



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022

23 February 2023

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 THIRD QUARTER ENDED 31 DECEMBER 2022

RM'000	Note	As at 31.12.2022 Unaudited	As at 31.03.2022 Audited
Assets			
Property, plant and equipment		31,571	33,207
Right-of-use assets		26,844	27,397
Investments in associates		-	24,597
Other investment		2,245	29,160
Non-current assets		60,660	114,361
Trade and other receivables		61,459	55,584
Contract assets		-	83
Short-term investments		9,298	-
Tax recoverable		150	415
Cash and cash equivalents		17,115	27,398
Current assets		88,022	83,480
Total assets		148,682	197,841
Equity and liabilities			
Share capital		72,398	72,398
Other reserves		22	(206)
Retained earnings	19	52,089	99,692
Equity attributable to owners of the Company		124,509	171,884
Non-controlling interests		(512)	(331)
Total equity		123,997	171,553
Lease liabilities		15,582	15,617
Deferred tax liabilities		1,120	1,279
Non-current liabilities		16,702	16,896
Trade and other payables		3,728	6,581
Contract liabilities		-	43
Borrowings	22	3,933	2,505
Lease liabilities		322	263
Current liabilities		7,983	9,392
Total liabilities		24,685	26,288
Total equity and liabilities		148,682	197,841
Net assets per share attributable to owners of the Company (RM)		0.97	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 THIRD QUARTER ENDED 31 DECEMBER 2022

(These figures have not been audited)

RM'000	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
Revenue		43,942	42,582	106,153	80,609
Cost of sales		(40,957)	(39,849)	(96,934)	(74,719)
Gross profit		2,985	2,733	9,219	5,890
Other income		1,378	11,168	5,954	12,446
Marketing and distribution costs		(551)	(32)	(1,649)	(976)
Administration and other expenses		(2,758)	(2,684)	(7,147)	(5,180)
Finance costs		(264)	(283)	(743)	(949)
Profit before share of results		790	10,902	5,634	11,231
Share of results of associates		-	100	597	776
Profit before tax		790	11,002	6,231	12,007
Tax expense	18	(440)	68	(1,427)	(422)
Profit for the period		350	11,070	4,804	11,585
Other comprehensive (expenses)/income		-	90	(900)	180
Total comprehensive income		350	11,160	3,904	11,765
Profit attributable to:					
Owners of the Company		370	11,301	4,985	11,816
Non-controlling interests		(20)	(231)	(181)	(231)
Profit for the period		350	11,070	4,804	11,585
Total comprehensive income attributable to:					
Owners of the Company		370	11,391	4,085	11,996
Non-controlling interests		(20)	(231)	(181)	(231)
Total comprehensive income		350	11,160	3,904	11,765
Earnings per share attributable to owners of the Company:					
Basic (sen)	25	0.3	8.8	3.9	9.2
Diluted (sen)	25	0.3	8.8	3.9	9.2

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 THIRD QUARTER ENDED 31 DECEMBER 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	-	-	-	-	4,985	4,985	(181)	4,804
Fair value changes of equity investment	-	(900)	-	-	-	(900)	-	(900)
Total comprehensive income	-	(900)	-	-	4,985	4,085	(181)	3,904
Disposal of a quoted investment	-	1,128	-	-	(1,128)	-	-	-
Dividends	-	-	-	-	(51,460)	(51,460)	-	(51,460)
At 31 December 2022	72,398	-	22	-	52,089	124,509	(512)	123,997
At 1 April 2021	72,398	(228)	55	(131)	90,955	163,049	15	163,064
Profit after tax	-	-	-	-	11,816	11,816	(231)	11,585
Fair value changes of equity investment	-	180	-	-	-	180	-	180
Total comprehensive income	-	180	-	-	11,816	11,996	(231)	11,765
Forfeit of Share Issuance Scheme option	-	-	(33)	-	33	-	-	-
Acquisition of non-controlling interest	-	-	-	-	(5,024)	(5,024)	24	(5,000)
Treasury shares sold	-	-	-	131	-	131	-	131
Disposal of an existing subsidiary that do not result in a loss of control	-	-	-	-	70	70	35	105
Disposal of subsidiaries	-	-	-	-	-	-	(39)	(39)
At 31 December 2021	72,398	(48)	22	-	97,850	170,222	(196)	170,026

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.

