



HEXTAR GLOBAL BERHAD

Company No.: 199001014551 (206220-U)

(Incorporated in Malaysia)

**Interim Report
For the 3-months Financial Period Ended
31 March 2022**



Interim Report for the 3-months Financial Period Ended 31 March 2022

Unaudited Condensed Statements of Profit or Loss and Other Comprehensive Income

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--|--|--|--|
| | (3-mths) Current Year Quarter 31/3/2022 RM'000 | (3-mths) Preceding Year Quarter 31/3/2021 RM'000 | (3-mths) Current Year to-Date 31/3/2022 RM'000 | (3-mths) Preceding Year to-Date 31/3/2021 RM'000 |
| Revenue | 153,630 | 114,816 | 153,630 | 114,816 |
| Cost of sales | (112,254) | (91,632) | (112,254) | (91,632) |
| Gross profit | 41,376 | 23,184 | 41,376 | 23,184 |
| Other income | 776 | 816 | 776 | 816 |
| Selling and marketing expenses | (5,164) | (2,604) | (5,164) | (2,604) |
| Administrative and other expenses | (13,474) | (6,271) | (13,474) | (6,271) |
| Finance costs | (2,159) | (412) | (2,159) | (412) |
| Share of results of joint venture | 200 | 156 | 200 | 156 |
| Profit before taxation | 21,555 | 14,869 | 21,555 | 14,869 |
| Less: Taxation | (5,080) | (4,213) | (5,080) | (4,213) |
| Profit after taxation | 16,475 | 10,656 | 16,475 | 10,656 |
| Other comprehensive expenses:- | | | | |
| Foreign currency translation differences | (334) | (6) | (334) | (6) |
| Other comprehensive expenses for the financial period | (334) | (6) | (334) | (6) |
| Total comprehensive income for the financial period | 16,141 | 10,650 | 16,141 | 10,650 |
| Profit for the financial period attributable to: | | | | |
| - Owners of the Parent | 15,646 | 10,752 | 15,646 | 10,752 |
| - Non-controlling interests | 829 | (96) | 829 | (96) |
| | 16,475 | 10,656 | 16,475 | 10,656 |
| Total comprehensive income attributable to: | | | | |
| - Owners of the Parent | 15,492 | 10,746 | 15,492 | 10,746 |
| - Non-controlling interests | 649 | (96) | 649 | (96) |
| | 16,141 | 10,650 | 16,141 | 10,650 |
| Earnings per share | | | | |
| Basic (sen) ^ | 1.20 | 0.82 | 1.20 | 0.82 |
| Diluted (sen) | n/a | n/a | n/a | n/a |

^ Restated to reflect the effect of bonus issue

The unaudited Condensed Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying notes attached to this interim financial report.



Interim Report for the 3-months Financial Period Ended 31 March 2022

Unaudited Condensed Statements of Financial Position

| | Unaudited as at 31/3/2022 RM'000 | Audited as at 31/12/2021 RM'000 |
|--|---|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 73,424 | 72,902 |
| Investment properties | 5,789 | 5,789 |
| Investment in joint venture | 1,680 | 1,480 |
| Right-of-use assets | 30,086 | 30,505 |
| Investment in club membership, at cost | 47 | 47 |
| Intangible assets | 150,795 | 150,913 |
| Trade receivables | 834 | 576 |
| Prepayment | 2,455 | 2,664 |
| Deferred tax assets | 352 | 236 |
| Total non-current assets | 265,462 | 265,112 |
| Current assets | | |
| Inventories | 133,917 | 152,509 |
| Contract assets | 309 | 586 |
| Trade receivables | 138,090 | 155,686 |
| Other receivables, deposits and prepayments | 23,722 | 14,057 |
| Amount owing by related companies | - | 299 |
| Amount owing by joint venture | 1,585 | 1,885 |
| Current tax assets | 6,110 | 2,989 |
| Deposits with licensed banks | 27,558 | 27,164 |
| Cash and bank balances | 41,087 | 36,790 |
| Total current assets | 372,378 | 391,965 |
| Asset classified as held for sale | 6,943 | 6,943 |
| TOTAL ASSETS | 644,783 | 664,020 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 633,878 | 633,878 |
| Revaluation reserve | 17,147 | 17,192 |
| Exchange reserve | (52) | 102 |
| Treasury shares | (14,927) | (10,300) |
| Merger deficit reserve | (488,522) | (488,522) |
| Retained profits | 60,686 | 60,614 |
| Equity attributable to owners of the Company | 208,210 | 212,964 |
| Non-controlling interests | 15,270 | 14,621 |
| TOTAL EQUITY | 223,480 | 227,585 |

