



HEXTAR GLOBAL BERHAD

Company No.: 199001014551 (206220-U)

(Incorporated in Malaysia)

Interim Report For the 12-months Financial Year Ended 31 December 2022



Interim Report for the 12-months Financial Year Ended 31 December 2022

Unaudited Condensed Statements of Profit or Loss and Other Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(3-mths) Current Year Quarter 31/12/2022 RM'000	(3-mths) Preceding Year Quarter 31/12/2021 RM'000	(12-mths) Current Year to-Date 31/12/2022 RM'000	(12-mths) Preceding Year to-Date 31/12/2021 RM'000
Revenue	139,739	138,049	618,360	464,118
Cost of sales	(100,264)	(100,217)	(445,643)	(359,109)
Gross profit	39,475	37,832	172,717	105,009
Other income	1,618	86	4,339	3,043
Selling and marketing expenses	(5,003)	(5,785)	(22,187)	(16,145)
Administrative and other expenses	(21,086)	(12,036)	(68,516)	(34,691)
Finance costs	(4,030)	(1,785)	(11,644)	(4,060)
Share of profit of a joint venture	68	94	303	410
Profit before taxation	11,042	18,406	75,012	53,566
Less: Taxation	(4,619)	(4,342)	(19,973)	(14,356)
Profit after taxation	6,423	14,064	55,039	39,210
Other comprehensive (expenses)/income:				
- Foreign currency translation differences	(753)	46	(1,470)	(10)
- Revaluation of properties	-	3,839	1,373	3,839
Other comprehensive (expenses)/income for the financial year	(753)	3,885	(97)	3,829
Total comprehensive income for the financial year	5,670	17,949	54,942	43,039
Profit for the financial year attributable to:				
- Owners of the Company	4,640	14,122	49,542	39,460
- Non-controlling interests	1,783	(58)	5,497	(250)
	6,423	14,064	55,039	39,210
Total comprehensive income attributable to:				
- Owners of the Company	3,887	18,015	49,338	43,297
- Non-controlling interests	1,783	(66)	5,604	(258)
	5,670	17,949	54,942	43,039
Earnings per share				
Basic (sen) ^	0.36	1.08	3.82	3.01
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 12-months Financial Year Ended 31 December 2022

Unaudited Condensed Statements of Financial Position

	Unaudited as at 31/12/2022 RM'000	Audited as at 31/12/2021 RM'000
ASSETS		
Non-current assets		
Investment in joint venture	1,783	1,480
Property, plant and equipment	75,112	73,037
Investment properties	3,504	5,789
Right-of-use assets	52,536	30,370
Intangible assets	141,381	150,913
Investment in club membership, at cost	46	47
Trade receivables	1,293	576
Prepayment	2,384	2,664
Deferred tax assets	243	236
Total non-current assets	278,282	265,112
Current assets		
Inventories	139,505	152,509
Trade receivables	130,315	155,686
Other receivables, deposits and prepayments	14,829	14,057
Contract assets	-	586
Amount owing by related parties	384	299
Amount owing by a joint venture	-	1,885
Current tax assets	2,838	2,989
Deposits with licensed banks	9,182	27,164
Cash and bank balances	46,974	36,790
Total current assets	344,027	391,965
Assets classified as held for sale	4,393	6,943
TOTAL ASSETS	626,702	664,020
EQUITY AND LIABILITIES		
Equity		
Share capital	633,878	633,878
Treasury shares	(39,928)	(10,300)
Merger deficit reserve	(495,423)	(488,522)
Exchange reserve	(1,375)	102
Revaluation reserve	14,620	17,192
Retained profits	105,050	60,614
Equity attributable to owners of the Company	216,822	212,964
Non-controlling interests	16,059	14,621
TOTAL EQUITY	232,881	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.



