



HEXTAR INDUSTRIES BERHAD

201101044580 (972700-P)
(Incorporated in Malaysia)

Interim Financial Report
For the Third (3rd) Quarter Ended
31 May 2022

HEXTAR INDUSTRIES BERHAD
201101044580 (972700-P)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD (3RD) QUARTER ENDED 31 MAY 2022

	<-- Individual Quarter -->		<- Cumulative Quarter -->	
	Unaudited	Unaudited	Unaudited	Unaudited
	31.05.2022	31.05.2021	31.05.2022	31.05.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	48,746	35,296	196,420	93,079
Cost of Sales	(41,958)	(29,644)	(177,739)	(77,773)
Gross Profit	6,788	5,652	18,681	15,306
Other operating income	372	1,369	1,864	2,591
Administrative expenses	(3,086)	(2,889)	(7,766)	(9,094)
Selling and distribution expenses	(1,663)	(2,211)	(4,905)	(5,949)
Profit from operations	2,411	1,921	7,874	2,854
Finance costs	(294)	(589)	(1,453)	(1,929)
Profit before taxation	2,117	1,332	6,421	925
Taxation	(170)	(374)	(695)	782
Profit for the financial period	1,947	958	5,726	1,707
Other comprehensive income:				
Revaluation of properties	7,752	-	7,752	-
Foreign currency translation differences	(16)	(17)	(20)	11
Total comprehensive income for the financial period	9,683	941	13,458	1,718
Profit/(Loss) for the period				
- Owners of the company	1,818	940	5,770	1,410
- Non-controlling interest	129	18	(44)	297
	1,947	958	5,726	1,707
Total comprehensive income/(loss) attributable to:				
- Owners of the company	9,554	923	13,502	1,421
- Non-controlling interest	129	18	(44)	297
	9,683	941	13,458	1,718
Earnings per share:				
- Basic (sen)	0.16	0.39	0.60	0.59

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 2021 and the accompanying explanatory notes attached to the interim financial report.

HEXTAR INDUSTRIES BERHAD
201101044580 (972700-P)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2022

	Unaudited as at 31.05.2022 RM'000	Audited as at 31.08.2021 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	64,161	57,407
Goodwill on consolidation	19,276	19,276
Other receivables	-	50
	83,437	76,733
CURRENT ASSETS		
Inventories	49,377	29,637
Trade receivables	75,188	40,932
Other receivables, prepayments and deposits	8,830	6,043
Tax recoverable	1,616	1,387
Fixed deposit with licensed banks	20	6,460
Cash and bank balances	49,272	9,846
	184,303	94,305
Non-current assets held for sale	267	-
	184,570	94,305
TOTAL ASSETS	268,007	171,038
EQUITY AND LIABILITIES		
EQUITY		
Share capital	191,941	76,159
Merger deficit reserve	(23,859)	(23,859)
Revaluation reserve	7,752	-
Foreign currency translation reserves	(23)	(3)
Retained earnings	31,027	27,574
	206,838	79,871
Non-controlling interest	-	4,020
TOTAL EQUITY	206,838	83,891
CURRENT LIABILITIES		
Trade payables	17,934	14,038
Other payables	7,255	4,697
Contract liabilities	595	259
Lease liabilities	140	136
Bank borrowings	13,594	18,103
Tax payable	74	2
	39,592	37,235

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2022 (CONTINUED)

	Unaudited as at 31.05.2022 RM'000	Audited as at 31.08.2021 RM'000
NON-CURRENT LIABILITIES		
Lease liabilities	260	353
Bank borrowings	12,329	43,019
Deferred tax liabilities	8,988	6,540
	<u>21,577</u>	<u>49,912</u>
TOTAL LIABILITIES	61,169	87,147
TOTAL EQUITY AND LIABILITIES	268,007	171,038
NET ASSET PER SHARE (sen)	<u>18.03</u>	<u>42.95</u>

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 2021 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 2022

<- Attributable to the Owners of the Company ->

<-- Non-Distributable -->

Distributable

Unaudited	Share	Merger	Revaluation	Translation	Retained	Total	Non	Total
	Capital	Reserve	Reserve	Reserve	Earnings		Controlling	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Interest	RM'000
Balance as at 1 September 2021	76,159	(23,859)	-	(3)	27,574	79,871	4,020	83,891
Conversion of warrants	5,041	-	-	-	-	5,041	-	5,041
Right Issues	110,741	-	-	-	-	110,741	-	110,741
Profit for the financial period	-	-	-	-	5,770	5,770	(44)	5,726
Changes in ownership interests in a subsidiary	-	-	-	-	(2,317)	(2,317)	(3,976)	(6,293)
Revaluation of properties	-	-	7,752	-	-	7,752	-	7,752
Other comprehensive loss for the financial period	-	-	-	(20)	-	(20)	-	(20)
Total comprehensive income/(loss) for the financial period	115,782	-	7,752	(20)	3,453	126,967	(4,020)	122,947
Balance as at 31 May 2022	191,941	(23,859)	7,752	(23)	31,027	206,838	-	206,838

