



HEXTAR TECHNOLOGIES SOLUTIONS BERHAD [200501034100 (716241-X)]
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

28 Nov 2023

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HEXTAR TECHNOLOGIES SOLUTIONS BERHAD [200501034100 (716241-X)]
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

RM'000	Note	As at 30.09.2023 Unaudited	As at 31.03.2023 Audited
Assets			
Property, plant and equipment		33,845	31,822
Right-of-use assets		28,221	29,231
Other investment		2,571	2,571
Non-current assets		64,637	63,624
Trade and other receivables		77,531	69,934
Contract assets		-	24
Tax recoverable		1,661	1,222
Cash and cash equivalents		14,165	21,546
Current assets		93,357	92,726
Total assets		157,994	156,350
Equity and liabilities			
Share capital		72,398	72,398
Other reserves		-	22
Retained earnings	19	49,295	51,227
Equity attributable to owners of the Company		121,693	123,647
Non-controlling interests		(871)	(695)
Total equity		120,822	122,952
Lease liabilities		16,529	17,106
Deferred tax liabilities		877	1,035
Non-current liabilities		17,406	18,141
Trade and other payables		12,601	10,186
Contract liabilities		-	138
Borrowings	22	6,017	3,847
Lease liabilities		1,148	1,086
Current liabilities		19,766	15,257
Total liabilities		37,172	33,398
Total equity and liabilities		157,994	156,350
Net assets per share attributable to owners of the Company (RM)		0.95	0.96

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

HEXTAR TECHNOLOGIES SOLUTIONS BERHAD [200501034100 (716241-X)]
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

(These figures have not been audited)

RM'000	Note	Current quarter 3 months ended 30.09.2023	30.09.2022	Cumulative quarter 6 months ended 30.09.2023	30.09.2022
Revenue		57,664	33,679	101,496	62,211
Cost of sales		(55,005)	(30,620)	(96,950)	(55,977)
Gross profit		2,659	3,059	4,546	6,234
Other income		503	4,171	1,086	4,576
Marketing and distribution costs		(519)	(557)	(1,011)	(1,098)
Administration and other expenses		(3,223)	(1,893)	(5,519)	(4,389)
Finance costs		(298)	(255)	(574)	(479)
(Loss)/Profit before share of results		(878)	4,525	(1,472)	4,844
Share of results of associates		-	275	-	597
(Loss)/Profit before tax		(878)	4,800	(1,472)	5,441
Tax expense	18	(364)	(545)	(658)	(987)
(Loss)/Profit for the period		(1,242)	4,255	(2,130)	4,454
Other comprehensive expenses		-	(720)	-	(900)
Total comprehensive (expenses)/income		(1,242)	3,535	(2,130)	3,554
(Loss)/Profit attributable to:					
Owners of the Company		(1,204)	4,325	(1,954)	4,615
Non-controlling interests		(38)	(70)	(176)	(161)
(Loss)/Profit for the period		(1,242)	4,255	(2,130)	4,454
Total comprehensive (expenses)/income attributable to:					
Owners of the Company		(1,204)	3,605	(1,954)	3,715
Non-controlling interests		(38)	(70)	(176)	(161)
Total comprehensive (expenses)/income		(1,242)	3,535	(2,130)	3,554
(Loss)/Earnings per share attributable to owners of the Company:					
Basic (sen)	25	(0.9)	3.4	(1.5)	3.6
Diluted (sen)	25	(0.9)	3.4	(1.5)	3.6

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

HEXTAR TECHNOLOGIES SOLUTIONS BERHAD [200501034100 (716241-X)]
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

(These figures have not been audited)

RM'000	Attributable to owners of the Company				Total	Non-controlling interests	Total equity
	Share capital	Fair value reserve	Share option reserve	Retained earnings			
At 1 April 2023	72,398	-	22	51,227	123,647	(695)	122,952
Loss after tax/Total comprehensive expenses	-	-	-	(1,954)	(1,954)	(176)	(2,130)
Forfeit of Share Issuance Scheme option	-	-	(22)	22	-	-	-
At 30 September 2023	72,398	-	-	49,295	121,693	(871)	120,822
At 1 April 2022	72,398	(228)	22	99,692	171,884	(331)	171,553
Profit after tax	-	-	-	4,615	4,615	(161)	4,454
Fair value change of equity investments	-	(900)	-	-	(900)	-	(900)
Total comprehensive income	-	(900)	-	4,615	3,715	(161)	3,554
Dividend	-	-	-	(51,460)	(51,460)	-	(51,460)
Disposal of equity investments	-	1,128	-	(1,128)	-	-	-
At 30 September 2022	72,398	-	22	51,719	124,139	(492)	123,647

