



HEXZA CORPORATION BERHAD 196901000339 (8705-K)

Interim Report on Consolidated Results for the Fourth Quarter ended 30 June 2024

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 adoption of the new Malaysian Financial Reporting Standards (“MFRS”), Amendments to MFRS and IC Interpretations (“IC Int.”) as follow:

| | |
|--------------------------------------|---|
| MFRS 18 | Presentation and Disclosure in Financial Statements |
| MFRS 19 | Subsidiary without Public Accountability: Disclosures |
| Amendments to MFRS10 And MFRS 128 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |
| Amendments to MFRS 16 | Lease Liability in a Sale and Leaseback |
| Amendments to MFRS 17 | Initial application and MFRS 9 – Comparative Information |
| Amendments to MFRS 101 | Non-current Liabilities with Covenants |
| Amendments to MFRS 107 and MFRS 7 | Supplier Finance Arrangements |



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Amendments to MFRS 9 Classification and Measurement
and MFRS 7 of Financial Instruments
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 quarter or financial year-to-date save for RM122.30 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 quarter or financial year-to-date.



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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 quarter or financial year-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 54th 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 year ended 30 June 2024 is as follows:

| | Resins RM'000 | Ethanol RM'000 | Investment RM'000 | Trading RM'000 | Others RM'000 | Elimination/ Adjustment RM'000 | Consolidated RM'000 |
|-------------------------|------------------|-------------------|----------------------|-------------------|------------------|--------------------------------------|------------------------|
| REVENUE | | | | | | | |
| External sales | 26,086 | 26,767 | 1,919 | 22 | 672 | - | 55,466 |
| Inter-segment sales | - | 125 | 3,982 | - | - | (4,107) | - |
| Total revenue | 26,086 | 26,892 | 5,901 | 22 | 672 | (4,107) | 55,466 |
| RESULT | | | | | | | |
| Operating profit/(loss) | (1,116) | 6,403 | 5,526 | (30) | 156 | (3,983) | 6,956 |
| Interest expense | | | | | | | (4) |
| Interest income | | | | | | | 209 |
| Taxation | | | | | | | (251) |
| Profit after tax | | | | | | | 6,910 |



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A9. Material subsequent event

There are no material events subsequent to 30 June 2024 up to the date of this report which have not been reflected in the financial statements save for the aggregate fair value of the Group's investment portfolio as at 28 August 2024 was RM29.44 million lower compared to the reported fair value as at 30 June 2024.

A10. Change in composition of the Group

There are no changes in the composition of the Group for the current quarter or financial year-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.

A12. Capital commitments

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

| | RM'000 |
|-------------------------------|---------------|
| Property, plant and equipment | |
| - Approved and contracted for | <u>31,334</u> |



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

B1. Review of performance

(a) 4th Quarter of FY 2024 compared with 4th 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 | |
|--------------------------|---------------|---------------|--------------|--------|
| | 30/6/2024 | 30/6/2023 | RM'000 | % |
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | | | | |
| - Resins | 6,039 | 6,075 | (36) | (0.6) |
| - Ethanol | 8,256 | 5,501 | 2,755 | 50.1 |
| - Investment | 444 | 538 | (94) | (17.5) |
| - Trading | 2 | - | 2 | 100.0 |
| - Others | 167 | 128 | 39 | 30.5 |
| | <u>14,908</u> | <u>12,242</u> | <u>2,666</u> | |
| | | | | |
| | Quarter Ended | | Variance | |
| | 30/6/2024 | 30/6/2023 | RM'000 | % |
| | RM'000 | RM'000 | RM'000 | % |
| Profit/(Loss) before tax | | | | |
| - Resins | (491) | (693) | 202 | 29.1 |
| - Ethanol | 1,886 | 1,808 | 78 | 4.3 |
| - Investment | 210 | 708 | (498) | (70.3) |
| - Trading | (25) | 23 | (48) | >(100) |
| - Others | 119 | 48 | 71 | >100 |
| | <u>1,699</u> | <u>1,894</u> | <u>(195)</u> | |

The Group recorded a revenue of RM14.91 million and profit before tax of RM1.28 million in the current quarter under review.



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The performance of the operating business segments is as follows:

Resins segment

Revenue for the quarter decreased 0.6% to RM6.04 million from RM6.07 million in the corresponding quarter last year. The decrease was attributable to decrease in sales volume of 5.5%, however, it was partly off-set by increased in average selling price of 5.2%.

