



**HEXTAR INDUSTRIES BERHAD**  
**(Formerly known as SCH Group Berhad)**

201101044580 (972700-P)  
(Incorporated in Malaysia)

**Interim Financial Report**  
**For the Fourth (4th) Quarter Ended**  
**31 August 2021**

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FOURTH (4TH) QUARTER ENDED 31 AUGUST 2021**

	<-- Individual Quarter -->		←-- Cumulative Quarter -->	
	Unaudited 31.08.2021 RM'000	Unaudited 31.08.2020 RM'000	Unaudited 31.08.2021 RM'000	Audited 31.08.2020 RM'000
Revenue	29,965	37,216	123,044	121,286
Cost of Sales	(25,233)	(31,910)	(103,006)	(102,926)
Gross Profit	4,732	5,306	20,038	18,360
Other operating income	259	10,754	2,850	12,203
Administrative expenses	(3,297)	(16,963)	(12,391)	(26,121)
Selling and distribution expenses	(1,398)	(2,342)	(7,347)	(8,684)
Profit/(Loss) from operations	296	(3,245)	3,150	(4,242)
Finance costs	(684)	(817)	(2,613)	(3,378)
(Loss)/Profit before taxation	(388)	(4,062)	537	(7,620)
Taxation	597	(230)	1,379	(271)
Profit/(Loss) for the financial year	209	(4,292)	1,916	(7,891)
Other comprehensive (loss)/income:				
Foreign currency translation differences	(3)	(11)	8	(3)
Total comprehensive income/(loss) for the financial year	206	(4,303)	1,924	(7,894)
<b>Profit/(Loss) for the year attributed to:</b>				
- Owners of the company	232	(4,312)	1,642	(7,995)
- Non-controlling interest	(23)	20	274	104
	209	(4,292)	1,916	(7,891)
<b>Total comprehensive income/(loss) attributable to:</b>				
- Owners of the company	229	(4,323)	1,650	(7,998)
- Non-controlling interest	(23)	20	274	104
	206	(4,303)	1,924	(7,894)
Earnings/(Loss) per share:				
- Basic (sen)	0.13	(2.33)	0.89	(4.32)
- Diluted (sen)	0.09	N/A	0.65	N/A

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.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 AUGUST 2021**

	<b>Unaudited as at 31.08.2021 RM'000</b>	<b>Audited as at 31.08.2020 RM'000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	57,407	60,015
Goodwill on consolidation	19,276	19,214
Trade receivables	-	11
Other receivables	-	275
	76,683	79,515
<b>CURRENT ASSETS</b>		
Inventories	29,637	19,672
Trade receivables	40,915	48,584
Other receivables, prepayments and deposits	6,119	12,149
Tax recoverable	1,387	927
Fixed deposit with licensed banks	5,020	9,444
Cash and bank balances	11,285	7,471
	94,363	98,247
Non-current assets held for sale	-	669
	94,363	98,916
<b>TOTAL ASSETS</b>	<b>171,046</b>	<b>178,431</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	76,159	75,918
Merger deficit reserve	(23,859)	(23,859)
Foreign currency translation reserves	(3)	(11)
Retained earnings	27,574	25,932
	79,871	77,980
Non-controlling interest	4,020	3,746
<b>TOTAL EQUITY</b>	<b>83,891</b>	<b>81,726</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	14,030	27,169
Other payables	4,705	3,227
Contract liabilities	259	788
Lease liabilities	137	4
Bank borrowings	18,645	40,945
Tax payable	2	29
	37,778	72,162

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

	<b>Unaudited as at 31.08.2021 RM'000</b>	<b>Audited as at 31.08.2020 RM'000</b>
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	353	-
Bank borrowings	42,484	17,488
Deferred tax liabilities	6,540	7,055
	<u>49,377</u>	<u>24,543</u>
<b>TOTAL LIABILITIES</b>	<b>87,155</b>	<b>96,705</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>171,046</b>	<b>178,431</b>
	<hr/>	<hr/>
<b>NET ASSET PER SHARE (sen)</b>	<b>43.06</b>	<b>42.11</b>
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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 FOURTH (4TH) QUARTER ENDED 31 AUGUST 2021**