The unaudited Condensed Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying notes attached to this interim financial report.



Interim Report for the 3-months Financial Period Ended 31 March 2022

Unaudited Condensed Statements of Financial Position (Cont'd)

| | Unaudited as at 31/3/2022 RM'000 | Audited as at 31/12/2021 RM'000 |
|---|---|--|
| Non-current liabilities | | |
| Term loans | 137,946 | 141,637 |
| Lease liabilities | 4,737 | 5,018 |
| Deferred tax liabilities | 10,111 | 10,074 |
| Other liabilities | 58,000 | 58,000 |
| Total non-current liabilities | <u>210,794</u> | <u>214,729</u> |
| Current liabilities | | |
| Trade payables | 38,001 | 53,100 |
| Other payables, deposits received and accruals | 13,740 | 10,353 |
| Amount owing to related companies | - | 408 |
| Amount owing to a joint venture | 389 | 642 |
| Lease liabilities | 2,423 | 2,491 |
| Term loans | 17,300 | 16,778 |
| Bills payable | 75,627 | 92,988 |
| Bank overdraft | 357 | 89 |
| Revolving credit | 27,750 | 9,450 |
| Contract liability | - | 1,608 |
| Current tax liabilities | 9,122 | 4,799 |
| Other liabilities | 25,800 | 29,000 |
| Total current liabilities | <u>210,509</u> | <u>221,706</u> |
| TOTAL LIABILITIES | <u>421,303</u> | <u>436,435</u> |
| TOTAL EQUITY AND LIABILITIES | <u>644,783</u> | <u>664,020</u> |
| No. of ordinary shares in issue ('000) | 1,301,616 | 1,304,899 |
| Net assets per share attributable to equity holders of the Company (RM) | 0.17 | 0.17 |

The unaudited Condensed Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying notes attached to this interim financial report.



Interim Report for the 3-months Financial Period Ended 31 March 2022

Unaudited Condensed Statements of Cash Flows

| | 3-months ended 31/3/2022 RM'000 | 3-months ended 31/3/2021 RM'000 |
|---|--|--|
| CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES | | |
| Profit before taxation | 21,555 | 14,869 |
| Adjustments for:- | | |
| Amortisation | 139 | 77 |
| Depreciation | 2,611 | 903 |
| Impairment loss on trade receivables | 45 | 700 |
| Interest expense | 2,159 | 412 |
| Interest income | (21) | (27) |
| Unrealised gain on foreign exchange | (337) | (279) |
| Share of profit of a joint venture | (200) | (156) |
| Operating profit before working capital changes | 25,951 | 16,499 |
| Changes in working capital:- | | |
| Inventories | 18,592 | 7,186 |
| Receivables | 8,453 | (35,845) |
| Payables | (13,389) | (1,658) |
| Related companies | (108) | 5,611 |
| Joint venture | 47 | - |
| | 13,595 | (24,706) |
| Cash from/(for) operations | 39,546 | (8,207) |
| Interest paid | (2,159) | (412) |
| Income tax paid | (3,956) | (3,752) |
| Net cash from/(for) operating activities | 33,431 | (12,371) |

The unaudited Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying notes attached to this interim financial report.