The lower loss before tax of RM0.49 million for the current quarter was mainly attributed to improvement in gross contribution margin.

Ethanol segment

Revenue of RM8.26 million which was higher in the current quarter as compared to RM5.50 million in the corresponding quarter last year. The increase in revenue was mainly due to higher sales volume of 82.0%, however, it was partly off-set by decrease in average selling price of 17.3%.

Profit before tax of RM1.89 million for the current quarter was higher than RM1.81 million in the corresponding quarter last year. This was mainly attributed to higher sales volume.

Investment segment

Profit before tax decreased RM0.50 million to RM0.21 million from RM0.71 million was attributed to lower gain on financial assets fair value through profit and loss.



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

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

| | 12 months ended | | Variance | |
|--------------|-----------------|---------------|----------------|--------|
| | 30/6/2024 | 30/6/2023 | RM'000 | % |
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | | | | |
| - Resins | 26,086 | 35,890 | (9,804) | (27.3) |
| - Ethanol | 26,767 | 21,148 | 5,619 | 26.6 |
| - Investment | 1,919 | 1,875 | 44 | 2.3 |
| - Trading | 22 | 523 | (501) | (95.8) |
| - Others | 672 | 575 | 97 | 16.9 |
| | <u>55,466</u> | <u>60,011</u> | <u>(4,545)</u> | |

| | 12 months ended | | Variance | |
|--------------------------|-----------------|--------------|-----------|--------|
| | 30/6/2024 | 30/6/2023 | RM'000 | % |
| | RM'000 | RM'000 | RM'000 | % |
| Profit/(Loss) before tax | | | | |
| - Resins | (1,008) | (586) | (422) | (72.0) |
| - Ethanol | 6,311 | 4,947 | 1,364 | 27.6 |
| - Investment | 1,587 | 2,500 | (913) | (36.5) |
| - Trading | (24) | 96 | (120) | >(100) |
| - Others | 295 | 120 | 175 | >100 |
| | <u>7,161</u> | <u>7,077</u> | <u>84</u> | |

The Group recorded a revenue of RM55.47 million and profit before tax of RM6.74 million for the current financial year.

The performance of the operating business segments is as follows:



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Resins segment

Revenue for the current financial year decreased 27.3% to RM26.09 million from RM35.89 million in the last financial year. The decrease was mainly attributable to decrease in sales volume and average selling price of 13.9% and 15.6% respectively.

Loss before tax of RM1.01 million was recorded for the current financial year under review as compared to loss before tax of RM0.59 million in the last financial year was mainly attributed to decrease in sales volume and average selling price.

Ethanol segment

Revenue of RM26.77 million was recorded in the current financial year under review as compared to RM21.15 million in the last financial year. The increase was mainly attributable to higher sales volume of 46.8%.

Profit before tax of RM6.31 million was recorded in the current financial year under review as compared to profit before tax of RM4.95 million in the last financial year was mainly attributed to higher sales volume.

Investment segment

Profit before tax decreased RM0.91 million to RM1.59 million from RM2.50 million was mainly attributed to higher operating expenditures and lower gain on financial assets fair value through profit and loss.



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B2. Comparison of results for the 4th Quarter of FY 2024 against immediate preceding 3rd 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 | |
|--------------|---------------|---------------|------------|--------|
| | 30/6/2024 | 31/3/2024 | RM'000 | % |
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | | | | |
| - Resins | 6,039 | 6,226 | (187) | (3.0) |
| - Ethanol | 8,256 | 7,390 | 866 | 11.7 |
| - Investment | 444 | 568 | (124) | (21.8) |
| - Trading | 2 | 2 | - | - |
| - Others | 167 | 203 | (36) | (17.7) |
| | <u>14,908</u> | <u>14,389</u> | <u>519</u> | |

| | Quarter Ended | | Variance | |
|--------------------------|---------------|--------------|--------------|--------|
| | 30/6/2024 | 31/3/2024 | RM'000 | % |
| | RM'000 | RM'000 | RM'000 | % |
| Profit/(Loss) before tax | | | | |
| - Resins | (491) | (162) | (329) | >(100) |
| - Ethanol | 1,886 | 1,939 | (53) | (2.7) |
| - Investment | 210 | 272 | (62) | (22.8) |
| - Trading | (25) | (7) | (18) | >(100) |
| - Others | 119 | 71 | 48 | 67.6 |
| | <u>1,699</u> | <u>2,113</u> | <u>(414)</u> | |

The revenue of Resins segment reduced marginally to 6.04 million due to lower sales volume while the revenue of the Ethanol segment increased by 11.7% to RM8.26 million due to higher sales volume.