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Unaudited Condensed Statements of Financial Position (Cont'd)

	Unaudited as at 31/12/2022 RM'000	Audited as at 31/12/2021 RM'000
Non-current liabilities		
Lease liabilities	34,059	3,376
Long-term borrowings	123,405	143,279
Deferred tax liabilities	6,478	10,074
Other liabilities	27,000	58,000
Total non-current liabilities	<u>190,942</u>	<u>214,729</u>
Current liabilities		
Trade payables	29,958	53,100
Other payables, deposits received and accruals	20,189	10,353
Contract liability	1,870	1,608
Amount owing to related parties	284	408
Amount owing to a joint venture	729	642
Lease liabilities	5,860	1,634
Short-term borrowings	111,115	120,162
Current tax liabilities	5,631	4,799
Derivative liabilities	243	-
Other liabilities	27,000	29,000
Total current liabilities	<u>202,879</u>	<u>221,706</u>
TOTAL LIABILITIES	<u>393,821</u>	<u>436,435</u>
TOTAL EQUITY AND LIABILITIES	<u>626,702</u>	<u>664,020</u>
No. of ordinary shares in issue ('000)	1,285,753	1,304,899
Net assets per share attributable to equity holders of the Company (RM)	0.18	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 12-months Financial Year Ended 31 December 2022

Unaudited Condensed Statements of Cash Flows

	12-months ended 31/12/2022 RM'000	12-months ended 31/12/2021 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit before taxation	75,012	53,566
Adjustments for:-		
Amortisation	749	335
Bad debts written off	107	1,359
Deposit written off	-	36
Depreciation	12,883	5,969
Equipment written off	74	-
Fair value loss on investment properties	1,335	500
Impairment loss on goodwill	2,277	-
Impairment loss on trade receivables	1,777	11
Interest expense	11,644	4,060
Inventories written down	137	5
Unrealised gain on foreign exchange	(727)	(534)
Gain on disposal of plant and equipment	(344)	(153)
Gain on lease termination	-	(13)
Interest income	(936)	(202)
Reversal on impairment losses on assets classified as held for sale	-	(56)
Reversal of impairment losses on trade receivables	-	(583)
Write back of inventories	-	(36)
Share of profit of a joint venture	(303)	(410)
Operating profit before working capital changes	103,685	63,854
Changes in working capital:-		
Inventories	18,761	(41,016)
Receivables	30,129	(15,847)
Payables	(22,434)	11,224
Related parties	(209)	5,719
Joint venture	1,972	(2,480)
	28,219	(42,400)
Cash from operations	131,904	21,454
Interest paid	(11,644)	(4,060)
Income tax paid	(19,691)	(16,987)
Net cash from operating activities	100,569	407

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.



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Unaudited Condensed Statements of Cash Flows (Cont'd)

	12-months ended 31/12/2022 RM'000	12-months ended 31/12/2021 RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash and cash equivalents acquired	(7,739)	(109,483)
Decrease in contingent consideration	(24,318)	-
Dividend received	-	2,485
Interest income received	936	202
Increase in pledged deposits with licensed banks	(2,930)	(5,419)
Proceeds from disposal of plant and equipment	144	463
Proceeds from disposal of non-current asset held for sale	30,500	-
Product development expenditure incurred	(226)	-
Purchase of intangible assets	(161)	(96)
Purchase of property, plant and equipment	(8,568)	(2,510)
Return of investment to non-controlling interests	(4,845)	-
Net cash for investing activities	(17,207)	(114,358)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Dividend paid	(29,242)	(19,696)
Net decrease of lease liabilities	(5,268)	(643)
Net (decrease)/increase in bank borrowings	(9,848)	51,857
Purchase of treasury shares	(29,628)	(10,299)
Repayment of term loans	(20,628)	133,381
Net cash (for)/from financing activities	(94,614)	154,600
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(11,252)	40,649
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	614	471
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	58,400	17,280
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	47,762	58,400
CASH AND CASH EQUIVALENTS COMPRISE		
Deposits with licensed banks	9,182	27,163
Cash and bank balances	46,974	36,790
Bank overdraft	-	(89)
	56,156	63,864
Less: Deposits pledged to licensed banks	(8,394)	(5,464)
	47,762	58,400

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 12-months Financial Year Ended 31 December 2022

