

**Interim Report on Consolidated Results for the Fourth Quarter ended 30 June 2023**

**A NOTES TO THE INTERIM FINANCIAL REPORT**

**A1. Accounting policies and method of computation**

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS 134”) and the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

The quarterly financial statements under review have been prepared based on the same accounting policies and methods of computation adopted in the most recent Audited Financial Statements for the year ended 30 June 2022 except for the new Malaysian Financial Reporting Standards (“MFRS”), Amendments to MFRS and IC Interpretations (“IC Int.”) that are applicable to the Group for financial period beginning 1 July 2022:

Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020
MFRS 17	Insurance Contracts
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 10 and 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current



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Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract

**A2. Audit report**

The audit report for the financial year ended 30 June 2022 was not subject to any qualification.

**A3. Seasonal or cyclical factors**

The business operations of the Group were not significantly affected by any seasonal or cyclical factors.

**A4. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence**

There are no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence for the current financial year except for RM97.09 million fair value gain in equity instruments designated as at FVTOCI.

**A5. Changes in estimates of amounts reported**

There were no changes in the estimates of amounts reported previously that have a material effect in the current financial quarter.

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**A6. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial year to date.

**A7. Dividend paid**

No dividend was paid during the quarter under review.

**A8. Segment revenue and segment result**

Information on business segments for the financial year ended 30 June 2023 is as follows:

	Resins RM'000	Ethanol RM'000	Investment RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<b>REVENUE</b>							
External sales	35,890	21,148	1,875	523	575	-	60,011
Inter-segment sales	-	107	3,982	-	-	(4,089)	-
Total revenue	35,890	21,255	5,857	523	575	(4,089)	60,011
<b>RESULT</b>							
Operating profit/(loss)	(675)	4,898	6,572	96	110	(4,077)	6,924
Interest expense							(5)
Interest income							158
Taxation							(1,059)
Profit after tax							6,018

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**A9. Material subsequent event**

There are no material events subsequent to the end of year reported on to the date of this report which have not been reflected in the financial statements for the quarter ended 30 June 2023.

**A10. Change in composition of the Group**

There are no changes in the composition of the Group for the current quarter and financial year to date including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations except for a subsidiary company, Hexza World Trade Sdn Bhd, that was struck off from the Register of Companies pursuant to Section 550 of the Companies Act, 2016 in the second quarter.

**A11. Contingent liabilities or contingent assets**

There is no change in contingent liabilities or contingent assets since the last annual statement of financial position to the date of this report.

**B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. Review of performance**

**(a) 4<sup>th</sup> Quarter of FY 2023 compared with 4<sup>th</sup> Quarter of FY 2022**

The Group's operating performance for the current quarter compared to the corresponding quarter last year is as follows:



**HEXZA CORPORATION BERHAD** 196901000339 (8705-K)

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	Quarter ended		Variance	
	30/6/2023	30/6/2022	RM'000	%
	RM'000	RM'000		
Revenue				
- Resin	6,075	13,615	(7,540)	(55.4)
- Ethanol	5,501	4,215	1,286	30.5
- Investment	538	682	(144)	(21.1)
- Trading	-	48	(48)	(100.0)
- Others	128	193	(65)	(33.7)
	<u>12,242</u>	<u>18,753</u>	<u>(6,511)</u>	

	Quarter ended		Variance	
	30/6/2023	30/6/2022	RM'000	%
	RM'000	RM'000		
Profit/(Loss) before tax				
- Resin	(693)	1,183	(1,876)	>(100)
- Ethanol	1,808	437	1,371	>100
- Investment	708	790	(82)	(10.4)
- Trading	23	(9)	32	>100
- Others	48	230	(182)	(79.1)
	<u>1,894</u>	<u>2,631</u>	<u>(737)</u>	

The Group recorded a revenue of RM12.24 million and profit before tax of RM1.89 million in the current quarter.

The performance of the operating business segments is as follows:

**Resins segment**

Revenue for the quarter declined 55.4% to RM6.08 million from RM13.62 million in the corresponding quarter last year due to both lower sales volume and average selling price.

