



**HEXTAR INDUSTRIES BERHAD**

201101044580 (972700-P)  
(Incorporated in Malaysia)

Interim Financial Report  
For the Fourth (4th) Quarter Ended  
31 Aug 2022

**HEXTAR INDUSTRIES BERHAD**  
**201101044580 (972700-P)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FOURTH (4TH) QUARTER ENDED 31 AUG 2022**

	<-- Individual Quarter -->		<- Cumulative Quarter -->	
	Unaudited 31.08.2022 RM'000	Unaudited 31.08.2021 RM'000	Unaudited 31.08.2022 RM'000	Audited 31.08.2021 RM'000
Revenue	61,395	29,961	257,815	123,040
Cost of Sales	(52,738)	(25,317)	(230,478)	(103,091)
Gross Profit	8,657	4,644	27,337	19,949
Other operating income	366	347	2,230	2,467
Administrative expenses	(3,242)	(3,385)	(11,006)	(12,009)
Selling and distribution expenses	(1,562)	(1,322)	(6,467)	(7,269)
Profit from operations	4,219	284	12,094	3,138
Finance costs	(304)	(672)	(1,758)	(2,601)
Profit/(Loss) before taxation	3,915	(388)	10,336	537
Taxation	(822)	597	(1,517)	1,379
Profit for the financial year	3,093	209	8,819	1,916
Other comprehensive income:				
Revaluation of properties	-	-	7,752	-
Foreign currency translation differences	23	(3)	3	8
Total comprehensive income for the financial year	3,116	206	16,574	1,924
<b>Profit/(Loss) for the year attributed to:</b>				
- Owners of the company	3,093	232	8,863	1,642
- Non-controlling interest	-	(23)	(44)	274
	3,093	209	8,819	1,916
<b>Total comprehensive income/(loss) attributable to:</b>				
- Owners of the company	3,116	229	16,618	1,650
- Non-controlling interest	-	(23)	(44)	274
	3,116	206	16,574	1,924
Earnings per share:				
- Basic (sen)	0.27	0.10	0.88	0.68

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 AUG 2022**

	<b>Unaudited as at 31.08.2022 RM'000</b>	<b>Audited as at 31.08.2021 RM'000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	63,225	57,407
Goodwill on consolidation	19,276	19,276
Other receivables	-	50
	<b>82,501</b>	<b>76,733</b>
<b>CURRENT ASSETS</b>		
Inventories	41,553	29,637
Trade receivables	66,322	40,932
Other receivables, prepayments and deposits	5,233	6,043
Tax recoverable	1,148	1,387
Fixed deposit with licensed banks	20	6,460
Cash and bank balances	50,712	9,846
	164,988	94,305
Non-current assets held for sale	267	-
	<b>165,255</b>	<b>94,305</b>
<b>TOTAL ASSETS</b>	<b>247,756</b>	<b>171,038</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	191,941	76,159
Merger deficit reserve	(23,859)	(23,859)
Revaluation reserve	7,732	-
Foreign currency translation reserves	-	(3)
Retained earnings	34,140	27,574
	209,954	79,871
Non-controlling interest	-	4,020
<b>TOTAL EQUITY</b>	<b>209,954</b>	<b>83,891</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	3,536	14,038
Other payables	9,025	4,697
Contract liabilities	450	259
Lease liabilities	146	136
Bank borrowings	3,389	18,103
Tax payable	3	2
	16,549	37,235

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

	<b>Unaudited as at 31.08.2022 RM'000</b>	<b>Audited as at 31.08.2021 RM'000</b>
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	226	353
Bank borrowings	12,046	43,019
Deferred tax liabilities	8,981	6,540
	<u>21,253</u>	<u>49,912</u>
<b>TOTAL LIABILITIES</b>	<b>37,802</b>	<b>87,147</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>247,756</b>	<b>171,038</b>
<b>NET ASSET PER SHARE (sen)</b>	<u>18.30</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.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FOURTH (4TH) QUARTER ENDED 31 AUG 2022**

