



HEXTAR GLOBAL BERHAD

Company No.: 199001014551 (206220-U)

(Incorporated in Malaysia)

**Interim Report
For the 3-months Financial Period Ended
31 March 2024**



Interim Report for the 3-months Financial Period Ended 31 March 2024

Unaudited Condensed Statements of Profit or Loss and Other Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(3-mths) Current Year Quarter 31/03/2024 RM'000	(3-mths) Preceding Year Quarter 31/03/2023 RM'000	(3-mths) Current Year to-Date 31/03/2024 RM'000	(3-mths) Preceding Year to-Date 31/03/2023 RM'000
Continuing Operations				
Revenue	232,269	138,742	232,269	138,742
Cost of sales	(172,919)	(101,215)	(172,919)	(101,215)
Gross profit	59,350	37,527	59,350	37,527
Other income	1,397	1,075	1,397	1,075
Selling and marketing expenses	(8,014)	(4,608)	(8,014)	(4,608)
Administrative and other expenses	(25,833)	(15,700)	(25,833)	(15,700)
Finance costs	(7,129)	(3,210)	(7,129)	(3,210)
Share of (loss)/profit of joint ventures	(71)	112	(71)	112
Profit before taxation	19,700	15,196	19,700	15,196
Less: Taxation	(3,628)	(4,323)	(3,628)	(4,323)
Profit after taxation from continuing operations	16,072	10,873	16,072	10,873
Discontinued Operations				
Loss after taxation from discontinued operations	-	(1,451)	-	(1,451)
Profit after taxation	16,072	9,422	16,072	9,422
Other comprehensive (expenses)/income:				
- Foreign currency translation differences	(238)	1,026	(238)	1,026
- Revaluation of property	-	(166)	-	(166)
Other comprehensive (expenses)/income for the financial period	(238)	860	(238)	860
Total comprehensive income for the financial period	15,834	10,282	15,834	10,282

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 3-months Financial Period Ended 31 March 2024

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(3-mths) Current Year Quarter 31/03/2024 RM'000	(3-mths) Preceding Year Quarter 31/03/2023 RM'000	(3-mths) Current Year to-Date 31/03/2024 RM'000	(3-mths) Preceding Year to-Date 31/03/2023 RM'000
Profit/(Loss) for the financial period attributable to:				
- Owners of the Company:				
- continuing operations	12,144	10,079	12,144	10,079
- discontinued operations	-	(1,451)	-	(1,451)
- Non-controlling interests				
- continuing operations	3,928	794	3,928	794
	<u>16,072</u>	<u>9,422</u>	<u>16,072</u>	<u>9,422</u>
Total comprehensive income/(expenses) attributable to:				
- Owners of the Company:				
- continuing operations	11,906	11,024	11,906	11,024
- discontinued operations	-	(1,451)	-	(1,451)
- Non-controlling interests				
- continuing operations	3,928	709	3,928	709
	<u>15,834</u>	<u>10,282</u>	<u>15,834</u>	<u>10,282</u>
Earnings per share				
Basic (sen) ^				
- continuing operations	0.31	0.26	0.31	0.26
- discontinued operations	-	(0.04)	-	(0.04)
	<u>0.31</u>	<u>0.22</u>	<u>0.31</u>	<u>0.22</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 3-months Financial Period Ended 31 March 2024