Interim Report for the 3-months Financial Period Ended 31 March 2022

Unaudited Condensed Statements of Cash Flows (Cont'd)

| | 3-months ended 31/3/2022 RM'000 | 3-months ended 31/3/2021 RM'000 |
|---|--|--|
| CASH FLOWS FOR INVESTING ACTIVITIES | | |
| Interest received | 21 | 27 |
| Proceeds from disposal of property, plant and equipment | 1 | 300 |
| Purchase of intangible assets | (20) | - |
| Purchase of property, plant and equipment | (2,431) | (334) |
| Net cash for investing activities | <u>(2,429)</u> | <u>(7)</u> |
| CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES | | |
| Dividend paid | (15,619) | (6,566) |
| Decrease in contingent consideration | (3,200) | - |
| Net increase/(decrease) of lease liabilities | (349) | (62) |
| Net increase/(decrease) in bank borrowings | 851 | 21,464 |
| Purchase of treasury shares | (4,627) | - |
| Repayment of term loans | (3,169) | (792) |
| Net cash (for)/from financing activities | <u>(26,113)</u> | <u>14,044</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 4,889 | 1,666 |
| EFFECTS OF FOREIGN EXCHANGE TRANSLATION | (465) | (6) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD | 58,400 | 17,280 |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD | <u><u>62,824</u></u> | <u><u>18,940</u></u> |
| CASH AND CASH EQUIVALENTS COMPRISE | | |
| Deposits with licensed banks | 27,558 | 120 |
| Cash and bank balances | 41,087 | 18,865 |
| Bank overdraft | (357) | - |
| | <u>68,288</u> | <u>18,985</u> |
| Less: Deposits pledged to licensed banks | (5,464) | (45) |
| | <u><u>62,824</u></u> | <u><u>18,940</u></u> |

The unaudited Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying notes attached to this interim financial report.



Interim Report for the 3-months Financial Period Ended 31 March 2022

Unaudited Condensed Statements of Changes in Equity

| | Share Capital RM'000 | Treasury Shares RM'000 | <----- Non-distributable -----> Merger Deficit Reserve RM'000 | Exchange Reserve RM'000 | Revaluation Reserve RM'000 | <-Distributable-> Retained Profits RM'000 | Attributable to Owners of the Company RM'000 | Non-controlling Interests RM'000 | Total RM'000 |
|--|----------------------------|------------------------------|--|-------------------------------|----------------------------------|--|---|--|-----------------|
| Balance as at 1/1/2022 | 633,878 | (10,300) | (488,522) | 102 | 17,192 | 60,614 | 212,964 | 14,621 | 227,585 |
| Profit after taxation for the financial period | - | - | - | - | - | 15,646 | 15,646 | 829 | 16,475 |
| Other comprehensive expenses for the financial period: | | | | | | | | | |
| - Foreign currency translation differences | - | - | - | (154) | - | - | (154) | (180) | (334) |
| Total comprehensive (expenses)/income for the financial period | - | - | - | (154) | - | 15,646 | 15,492 | 649 | 16,141 |
| Contributions by and distributions to owners of the Company: | | | | | | | | | |
| - Purchase of treasury shares | - | (4,627) | - | - | - | - | (4,627) | - | (4,627) |
| - Dividends | - | - | - | - | - | (15,619) | (15,619) | - | (15,619) |
| Total transactions with owners | - | (4,627) | - | - | - | (15,619) | (20,246) | - | (20,246) |
| Realisation of revaluation reserve | - | - | - | - | (45) | 45 | - | - | - |
| Balance as at 31/3/2022 | 633,878 | (14,927) | (488,522) | (52) | 17,147 | 60,686 | 208,210 | 15,270 | 223,480 |

The unaudited Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying notes attached to this interim financial report.



