



HEXTAR INDUSTRIES BERHAD
(Formerly known as SCH Group Berhad)

201101044580 (972700-P)
(Incorporated in Malaysia)

Interim Financial Report
For the Third (3rd) Quarter Ended
31 May 2021

HEXTAR INDUSTRIES BERHAD
(Formerly known as SCH Group Berhad)
201101044580 (972700-P)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD (3RD) QUARTER ENDED 31 MAY 2021

	<-- Individual Quarter -->		←- Cumulative Quarter -->	
	Unaudited 31.05.2021 RM'000	Unaudited 31.05.2020 RM'000	Unaudited 31.05.2021 RM'000	Unaudited 31.05.2020 RM'000
Revenue	35,296	29,279	93,079	84,070
Cost of Sales	(29,644)	(25,085)	(77,773)	(71,409)
Gross Profit	5,652	4,194	15,306	12,661
Other operating income	1,369	827	2,591	1,383
Administrative expenses	(2,889)	(2,591)	(9,094)	(8,739)
Selling and distribution expenses	(2,211)	(2,180)	(5,949)	(6,283)
Profit/(Loss) from operations	1,921	250	2,854	(978)
Finance costs	(589)	(772)	(1,929)	(2,580)
Profit/(Loss) before taxation	1,332	(522)	925	(3,558)
Taxation	(374)	(37)	782	(41)
Profit/(Loss) for the financial period	958	(559)	1,707	(3,599)
Other comprehensive income:				
Foreign currency translation differences	(17)	(3)	11	8
Total comprehensive income/(loss) for the financial period	941	(562)	1,718	(3,591)
Profit/(Loss) for the period attributed to:				
- Owners of the company	940	(767)	1,410	(3,683)
- Non-controlling interest	18	208	297	84
	958	(559)	1,707	(3,599)
Total comprehensive income/(loss) attributable to:				
- Owners of the company	923	(770)	1,421	(3,675)
- Non-controlling interest	18	208	297	84
	941	(562)	1,718	(3,591)
Earnings/(Loss) per share:				
- Basic (sen)	0.51	(0.41)	0.76	(1.99)

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2020 and the accompanying explanatory notes attached to the interim financial report.

HEXTAR INDUSTRIES BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2021

	Unaudited as at 31.05.2021 RM'000	Audited as at 31.08.2020 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	57,426	60,015
Goodwill on consolidation	19,276	19,214
Trade receivables	-	11
Other receivables	50	275
	76,752	79,515
CURRENT ASSETS		
Inventories	31,517	19,672
Trade receivables	46,895	48,584
Other receivables, prepayments and deposits	3,660	12,149
Tax recoverable	889	927
Fixed deposit with licensed banks	5,020	9,444
Cash and bank balances	10,983	7,471
	98,964	98,247
Non-current assets held for sale	-	669
	98,964	98,916
TOTAL ASSETS	175,716	178,431
EQUITY AND LIABILITIES		
EQUITY		
Share capital	76,159	75,918
Merger deficit reserve	(23,859)	(23,859)
Foreign currency translation reserves	-	(11)
Retained earnings	27,342	25,932
	79,642	77,980
Non-controlling interest	4,043	3,746
TOTAL EQUITY	83,685	81,726
CURRENT LIABILITIES		
Trade payables	19,901	27,169
Other payables	4,177	3,227
Contract liabilities	478	788
Lease liabilities	-	4
Bank borrowings	18,268	40,945
Tax payable	360	29
	43,184	72,162

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2021 (CONTINUED)

	Unaudited as at 31.05.2021 RM'000	Audited as at 31.08.2020 RM'000
NON-CURRENT LIABILITIES		
Bank borrowings	41,792	17,488
Deferred tax liabilities	7,055	7,055
	48,847	24,543
TOTAL LIABILITIES	92,031	96,705
TOTAL EQUITY AND LIABILITIES	175,716	178,431
NET ASSET PER SHARE (sen)	42.96	42.11

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2020 and the accompanying explanatory notes attached to this interim financial report.

