



HEXTAR INDUSTRIES BERHAD

201101044580 (972700-P)
(Incorporated in Malaysia)

Interim Financial Report
For the Sixth (6th) Quarter Ended
31 December 2022

HEXTAR INDUSTRIES BERHAD
201101044580 (972700-P)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIXTH (6TH) QUARTER ENDED 31 DEC 2022

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	Unaudited 1 Month Ended 31.12.2022 RM'000	Unaudited 1 Month Ended 31.12.2021 RM'000	Unaudited 16 Months Ended 31.12.2022 RM'000	Unaudited 16 Months Ended 31.12.2021 RM'000
Revenue	77,257	N/A	1,286,540	N/A
Cost of Sales	(58,538)	N/A	(1,067,482)	N/A
Gross Profit	18,719	N/A	219,058	N/A
Other operating income	389	N/A	9,069	N/A
Administrative expenses	(3,308)	N/A	(44,317)	N/A
Selling and distribution expenses	(2,189)	N/A	(39,329)	N/A
Profit from operations	13,611	N/A	144,481	N/A
Finance costs	(1,497)	N/A	(19,560)	N/A
Impairment loss of goodwill	(4,846)	N/A	(4,846)	N/A
Net impairment loss on trade receivables	(4,717)	N/A	(6,362)	N/A
Profit before taxation	2,551	N/A	113,713	N/A
Taxation	(1,907)	N/A	(15,673)	N/A
Profit for the financial year	644	N/A	98,040	N/A
Other comprehensive income:				
Revaluation of properties	-	N/A	7,752	N/A
Foreign currency translation differences	-	N/A	3	N/A
Total comprehensive income for the financial year	644	N/A	105,795	N/A
Profit/(Loss) for the year attributed to:				
- Owners of the company	644	N/A	98,084	N/A
- Non-controlling interest	-	N/A	(44)	N/A
	644	N/A	98,040	N/A
Total comprehensive income/ (loss) attributable to:				
- Owners of the company	644	N/A	105,839	N/A
- Non-controlling interest	-	N/A	(44)	N/A
	644	N/A	105,795	N/A
Earnings per share:				
- Basic (sen)	0.02	N/A	3.98	N/A

Note: Pursuant to the change in the financial year end from 31 August 2022 to 31 December 2022, there are no comparative figures presented.

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 Aug 2021 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 DEC 2022

	Unaudited as at 31.12.2022 RM'000	Audited as at 31.08.2021 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	230,606	57,407
Goodwill on consolidation	14,430	19,276
Trade receivables	962	50
	<u>245,998</u>	<u>76,733</u>
CURRENT ASSETS		
Inventories	253,862	29,637
Trade receivables	252,967	40,932
Other receivables, prepayments and deposits	13,961	6,043
Tax recoverable	790	1,387
Fixed deposit with licensed banks	403	6,460
Cash and bank balances	76,089	9,846
	<u>598,072</u>	<u>94,305</u>
TOTAL ASSETS	<u>844,070</u>	<u>171,038</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	671,443	76,159
Merger deficit reserve	(557,051)	(23,859)
Revaluation reserve	36,402	-
Foreign currency translation reserves	-	(3)
Retained earnings	199,387	27,574
	<u>350,181</u>	<u>79,871</u>
Non-controlling interest	-	4,020
TOTAL EQUITY	<u>350,181</u>	<u>83,891</u>
CURRENT LIABILITIES		
Trade payables	67,431	14,038
Other payables	46,094	4,697
Contract liabilities	638	259
Lease liabilities	4,826	136
Bank borrowings	224,394	18,103
Derivative liabilities	474	-
Tax payable	11,127	2
	<u>354,984</u>	<u>37,235</u>

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

	Unaudited as at 31.12.2022 RM'000	Audited as at 31.08.2021 RM'000
NON-CURRENT LIABILITIES		
Lease liabilities	67,936	353
Bank borrowings	50,569	43,019
Deferred tax liabilities	20,400	6,540
	<u>138,905</u>	<u>49,912</u>
TOTAL LIABILITIES	493,889	87,147
TOTAL EQUITY AND LIABILITIES	844,070	171,038
NET ASSET PER SHARE (sen)	<u>12.75</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 SIXTH (6TH) QUARTER ENDED 31 DEC 2022

