



HEXTAR GLOBAL BERHAD

Company No.: 199001014551 (206220-U)

(Incorporated in Malaysia)

**Interim Report
For the 12-months Financial Year Ended
31 December 2023**



Interim Report for the 12-months Financial Year Ended 31 December 2023

Unaudited Condensed Statements of Profit or Loss and Other Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(3-mths) Current Year Quarter 31/12/2023 RM'000	(3-mths) Preceding Year Quarter 31/12/2022 RM'000	(12-mths) Current Year to-Date 31/12/2023 RM'000	(12-mths) Preceding Year to-Date 31/12/2022 RM'000
Continuing Operations				
Revenue	214,279	134,056	669,438	594,909
Cost of sales	(145,504)	(94,245)	(465,642)	(423,602)
Gross profit	68,775	39,811	203,796	171,307
Other income	1,873	1,578	5,248	4,264
Selling and marketing expenses	(5,596)	(3,803)	(21,076)	(19,109)
Administrative and other expenses	(21,032)	(20,841)	(72,608)	(66,543)
Finance costs	(5,598)	(3,892)	(21,016)	(11,277)
Share of (loss)/profit of joint ventures	(8)	68	283	303
Profit before taxation	38,414	12,921	94,627	78,945
Less: Taxation	(7,560)	(4,623)	(23,235)	(19,990)
Profit after taxation from continuing operations	30,854	8,298	71,392	58,955
Discontinued Operations				
Loss after taxation from discontinued operations	-	(1,875)	(2,016)	(3,916)
Profit after taxation	30,854	6,423	69,376	55,039
Other comprehensive (expenses)/income:				
- Foreign currency translation differences	(79)	(753)	1,924	(1,470)
- Revaluation of properties	329	-	3,383	1,373
Other comprehensive income/(expenses) for the financial year	250	(753)	5,307	(97)
Total comprehensive income for the financial year	31,104	5,670	74,683	54,942

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 2022 and the accompanying notes attached to this interim financial report.



Interim Report for the 12-months Financial Year Ended 31 December 2023

Unaudited Condensed Statements of Profit or Loss and Other Comprehensive Income (Cont'd)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(3-mths) Current Year Quarter 31/12/2023 RM'000	(3-mths) Preceding Year Quarter 31/12/2022 RM'000	(12-mths) Current Year to-Date 31/12/2023 RM'000	(12-mths) Preceding Year to-Date 31/12/2022 RM'000
Profit/(Loss) for the financial year attributable to:				
- Owners of the Company:				
- continuing operations	23,393	6,515	58,100	53,458
- discontinued operations	-	(1,875)	(2,016)	(3,916)
- Non-controlling interests				
- continuing operations	7,461	1,783	13,292	5,497
	<u>30,854</u>	<u>6,423</u>	<u>69,376</u>	<u>55,039</u>
Total comprehensive income/(expenses) attributable to:				
- Owners of the Company:				
- continuing operations	23,542	5,762	61,748	53,254
- discontinued operations	-	(1,875)	(2,016)	(3,916)
- Non-controlling interests				
- continuing operations	7,562	1,783	14,951	5,604
	<u>31,104</u>	<u>5,670</u>	<u>74,683</u>	<u>54,942</u>
Earnings per share				
Basic (sen) ^				
- continuing operations	0.60	0.17	1.50	1.38
- discontinued operations	-	(0.05)	(0.05)	(0.10)
	<u>0.60</u>	<u>0.12</u>	<u>1.45</u>	<u>1.28</u>

^ 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 2022 and the accompanying notes attached to this interim financial report.



Interim Report for the 12-months Financial Year Ended 31 December 2023

Unaudited Condensed Statements of Financial Position

	Unaudited as at 31/12/2023 RM'000	Audited as at 31/12/2022 RM'000
ASSETS		
Non-current assets		
Investment in joint ventures	2,719	1,783
Property, plant and equipment	121,443	75,112
Investment properties	-	3,504
Right-of-use assets	50,726	52,536
Intangible assets	163,115	137,093
Investment in club membership, at cost	46	46
Trade receivables	2,263	1,293
Prepayment	2,403	2,384
Deferred tax assets	777	243
Total non-current assets	343,492	273,994
Current assets		
Inventories	185,120	139,505
Trade receivables	155,852	130,315
Other receivables, deposits and prepayments	66,047	14,733
Short-term investments	7,019	-
Biological assets	36	-
Contract assets	1,469	-
Amount owing by related companies	5,933	384
Current tax assets	11,785	2,838
Deposits with licensed banks	24,328	6,064
Cash and bank balances	76,558	50,092
Total current assets	534,147	343,931
Assets classified as held for sale	2,376	4,393
TOTAL ASSETS	880,015	622,318
EQUITY AND LIABILITIES		
Equity		
Share capital	633,878	633,878
Treasury shares	(30,770)	(39,928)
Merger deficit reserve	(500,423)	(495,423)
Exchange reserve	549	(1,375)
Revaluation reserve	14,626	14,620
Retained profits	141,652	105,050
Equity attributable to owners of the Company	259,512	216,822
Non-controlling interests	3,450	16,059
TOTAL EQUITY	262,962	232,881