*<- Attributable to the Owners of the Company ->*

*<-- Non-Distributable -->*

*Distributable*

<b>Unaudited</b>	<b>Share</b>	<b>Merger</b>	<b>Revaluation</b>	<b>Translation</b>	<b>Retained</b>	<b>Total</b>	<b>Non</b>	<b>Total</b>
	<b>Capital</b>	<b>Reserve</b>	<b>Reserve</b>	<b>Reserve</b>	<b>Earnings</b>		<b>Controlling</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>Interest</b>	<b>RM'000</b>
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 year	-	-	-	-	8,863	8,863	(44)	8,819
Changes in ownership interests in a subsidiary	-	-	-	-	(2,317)	(2,317)	(3,976)	(6,293)
Revaluation of properties	-	-	7,732	-	20	7,752	-	7,752
Other comprehensive income for the financial year	-	-	-	3	-	3	-	3
Total comprehensive income/(loss) for the financial year	115,782	-	7,732	3	6,566	130,083	(4,020)	126,063
Balance as at 31 Aug 2022	191,941	(23,859)	7,732	-	34,140	209,954	-	209,954

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FOURTH (4TH) QUARTER ENDED 31 AUG 2022 (CONTINUED)**

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

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 FOURTH (4TH) QUARTER ENDED 31 AUG 2022**

	<b>Unaudited 12 months ended 31.08.2022 RM'000</b>	<b>Audited 12 months ended 31.08.2021 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	10,336	537
Adjustment for:		
Bad debts written off	-	4
Depreciation of property, plant and equipment	4,849	4,838
Loss/(Gain) on disposal of property, plant and equipment	27	(1,428)
Gain on investment in subsidiary written off	(13)	-
Unrealised loss/(gain) on foreign exchange	20	(132)
(Reversal)/Impairment loss on trade receivables	(662)	103
Inventories written down	-	127
Interest expenses	1,758	2,601
Interest income	(694)	(294)
Operating profit before working capital changes	15,621	6,356
<b>Changes in working capital:</b>		
Inventories	(11,927)	(10,488)
Trade and other receivables	(23,715)	5,302
Trade and other payables	(6,151)	(13,790)
	(41,793)	(18,976)
Cash used in operations	(26,172)	(12,620)
Interest received	694	277
Interest paid	(1,758)	(2,240)
Tax paid	(1,679)	(1,702)
Tax refunded	408	2,072
	(2,335)	(1,593)
Net cash used in operating activities	(28,507)	(14,213)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FOURTH (4TH) QUARTER ENDED 31 AUG 2022 (CONTINUED)**

	<b>Unaudited 12 months ended 31.08.2022 RM'000</b>	<b>Audited 12 months ended 31.08.2021 RM'000</b>
<b>Cash Flow From Investing Activities</b>		
Acquisition of subsidiaries, net of cash acquired	(6,293)	(93)
Investment in subsidiaries written off	(2)	-
Profit guarantee received	-	10,217
Purchase of property, plant and equipment	(874)	(1,377)
Proceed from disposal of property, plant and equipment	124	2,386
Net cash (used in)/from investing activities	<u>(7,045)</u>	<u>11,133</u>
<b>Cash Flow From Financing Activities</b>		
Proceeds from warrant converted to ordinary shares	5,041	241
Proceed from right issues	110,741	-
Net movement of banker acceptance	(10,156)	10,277
Repayment of lease liabilities	(148)	(787)
Repayment of term loan	(34,586)	(6,528)
Changes on bills payable	(914)	(740)
Net cash from financing activities	<u>69,978</u>	<u>2,463</u>
Net increase/(decrease) in cash and cash equivalents	34,426	(617)
Effects on foreign exchange rate	-	8
Cash and cash equivalents at beginning of the financial period	16,286	16,895
Cash and cash equivalents at end of the financial period	<b><u>50,712</u></b>	<b><u>16,286</u></b>
<b>Cash and cash equivalents at end of the financial period comprises:</b>		
- Fixed deposits placed with licensed banks	20	6,460
- Cash and bank balances	50,712	9,846
	<u>50,732</u>	<u>16,306</u>
Less: Fixed deposits pledged with licensed banks	(20)	(20)
	<b><u>50,712</u></b>	<b><u>16,286</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 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 YEAR ENDED 31 AUG 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.

The Board of Directors of the Company had on 18 August 2022 approved the change of the financial year end from 31 August 2022 to 31 December 2022. The next audited financial statements of the Company shall be for a period of 16 months, made up from 1 September 2021 to 31 December 2022.

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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.

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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 year ended 31 Aug 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.

