



HEXTAR GLOBAL BERHAD

Company No.: 199001014551 (206220-U)

(Incorporated in Malaysia)

**Interim Report
For the 12-months Financial Year Ended
31 December 2024**



Interim Report for the 12-months Financial Year Ended 31 December 2024

Unaudited Condensed Statements of Profit or Loss and Other Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(3-mths) Current Year Quarter 31/12/2024 RM'000	(3-mths) Preceding Year Quarter 31/12/2023 RM'000	(12-mths) Current Year to-Date 31/12/2024 RM'000	(12-mths) Preceding Year to-Date 31/12/2023 RM'000
Continuing Operations				
Revenue	220,114	213,880	918,308	669,039
Cost of sales	(168,570)	(145,275)	(670,083)	(465,413)
Gross profit	51,544	68,605	248,225	203,626
Other income	2,822	1,377	5,654	4,752
Selling and marketing expenses	(7,829)	(5,596)	(31,800)	(21,076)
Administrative and other expenses	(30,644)	(23,614)	(101,681)	(75,190)
Finance costs	(5,096)	(5,699)	(24,860)	(21,117)
Share of (loss)/profit of joint ventures	(101)	(8)	(290)	283
Profit before taxation	10,696	35,065	95,248	91,278
Less: Taxation	(3,057)	(7,939)	(23,540)	(23,614)
Profit after taxation from continuing operations	7,639	27,126	71,708	67,664
Discontinued Operations				
Loss after taxation from discontinued operations	-	-	-	(2,016)
Profit after taxation	7,639	27,126	71,708	65,648
Other comprehensive income/(expenses):				
- Foreign currency translation differences	240	(79)	(2,977)	1,924
- Revaluation of properties	1,762	329	1,762	3,383
Other comprehensive income/(expenses) for the financial year	2,002	250	(1,215)	5,307
Total comprehensive income for the financial year	9,641	27,376	70,493	70,955

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 2023 and the accompanying notes attached to this interim financial report.



Interim Report for the 12-months Financial Year Ended 31 December 2024

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(3-mths) Current Year Quarter 31/12/2024 RM'000	(3-mths) Preceding Year Quarter 31/12/2023 RM'000	(12-mths) Current Year to-Date 31/12/2024 RM'000	(12-mths) Preceding Year to-Date 31/12/2023 RM'000
Profit/(Loss) for the financial year attributable to:				
- Owners of the Company:				
- continuing operations	8,133	20,004	59,144	54,711
- discontinued operations	-	-	-	(2,016)
- Non-controlling interests				
- continuing operations	(494)	7,122	12,564	12,953
	<u>7,639</u>	<u>27,126</u>	<u>71,708</u>	<u>65,648</u>
Total comprehensive income/(expenses) attributable to:				
- Owners of the Company:				
- continuing operations	10,133	20,153	57,929	58,359
- discontinued operations	-	-	-	(2,016)
- Non-controlling interests				
- continuing operations	(492)	7,223	12,564	14,612
	<u>9,641</u>	<u>27,376</u>	<u>70,493</u>	<u>70,955</u>
Earnings per share				
Basic (sen) ^				
- continuing operations	0.21	0.52	1.53	1.41
- discontinued operations	-	-	-	(0.05)
	<u>0.21</u>	<u>0.52</u>	<u>1.53</u>	<u>1.36</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 2023 and the accompanying notes attached to this interim financial report.