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 SECOND QUARTER ENDED 30 SEPTEMBER 2023
(These figures have not been audited)

RM'000	6 months ended	
	30.09.2023	30.09.2022
Operating activities		
(Loss)/Profit before tax	(1,472)	5,441
Adjustments for:		
Non-cash items	2,171	(1,691)
Non-operating items	-	(597)
Interest income	(388)	(150)
Interest expense	574	479
Operating profit before working capital changes	885	3,482
Changes in working capital:		
Receivables	(7,588)	732
Payables	2,276	(5,622)
Contract assets	24	-
Cash used in operations	(4,403)	(1,408)
Net tax paid	(1,255)	(862)
Net cash used in operating activities	(5,658)	(2,270)
Investing activities		
Interest received	388	150
Purchase of property, plant and equipment	(2,932)	(153)
Proceeds from disposal of associate companies	-	22,628
Proceeds from disposal of property, plant and equipment	-	17
Proceeds from disposal of quoted shares	-	32,005
Net cash (used in)/from investing activities	(2,544)	54,647
Financing activities		
Dividend paid	-	(51,460)
Interest paid	(574)	(479)
Net repayment of lease liabilities	(775)	(156)
Net drawdown of borrowings	2,170	4,133
Net cash from/(used in) financing activities	821	(47,962)
Net changes in cash and cash equivalents	(7,381)	4,415
Cash and cash equivalents at the beginning of financial year	21,516	27,233
Cash and cash equivalents at the end of financial year	14,135	31,648
Analysis of cash and cash equivalents		
Fixed deposits	30	165
Cash and bank balances	14,135	31,648
	14,165	31,813
Fixed deposits pledged to licensed bank	(30)	(165)
	14,135	31,648

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1 Basis of preparation and changes in accounting policies

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB) and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standard Board.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2023. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2023.

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 2023.

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:

- Amendments to MFRS 16, Leases – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101, Presentation of Financial Statements – Non-current Liabilities with Covenants
- Amendments to MFRS 112, Income Taxes – International Tax Reform-Pillar Two Model Rules
- Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements
- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates 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 September 2023.

4 Significant estimates and changes in estimates

There were no changes in estimates that had any material effects during the quarter ended 30 September 2023.

5 Debt and equity securities

There were no issuances, repurchases or repayments of debt and equity securities during the quarter ended 30 September 2023.

6 Dividends paid

There were no dividends paid during the current quarter under review.

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 : Technology, trading of goods, insurance agency and investment holding

RM'000	Logistics	Warehousing	Trading	Others	Total	Elimination	Group
Results For 3 Months Ended							
30 September 2023							
External revenue	9,416	-	48,248	-	57,664	-	57,664
Intersegment revenue	-	-	-	327	327	(327)	-
Total revenue	9,416	-	48,248	327	57,991	(327)	57,664
Segment profit/(loss)	644	(67)	1,275	(779)	1,073	(1,334)	(261)
Depreciation	(460)	(254)	(136)	(270)	(1,120)	-	(1,120)
Interest income	7	-	103	29	139	-	139
Finance costs	(3)	(196)	(746)	(25)	(970)	1,334	364
Profit/(Loss) before tax	188	(517)	496	(1,045)	(878)	-	(878)
Tax expense	(71)	-	(136)	(157)	(364)	-	(364)
Profit/(Loss) after tax	117	(517)	360	(1,202)	(1,242)	-	(1,242)
Results For 3 Months Ended							
30 September 2022							
External revenue	12,388	1,102	20,189	-	33,679	-	33,679
Intersegment revenue	-	-	-	144	144	(144)	-
Total revenue	12,388	1,102	20,189	144	33,823	(144)	33,679
Segment profit	1,098	995	490	2,984	5,567	275	5,842
Depreciation	(489)	(255)	(116)	(11)	(871)	-	(871)
Interest income	2	-	1	80	83	-	83
Finance costs	(2)	(200)	(52)	-	(254)	-	(254)
Profit before tax	609	540	323	3,053	4,525	275	4,800
Tax expense	(154)	(245)	(128)	(18)	(545)	-	(545)
Profit after tax	455	295	195	3,035	3,980	275	4,255