As at 31 August 2022, the proceeds had been fully utilised as follows:

<b>Proposed utilisation of proceeds</b>	<b>Proceeds raised RM'000</b>	<b>Actual utilised RM'000</b>	<b>Timeframe for utilisation</b>
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	11,550	Within 24 months
Purchase of heavy equipment and spare parts	4,950	4,950	Within 24 months
Other operating expenses	6,735	6,735	Within 24 months
Working capital	1,000	1,000	Within 1 month
	<b>111,584</b>	<b>111,584</b>	

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**A7. Segmental information**

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

	<b>3-months quarter ended 31 Aug 2022</b>					
	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	-	43,726	6,511	11,158	-	61,395
Inter-segment	-	-	-	1	(1)	-
<b>Total</b>	<b>-</b>	<b>43,726</b>	<b>6,511</b>	<b>11,159</b>	<b>(1)</b>	<b>61,395</b>
<b>Results</b>						
Segment results	(437)	2,413	600	1,538	-	4,114
Finance costs	-	(256)	(35)	(13)	-	(304)
Finance income	43	32	26	4	-	105
(Loss)/Profit before taxation	(394)	2,189	591	1,529	-	3,915
Taxation	(11)	(474)	(2)	(335)	-	(822)
(Loss)/Profit after taxation	(405)	1,715	589	1,194	-	3,093

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**A7. Segmental information (Continued)**

	<b>3-months quarter ended 31 Aug 2021</b>					
	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	-	23,940	2,499	3,522	-	29,961
Inter-segment	2,250	-	4	19	(2,273)	-
<b>Total</b>	<b>2,250</b>	<b>23,940</b>	<b>2,503</b>	<b>3,541</b>	<b>(2,273)</b>	<b>29,961</b>
<b>Results</b>						
Segment results	(3,146)	1,325	(960)	12	2,979	210
Finance costs	(416)	(196)	(42)	(16)	(2)	(672)
Finance income	24	17	31	2	-	74
(Loss)/Profit before taxation	(3,538)	1,146	(971)	(2)	2,977	(388)
Taxation	58	265	(23)	297	-	597
(Loss)/Profit after taxation	(3,480)	1,411	(994)	295	2,977	209

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**HEXTAR INDUSTRIES BERHAD**  
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**A7. Segmental information (Continued)**

	<b>12-months year-to-date ended 31 Aug 2022</b>					
	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	-	192,459	32,670	32,686	-	257,815
Inter-segment	-	-	5,488	136	(5,624)	-
<b>Total</b>	<b>-</b>	<b>192,459</b>	<b>38,158</b>	<b>32,822</b>	<b>(5,624)</b>	<b>257,815</b>
<b>Results</b>						
Segment results	(340)	5,515	1,727	4,498	-	11,400
Finance costs	(507)	(964)	(196)	(91)	-	(1,758)
Finance income	499	115	66	14	-	694
(Loss)/Profit before taxation	(348)	4,666	1,597	4,421	-	10,336
Taxation	(124)	(474)	(19)	(900)	-	(1,517)
(Loss)/Profit after taxation	(472)	4,192	1,578	3,521	-	8,819

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**A7. Segmental information (Continued)**

	<b>12-months year-to-date ended 31 Aug 2021</b>					
	Investment		Heavy	Equipment		Consolidated
	Holding	Fertilisers	Equipment	Rental	Elimination	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>						
External sales	-	81,762	16,583	24,695	-	123,040
Inter-segment	5,250	-	4	71	(5,325)	-
<b>Total</b>	<b>5,250</b>	<b>81,762</b>	<b>16,587</b>	<b>24,766</b>	<b>(5,325)</b>	<b>123,040</b>
<b>Results</b>						
Segment results	(1,280)	2,483	1	1,640	-	2,844
Finance costs	(1,522)	(691)	(216)	(172)	-	(2,601)
Finance income	133	79	71	11	-	294
(Loss)/Profit						
before taxation	(2,669)	1,871	(144)	1,479	-	537
Taxation	(30)	1,632	(5)	(218)	-	1,379
(Loss)/Profit						
after taxation	(2,699)	3,503	(149)	1,261	-	1,916

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**A8. Dividend Paid**

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

**A9. Valuation of property, plant and equipment**

Properties of the Group were revalued by independent professional valuers during the financial year 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 August 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 year under review that have not been reflected in this interim financial report.