The unaudited Condensed Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying notes attached to this interim financial report.



Interim Report for the 12-months Financial Year Ended 31 December 2023

Unaudited Condensed Statements of Financial Position (Cont'd)

	Unaudited as at 31/12/2023 RM'000	Audited as at 31/12/2022 RM'000
Non-current liabilities		
Lease liabilities	28,997	34,771
Other payables	3,208	-
Long-term borrowings	129,722	123,405
Deferred tax liabilities	12,116	6,382
Variable deferred consideration	-	25,148
Total non-current liabilities	174,043	189,706
Current liabilities		
Trade payables	47,661	29,958
Other payables, deposits received and accruals	82,901	18,943
Contract liabilities	4,507	2,201
Amount owing to related companies	834	284
Amount owing to a joint venture	783	729
Lease liabilities	6,284	6,063
Short-term borrowings	254,840	111,115
Current tax liabilities	17,635	5,631
Derivative liabilities	70	243
Variable deferred consideration	27,495	24,564
Total current liabilities	443,010	199,731
TOTAL LIABILITIES	617,053	389,437
TOTAL EQUITY AND LIABILITIES	880,015	622,318
No. of ordinary shares in issue ('000)	3,876,067	3,857,258
Net assets per share attributable to equity holders of the Company (RM)	0.07	0.06

The unaudited Condensed Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying notes attached to this interim financial report.



Interim Report for the 12-months Financial Year Ended 31 December 2023

Unaudited Condensed Statements of Cash Flows

	12-months ended 31/12/2023 RM'000	12-months ended 31/12/2022 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit/(Loss) before taxation		
- continuing operations	94,627	78,945
- discontinued operations	(2,024)	(3,933)
Adjustments for:-		
Amortisation	659	749
Bad debts written off	6	109
Depreciation	15,956	12,880
Plant and equipment written off	14	74
Fair value loss on investment properties	148	1,335
Impairment loss on goodwill	-	2,277
Impairment loss on property	-	29
Impairment loss on trade receivables	880	1,778
Interest expense	21,016	11,713
Inventories written down	229	137
Net loss arising from changes in fair value of biological assets	88	-
Loss/(Gain) on disposal of plant and equipment	28	(79)
Bad debt recovered	(5)	(2)
Unrealised gain on foreign exchange	(1,720)	(970)
(Gain)/Loss on forward currency contracts	(172)	243
Gain on disposal of investment in subsidiaries	(527)	-
Gain on disposal of asset classified as held for sale	-	(264)
Gain on lease termination	(78)	(5)
Interest income	(507)	(936)
Reversal of impairment loss on trade receivables	(1,055)	(42)
Share of profit of joint ventures	(283)	(303)
Operating profit before working capital changes	<u>127,280</u>	<u>103,735</u>
Changes in working capital:-		
Inventories	(16,744)	18,761
Receivables	(69,214)	30,534
Payables	36,290	(23,270)
Related companies	(5,083)	(209)
Joint venture	54	1,972
	<u>(54,697)</u>	<u>27,788</u>
Cash from operations	72,583	131,523
Interest paid	(15,541)	(11,713)
Income tax paid	(19,591)	(19,817)
Net cash from operating activities	<u><u>37,451</u></u>	<u><u>99,993</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 2022 and the accompanying notes attached to this interim financial report.