Interim Report for the 12-months Financial Year Ended 31 December 2024

Unaudited Condensed Statements of Financial Position

	Unaudited as at 31/12/2024 RM'000	Audited as at 31/12/2023 RM'000
ASSETS		
Non-current assets		
Investment in joint ventures	7,973	2,719
Property, plant and equipment	120,311	113,215
Investment properties	1,546	820
Right-of-use assets	54,778	58,954
Intangible assets	164,311	161,974
Investment in club membership, at cost	45	46
Trade receivables	2,195	2,263
Prepayment	3,578	2,403
Deferred tax assets	1,857	777
Total non-current assets	356,594	343,171
Current assets		
Inventories	137,904	187,842
Trade receivables	169,271	157,450
Other receivables, deposits and prepayments	68,717	65,294
Short-term investments	1,473	7,019
Biological assets	19	36
Contract assets	11,932	1,469
Amount owing by related companies	435	2,142
Amount owing by a joint venture	22	-
Current tax assets	8,271	11,785
Derivative assets	1,004	-
Deposits with licensed banks	20,525	24,328
Cash and bank balances	49,498	76,558
Total current assets	469,071	533,923
Assets classified as held for sale	-	1,556
TOTAL ASSETS	825,665	878,650
EQUITY AND LIABILITIES		
Equity		
Share capital	633,878	633,878
Treasury shares	(30,770)	(30,770)
Merger deficit reserve	(500,423)	(500,423)
Exchange reserve	(2,428)	549
Revaluation reserve	16,792	14,626
Retained profits	107,851	138,263
Equity attributable to owners of the Company	224,900	256,123
Non-controlling interests	30,460	3,111
TOTAL EQUITY	255,360	259,234

The unaudited Condensed Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying notes attached to this interim financial report.



Interim Report for the 12-months Financial Year Ended 31 December 2024

Unaudited Condensed Statements of Financial Position (Cont'd)

	Unaudited as at 31/12/2024 RM'000	Audited as at 31/12/2023 RM'000
Non-current liabilities		
Lease liabilities	24,439	28,997
Other payables	1,778	3,208
Long-term borrowings	126,055	129,722
Deferred tax liabilities	8,544	12,106
Total non-current liabilities	160,816	174,033
Current liabilities		
Trade payables	48,096	49,201
Other payables, deposits received and accruals	30,208	83,154
Contract liabilities	10,668	4,946
Amount owing to related companies	2,443	579
Amount owing to a joint venture	1,592	783
Lease liabilities	7,068	6,284
Short-term borrowings	279,898	254,846
Current tax liabilities	13,752	18,025
Derivative liabilities	10	70
Variable deferred consideration	15,754	27,495
Total current liabilities	409,489	445,383
TOTAL LIABILITIES	570,305	619,416
TOTAL EQUITY AND LIABILITIES	825,665	878,650
No. of ordinary shares in issue ('000)	3,876,067	3,876,067
Net assets per share attributable to equity holders of the Company (RM)	0.07	0.07

The unaudited Condensed Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying notes attached to this interim financial report.



Interim Report for the 12-months Financial Year Ended 31 December 2024

Unaudited Condensed Statements of Cash Flows

	12-months ended 31/12/2024 RM'000	12-months ended 31/12/2023 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit/(Loss) before taxation		
- continuing operations	95,248	91,278
- discontinued operations	-	(2,024)
Adjustments for:-		
Amortisation	603	659
Bad debts written off	447	6
Depreciation	18,863	15,729
Plant and equipment written off	65	14
Fair value loss on investment properties	-	148
Impairment loss on intangible assets	100	1,141
Impairment loss on property	4	-
Impairment loss on short-term investment	3,500	-
Impairment loss on trade receivables	1,183	2,901
Interest expense	24,859	21,338
Inventories written down	275	258
Net loss arising from changes in fair value of biological assets	17	88
Bad debt recovered	-	(5)
Unrealised gain on foreign exchange	(35)	(1,773)
(Gain)/Loss on disposal of plant and equipment	(268)	28
Gain on bargain purchase	565	(565)
Gain on disposal of investment in subsidiaries	-	(527)
Gain on forward currency contracts	(1,064)	(172)
Gain on lease termination	(24)	(20)
Interest income	(533)	(945)
Reversal of impairment loss on trade receivables	(903)	(1,077)
Write back of inventories	-	(77)
Share of loss/(profit) of joint ventures	290	(283)
Operating profit before working capital changes	<u>143,192</u>	<u>126,120</u>
Changes in working capital:-		
Inventories	49,663	(19,418)
Receivables	(27,410)	(71,992)
Payables	(143)	38,626
Related companies	3,571	(1,534)
Joint venture	787	54
	<u>26,468</u>	<u>(54,264)</u>
Cash from operations	169,660	71,856
Interest paid	(24,067)	(15,863)
Income tax paid	(29,386)	(19,591)
Net cash from operating activities	<u>116,207</u>	<u>36,402</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 2023 and the accompanying notes attached to this interim financial report.