Unaudited Condensed Statements of Changes in Equity

	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 Deficit Reserve RM'000	Exchange Reserve RM'000	Revaluation Reserve RM'000	Retained Profits 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 year	-	-	-	-	-	49,542	49,542	5,497	55,039
Other comprehensive (expenses)/income for the financial year:									
- Foreign currency translation differences	-	-	-	(1,306)	-	-	(1,306)	(164)	(1,470)
- Revaluation of properties	-	-	-	-	1,102	-	1,102	271	1,373
Total comprehensive (expenses)/income for the financial year	-	-	-	(1,306)	1,102	49,542	49,338	5,604	54,942
Contributions by and distributions to owners of the Company:									
- Return on share capital contributions	-	-	-	-	-	-	-	(4,845)	(4,845)
- Merger and acquisition	-	-	(6,901)	(171)	6,614	8,891	8,433	1,444	9,877
- Purchase of treasury shares	-	(29,628)	-	-	-	-	(29,628)	-	(29,628)
- Dividends	-	-	-	-	-	(28,477)	(28,477)	-	(28,477)
- Non-controlling interests' share of dividends	-	-	-	-	-	-	-	(765)	(765)
Total transactions with owners	-	(29,628)	(6,901)	(171)	6,614	(19,586)	(49,672)	(4,166)	(53,838)
Realisation of revaluation reserve	-	-	-	-	(261)	261	-	-	-
Net impact on disposal of revalued property	-	-	-	-	(10,027)	14,219	4,192	-	4,192
Balance as at 31/12/2022	633,878	(39,928)	(495,423)	(1,375)	14,620	105,050	216,822	16,059	232,881

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.



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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 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 year	-	-	-	-	-	39,460	39,460	(250)	39,210
Other comprehensive (expenses)/income for the financial year:									
- Foreign currency translation differences	-	-	-	(2)	-	-	(2)	(8)	(10)
- Revaluation of properties	-	-	-	-	3,839	-	3,839	-	3,839
Total comprehensive (expenses)/income for the financial year	-	-	-	(2)	3,839	39,460	43,297	(258)	43,039
Contributions by and distributions to owners of the Company:									
- Acquisition of a subsidiary	-	-	210	-	-	(342)	(132)	13,407	13,275
- Purchase of treasury shares	-	(10,300)	-	-	-	-	(10,300)	-	(10,300)
- Dividends	-	-	-	-	-	(19,696)	(19,696)	-	(19,696)
Total transactions with owners	-	(10,300)	210	-	-	(20,038)	(30,128)	13,407	(16,721)
Realisation of revaluation reserve	-	-	-	-	(180)	180	-	-	-
Balance as at 31/12/2021	633,878	(10,300)	(488,522)	102	17,192	60,614	212,964	14,621	227,585

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 12-months Financial Year Ended 31 December 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 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to MFRS 16: Lease Liability in a Sales and Leaseback

Amendments to MFRS 17: Insurance Contracts

Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information

Amendments to MFRS 101: Disclosure of Accounting Policies

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

Amendments to MFRS 101: Non-current Liabilities with Covenants

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 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.



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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 year 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 year to-date except as disclosed in the financial statements.

7. Details of Changes in Debts and Equity Securities

During the financial year 31 December 2022, the Company purchased 19,146,700 of its issued ordinary shares from the open market at an average price of RM1.55 per share. The total consideration paid for the purchase was RM29,628,617 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 December 2022, the Company held as treasury shares a total of 27,334,700 of its 1,313,087,284 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM39,927,891.

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 year.

8. Dividend

During the quarter under review, the Company proposed a second interim single-tier dividend of 2.0 sen per ordinary share amounting to approximately RM25.7 million in respect of the financial year ended 31 December 2022. The entitlement date and payment date have been fixed on 16 March 2023 and 3 April 2023 respectively.

The Company had on 27 September 2022 paid the first single-tier dividend of 1.0 sen per ordinary share, amounting to approximately RM12.86 million in respect of the financial year ending 31 December 2022.

The total dividend to be declared to date for the current financial year of 3.0 sen per ordinary share, amounting to approximately RM38.6 million with a payout ratio of 70.1%.



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9. Segmental Reporting

	12-months ended 31 December 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	-	369,537	225,371	23,451	1	-	618,360
Inter-segment	90,116	67	177	-	-	(90,360)	-
Total	90,116	369,604	225,548	23,451	1	(90,360)	618,360
Results							
Segment results	135,671	43,431	52,602	(3,573)	(185)	(142,501)	85,445
Finance costs	(6,183)	(3,742)	(1,352)	(367)	-	-	(11,644)
Finance income	4	120	771	7	6	-	908
Share of result of a joint venture	-	303	-	-	-	-	303
Profit/(Loss) before taxation	129,492	40,112	52,021	(3,933)	(179)	(142,501)	75,012
Taxation	(207)	(9,452)	(10,616)	17	1	284	(19,973)
Profit/(Loss) after taxation	129,285	30,660	41,405	(3,916)	(178)	(142,217)	55,039

