



HEXTAR TECHNOLOGIES SOLUTIONS BERHAD [200501034100 (716241-X)]
(Formerly Known As Complete Logistic Services Berhad)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2022

25 August 2022

Hextar Technologies Solutions Berhad
(Formerly known as Complete Logistic Services Berhad)
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HEXTAR TECHNOLOGIES SOLUTIONS BERHAD [200501034100 (716241-X)]
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE FIRST QUARTER ENDED 30 JUNE 2022

RM'000	Note	As at 30.06.2022 Unaudited	As at 31.03.2022 Audited
Assets			
Property, plant and equipment		32,943	33,207
Right-of-use assets		27,213	27,397
Investments in associates		24,919	24,597
Other investment		28,980	29,160
Non-current assets		114,055	114,361
Trade and other receivables		56,315	55,584
Contract assets		46	83
Tax recoverable		367	415
Cash and cash equivalents		27,055	27,398
Current assets		83,783	83,480
Total assets		197,838	197,841
Equity and liabilities			
Share capital		72,398	72,398
Other reserves		(386)	(206)
Retained earnings	19	99,982	99,692
Equity attributable to owners of the Company		171,994	171,884
Non-controlling interests		(422)	(331)
Total equity		171,572	171,553
Lease liabilities		15,743	15,617
Deferred tax liabilities		1,187	1,279
Non-current liabilities		16,930	16,896
Trade and other payables		7,193	6,581
Contract liabilities		-	43
Borrowings	22	1,822	2,505
Lease liabilities		321	263
Current liabilities		9,336	9,392
Total liabilities		26,266	26,288
Total equity and liabilities		197,838	197,841
Net assets per share attributable to owners of the Company (RM)		1.34	1.34

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 JUNE 2022

(These figures have not been audited)

RM'000	Note	Current quarter 3 months ended		Cumulative quarter 3 months ended	
		30.06.2022	30.06.2021	30.06.2022	30.06.2021
Revenue		28,532	11,049	28,532	11,049
Cost of sales		(25,357)	(9,519)	(25,357)	(9,519)
Gross profit		3,175	1,530	3,175	1,530
Other income		405	1,129	405	1,129
Marketing and distribution costs		(541)	(861)	(541)	(861)
Administration and other expenses		(2,496)	(1,241)	(2,496)	(1,241)
Finance costs		(224)	(342)	(224)	(342)
(Loss)/Profit before share of results		319	215	319	215
Share of results of associates		322	332	322	332
Profit before tax		641	547	641	547
Tax expense	18	(442)	(323)	(442)	(323)
(Loss)/Profit for the period		199	224	199	224
Other comprehensive expenses		(180)	(540)	(180)	(540)
Total comprehensive expenses		19	(316)	19	(316)
Profit attributable to:					
Owners of the Company		290	224	290	224
Non-controlling interests		(91)	-	(91)	-
Profit for the period		199	224	199	224
Total comprehensive income attributable to:					
Owners of the Company		110	(316)	110	(316)
Non-controlling interests		(91)	-	(91)	-
Total comprehensive income		19	(316)	19	(316)
Earnings per share attributable to owners of the Company:					
Basic (sen)	25	0.2	0.2	0.2	0.2
Diluted (sen)	25	0.2	0.2	0.2	0.2

The above condensed consolidated income statement should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 JUNE 2022
(These figures have not been audited)

RM'000	Attributable to owners of the Company						Non-controlling interests	Total equity
	Non-Distributable			Distributable				
	Share capital	Fair value reserve	Share option reserve	Treasury shares	Retained earnings	Total		
At 1 April 2022	72,398	(228)	22	-	99,692	171,884	(331)	171,553
Profit after tax	-	-	-	-	290	290	(91)	199
Fair value changes of equity investment	-	(180)	-	-	-	(180)	-	(180)
Total comprehensive expenses	-	(180)	-	-	290	110	(91)	19
At 30 June 2022	72,398	(408)	22	-	99,982	171,994	(422)	171,572
At 1 April 2021	72,398	(228)	55	(131)	90,955	163,049	15	163,064
Profit after tax	-	-	-	-	224	224	-	224
Fair value changes of equity investment	-	(540)	-	-	-	(540)	-	(540)
Total comprehensive expenses	-	(540)	-	-	224	(316)	-	(316)
Forfeit of Share Issuance Scheme option	-	-	(33)	-	33	-	-	-
Acquisition of non-controlling interest	-	-	-	-	(5,024)	(5,024)	24	(5,000)
Disposal of a subsidiary	-	-	-	-	-	-	(39)	(39)
At 30 June 2021	72,398	(768)	22	(131)	86,188	157,709	-	157,709

