



## HEXZA CORPORATION BERHAD 196901000339 (8705-K)

Interim Report on Consolidated Results for the Second Quarter ended 31 December 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 2023 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 2023:

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS10 And MFRS 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
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements



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

**Interim Report on Consolidated Results for the Second Quarter ended 31 December 2023**

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 112	International Tax Reform - Pillar Two Model Rules
Amendments to MFRS 121	Lack of Exchangeability

**A2. Audit report**

The audit report for the financial year ended 30 June 2023 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 period save for RM32.69 million being the fair value gain in equity instruments designated as 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.



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

Interim Report on Consolidated Results for the Second Quarter ended 31 December 2023

**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 period to date.

**A7. Dividend paid**

The proposed final single-tier dividend of 5.0 sen per share by the Board of Directors in respect of the financial year ended 30 June 2023 were approved by the shareholders at the 54<sup>th</sup> Annual General Meeting on 25 November 2023. The dividend amounting to RM10.019 million was paid on 19 December 2023.

**A8. Segment revenue and segment result**

Information on business segments for the financial period ended 31 December 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	13,821	11,121	907	18	302	-	26,169
Inter-segment sales	-	-	-	-	-	-	-
Total revenue	13,821	11,121	907	18	302	-	26,169
<b>RESULT</b>							
Operating profit/(loss)	(399)	2,479	1,094	8	105	-	3,287
Interest expense							(3)
Interest income							65
Taxation							(592)
Profit after tax							2,757



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

**Interim Report on Consolidated Results for the Second Quarter ended 31 December 2023**

### **A9. Material subsequent event**

There are no material events subsequent to the end of period reported on to the date of this report which have not been reflected in the financial statements for the quarter ended 31 December 2023 save for the below:

- i) The Company has acquired quoted investments amounting to RM22.80 million as announced on 21 February 2024.
- ii) The aggregate fair value of the Group's investment portfolio as at 26 February 2024 was RM60.08 million higher compared to the reported fair value as at 31 December 2023.

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

There are no changes in the composition of the Group for the current financial period to date including business combination, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations.

### **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.



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

**Interim Report on Consolidated Results for the Second Quarter ended 31 December 2023**

**A12. Capital commitments**

The capital commitments as at the end of the reporting date are as follows:

	<b>RM'000</b>
Property, plant and equipment	
- Approved and contracted for	<u>14,410</u>



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

Interim Report on Consolidated Results for the Second Quarter ended 31 December 2023

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

**B1. Review of performance**

**(a) 2<sup>nd</sup> Quarter of FY 2024 compared with 2<sup>nd</sup> Quarter of FY 2023**

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

	Quarter Ended		Variance	
	31/12/2023	31/12/2022	RM'000	%
Revenue				
- Resin	7,148	7,397	(249)	(3.4)
- Ethanol	5,976	5,154	822	15.9
- Investment	373	605	(232)	(38.3)
- Trading	18	173	(155)	(89.6)
- Others	177	93	84	90.3
	<u>13,692</u>	<u>13,422</u>	<u>270</u>	

	Quarter Ended		Variance	
	31/12/2023	31/12/2022	RM'000	%
Profit/(Loss) before tax				
- Resin	(96)	(486)	390	(80.2)
- Ethanol	1,382	1,159	223	19.2
- Investment	588	758	(170)	(22.4)
- Trading	7	5	2	40.0
- Others	68	(3)	71	>100
	<u>1,949</u>	<u>1,433</u>	<u>516</u>	



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

### **Interim Report on Consolidated Results for the Second Quarter ended 31 December 2023**

The Group recorded a revenue of RM13.69 million and profit before tax of RM1.95 million in the current quarter under review.

The performance of the operating business segments is as follows:

#### **Resins segment**

Revenue for the quarter decreased 3.4% to RM7.15 million from RM7.40 million in the corresponding quarter last year was attributed to drop in average selling price and partly off-set by higher sales volume.

The lower loss before tax of RM0.10 million was recorded for the current quarter under review was mainly attributed to improvement in gross contribution margin by 0.6%.

#### **Ethanol segment**

Revenue of RM5.98 million was recorded in the quarter under review as compared to RM5.15 million in the corresponding quarter last year was mainly attributed to higher sales volume.

Profit before tax of RM1.38 million was recorded in the quarter under review as compared to profit before tax RM1.16 million in the corresponding quarter last year was mainly attributed to higher sales volume but partly off-set by decline in average selling price.



## HEXZA CORPORATION BERHAD 196901000339 (8705-K)

Interim Report on Consolidated Results for the Second Quarter ended 31 December 2023

### Investment segment

Profit before tax decreased RM0.17 million to RM0.59 million from RM0.76 million was mainly attributed to timing differences of dividend income received.

### **(b) Current year-to-date compared with year-to-date of FY 2023**

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

	6 months ended		Variance	
	31/12/2023	31/12/2022	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue				
- Resin	13,821	21,410	(7,589)	(35.4)
- Ethanol	11,121	8,489	2,632	31.0
- Investment	907	811	96	11.8
- Trading	18	325	(307)	(94.5)
- Others	302	266	36	13.5
	<u>26,169</u>	<u>31,301</u>	<u>(5,132)</u>	

	6 months ended		Variance	
	31/12/2023	31/12/2022	RM'000	%
	RM'000	RM'000	RM'000	%
Profit/(Loss) before tax				
- Resin	(355)	493	(848)	>(100)
- Ethanol	2,486	804	1,682	>100
- Investment	1,105	1,110	(5)	(0.5)
- Trading	8	42	(34)	(81.0)
- Others	105	40	65	>100
	<u>3,349</u>	<u>2,489</u>	<u>860</u>	





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

### **Interim Report on Consolidated Results for the Second Quarter ended 31 December 2023**

The Group recorded a revenue of RM26.17 million and profit before tax of RM3.35 million for the current period.