	<i><- Attributable to the Owners of the Company -></i>					Total	Controlling Interest	Non	Total Equity
	Share Capital	Merger Reserve	Revaluation Reserve	Translation Reserve	Retained Earnings				
Unaudited	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 September 2021	76,159	(23,859)	-	(3)	27,574	79,871	4,020	83,891	
Profit after tax for the financial year	-	-	-	-	98,084	98,084	(44)	98,040	
Other comprehensive income for the financial year	-	-	-	-	-	-	-	-	
- Foreign currency translation differences	-	-	-	3	-	3	-	3	
- Revaluation of properties	-	-	7,752	-	-	7,752	-	7,752	
Total comprehensive income/(loss) for the financial year	-	-	7,752	3	98,084	105,839	(44)	105,795	
Contributions by and distributions to owners of the Company:									
- Conversion of warrants	5,041	-	-	-	-	5,041	-	5,041	
- Right Issues	110,741	-	-	-	-	110,741	-	110,741	
- Issuance of new shares	479,502	-	-	-	-	479,502	-	479,502	
- Dividend paid to previous shareholder	-	-	-	-	(48,995)	(48,995)	-	(48,995)	
- Changes in ownership interests in a subsidiary	-	-	-	-	(2,317)	(2,317)	(3,976)	(6,293)	
Total transactions with owners	595,284	-	-	-	(51,312)	543,972	(3,976)	539,996	
Acquisition of subsidiaries	-	(533,192)	51,148	-	93,259	(388,785)	-	(388,785)	
Net impact on disposal of properties	-	-	(21,550)	-	30,834	9,284	-	9,284	
Realisation of revaluation reserve	-	-	(948)	-	948	-	-	-	
Balance as at 31 December 2022	671,443	(557,051)	36,402	-	199,387	350,181	-	350,181	

Note: Pursuant to the change in the financial year end from 31 August 2022 to 31 December 2022, there are no comparative figures presented.

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.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIXTH (6TH) QUARTER ENDED 31 DEC 2022

	Unaudited 16 months ended 31.12.2022 RM'000	Unaudited 16 months ended 31.12.2021 RM'000
Cash Flows From Operating Activities		
Profit before taxation	113,713	N/A
Adjustment for:		
Depreciation of property, plant and equipment	20,388	N/A
Fair value loss on derivatives	475	N/A
Loss on disposal of associate	1,740	N/A
Gain on disposal of property, plant and equipment	(2,546)	N/A
Gain on disposal of subsidiary	(190)	N/A
Impairment loss of goodwill	4,846	N/A
Inventories written off/down	24,445	N/A
Property, plant and equipment written off	1,599	N/A
Net impairment on trade receivables	6,362	N/A
Unrealised gain on foreign exchange	(1,239)	N/A
Interest expenses	19,560	N/A
Interest income	(1,215)	N/A
Operating profit before working capital changes	187,938	N/A
Changes in working capital:		
Inventories	(137,766)	N/A
Trade and other receivables	(8,454)	N/A
Trade and other payables	11,552	N/A
	(134,668)	N/A
Cash used in operations	53,270	N/A
Interest received	1,215	N/A
Interest paid	(15,597)	N/A
Tax paid	(5,841)	N/A
Tax refunded	408	N/A
	(19,815)	N/A
Net cash from operating activities	33,455	N/A

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIXTH (6TH) QUARTER ENDED 31 DEC 2022 (CONTINUED)

	Unaudited 16 months ended 31.12.2022 RM'000	Unaudited 16 months ended 31.12.2021 RM'000
Cash Flow From Investing Activities		
Acquisition of subsidiaries, net of cash acquired	(95,886)	N/A
Purchase of property, plant and equipment	(8,044)	N/A
Proceed from disposal of associate	4,260	N/A
Proceed from disposal of subsidiary	190	N/A
Proceed from disposal of property, plant and equipment	51,882	N/A
Repayment from immediate holding company	56,921	N/A
Net cash from investing activities	<u>9,323</u>	<u>N/A</u>
Cash Flow From Financing Activities		
Dividend paid	(48,995)	N/A
Expenses incidental to issuance of shares	(498)	N/A
Proceeds from warrant converted to ordinary shares	5,041	N/A
Proceed from right issues	110,741	N/A
Repayment of borrowings	(81,791)	N/A
Advances from related parties	14,126	N/A
Net cash used in financing activities	<u>(1,376)</u>	<u>N/A</u>
Net increase in cash and cash equivalents	41,402	N/A
Cash and cash equivalents at beginning of the financial period	31,064	N/A
Cash and cash equivalents at end of the financial period	<u>72,466</u>	<u>N/A</u>
Cash and cash equivalents at end of the financial period comprises:		
- Fixed deposits placed with licensed banks	403	N/A
- Cash and bank balances	76,089	N/A
- Bank overdraft	(3,748)	N/A
	<u>72,744</u>	<u>N/A</u>
Less: Fixed deposits pledged with licensed banks	(278)	N/A
	<u>72,466</u>	<u>N/A</u>