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FIRST QUARTER ENDED 30 JUNE 2022

(These figures have not been audited)

RM'000	3 months ended	
	30.06.2022	30.06.2021
Operating activities		
Profit before tax	641	547
Adjustments for:		
Non-cash items	873	966
Non-operating items	(322)	(332)
Interest income	(68)	(172)
Interest expense	224	342
Operating profit before working capital changes	1,348	1,351
Changes in working capital:		
Receivables	(773)	674
Payables	649	(6,066)
Cash generated from/(used in) operations	1,224	(4,041)
Net tax paid	(487)	(530)
Net cash from/(used in) operating activities	737	(4,571)
Investing activities		
Additional investment in an existing subsidiary	-	(5,000)
Interest received	68	172
Net cash inflows from the disposal of subsidiaries	-	136
Purchase of property, plant and equipment	(425)	(5,130)
Net cash used in investing activities	(357)	(9,822)
Financing activities		
Interest paid	(224)	(342)
Repayment of lease liabilities	184	(62)
Repayment of borrowings	(683)	(936)
(Repayment to)/Advance from director	-	(124)
Net cash used in financing activities	(723)	(1,464)
Net changes in cash and cash equivalents	(343)	(15,857)
Cash and cash equivalents at the beginning of financial year	27,233	49,852
Cash and cash equivalents at the end of financial year	26,890	33,995
Analysis of cash and cash equivalents		
Fixed deposits	165	165
Cash and bank balances	26,890	33,995
	27,055	34,160
Fixed deposits pledged to licensed bank	(165)	(165)
	26,890	33,995

The above condensed consolidated statement of cash flow should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1 Basis of preparation

This unaudited interim financial report has been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2022.

The significant accounting policies adopted by the Group in this interim financial statements are consistent with those adopted in the financial statements as disclosed in the audited financial statements for the year ended 31 March 2022.

During the current financial year, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-

- Amendments to MFRSs: Annual Improvements to MFRS Standards 2018 – 2020
- Amendments to MFRS 3: Reference to the Conceptual Framework
- Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial quarter:

- MFRS 17: Insurance Contracts
- Amendments to MFRS 17 Insurance Contracts
- Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information
- Amendment to MFRS 101: Classification of Liabilities as Current or Non-current
- 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 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group did not early adopt the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) as they are not expected to have material impact on the financial statements of the Group upon their initial applications.

2 Seasonality or cyclicity of operations

The business operations of the Group are subject to the forces of supply and demand and thus, could display cyclical trends.

3 Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 30 June 2022.

4 Significant estimates and changes in estimates

There were no changes in estimates that had any material effects during the quarter ended 30 June 2022.

5 Debt and equity securities

There were no issuances, repurchases or repayments of debt and equity securities during the quarter ended 30 June 2022.

6 Dividends paid

There were no dividends paid during the current and previous corresponding quarter.

7 Segmental information

The Group's operations comprise the following business segments:

Logistics : Total logistic services provider including lorry transportation services (tanker, bulk cargo, side curtain), project logistics and door to door delivery services
Warehousing : Provision of warehouse for renting
Trading : Trading of building materials
Others : Trading of goods, insurance agency, investment holding and marine

RM'000	Logistics	Warehousing	Trading	*Others	Total	Elimination	Group
Results For 3 Months Ended							
30 June 2022							
External revenue	8,945	1,102	18,484	1	28,532	-	28,532
Intersegment revenue	-	-	-	519	519	(519)	-
Total revenue	8,945	1,102	18,484	520	29,051	(519)	28,532
Segment (loss)/profit	904	962	523	(1,041)	1,348	322	1,670
Depreciation	(491)	(254)	(117)	(11)	(873)	-	(873)
Interest income	2	-	-	66	68	-	68
Finance costs	(2)	(199)	(23)	-	(224)	-	(224)
(Loss)/Profit before tax	413	509	383	(986)	319	322	641
Tax expense	(105)	(159)	(153)	(25)	(442)	-	(442)
(Loss)/Profit after tax	308	350	230	(1,011)	(123)	322	199
Results For 3 Months Ended							
30 June 2021							
External revenue	8,036	1,619	-	1,394	11,049	-	11,049
Intersegment revenue	-	-	-	21	21	(21)	-
Total revenue	8,036	1,619	-	1,415	11,070	(21)	11,049
Segment profit	(759)	1,441	-	780	1,462	540	2,002
Depreciation	(460)	(403)	-	(422)	(1,285)	-	(1,285)
Interest income	2	-	-	170	172	-	172
Finance costs	(7)	(335)	-	-	(342)	-	(342)
Profit before tax	(1,224)	703	-	528	7	540	547
Tax expense	(45)	(267)	-	(11)	(323)	-	(323)
Profit after tax	(1,269)	436	-	517	(316)	540	224