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Profit before tax for the quarter under review was RM1.28 million as compared to RM2.11 million in the immediate preceding quarter. The decrease was attributed lower sales volume arising from the Resins segment.

B3. Prospects

The sales of ethanol will continue to improve along with increases in revenue and profit attributed by higher ethanol production for the financial year ending 30th June 2025. The business environment for Resins segment remains challenging.

However, the Group's overall performance will improve 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 3 months | | Year Ended 12 months | |
|--------------------------------------|---------------------------|-----------|-------------------------|-----------|
| | 30/6/2024 | 30/6/2023 | 30/6/2024 | 30/6/2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Estimated current Malaysian taxation | 301 | 299 | 1,553 | 1,328 |
| Deferred taxation | (918) | (8) | (1,118) | (221) |
| | (617) | 291 | 435 | 1,107 |
| Over provision in prior years | | | | |
| - income tax | (184) | - | (184) | (48) |
| | (801) | 291 | 251 | 1,059 |



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B6. Profit before taxation

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

| | Quarter Ended 3 months | | Year Ended 12 months | |
|--|---------------------------|---------------------|-------------------------|---------------------|
| | 30/6/2024 RM'000 | 30/6/2023 RM'000 | 30/6/2024 RM'000 | 30/6/2023 RM'000 |
| Depreciation and amortisation | 519 | 584 | 2,099 | 2,111 |
| Expected credit loss allowance | 159 | 5 | 159 | 18 |
| Gain on deconsolidation of subsidiary companies | - | (1) | - | (1) |
| Gain on disposal of property, plant and equipment | - | (70) | - | (70) |
| Property, plant and equipment written off | 204 | 5 | 204 | 5 |
| Interest expense | 4 | 1 | 4 | 5 |
| Interest income | (75) | (57) | (209) | (158) |
| Net gain arising from financial assets designated as at FVTPL | 211 | (486) | (792) | (1,851) |
| Net unrealised loss/(gain) on foreign exchange | (15) | (42) | (12) | (60) |

Other than the above items, there were no 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

On 30 January 2024, the Company has obtained mandate from the shareholders via Extraordinary General Meeting for the proposed disposal of 20,000 units (equivalent to 200,000 units post share split) of Nvidia Corporation (“Nvidia”) shares listed on NASDAQ as and when deem fit. There was no disposal of Nvidia shares as of the date of this report.



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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) The following dividend in respect of the financial year ended 30 June 2024 has been recommended by the Directors which is subject to the approval of the shareholders at the forthcoming Annual General Meeting:-
 - i. A final dividend of 5.0 sen per share, and
 - ii. A special dividend of 2.5 sen per share
- (b) The final dividend of 5.0 sen per share was paid for the last financial year ended 30 June 2023.
- (c) The date of payment of the recommended final dividend shall be determined by the Directors and announced at a later date.

B11. Earnings per share

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



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| | Quarter Ended | | Year Ended | |
|---|---------------|-------------|-------------|-------------|
| | 3 months | | 12 months | |
| | 30/6/2024 | 30/6/2023 | 30/6/2024 | 30/6/2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Net profit attributable to Owners of the Company (RM'000) | 2,516 | 1,718 | 7,026 | 6,116 |
| Weighted average number of ordinary shares | 200,380,036 | 200,380,036 | 200,380,036 | 200,380,036 |
| Basic/Diluted earning per share (sen) | 1.3 | 0.9 | 3.5 | 3.1 |

B12. Disclosure of realised and unrealised profits

| | As at | As at |
|---|-----------|-----------|
| | 30/6/2024 | 30/6/2023 |
| | RM'000 | RM'000 |
| Total retained profits of the Company and its subsidiaries: | | |
| - Realised | 137,778 | 93,323 |
| - Unrealised | 3,615 | 3,166 |
| Total group retained profits as per consolidated accounts | 141,393 | 96,489 |

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 29 August 2024.