	<i>←-- Attributable to the Owners of the Company --&gt;</i>				<b>Total</b> RM'000	<b>Non</b> <b>Controlling</b> <b>Interest</b> RM'000	<b>Total</b> <b>Equity</b> RM'000
	<b>Share</b> <b>Capital</b> RM'000	<b>Merger</b> <b>Reserve</b> RM'000	<b>Translation</b> <b>Reserve</b> RM'000	<b>Retained</b> <b>Earnings</b> RM'000			
<b>Unaudited</b>							
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 year	-	-	-	1,642	1,642	274	1,916
Other comprehensive income for the financial year	-	-	8	-	8	-	8
Total comprehensive income for the financial year	241	-	8	1,642	1,891	274	2,165
Balance as at 31 August 2021	76,159	(23,859)	(3)	27,574	79,871	4,020	83,891

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FOURTH (4TH) QUARTER ENDED 31 AUGUST 2021 (CONTINUED)**

<b>Audited</b>	<b>Share Capital RM'000</b>	<b>Merger Reserve RM'000</b>	<b>Translation Reserve RM'000</b>	<b>Retained Earnings RM'000</b>	<b>Total RM'000</b>	<b>Non Controlling Interest RM'000</b>	<b>Total Equity RM'000</b>
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 FOURTH (4TH) QUARTER ENDED 31 AUGUST 2021**

	<b>Unaudited 12 months ended 31.08.2021 RM'000</b>	<b>Audited 12 months ended 31.08.2020 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit/(Loss) before taxation	537	(7,620)
Adjustment for:		
Bad debts written off	-	257
Depreciation of property, plant and equipment	4,838	4,962
Deposit written off	-	3
Net impairment loss on trade receivables	91	1,928
Property, plant and equipment written off	12	464
Unrealised (loss)/gain on foreign exchange	(132)	111
Gain on disposal of property, plant and equipment	(1,494)	(46)
Reversal of impairment on inventory	-	-
Inventories written down	127	2,550
Inventories written off	-	68
Impairment loss on goodwill	-	9,542
Interest expenses	2,613	3,378
Interest income	(287)	(492)
Operating profit before working capital changes	6,305	15,105
<b>Changes in working capital:</b>		
Inventories	(10,092)	3,821
Trade and other receivables	4,779	(18,131)
Trade and other payables	(13,261)	8,384
	(18,574)	(5,926)
Cash (used in)/generated from operations	(12,269)	9,179
Interest received	287	397
Interest paid	(2,613)	(2,060)
Tax refund	2,072	220
Tax paid	(1,846)	(815)
	(2,100)	(2,258)
Net cash (used in)/from operating activities	(14,369)	6,921

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FOURTH (4TH) QUARTER ENDED 31 AUGUST 2021 (CONTINUED)**

	<b>Unaudited 12 months ended 31.08.2021 RM'000</b>	<b>Audited 12 months ended 31.08.2020 RM'000</b>
<b>Cash Flow From Investing Activities</b>		
Acquisition of subsidiaries, net of cash acquired	(93)	-
Profit guarantee received	10,217	-
Purchase of property, plant and equipment	(1,815)	(3,290)
Proceed from disposal of property, plant and equipment	2,626	329
Net cash from/(used in) investing activities	<u>10,935</u>	<u>(2,961)</u>
<b>Cash Flow From Financing Activities</b>		
Proceeds from warrant converted to ordinary shares	241	-
Repayment of lease liabilities	(787)	(636)
Repayment of term loan	(6,167)	(4,657)
Changes on bills payable	9,537	1,885
Placement in fixed deposits	-	3,487
Net cash from financing activities	<u>2,824</u>	<u>79</u>
Net (decrease)/increase in cash and cash equivalents	(610)	4,039
Effects on foreign exchange rate	-	(3)
Cash and cash equivalents at beginning of the financial year	16,895	12,859
Cash and cash equivalents at end of the financial year	<b><u>16,285</u></b>	<b><u>16,895</u></b>
<b>Cash and cash equivalents at end of the financial year comprises:</b>		
- Fixed deposits placed with licensed banks	5,020	9,444
- Cash and bank balances	11,285	7,471
	<u>16,305</u>	<u>16,915</u>
Less: Fixed deposits pledged with licensed banks	(20)	(20)
	<b><u>16,285</u></b>	<b><u>16,895</u></b>