HEXTAR INDUSTRIES BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD (3RD) QUARTER ENDED 31 MAY 2021

	<i>←-- Attributable to the Owners of the Company --></i>				Total RM'000	Non Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Merger Reserve RM'000	Translation Reserve RM'000	Retained Earnings RM'000			
Unaudited							
Balance as at 1 September 2020	75,918	(23,859)	(11)	25,932	77,980	3,746	81,726
Conversion of warrants	241	-	-	-	241	-	241
Profit for the financial period	-	-	-	1,410	1,410	297	1,707
Other comprehensive income for the financial period	-	-	11	-	11	-	11
Total comprehensive income for the financial period	241	-	11	1,410	1,662	297	1,959
Balance as at 31 May 2021	76,159	(23,859)	-	27,342	79,642	4,043	83,685

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD (3RD) QUARTER ENDED 31 MAY 2021 (CONTINUED)

Audited	Share Capital RM'000	Merger Reserve RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non Controlling Interest RM'000	Total Equity RM'000
Balance as at 1 September 2019	75,918	(23,859)	(8)	33,927	85,978	3,642	89,620
(Loss)/Profit for the financial year	-	-	-	(7,995)	(7,995)	104	(7,891)
Other comprehensive (loss) for the financial year	-	-	(3)	-	(3)	-	(3)
Total comprehensive (loss)/income for the financial year	-	-	(3)	(7,995)	(7,998)	104	(7,894)
Balance as at 31 August 2020	75,918	(23,859)	(11)	25,932	77,980	3,746	81,726

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2020 and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD (3RD) QUARTER ENDED 31 MAY 2021

	Unaudited 9 months ended 31.05.2021 RM'000	Unaudited 9 months ended 31.05.2020 RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	925	(3,558)
Adjustment for:		
Depreciation of property, plant and equipment	3,565	3,810
Property, plant and equipment written off	12	2
Unrealised gain on foreign exchange	(115)	-
Gain on disposal of property, plant and equipment	(1,494)	(1)
Reversal of impairment on inventory	-	(24)
Reversal of impairment on trade receivables	(309)	(49)
Inventories written off	-	7
Interest expenses	1,928	2,580
Interest income	(220)	(274)
Operating profit before working capital changes	4,292	2,493
Changes in working capital:		
Inventories	(11,845)	(1,460)
Trade and other receivables	1,810	(10,536)
Trade and other payables	(7,916)	11,413
	(17,951)	(583)
Cash used in operations	(13,659)	(1,910)
Interest received	220	274
Interest paid	(1,928)	(2,581)
Tax refund	1,821	-
Tax paid	(819)	(857)
	(706)	(3,164)
Net cash used in operating activities	(14,365)	(1,254)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD (3RD) QUARTER ENDED 31 MAY 2021 (CONTINUED)

	Unaudited 9 months ended 31.05.2021 RM'000	Unaudited 9 months ended 31.05.2020 RM'000
Cash Flow From Investing Activities		
Acquisition of subsidiaries, net of cash acquired	(93)	-
Profit guarantee received	10,217	-
Purchase of property, plant and equipment	(1,142)	(3,948)
Proceed from disposal of property, plant and equipment	2,608	46
Net cash from/(used in) investing activities	<u>11,590</u>	<u>(3,902)</u>
Cash Flow From Financing Activities		
Proceeds from warrant converted to ordinary shares	241	-
Repayment of lease liabilities	(633)	(88)
Repayment of term loan	(5,342)	(4,181)
Changes on bills payable	7,597	7,859
Placement in fixed deposits	-	3,401
Net cash from financing activities	<u>1,863</u>	<u>6,991</u>
Net (decrease)/increase in cash and cash equivalents	(912)	1,835
Cash and cash equivalents at beginning of the financial period	16,895	12,859
Cash and cash equivalents at end of the financial period	<u>15,983</u>	<u>14,694</u>
Cash and cash equivalents at end of the financial period comprises:		
- Fixed deposits placed with licensed banks	5,020	6,353
- Cash and bank balances	10,983	8,446
	<u>16,003</u>	<u>14,799</u>
Less: Fixed deposits pledged with licensed banks	(20)	(105)
	<u>15,983</u>	<u>14,694</u>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2020 and the accompanying explanatory notes attached to this interim financial report.

NOTES TO THE INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MAY 2021

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") No. 134: Interim Financial Reporting and Paragraph 9.22 and Appendix 9B of the ACE Listing Requirements ("Listing Requirement").

The interim financial statements should be read in conjunction with the audited financial statements of Hextar Industries Berhad ("the Group") for the financial year ended 31 August 2020 and the accompanying explanatory notes attached to this interim financial report.