HEXTAR TECHNOLOGIES SOLUTIONS BERHAD [200501034100 (716241-X)]
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022

(These figures have not been audited)

RM'000	9 months ended	
	31.12.2022	31.12.2021
Operating activities		
Profit before tax	6,231	12,007
Adjustments for:		
Non-cash items	(832)	(8,539)
Non-operating items	(597)	(776)
Interest income	(365)	(311)
Interest expense	743	949
Operating profit before working capital changes	5,180	3,330
Changes in working capital:		
Receivables	(5,917)	(33,926)
Payables	(2,770)	(10,075)
Cash used in operations	(3,507)	(40,671)
Net tax paid	(1,321)	(1,201)
Net cash used in operating activities	(4,828)	(41,872)
Investing activities		
Additional investment in an existing subsidiary	-	(5,000)
Interest received	365	311
Net cash inflows from the disposal of subsidiaries	-	20,356
Net cash inflows from the acquisition of a subsidiary	-	597
Purchase of property, plant and equipment	(168)	(2,871)
Purchase of right-of-use asset	-	(8,160)
Purchase of short-term investments	(9,298)	-
Proceeds from disposal of associate companies	22,628	-
Proceeds from disposal of property, plant and equipment	24	1,856
Proceeds from disposal of treasury share	-	131
Proceeds from disposal of a quoted investment	32,005	-
Withdrawal of fixed deposits with tenure more than 3 months	135	-
Net cash from investing activities	45,691	7,220
Financing activities		
Dividend paid	(51,460)	-
Interest paid	(743)	(949)
Repayment from former subsidiaries	-	19,455
Net repayment of lease liabilities	(236)	(198)
Net drawdown/(repayment) of borrowings	1,428	(2,805)
Repayment to director	-	(124)
Net cash (used in)/from financing activities	(51,011)	15,379
Net changes in cash and cash equivalents	(10,148)	(19,273)
Cash and cash equivalents at the beginning of financial year	27,233	49,687
Cash and cash equivalents at the end of financial year	17,085	30,414
Analysis of cash and cash equivalents		
Fixed deposits	30	165
Cash and bank balances	17,085	30,414
	17,115	30,579
Fixed deposits pledged to licensed bank	(30)	(165)
	17,085	30,414

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 31 December 2022.

4 Significant estimates and changes in estimates

There were no changes in estimates that had any material effects during the quarter ended 31 December 2022.

5 Debt and equity securities

There were no issuances, repurchases or repayments of debt and equity securities during the quarter ended 31 December 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, marine and technology

RM'000	Logistics	Warehousing	Trading	*Others	Total	Elimination	Group
Results For 3 Months Ended							
31 December 2022							
External revenue	8,279	1,102	34,561	-	43,942	-	43,942
Intersegment revenue	-	-	-	968	968	(968)	-
Total revenue	8,279	1,102	34,561	968	44,910	(968)	43,942
Segment (loss)/profit	794	941	683	(716)	1,702	-	1,702
Depreciation	(478)	(254)	(117)	(11)	(860)	-	(860)
Interest income	16	-	123	74	213	-	213
Finance costs	(3)	(199)	(63)	-	(265)	-	(265)
(Loss)/Profit before tax	329	488	626	(653)	790	-	790
Tax expense	(325)	(98)	(119)	102	(440)	-	(440)
(Loss)/Profit after tax	4	390	507	(551)	350	-	350
Results For 3 Months Ended							
31 December 2021							
External revenue	2,377	1,705	38,461	39	42,582	-	42,582
Intersegment revenue	-	-	-	438	438	(438)	-
Total revenue	2,377	1,705	38,461	477	43,020	(438)	42,582
Segment profit	(577)	1,417	617	11,315	12,772	(894)	11,878
Depreciation	(427)	(428)	(116)	342	(629)	-	(629)
Interest income	-	-	-	37	37	-	37
Finance costs	(5)	(279)	-	-	(284)	-	(284)
Profit before tax	(1,009)	710	501	11,694	11,896	(894)	11,002
Tax expense	500	(208)	(181)	(43)	68	-	68
Profit after tax	(509)	502	320	11,651	11,964	(894)	11,070

