL is treated as a Reverse Acquisition whereby for the accounting purposes, the accounting acquirer is HCL while the accounting acquiree is the Company.

#### 2. Significant Accounting Policies

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The following are accounting standards, amendments and IC interpretations of the MFRS that have been issued by the MASB but are not yet effective and have not been adopted by the Group:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations when they become effective in the respective financial periods.

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.



**Interim Report for the 9-months Financial Period Ended 30 September 2019**

**3. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the preceding annual audited financial statements for the financial year ended 31 December 2018 were not subject to any qualification.

**4. Seasonal or Cyclical Factors**

The Group's agriculture business is sensitive to prolonged extreme weather conditions.

**5. Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter under review and financial period to-date.

**6. Material Changes in Estimates**

There were no material changes in estimates of amount reported that have a material effect on the current quarter under review and financial period to-date except as disclosed in the financial statements.

**7. Details of Changes in Debts and Equity Securities**

There were no issuance, cancellation, repurchase, resale or repayment of debt and/or equity securities during the current quarter under review and financial period to-date.

**8. Dividend**

During the quarter under review, the Company proposed an interim single-tier dividend of 3.58 sen per ordinary share amounting to approximately RM29.38 million in respect of the financial year ending 31 December 2019. The entitlement date and payment date have been fixed on 2 December 2019 and 18 December 2019 respectively.

There were no dividends paid during the quarter under review.



**Interim Report for the 9-months Financial Period Ended 30 September 2019**

**9. Segmental Reporting**

<b>9-months ended 30 September 2019</b>						
	<b>Investment Holding</b>	<b>Agriculture</b>	<b>Consumer Products</b>	<b>Others</b>	<b>Eliminations</b>	<b>Consolidated</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>
<b>Revenue</b>						
External sales	-	242,743	11,764	6	-	254,513
Inter-segment sales	1,137	2,920	4,177	-	(8,234)	-
<b>Total</b>	<b>1,137</b>	<b>245,663</b>	<b>15,941</b>	<b>6</b>	<b>(8,234)</b>	<b>254,513</b>
<b>Results</b>						
Segment results	(1,346)	30,446	(1,113)	(54)	(24,575)	3,358
Finance costs	(677)	(2,591)	(56)	-	-	(3,324)
Finance income	-	161	8	1	-	170
Share of result of joint venture	-	300	-	-	-	300
(Loss)/Profit before taxation	(2,023)	28,316	(1,161)	(53)	(24,575)	504
Taxation	(5)	(5,956)	9	(34)	136	(5,850)
(Loss)/Profit after taxation	(2,028)	22,360	(1,152)	(87)	(24,439)	(5,346)
<b>9-months ended 30 September 2018</b>						
	<b>Investment Holding</b>	<b>Agriculture</b>	<b>Eliminations</b>	<b>Consolidated</b>		
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>		
<b>Revenue</b>						
External sales	-	208,525	-	208,525		
Inter-segment sales	5,000	1,850	(6,850)	-		
<b>Total</b>	<b>5,000</b>	<b>210,375</b>	<b>(6,850)</b>	<b>208,525</b>		
<b>Results</b>						
Segment results	5,000	31,149	(5,403)	30,746		
Finance costs	-	(2,396)	-	(2,396)		
Finance income	-	29	-	29		
Share of result of joint venture	-	257	-	257		
Profit/(Loss) before taxation	5,000	29,039	(5,403)	28,636		
Taxation	-	(5,301)	97	(5,204)		
Profit/(Loss) after taxation	5,000	23,738	(5,306)	23,432		



**Interim Report for the 9-months Financial Period Ended 30 September 2019**

**10. Valuation of Property, Plant and Equipment**

The values of property, plant and equipment have been brought forward without amendments from the HCL's previous annual audited financial statements for the financial year ended 31 December 2018.

**11. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the financial period under review other than the following:-

- (a) On 30 April 2019, the Company completed the acquisition of the entire equity interest in Hextar Chemicals Limited for an aggregate purchase consideration of RM596,794,275 through issuance and allotment of 714,679,564 new ordinary shares in Hextar Global Berhad (formerly known as Halex Holdings Berhad) at an issue price of RM0.81 per consideration share and RM17,903,828 in cash ("The Acquisition").