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD (3RD) QUARTER ENDED 31 MAY 2022 (CONTINUED)

Audited	<i><- Attributable to the Owners of the Company -></i>			Retained Earnings	Total	Non Controlling Interest	Total Equity
	<i><-- Non-Distributable --></i>	<i>Distributable</i>					
	Share Capital	Merger Reserve	Translation Reserve	RM'000	RM'000	RM'000	RM'000
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

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 2021 and the accompanying explanatory notes attached to this interim financial report.

HEXTAR INDUSTRIES BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD (3RD) QUARTER ENDED 31 MAY 2022

	Unaudited 9 months ended 31.05.2022 RM'000	Unaudited 9 months ended 31.05.2021 RM'000
Cash Flows From Operating Activities		
Profit before taxation	6,421	925
Adjustment for:		
Depreciation of property, plant and equipment	3,652	3,565
Loss/(Gain) on disposal of property, plant and equipment	13	(1,494)
Property, plant and equipment written off	-	12
Unrealised loss/(gain) on foreign exchange	252	(115)
Reversal of impairment loss on trade receivables	(566)	(309)
Interest expenses	1,453	1,928
Interest income	(589)	(220)
Operating profit before working capital changes	10,636	4,292
Changes in working capital:		
Inventories	(19,695)	(11,845)
Trade and other receivables	(36,355)	1,810
Trade and other payables	6,434	(7,916)
	(49,616)	(17,951)
Cash used in operations	(38,980)	(13,659)
Interest received	589	220
Interest paid	(1,453)	(1,928)
Tax paid	(1,195)	(819)
Tax refunded	355	1,821
	(1,704)	(706)
Net cash used in operating activities	(40,684)	(14,365)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD (3RD) QUARTER ENDED 31 MAY 2022 (CONTINUED)

	Unaudited 9 months ended 31.05.2022 RM'000	Unaudited 9 months ended 31.05.2021 RM'000
Cash Flow From Investing Activities		
Acquisition of subsidiaries, net of cash acquired	(6,293)	(93)
Profit guarantee received	-	10,217
Purchase of property, plant and equipment	(546)	(1,142)
Proceed from disposal of property, plant and equipment	15	2,608
Net cash (used in)/from investing activities	<u>(6,824)</u>	<u>11,590</u>
Cash Flow From Financing Activities		
Proceeds from warrant converted to ordinary shares	5,041	241
Proceed from right issues	110,741	-
Repayment of lease liabilities	(45)	(633)
Repayment of term loan	(34,379)	(5,342)
Changes on bills payable	(864)	7,597
Net cash from financing activities	<u>80,494</u>	<u>1,863</u>
Net increase/(decrease) in cash and cash equivalents	32,986	(912)
Cash and cash equivalents at beginning of the financial period	16,286	16,895
Cash and cash equivalents at end of the financial period	<u>49,272</u>	<u>15,983</u>
Cash and cash equivalents at end of the financial period comprises:		
- Fixed deposits placed with licensed banks	20	5,020
- Cash and bank balances	49,272	10,983
	<u>49,292</u>	<u>16,003</u>
Less: Fixed deposits pledged with licensed banks	(20)	(20)
	<u>49,272</u>	<u>15,983</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 2021 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 2022

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 2021 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 2021, 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
Amendments to MFRS 16: Leases-Covid-19-Related Rent Concessions beyond 30 June 2021

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

During the financial year 2022, the Group elected to change the method of accounting for lands and buildings, from "Cost Model" to "Revaluation Model", as the Group believes that the "Revaluation Model" more effectively demonstrates the carrying value of the lands and buildings.

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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.

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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 2022.

Rights Issue with Warrants

On 26 February 2021, the shareholders of the Company had resolved to approve the Rights Issue with Warrants, and on 14 September 2021, the Company announced that the entitlement basis for the Rights Issue is fixed at 5 Rights Shares for every 1 existing share held, with the issue price of RM0.12 per Right Share and the exercise price of Warrants is adjusted from RM0.30 to RM0.16 per share.

On 29 October 2021, the Rights Issue was completed with the listing of 929,864,180 Rights Shares and 61,138,799 additional warrants on the ACE Market of Bursa Malaysia Securities Berhad.