Interim Report for the 12-months Financial Year Ended 31 December 2024

Unaudited Condensed Statements of Cash Flows (Cont'd)

	12-months ended 31/12/2024 RM'000	12-months ended 31/12/2023 RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(1,053)	(37,330)
Acquisition of a joint venture	(5,544)	(619)
Disposal of subsidiaries, net of cash and cash equivalents disposed of	-	3,177
Interest received	471	945
Decrease/(Increase) in pledged deposits with licensed banks	5,949	(22,415)
Payment of deferred consideration	(64,000)	(27,213)
Proceeds from disposal of plant and equipment	392	490
Proceeds from disposal of assets classified as held for sale	830	5,373
Proceeds from issuance of shares to non-controlling interests by a subsidiary	14,700	-
Product development expenditure incurred	(19)	(174)
Addition of intangible assets	(983)	(130)
Purchase of short-term investments	-	(5,037)
Purchase of property, plant and equipment	(16,362)	(8,456)
Net cash for investing activities	(65,619)	(91,389)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Dividend paid	(89,150)	(29,285)
Drawdown of revolving credit	89,888	424,772
Drawdown of term loan	123,011	28,358
Net decrease of lease liabilities	(5,716)	(6,148)
Net (decrease)/increase in bank borrowings	(6,397)	47,382
Proceeds from sale of treasury shares	-	13,008
Repayment of revolving credit	(84,888)	(392,483)
Repayment of term loans	(108,699)	(21,426)
Net cash (for)/from financing activities	(81,951)	64,178
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(31,363)	9,191
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	(1,344)	752
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	61,507	51,564
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	28,800	61,507
CASH AND CASH EQUIVALENTS COMPRISE		
Deposits with licensed banks	20,525	24,328
Cash and bank balances	49,498	76,558
Short-term investments	1,473	1,982
Bank overdrafts	(21,637)	(14,353)
	49,859	88,515
Less: Deposits pledged to licensed banks	(20,181)	(18,193)
Bank balances pledged with licensed banks	(78)	(8,815)
	28,800	61,507

The unaudited Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying notes attached to this interim financial report.



Interim Report for the 12-months Financial Year Ended 31 December 2024

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 1/1/2024									
- As previously reported	633,878	(30,770)	(500,423)	549	14,626	138,263	256,123	3,111	
- Adjustment during measurement year	-	-	-	-	-	-	-	83	
As restated	633,878	(30,770)	(500,423)	549	14,626	138,263	256,123	3,194	
Profit after taxation for the financial year	-	-	-	-	-	59,144	59,144	12,564	
Other comprehensive (expenses)/income for the financial year:									
- Foreign currency translation differences	-	-	-	(2,977)	-	-	(2,977)	-	
- Revaluation of properties	-	-	-	-	1,762	-	1,762	-	
Total comprehensive (expenses)/income for the financial year	-	-	-	(2,977)	1,762	59,144	57,929	12,564	
Contributions by and distributions to owners of the Company:									
- Issue of shares by a subsidiary to non-controlling interests	-	-	-	-	-	-	-	14,700	
- Dividends	-	-	-	-	-	(89,150)	(89,150)	-	
Total transactions with owners	-	-	-	-	-	(89,150)	(89,150)	14,700	
Realisation of revaluation reserve	-	-	-	-	404	(406)	(2)	2	
Balance as at 31/12/2024	633,878	(30,770)	(500,423)	(2,428)	16,792	107,851	224,900	30,460	

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 2023 and the accompanying notes attached to this interim financial report.



