



# **HEXTAR GLOBAL BERHAD**

Company No.: 199001014551 (206220-U)

(Incorporated in Malaysia)

**Interim Report  
For the 6-months Financial Period Ended  
30 June 2021**



**Interim Report for the 6-months Financial Period Ended 30 June 2021**

**Unaudited Condensed Statements of Profit or Loss and Other Comprehensive Income**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(3-mths) Current Year Quarter 30/6/2021 RM'000	(3-mths) Preceding Year Quarter 30/6/2020 RM'000	(6-mths) Current Period to-Date 30/6/2021 RM'000	(6-mths) Preceding Period to-Date 30/6/2020 RM'000
Revenue	98,704	100,718	213,520	205,284
Cost of sales	(79,514)	(77,636)	(171,146)	(159,295)
Gross profit	19,190	23,082	42,374	45,989
Other income	640	1,071	1,456	1,799
Selling and marketing expenses	(2,938)	(2,697)	(5,542)	(5,473)
Administrative and other expenses	(6,491)	(5,797)	(12,762)	(13,085)
Finance costs	(460)	(1,120)	(872)	(2,228)
Share of results of joint venture	89	150	245	246
Profit before taxation	10,030	14,689	24,899	27,248
Less: Taxation	(2,682)	(3,584)	(6,895)	(6,692)
Profit after taxation	7,348	11,105	18,004	20,556
Other comprehensive expenses:-				
Foreign currency translation differences	-	(4)	(6)	(3)
Other comprehensive expenses for the financial period	-	(4)	(6)	(3)
Total comprehensive income for the financial period	7,348	11,101	17,998	20,553
Profit for the financial period attributable to:				
- Owners of the Parent	7,444	11,105	18,196	20,556
- Non-controlling interests	(96)	-	(192)	-
	7,348	11,105	18,004	20,556
Total comprehensive income attributable to:				
- Owners of the Parent	7,444	11,101	18,190	20,553
- Non-controlling interests	(96)	-	(192)	-
	7,348	11,101	17,998	20,553
Earnings per share				
Basic (sen) ^	0.57	0.86	1.39	1.59
Diluted (sen)	n/a	n/a	n/a	n/a

^ Restated to reflect the effect of bonus issue

The unaudited Condensed Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying notes attached to this interim financial report.



**Interim Report for the 6-months Financial Period Ended 30 June 2021**

**Unaudited Condensed Statements of Financial Position**

	<b>Unaudited as at 30/6/2021 RM'000</b>	<b>Audited as at 31/12/2020 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	40,387	41,393
Investment properties	5,789	9,733
Investment in joint venture	1,273	3,513
Right-of-use assets	19,548	20,162
Investment in club membership, at cost	47	47
Goodwill on consolidation	13,336	13,336
Product development expenditure	649	797
Trademark	3	3
Trade receivables	13	20
Prepayment	1,582	2,244
<b>Total non-current assets</b>	<b>82,627</b>	<b>91,248</b>
<b>Current assets</b>		
Inventories	76,940	81,118
Trade receivables	133,628	102,800
Other receivables, deposits and prepayments	33,912	8,395
Amount owing by related companies	-	5,616
Dividend receivable	2,485	-
Current tax assets	499	243
Deposits with licensed banks	120	120
Cash and bank balances	28,821	17,205
<b>Total current assets</b>	<b>276,405</b>	<b>215,497</b>
<b>Asset classified as held for sale</b>	<b>3,944</b>	<b>310</b>
<b>TOTAL ASSETS</b>	<b>362,976</b>	<b>307,055</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	169,913	169,913
Revaluation reserve	7,337	7,405
Exchange reserve	(6)	-
Retained profits	34,176	22,477
Equity attributable to owners of the Company	211,420	199,795
Non-controlling interests	1,280	1,472
<b>TOTAL EQUITY</b>	<b>212,700</b>	<b>201,267</b>
<b>Non-current liabilities</b>		
Lease liabilities	1,815	2,223
Term loans	8,070	9,658
Deferred tax liabilities	7,320	7,257
<b>Total non-current liabilities</b>	<b>17,205</b>	<b>19,138</b>

The unaudited Condensed Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying notes attached to this interim financial report.