Interim Report for the 3-months Financial Period Ended 31 March 2022

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

| | Share Capital RM'000 | Treasury Shares RM'000 | <----- Non-distributable -----> | | | <-Distributable-> | Attributable to Owners of the Company RM'000 | Non-controlling Interests RM'000 | Total RM'000 | |
|--|----------------------------|------------------------------|---------------------------------|------------------------------|-------------------------------|----------------------------------|---|--|-----------------|---------|
| | | | Merger Reserve RM'000 | Deficit Reserve RM'000 | Exchange Reserve RM'000 | Revaluation Reserve RM'000 | Retained Profits RM'000 | | | |
| Balance as at 1/1/2021 | 633,878 | - | (488,732) | | 104 | 13,533 | 41,012 | 199,795 | 1,472 | 201,267 |
| Profit after taxation for the financial period | - | - | - | - | - | - | 10,752 | 10,752 | (96) | 10,656 |
| Other comprehensive expenses for the financial period: | | | | | | | | | | |
| - Foreign currency translation differences | - | - | - | - | - | (6) | - | (6) | - | (6) |
| Total comprehensive (expenses)/income for the financial period | - | - | - | - | - | (6) | 10,752 | 10,746 | (96) | 10,650 |
| Contributions by and distributions to owners of the Company: | | | | | | | | | | |
| - Dividends | - | - | - | - | - | - | (6,566) | (6,566) | - | (6,566) |
| Total transactions with owners | - | - | - | - | - | - | (6,566) | (6,566) | - | (6,566) |
| Realisation of revaluation reserve | - | - | - | - | (34) | - | 34 | - | - | - |
| Balance as at 31/3/2021 | 633,878 | - | (488,732) | | 70 | 13,527 | 45,232 | 203,975 | 1,376 | 205,351 |

The unaudited Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying notes attached to this interim financial report.



Interim Report for the 3-months Financial Period Ended 31 March 2022

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”).

This unaudited interim financial report should be read in conjunction with the annual audited financial statements for the financial year ended 31 December 2021. The Group prepared its financial statements in accordance with the Malaysian Financial Reporting Standards (“MFRS”).

The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the change in the financial position and performance of Hextar Global Berhad (“Hextar” or the “Company”) and its subsidiaries (the “Group”) since the financial year ended 31 December 2021.

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:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 17 Insurance Contracts

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to MFRS 16: COVID-19-Related Rent Concessions beyond 30 June 2021

Amendments to MFRS 17: Insurance Contracts

Amendments to MFRS 101: Classification of Liabilities as Current or Non-current

Amendments to MFRS 101: Disclosure 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

Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 -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 amendments are expected to have no material impact on the financial statements of the Group upon their initial application.



Interim Report for the 3-months Financial Period Ended 31 March 2022

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 2021 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

During the quarter under review, the Company purchased 3,283,700 of its issued ordinary shares from the open market at an average price of RM1.41 per share. The total consideration paid for the purchase was RM4,627,957 including the transaction costs. The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act, 2016 and are presented as a deduction from equity.

As at 31 March 2022, the Company held as treasury shares a total of 11,471,700 of its 1,313,087,284 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM14,927,231.

Other than the above, 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

The Company had on 25 March 2022 paid a second interim single-tier dividend of 1.2 sen per ordinary share, amounting to approximately RM15.62 million in respect of the financial year ending 31 December 2021.

The total dividend declared for the financial year ended 31 December 2021 of 2.2 sen per ordinary share, amounted to approximately RM28.75 million with a payout ratio of 73.3%.

Other than the above, there were no dividends proposed or paid during the quarter under review.