Unaudited Condensed Statements of Financial Position

	Unaudited as at 31/03/2024 RM'000	Audited as at 31/12/2023 RM'000
ASSETS		
Non-current assets		
Investment in joint ventures	2,648	2,719
Property, plant and equipment	113,636	113,215
Investment properties	820	820
Right-of-use assets	58,281	58,954
Intangible assets	161,962	161,974
Investment in club membership, at cost	46	46
Trade receivables	2,466	2,263
Prepayment	2,211	2,403
Deferred tax assets	3,241	777
Total non-current assets	345,311	343,171
Current assets		
Inventories	153,274	187,842
Trade receivables	167,978	157,450
Other receivables, deposits and prepayments	67,787	65,294
Short-term investments	7,195	7,019
Biological assets	-	36
Contract assets	26,967	1,469
Amount owing by related companies	-	2,142
Amount owing by a joint venture	11	-
Current tax assets	14,010	11,785
Derivative assets	26	-
Deposits with licensed banks	26,835	24,328
Cash and bank balances	44,234	76,558
Total current assets	508,317	533,923
Assets classified as held for sale	1,473	1,556
TOTAL ASSETS	855,101	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	311	549
Revaluation reserve	14,605	14,626
Retained profits	111,675	138,263
Equity attributable to owners of the Company	229,276	256,123
Non-controlling interests	21,728	3,111
TOTAL EQUITY	251,004	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 3-months Financial Period Ended 31 March 2024

Unaudited Condensed Statements of Financial Position (Cont'd)

	Unaudited as at 31/03/2024 RM'000	Audited as at 31/12/2023 RM'000
Non-current liabilities		
Lease liabilities	28,388	28,997
Other payables	3,208	3,208
Long-term borrowings	123,880	129,722
Deferred tax liabilities	11,752	12,106
Total non-current liabilities	167,228	174,033
Current liabilities		
Trade payables	54,355	49,201
Other payables, deposits received and accruals	50,325	83,154
Contract liabilities	1,788	4,946
Amount owing to related companies	-	579
Amount owing to a joint venture	1,149	783
Lease liabilities	6,524	6,284
Short-term borrowings	233,993	254,846
Current tax liabilities	22,082	18,025
Dividend payable	38,761	-
Derivative liabilities	-	70
Variable deferred consideration	27,892	27,495
Total current liabilities	436,869	445,383
TOTAL LIABILITIES	604,097	619,416
TOTAL EQUITY AND LIABILITIES	855,101	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)	0.06	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 3-months Financial Period Ended 31 March 2024

Unaudited Condensed Statements of Cash Flows

	3-months ended 31/03/2024 RM'000	3-months ended 31/03/2023 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit/(Loss) before taxation		
- continuing operations	19,700	15,196
- discontinued operations	-	(1,455)
Adjustments for:-		
Amortisation	134	162
Depreciation	4,574	3,822
Equipment written off	5	-
Impairment loss on trade receivables	85	184
Interest expense	7,525	3,353
Loss arising from changes in fair value of biological assets	36	-
Unrealised loss on foreign exchange	1,494	133
Gain on disposal of equipment	(53)	(75)
Bad debt recovered	(6)	-
Gain on forward currency contracts	(97)	(243)
Interest income	(233)	(266)
Reversal of impairment loss on trade receivables	(8)	-
Share of loss/(profit) of joint ventures	71	(112)
Operating profit before working capital changes	33,227	20,699
Changes in working capital:-		
Inventories	34,568	12,139
Receivables	(38,358)	(6,871)
Payables	18,324	12,170
Related companies	1,565	100
Joint venture	355	48
	16,454	17,586
Cash from operations	49,681	38,285
Interest paid	(7,129)	(3,353)
Income tax paid	(4,614)	(3,814)
Net cash from operating activities	37,938	31,118

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 3-months Financial Period Ended 31 March 2024

Unaudited Condensed Statements of Cash Flows (Cont'd)