* Marine segment had been re-categorised into Others segment due to the discontinuation of operations in the 1st quarter of FY2022.

8 Related party disclosures

Significant recurrent related party transactions are as follows:

RM'000	3 months ended	
	30.06.2022	30.06.2021
Companies in which certain Directors and Chief Executive have interests:		
Revenue from services rendered	272	16
Forwarding service charges payable	-	1
Spare parts payable	-	26
Building materials receivable	958	-
Building materials payable	23	-
Internet related services payable	111	-
Software, hardware and maintenance services payable	98	-

The Directors are of the opinion that the above transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

9 Valuation of property, plant and equipment

There was no valuation on property, plant and equipment during the current and previous corresponding quarter.

10 Capital commitments

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

11 Contingent assets and liabilities

There were no major changes in contingent liabilities and contingent assets since the end of last financial year.

12 Changes in composition

There were no changes in the composition of the Group during the current quarter.

13 Events after the reporting period

The Company had on 14 March 2022 announced that it proposed to change its name from "Complete Logistic Services Berhad" to "Hextar Technologies Solutions Berhad" ("Proposed Change of Name"). The Proposed Change of Name had been approved by the shareholders at the extraordinary general meeting convened on 07 July 2022 ("EGM"). The Company had changed its name to Hextar Technologies Solutions Berhad upon the issuance of the Certificate of Incorporation on Change of Name by Companies Commission of Malaysia on 08 July 2022.

The Company had on 14 March 2022 entered into a share sale agreement for the proposed disposal of 36,000,000 ordinary shares in Classic Scenic Berhad ("CSCENIC"), representing approximately 14.94% equity interest in CSCENIC, and 18,000,000 warrants in CSCENIC ("Proposed Disposal") for a total cash consideration of RM32,040,000. The Proposed Disposal had been approved by the shareholders at the EGM and completed on 14 July 2022.

The Company had on 29 July 2022 received the buy-out notice for the disposal of its remaining 20% equity interests in Dolphin Shipping Agency Sdn Bhd and Gems Logistics Sdn Bhd respectively, and 17.56% of its equity interests in Guper Integrated Logistics Sdn Bhd ("Exit Disposal"). The Exit Disposal had been mandated by the shareholders on 19 December 2019 and is now pending the completion of the special audit to determine the exit price.

Save as disclosed above, there were no material events subsequent to the end of the current quarter.

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**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

14 Analysis of performance - Comparison with preceding year corresponding quarter

RM'000	3 months ended		Variance
	30.06.2022	30.06.2021	
Revenue	28,532	11,049	17,483
Profit before tax	641	547	94

In the current quarter, the revenue of the Group increased by RM17.48 million from RM11.05 million to RM28.53 million as compared to the corresponding quarter, which represent the revenue contribution from its expanded trading of building materials business. The pre-tax profit of the Group increased marginally by RM0.1 million as compared to the corresponding quarter despite the huge jump of revenue in the current quarter due to its low profit margin nature in the trading business and also partially off set by the start up costs in new technology business.

(a) Logistics

RM'000	3 months ended		Variance
	30.06.2022	30.06.2021	
External revenue	8,945	8,036	909
(Loss)/Profit before tax	413	(1,224)	1,637

The logistic business is on the recovery path. Its revenue and pre-tax profit improved as compared to the corresponding quarter due to higher business volume and profit margin.

(b) Warehousing

RM'000	3 months ended		Variance
	30.06.2022	30.06.2021	
External revenue	1,102	1,619	(517)
Profit before tax	509	703	(194)

The rental income and pre-tax profit of the warehousing segment had decreased by RM0.52 million and RM0.19 million respectively as compared to the corresponding quarter mainly due to the disposal of two warehouse owning subsidiaries in third quarter of the preceding financial year.