Note: Pursuant to the change in the financial year end from 31 August 2022 to 31 December 2022, there are no comparative figures presented.

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 DEC 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.

The Group adopted merger accounting retrospectively to account for the acquisition of Hextar Fertilizers Limited and its subsidiaries ("HFL"), which had completed on 7 December 2022. The common control combination with HFL had been established since completion of right issue on 29 October 2021. Accordingly, the Group interim financial result for the financial year ended 30 November 2022 had been restated as disclosed in the following note A2.

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A2. Prior period adjustment

	As previously stated Unaudited 15 months ended 30.11.2022 RM'000	HFL Unaudited financial period ended 30.11.2022 RM'000	Elimination RM'000	Restated Unaudited 15 months ended 30.11.2022 RM'000
Revenue	314,974	1,004,622	(110,313)	1,209,283
Cost of Sales	<u>(277,211)</u>	<u>(842,046)</u>	<u>110,313</u>	<u>(1,008,944)</u>
Gross Profit	37,763	162,576	-	200,339
Other operating income	2,488	6,192	-	8,680
Administrative expenses	(14,617)	(26,392)	-	(41,009)
Selling and distribution expenses	<u>(8,271)</u>	<u>(28,869)</u>	<u>-</u>	<u>(37,140)</u>
Profit from operations	17,363	113,507	-	130,870
Finance costs	(2,018)	(16,045)	-	(18,063)
Net impairment loss on trade receivables	<u>214</u>	<u>(1,859)</u>	<u>-</u>	<u>(1,645)</u>
Profit before taxation	<u>15,559</u>	<u>95,603</u>	<u>-</u>	<u>111,162</u>
Profit for the financial year	<u>12,824</u>	<u>84,572</u>	<u>-</u>	<u>97,396</u>

A3. Auditors' report of preceding annual audited financial statements

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

A4. Seasonal or cyclical factors

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

A5. Unusual items

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

A6. Material changes in estimates

There are 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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A7. Debt and equity securities

There are 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 December 2022.

Rights Issue

On 26 February 2021, the shareholders of the Company had resolved to approve the Rights Issue, 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 December 2022, the proceeds had been fully utilised as follows:

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	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
	111,584	111,584	

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A8. Segmental information

The Group's revenues are derived from four (4) main business segments, namely the following:

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	1-month ended 31 Dec 2022					
	Investment		Heavy	Equipment		Consolidated
	Holding	Fertilisers	Equipment	Rental	Elimination	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External sales	-	72,610	1,383	3,264	-	77,257
Intragroup sales	30,500	20,534	251	-	(51,285)	-
Total	30,500	93,144	1,634	3,264	(51,285)	77,257
Results						
Segment results	24,795	13,133	(216)	(3,262)	(30,500)	3,950
Finance costs	-	(1,470)	(7)	(20)	-	(1,497)
Finance income	60	20	16	2	-	98
Profit/(Loss)						
before taxation	24,855	11,683	(207)	(3,280)	(30,500)	2,551
Taxation	(14)	(2,196)	(2)	305	-	(1,907)
Profit/(Loss)						
after taxation	24,841	9,487	(209)	(2,975)	(30,500)	644

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A8. Segmental information (Continued)

	16-months year-to-date ended 31 Dec 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	-	1,199,075	43,143	44,322	-	1,286,540
Intragroup sales	30,800	162,738	14,912	137	(208,587)	-
Total	30,800	1,361,813	58,055	44,459	(208,587)	1,286,540
Results						
Segment results	22,536	133,368	2,402	4,552	(30,800)	132,058
Finance costs	(507)	(18,700)	(225)	(128)	-	(19,560)
Finance income	763	300	130	22	-	1,215
Profit before taxation	22,792	114,968	2,307	4,446	(30,800)	113,713
Taxation	(187)	(14,032)	(164)	(1,290)	-	(15,673)
Profit after taxation	22,605	100,936	2,143	3,156	(30,800)	98,040

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A9. Dividend Paid

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

A10. Valuation of property, plant and equipment

Properties of the Group are revalued by independent professional valuers during the financial year under review.