Interim Report for the 12-months Financial Year Ended 31 December 2023

Unaudited Condensed Statements of Cash Flows (Cont'd)

	12-months ended 31/12/2023 RM'000	12-months ended 31/12/2022 RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(37,894)	(8,466)
Acquisition of a joint venture	(619)	-
Disposal of subsidiaries, net of cash and cash equivalents disposed of	3,177	-
Interest received	507	936
Increase in pledged deposits with licensed banks	(22,356)	872
Payment of deferred consideration	(27,213)	(24,318)
Proceeds from disposal of plant and equipment	490	144
Proceeds from disposal of assets classified as held for sale	5,373	30,500
Product development expenditure incurred	(174)	(226)
Addition of intangible assets	(130)	(161)
Purchase of short-term investments	(7,019)	-
Purchase of property, plant and equipment	(8,455)	(8,304)
Return of investment to non-controlling interests	-	(4,845)
Net cash for investing activities	(94,313)	(13,868)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Dividend paid	(29,285)	(29,242)
Drawdown of revolving credit	335,321	289,595
Drawdown of term loan	28,000	1,194
Net decrease of lease liabilities	(6,104)	(3,981)
Net increase/(decrease) in bank borrowings	47,383	(31,787)
Purchase of treasury shares	-	(29,628)
Proceeds from sale of treasury shares	13,008	-
Repayment of revolving credit	(303,041)	(268,325)
Repayment of term loans	(20,925)	(21,296)
Net cash from/(for) financing activities	64,357	(93,470)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	7,495	(7,345)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	526	509
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	51,564	58,400
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	59,585	51,564
CASH AND CASH EQUIVALENTS COMPRISE		
Deposits with licensed banks	24,328	6,064
Cash and bank balances	76,558	50,092
Bank overdraft	(14,353)	-
	86,533	56,156
Less: Deposits pledged to licensed banks	(18,133)	(1,474)
Bank balances pledged with licensed banks	(8,815)	(3,118)
	59,585	51,564

The unaudited Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying notes attached to this interim financial report.



Interim Report for the 12-months Financial Year Ended 31 December 2023

Unaudited Condensed Statements of Changes in Equity

	Share Capital RM'000	Treasury Shares RM'000	Non-distributable			<-Distributable-> Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total RM'000
			Merger Reserve RM'000	Exchange Reserve RM'000	Revaluation Reserve RM'000				
Balance as at 1/1/2023	633,878	(39,928)	(495,423)	(1,375)	14,620	105,050	216,822	16,059	232,881
Profit after taxation for the financial year	-	-	-	-	-	56,084	56,084	13,292	69,376
Other comprehensive income for the financial year:									
- Foreign currency translation differences	-	-	-	1,924	-	-	1,924	-	1,924
- Revaluation of properties	-	-	-	-	1,724	-	1,724	1,659	3,383
Total comprehensive income for the financial year	-	-	-	1,924	1,724	56,084	59,732	14,951	74,683
Contributions by and distributions to owners of the Company:									
- Changes in subsidiary's ownership interest that do not result in a loss of control	-	-	-	-	-	73	73	(73)	-
- Merger and acquisition	-	-	(5,000)	-	-	560	(4,440)	(23,885)	(28,325)
- Treasury shares sold	-	9,158	-	-	-	3,850	13,008	-	13,008
- Dividends	-	-	-	-	-	(25,715)	(25,715)	-	(25,715)
- Non-controlling interests' share of dividends	-	-	-	-	-	-	-	(3,570)	(3,570)
Total transactions with owners	-	9,158	(5,000)	-	-	(21,232)	(17,074)	(27,528)	(44,602)
Realisation of revaluation reserve	-	-	-	-	(1,718)	1,750	32	(32)	-
Balance as at 31/12/2023	633,878	(30,770)	(500,423)	549	14,626	141,652	259,512	3,450	262,962

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 2022 and the accompanying notes attached to this interim financial report.



Interim Report for the 12-months Financial Year Ended 31 December 2023

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

	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									
- As previously reported	633,878	(10,300)	(488,522)	102	17,192	60,614	212,964	14,621	227,585
- Adjustment during measurement year	-	-	-	-	-	-	-	1,787	1,787
As restated	633,878	(10,300)	(488,522)	102	17,192	60,614	212,964	16,408	229,372
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:									
- Merger and acquisition	-	-	(6,901)	(171)	6,614	8,891	8,433	(343)	8,090
- Purchase of treasury shares	-	(29,628)	-	-	-	-	(29,628)	-	(29,628)
- Return on share capital contributions	-	-	-	-	-	-	-	(4,845)	(4,845)
- Dividends	-	-	-	-	-	(28,477)	(28,477)	(765)	(29,242)
Total transactions with owners	-	(29,628)	(6,901)	(171)	6,614	(19,586)	(49,672)	(5,953)	(55,625)
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 2022 and the accompanying notes attached to this interim financial report.



Interim Report for the 12-months Financial Year Ended 31 December 2023

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 2022. 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 2022.