Interim Report for the 12-months Financial Year Ended 31 December 2024

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 Deficit Reserve RM'000	Exchange Reserve RM'000	Revaluation Reserve RM'000	Retained Profits 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	-	-	-	-	-	52,695	52,695	12,953	65,648
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	52,695	56,343	14,612	70,955
Contributions by and distributions to owners of the Company:									
- Dilution of interests in a subsidiary	-	-	-	-	-	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	138,263	256,123	3,111	259,234

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 2023 and the accompanying notes attached to this interim financial report.



Interim Report for the 12-months Financial Year Ended 31 December 2024

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 2023. 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 2023.

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 18 Presentation and Disclosure in Financial Statements

MFRS 19 Subsidiaries without Public Accountability: Disclosures

Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments

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

Amendments to MFRS 121: Lack of Exchangeability

Annual Improvements to MFRS Accounting Standards – Volume 11

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 2024

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 2023 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 up to date except as disclosed in the financial statements.

7. Details of Changes in Debts and Equity Securities

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

8. Dividend

The Company had on 19 August 2024 declared first interim single-tier dividend of 0.5 sen per ordinary share amounting to approximately RM19.4 million in respect of the financial year ended 31 December 2024.

The Company had on 19 November 2024 declared second interim single-tier dividend of 0.8 sen per ordinary share amounting to approximately RM31.0 million in respect of the financial year ended 31 December 2024.

The total dividends declared to-date for the current financial year is 1.3 sen per ordinary share, amounted to approximately RM50.4 million.

The Company had on 5 April 2024 paid 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.

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



Interim Report for the 12-months Financial Year Ended 31 December 2024

9. Segmental Reporting

12-months ended 31 December 2024								
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	RM'000	
REVENUE AND EXPENSES								
Revenue								
External	119	313,204	421,470	183,515	-	918,308	-	918,308
Inter-segment	84,810	3,078	442	-	(88,330)	-	-	-
Total revenue	84,929	316,282	421,912	183,515	(88,330)	918,308	-	918,308
Results								
Segment results	82,269	35,909	82,015	7,181	(87,509)	119,865	-	119,865
Finance costs	(14,363)	(6,228)	(3,135)	(7,332)	6,198	(24,860)	-	(24,860)
Finance income	6,116	175	134	227	(6,119)	533	-	533
Share of result of joint ventures	-	151	-	(441)	-	(290)	-	(290)
Profit/(Loss) before taxation	74,022	30,007	79,014	(365)	(87,430)	95,248	-	95,248
Taxation	(223)	(6,480)	(15,572)	(1,367)	102	(23,540)	-	(23,540)
Consolidated profit/(loss) after taxation	73,799	23,527	63,442	(1,732)	(87,328)	71,708	-	71,708



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9. Segmental Reporting (Cont'd)

12-months ended 31 December 2023								
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	RM'000	
REVENUE AND EXPENSES								
Revenue								
External	151	345,630	271,162	52,096	-	669,039	6,639	675,678
Inter-segment	63,776	240	285	-	(64,301)	-	-	-
Total revenue	63,927	345,870	271,447	52,096	(64,301)	669,039	6,639	675,678
Results								
Segment results	48,834	41,184	60,476	12,593	(51,918)	111,169	(1,806)	109,363
Finance costs	(13,265)	(5,855)	(1,807)	(688)	499	(21,116)	(221)	(21,337)
Finance income	627	331	414	69	(499)	942	3	945
Share of result of joint ventures	-	314	-	3	(34)	283	-	283
Profit/(Loss) before taxation	36,196	35,974	59,083	11,977	(51,952)	91,278	(2,024)	89,254
Taxation	(226)	(6,971)	(14,314)	(2,147)	44	(23,614)	8	(23,606)
Consolidated profit/(loss) after taxation	35,970	29,003	44,769	9,830	(51,908)	67,664	(2,016)	65,648



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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 year under review, other than the following:-