A11. Capital commitments

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

A12. Changes in the composition of the Group

On 7 December 2022, the Company completed the acquisition of 5 ordinary shares in Hextar Fertilizers Limited ("HFL"), representing 100% equity interest in HFL and its subsidiaries, for a total purchase consideration of RM480,000,000 fully satisfied via the issuance and allotment of 1,600,000,000 new ordinary shares in the Company.

Saved as disclosed above, there are no changes in the composition of the Group for the current financial year ended 31 December 2022.

A13. Contingent liabilities and contingent assets

There are 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 are 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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A15. Related party transactions

Transaction with companies in which a Director of the holding company has interest for the current quarter ended 31 December 2022 are as follows: -

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	Unaudited 1 month ended 31.12.2022 RM'000	Unaudited 1 month ended 31.12.2022 RM'000	Unaudited 16 months ended 31.12.2022 RM'000	Unaudited 16 months ended 31.12.2022 RM'000
<u>Income</u>				
Sales of industrial products and spare parts	-	N/A	72	N/A
Sales of fertilisers	48	N/A	5,507	N/A
Sales or rental of equipment	7	N/A	1,455	N/A
<u>Purchase/Expenditure</u>				
Rental of factory	(650)	N/A	(7,936)	N/A
Rental of office	(13)	N/A	(39)	N/A
Hiring of lorry	(16)	N/A	(260)	N/A
Purchase of fertilisers	-	N/A	(10,614)	N/A
Purchase of rental equipment	-	N/A	(748)	N/A
Management fee	(144)	N/A	(1,945)	N/A

The related party transaction had been restated to reflect the merger accounting as stated in Note A1.

The transactions are 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

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	1 month ended 31.12.2022 RM'000	1 month ended 31.12.2021 RM'000	16 months ended 31.12.2022 RM'000	16 months ended 31.12.2021 RM'000
Revenue	77,257	N/A	1,286,540	N/A
Profit before tax	2,551	N/A	113,713	N/A
Profit after tax	644	N/A	98,040	N/A

As stated in Note A1, the Group has changed its financial year end from 31 August to 31 December. This reporting covers the sixteen months period from 1 September 2021 to 31 December 2022, comprise of total six (6) quarters for the interim financial reports. For the final (6th) quarter or current quarter under review, only consists one (1) month results for the month of December 2022. Therefore, no comparative figure available in this report.

For the current quarter under review, the Group registered monthly revenue of RM77.3 million principally contributed by the newly acquired fertiliser group namely Hextar Fertilizers Limited and its subsidiaries ("HFL"). Despite the Group have absorbed one-off impairment loss of goodwill (RM4.8 million) and trade receivables (RM4.7 million), the Group reported profit before tax of RM2.6 million and profit after tax of RM0.6 million.

For the 16 months period ended 31 December 2022, the Group registered historical high revenue of RM1.29 billion principally contributed by HFL in the Fertilisers division, followed by Equipment Rental and Heavy Equipment divisions. Accordingly, the Group registered profit before tax of RM113.7 million and profit after tax of RM98.0 million.

The Group adopted merger accounting method for the acquisition of HFL, and applied retrospectively since the established of common control with HFL upon the completion of right issue on 29 October 2021.

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B2. Prospects

Fertilisers

The acquisition of Hextar Fertilizers Limited Group ("HFL Group") had been completed, 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). The revenue and customer base will be increased by tapping and leveraging on the HFL Group's extensive and efficient distribution network. The annual capacity of the compound fertilisers also increased by approximately 8 times from existing 75,000 metric tonnes to 679,000 metric tonnes. With the recent recovery of Crude Palm Oil ("CPO") price back to approximately RM4,000 per MT, the demand of fertilisers shall remain healthy.