The significant accounting policies adopted in preparation of this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 August 2020, except for the adoption of the new MFRS, amendments to MFRSs and IC Interpretation as below:

Amendments to MFRS 3: Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
Amendments to MFRS 108 and MFRS 101: Definition of Material

The adoption above mentioned standards did not have any material impact on this interim financial report.

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A2. Auditors' report of preceding annual audited financial statements

The auditors' report on the preceding year audited financial statements was not subject to any qualification.

A3. Seasonal or cyclical factors

The businesses of the Group were not affected by seasonal or cyclical factors.

A4. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial period under review.

A5. Material changes in estimates

There were no changes in the estimates of amounts reported in prior financial years that had a material effect on the current financial period under review.

A6. Debt and equity securities

There were no issuances, cancellations, repurchases, resales, repayments of debts and/or securities, shares held as treasury shares or the resale of treasury shares during the financial period ended 31 May 2021.

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A8. Segmental information

The Group's revenue was derived from four (4) main business segments, namely the following: -

3-months quarter ended 31 May 2021

	Investment Holding RM'000	Fertilisers RM'000	Heavy Equipment RM'000	Equipment Rental RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External sales	-	23,146	4,548	7,602	-	35,296
Dividend / Inter-segment sales	1,000	-	-	16	(1,016)	-
Total	1,000	23,146	4,548	7,618	(1,016)	35,296
Results						
Segment results	751	535	825	735	(1,016)	1,830
Finance costs	(357)	(162)	(53)	(17)	-	(589)
Finance income	35	21	32	3	-	91
Profit before taxation	429	394	804	721	(1,016)	1,332
Taxation	(88)	(89)	25	(222)	-	(374)
Profit after taxation	341	305	829	499	(1,016)	958

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A8. Segmental information (Continued)

3-months quarter ended 31 May 2020

	Investment Holding RM'000	Fertilisers RM'000	Heavy Equipment RM'000	Equipment Rental RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External sales	-	24,166	2,871	2,242	-	29,279
Dividend / Inter-segment sales	1,988	-	-	-	(1,988)	-
Total	1,988	24,166	2,871	2,242	(1,988)	29,279
Results						
Segment results	1,894	1,431	(864)	(310)	(1,988)	163
Finance costs	(462)	(227)	(76)	(7)	-	(772)
Finance income	44	19	21	3	-	87
Profit before taxation	1,476	1,223	(919)	(314)	(1,988)	(522)
Taxation	-	-	-	(37)	-	(37)
Profit after taxation	1,476	1,223	(919)	(351)	(1,988)	(559)

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A8. Segmental information (Continued)

9-months year-to-date ended 31 May 2021

	Investment Holding RM'000	Fertilisers RM'000	Heavy Equipment RM'000	Equipment Rental RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External sales	-	57,822	14,084	21,173	-	93,079
Dividend / Inter-segment sales	3,000	-	-	53	(3,053)	-
Total	3,000	57,822	14,084	21,226	(3,053)	93,079
Results						
Segment results	1,866	1,157	962	1,701	(3,053)	2,633
Finance costs	(1,106)	(495)	(174)	(153)	-	(1,928)
Finance income	109	63	39	9	-	220
Profit before taxation	869	725	827	1,557	(3,053)	925
Taxation	(88)	1,367	18	(515)	-	782
Profit after taxation	781	2,092	845	1,042	(3,053)	1,707

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A8. Segmental information (Continued)

9-months ended 31 May 2020

	Investment Holding RM'000	Fertilisers RM'000	Heavy Equipment RM'000	Equipment Rental RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	-	58,515	16,721	8,834	-	84,070
Dividend / Inter-segment sales	2,988	-	2	557	(3,547)	-
Total	2,988	58,515	16,723	9,391	(3,547)	84,070
Results						
Segment results	2,624	1,197	(1,290)	(636)	(3,147)	(1,252)
Finance costs	(1,468)	(786)	(305)	(29)	8	(2,580)
Finance income	115	28	120	11	-	274
Profit/(Loss) before taxation	1,271	439	(1,475)	(654)	(3,139)	(3,558)
Taxation	-	-	-	(41)	-	(41)
Profit/(Loss) after taxation	1,271	439	(1,475)	(695)	(3,139)	(3,599)

A9. Dividend Paid

No dividend was paid during the current financial period under review.