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

7 Segmental information (continued)

RM'000	Logistics	Warehousing	Trading	*Others	Total	Elimination	Group
Results For 9 Months Ended							
31 December 2022							
External revenue	29,612	3,306	73,234	1	106,153	-	106,153
Intersegment revenue	-	-	-	1,631	1,631	(1,631)	-
Total revenue	29,612	3,306	73,234	1,632	107,784	(1,631)	106,153
Segment (loss)/profit	2,796	2,898	1,696	1,227	8,617	597	9,214
Depreciation	(1,458)	(763)	(350)	(33)	(2,604)	-	(2,604)
Interest income	20	-	124	220	364	-	364
Finance costs	(7)	(598)	(138)	-	(743)	-	(743)
(Loss)/Profit before tax	1,351	1,537	1,332	1,414	5,634	597	6,231
Tax expense	(584)	(502)	(400)	59	(1,427)	-	(1,427)
(Loss)/Profit after tax	767	1,035	932	1,473	4,207	597	4,804
Results For 9 Months Ended							
31 December 2021							
External revenue	13,598	4,922	60,652	1,437	80,609	-	80,609
Intersegment revenue	-	-	-	480	480	(480)	-
Total revenue	13,598	4,922	60,652	1,917	81,089	(480)	80,609
Segment profit/(loss)	(1,568)	4,110	1,415	11,619	15,576	-	15,576
Depreciation	(1,382)	(1,236)	(232)	(80)	(2,930)	-	(2,930)
Interest income	4	-	1	306	311	-	311
Finance costs	(18)	(932)	-	-	(950)	-	(950)
(Loss)/Profit before tax	(2,964)	1,942	1,184	11,845	12,007	-	12,007
Tax income/(expense)	500	(689)	(189)	(44)	(422)	-	(422)
(Loss)/Profit after tax	(2,464)	1,253	995	11,801	11,585	-	11,585

* 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		9 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Companies in which major shareholder, subsidiary's Director, and former Chief Executive have interests:				
Revenue from services rendered	208	229	679	262
Forwarding service charges payable	-	-	-	1
Spare parts payable	-	16	-	52
Building materials receivable	1,082	-	2,533	-
Building materials payable	-	-	24	-
Rental payable	9	-	12	-
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 31 December 2022.

11 Contingent liabilities

The contingent liabilities were as follows:

RM'000	Group As at 31.12.2022
Corporate guarantees given to financial institutions and vendors for credit facilities granted to the Group	<u>4,068</u>

12 Changes in composition

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

13 Events after the reporting period

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			9 months ended		
	31.12.2022	31.12.2021	Variance	31.12.2022	31.12.2021	Variance
Revenue	43,942	42,582	1,360	106,153	80,609	25,544
Profit before tax	790	11,002	(10,212)	6,231	12,007	(5,776)

In the current quarter, the revenue of the Group increased marginally from RM42.6 million to RM43.9 million, while the cumulative revenue of the Group for the first nine months had surged from RM80.6 million to RM106.2 million, attributed to the performance of the logistics business and E-trading of building materials as compared to the corresponding quarters in the preceding financial year. The Group registered lower pre-tax profit in both current and cumulative quarter due mainly to a one-off gain on disposal of subsidiaries of RM11.2 million recorded in the corresponding quarter of the preceding financial year.

(a) Logistics

RM'000	3 months ended			9 months ended		
	31.12.2022	31.12.2021	Variance	31.12.2022	31.12.2021	Variance
External revenue	8,279	2,377	5,902	29,612	13,598	16,014
(Loss)/Profit before tax	329	(1,009)	1,338	1,351	(2,964)	4,315

The revenue and pre-tax profit for the current and cumulative quarter continue to improve as compared to the corresponding period of the preceding financial year due to rising consumer demand and improving profit margin backed by the recovery in the logistics business.

(b) Warehousing

RM'000	3 months ended			9 months ended		
	31.12.2022	31.12.2021	Variance	31.12.2022	31.12.2021	Variance
External revenue	1,102	1,705	(603)	3,306	4,922	(1,616)
Profit before tax	488	710	(222)	1,537	1,942	(405)

The disposal of two warehouse owning subsidiaries in the preceding financial year had caused the rental income and pre-tax profit of the warehousing segment for the current and cumulative quarter to decrease as compared to the corresponding period of the preceding financial year.