2. Significant Accounting Policies

The financial statements of the Group and of the Company are 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:-

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

MFRS 17 Insurance Contracts

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 108: Definition of Accounting Estimates

Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules

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 and of the Company upon their initial application.



Interim Report for the 12-months Financial Year Ended 31 December 2023

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 2022 was not subject to any qualification.

4. Seasonal or Cyclical Factors

The Group's agriculture and fruit businesses are sensitive to prolonged and extreme weather conditions.

5. Unusual Items

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

6. Material Changes in Estimates

There were no material changes in the estimates of amounts reported that have a material effect on the results for 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 ended 31 December 2023, the Company resold 6,269,600 units of its treasury shares to the open market at an average price of RM2.07 per share. The total consideration received was RM13,008,442 net of transaction costs.

As at 31 December 2023, the Company held as treasury shares a total of 63,195,300 of 3,939,261,852 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM30,769,865.

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

During the quarter under review, the Company proposed an interim single-tier dividend of 1.0 sen per ordinary share amounting to approximately RM38.8 million in respect of the financial year ended 31 December 2023, with a payout ratio of 55.9%.

The entitlement date and payment date have been fixed on 19 March 2024 and 5 April 2024 respectively.



Interim Report for the 12-months Financial Year Ended 31 December 2023

9. Segmental Reporting

12-months ended 31 December 2023								
SEGMENTAL REPORTING	Continuing Operations					Discontinued Operations	Total	
	Investment Holding	Agriculture	Specialty Chemicals	Fruits	Elimination	Total		Consumer Products
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
REVENUE AND EXPENSES								
Revenue								
External	151	345,839	271,352	52,096	-	669,438	6,639	676,077
Inter-segment	63,776	240	285	-	(64,301)	-	-	-
Total revenue	63,927	346,079	271,637	52,096	(64,301)	669,438	6,639	676,077
Results								
Segment results	59,138	42,561	62,349	12,532	(61,723)	114,857	(1,806)	113,051
Finance costs	(13,265)	(5,822)	(1,740)	(688)	499	(21,016)	(221)	(21,237)
Finance income	127	331	414	130	(499)	503	3	506
Share of result of joint ventures	-	314	-	3	(34)	283	-	283
Profit/(Loss) before taxation	46,000	37,384	61,023	11,977	(61,757)	94,627	(2,024)	92,603
Taxation	(236)	(6,971)	(13,925)	(2,147)	44	(23,235)	8	(23,227)
Consolidated profit/(loss) after taxation	45,764	30,413	47,098	9,830	(61,713)	71,392	(2,016)	69,376



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9. Segmental Reporting (Cont'd)

12-months ended 31 December 2022								
SEGMENTAL REPORTING	Continuing Operations					Discontinued Operations	Total	
	Investment Holding	Agriculture	Specialty Chemicals	Fruits	Elimination	Total		Consumer Products
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
REVENUE AND EXPENSES								
Revenue								
External	1	369,537	225,371	-	-	594,909	23,451	618,360
Inter-segment	90,116	67	177	-	(90,360)	-	-	-
Total revenue	90,117	369,604	225,548	-	(90,360)	594,909	23,451	618,360
Results								
Segment results	131,486	43,432	52,602	-	(138,501)	89,019	(3,573)	85,446
Finance costs	(6,183)	(3,742)	(1,352)	-	-	(11,277)	(367)	(11,644)
Finance income	10	119	772	-	-	901	7	908
Share of result of a joint venture	-	303	-	-	-	303	-	303
Profit/(Loss) before taxation	125,313	40,112	52,022	-	(138,501)	78,946	(3,933)	75,013
Taxation	(206)	(9,453)	(10,616)	-	284	(19,991)	17	(19,974)
Consolidated profit/(loss) after taxation	125,107	30,659	41,406	-	(138,217)	58,955	(3,916)	55,039



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10. Valuation of Property, Plant and Equipment

The property, plant and equipment were revalued by independent professional valuers during the financial year under review.

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 6 June 2023, Hextar has completed the Proposed Divestment which resulted in Hextar exiting the Consumer Products segment. The Consumer Products segment consists of Halex Woolton (M) Sdn Bhd (“HxW”) and Halex Marketing Sdn Bhd (“HMkt”) which were divested to a non-related third party, for a total consideration of RM3.5 million pursuant to two share sale agreements dated 15 May 2023. The profit arising from the disposal is as follows:-

	RM’000
Disposal proceeds	3,500
Less: Cost of Investment in HxW and HMkt	(16,574)
Add: Realisation of post-acquisition losses of HxW and HMkt	<u>13,601</u>
Gain on disposal	<u><u>527</u></u>

- (b) On 22 June 2023, Hextar has entered into a share sale agreement with Hextar Holdings Sdn Bhd (“HHSB”) to acquire 100% equity interest and obtain full ownership of Hextar Industrial Chemicals Sdn Bhd from HHSB for a total consideration of RM10.0 million fully satisfied in cash.