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition using the Reverse Acquisition method.

- (i) Fair Value of Purchase Consideration

	<b>Group and Company</b> <b>As at</b> <b>30/4/2019</b> <b>RM'000</b>
Cash	17,904
Ordinary shares issued at RM0.81 per share	578,890
Total purchase consideration	<u>596,794</u>

- (ii) Identifiable Assets Acquired and Liabilities Assumed

	<b>Group</b> <b>As at</b> <b>30/4/2019</b> <b>RM'000</b>
Property, plant and equipment	59,633
Investment properties	5,249
Other investments	26
Inventories	18,429
Trade receivables	14,486
Other receivables	20,616
Tax recoverable	886
Cash and cash equivalents	7,737
Trade payables	(5,077)
Other payables	(2,592)
Provision	(150)
Deferred tax liabilities	(2,948)
Amount owing to related companies	(13,496)
Term loans	(30,371)
Finance lease payable	(168)
Bills payables	(10,409)
Fair value of net identifiable assets acquired and liabilities assumed	<u>61,851</u>



**Interim Report for the 9-months Financial Period Ended 30 September 2019**

**11. Changes in the Composition of the Group (Cont'd)**

(iii) Goodwill Arising from Acquisition

	<b>Group As at 30/4/2019 RM'000</b>
Deemed cost of combination	85,838
Less: Fair value of identifiable net assets acquired (item (ii) above)	<u>(61,851)</u>
Goodwill from the acquisition of subsidiary	<u><u>23,987</u></u>

**12. Contingent Liabilities**

The contingent liabilities are as follows:

	<b>Company As at 30/9/2019 RM'000</b>
Guarantees given to financial institutions for facilities granted to subsidiaries	<u><u>45,390</u></u>

**13. Capital Commitments**

There were no material capital commitments entered into and not provided for by the Group during the current quarter under review.

**14. Material Events Subsequent to the End of the Interim Reporting Period**

Save for the following subsequent event, there was no material events subsequent to the end of the interim reporting period reported.

On 21 October 2019, Halex Link Sdn. Bhd., a wholly-owned subsidiary of the Company entered into a conditional Sale and Purchase Agreement with Plato Chemical (M) Sdn. Bhd. ("PCSB") to dispose to PCSB a piece of freehold industrial land measuring approximately 4.50318 hectares together with a single storey detached factory and an annexed double storey office building erected thereon for a total consideration of RM30.00 million. The disposal is subject to the approval of shareholders at an extra-ordinary general meeting to be convened. A circular to the shareholder for the disposal will be submitted to Bursa Malaysia Berhad for perusal in due course.



**Interim Report for the 9-months Financial Period Ended 30 September 2019**

**15. Related Party Transactions**

The following table provides information on the transactions which have been entered into with related parties during the 9-months ended 30 September 2019.

	Note	Transaction Value	
		1/1/2019 - 30/4/2019 RM'000 @	1/5/2019 - 30/9/2019 RM'000
Sales of raw materials/finished goods:-			
PT Dharma Guna Wibawa	#	n/a	11,096
PT Delta Giri Wacana	#	n/a	13,343
Vitallium Sdn. Bhd.	#	n/a	8,076
Hextar Fert Sdn. Bhd.	#	n/a	2
Hextar Oil & Gas Sdn. Bhd.	#	n/a	1,300
Binapuri Sakti Sdn. Bhd.	#	n/a	218
Sales of R&D services:-			
Vitallium Sdn. Bhd.	#	<u>n/a</u>	<u>383</u>
Purchase of raw materials/finished goods:-			
Multifert Sdn. Bhd.	#	n/a	9
Hextar Industrial Chemicals Sdn. Bhd.	#	n/a	47
Purchase of management services:-			
Hextar Asset Management Sdn. Bhd.	#	<u>n/a</u>	<u>975</u>

#The directors and/or major shareholders of Hextar Global Berhad (formerly known as Halex Holdings Berhad) are either the directors and/or major shareholders of the Company or the persons connected with the Company by virtue of Section 197 of Companies Act 2016.