The status of utilisation of proceeds as at 31 May 2022 is as follow:

Proposed utilisation of proceeds	Proceeds raised RM'000	Actual utilised RM'000	Timeframe for utilisation
Repayment of bank borrowings	33,500	33,500	Within 6 months
Purchase of direct materials and fertilisers	53,849	53,849	Within 24 months
Purchase of industrial products	11,550	10,890	Within 24 months
Purchase of heavy equipment and spare parts	4,950	4,950	Within 24 months
Other operating expenses	6,735	4,593	Within 24 months
Working capital	1,000	1,000	Within 1 month
	111,584	108,782	

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A7. Segmental information

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

	3-months quarter ended 31 May 2022					Consolidated RM'000
	Investment Holding RM'000	Fertilisers RM'000	Heavy Equipment RM'000	Equipment Rental RM'000	Elimination RM'000	
Revenue						
External sales	-	36,108	7,485	5,153	-	48,746
Inter-segment	-	-	-	25	(25)	-
Total	-	36,108	7,485	5,178	(25)	48,746
Results						
Segment results	(134)	1,613	454	419	-	2,352
Finance costs	3	(240)	(43)	(19)	-	(299)
Finance income	42	13	6	3	-	64
(Loss)/Profit before taxation	(89)	1,386	417	403	-	2,117
Taxation	(14)	-	(9)	(147)	-	(170)
(Loss)/Profit after taxation	(103)	1,386	408	256	-	1,947

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A7. Segmental information (Continued)

	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
Inter-segment	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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A7. Segmental information (Continued)

	9-months year-to-date ended 31 May 2022					
	Investment Holding RM'000	Fertilisers RM'000	Heavy Equipment RM'000	Equipment Rental RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External sales	-	148,733	26,159	21,528	-	196,420
Inter-segment	-	-	5,488	135	(5,623)	-
Total	-	148,733	31,647	21,663	(5,623)	196,420
Results						
Segment results	97	3,101	1,127	2,965	-	7,290
Finance costs	(507)	(707)	(161)	(83)	-	(1,458)
Finance income	456	83	40	10	-	589
Profit before taxation	46	2,477	1,006	2,892	-	6,421
Taxation	(113)	-	(17)	(565)	-	(695)
(Loss)/Profit after taxation	(67)	2,477	989	2,327	-	5,726

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HEXTAR INDUSTRIES BERHAD
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A7. 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
Inter-segment	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. Dividend Paid

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

A9. Valuation of property, plant and equipment

Properties of the Group were revalued by independent professional valuers during the financial period under review.

A10. Capital commitments

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

A11. Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial period ended 31 May 2022.

A12. Contingent liabilities and contingent assets

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

A13. 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.

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HEXTAR INDUSTRIES BERHAD
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A14. Related party transactions

Transaction with companies in which a Director has interest for the current quarter ended 31 May 2022 was as follows: -

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	Unaudited	Unaudited	Unaudited	Unaudited
	31.05.2022	31.05.2021	31.05.2022	31.05.2021
	RM'000	RM'000	RM'000	RM'000
<u>Income</u>				
Sales of industrial products and spare parts	60	89	262	237
Sales of fertilisers	9,666	1,216	69,480	2,813
Sales or rental of equipment	174	442	900	1,631
<u>Purchase/Expenditure</u>				
Rental of factory	(169)	(169)	(508)	(508)
Hiring of lorry	(49)	(49)	(146)	(146)
Purchase of fertilisers	(9,871)	(13,790)	(22,185)	(17,219)
Purchase of rental equipment	(282)	-	(748)	-
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 31.05.2022 ("Q3/22") RM'000	Quarter ended 31.05.2021 ("Q3/21") RM'000	Changes RM'000	Changes (%)
Revenue	48,746	35,296	13,450	38.1%
Profit before tax	2,117	1,332	785	58.9%
Profit after tax	1,947	958	989	103.2%

Comparison between Q3/22 with Q3/21

In the current quarter under review, the Group achieved higher revenue of RM48.7mil, an increase by 38.1% as compared to corresponding quarter ("Q3/21") principally due to the higher demand of fertilisers in the fertiliser division. With the higher revenue attained, the Group reported higher profit before tax of RM2.1mil in Q3/22 as compared to profit before tax of RM1.3mil in Q3/21.

	Year-to-date 31.05.2022 ("YTD-22") RM'000	Year-to-date 31.05.2021 ("YTD-21") RM'000	Changes RM'000	Changes (%)
Revenue	196,420	93,079	103,341	111.0%
Profit before tax	6,421	925	5,496	594.2%
Profit after tax	5,726	1,707	4,019	235.4%

Comparison between YTD-22 with YTD-21

In the financial period ended 31 May 2022 ("YTD-22"), the Group achieved higher revenue of RM196.4mil, an increase of RM103.3mil or 111.0% as compared to revenue of RM93.1mil in the corresponding period ("YTD-21") attributable to the higher demand of fertilisers in the fertiliser division and recovery from Covid 19. With the higher revenues attained, the Group has recorded profit before tax of RM6.4million in YTD-22 as compared to profit before tax of RM0.9 mil reported in YTD-21.