The following summarises 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

	RM’000
Cash	10,000
Total purchase consideration	<u><u>10,000</u></u>

- (ii) Identifiable Assets Acquired and Liabilities Assumed

	RM’000
Property, plant and equipment	70
Right-of-use assets	1,279
Inventories	4,522
Trade receivables	7,148
Other receivables, deposits and prepayments	1,184
Current tax assets	376
Amount owing by related company	369
Amount owing by related parties	69
Cash and cash equivalents	1,724
Trade payables	(342)
Other payables	(295)
Amount due to related company	(8)
Bills payable	(9,245)
Lease liabilities	<u>(1,291)</u>
Fair value of net identifiable assets acquired and liabilities assumed	<u><u>5,560</u></u>



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

- (c) On 30 August 2023, Hextar acquired 60% equity interest in Opcom Lube & Solutions Sdn Bhd for a consideration of RM48,000, after fulfilling the obligations pursuant to the Share Sale Agreement entered with Opcom Holdings Berhad on 22 August 2023.

The following summarises 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

	RM'000
Cash	48
Total purchase consideration	<u>48</u>

(ii) Identifiable Assets Acquired and Liabilities Assumed

	RM'000
Property, plant and equipment	4
Inventories	1,479
Trade receivables	1,669
Other receivables, deposits and prepayments	4
Amount owing by related parties	20
Cash and cash equivalents	272
Trade payables	(601)
Other payables	(196)
Amount due to holding company	(2,702)
Amount owing to related parties	(84)
Fair value of net identifiable assets acquired and liabilities assumed	<u>(135)</u>

- (d) On 26 October 2023, the Company's 51% owned subsidiary, Hextar Fruits Sdn Bhd acquired 100% equity interest in PHG.Ever Fresh Food (M) Sdn Bhd, PHG.Ever Fresh Food (TK) Sdn Bhd, PHG Wholesale & Retail Sdn Bhd and 55% equity interest in PHG Ever Fresh Plantation Sdn Bhd for a total consideration of RM84 million, after fulfilling the obligations pursuant to the Share Sale Agreement signed on 3 July 2023. The Company had further diversified its existing core businesses to include the business of trading and distribution of durian.

The following summarises 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

	RM'000
Cash	84,000
Total purchase consideration	<u>84,000</u>



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

(ii) Identifiable Assets Acquired and Liabilities Assumed

	RM'000
Property, plant and equipment	36,786
Right-of-use assets	566
Inventories	29,245
Biological assets	124
Trade receivables	7,208
Other receivables, deposits and prepayments	4,590
Current tax assets	1,511
Deferred tax assets	12
Deposits with licensed bank	11,295
Cash and cash equivalents	5,073
Trade payables	(3,884)
Other payables and accruals	(1,371)
Amount due to directors, shareholders and related parties	(4,269)
Bank borrowings	(39,306)
Lease liabilities	(614)
Dividend payable	(8,790)
Deferred tax liabilities	(2,725)
Contract liabilities	(252)
Current tax liabilities	(1,766)
Fair value of net identifiable assets acquired and liabilities assumed	<u>33,433</u>

- (e) On 3 November 2023, Hextar Kimia Sdn Bhd, a 49% owned subsidiary of the Company, announced the fulfillment of all obligations pursuant to the Share Sale Agreement entered on 27 October 2023 with Propel Global Berhad, Rancak Nikmat Sdn Bhd and Wiramas Baiduri Sdn Bhd for the acquisition of 100% equity interest in Propel Chemicals Sdn Bhd (formerly known as Daya Secadyme Sdn Bhd) for a total purchase consideration of RM16,500,000.