7 Segmental information (continued)

RM'000	Ware-				Total	Elimination	Group
	Logistics	housing	Trading	Others			
Results For 6 Months Ended							
30 September 2023							
External revenue	20,291	-	81,205	-	101,496	-	101,496
Intersegment revenue	-	-	-	579	579	(579)	-
Total revenue	20,291	-	81,205	579	102,075	(579)	101,496
Segment profit/(loss)	1,192	(124)	1,998	(839)	2,227	(1,334)	893
Depreciation	(941)	(508)	(271)	(459)	(2,179)	-	(2,179)
Interest income	12	-	311	65	388	-	388
Finance costs	(7)	(392)	(1,458)	(51)	(1,908)	1,334	(574)
Profit/(Loss) before tax	256	(1,024)	580	(1,284)	(1,472)	-	(1,472)
Tax expense	(141)	-	(260)	(257)	(658)	-	(658)
Profit/(Loss) after tax	115	(1,024)	320	(1,541)	(2,130)	-	(2,130)
Results For 6 Months Ended							
30 September 2022							
External revenue	21,333	2,204	38,673	1	62,211	-	62,211
Intersegment revenue	-	-	-	663	663	(663)	-
Total revenue	21,333	2,204	38,673	664	62,874	(663)	62,211
Segment profit	2,002	1,957	1,013	1,943	6,915	597	7,512
Depreciation	(980)	(509)	(233)	(22)	(1,744)	-	(1,744)
Interest income	4	-	1	146	151	-	151
Finance costs	(4)	(399)	(75)	-	(478)	-	(478)
Profit before tax	1,022	1,049	706	2,067	4,844	597	5,441
Tax expense	(259)	(404)	(281)	(43)	(987)	-	(987)
Profit after tax	763	645	425	2,024	3,857	597	4,454

8 Related party disclosures

Significant recurrent related party transactions are as follows:

RM'000	3 months ended		6 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Companies in which major shareholder & Director, subsidiary's Director, and former Chief Executive have interests:				
Revenue from services rendered	372	199	759	471
Revenue from sales of goods	1,791	493	3,523	1,451
Purchase of goods payable	-	1	-	24
Purchase of spare parts payable	38	-	38	-
Rental payable	9	-	18	-
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

The amount of capital commitment for the purchase of property, plant and equipment as at 30 September 2023 was as follows:-

	<u>RM'000</u>
Approved and contracted for	<u>1,598</u>

11 Contingent liabilities

The contingent liabilities were as follows:

<u>RM'000</u>	<u>Group As at 30.09.2023</u>
Corporate guarantees given to financial institutions and vendors for credit facilities granted to the Group	<u>6,199</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.

**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			6 months ended		
	30.09.2023	30.09.2022	Variance	30.09.2023	30.09.2022	Variance
Revenue	57,664	33,679	23,985	101,496	62,211	39,285
(Loss)/Profit before tax	(878)	4,800	(5,678)	(1,472)	5,441	(6,913)

In the current quarter ("Q2FY24") and cumulative quarters ("YTDFY24"), the revenue surged by 71% and 63%, respectively, as compared to the corresponding quarter ("Q2FY23") and cumulative quarters ("YTDFY23"), mainly attributed to the higher sales of building materials. Nevertheless, the Group incurred the pre-tax loss both in Q2FY24 and YTDFY24 despite higher revenue achieved due to the loss of rental income subsequent to the expiry of a tenancy agreement, expenses incurred for the newly launched fintech application (MoneyX) and absence of a one-off disposal gain of a quoted investment of RM3.7 million in Q2FY23.

(a) Logistics

RM'000	3 months ended			6 months ended		
	30.09.2023	30.09.2022	Variance	30.09.2023	30.09.2022	Variance
External revenue	9,416	12,388	(2,972)	20,291	21,333	(1,042)
Profit before tax	188	609	(421)	256	1,022	(766)

Lower revenue and pre-tax profit recorded in both Q2FY24 and YTDFY24 were due to fewer customer projects awarded and a compressed profit margin resulting from stiff market competition.

(b) Warehousing

RM'000	3 months ended			6 months ended		
	30.09.2023	30.09.2022	Variance	30.09.2023	30.09.2022	Variance
External revenue	-	1,102	(1,102)	-	2,204	(2,204)
(Loss)/Profit before tax	(517)	540	(1,057)	(1,024)	1,049	(2,073)

The property remained vacant after the expiration of the tenancy agreement in the early part of the year. Following the termination of the proposed disposal of the property announced in August 2023, the management has been looking for a new tenant via various channels.

(c) Trading

RM'000	3 months ended			6 months ended		
	30.09.2023	30.09.2022	Variance	30.09.2023	30.09.2022	Variance
External revenue	48,248	20,189	28,059	81,205	38,673	42,532
Profit before tax	496	323	173	580	706	(126)

The trading of building materials business continues to grow with strong demand from a widening customer base. As such, revenue continues to climb in both Q2FY24 and YTDFY24, at RM48.2 million and RM81.2 million, respectively. However, the pre-tax profit margin in Q2FY24 and YTDFY24 decreased due to a compressed profit margin and higher operating expenses.