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**A14. Related party transactions**

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

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	Unaudited	Unaudited	Unaudited	Audited
	31.08.2022	31.08.2021	31.08.2022	31.08.2021
	RM'000	RM'000	RM'000	RM'000
<u>Income</u>				
Sales of industrial products and spare parts	66	110	328	347
Sales of fertilisers	27,323	6,855	96,803	9,668
Sales or rental of equipment	101	491	1,001	2,122
<u>Purchase/Expenditure</u>				
Rental of factory	(169)	(169)	(677)	(677)
Hiring of lorry	(49)	(48)	(195)	(195)
Purchase of fertilisers	(17,349)	(4,262)	(39,534)	(21,481)
Purchase of rental equipment	-	-	(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**

	<b>Quarter ended 31.08.2022 ("Q4/22") RM'000</b>	<b>Quarter ended 31.08.2021 ("Q4/21") RM'000</b>	<b>Changes RM'000</b>	<b>Changes (%)</b>
Revenue	61,395	29,961	31,434	104.9%
Profit/(Loss) before tax	3,915	(388)	4,303	1109.0%
Profit after tax	3,093	209	2,884	1379.9%

**Comparison between Q4/22 with Q4/21**

In the current quarter under review, the Group achieved higher revenue of RM61.4mil, an increase by 104.9% as compared to corresponding quarter ("Q4/21"). With the higher revenue attained, the Group reported higher profit before tax of RM3.9mil in Q4/22 as compared to loss before tax of RM0.4mil in Q4/21. The increase in the revenue and profit mainly attributed to higher average selling price at Fertilisers division as well as the recovery of Heavy Equipment and Equipment Rental divisions following the lifting of Enhancement Movement Control Order ("EMCO") imposed by the government.

	<b>Year-to-date 31.08.2022 ("YTD-22") RM'000</b>	<b>Year-to-date 31.08.2021 ("YTD-21") RM'000</b>	<b>Changes RM'000</b>	<b>Changes (%)</b>
Revenue	257,815	123,040	134,775	109.5%
Profit before tax	10,336	537	9,799	1824.8%
Profit after tax	8,819	1,916	6,903	360.3%

**Comparison between YTD-22 with YTD-21**

The Group achieved higher revenue of RM257.8mil in current financial year ("YTD-22") as compared to last financial year ("YTD-21") revenue of RM123.0 mil, an increase of RM134.8 mil or 109.5%. The increase in revenue mainly attributable to the higher demand and selling price of the fertilisers and businesses recovery from the Covid 19 pandemic. With the higher revenues attained, the Group has recorded profit before tax of RM10.3million in YTD-22 as compared to profit before tax of RM0.5 mil reported in YTD-21.

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

	<b>Quarter ended 31.08.2022 ("Q4/22") RM'000</b>	<b>Quarter ended 31.05.2022 ("Q3/22") RM'000</b>	<b>Changes RM'000</b>	<b>Changes (%)</b>
Revenue	61,395	48,746	12,649	25.9%
Profit before tax	3,915	2,117	1,798	84.9%
Profit after tax	3,093	1,947	1,146	58.9%

For the current quarter under review, the Group reported revenue of RM61.4 mil, increase by 25.9% as compared to preceding quarter ("Q3/22"). The increase in revenue principally due to the higher sales from the fertilisers and industrial battery. With the higher revenue attained, the Group reported higher profit before tax of RM3.9mil in Q4/22 as compared to profit before tax of RM2.1mil in Q3/22.

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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 had declined from the peak in the first half of 2022, food commodity prices are still likely to increase in the long run due to food being crucial and for food security. Thus create a stable demand for fertilisers not to mention the Government is promoting the B20 biodiesel programme (palm oil) to the transportation sector nationwide.

The recent proposed acquisition of Hextar Fertilizers Limited Group ("HFL Group") represents a strategic initiative to enhance competitiveness with access to an immediate distribution network and manufacturing facilities within Peninsular Malaysia and East Malaysia (particularly Sabah). Upon the completion of the acquisition, the revenue and customer base are expected to increase by tapping and leveraging on the HFL Group's extensive and efficient distribution network. The annual capacity of the compound fertilisers will also increase by approximately 8 times from existing 75,000 metric tonnes to 679,000 metric tonnes.