A10. Valuation of property, plant and equipment

The Group has not carried out any valuation on its property, plant and equipment in the current financial period under review.

A11. Capital commitments

There were no material capital commitments as at the date of this report.

A12. Changes in the composition of the Group

On 29 September 2020, the Group has acquired the entire equity interest in PK Fert Sdn. Bhd. (Formerly known as Multifert Sdn. Bhd.).

There were no other changes in the composition of the Group for the current financial period ended 31 May 2021.

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A13. Contingent liabilities and contingent assets

There were no contingent liabilities and contingent assets as at the date of this financial report.

A14. Material events subsequent to the end of the quarter

There were no other material events subsequent to the end of current financial period under review that have not been reflected in this interim financial report.

A15. Related party transactions

Transaction with companies in which a Director has interest for the current quarter ended 31 May 2021 was as follows: -

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	Unaudited	Unaudited	Unaudited	Unaudited
	31.05.2021	31.05.2020	31.05.2021	31.05.2020
	RM'000	RM'000	RM'000	RM'000
<u>Income</u>				
Sales of industrial products and spare parts	89	22	237	51
Sales of fertilisers goods	1,216	603	2,813	4,985
Sales or rental of of rental equipment	442	-	1,631	144
<u>Purchase/Expenditure</u>				
Rental of factory	(170)	(169)	(508)	(507)
Hiring of lorry	(49)	(49)	(147)	(147)
Purchase of fertilisers	(13,790)	(7,266)	(17,219)	(12,444)
Acquisition of subsidiary	-	-	(180)	-

The transactions were carried out in the ordinary course of business and on normal commercial terms.

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B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Review of performance

	Quarter ended 31.05.2021 ("Q3/21") RM'000	Quarter ended 31.05.2020 ("Q3/20") RM'000	Changes RM'000	Changes (%)
Revenue	35,296	29,279	6,017	20.6%
Profit/(Loss) before tax	1,332	(522)	1,854	355.2%
Profit/(Loss) after tax	958	(559)	1,517	271.4%

Comparison between Q3/21 with Q3/20

The Group achieved higher revenue of RM35.3mil in the current quarter under review ("Q3/21"), increased by 20.6% as compared to corresponding quarter ("Q3/20"), principally due to the recovery of business activities after the first movement control order (MCO) implemented nationwide in the Q3/20. In addition, the distribution of industrial battery embarked in the second half of last financial year has contributes substantial growth to the equipment rental segment.

During the current quarter under review, the Group had recognised a property disposal gain of RM1.0 million. Together with the improvement in revenue, the Group recorded profit before tax of RM1.3 million turned around the loss before tax of RM0.5 million reported in Q3/20.

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B1. Review of performance (Continued)

	Year-to-date 31.05.2021 ("FP/21") RM'000	Year-to-date 31.05.2020 ("FP/20") RM'000	Changes RM'000	Changes (%)
Revenue	93,079	84,070	9,009	10.7%
Profit/(Loss) before tax	925	(3,558)	4,483	126.0%
Profit/(Loss) after tax	1,707	(3,599)	5,306	147.4%

Comparison between FP/21 with FP/20

The Group achieved higher revenue of RM93.1mil in current financial period under review ("FP/21") as compared to revenue of RM84.1mil in the corresponding period ("FP/20"), an increase of RM9mil or 10.7%. The increase in revenue was mainly due to the new stream of revenue generating from the trading of industry battery in the equipment rental segment.

During the current financial period under review, the Group had recognised a gain from disposal of properties amounting to RM1.4 million. Together with the improvement in revenue, the Group recorded profit before tax of RM0.9 million turned around the loss before tax of RM3.6 million reported in FP/20.

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B2. Comparison with immediate preceding quarter's results

	Quarter ended 31.05.2021 ("Q3/21") RM'000	Quarter ended 28.02.2021 ("Q2/21") RM'000	Changes RM'000	Changes (%)
Revenue	35,296	20,291	15,005	73.9%
Profit/(Loss) before tax	1,332	(1,603)	2,935	183.1%
Profit after tax	958	70	888	1,268.6%

For the current quarter under review, the Group achieve revenue RM35.3 mil, an increase of 73.9% as compared to preceding quarter ("Q2/21"). The increase in revenue principally due to the higher revenue from fertilisers division and trading of industrial battery. The demand of fertilisers in second quarter was relatively low due to the festive holiday and raining season.