**Interim Report for the 6-months Financial Period Ended 30 June 2021**

**Unaudited Condensed Statements of Financial Position (Cont'd)**

	<b>Unaudited as at 30/6/2021 RM'000</b>	<b>Audited as at 31/12/2020 RM'000</b>
<b>Current liabilities</b>		
Trade payables	23,238	24,835
Other payables and accruals	5,148	7,127
Amount owing to related companies	-	5
Amount owing to a joint venture	901	1,238
Lease liabilities	790	824
Term loans	3,172	3,169
Bills payable	84,623	33,018
Revolving credit	7,600	10,000
Current tax liabilities	7,599	6,434
<b>Total current liabilities</b>	<u>133,071</u>	<u>86,650</u>
<b>TOTAL LIABILITIES</b>	<u>150,276</u>	<u>105,788</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>362,976</u>	<u>307,055</u>
No. of ordinary shares in issue ('000)	1,313,087	1,313,087 <sup>^</sup>
Net assets per share attributable to equity holders of the Company (RM)	0.16	0.15 <sup>^</sup>

<sup>^</sup> Restated to reflect the effect of bonus issue

The unaudited Condensed Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying notes attached to this interim financial report.



**Interim Report for the 6-months Financial Period Ended 30 June 2021**

**Unaudited Condensed Statements of Cash Flows**

	<b>6-months ended 30/6/2021 RM'000</b>	<b>6-months ended 30/6/2020 RM'000</b>
<b>CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES</b>		
Profit before taxation	24,899	27,248
Adjustments for:-		
Amortisation	148	226
Depreciation	1,804	1,434
Impairment loss on trade receivables	689	51
Interest expense	872	2,228
Interest income	(49)	(233)
Unrealised (gain)/loss on foreign exchange	(507)	593
Share of profit of a joint venture	(245)	(246)
Operating profit before working capital changes	27,611	31,301
Changes in working capital:-		
Inventories	4,178	5,121
Receivables	(40,907)	(10,161)
Payables	(4,139)	(4,415)
Related companies	5,611	2,273
	(35,257)	(7,182)
Cash (for)/from operations	(7,646)	24,119
Interest paid	(872)	(2,228)
Income tax paid	(5,922)	(1,075)
<b>Net cash (for)/from operating activities</b>	<b>(14,440)</b>	<b>20,816</b>

The unaudited Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying notes attached to this interim financial report.



**Interim Report for the 6-months Financial Period Ended 30 June 2021**

**Unaudited Condensed Statements of Cash Flows (Cont'd)**

	<b>6-months ended 30/6/2021 RM'000</b>	<b>6-months ended 30/6/2020 RM'000</b>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Interest received	49	233
Deposit payment for acquisition of subsidiary	(13,800)	-
Placement of deposits with licensed banks	-	(4)
Proceeds from disposal of property, plant and equipment	300	-
Purchase of intangible assets	-	(9)
Purchase of property, plant and equipment	(364)	(951)
<b>Net cash for investing activities</b>	<b>(13,815)</b>	<b>(731)</b>
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>		
Dividend paid	(6,565)	(14,585)
Net decrease of lease liabilities	(252)	(144)
Net increase in bank borrowings	48,195	11,853
Purchase of treasury shares	-	(7,707)
Repayment of term loans	(1,584)	(2,606)
<b>Net cash from/(for) financing activities</b>	<b>39,794</b>	<b>(13,189)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>11,539</b>	<b>6,896</b>
<b>EFFECTS OF FOREIGN EXCHANGE TRANSLATION</b>	<b>77</b>	<b>(3)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>17,280</b>	<b>29,435</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>28,896</b>	<b>36,328</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE</b>		
Deposits with licensed banks	120	120
Cash and bank balances	28,821	36,328
	28,941	36,448
Less: Deposits pledged to licensed banks	(45)	(120)
	<b>28,896</b>	<b>36,328</b>

The unaudited Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying notes attached to this interim financial report.



**Interim Report for the 6-months Financial Period Ended 30 June 2021**

**Unaudited Condensed Statements of Changes in Equity**

	Share Capital RM'000	Treasury Shares RM'000	<---- Non-distributable ----> Revaluation Reserve RM'000	<-Distributable-> Exchange Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling interests RM'000	Total RM'000
Balance as at 1/1/2021	169,913	-	7,405	-	22,477	199,795	1,472	201,267
Profit after taxation for the financial period	-	-	-	-	18,196	18,196	(192)	18,004
Other comprehensive expenses for the financial period:								
- Foreign currency translation differences	-	-	-	(6)	-	(6)	-	(6)
Total comprehensive (expenses)/income for the financial period	-	-	-	(6)	18,196	18,190	(192)	17,998
Contributions by and distributions to owners of the Company:								
- Dividends	-	-	-	-	(6,565)	(6,565)	-	(6,565)
Total transactions with owners	-	-	-	-	(6,565)	(6,565)	-	(6,565)
Realisation of revaluation reserve	-	-	(68)	-	68	-	-	-
Balance as at 30/6/2021	169,913	-	7,337	(6)	34,176	211,420	1,280	212,700

The unaudited Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying notes attached to this interim financial report.