The performance of the operating business segments is as follows:

#### **Resins segment**

Revenue for the period decreased 35.4% to RM13.82 million from RM21.41 million in the corresponding quarter last year was mainly attributed to drop in both average selling price and sales volume.

Loss before tax of RM0.36 million was recorded for the current period under review was mainly attributed to margin compression and lower sales volume.

#### **Ethanol segment**

Revenue of RM11.12 million was recorded in the period under review as compared to RM8.49 million in the corresponding period last year was mainly attributed to higher sales volume.

Profit before tax of RM2.49 million was recorded in the period under review as compared to profit before tax of RM0.80 million in the corresponding period last year was mainly attributed to the effluent water disposal issues.

#### **Investment segment**

Profit before tax decreased RM0.005 million to RM1.105 million from RM1.110 million was mainly attributed to lower dividend income from quoted shares.



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

Interim Report on Consolidated Results for the Second Quarter ended 31 December 2023

**B2. Comparison of results for the 2<sup>nd</sup> Quarter of FY 2024 against immediate preceding 1<sup>st</sup> Quarter of FY 2024**

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

	Quarter Ended		Variance	
	31/12/2023	30/9/2023	RM'000	%
	RM'000	RM'000		
Revenue				
- Resin	7,148	6,673	475	7.1
- Ethanol	5,976	5,145	831	16.2
- Investment	373	534	(161)	(30.1)
- Trading	18	-	18	NA
- Others	177	125	52	41.6
	<u>13,692</u>	<u>12,477</u>	<u>1,215</u>	

	Quarter Ended		Variance	
	31/12/2023	30/9/2023	RM'000	%
	RM'000	RM'000		
Profit/(Loss) before tax				
- Resin	(96)	(259)	163	(62.9)
- Ethanol	1,382	1,104	278	25.2
- Investment	588	517	71	13.7
- Trading	7	1	6	>100
- Others	68	37	31	83.8
	<u>1,949</u>	<u>1,400</u>	<u>549</u>	

Revenue for the quarter under review increased slightly by RM1.22 million to RM13.69 million from RM12.48 million in the immediate preceding quarter. Our resins segment's revenue



## HEXZA CORPORATION BERHAD 196901000339 (8705-K)

### Interim Report on Consolidated Results for the Second Quarter ended 31 December 2023

increased by RM0.48 million while the ethanol segment's revenue increase by RM0.83 million were mainly attributed to higher sales volume.

Profit before tax for the quarter under review was RM1.95 million as compared to RM1.40 million in the immediate preceding quarter. The increase was mainly attributed to higher sales volume and slight improvement in average selling price from resin segment.

#### B3. Prospects

The sales of ethanol is expected to improve and will show increases in revenue and profit as costs has remained stable for the financial year ending 30<sup>th</sup> June 2024.

The resins segment is expected to incur a slight loss due to the challenging business environment. However, the Group's overall performance will be improved given that the improvement from ethanol segment.

#### B4. Comparison with profit forecast

Not applicable as there was no profit forecast issued.

#### B5. Income tax

Taxation comprises:

	Quarter Ended		Period Ended	
	3 months		6 months	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
Estimated current Malaysian taxatio	374	174	712	411
Deferred taxation	(40)	(101)	(120)	(109)
	<u>334</u>	<u>73</u>	<u>592</u>	<u>302</u>



## HEXZA CORPORATION BERHAD 196901000339 (8705-K)

### Interim Report on Consolidated Results for the Second Quarter ended 31 December 2023

The effective tax rate of the Group for the current financial period 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		Period Ended	
	3 months	3 months	6 months	6 months
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	527	510	1,056	1,024
Expected credit loss allowance no longer required	-	(7)	-	(8)
Interest expense	1	-	3	-
Interest income	(31)	(24)	(65)	(40)
Net (gain) arising from financial assets designated as at FVTPL	(517)	(485)	(936)	(873)
Net unrealised loss/(gain) on foreign exchange	(6)	34	(6)	(11)

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.

#### B7. Status of corporate proposals

There are no corporate proposals announced as at the date of this report save for the Company has obtained mandate from shareholders via EGM held on 30 January 2024 for the disposal of 20,000 units of Nvidia Corporation shares listed on NASDAQ as and when deem fit.



## HEXZA CORPORATION BERHAD 196901000339 (8705-K)

### Interim Report on Consolidated Results for the Second Quarter ended 31 December 2023

#### 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

No interim dividend was declared for the current quarter under review.

#### B11. Earnings per share

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

	Quarter Ended 3 months		Period Ended 6 months	
	31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
Net profit attributable to Owners of the Company (RM'000)	1,634	1,432	2,826	2,109
Weighted average number of ordinary shares	200,380,036	200,380,036	200,380,036	200,380,036
Basic/Diluted earning per share (sen)	0.8	0.7	1.4	1.1



## HEXZA CORPORATION BERHAD 196901000339 (8705-K)

Interim Report on Consolidated Results for the Second Quarter ended 31 December 2023

### B12. Disclosure of realised and unrealised profits

	As at 31/12/2023 RM'000	As at 30/6/2023 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	137,225	93,323
- Unrealised	3,129	3,165
Total group retained profits as per consolidated accounts	<u>140,354</u>	<u>96,488</u>

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 27 February 2024.