The outstanding balances arising from related party transactions as at 30 September 2019 were as follows:-

	Outstanding balance 30/9/2019 RM'000
Total outstanding balances due from/(to) related parties included in:-	
Trade receivables	<u>72,839</u>
Trade payables	<u>(7)</u>

@ Not comparable as the Acquisition has not taken place.



**Interim Report for the 9-months Financial Period Ended 30 September 2019**

**B. ADDITIONAL INFORMATION REQUIRED PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES**

**1. Review of Performance of the Group**

For the purpose of review of performance, the current cumulative financial quarter covers from 1 January 2019 to 30 September 2019 for HCL and from 1 May 2019 to 30 September 2019 for HGB. Correspondingly, the comparative figures for the individual quarter and cumulative quarter refer the financial figures of HCL due to the Reverse Acquisition as explained in Part A, Note 1.

For the current quarter, the Group registered a total revenue of RM97.18 million, representing an increase of RM26.16 million or 36.8% as compared to the corresponding quarter of the preceding year. The increase was mainly due to the increase in revenue from the enlarged Agriculture segment and the incorporation of revenue from the Consumer Products segment, following the Acquisition as per Part A, Note 11.

On the year-to-date basis, the Group registered a total revenue of RM254.51 million, an increase of RM45.98 million or 22.0% as compared to the corresponding financial period of the preceding year. The increase was mainly due to the increase in revenue from the enlarged group following the Acquisition.

For the current quarter, the Group recorded a profit before taxation of RM11.30 million against a profit before taxation of RM11.09 million in the corresponding quarter of the preceding year, an increase of profit before taxation by RM0.21 million or 1.9%. The increase in profit before tax was mainly contributed by the increase in revenue from the enlarged Group following the Acquisition.

For the cumulative financial period ended 30 September 2019, the Group recorded a profit before taxation of RM0.50 million against a profit before taxation of RM28.64 million in the corresponding financial period of the preceding year. The Group has incorporated an one-off impairment of goodwill on business combination amounted to RM23.99 million for the current financial period ended 30 September 2019, the impairment arose from the application of Reverse Acquisition accounting method in accordance with MFRS3 as per Part A, Note 1. Had the Group excluded the one-off impairment of goodwill, the Group would have recorded an operating profit before taxation of RM24.49 million for the current financial period ended 30 September 2019.



**Interim Report for the 9-months Financial Period Ended 30 September 2019**

**2. Comparisons with the Immediate Preceding Quarter's Results**

	(3-months) Current Quarter ended 30/9/2019 (RM'000)	(3-months) Preceding Quarter ended 30/6/2019 (RM'000)
Revenue	97,179	75,439
Profit/(Loss) before taxation	11,300	(18,713)

For the current quarter ended 30 September 2019, the Group registered revenue of RM97.18 million, representing an increase of RM21.74 million or 28.8% as compared to the immediate preceding quarter. The increase was mainly due to a higher revenue recorded from the Agriculture segment taking into account of a full 3 month consolidation of financial results for the current quarter following the Acquisition on 30 April 2019.

During the current quarter, the Group recorded a profit before taxation of RM11.30 million against a loss before taxation of RM18.71 million in the immediate preceding quarter. The loss before taxation recorded for the immediate preceding quarter was mainly due to an one-off impairment of goodwill on business combination amounted to RM23.99 million arising from the application of Reverse Acquisition accounting method in accordance with MFRS3 as per Part A, Note 1. For the immediate preceding quarter, the Group would have recorded an operating profit before taxation of RM5.28 million had the Group excluded the one-off impairment of goodwill amounted to RM23.99 million.



## Interim Report for the 9-months Financial Period Ended 30 September 2019

### 3. Year 2019 Prospects

The Malaysian economic growth and the Group's businesses are generally impacted by lackluster and sluggish market sentiments in tandem with the volatility of forex and commodity prices.