The following summarises 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

	RM'000
Cash	16,500
Total purchase consideration	<u>16,500</u>

(ii) Identifiable Assets Acquired and Liabilities Assumed

	RM'000
Property, plant and equipment	8,361
Right-of-assets	6,107
Inventories	2,382
Trade receivables	728
Other receivables, deposits and prepayments	981
Tax recoverable	589
Cash and cash equivalents	1,238
Trade payables	(748)
Other payables	(432)
Deferred tax liabilities	(1,759)
Fair value of net identifiable assets acquired and liabilities assumed	<u>17,447</u>



Interim Report for the 12-months Financial Year Ended 31 December 2023

12. Contingent Liabilities

The contingent liabilities are as follows:

	As at 31/12/2023 RM'000
Guarantees provided to financial institutions for facilities granted to the Group	<u>571,256</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 31/12/2023 RM'000
Variable deferred consideration in relation to the acquisition of subsidiaries	27,495
Property and equipment	<u>1,220</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 Hexstar 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 2023.

	Transaction Value 31/12/2023 RM'000
Sales of raw materials/finished goods:-	
PT Delta Giri Wacana	4,179
PT Dharma Guna Wibawa	28,616
Hexstar Oil & Gas Sdn. Bhd.	4,434
Binapuri Sakti Sdn. Bhd.	369
Hexstar Fert Sdn. Bhd.	559
Hexstar KCS Sdn. Bhd.	55
Hexstar Solutions Sdn. Bhd.	13
Rubberex (M) Sdn Bhd	427
Vitallium Sdn Bhd	4,650
Purchase of raw materials/finished goods:-	
Hexstar Fert Sdn. Bhd.	371
PK Fertilizers Sdn Bhd	42
Hexstar Industrial Chemicals Sdn. Bhd.	1,007
Provision of service to supply and install civil foundation	
Hexstar Mitai Sdn. Bhd.	363
Receiving of management services:-	
Hexstar Asset Management Sdn. Bhd.	<u>2,636</u>



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

1. Review of Performance of the Group

On a quarter basis, the Group's revenue surged by 59.8% or RM80.2 million to RM214.3 million. The revenue grew across all three segments, particularly the Fruits segment, a newly diversified durian trading business since November 2023, which contributed RM52.1 million to the group revenue. Additionally, revenue also grew from Specialty Chemicals and Agriculture by RM20.9 million and RM7.1 million respectively. The Specialty Chemicals segment's revenue rose mainly from the oil & gas and chemicals cleaning sectors, while the revenue improvement in the Agriculture segment was driven by favourable selling prices for herbicide products.

As a result of higher revenue, the Group reported a profit before taxation ("PBT") of RM38.4 million for the current quarter compared to RM12.9 million in the corresponding quarter last year. The increase in PBT of RM25.5 million was driven by a new Fruits segment, contributing RM12.0 million. The PBT of Agriculture and Specialty Chemicals segments also increase by RM7.3 million and RM4.3 million respectively, aligning with the revenue growth.

On a year-on-year basis, the Group registered a revenue of RM669.4 million and PBT of RM94.6 million which were at a record high with revenue and PBT growing by 12.5% and 19.9% respectively compared to previous year. This was mainly driven by the strong growth in the Specialty Chemicals segment and the contribution from the newly acquired durian processing business.

2. Comparisons with the Immediate Preceding Quarter's Results

	3-months Current Quarter ended 31/12/2023 (RM'000)	3-months Preceding Quarter ended 30/9/2023 (RM'000)
Revenue	214,279	182,937
Profit before taxation	38,414	24,855

On a quarter-on-quarter comparison, the Group's revenue recorded at RM214.3 million compared to RM182.9 million in the previous quarter, reflecting a growth of 17.1% or RM31.4 million. The revenue growth was primarily driven by the new durian business which contributed RM52.1 million to the revenue, followed by Specialty Chemicals of RM2.1 million. However, the revenue was moderated by accelerated revenue of RM22.8 million in Agriculture segment. The decrease in revenue, apart from the softening in price for key herbicides products, it is also attributed to reduced pesticide application during the rainy season towards year-end.

Consolidated PBT improved by RM13.6 million to RM38.4 million, demonstrating a growth of 54.6% from the previous quarter. The new Fruits segment has contributed RM12.0 million of the enhanced earnings.



Interim Report for the 12-months Financial Year Ended 31 December 2023

3. Year 2024 Prospects

Agriculture

The prospect of the pesticide industry in Malaysia is expected to be positive. The population expansion and reduction in arable land available for cultivation pose a challenge to sustaining agricultural production. As such, pesticides play a crucial role in enhancing crop yields by aiding in pest management and weed control. The Malaysian Government also introduced a range of incentives to ensure increased productivity within the palm oil and rubber industries as part of the recently announced Budget for 2024. The development of the local palm oil and rubber industries is expected to support the growth of the local pesticide industry.

Our ongoing strategy involves concentrating on sales and marketing efforts to expand our markets, increase revenue, and maintain our local market leadership position. The Board is confident that the segment will consistently contribute to the Group's sustainable income.