Loss before tax of RM0.69 million was recorded for the current quarter under review as compared to a profit before tax of RM1.18 million due to lower sales volume and margin compression.



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**Ethanol segment**

Revenue for the quarter increased 30.5% to RM5.50 million from RM4.21 million in the corresponding quarter last year due to higher sales volume.

Profit before tax of RM1.81 million was recorded in the current quarter as compared to RM0.44 million in the corresponding quarter last year mainly due to higher revenue.

**Investment segment**

Profit before tax decreased RM0.08 million to RM0.71 million from RM0.79 million mainly due to lower dividend income but mitigated by better return from money market funds.

**(b) Current year-to-date compared with year-to-date of FY 2022**

The Group's operating performance for the current financial year compared to last financial year is as follows:

	12 months ended		Variance	
	30/6/2023	30/6/2022	RM'000	%
	RM'000	RM'000		
Revenue				
- Resin	35,890	51,451	(15,561)	(30.2)
- Ethanol	21,148	23,136	(1,988)	(8.6)
- Investment	1,875	1,514	361	23.8
- Trading	523	390	133	34.1
- Others	575	678	(103)	(15.2)
	<u>60,011</u>	<u>77,169</u>	<u>(17,158)</u>	



**HEXZA CORPORATION BERHAD** 196901000339 (8705-K)

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	12 months ended		Variance	
	30/6/2023	30/6/2022	RM'000	%
Profit/(Loss) before tax				
- Resin	(586)	401	(987)	>(100)
- Ethanol	4,947	4,540	407	9.0
- Investment	2,500	1,852	648	35.0
- Trading	96	(47)	143	>100
- Others	120	354	(234)	(66.1)
	<u>7,077</u>	<u>7,100</u>	<u>(23)</u>	

The Group recorded a revenue of RM60.01 million and profit before tax of RM7.08 million for the current financial year.

The performance of the operating business segments is as follows:

**Resins segment**

Revenue of RM35.89 million was lower as compared to RM51.45 million in the last financial year mainly due to both lower sales volume by 25.9% and average selling price.

Loss before tax of RM0.59 million was recorded compared to a profit before tax of RM0.40 million previously mainly due lower sales volume from stiff competition in the resins industry despite a slight improvement in margin.

**Ethanol segment**

Revenue for the current financial year decreased to RM21.15 million from RM23.14 million in the last financial year mainly due to lower sales volume as we faced effluent water disposal issues and production was interrupted in the first two quarters and has since been normalised.

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Profit before tax for ethanol segment increased to RM4.95 million from RM4.54 million.

**Investment segment**

Profit before tax of RM2.50 million was higher as compared to RM1.85 million in the last financial year mainly due to both higher dividend income from quoted and unquoted investments and better return from money market funds.

**B2. Comparison of results for the 4<sup>th</sup> Quarter of FY 2023 against immediate preceding 3<sup>rd</sup> Quarter of FY 2023**

The Group's operating performance for the current quarter compared to the immediate preceding quarter is as follows:

	Quarter ended		Variance	
	30/6/2023 RM'000	31/3/2023 RM'000	RM'000	%
Revenue				
- Resin	6,075	8,406	(2,331)	(27.7)
- Ethanol	5,501	7,157	(1,656)	(23.1)
- Investment	538	526	12	2.3
- Trading	-	198	(198)	(100.0)
- Others	128	181	(53)	(29.3)
	12,242	16,468	(4,226)	
	Quarter ended		Variance	
	30/6/2023 RM'000	31/3/2023 RM'000	RM'000	%
Profit/(Loss) before tax				
- Resin	(693)	(386)	(307)	(79.5)
- Ethanol	1,808	2,336	(528)	(22.6)
- Investment	708	683	25	3.7
- Trading	23	32	(9)	(28.1)
- Others	48	29	19	65.5
	1,894	2,694	(800)	





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Revenue for the current quarter was RM12.24 million as compared to RM16.47 million in the immediate preceding quarter. Our resins segment's revenue decreased mainly due to both lower sales volume and average selling price. Our ethanol segment's revenue decreased mainly due to lower sales volume.