During the current quarter under review, the Group reported profit before tax of RM1.3 million principally due to one off gain from the disposal of warehouse amounting to RM1.0 million. Together with the higher revenue attained in the third quarter of 2021, the group reported a profit before tax of RM1.3mil as compared with preceding quarter's loss before tax of RM1.6mil.

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B3. Prospects

Fertilisers

As a result of tight supply-demand dynamics, crude palm oil (CPO) price has been steadily climbing since the early of May 2020 above the level of RM4,000 per tonne. The deficit in the global supply of vegetable oils due to the unfavourable weather conditions disrupting the production of soy, sunflower, and rapeseed oil is encouraging demand to switch to the cheaper palm oil. This will support CPO prices in 2021 and enhance the buying power of fertilisers of smallholders and individual planters and maintain the prospect of fertilisers division.

Smith Zander forecasts the demand of fertiliser in Malaysia to increase by 5.65% from RM5.24 billion in 2020 to RM5.54 billion in 2021. The demand for fertiliser is mainly driven by the growth of the agriculture industry particularly in the oil palm plantations. Notwithstanding the temporary disruptions caused by the COVID-19 pandemic and imposition of the nationwide movement restrictions, the recovery of the fertilisers industry will be driven by the implementation of the B20 and B30 biodiesel programmes in Malaysia and Indonesia respectively. The programme is expected to increase the local consumption of palm oil and reduce greenhouse gas emissions for a cleaner environment. B20 biodiesel is currently available in Langkawi, Labuan and Sarawak. Hence, the increasing availability and the promotion of the usage of biodiesel for the transportation sector is expected to drive the oil palm plantation activities.

Heavy Equipment

Although the movement control order has caused temporary disruption in our business, the financial impact is minimal as compared to the first lockdown in 2020. To-date, the Heavy Equipment business has seen the construction and quarry related activities progressively resuming after the relaxation of MCO. Therefore, we expect the demand for its heavy equipment and spare parts supplies for the construction and quarry industries to improve in the near term.

Equipment Rental

The unprecedented COVID-19 had also affected the operations of the Equipment Rental business as many organisers had cancelled or postponed their events. In view of the current worldwide rollout of vaccinations, we are looking forward to the recovery of outdoor activities and events in the near term. The Equipment Rental division has also ventured into the trading of industrial batteries and its accessories in mid-2020 in order to mitigate the impact of COVID-19. The Group plans to expand this business to, amongst others, telecommunication and power supply companies in Malaysia and Southeast Asia.

Barring any unforeseen circumstances, HIB's strategy to focus on its core fertiliser business whilst at the same time expand its trading of industrial products (especially the industrial battery and its accessories/parts) should augur well for the prospects of the Group in long term.

B4. Profit forecast

The Group does not have any profit forecast in the public documents.

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B5. Taxation

	<-- Individual Quarter -->		←- Cumulative Quarter -->	
	Unaudited	Unaudited	Unaudited	Audited
	31.05.2021	31.05.2020	31.05.2021	31.05.2020
	RM'000	RM'000	RM'000	RM'000
Income tax expense				
- Current financial year	396	-	955	-
- (Over)/ under provision in prior years	(22)	37	(1,737)	41
	<u>374</u>	<u>37</u>	<u>(782)</u>	<u>41</u>

The effective tax for current financial period under review is higher than the Malaysian statutory tax rate of 24% is mainly due to the tax incurred on profitable subsidiaries and non-tax deductibility of certain expenses incurred by the Group. The Group had submitted tax revision for the year of assessment 2013 to 2018 result in the tax refund of RM1.7mil due to over provision in prior years.

B6. Status of corporate proposals announced

On 6 November 2020, the Board of Directors of Hextar Industries Bhd ("the Company") proposes to undertake the following: -

- i. proposed consolidation of every 3 ordinary shares in SCH into 1 consolidated SCH Share ("Proposed Share Consolidation");
- ii. proposed rights issue of new SCH Shares ("Rights Shares") to raise gross proceeds of up to RM155 million ("Proposed Rights Issue"); and
- iii. proposed exemption to Hextar Holdings Sdn Bhd ("Hextar") and persons acting in concert with it to undertake a mandatory offer for the remaining SCH Shares not already owned by them arising from the subscription by Hextar of the Rights Shares pursuant to the irrevocable undertakings. ("Proposed Exemption")

On 12 January 2021, the Company announced that Bursa Securities had via its letter dated 12 January 2021, approved the Proposed Share Consolidation and Proposed Right Issue with conditions.