Specialty Chemicals

The specialty cleaning and sanitation industry is stabilised following the pandemic recovery. The Food Services outlets are aggressively opening up nationwide. The machine leasing programs have received been widely accepted by our clients. The Food and Beverage Division for 2024 is scouting for talent to cover a wider market coverage. We have set up a plan to strengthen our marketing force with the new intake of experienced and competent sales and technical team. The focus in 2024 is to campaign aggressively in overseas markets, the efforts put to work in 2023 have delivered positive results. We are expecting enhanced revenue in the upcoming years.

The outlook for the specialty chemicals and catalysts businesses for the oil & gas industry in 2024 is generally positive. The acquisition made in the last year represents a strategic investment for expansion, it has expanded the company's customer base, product range, and the additional manufacturing facility, which dampen the effects of the cyclical demand fluctuations inherent to the oil and gas industry, paving the way to a more robust and sustainable business.

Moving forward, the special derivative and coating chemicals used in the rubber glove product sector are expected to have moderate growth, we anticipate the oversupply situation to be less acute and gradually improve following signs of players culling production capacity via decommissioning of selective plants. A recovery is likely to be seen in the second half of this year. We are continuing our efforts to diversify and expand into other Asian markets aside from Malaysia. The sector is committed to enhancing and producing new chemical innovations to create higher-value products for customers.

Fruits

The durian industry's prospects and outlook remain positive, with demand for durian expected to continue rising. Growth within the durian industry is likely to come from factors such as the growing awareness and appreciation for durian from consumers domestically and around the world, particularly for "Musang King" variety. The development of the durian in Malaysia is expected to be supported by the increased durian cultivation in the country. Concurrently, positive support from the Malaysian Government particularly in the marketing and promotion of durian internationally, augurs well for the durian industry. The continued enforcement of stringent food safety standards will ensure quality durians are exported, further enhancing Malaysia's durian reputation.



Interim Report for the 12-months Financial Year Ended 31 December 2023

4. Financial Forecast and Profit Guarantee

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

5. Taxation

The taxation figures are as follows:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/2023 RM'000	Preceding Year Quarter 31/12/2022 RM'000	Current Year to-Date 31/12/2023 RM'000	Preceding Year to-Date 31/12/2022 RM'000
Deferred tax	311	511	(200)	687
Income tax	(7,871)	(5,134)	(23,035)	(20,677)
Taxation on continuing operations	(7,560)	(4,623)	(23,235)	(19,990)
Taxation on discontinued operations	-	4	8	17

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 being non-deductible for tax purposes and the provision of deferred tax.

6. Status of Corporate Proposal

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 ("Proposed Bonus Issue"). On 31 March 2023, the Proposed Bonus Issue was tabled at the Extraordinary General Meeting and subsequently approved by the shareholders. On 19 April 2023, the Company announced the Bonus Issue of Shares has been completed following the listing and quotation of 2,626,174,568 Bonus Issue based on the entitlement date of 18 April 2023.

On 15 May 2023, Hextar entered into a share sale agreement with Hextar Holdings Sdn Bhd ("HHSB") to acquire 100% equity interest and obtain full ownership of Hextar Industrial Chemicals Sdn Bhd from HHSB for a total consideration of RM10.0 million fully satisfied in cash. Subsequently, on 22 June 2023, the Company announced the completion of the proposed acquisition upon fulfilment of all conditions precedent to the share sale agreement.

On 15 May 2023, Hextar has also undertaken the Proposed Divestment which resulted in Hextar exiting the Consumer Products segment. The Consumer Products segment consists of Halex Woolton (M) Sdn Bhd and Halex Marketing Sdn Bhd which were divested to a non-related third party, for a total consideration of RM3.5 million pursuant to two share sale agreements dated 15 May 2023. The Company announced that the proposed disposals have been completed on 6 June 2023 upon the fulfilment of all obligations pursuant to the conditional share sale agreements.

On 3 July 2023, Hextar's 51% owned subsidiary, Hextar Fruits Sdn Bhd, entered into a share sale agreement with PHG Ever Fresh Group Sdn Bhd to acquire 100% equity interest in three of its subsidiary companies, namely PHG.Ever Fresh Food (M) Sdn Bhd, PHG.Ever Fresh Food (TK) Sdn Bhd and PHG Wholesale & Retail Sdn Bhd as well as a 55% equity interest in PHG Ever Fresh Plantation Sdn Bhd for a total consideration of RM84 million. The acquisition had been completed on 26 October 2023.