Profit before tax for the current quarter was RM1.89 million as compared to RM2.69 million in the immediate preceding quarter. Our resins segment incurred a loss before tax of RM0.69 million mainly due to lower sales volume and margin compression as we need to be competitive in pricing as we faced stiff competition from other resins manufacturers. Our ethanol segment recorded a lower profit before tax of RM1.81 million due to lower revenue.

**B3. Prospects**

Prospect for the financial year 2024 is expected to remain challenging and competitive for our resins segment. The Board is confident that the performance of our ethanol segment is projected to be better compared to the financial year just ended.

**B4. Comparison with profit forecast**

This note is not applicable.

**B5. Income tax**

Taxation comprises

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	Quarter ended		Year ended	
	3 months		12 months	
	30/6/2023	30/6/2022	30/6/2023	30/6/2022
	RM'000	RM'000	RM'000	RM'000
Estimated current Malaysian taxation	299	373	1,328	1,493
Deferred taxation	(8)	(16)	(221)	(212)
	<u>291</u>	<u>357</u>	<u>1,107</u>	<u>1,281</u>
Over provision in prior years				
- income tax	-	(16)	(48)	(124)
- deferred tax	-	(48)	-	(48)
	<u>291</u>	<u>293</u>	<u>1,059</u>	<u>1,109</u>

The effective tax rate of the Group for the current quarter and financial year to date is lower than the statutory rate of tax applicable mainly due to non-taxable income.

**B6. Profit before taxation**

Profit before tax is arrived at after charging/(crediting):

	Quarter ended		Year ended	
	3 months		12 months	
	30/6/2023	30/6/2022	30/6/2023	30/6/2022
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	584	488	2,111	1,974
Bad debts written off	-	-	-	1
Expected credit loss allowance	5	27	18	29
Gain on deconsolidation of subsidiary companies	(1)	(3)	(1)	(3)
Gain on disposal of property, plant and equipment	(70)	-	(70)	-
Property, plant and equipment written off	5	-	5	2
Inventories written off	-	31	-	31
Interest expense	1	2	5	33
Interest income	(57)	(53)	(158)	(803)
Net (gain) arising from financial assets designated as at FVTPL	(486)	(327)	(1,851)	(619)
Net unrealised (gain) on foreign exchange	(42)	(62)	(60)	(69)

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Other than the above items, there were no provision for and write off of receivables, provision for and write off of inventory, gain or loss on disposal of unquoted investment or properties, impairment of assets, gain or loss on derivatives and exceptional items for the current quarter or current financial year to date.

**B7. Status of corporate proposals**

There are no corporate proposals announced as at the date of this report.

**B8. Group borrowings and debt securities**

There were no group borrowing and debt securities as at the end of the current quarter.

**B9. Changes in material litigation**

The Group is not subject to any material litigation. There is no change to this position since the end of the last reporting period up to the date of this report.

**B10. Dividend**

- (a) A final dividend of 5.0 sen per share in respect of the financial year ended 30 June 2023 has been recommended by the Directors which is subject to the approval of the shareholders at the forthcoming Annual General Meeting.
- (b) The final dividend of 4.0 sen per share was paid for the last financial year ended 30 June 2022.
- (c) The date of payment of the recommended final dividend shall be determined by the Directors and announced at a later date.

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**B11. Earnings per share**

The basic and diluted earnings per share are calculated as follows:

	Quarter ended		Year ended	
	3 months		12 months	
	30/6/2023	30/6/2022	30/6/2023	30/6/2022
Net profit attributable to Owners of the Company(RM'000)	1,718	2,137	6,116	5,930
Weighted average number of ordinary shares	200,380,036	200,380,036	200,380,036	200,380,036
Basic/Diluted earning per share(sen)	0.9	1.1	3.1	3.0

**B12. Disclosure of realised and unrealised profits**

	As at 30/06/2023 RM'000	As at 30/06/2022 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	93,323	98,703
- Unrealised	3,166	3,164
Total group retained profits as per consolidated accounts	96,489	101,867

The disclosure of realised and unrealised profits is made solely for complying with the disclosure requirements as stipulated in the directives of Bursa Malaysia Securities Berhad and is not made for any other purposes.

**B13. Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 August 2023.