(c) Trading

RM'000	3 months ended			9 months ended		
	31.12.2022	31.12.2021	Variance	31.12.2022	31.12.2021	Variance
External revenue	34,561	38,461	(3,900)	73,234	60,652	12,582
(Loss)/Profit before tax	626	501	125	1,332	1,184	148

Despite the lower revenue recorded in the current quarter, pre-tax profit improved slightly as compared to the corresponding quarter of the preceding financial year due to higher margin contributions from E-trading of building material section. Meanwhile, higher revenue and pre-tax profit posted for the cumulative quarter as compared to the corresponding period of the preceding financial year, was mainly due to the commencement of the e-trading business segment in the second quarter of the preceding financial year.

15 Comparison with immediate preceding quarter

RM'000	3 months ended		Variance
	31.12.2022	30.09.2022	
Revenue	43,942	33,679	10,263
Profit before tax	790	4,800	(4,010)

As compare to the immediate preceding quarter, revenue in the current quarter had increased from RM33.7 million to RM43.9 million due to the higher customers' demand for the building materials. However, the Group reported lower pre-tax profit in the current quarter mainly due to a one-off gain on the disposal of a quoted investment amounting to RM3.7 million recorded in the preceding quarter.

16 Commentary on prospects

The Group has officially launched an application for the trading of building materials known as "e-Build" on 11 January 2023. This application provides a comprehensive digital platform to simplify the sourcing and procurement process for building materials and is expected to contribute positively to the Group's revenue. The Group is working toward expanding its technology business through the development of new applications while at the same time continuing to grow its existing businesses.

17 Profit forecast

Not applicable.

18 Tax expense

RM'000	3 months ended		9 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Income tax	440	422	1,586	760
Deferred tax	-	(490)	(159)	(338)
Total tax expense	440	(68)	1,427	422

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

The Group's effective tax rate for the financial year to date was lower than the statutory tax rate mainly due to non-taxable gain on the disposal of quoted investment.

19 Retained earnings

RM'000	As at	As at
	31.12.2022	31.03.2022
Realised	99,820	144,563
Unrealised	(1,129)	(1,285)
	98,691	143,278
Consolidation adjustments	(46,602)	(43,586)
Total retained earnings	52,089	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 disposal of the entire equity interest in subsidiaries are proposed to be utilised as follows:

RM'000	Intended utilisation	Actual utilisation as at 31.12.2022	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 31.12.2022	As at 31.03.2022
<u>Secured</u>		
Term loans	-	58
<u>Unsecured</u>		
Bills payable	3,933	2,447
Short term borrowings	3,933	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

No dividend has been proposed.

25 Earnings per share ("EPS")

	3 months ended		9 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Profit attributable to Owners of the Company (RM'000)	370	11,301	4,985	11,816
Weighted average number of ordinary shares in issue ('000)	128,649	128,649	128,649	128,649
Effect of dilution ('000)	56	37	56	37
Adjusted weighted average number of ordinary shares in issue ('000)	128,705	128,686	128,705	128,686
Basic EPS (sen)	0.3	8.8	3.9	9.2
Diluted EPS (sen)	0.3	8.8	3.9	9.2

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		9 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Profit before tax is arrived at after crediting/(charging):				
Interest income	215	38	365	311
Other income including investment income	40	55	1,030	93
Interest expense	(264)	(283)	(743)	(949)
Depreciation	(860)	(1,016)	(2,604)	(2,930)
Write off of receivables	-	-	(14)	-
(Loss)/Gain on disposal of property, plant & equipment	-	(118)	12	807
Gain on disposal of a quoted investment	-	-	3,745	-
Gain on disposal of subsidiaries	-	11,178	-	11,220
Impairment loss on trade receivables	-	(582)	-	(582)
Loss on disposal of associate companies	-	-	(321)	-
Reversal of impairment loss on trade receivables	802	-	802	15
Realised (loss)/gain in foreign exchange	(1)	-	7	(16)
Unrealised gain/(loss) in foreign exchange	13	3	(9)	4

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.