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6. Status of Corporate Proposal (Cont'd)

On 22 August 2023, Hextar entered into a related party transaction with Opcom Holdings Berhad to sign a share sale agreement, to acquire 60% equity interest of Opcom Lube & Solutions Sdn Bhd for a consideration of RM48,000 fully satisfied in cash. Subsequently on 30 August 2023, the acquisition was completed with terms and conditions fulfilled as stipulated in the share sale agreement.

On 23 August 2023, the Company announced that Halex Link Sdn Bhd, a wholly-owned subsidiary hold its final meeting to conclude the Member's Voluntary Winding-up.

On 27 October 2023, the Company's 49%-owned subsidiary, Hextar Kimia Sdn Bhd entered into a Share Sale Agreement with Propel Global Berhad, Rancak Nikmat Sdn Bhd and Wiramas Baiduri Sdn Bhd for the acquisition of 100% entity interest in Propel Chemicals Sdn Bhd for a total purchase consideration of RM16,500,000. On 3 November 2023, Hextar Kimia Sdn Bhd had completed the acquisition upon the fulfillment of all obligations pursuant to the Share Sale Agreement.

7. Borrowings

The Group's borrowings as at 31 December 2023 and 31 December 2022 are as follows:

	As at 31/12/2023 RM'000	As at 31/12/2022 RM'000
Short-term borrowings		
<u>Secured</u>		
Term loans	3,254	2,501
Hire purchases	1,487	622
<u>Unsecured</u>		
Term loans	28,520	14,860
Bills payable	141,226	62,412
Revolving credit	66,000	30,720
Bank overdraft	14,353	-
	<u>254,840</u>	<u>111,115</u>
Long-term borrowings		
<u>Secured</u>		
Term loan	19,495	13,427
Hire purchases	3,532	1,363
<u>Unsecured</u>		
Term loans	106,695	108,615
	<u>129,722</u>	<u>123,405</u>
Total	<u>384,562</u>	<u>234,520</u>

8. Material Litigation

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



Interim Report for the 12-months Financial Year Ended 31 December 2023

9. Earnings Per Share

a. Basic

The basic earnings per share are 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 31/12/2023	Preceding Year Quarter 31/12/2022	Current Year to-Date 31/12/2023	Preceding Year to-Date 31/12/2022
Profit/(Loss) attributable to equity holders of the Company (RM'000)				
- Continuing operations	23,393	6,515	58,100	53,458
- Discontinued operations	-	(1,875)	(2,016)	(3,916)
Weighted average number of ordinary shares in issue ('000) ^	3,876,067	3,857,258	3,873,026	3,886,491
Basic earnings per share (sen)				
- Continuing operations	0.60	0.17	1.50	1.38
- Discontinued operations	-	(0.05)	(0.05)	(0.10)

^ 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 2023

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 31/12/2023 RM'000	Preceding Year Quarter 31/12/2022 RM'000	Current Year-to-Date 31/12/2023 RM'000	Preceding Year-to-Date 31/12/2022 RM'000
Amortisation	184	273	659	749
Depreciation	4,060	4,305	15,956	12,880
Bad debts written off	6	109	6	109
Plant and equipment written off	13	8	14	74
(Gain)/Loss on disposal of plant and equipment	(8)	(10)	28	(79)
Fair value loss/(gain) on investment properties	148	(327)	148	1,335
Reversal of impairment loss on trade receivables	(1,055)	(42)	(1,055)	(42)
Impairment loss on trade receivables	236	1,644	880	1,778
Inventories written down	229	137	229	137
Net loss arising from changes in fair value of biological assets	88	-	88	-
Interest expense	5,598	4,099	21,016	11,713
Interest income	645	(396)	(507)	(936)
Share of profit of joint ventures	8	(68)	(283)	(303)
Loss/(Gain) on forward currency contracts	392	243	(172)	243
Gain on disposal of investment in subsidiaries	-	-	(527)	-
Gain on lease termination	(59)	(5)	(78)	(5)
Impairment loss on goodwill	-	2,277	-	2,277
Impairment loss on property	-	-	-	29
Bad debts recovered	(5)	(2)	(5)	(2)
Gain on disposal of asset classified as held for sale	-	(264)	-	(264)
Unrealised (gain)/loss on foreign exchange	(1,935)	592	(1,720)	(970)

By Order of the Board
HEXTAR GLOBAL BERHAD
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Ong Wai Leng
Company Secretary
Kuala Lumpur
19 February 2024