	12-months ended 31 December 2021						
	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	-	402,094	46,147	15,208	669	-	464,118
Inter-segment	133,796	17,342	17,935	7,422	-	(176,495)	-
Total	133,796	419,436	64,082	22,630	669	(176,495)	464,118
Results							
Segment results	127,672	60,083	7,603	(3,387)	(864)	(134,089)	57,018
Finance costs	(1,694)	(2,064)	(110)	(192)	-	-	(4,060)
Finance income	18	131	41	6	2	-	198
Share of result a of joint venture	-	452	-	-	-	(42)	410
Profit/(Loss) before taxation	125,996	58,602	7,534	(3,573)	(862)	(134,131)	53,566
Taxation	(190)	(12,523)	(1,536)	7	(212)	98	(14,356)
Profit/(Loss) after taxation	125,806	46,079	5,998	(3,566)	(1,074)	(134,033)	39,210



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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 year under review other than the following:-

- (a) On 20 May 2022, the Company completed the acquisition of 109,900 ordinary shares in PT Agro Sentosa Raya ("PTASR"), representing 99.91% equity interest in PTASR for a total purchase consideration of RM10,200,000 fully satisfied in cash.

The following summarised the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

- (i) Fair Value of Purchase Consideration

	Group and Company
	As at
	20/5/2022
	RM'000
Cash	10,200
Total purchase consideration	<u>10,200</u>

- (ii) Identifiable Assets Acquired and Liabilities Assumed

	Group
	As at
	20/5/2022
	RM'000
Property, plant and equipment	7,748
Inventories	5,894
Trade receivables	6,296
Other receivables, deposits and prepayments	612
Cash and cash equivalents	1,734
Trade payables	(4,751)
Other payables and accruals	(4,449)
Term loans	(1,616)
Current tax liabilities	(293)
Fair value of net identifiable assets acquired and liabilities assumed	<u>11,175</u>

- (b) On 22 July 2022, the Company completed the acquisition of 100 ordinary shares in Hextar Kimia (Australia) Pty. Ltd. (formerly known as ENRA Kimia (Australia) Pty. Ltd.) ("HKA"), representing 100% equity interest in HKA from Hextar Kimia Sdn. Bhd. (formerly known as ENRA Kimia Sdn. Bhd.) ("HKSB"), a 49% owned subsidiary of the company, for a total purchase consideration of RM14,300,000 fully satisfied in cash.



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12. Contingent Liabilities

The contingent liabilities are as follows:

	Company As at 31/12/2022 RM'000
Guarantees given to financial institutions for facilities granted to the Group	<u>524,066</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:-

	Group As at 31/12/2022 RM'000
Contingent consideration in relation to the acquisition of subsidiaries	54,000
Property and equipment	<u>543</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.



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15. Related Party Transactions

The related parties comprising of directors and/or major shareholders of Hextar Global Berhad who are either the directors and/or major shareholders of the Company or the persons connected with the Company by virtue of Section 197 Companies Act 2016. The following table provides information on the transactions which have been entered into with the related parties for the year ended 31 December 2022.

	Transaction Value 31/12/2022 RM'000
Sales of raw materials/finished goods:-	
PT Delta Giri Wacana	20,458
PT Dharma Guna Wibawa	5,455
Hextar Oil & Gas Sdn. Bhd.	2,228
Binapuri Sakti Sdn. Bhd.	1,045
Rubberex Alliance Sdn. Bhd.	172
Hextar Fert Sdn. Bhd.	191
Hextar Solution Sdn. Bhd.	97
Hextar KCS Sdn. Bhd.	44
Hextar Industrial Chemicals Sdn. Bhd.	16
Purchase of raw materials/finished goods:-	
Hextar Industrial Chemicals Sdn. Bhd.	1,078
Hextar Fert Sdn. Bhd.	78
Purchase of management services:-	
Hextar Asset Management Sdn. Bhd.	2,340
Rental of warehouse:-	
Hextar Industrial Chemicals Sdn. Bhd.	739
Provision of service:-	
Hextar Mitai Sdn. Bhd.	<u>790</u>



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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 higher revenue of RM139.7 million for the current quarter as compared to RM138.0 million recorded for the corresponding quarter in the preceding year. The marginal increase was mainly attributed by higher revenue from the Specialty Chemicals segment but it was partly offset by lower revenue contribution from the Agriculture segment.