- (a) On 24 May 2024, the Company's indirect 51%-owned subsidiary, Durian Boat Global Sdn. Bhd. (formerly known as Hextar IOT Sdn. Bhd.) ("Durian Boat") had entered into a joint venture agreement with Shenzhen Yoursender Investment Co. Ltd. for the establishment of a joint venture company to expand Durian Boat's business in China.
- (b) Fruits Venture Sdn. Bhd., an indirect subsidiary of the Company, has applied for striking off on 14 January 2025 and is expected to be dissolved in the next financial year 2025.
- (c) Penedaran Beras Lestari Sdn. Bhd., an indirect subsidiary of the Company, has applied for striking off on 19 January 2025 and is expected to be dissolved in the next financial year 2025.

12. Contingent Liabilities

The contingent liabilities are as follows:

	As at
	31/12/2024
	RM'000
Guarantees provided to financial institutions for facilities granted to the Group	<u>627,068</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
	31/12/2024
	RM'000
Variable deferred consideration in relation to the acquisition of subsidiaries	15,754
Property and equipment	<u>2,570</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 2024.

	Transaction Value 31/12/2024 RM'000
Sales of raw materials/finished goods:-	
Hextar Oil & Gas Sdn. Bhd.	2,036
Hextar Fert Sdn. Bhd.	1,183
Hextar KCS Sdn. Bhd.	101
Hextar Solutions Sdn. Bhd.	7
Rubberex (M) Sdn. Bhd.	88
PK Fert Sdn. Bhd.	25
Purchase of raw materials/finished goods:-	
Hextar Fert Sdn. Bhd.	924
PK Fertilizers Sdn. Bhd.	36
Hexlube Sdn. Bhd. (formerly known as Hextar Lube Synergy Sdn. Bhd.)	1,912
Receiving of management services:-	
Hextar Asset Management Sdn. Bhd.	3,198
Opcom Shared Services Sdn. Bhd.	90
Rental of storage space and warehouse facilities services:-	
Hexlube Sdn. Bhd. (formerly known as Hextar Lube Synergy Sdn. Bhd.)	62
Receipt of e-Commerce and other IT related services:-	
CIBC Technology Sdn. Bhd.	<u>856</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

The Group's revenue for the current quarter increased by 2.9% or RM6.2 million, to RM220.1 million from RM213.9 million recorded in the corresponding quarter of the previous year. This increase was primarily driven by a revenue contribution of RM41.3 million from the Specialty Chemicals segment. However, the growth was partially offset by a decline of RM12.4 million and RM22.6 million in the Agriculture and Fruits segments, respectively.

The Group reported an 69.5% decrease in profit before taxation ("PBT") or RM24.4 million, to RM10.7 million for the current quarter as compared to RM35.1 million in the corresponding quarter of the previous year. The significant decline in PBT was mainly due to lower profit margins in the Specialty Chemicals segment and the durian off-season for the Fruits segment.

On a year-to-date basis, the Group achieved a revenue of RM918.3 million for the cumulative quarter under review as compared to RM669.0 million recorded for the corresponding quarter of the preceding year, reflecting an increase of RM249.3 million or 37.3%. This substantial growth was mainly driven by the Specialty Chemicals segment's contribution of RM150.3 million along with the newly acquired Fruits segment which contributed RM131.4 million to the Group's revenue.

As a result of higher revenue, the year-to-date profit before taxation increased to RM95.2 million for the cumulative quarter under review as compared to RM91.3 million reported in the corresponding quarter of the previous year. This represents an increase of 4.3% or RM3.9 million.

2. Comparisons with the Immediate Preceding Quarter's Results

	3-months Current Quarter ended 31/12/2024 (RM'000)	3-months Preceding Quarter ended 30/09/2024 (RM'000)
Revenue	220,114	252,962
Profit before taxation	10,696	32,242

On a quarter-on-quarter basis, the Group's revenue decreased to RM220.1 million from RM253.0 million in the previous quarter, representing a decline of 13.0% or RM32.8 million. The decrease was primarily driven by the Fruits segment with a revenue drop of RM55.8 million which mainly due to the durian off-season. However, the decline was partially mitigated by growth in revenue from the Specialty Chemicals segment.