(c) Trading

RM'000	3 months ended		Variance
	30.06.2022	30.06.2021	
External revenue	18,484	-	18,484
(Loss)/Profit before tax	383	-	383

The trading of building materials business had contributed positively towards the Group's revenue and pre-tax profit since second quarter of the preceding financial year.

15 Comparison with immediate preceding quarter

RM'000	3 months ended		Variance
	30.06.2022	31.03.2022	
Revenue	28,532	33,423	(4,891)
Profit before tax	641	1,542	(901)

Lower revenue and pre-tax profit posted in the current quarter against the immediate preceding quarter mainly due to lower revenue generated from its trading business coupled with the start up costs incurred for the new technology business.

16 Commentary on prospects

Upon receiving shareholders' approval at the EGM for the proposed diversification plan, the Company has changed its name to Hextar Technologies Solutions Berhad on 08 July 2022, which marks the start of a new era for the Company as it ventures into the technology business. This diversification is intended to provide an alternative income stream to the Group as well as to mitigate the risks of solely relying on its existing businesses. On the other hand, the management is optimistic that its existing businesses will continue to grow and contribute positively to the Group.

17 Profit forecast

Not applicable.

18 Tax expense

RM'000	3 months ended	
	30.06.2022	30.06.2021
Income tax	535	323
Deferred tax	(93)	-
Total tax expense	442	323

Income tax is calculated at the statutory tax rate of 24% of the estimated assessable profit for the period.

The overall effective tax rate of the Group is higher than the statutory tax rate mainly due to certain expenses that are not deductible for tax purposes and losses in certain subsidiaries.

19 Retained earnings

RM'000	As at	As at
	30.06.2022	31.03.2022
Realised	144,351	144,563
Unrealised	(1,197)	(1,285)
	143,154	143,278
Consolidation adjustments	(43,172)	(43,586)
Total retained earnings	99,982	99,692

20 Corporate proposals

There were no corporate proposals announced but not completed as at the reporting date.

21 Utilisation of proceeds

The total gross proceeds of RM22.45 million arising from the disposals of entire equity interest in subsidiaries were proposed to be utilised as follows:

RM'000	Intended utilisation	Actual utilisation as at 30.06.2022	Deviation	Balance	Estimated timeframe
Future investment	12,000	-	-	12,000	Within 24 months
Working capital	8,052	8,215	163 *	-	Within 24 months
Estimated expenses	2,400	2,237	(163) *	-	Within 1 month
	22,452	10,452	-	12,000	

* The balance of the estimated expenses of RM0.16 million had been re-allocated for the Group's working capital purposes.

22 Borrowings

RM'000	As at 30.06.2022	As at 31.03.2022
<u>Secured</u>		
Term loans	-	58
<u>Unsecured</u>		
Bills payable	1,822	2,447
Short term borrowings	1,822	2,505

All borrowings are denominated in Ringgit Malaysia.

23 Changes in material litigation

There was no material litigation against the Group as at the reporting date.

24 Proposed dividend

The Company had on 13 July 2022 declared a single tier interim dividend of RM0.40 per ordinary share for the financial year ended 31 March 2023. The dividend entitlement date had been fixed on 29 July 2022 and paid on 16 August 2022.

25 Earnings per share ("EPS")

	3 months ended	
	30.06.2022	30.06.2021
Profit attributable to Owners of the Company (RM'000)	290	224
Weighted average number of ordinary shares in issue ('000)	128,649	128,330
Effect of dilution ('000)	52	294
Adjusted weighted average number of ordinary shares in issue ('000)	128,701	128,624
Basic EPS (sen)	0.2	0.2
Diluted EPS (sen)	0.2	0.2

26 Financial instruments

The Group has not entered into any derivatives and accounted for any financial liabilities carried at fair value as at the reporting date.

27 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 March 2022 was unqualified.

28 Profit before tax

RM'000	3 months ended	
	30.06.2022	30.06.2021
Profit before tax is arrived at after crediting/(charging):		
Interest income	68	172
Other income including investment income	337	26
Interest expense	(224)	(342)
Depreciation	(873)	(1,285)
Gain on disposal of property, plant and equipment	-	928
Gain on disposal of subsidiaries	-	3
Realised (loss)/gain in foreign exchange	(2)	2
Unrealised (loss)/gain in foreign exchange	(10)	3

Save as disclosed above, there were no other material provision for and write off of inventories, gain or loss on disposal of quoted or unquoted investment or properties, impairment of assets, gain or loss on derivatives or exceptional items for current quarter under review.