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 YEAR ENDED 31 AUGUST 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 year 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 year 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 year ended 31 August 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 August 2021**

	Investment Holding RM'000	Fertilisers RM'000	Heavy Equipment RM'000	Equipment Rental RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue</b>						
External sales	-	23,941	2,500	3,524	-	29,965
Dividend / Inter-segment sales	2,250	-	4	18	(2,272)	-
<b>Total</b>	<b>2,250</b>	<b>23,941</b>	<b>2,504</b>	<b>3,542</b>	<b>(2,272)</b>	<b>29,965</b>
<b>Results</b>						
Segment results	2,102	1,329	(943)	(9)	(2,250)	229
Finance costs	(416)	(197)	(56)	(15)	-	(684)
Finance income	24	17	24	2	-	67
(Loss)/Profit before taxation	1,710	1,149	(975)	(22)	(2,250)	(388)
Taxation	57	265	(22)	297	-	597
(Loss)/Profit after taxation	1,767	1,414	(997)	275	(2,250)	209

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**A8. Segmental information (Continued)**

**3-months quarter ended 31 August 2020**

	Investment Holding RM'000	Fertilisers RM'000	Heavy Equipment RM'000	Equipment Rental RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue</b>						
External sales	-	23,118	5,771	8,327	-	37,216
Dividend / Inter-segment sales	3,960	-	-	2	(3,962)	-
<b>Total</b>	<b>3,960</b>	<b>23,118</b>	<b>5,771</b>	<b>8,329</b>	<b>(3,962)</b>	<b>37,216</b>
<b>Results</b>						
Segment results	(12,310)	368	(2,910)	(1,521)	12,910	(3,463)
Finance costs	(419)	(253)	(89)	(56)	-	(817)
Finance income	39	48	128	3	-	218
Profit/(Loss) before taxation	(12,690)	163	(2,871)	(1,574)	12,910	(4,062)
Taxation	(42)	(16)	(169)	(3)	-	(230)
(Loss)/Profit after taxation	(12,732)	147	(3,040)	(1,577)	12,910	(4,292)

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**A8. Segmental information (Continued)**

**12-months year-to-date ended 31 August 2021**

	Investment Holding RM'000	Fertilisers RM'000	Heavy Equipment RM'000	Equipment Rental RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue</b>						
External sales	-	81,763	16,583	24,698	-	123,044
Dividend / Inter-segment sales	5,250	-	4	71	(5,325)	-
<b>Total</b>	<b>5,250</b>	<b>81,763</b>	<b>16,587</b>	<b>24,769</b>	<b>(5,325)</b>	<b>123,044</b>
<b>Results</b>						
Segment results	3,968	2,486	17	1,642	(5,250)	2,863
Finance costs	(1,522)	(692)	(229)	(170)	-	(2,613)
Finance income	133	79	64	11	-	287
(Loss)/Profit before taxation	2,579	1,873	(148)	1,483	(5,250)	537
Taxation	(31)	1,633	(5)	(218)	-	1,379
(Loss)/Profit after taxation	2,548	3,506	(153)	1,265	(5,250)	1,916

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**A8. Segmental information (Continued)**