The Company had conducted Extraordinary General Meeting ("EGM") on 26 February 2021 to obtain shareholders' approval for the multiple proposals above. All the resolutions for the proposals as prescribed in the Notice of EGM were duly passed by the shareholders of the Company by way of poll via remote participation and voting at the EGM of the Company.

On 9 March 2021, the Company announced that Securities Commission had vide its letter dated 8 March 2021, approved the application for the Proposed Exemption under paragraph 4.08(1)(b) of the Rules.

On 12 March 2021, the Company consolidated 555,511,720 ordinary shares into 185,169,736 Consolidated Shares pursuant to the Proposed Share Consolidation. Consequently, pursuant to the provision of the Deed Poll, 205,839,310 Warrant had been adjusted into 68,612,509 Consolidated Warrant.

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B6. Status of corporate proposals announced (Continued)

On 12 July 2021, Bursa Malaysia Securities Berhad had granted the Company an extension of time to 11 January 2022 to complete the implementation of Right Issue.

There were no corporate proposals that were announced but not completed as at the date of this report, other than those disclosed above.

B7. Borrowings

The Group's borrowings were as follows: -

	Unaudited as at 31.05.2021 RM'000	Audited as at 31.08.2020 RM'000
Secured		
Bankers' acceptance	11,217	1,966
Hire purchases	1,376	2,006
Invoice financing	-	1,654
Term loans	47,467	52,807
Total bank borrowings	60,060	58,433
Short Term		
Bankers' acceptance	11,217	1,966
Invoice Financing	-	1,654
Hire purchases	264	468
Term loans	6,787	36,857
	18,268	40,945
Long Term		
Hire purchases	1,112	1,538
Term loans	40,680	15,950
	41,792	17,488

B8. Changes in material litigation

As at the date of this report, there is no litigation or arbitration, which has a material effect on the financial position of the Group, and the Board is not aware of any proceedings pending or of any fact likely to give rise to any proceedings.

B9. Dividend

No dividend was proposed for the financial quarter.

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B10. Basic earnings per share/Diluted earnings per share

The basic earnings per share is calculated based on the Group's profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares as follows:

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.05.2021	31.05.2020	31.05.2021	31.05.2020
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) attributable to ordinary equity holders of the Group	940	(767)	1,410	(3,683)
Weighted average number of ordinary shares in issue ('000)	185,376	185,170	185,376	185,170
Adjustment for dilutive effect on conversion of warrants ('000)	67,809	68,613	67,809	68,613
Total	253,185	253,783	253,185	253,783
Basic earnings/(loss) per share (sen)	0.51	(0.41)	0.76	(1.99)

The weighted average number of shares for the 9 months ended 31 May 2020 has been restated to take into account the effect of share consolidation of every 3 ordinary shares into 1 consolidated share.

There are no dilutive effects for the warrants due to the warrants' exercise price of 30 sen being out-of-the-money. Accordingly, the diluted earnings per ordinary share for the year is equal to the basic earnings per ordinary share.

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B11. Disclosure on selected expense/income items as required by the Listing Requirements

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.05.2021 RM'000	31.05.2020 RM'000	31.05.2021 RM'000	31.05.2020 RM'000
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
- Interest expenses	588	772	1,928	2,580
- Interest income	(91)	(87)	(220)	(274)
- Depreciation of property, plant and equipment	1,181	1,262	3,565	3,810
- Gain on disposal of property, plant and equipment	(1,055)	-	(1,494)	(1)
- Property, plant and equipment written off	12	-	12	2
- Reversal of impairment loss on trade receivables	(4)	-	(309)	(49)
- Inventories written off	-	7	-	7
- Reversal of inventories written down	-	-	-	(24)
- Realised loss/(gain) on foreign exchange	14	14	192	(53)
- Unrealised gain on foreign exchange	(5)	-	(115)	-

B12. Comparative figures

Comparatives figures, where applicable, have been modified to conform to the current presentation.

BY ORDER OF THE BOARD
23 July 2021