	3-months ended 31/03/2024 RM'000	3-months ended 31/03/2023 RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES		
Interest received	196	266
Decrease/(Increase) in pledged deposits with licensed banks	1,950	(3,164)
Proceeds from disposal of equipment	61	75
Proceeds from disposal of assets classified as held for sale	83	190
Proceeds from issuance of shares to non-controlling interests by a subsidiary	14,700	-
Product development expenditure incurred	-	(22)
Addition of intangible assets	(122)	(107)
Payment of deferred consideration	(50,000)	(14,000)
Purchase of property, plant and equipment	(2,969)	(2,262)
Net cash for investing activities	(36,101)	(19,024)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Drawdown of revolving credit	48,400	-
Drawdown of term loan	47,672	-
Net decrease of lease liabilities	(1,764)	(1,755)
Net (decrease)/increase in bank borrowings	(21,250)	7,643
Proceeds from sale of treasury shares	-	13,008
Repayment of revolving credit	(88,020)	-
Repayment of term loans	(4,001)	(4,802)
Net cash (for)/from financing activities	(18,963)	14,094
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(17,126)	26,188
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	176	(106)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	61,508	51,564
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	44,558	77,646
CASH AND CASH EQUIVALENTS COMPRISE		
Deposits with licensed banks	26,835	17,577
Cash and bank balances	44,234	67,825
Short-term investments	2,120	-
Bank overdraft	(3,571)	-
	69,618	85,402
Less: Deposits pledged to licensed banks	(18,041)	(4,638)
Bank balances pledged with licensed banks	(7,019)	(3,118)
	44,558	77,646

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 3-months Financial Period Ended 31 March 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	633,878	(30,770)	(500,423)	549	14,626	138,262	256,122	3,110	259,232
Profit after taxation for the financial period	-	-	-	-	-	12,144	12,144	3,928	16,072
Other comprehensive expense for the financial period:									
- Foreign currency translation differences	-	-	-	(238)	-	-	(238)	-	(238)
Total comprehensive (expenses)/income for the financial period	-	-	-	(238)	-	12,144	11,906	3,928	15,834
Contributions by and distributions to owners of the Company:									
- Issue of shares by a subsidiary to non-controlling interests	-	-	-	-	-	-	-	14,700	14,700
- Dividends	-	-	-	-	-	(38,761)	(38,761)	-	(38,761)
Total transactions with owners	-	-	-	-	-	(38,761)	(38,761)	14,700	(24,061)
Realisation of revaluation reserve	-	-	-	-	(21)	30	9	(10)	(1)
Balance as at 31/03/2024	633,878	(30,770)	(500,423)	311	14,605	111,675	229,276	21,728	251,004

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 3-months Financial Period Ended 31 March 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 period	-	-	-	-	-	8,628	8,628	794	9,422
Other comprehensive income/(expenses) for the financial period:									
- Foreign currency translation differences	-	-	-	1,026	-	-	1,026	-	1,026
- Revaluation of property	-	-	-	-	(81)	-	(81)	(85)	(166)
Total comprehensive income/(expenses) for the financial period	-	-	-	1,026	(81)	8,628	9,573	709	10,282
Contributions by and distributions to owners of the Company:									
- Treasury shares sold	-	9,158	-	-	-	3,850	13,008	-	13,008
- Dividends	-	-	-	-	-	(25,715)	(25,715)	-	(25,715)
Total transactions with owners	-	9,158	-	-	-	(21,865)	(12,707)	-	(12,707)
Realisation of revaluation reserve	-	-	-	-	(31)	32	1	(1)	-
Balance as at 31/03/2023	633,878	(30,770)	(495,423)	(349)	14,508	91,845	213,689	16,767	230,456

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 3-months Financial Period Ended 31 March 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)

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 Sale and Leaseback

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

Amendments to MFRS 101: Non-current Liabilities with Covenants

Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

Amendments to MFRS 121: Lack of Exchangeability

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 3-months Financial Period Ended 31 March 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 period up 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 period 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 period up to date.

8. Dividend

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, with a payout ratio of 59.0%.

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



Interim Report for the 3-months Financial Period Ended 31 March 2024

9. Segmental Reporting

3-months ended 31 March 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	31	80,517	102,894	48,827	-	232,269	-	232,269
Inter-segment	17,735	475	104	-	(18,314)	-	-	-
Total revenue	17,766	80,992	102,998	48,827	(18,314)	232,269	-	232,269
Results								
Segment results	14,908	6,671	20,859	1,840	(17,611)	26,667	-	26,667
Finance costs	(4,386)	(1,600)	(882)	(1,109)	848	(7,129)	-	(7,129)
Finance income	861	66	44	110	(848)	233	-	233
Share of result of joint ventures	-	32	-	(103)	-	(71)	-	(71)
Profit before taxation	11,383	5,169	20,021	738	(17,611)	19,700	-	19,700
Taxation	(38)	(1,237)	(2,172)	(353)	172	(3,628)	-	(3,628)
Consolidated profit after taxation	11,345	3,932	17,849	385	(17,439)	16,072	-	16,072