**12-months ended 31 August 2020**

	Investment Holding RM'000	Fertilisers RM'000	Heavy Equipment RM'000	Equipment Rental RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>						
External sales	-	81,632	22,493	17,161	-	121,286
Dividend / Inter-segment sales	5,960	-	2	559	(6,521)	-
<b>Total</b>	<b>5,960</b>	<b>81,632</b>	<b>22,495</b>	<b>17,720</b>	<b>(6,521)</b>	<b>121,286</b>
<b>Results</b>						
Segment results	(10,674)	1,565	(4,331)	(2,204)	10,910	(4,734)
Finance costs	(1,887)	(1,040)	(384)	(67)	-	(3,378)
Finance income	154	76	248	14	-	492
(Loss)/Profit before taxation	(12,407)	601	(4,467)	(2,257)	10,910	(7,620)
Taxation	(42)	(16)	(168)	(45)	-	(271)
(Loss)/Profit after taxation	(12,449)	585	(4,635)	(2,302)	10,910	(7,891)

**A9. Dividend Paid**

No dividend was paid during the current financial year 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 year 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 year ended 31 August 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 year 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 August 2021 was as follows: -

	<b>&lt;-- Individual Quarter --&gt;</b>		<b>&lt;-- Cumulative Quarter --&gt;</b>	
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>31.08.2021</b>	<b>31.08.2020</b>	<b>31.08.2021</b>	<b>31.08.2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Income</u>				
Sales of industrial products and spare parts	110	10	347	61
Sales of fertilisers goods	6,855	679	9,668	5,664
Sales or rental of of rental equipment	491	190	2,122	334
Handling charges	-	-	-	144
Income from profit guarantee	-	10,217	-	10,217
<u>Purchase/Expenditure</u>				
Rental of factory	(169)	(170)	(677)	(677)
Hiring of lorry	(48)	(48)	(195)	(195)
Purchase of fertilisers	(4,262)	(8,624)	(21,481)	(21,068)
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**

	<b>Quarter ended 31.08.2021 ("Q4/21") RM'000</b>	<b>Quarter ended 31.08.2020 ("Q4/20") RM'000</b>	<b>Changes RM'000</b>	<b>Changes (%)</b>
Revenue	29,965	37,216	(7,251)	(19.5%)
Loss before tax	(388)	(4,062)	3,674	90.4%
Profit/(Loss) after tax	209	(4,292)	4,501	104.9%

**Comparison between Q4/21 with Q4/20**

The Group achieved lower revenue of RM30.0mil in the current quarter under review ("Q4/21"), decreased by 19.5% as compared to corresponding quarter ("Q4/20"), principally due to the business disruption from the Enhancement Movement Control Order ("EMCO") imposed by the government.

Despite lower revenue achieved, the Group reported lower loss before tax of RM0.4mil in Q4/21 as compared to loss before tax of RM4.1mil in Q4/20. This is mainly due to inventories written down and impairment of receivables in Q4/20 of RM2.6mil and RM1.9mil respectively. The Group had recorded income of RM10.2mil from the profit guarantee shortfall in Q4/20 in relation to the acquisition of wholly owned subsidiary, TK Rentals Sdn Bhd, but the financial impact has been mostly offset by the goodwill impairment of RM9.5mil.

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**B1. Review of performance (Continued)**

	<b>Year-to-date 31.08.2021 ("FY/21") RM'000</b>	<b>Year-to-date 31.08.2020 ("FY/20") RM'000</b>	<b>Changes RM'000</b>	<b>Changes (%)</b>
Revenue	123,044	121,286	1,758	1.4%
Profit/(Loss) before tax	537	(7,620)	8,157	107.0%
Profit/(Loss) after tax	1,916	(7,891)	9,807	124.3%

**Comparison between FY/21 with FY/20**

The Group achieved higher revenue of RM123.0mil in current financial year under review ("FY/21") as compared to revenue of RM121.3mil in the corresponding financial year ("FY/20"), an increase of RM1.8mil or 1.4%. 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.