Despite of the above, the Board has put in place the following measures for the Group's business continuity and sustainability.

#### Agriculture segment

The Acquisition of which the announcement of completion was made on 30 April 2019 witnessed a tremendous corporate milestone for the Company to solidify its position as a leading and biggest producer of agrochemicals in Malaysia.

The Group foresees this prominent business combination has the ability to enhance the competitiveness of our agrochemical business by increasing product range and extending distribution network especially the presence in the new markets.

The Group has core competencies in the agrochemical industry supported by its strength in research and development and commercialization and marketing of over 500 product registrations. The Group's product brand name "Hextar" is a long established brand name in the agrochemical market for more than 30 years with a wide distribution network of over 30 countries. In addition to that, the agrochemical industry has high barriers to entry, therefore, the Group enjoys the resilience for its business sustainability.

Hextar Chemicals Sdn. Bhd., a wholly-owned subsidiary of the Company has recently signed a distributor agreement with Sumitomo Chemical Vietnam Co., Ltd. for distribution its product in Vietnam. This paves way for the Group to have more market presence in Indochina which is predominantly active in its agriculture industry.

#### Consumer Products segment

Following the consolidation of operations into a single location, this has shown an immediate improvement in the business segment by narrowing its loss for the current quarter comparing to its immediate preceding quarter. With the strategies in cost cutting and operational efficiency, the effort has started to bear fruits with a marginal profit in the month of September 2019. The Group will pursue its determination for a further operational efficiency as well as more appropriate cost cutting measures to be in place, the Group is positive for this segment to improve further moving forward and the Group will continuously monitor the financial performance for this business segment.

The Group remains focused on the operational efficiency, profitability and business sustainability. The Board is of the view the Group is poised to deliver a satisfactory financial performance for the financial year.

### 4. Financial Forecast and Profit Guarantee

The Group has not provided any financial forecast or profit guarantee in any public document.



**Interim Report for the 9-months Financial Period Ended 30 September 2019**

**5. Taxation**

The taxation figures are as follows:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter 30/9/2019 RM'000</b>	<b>Preceding Year Quarter 30/9/2018 RM'000</b>	<b>Current Period to-Date 30/9/2019 RM'000</b>	<b>Preceding Period to-Date 30/9/2018 RM'000</b>
Deferred tax	45	(710)	151	(665)
Income tax	(2,604)	(442)	(6,001)	(4,539)
	<u>(2,559)</u>	<u>(1,152)</u>	<u>(5,850)</u>	<u>(5,204)</u>

The effective tax rate for the current quarter under review for the Group is lower than the statutory rate of taxation is mainly due to losses recorded in certain subsidiary companies. Despite the overall loss for the current cumulative quarter reported by the Group, the Group has taken a prudent position by providing the tax for the profitable core business segment, Agriculture.

**6. Status of Corporate Proposal**

The Company had on 1 April 2019, obtained the approval from the shareholders for the Acquisition, and subsequently on 30 April 2019, announced the completion of the Acquisition upon the listing and quotation and placement of 714,679,564 new ordinary shares in the Company arising from the Acquisition.

**7. Borrowings**

The Group's borrowings as at 30 September 2019 and 31 December 2018 are as follows:

	<b>As at 30/9/2019 RM'000</b>	<b>As at 31/12/2018 RM'000</b>
<b>Short-term borrowings</b>		
<u>Secured</u>		
Term loans	5,191	2,640
<u>Unsecured</u>		
Finance lease payables	200	253
Bills payable	<u>77,646</u>	<u>67,646</u>
	<u>83,037</u>	<u>70,539</u>
<b>Long-term borrowings</b>		
<u>Secured</u>		
Term loans	32,618	7,840
<u>Unsecured</u>		
Finance lease payables	<u>695</u>	<u>129</u>
	<u>33,313</u>	<u>7,969</u>
<b>Total</b>	<u>116,350</u>	<u>78,508</u>



**Interim Report for the 9-months Financial Period Ended 30 September 2019**

**8. Material Litigation**

There were no material litigations involving the Group as at the date of this interim report.