Profit before taxation fell to RM11.0 million from RM18.4 million recorded in the corresponding quarter last year, showing a decline of RM7.4 million or 40.0% amid higher operating expenses coupled with lower earnings from the Agriculture segment as well as a one-off impairment loss on goodwill and trade receivable of approximately RM3.9 million.

On cumulative basis, the Group posted a revenue of RM618.4 million compared to RM464.1 million recorded in the earlier year, representing an increase of RM154.2 million or 33.2% mainly driven by full consolidation of Specialty Chemicals segment's revenue after the acquisitions took place towards the end of year of 2021.

In terms of earnings, Specialty Chemicals segment has surpassed the Agriculture segment, as the major profit contributor to the Group. As a result, the Group reported a profit before taxation of RM75.0 million for the year compared to RM53.6 million generated in the year before.

2. Comparisons with the Immediate Preceding Quarter's Results

	(3-months) Current Quarter ended 31/12/2022 (RM'000)	(3-months) Preceding Quarter ended 30/9/2022 (RM'000)
Revenue	139,739	162,333
Profit before taxation	11,042	21,979

On a quarter-on-quarter basis, the Group's revenue moderated across all segments in 4QFY2022 with the Group achieving a consolidated revenue of RM139.7 million compared to RM162.3 million recorded in the previous quarter due mainly to the soften demand caused by the festival season in the current quarter. In line with lower revenue coupled with higher finance costs and a one-off impairment loss on goodwill and trade receivable amounting to RM3.9 million, the Group's profit before taxation dropped significantly by 49.8% from RM22.0 million to RM11.0 million.



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3. Year 2023 Prospects

Agriculture

Malaysia is a net exporter of agrochemicals to the global market. Going into 2023, we are optimistic about the outlook of the agriculture industry as population expansion will lead to growing demand for food. Increasing adoption of precision farming methods, shrinking arable land due to increasing population and rapid urbanisation as well as industrialisation across the globe are also among the key factors driving demand for agrochemicals. Hence, we will continue focusing on our sales and marketing efforts to expand our markets and increase our revenue while maintaining our local market leadership position. We also remain committed to the ESG agenda and continue to invest in developing our product range to offer a wider variety of effective and eco-friendly green products. The Board is confident that the segment will continue to contribute positively to the Group's sustainable income in the coming year.

Specialty Chemicals

The specialty cleaning chemicals market is expected to rebound strongly in 2023 led by a strong global recovery and robust demand for specialty cleaning chemicals from institutions, hotels and restaurants. We will continue our best effort to offer services and support along with our products that are constantly being improved through further research and development to ensure the product range remains competitive.

The market for special derivative and coating chemicals used in the rubber industry is expected to have moderate growth amid challenging market conditions as the gloves industries' plant utilisation rate remains low and gloves average selling price weakness persists. We will continue to diversify and expand to other Asian markets aside from Malaysia and the segment is committed to enhance and produce new chemical innovations to create higher value products for customers.

The outlook for the specialty chemicals and catalysts business for the oil & gas industry for 2023 is generally positive as the oil & gas industry has rebounded strongly in 2022 and we expect to see a continuing rise in demand in 2023 based on observed trends in the industry with prices remaining high for the most part.

Consumer Products

For 2023, the segment is committed to turn around its financial performance. The management continues to work towards exploring opportunities to develop the existing product range alongside improving operational costs efficiency and productivity.

The Board remains confident that with the solid foundation of our businesses and our strong track record in executing our strategic initiatives, the Group is well positioned to continue to drive sustainable growth in 2023.

4. Financial Forecast and Profit Guarantee

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



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5. Taxation

The taxation figures are as follows:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/2022 RM'000	Preceding Year Quarter 31/12/2021 RM'000	Current Year to-Date 31/12/2022 RM'000	Preceding Year to-Date 31/12/2021 RM'000
Deferred tax	515	(1000)	704	(923)
Income tax	(5,134)	(3,342)	(20,677)	(13,433)
	<u>(4,619)</u>	<u>(4,342)</u>	<u>(19,973)</u>	<u>(14,356)</u>

The effective tax rate for both the current quarter and year-to-date under review for the Group was higher than the statutory tax rate of 24% mainly due to certain expenses not deductible for tax purposes and the provision of deferred tax.

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 99.91% equity interest in PT Agro Sentosa Raya ("PTASR") 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.