The Group has recorded profit before tax of RM0.5 million in FY/21 turned around the loss before tax of RM7.6 million reported in FY/20 principally due to the gain from the disposal of properties of RM1.5mil, as compared to inventories written down and impairment loss for receivables of RM2.6mil and RM1.9mil respectively.

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**B2. Comparison with immediate preceding quarter's results**

	<b>Quarter ended 31.08.2021 ("Q4/21") RM'000</b>	<b>Quarter ended 31.05.2021 ("Q3/21") RM'000</b>	<b>Changes RM'000</b>	<b>Changes (%)</b>
Revenue	29,965	35,296	(5,331)	(15.1%)
(Loss)/Profit before tax	(388)	1,332	(1,720)	(129.1%)
Profit after tax	209	958	(749)	(78.2%)

For the current quarter under review, the Group achieve revenue RM30.0 mil, decrease of 15.1% as compared to preceding quarter ("Q3/21"). The decrease in revenue principally due to the business disruption from the EMCO imposed by government.

The Group reported loss before tax of RM0.4 million as compared to preceding quarter profit before tax of RM1.3mil principally due to lower revenue in Q4/21 and one off gain of RM1.0mil from the disposal of warehouse recognised in Q3/21.

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**B3. Prospects**

**Fertilisers**

The demand for our fertiliser is mainly driven by the growth of the agriculture industry particularly in the oil palm plantations. The crude palm oil (CPO) future prices have been steadily climbing above the record high of RM5,000 (per tonne) as a result of tight supply-demand dynamics. The CPO price might not ease in near term as the supply severely constrained by the shortage of foreign workers in oil palm estates. Whereas, the demand is expected to be increase as India recently slashed an agriculture cess on CPO to 7.5% from 20%. With the favourable CPO price, the smallholders and individual planters will have better purchasing power for the application of fertilisers.

In addition, B20 biodiesel programme for the transportation sector has been recommenced, whereby B20 biodiesel will be available nationwide in 2022. B20 biodiesel is currently available in Langkawi, Labuan and Sarawak. Hence, the increasing availability and the promotion of the usage of B20 biodiesel for the transportation sector is expected to drive oil palm plantation activities in Malaysia. Premised on the necessity of fertiliser applications in the oil palm plantations will continue to create demand for fertiliser, thus driving the recovery and growth of the fertiliser industry.

Barring any unforeseen circumstances, our strategy to expand the core fertiliser business beyond the primary market in Sarawak should be augur well for the long-term prospect of the Group.

**Heavy Equipment**

Our heavy equipment are widely used to support the operations of mining and quarrying activities in Malaysia. As products from quarries and mines are commonly used as building materials in the construction industry, the availability and growth in infrastructure development in Malaysia will drive the growth of mining and quarrying activities.

As the construction works for, amongst others, LRT 3, Mass Rapid Transit Line 2 (MRT 2), Pan Borneo Highway, Gemas-Johor Bahru Electrified Double Tracking Project and Klang Valley Double Tracking projects progress, it may drive the growth of mining and quarrying activities, which in turn, may drive the demand for heavy equipment.

**Equipment Rental**

In view of more than 90% of the adult population in Malaysia had completed their Covid-19 vaccination under the National Immunisation Program, the recovery of outdoor activities and events are expected 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.