Interim Report for the 3-months Financial Period Ended 31 March 2022

9. Segmental Reporting

| | 3-months ended 31 March 2022 | | | | | | |
|-------------------------------------|------------------------------|-----------------------|-------------------------------|-----------------------------|------------------|------------------------|------------------------|
| | Investment Holding RM'000 | Agriculture RM'000 | Specialty Chemicals RM'000 | Consumer Products RM'000 | Others RM'000 | Eliminations RM'000 | Consolidated RM'000 |
| Revenue | | | | | | | |
| External | - | 96,584 | 51,301 | 5,643 | 102 | - | 153,630 |
| Inter-segment | 886 | 8,492 | 12,898 | 2,690 | - | (24,966) | - |
| Total | 886 | 105,076 | 64,199 | 8,333 | 102 | (24,966) | 153,630 |
| Results | | | | | | | |
| Segment results | (411) | 12,956 | 12,223 | (593) | (170) | (619) | 23,386 |
| Finance costs | (1,401) | (503) | (189) | (66) | - | - | (2,159) |
| Finance income | - | 22 | 105 | 1 | - | - | 128 |
| Share of result of joint venture | - | 200 | - | - | - | - | 200 |
| Profit/(Loss) before taxation | (1,812) | 12,675 | 12,139 | (658) | (170) | (619) | 21,555 |
| Taxation | - | (2,931) | (2,296) | 3 | - | 144 | (5,080) |
| Profit/(Loss) after taxation | (1,812) | 9,744 | 9,843 | (655) | (170) | (475) | 16,475 |

| | 3-months ended 31 March 2021 | | | | | |
|-------------------------------------|------------------------------|-----------------------|-----------------------------|------------------|------------------------|------------------------|
| | Investment Holding RM'000 | Agriculture RM'000 | Consumer Products RM'000 | Others RM'000 | Eliminations RM'000 | Consolidated RM'000 |
| Revenue | | | | | | |
| External | - | 109,988 | 4,814 | 14 | - | 114,816 |
| Inter-segment | 676 | 4,268 | 2,452 | - | (7,396) | - |
| Total | 676 | 114,256 | 7,266 | 14 | (7,396) | 114,816 |
| Results | | | | | | |
| Segment results | (360) | 15,922 | (109) | (270) | (85) | 15,098 |
| Finance costs | (54) | (305) | (53) | - | - | (412) |
| Finance income | 1 | 23 | 3 | - | - | 27 |
| Share of result of joint venture | - | 156 | - | - | - | 156 |
| Profit/(Loss) before taxation | (413) | 15,796 | (159) | (270) | (85) | 14,869 |
| Taxation | (9) | (3,921) | (19) | (15) | (249) | (4,213) |
| Profit/(Loss) after taxation | (422) | 11,875 | (178) | (285) | (334) | 10,656 |



Interim Report for the 3-months Financial Period Ended 31 March 2022

10. Valuation of Property, Plant and Equipment

The values of property, plant and equipment have been brought forward without amendments from the Company's previous annual audited financial statements for the financial year ended 31 December 2021.

11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period under review.

12. Contingent Liabilities

The contingent liabilities are as follows:

| | Company As at 31/3/2022 RM'000 |
|--|---|
| Guarantees given to financial institutions for facilities granted to the Group | <u>419,260</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 other than the following:-

| | Company As at 31/3/2022 RM'000 |
|---|---|
| Contingent consideration in relation to the acquisition of subsidiaries | <u>83,800</u> |

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

There were no material events subsequent to the end of the interim reporting period reported.



Interim Report for the 3-months Financial Period Ended 31 March 2022

15. Related Party Transactions

The following table provides information on the transactions which have been entered into with related parties during the 3-months ended 31 March 2022.

| | | Transaction Value 31/3/2022 RM'000 |
|--|------|---|
| | Note | |
| Sales of raw materials/finished goods:- | | |
| PT Dharma Guna Wibawa | # | 2,361 |
| PT Delta Giri Wacana | # | 3,075 |
| Hextar Oil & Gas Sdn. Bhd. | # | 579 |
| Binapuri Sakti Sdn. Bhd. | # | 461 |
| Hextar Solution Sdn. Bhd. | # | 19 |
| Hextar KCS Sdn. Bhd. | # | 12 |
| Hextar Industrial Chemicals Sdn. Bhd. | # | 7 |
| Hextar Fert Sdn. Bhd. | # | 3 |
| Purchase of raw materials/finished goods:- | | |
| Hextar Industrial Chemicals Sdn. Bhd. | # | 200 |
| Hextar Fert Sdn. Bhd. | # | 10 |
| Purchase of management services:- | | |
| Hextar Asset Management Sdn. Bhd. | # | 585 |
| Rental of warehouse:- | | |
| Hextar Industrial Chemicals Sdn. Bhd. | # | <u>194</u> |

The directors and/or major shareholders of Hextar Global 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.