Interim Report for the 3-months Financial Period Ended 31 March 2024

9. Segmental Reporting (Cont'd)

3-months ended 31 March 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	-	81,660	57,082	-	-	138,742	4,590	143,332
Inter-segment	13,124	8	140	-	(13,272)	-	-	-
Total revenue	13,124	81,668	57,222	-	(13,272)	138,742	4,590	143,332
Results								
Segment results	11,550	5,563	11,468	-	(10,552)	18,029	(1,313)	16,716
Finance costs	(1,632)	(1,250)	(328)	-	-	(3,210)	(143)	(3,353)
Finance income	3	26	236	-	-	265	1	266
Share of result of a joint venture	-	70	-	-	42	112	-	112
Profit/(Loss) before taxation	9,921	4,409	11,376	-	(10,510)	15,196	(1,455)	13,741
Taxation	(33)	(863)	(3,327)	-	(100)	(4,323)	4	(4,319)
Consolidated profit/(loss) after taxation	9,888	3,546	8,049	-	(10,610)	10,873	(1,451)	9,422



Interim Report for the 3-months Financial Period Ended 31 March 2024

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 2023.

11. Changes in the Composition of the Group

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

12. Contingent Liabilities

The contingent liabilities are as follows:

	As at 31/03/2024 RM'000
Guarantees provided to financial institutions for facilities granted to the Group	<u>634,928</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 31/03/2024 RM'000
Variable deferred consideration in relation to the acquisition of subsidiaries	31,892
Property and equipment	<u>669</u>

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

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



Interim Report for the 3-months Financial Period Ended 31 March 2024

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 period ended 31 March 2024.

	Transaction Value 31/03/2024 RM'000
Sales of raw materials/finished goods:-	
Hextar Oil & Gas Sdn. Bhd.	754
Hextar Fert Sdn. Bhd.	11
Hextar KCS Sdn. Bhd.	25
Rubberex (M) Sdn. Bhd.	21
Purchase of raw materials/finished goods:-	
Hextar Fert Sdn. Bhd.	8
PK Fertilizers Sdn. Bhd.	4
Receiving of management services:-	
Hextar Asset Management Sdn. Bhd.	<u>898</u>



Interim Report for the 3-months Financial Period Ended 31 March 2024

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 surged by 67.4% or RM93.5 million to RM232.3 million for the current quarter as compared to RM138.7 million recorded for the corresponding quarter in the preceding year. The Fruits segment, which is a newly diversified durian trading business since November 2023, was the major revenue contributor, with a contribution of RM48.8 million to the Group's revenue. Additionally, revenue derived from the Specialty Chemicals segment also grew by RM45.8 million, mainly driven by contract awarded from the oil & gas sector.

As a result of higher revenue, the Group reported a profit before taxation ("PBT") of RM19.7 million for the current quarter compared to RM15.2 million in the corresponding quarter last year. The increase in PBT of RM4.5 million was primarily driven by the Specialty Chemicals segment, contributing RM8.6 million to the PBT.

2. Comparisons with the Immediate Preceding Quarter's Results

	3-months Current Quarter ended 31/03/2024 (RM'000)	3-months Preceding Quarter ended 31/12/2023 (RM'000)
Revenue	232,269	213,880
Profit before taxation	19,700	35,065

On a quarter-on-quarter comparison, the Group's revenue marked an improvement at RM232.3 million compared to RM213.9 million recorded in the previous quarter, reflecting a growth of 8.6% or RM18.4 million. The revenue growth was primarily driven by the Specialty Chemicals segment with RM24.2 million surge in revenue boosted by a contract awarded from oil and gas sector.