**B4. Profit forecast**

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

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**B5. Taxation**

	<b>&lt;- Individual Quarter -&gt;</b>		<b>← Cumulative Quarter -&gt;</b>	
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>31.08.2021</b>	<b>31.08.2020</b>	<b>31.08.2021</b>	<b>31.08.2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income tax expense				
- Current financial year	4	276	959	276
- (Over)/ under provision in prior years	(86)	(13)	(1,823)	28
	<u>(82)</u>	<u>263</u>	<u>(864)</u>	<u>304</u>
Deferred tax				
- Over provision in prior years	(515)	(33)	(515)	(33)
	<u>(597)</u>	<u>230</u>	<u>(1,379)</u>	<u>271</u>

The effective tax for current financial year under review is lower than the Malaysian statutory tax rate of 24% is mainly due to overprovision to the income tax and deferred tax of prior years. The Group had received tax refund of RM1.7 million due to over provision and excess tax paid for the year of assessment 2013 to 2018.

**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.

**B6. Status of corporate proposals announced (Continued)**

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.

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.

On 14 September 2021, the Company had fixed the entitlement date on 29 September 2021 for the Right Issue at the issue price of RM0.12 on the entitlement basis of 5 Rights Shares for every 1 Hextar Industries Share. In relation to the Right Issue, the Company had received valid acceptance and excess application for a total of 1,169,924,813 Right Shares, representing a subscription rate of 125.8% or over subscription of 25.8%.

The Right Shares are expected to be listed and quoted on the ACE market of Bursa Securities on 29 October 2021.

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

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**B7. Borrowings**

The Group's borrowings were as follows: -

	<b>Unaudited as at 31.08.2021 RM'000</b>	<b>Audited as at 31.08.2020 RM'000</b>
<b>Secured</b>		
Bankers' acceptance	12,243	1,966
Invoice Financing	914	1,654
Hire purchases	1,332	2,006
Term loans	46,640	52,807
<b>Total bank borrowings</b>	<b>61,129</b>	<b>58,433</b>
<b>Short Term</b>		
Bankers' acceptance	12,243	1,966
Invoice Financing	914	1,654
Hire purchases	263	468
Term loans	5,225	36,857
	<u>18,645</u>	<u>40,945</u>
<b>Long Term</b>		
Hire purchases	1,069	1,538
Term loans	41,415	15,950
	<u>42,484</u>	<u>17,488</u>

**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:

	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31.08.2021</b>	<b>31.08.2020</b>	<b>31.08.2021</b>	<b>31.08.2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit/(Loss) attributable to ordinary equity holders of the Group	232	(4,312)	1,642	(7,995)
Weighted average number of ordinary shares in issue ('000)	185,507	185,170	185,507	185,170
Adjustment for the effect on warrants ('000)	67,809	68,613	67,809	68,613
<b>Total</b>	<b>253,316</b>	<b>253,783</b>	<b>253,316</b>	<b>253,783</b>
Basic earnings/(loss) per share (sen)	0.13	(2.33)	0.89	(4.32)
Diluted earnings/(loss) per share (sen)	0.09	N/A	0.65	N/A

The weighted average number of shares for the 12 months ended 31 August 2020 has been restated to take into account the effect of share consolidation of every 3 ordinary shares into 1 consolidated share.

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

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.08.2021 RM'000	31.08.2020 RM'000	31.08.2021 RM'000	31.08.2020 RM'000
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
- Interest expenses	685	798	2,613	3,378
- Interest income	(67)	(218)	(287)	(492)
- Depreciation of property, plant and equipment	1,273	1,152	4,838	4,962
- Gain on disposal of property, plant and equipment	-	(45)	(1,494)	(46)
- Property, plant and equipment written off	-	462	12	464
- Bad debts written off	-	257	-	257
- Net impairment loss on trade receivables	400	1,977	91	1,928
- Deposit written off	-	3	-	3
- Inventories written off	-	61	-	68
- Reversal of inventories written down	127	2,574	127	2,550
- Income from profit guarantee	-	10,217	-	10,217
- Impairment loss on goodwill	-	9,542	-	9,542
- Realised loss/(gain) on foreign exchange	93	(51)	285	(104)
- Unrealised gain on foreign exchange	(17)	111	(132)	111

**B12. Comparative figures**

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

**BY ORDER OF THE BOARD**  
**22 October 2021**