With the decline in revenue from the Agriculture and Fruits segments, the consolidated PBT had significantly decreased by 66.8% or RM21.5 million, falling to RM10.7 million from RM32.2 million in the previous quarter.



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3. Year 2025 Prospects

Agriculture

The agrochemicals industry in Malaysia is poised for growth in 2025, driven by several key factors such as market expansion whereby the Malaysian agrochemicals market is projected to reach USD 710.58 million in 2025, with an anticipated compound annual growth rate (“CAGR”) of 4.56% from 2025 to 2030. This growth is attributed to the increasing importance of sustainable agriculture in ensuring food security and enhancing rural incomes as the population expands. With growing demand for food and rapid urbanisation, the industry is faced with challenges of labour shortages, shrinking arable land and regulatory compliance.

Looking at the government support and initiatives, the Malaysian government is stimulating economic growth in this sector by offering incentives to encourage modernisation in the agricultural sector. This includes funding for smart farming practices, agricultural education, and sustainable farming. We aim to focus on developing products that comply with updated regulations, with the goal of maintaining and potentially enhancing market access, as well as creating environmentally friendly products to support global ESG initiatives.

In summary, Malaysia's agrochemicals industry is set for an overall positive outlook and that the Board is confident the segment will contribute positively to the Group's sustainable income in the forthcoming year 2025.

Specialty Chemicals

The specialty chemicals market is expected to have a positive outlook, registering fluctuating growth trends depending on the market context as there are pillars of strength to exploit amid the soaring inflation and rising energy prices.

Special derivative and coating chemicals used in rubber industry are expected to have moderate growth amid challenging market condition. Meanwhile, the specialty cleaning and sanitation industry in Malaysia is expected to experience notable growth, driven by increasing consumer awareness, urbanisation, and a shift towards eco-friendly products as there is a growing demand for sustainable and eco-friendly cleaning products. We shall put focus on innovation, sustainability and product quality to capitalise on emerging opportunities and expand to other markets.

The outlook for Specialty Chemicals & Catalysts business in the Oil & Gas Industry for 2025 is generally positive as Malaysia's state energy firm, is actively pursuing growth in specialty chemicals. A partnership was announced to produce biofuels at a biorefinery in Pengerang, Johor, scheduled to become operational by the second half of 2028, giving rise to opportunities within the industry.

Fruits

The durian industry in Malaysia is projected to have a stable growth in 2025, driven by increasing production, expanding export markets and rising global demand. Malaysia has been exporting frozen durian products to China since 2011 and gained approval to export frozen whole durians in 2018. In 2022, the export value to China reached RM887 million Malaysian ringgit. With a recent agreement allowing the export of fresh durians, Malaysia is expected to become an increasingly important exporter to China.

While Thailand remains the largest global exporter of durians, Malaysia and Vietnam are emerging as significant competitors. Both countries have seen substantial growth in durian exports and are expected to increasingly challenge Thailand's dominance in the market. Growth within the durian industry is likely to come from factors such as the growing awareness and appreciation for durians from consumers domestically and around the world, particularly for “Musang King” originating from Malaysia as they are generally considered nicer.

In summary, Malaysia's durian industry is set for substantial growth in 2025, supported by increased production, expanded export agreements, and favorable market conditions. Hence, the Board believes that the Fruits segment will provide the Group with a sustainable source of income.



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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 31/12/2024 RM'000	Preceding Year Quarter 31/12/2023 RM'000	Current Year to-Date 31/12/2024 RM'000	Preceding Year to-Date 31/12/2023 RM'000
Deferred tax	1,573	(1,157)	4,324	(1,668)
Income tax	(4,630)	(6,782)	(27,864)	(21,946)
Taxation on continuing operations	<u>(3,057)</u>	<u>(7,939)</u>	<u>(23,540)</u>	<u>(23,614)</u>
Taxation on discontinued operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>8</u>

The effective tax rate for previous quarter and preceding 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. However, the effective tax rate for the current year-to-date is approximately aligned with the statutory tax rate of 24%.