Despite the increase in revenue, consolidated PBT declined by 43.8% or RM15.4 million to RM19.7 million from the previous quarter. The decrease was attributable to increased sales of products with lower gross profit margin as well as higher finance costs incurred.



Interim Report for the 3-months Financial Period Ended 31 March 2024

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, explore new opportunities, increase revenue and uphold our position as a leader in the local market. The Board is confident that this 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 rapidly expanding across the nation and our machine leasing programs have garnered widespread acceptance among our clients. In 2024, the Food and Beverage Division 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 as the Group leverages on technology and implement supply chain integration to deliver high quality durian fruits to consumers worldwide. The continued enforcement of stringent food safety standards will ensure quality durians are exported, further enhancing Malaysia's durian reputation. As we intensify our marketing efforts to create brand awareness among the locals and global market, we have been receiving positive responses from increased business dealings. 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 31/03/2024 RM'000	Preceding Year Quarter 31/03/2023 RM'000	Current Year to-Date 31/03/2024 RM'000	Preceding Year to-Date 31/03/2023 RM'000
Deferred tax	2,827	(207)	2,827	(207)
Income tax	(6,269)	(4,116)	(6,269)	(4,116)
Taxation on continuing operations	<u>(3,442)</u>	<u>(4,323)</u>	<u>(3,442)</u>	<u>(4,323)</u>
Taxation on discontinued operations	<u>-</u>	<u>4</u>	<u>-</u>	<u>4</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, for the current quarter and current year-to-date, the effective tax rate was lower at 18% than the statutory tax rate of 24%, mainly due to recognition of deferred tax assets.

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 March 2024 and 31 December 2023 are as follows:

	As at 31/03/2024 RM'000	As at 31/12/2023 RM'000
Short-term borrowings		
<u>Secured</u>		
Term loans	81,229	31,774
Hire purchases	1,262	1,493
Bills payable	121,551	141,226
Revolving credit	26,380	66,000
Bank overdraft	3,571	14,353
	<u>233,993</u>	<u>254,846</u>
Long-term borrowings		
<u>Secured</u>		
Term loan	120,406	126,190
Hire purchases	3,474	3,532
	<u>123,880</u>	<u>129,722</u>
Total	<u>357,873</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 has 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.



Interim Report for the 3-months Financial Period Ended 31 March 2024

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 31/03/2024	Preceding Year Quarter 31/03/2023	Current Year to-Date 31/03/2024	Preceding Year to-Date 31/03/2023
Profit/(Loss) attributable to equity holders of the Company (RM'000)				
- Continuing operations	12,144	10,079	12,144	10,079
- Discontinued operations	-	(1,451)	-	(1,451)
Weighted average number of ordinary shares in issue ('000) ^	3,876,067	3,863,736	3,876,067	3,863,736
Basic earnings per share (sen)				
- Continuing operations	0.31	0.26	0.31	0.26
- Discontinued operations	-	(0.04)	-	(0.04)

^ 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 31/03/2024 RM'000	Preceding Year Quarter 31/03/2023 RM'000	Current Year-to-Date 31/03/2024 RM'000	Preceding Year-to-Date 31/03/2023 RM'000
Amortisation	134	162	134	162
Depreciation	4,574	3,822	4,574	3,822
Equipment written off	5	-	5	-
Impairment loss on trade receivables	85	184	85	184
Interest expense	7,525	3,353	7,525	3,353
Loss arising from changes in fair value of biological assets	36	-	36	-
Share of loss/(profit) of joint ventures	71	(112)	71	(112)
Unrealised loss on foreign exchange	1,494	133	1,494	133
Bad debt recovered	(6)	-	(6)	-
Interest income	(233)	(266)	(233)	(266)
Gain on disposal of equipment	(53)	(75)	(53)	(75)
Gain on forward currency contracts	(97)	(243)	(97)	(243)
Reversal of impairment loss on trade receivables	(8)	-	(8)	-

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