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 has seen 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
	31.08.2022	31.08.2021	31.08.2022	31.08.2021
	RM'000	RM'000	RM'000	RM'000
Income tax expense				
- Current financial year	832	4	1,525	907
- Overprovision in prior years	(4)	(85)	(2)	(1,770)
	<u>828</u>	<u>(81)</u>	<u>1,523</u>	<u>(863)</u>
Deferred tax				
- Current financial year	(6)	(322)	(6)	(322)
- Overprovision in prior years	-	(194)	-	(194)
	<u>(6)</u>	<u>(516)</u>	<u>(6)</u>	<u>(516)</u>
	<u>822</u>	<u>(597)</u>	<u>1,517</u>	<u>(1,379)</u>

The effective tax for current financial year 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 8 August 2022, Hextar Industries Bhd ("the Company" or "HIB") announced that it had on even date entered into a conditional share sale agreement ("Agreement") with Hextar Holdings Sdn Bhd ("HHSB" or "Offeror") to acquire the entire equity interest in Hextar Fertilizers Limited from HHSB for a total purchase consideration of RM480,000,000 to be satisfied by the issuance and allotment of 1,600,000,000 new ordinary shares in HIB at an issue price of RM0.30 per Consideration Share ("Acquisition").

On 12 October 2022, the shareholders' approved for the Acquisition and the Agreement became unconditional. On the same date, the Board of Directors of HIB ("Board") was served the notification from HHSB through M&A Securities Sdn Bhd of the Offeror's obligation to undertake an unconditional mandatory take-over offer to acquire all the remaining ordinary shares in HIB ("HIB Shares") not already owned by the Offeror, for a cash offer price of RM0.38175 per Offer Share ("Offer").

In accordance with Paragraph 3.06 of Take-Overs, Mergers and Compulsory Acquisitions Rules, the Board (save for Dato' Ong Choo Meng and Ong Tzu Chuen) appointed Malacca Securities Sdn Bhd as the Independent Adviser to provide comments, opinions, information and recommendation on the Offer to the Board.

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

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**  
**201101044580 (972700-P)**

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**B7. Borrowings**

The Group's borrowings were as follows: -

	<b>Unaudited as at 31.08.2022 RM'000</b>	<b>Audited as at 31.08.2021 RM'000</b>
<b>Secured</b>		
Bankers' acceptance	2,079	12,235
Invoice Financing	-	914
Hire purchases	1,302	1,332
Term loans	12,054	46,641
<b>Total bank borrowings</b>	<b>15,435</b>	<b>61,122</b>
<b>Short Term</b>		
Bankers' acceptance	2,079	12,235
Invoice Financing	-	914
Hire purchases	310	263
Term loans	1,000	4,691
	<b>3,389</b>	<b>18,103</b>
<b>Long Term</b>		
Hire purchases	992	1,069
Term loans	11,054	41,950
	<b>12,046</b>	<b>43,019</b>

**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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**HEXTAR INDUSTRIES BERHAD**  
**201101044580 (972700-P)**

**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>31.08.2022</b>	<b>31.08.2021</b>	<b>31.08.2022</b>	<b>31.08.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit attributable to ordinary equity holders of the Group	3,093	232	8,863	1,642
Weighted average number of ordinary shares in issue ('000)	1,147,342	240,435	1,007,656	239,968
Adjustment for dilutive effect on conversion of warrants (RM'000)*	-	-	-	-
<b>Total</b>	<b>1,147,342</b>	<b>240,435</b>	<b>1,007,656</b>	<b>239,968</b>
Basic earnings per share (sen)	0.27	0.10	0.88	0.68

\* 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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**HEXTAR INDUSTRIES BERHAD**  
**201101044580 (972700-P)**

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

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.08.2022 RM'000	31.08.2021 RM'000	31.08.2022 RM'000	31.08.2021 RM'000
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
- Interest expenses	304	672	1,758	2,601
- Interest income	(105)	(74)	(694)	(294)
- Depreciation of property, plant and equipment	1,197	1,273	4,849	4,838
- Loss/(Gain) on disposal of property, plant and equipment	14	66	27	(1,428)
- Gain on investment in subsidiary written off	(13)	-	(13)	-
- Bad debts written off	-	4	-	4
- (Reversal)/Impairment loss on trade receivables	(96)	412	(662)	103
- Inventories written down	-	127	-	127
- Realised loss on foreign exchange	443	101	638	293
- Unrealised (gain)/loss on foreign exchange	(232)	(17)	20	(132)

**B12. Comparative figures**

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

**BY ORDER OF THE BOARD**  
**20 October 2022**