15 Comparison with immediate preceding quarter

RM'000	3 months ended		Variance
	30.09.2023	30.06.2023	
Revenue	57,664	43,832	13,832
Loss before tax	(878)	(594)	(284)

Revenue in Q2FY24 was 32% higher than the immediate preceding quarter ("YTDFY24") mainly due to the success of the E-trading platform in attracting more customers to place orders. However, the pre-tax loss increased from RM0.6 million to RM0.9 million despite higher revenue posted in Q2FY24, resulting from the expenses incurred for corporate proposals and the newly launched fintech application of MoneyX.

16 Commentary on prospects

The Group conducted a soft launch of its new fintech application, MoneyX, in October 2023, marking a new milestone for HexTech's diversification into its Technology business. The Group will be undertaking a series of marketing and promotional activities for MoneyX over the next few weeks prior to the official launch in January 2024. We are also collaborating with various industry key players for long-term partnerships in order to provide a wider range of financial products and services for the convenience of our MoneyX users, as well as to diversify the revenue sources of the application. The Group will also continue to develop the existing businesses so as to improve their contribution to the Group's business performance.

17 Profit forecast

Not applicable.

18 Tax expense

RM'000	3 months ended		6 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Income tax	450	611	815	1,146
Deferred tax	(86)	(66)	(157)	(159)
Total tax expense	364	545	658	987

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 current quarter and financial year to date was higher than the statutory tax rate mainly due to the losses in certain subsidiaries which are not available for set off against taxable profit in other subsidiaries within the Group.

19 Retained earnings

RM'000	As at	As at
	30.09.2023	31.03.2023
Realised	89,700	91,926
Unrealised	(867)	(985)
	88,833	90,941
Consolidation adjustments	(39,538)	(39,714)
Total retained earnings	49,295	51,227

20 Corporate proposals

On 28 June 2023, the Company announced a proposed bonus issue of 3,859,470,000 new ordinary shares in HexTech on the basis of 30 bonus shares for every 1 existing share held in HexTech on an entitlement date to be determined later.

On 28 November 2023, the Company further announced a revision to the ratio for the proposed bonus issue from 30 bonus shares for every 1 existing share held in HexTech to 15 bonus shares for every 1 existing HexTech share. The revision to the proposed bonus issue will entail the issuance of 1,929,735,000 bonus shares instead of 3,859,470,000 bonus shares announced earlier. The revised bonus issue proposal is subject to approval from Bursa Securities and shareholders at an extraordinary general meeting to be convened.

Save as disclosed above, there were no other 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 30.09.2023	Deviation	Balance	Estimated timeframe
Future investment *	12,000	1,183	-	10,817	Within 36 months
Working capital	8,052	8,215	163 **	-	Within 24 months
Estimated expenses	2,400	2,237	(163) **	-	Within 1 month
	22,452	11,635	-	10,817	

* As announced on 24 August 2023, the Board has identified the “Future Investment” as being in the Technology Business, including but not limited to the development of the fintech application.

** 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 30.09.2023	As at 31.03.2023
<u>Unsecured</u>		
Bills payable	6,017	3,847
Short term borrowings	6,017	3,847

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 (Loss)/Earnings per share ("EPS")

	3 months ended		6 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
(Loss)/Profit attributable to Owners of the Company (RM'000)	(1,204)	4,325	(1,954)	4,615
Weighted average number of ordinary shares in issue ('000)	128,649	128,649	128,649	128,649
Effect of dilution ('000)	-	52	-	52
Adjusted weighted average number of ordinary shares in issue ('000)	128,649	128,701	128,649	128,701
Basic (loss per share)/EPS (sen)	(0.9)	3.4	(1.5)	3.6
Diluted (loss per share)/EPS (sen)	(0.9)	3.4	(1.5)	3.6

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 2023 was unqualified.

28 Profit before tax

RM'000	3 months ended		6 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Profit before tax is arrived at after crediting/(charging):				
Interest income	139	82	388	150
Other income including investment income	364	653	698	990
Interest expense	(298)	(255)	(574)	(479)
Depreciation	(1,120)	(871)	(2,179)	(1,744)
(Loss)/Gain on disposal of property, plant & equipment	-	12	-	12
Gain on disposal of a quoted investment	-	3,745	-	3,745
Gain on disposal of associate companies	-	(321)	-	(321)
Realised (loss)/gain in foreign exchange	-	10	(1)	8
Unrealised gain/(loss) in foreign exchange	-	(12)	10	(22)

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.