**9. Earnings/(Loss) Per Share**

a. Basic

The basic earnings/(loss) per share is calculated by dividing the earnings/(loss) attributable to equity holders of the Company for the period by the weighted average number of ordinary shares in issue during the financial period under review.

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter 30/9/2019</b>	<b>Preceding Year Quarter 30/9/2018</b>	<b>Current Period to-Date 30/9/2019</b>	<b>Preceding Period to-Date 30/9/2018</b>
Profit/(Loss) attributable to equity holders of the Company (RM'000)	<u>8,741</u>	<u>9,933</u>	<u>(5,346)</u>	<u>23,432</u>
Weighted average number of ordinary shares in issue ('000)	<u>820,652</u>	<u>714,680*</u>	<u>820,652</u>	<u>714,680*</u>
Basic earnings/(loss) per share (sen)	<u>1.07</u>	<u>1.39</u>	<u>(0.65)</u>	<u>3.28</u>

b. Diluted

The calculation of diluted earnings/(loss) per ordinary share is the same with basic earnings/(loss) per ordinary share as the Group has no dilutive potential ordinary shares.

\* The weighted average number of ordinary shares in issue for the comparative quarter and financial period was calculated on the assumption based on the newly issued 714,679,564 ordinary shares in exchange for 4 ordinary shares in HCL Group following the Reverse Acquisition as explained in Part A, Note 1 to the interim financial report.



**Interim Report for the 9-months Financial Period Ended 30 September 2019**

**10. Notes to the Statements of Profit or Loss and Other Comprehensive Income**

Profit/(Loss) before taxation is arrived at after charging/(crediting):-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/9/2019 RM'000	Preceding Year Quarter 30/9/2018 RM'000	Current Period to-Date 30/9/2019 RM'000	Preceding Period to-Date 30/9/2018 RM'000
Amortisation of intangible assets	97	82	267	185
Depreciation of property, plant and equipment	566	368	1,643	1,241
Impairment loss:				
- trade receivables	70	-	126	-
- goodwill	-	-	23,987	-
Interest expenses	1,367	718	3,324	2,396
Unrealised loss/(gain) on foreign exchange	15	-	(328)	4,058
Gain on disposal of equipment	-	-	(140)	-
Gain on forward currency exchange	-	(72)	-	(2,548)
Interest income	(78)	-	(170)	(29)
Reversal of impairment loss on trade receivables	(202)	-	(242)	-
Share of net profits of equity accounted joint venture	(112)	(127)	(300)	(257)



**Interim Report for the 9-months Financial Period Ended 30 September 2019**

**11. Comparative Figures**

The current quarter and cumulative quarter for the financial period ended 30 September 2019 have been prepared in compliance with MFRS 3: Business Combination as per the Part A, Note 1. All adjustments arising from the Reverse Acquisition have been reflected in the current cumulative quarter. For the purpose of reflecting the changes and financial impact resulting from the Reverse Acquisition, kindly refer to the summary of effects tabulated below for the preceding quarter and previous cumulative quarter for the financial period ended 30 June 2019.

**Unaudited Condensed Statements of Profit or Loss and Other Comprehensive Income (Extract): -**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/6/2019 RM'000	Preceding Year Quarter 30/6/2018 RM'000	Current Period to-Date 30/6/2019 RM'000	Preceding Period to-Date 30/6/2018 RM'000
<b>As Previously Reported</b>				
Revenue	55,851	18,229	73,429	33,710
Loss before taxation	(21,256)	(3,343)	(21,323)	(4,939)
Loss after taxation	(22,176)	(3,238)	(22,449)	(5,053)
<b>As Restated</b>				
Revenue	75,439	63,524	157,334	137,505
Profit before taxation	(18,713)	6,582	(10,796)	17,552
Profit after taxation	(20,230)	5,175	(14,087)	13,500

By Order of the Board  
HEXTAR GLOBAL BERHAD  
199001014551 (206220 – U)  
(Formerly known as Halex Holdings Berhad)

Lim Hooi Mooi  
Company Secretary  
Kuala Lumpur  
18 November 2019