Barring any unforeseen circumstances, our strategy to expand the fertiliser business nationwide 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

Further eases on measures to manage the Covid-19 pandemic such as determine that the use of face masks indoors to be optional last year had resulted in more people participate in events and wider scale of activities. The events industry is expecting a stronger recovery after China's border re-opening.

B3. Profit forecast

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

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B4. Taxation

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	Unaudited 1 month ended 31.12.2022 RM'000	Unaudited 1 month ended 31.12.2021 RM'000	Unaudited 16 months ended 31.12.2022 RM'000	Unaudited 16 months ended 31.12.2021 RM'000
Income tax expense	2,021	N/A	15,607	N/A
Real Property Gain Tax	-	N/A	1,050	N/A
Deferred tax	(114)	N/A	(984)	N/A
	1,907	N/A	15,673	N/A

The effective tax for current financial year under review is lower than the Malaysian statutory tax rate of 24% is mainly due to utilisation of previously unrecognised tax benefits.

B5. 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 ("HFL") 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"). In the Agreement, HHSB unconditionally and irrevocably guarantee that HFL shall attain a minimum aggregated audited profit after tax of RM94 million cumulatively for financial year end 2022 and 2023.

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.

On 7 December 2022, the acquisition had been completed following the listing and quotation of 1,600,000,000 ordinary shares on the ACE Market of Bursa Malaysia Securities Berhad.

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

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B6. Borrowings

The Group's borrowings are as follows: -

	Unaudited as at 31.12.2022 RM'000	Audited as at 31.08.2021 RM'000
Secured		
Bankers' acceptance	191,029	12,235
Invoice Financing	8,420	914
Revolving credit	12,800	-
Bank overdraft	3,748	-
Hire purchases	3,853	1,332
Term loans	55,113	46,641
Total bank borrowings	274,963	61,122
Short Term		
Bankers' acceptance	191,029	12,235
Invoice Financing	8,420	914
Revolving credit	12,800	-
Bank overdraft	3,748	-
Hire purchases	1,137	263
Term loans	7,260	4,691
	224,394	18,103
Long Term		
Hire purchases	2,716	1,069
Term loans	47,853	41,950
	50,569	43,019

The invoice financing comprise of currency denominated in United States Dollar amounting to RM8,420,313 (2021: Nil).

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B7. 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.

B8. Dividend

The Company had proposed an interim single-tier dividend of 1 cent per ordinary share for the financial year ended 31 December 2022, amounting to approximately RM27.5 mil, payable on 15 March 2023. The proposed dividend entitlement date is fixed on 8 March 2023.

B9. 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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the Group	644	N/A	98,052	N/A
Weighted average number of ordinary shares in issue ('000)	2,747,342	N/A	2,461,951	N/A
Basic earnings per share (sen)	0.02	N/A	3.98	N/A

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B10. Disclosure on selected expense/income items as required by the Listing Requirements

	<-- Individual Quarter -->		<-- Cumulative Quarter -->	
	1 month ended 31.12.2022 RM'000	1 month ended 31.12.2021 RM'000	16 months ended 31.12.2022 RM'000	16 months ended 31.12.2021 RM'000
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
- Interest expenses	1,500	N/A	19,560	N/A
- Interest income	(98)	N/A	(1,215)	N/A
- Depreciation of property, plant and equipment	1,117	N/A	20,388	N/A
- Fair value loss on derivatives	168	N/A	475	N/A
- Loss on disposal of associate	-	N/A	1,740	N/A
- Gain on disposal of property, plant and equipment	(18)	N/A	(2,546)	N/A
- Gain on disposal of subsidiary	-	N/A	(190)	N/A
- Impairment loss of goodwill	4,846	N/A	4,846	N/A
- Inventories written off/down	-	N/A	24,445	N/A
- Property, plant and equipment written off	-	N/A	1,599	N/A
- Net impairment loss on trade receivables	4,717	N/A	6,362	N/A
- Realised loss on foreign exchange	521	N/A	4,326	N/A
- Unrealised gain on foreign exchange	(1,226)	N/A	(1,239)	N/A

B11. Comparative figures

Pursuant to the change in the financial year end from 31 August 2022 to 31 December 2022, there are no comparative figures presented.

BY ORDER OF THE BOARD
22 February 2023