6. Status of Corporate Proposal

There were no corporate proposals for the financial period under review.



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7. Borrowings

The Group's borrowings as at 31 December 2024 and 31 December 2023 are as follows:

	As at 31/12/2024 RM'000	As at 31/12/2023 RM'000
Short-term borrowings		
<u>Secured</u>		
Term loans	47,236	31,774
Hire purchases	1,712	1,493
Bills payable	138,313	141,226
Revolving credit	71,000	66,000
Bank overdrafts	21,637	14,353
	<u>279,898</u>	<u>254,846</u>
Long-term borrowings		
<u>Secured</u>		
Term loans	122,474	126,190
Hire purchases	3,581	3,532
	<u>126,055</u>	<u>129,722</u>
Total	<u>405,953</u>	<u>384,568</u>

8. Material Litigation

On 28 May 2021, a direct wholly-owned subsidiary of the Company, Chempro Technology (M) Sdn. Bhd. ("Chempro") was involved in a material litigation with a former employee, Chew Chee Siong ("the Claimant"). The Claimant had filed a claim against Chempro on 15 May 2020 for a reduction in his income due to Chempro's reallocation of certain customers to other employees. On 22 March 2024, the Industrial Tribunal had ordered Chempro to pay the Claimant a sum of RM543,552 within 30 days from the date of the award to compensate the Claimant for being constructively dismissed.



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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 31/12/2024	Preceding Year Quarter 31/12/2023	Current Year to-Date 31/12/2024	Preceding Year to-Date 31/12/2023
Profit/(Loss) attributable to equity holders of the Company (RM'000)				
- Continuing operations	8,133	20,004	59,144	54,711
- Discontinued operations	-	-	-	(2,016)
Weighted average number of ordinary shares in issue ('000) ^	3,876,067	3,876,067	3,876,067	3,873,026
Basic earnings per share (sen)				
- Continuing operations	0.21	0.52	1.53	1.41
- Discontinued operations	-	-	-	(0.05)

^ 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.



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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 31/12/2024 RM'000	Preceding Year Quarter 31/12/2023 RM'000	Current Year-to-Date 31/12/2024 RM'000	Preceding Year-to-Date 31/12/2023 RM'000
Amortisation	191	184	603	659
Depreciation	4,773	3,853	18,863	15,729
Bad debts written off	447	6	447	6
Plant and equipment written off	49	13	65	14
Fair value loss on investment properties	-	148	-	148
Impairment loss on:				
- intangible assets	100	1,141	100	1,141
- trade receivables	1,058	2,257	1,183	2,901
- property	4	-	4	-
- short-term investment	3,500	-	3,500	-
Inventories written down	275	258	275	258
Interest expense	5,095	5,920	24,859	21,338
Net (gain)/loss arising from changes in fair value of biological assets	(16)	88	17	88
Share of loss/(profit) of joint ventures	101	8	290	(283)
Bad debt recovered	-	(5)	-	(5)
(Gain)/Loss on forward currency contracts	(1,076)	392	(1,064)	(172)
Unrealised loss/(gain) on foreign exchange	1,427	(1,988)	(35)	(1,773)
Interest income	(155)	207	(533)	(945)
(Gain)/Loss on disposal of plant and equipment	(84)	(8)	(268)	28
Gain on bargain purchase	565	(565)	565	(565)
Gain on disposal of investment in subsidiaries	-	-	-	(527)
Gain on lease termination	(8)	(1)	(24)	(20)
Reversal of impairment loss on trade receivables	(499)	(1,077)	(903)	(1,077)
Write back of inventories	-	(77)	-	(77)

By Order of the Board
HEXTAR GLOBAL BERHAD
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Tan Tong Lang
Company Secretary
Kuala Lumpur
26 February 2025