Interim Report for the 3-months Financial Period Ended 31 March 2022

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

1. Review of Performance of the Group

The Group registered a revenue of RM153.63 million for the current and cumulative quarter under review as compared to RM114.82 million for the corresponding quarter of the preceding year, representing an increase of RM38.81 million or 33.8%. The significant increase was mainly contributed by the revenue from newly acquired Specialty Chemicals segment amounting to RM51.30 million which partially mitigated by the decrease in Agriculture segment of approximately RM13.41 million.

The Group recorded a profit before taxation of RM21.56 million for the current and cumulative quarter against RM14.87 million for the corresponding quarter of the preceding year, representing an increase of RM6.69 million or 45.0% was mainly benefiting from higher margin and growth from the Specialty Chemicals businesses acquired last year which mainly derived from rubber industry.

2. Comparisons with the Immediate Preceding Quarter's Results

| | (3-months) Current Quarter ended 31/3/2022 (RM'000) | (3-months) Preceding Quarter ended 31/12/2021 (RM'000) |
|------------------------|--|---|
| Revenue | 153,630 | 138,049 |
| Profit before taxation | 21,555 | 18,406 |

For the current quarter ended 31 March 2022, the Group revenue increased by 11.3% from RM138.05 million to RM153.63 million as compared to the immediate preceding quarter, mainly due to the reflection of full consolidation of Specialty Chemicals segment following the completion of a couple of acquisitions towards the end of financial year 2021.

Profit before taxation grew 17.0% quarter-on-quarter from RM18.41 million to RM21.56 million, on the back of higher revenue and profit margins generated particularly from the Specialty Chemicals segment.



Interim Report for the 3-months Financial Period Ended 31 March 2022

3. Year 2022 Prospects

Agriculture

The Agriculture segment had achieved another historical results for the financial year 2021 despite the challenges of the outbreak of COVID-19 and the implementation of movement control order (“MCO”). For year 2022, the segment will continue to intensify its sales and marketing efforts to secure more customers locally and overseas in order to penetrate market share as well as continuously develop new products to improve our competitive advantage. Barring any unforeseen resurgence of COVID-19 and challenges ahead, the Group is well prepared and the Board is confident that the segment will continue to contribute a sustainable income in year 2022.

Specialty Chemicals

Asia Pacific continues to hold the highest specialty chemicals market share in year 2021. The market is expected to continue to grow which is primarily driven by the increasing industrial productions and recovery of tourism industry by year 2022 across the world, leading to a higher demand for specialty chemicals. The prospect for this Specialty Chemicals segment is expected to be positive as the industry continues to be resilient as Malaysia and the rest of the world are gradually opening up their border in year 2022.

Consumer Products

The Consumer Products segment is changing its business direction from appointing a sole distributor to various authorised distribution channels. The segment is enlarging its product range to enhance its market share. This came in tandem with rising consumer confident level and demand for more consumer products resulting from the on-going of full swing vaccination of program, whereby strict lockdown no longer necessary to contain COVID-19. The segment is optimistic in achieving satisfactory results in year 2022.

The Board is confident that the management team is executing the strategic plans in order to continuously creates long-term shareholder value.

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 3-months Financial Period Ended 31 March 2022

5. Taxation

The taxation figures are as follows:-

| | Individual Quarter | | Cumulative Quarter | |
|--------------|---------------------------|-----------------------|---------------------------|---------------------|
| | Current Year | Preceding Year | Current | Preceding |
| | Quarter | Quarter | Year to-Date | Year to-Date |
| | 31/3/2022 | 31/3/2021 | 31/3/2022 | 31/3/2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Deferred tax | 146 | 256 | 146 | 256 |
| Income tax | (5,226) | (4,469) | (5,226) | (4,469) |
| | <u>(5,080)</u> | <u>(4,213)</u> | <u>(5,080)</u> | <u>(4,213)</u> |

The effective tax rate for the current quarter under review for the Group is approximately similar with the applicable income tax rate of 24%.