B2. Comparison with immediate preceding quarter's results

	Quarter ended 31.05.2022 ("Q3/22") RM'000	Quarter ended 28.02.2022 ("Q2/22") RM'000	Changes RM'000	Changes (%)
Revenue	48,746	99,879	(51,133)	-51.2%
Profit before tax	2,117	1,972	145	7.4%
Profit after tax	1,947	1,786	161	9.0%

For the current quarter under review, the Group reported revenue of RM48.7 mil, decrease by 51.2% as compared to preceding quarter ("Q2/22"). The decrease in revenue principally due to the lower sales from the fertilisers division. Despite lower revenue generated in Q3/22, the Group reported a higher profit before tax of RM2.1mil as compared to Q2/22 profit before tax of RM2.0mil principally due the better profit margin achieved particularly from fertilisers division for the current quarter under review 10.0% (Q2/22: 2.9%).

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B3. Prospects

Fertilisers

The geopolitical tension such as Russia-Ukraine war, sanctions and restriction to export have led to increase in the prices of fertiliser across the globe. Despite the Crude Palm Oil ("CPO") price has decline from the peak in the first half of 2022, food commodity prices are still likely to increase in the long run due to food's crucial role to human substance, which will create a stable demand for fertilisers while the Government is promoting the B20 biodiesel programme to the transportation sector nationwide.

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

The Covid-19 testing requirement has been removed for all the inbound travellers who are fully vaccinated or below the age of 12. In addition, there is no cap on the number of visitors during Hari Raya open house. Further eases on measures to manage the Covid-19 pandemic announced by the Malaysia Government have resulted in more international participation in events and wider scale of activities outdoor. The events industry will see a recovery as borders open up.

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
	31.05.2022	31.05.2021	31.05.2022	31.05.2021
	RM'000	RM'000	RM'000	RM'000
Income tax expense				
- Current financial year	168	395	693	954
- Under/(Over)provision in prior years	2	(21)	2	(1,736)
	<u>170</u>	<u>374</u>	<u>695</u>	<u>(782)</u>

The effective tax for current financial period under review is lower than the Malaysian statutory tax rate of 24% is mainly due to the tax benefit available by the Group.

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.

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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%.

On 29 October 2021, the Right Issue has been completed following the listing of and quotation for 929,864,180 Right Shares and 61,138,799 additional warrants on the ACE Market of Bursa Malaysia Securities Berhad.

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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HEXTAR INDUSTRIES BERHAD
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B7. Borrowings

The Group's borrowings were as follows: -

	Unaudited as at 31.05.2022 RM'000	Audited as at 31.08.2021 RM'000
Secured		
Bankers' acceptance	12,133	12,235
Invoice Financing	151	914
Hire purchases	1,378	1,332
Term loans	12,261	46,641
Total bank borrowings	<u>25,923</u>	<u>61,122</u>
Short Term		
Bankers' acceptance	12,133	12,235
Invoice Financing	151	914
Hire purchases	310	263
Term loans	1,000	4,691
	<u>13,594</u>	<u>18,103</u>
Long Term		
Hire purchases	1,068	1,069
Term loans	11,261	41,950
	<u>12,329</u>	<u>43,019</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:

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.05.2022 RM'000	31.05.2021 RM'000	31.05.2022 RM'000	31.05.2021 RM'000
Profit attributable to ordinary equity holders of the Group	1,818	940	5,770	1,410
Weighted average number of ordinary shares in issue ('000)	1,147,342	240,435	960,582	239,811
Adjustment for dilutive effect on conversion of warrants (RM'000)*	-	-	-	-
Total	1,147,342	240,435	960,582	239,811
Basic earnings per share (sen)	0.16	0.39	0.60	0.59

* In FY2021, 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	
	31.05.2022 RM'000	31.05.2021 RM'000	31.05.2022 RM'000	31.05.2021 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
- Interest expenses	293	589	1,453	1,928
- Interest income	(64)	(91)	(589)	(220)
- Depreciation of property, plant and equipment	1,200	1,181	3,652	3,565
- Loss/(Gain) on disposal of property, plant and equipment	13	(1,055)	13	(1,494)
- Property, plant and equipment written off	-	12	-	12
- Reversal of impairment loss on trade receivables	(569)	(4)	(566)	(309)
- Realised loss on foreign exchange	232	14	195	192
- Unrealised loss/(gain) on foreign exchange	282	(5)	252	(115)

B12. Comparative figures

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

BY ORDER OF THE BOARD
22 July 2022