On 23 May 2022, the Company entered into a share sale agreement with Hextar Kimia Sdn. Bhd. (formerly known as ENRA Kimia Sdn. Bhd.) ("HKS"), a 49%-owned subsidiary of the Company, for the acquisition of 100 ordinary shares, representing 100% equity interest in Hextar Kimia (Australia) Pty. Ltd. (formerly known as ENRA Kimia (Australia) Pty. Ltd.) ("HKA"), for a total purchase consideration of RM14,300,000 to be satisfied wholly in cash ("Proposed HKA Acquisition"). Subsequently on 22 July 2022, the Company announced the completion of the Proposed HKA Acquisition upon the fulfilment of all conditions precedent to the share sale agreement.

On 23 September 2022, Hextar Chemicals Sdn. Bhd. ("HCSB"), an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement with Pacific Trustees Berhad, being the trustee of KIP Real Estate Investment Trust for the disposal of two adjoining parcels of leasehold industrial lands together with the buildings erected thereon for a cash consideration of RM27.0 million ("Proposed Disposal"). The properties will be leased back by HCSB for a tenure of 15 years, commencing on the day immediately after the completion of the Proposed Disposal ("Proposed Leaseback"). On 11 October 2022, the Company had obtained approval from shareholders for the Proposed Disposal and Leaseback. On 8 December 2022, the Company announced that all condition precedent of the Proposed Disposal and Leaseback has been fulfilled on 7 December 2022. Subsequently on 14 December 2022, the Company announced that the Proposed Disposal has been completed with full settlement of the Disposal Consideration by Pacific Trustees Berhad, as trustee for KIP Real Estate Investment Trust.

On 28 February 2023, the Company proposed to undertake a bonus issue of up to 2,626,174,568 new ordinary shares in the Company on the basis of two (2) Bonus Shares for every one (1) existing ordinary shares of the Company held by the shareholders on an entitlement date to be determined and announced later ("Proposed Bonus Issue"). The Proposed Bonus Issue is subject to approval being obtained from all the relevant regulatory authorities and shareholders.



Interim Report for the 12-months Financial Year Ended 31 December 2022

7. Borrowings

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

	As at 31/12/2022 RM'000	As at 31/12/2021 RM'000
Short-term borrowings		
<u>Secured</u>		
Term loans	2,501	3,488
Hire purchases	622	857
<u>Unsecured</u>		
Term loans	14,860	13,290
Bills payable	62,412	92,988
Revolving credit	30,720	9,450
Bank overdraft	-	89
	<u>111,115</u>	<u>120,162</u>
Long-term borrowings		
<u>Secured</u>		
Term loans	13,427	18,152
Hire purchases	1,363	1,642
<u>Unsecured</u>		
Term loans	108,615	123,485
	<u>123,405</u>	<u>143,279</u>
Total	<u>234,520</u>	<u>263,441</u>

8. Material Litigation

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



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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	Preceding Year	Current Year	Preceding Year
	Quarter	Quarter	to-Date	to-Date
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Profit attributable to equity holders of the Company (RM'000)	4,640	14,122	49,542	39,460
Weighted average number of ordinary shares in issue ('000) ^	1,285,753	1,304,899	1,295,497	1,310,350
Basic earnings per share (sen)	0.36	1.08	3.82	3.01

^ 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 12-months Financial Year Ended 31 December 2022

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

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/2022 RM'000	Preceding Year Quarter 31/12/2021 RM'000	Current Year to-Date 31/12/2022 RM'000	Preceding Year to-Date 31/12/2021 RM'000
Amortisation	273	118	749	335
Bad debts written off	107	1,359	107	1,359
Depreciation	4,308	4,107	12,883	5,969
Equipment written off	74	-	-	-
Fair value (gain)/loss on investment properties	(327)	500	1,335	500
Gain on disposal of plant and equipment	(275)	(153)	(344)	(153)
Impairment loss on goodwill	2,277	-	2,277	-
Impairment loss on trade receivables	1,643	(681)	1,777	11
Interest expense	4,030	1,785	11,644	4,060
Inventories written down	137	5	137	5
Interest income	(396)	(103)	(936)	(202)
Reversal of impairment losses on trade receivable	-	(583)	-	(583)
Gain on lease termination	-	-	-	(13)
Share of profit of a joint venture	(68)	(94)	(303)	(410)
Unrealised loss/(gain) on foreign exchange	835	(361)	(727)	(534)

By Order of the Board
HEXTAR GLOBAL BERHAD
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Ong Wai Leng
Company Secretary
Kuala Lumpur
28 February 2023