6. Status of Corporate Proposal

On 28 March 2022, the Company entered into a share sale agreement with Hextar International Group Sdn. Bhd. for the acquisition of 109,900 ordinary shares, representing 91.91% equity interest in PT Agro Sentosa Raya for a total purchase consideration of RM10,200,000 to be satisfied wholly in cash ("Proposed PTASR Acquisition"). Subsequently on 20 May 2022, the Company announced the completion of the Proposed PTASR Acquisition upon the fulfilment of all conditions precedent to the share sale agreement.



Interim Report for the 3-months Financial Period Ended 31 March 2022

7. Borrowings

The Group's borrowings as at 31 March 2022 and 31 December 2021 are as follows:

| | As at 31/3/2022 RM'000 | As at 31/12/2021 RM'000 |
|------------------------------|---------------------------------------|--|
| Short-term borrowings | | |
| <u>Secured</u> | | |
| Term loans | 4,010 | 3,488 |
| <u>Unsecured</u> | | |
| Lease liabilities | 2,423 | 2,491 |
| Term loan | 13,290 | 13,290 |
| Bills payable | 75,627 | 92,988 |
| Revolving credit | 27,750 | 9,450 |
| Bank overdraft | 357 | 89 |
| | <u>123,457</u> | <u>121,796</u> |
| Long-term borrowings | | |
| <u>Secured</u> | | |
| Term loans | 17,786 | 18,152 |
| <u>Unsecured</u> | | |
| Lease liabilities | 4,737 | 5,018 |
| Term loans | 120,160 | 123,485 |
| | <u>142,683</u> | <u>146,655</u> |
| Total | <u>266,140</u> | <u>268,451</u> |

8. Material Litigation

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



Interim Report for the 3-months Financial Period Ended 31 March 2022

9. Earnings Per Share

a. Basic

The basic earnings per share is calculated by dividing the earnings 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.

| | Individual Quarter | | Cumulative Quarter | |
|---|---|---|---|---|
| | Current Year Quarter 31/3/2022 | Preceding Year Quarter 31/3/2021 | Current Year to-Date 31/3/2022 | Preceding Year to-Date 31/3/2021 |
| Profit attributable to equity holders of the Company (RM'000) | 15,646 | 10,752 | 15,646 | 10,752 |
| Weighted average number of ordinary shares in issue ('000) ^ | 1,303,768 | 1,313,087 | 1,303,768 | 1,313,087 |
| Basic earnings per share (sen) | 1.20 | 0.82 | 1.20 | 0.82 |

[^] *The calculation of basic earnings per share for the previous financial period has been adjusted retrospectively to reflect the changes in the number of shares as a result of the bonus issue.*

b. Diluted

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



Interim Report for the 3-months Financial Period Ended 31 March 2022

9. 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 31/3/2022 RM'000 | Preceding Year Quarter 31/3/2021 RM'000 | Current Year to-Date 31/3/2022 RM'000 | Preceding Year to-Date 31/3/2021 RM'000 |
| Amortisation | 139 | 77 | 139 | 77 |
| Depreciation | 2,611 | 903 | 2,611 | 903 |
| Impairment loss on trade receivables | 45 | 700 | 45 | 700 |
| Interest expense | 2,159 | 412 | 2,159 | 412 |
| Interest income | (21) | (27) | (21) | (27) |
| Unrealised gain on foreign exchange | (337) | (279) | (337) | (279) |
| Share of profit of a joint venture | (200) | (156) | (200) | (156) |

By Order of the Board
HEXTAR GLOBAL BERHAD
199001014551 (206220 – U)

Lim Hooi Mooi
Company Secretary
Kuala Lumpur
23 May 2022