**Interim Report for the 6-months Financial Period Ended 30 June 2021**

**Unaudited Condensed Statements of Changes in Equity (Cont'd)**

	Share Capital RM'000	Treasury Shares RM'000	<----- Non-distributable -----> Revaluation Reserve RM'000	Exchange Reserve RM'000	<-Distributable-> Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling interests RM'000	Total RM'000
Balance as at 1/1/2020	169,913	-	7,504	-	7,924	185,341	-	185,341
Profit after taxation for the financial period	-	-	-	-	20,556	20,556	-	20,556
Other comprehensive income for the financial period:								
- Foreign currency translation differences	-	-	-	(3)	-	(3)	-	(3)
Total comprehensive (expenses)/income for the financial period	-	-	-	(3)	20,556	20,553	-	20,553
Contributions by and distributions to owners of the Company:								
- Purchase of treasury shares	-	(7,707)	-	-	-	(7,707)	-	(7,707)
- Dividends	-	-	-	-	(14,585)	(14,585)	-	(14,585)
Total transactions with owners	-	(7,707)	-	-	(14,585)	(22,292)	-	(22,292)
Realisation of revaluation reserve	-	-	13	-	(13)	-	-	-
Balance as at 30/6/2020	169,913	(7,707)	7,517	(3)	13,882	183,602	-	183,602

The unaudited Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying notes attached to this interim financial report.





**Interim Report for the 6-months Financial Period Ended 30 June 2021**

**A. EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134, INTERIM FINANCIAL REPORTING**

**1. Basis of Preparation**

This interim financial report is unaudited and has been prepared in accordance with 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 (“Bursa Securities”).

This unaudited interim financial report should be read in conjunction with the annual audited financial statements for the financial year ended 31 December 2020. The Group prepared its financial statements in accordance with the Malaysian Financial Reporting Standards (“MFRS”).

The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the change in the financial position and performance of Hextar Global Berhad (“Hextar” or the “Company”) and its subsidiaries (the “Group”) since the financial year ended 31 December 2020.

**2. Significant Accounting Policies**

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The following are accounting standards, amendments and IC interpretations of the MFRS that have been issued by the MASB but are not yet effective and have not been adopted by the Group:-

**MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

MFRS 17 Insurance Contracts

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to MFRS 16: COVID-19-Related Rent Concessions

Amendments to MFRS 17 Insurance Contracts

Amendments 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 116: Property, Plant and Equipment - Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 -2020

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations when they become effective in the respective financial periods.

The adoption of the above accounting standards and amendments are expected to have no material impact on the financial statements of the Group upon their initial application.



**Interim Report for the 6-months Financial Period Ended 30 June 2021**

**3. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the preceding annual audited financial statements for the financial year ended 31 December 2020 were not subject to any qualification.

**4. Seasonal or Cyclical Factors**

The Group's agriculture business is sensitive to prolonged extreme weather conditions.

**5. Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter under review and financial period to-date.

**6. Material Changes in Estimates**

There were no material changes in estimates of amount reported that have a material effect on the current quarter under review and financial period to-date except as disclosed in the financial statements.

**7. Details of Changes in Debts and Equity Securities**

There were no issuance, cancellation, repurchase, resale or repayment of debt and/or equity securities during the current quarter under review and financial period to-date.

**8. Dividend**

During the quarter under review, the Company proposed first interim single-tier dividend of 1 sen per ordinary share amounting to approximately RM13.13 million in respect of the financial year ending 31 December 2021. The entitlement date and payment date have been fixed on 9 September 2021 and 28 September 2021 respectively.



**Interim Report for the 6-months Financial Period Ended 30 June 2021**

**9. Segmental Reporting**

	<b>6-months ended 30 June 2021</b>					
	<b>Investment Holding RM'000</b>	<b>Agriculture RM'000</b>	<b>Consumer Products RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>						
External	-	205,021	8,484	15	-	213,520
Inter-segment	3,838	7,499	4,036	-	(15,373)	-
<b>Total</b>	<b>3,838</b>	<b>212,520</b>	<b>12,520</b>	<b>15</b>	<b>(15,373)</b>	<b>213,520</b>
<b>Results</b>						
Segment results	1,079	29,061	(932)	(530)	(3,201)	25,477
Finance costs	(108)	(669)	(95)	-	-	(872)
Finance income	1	42	5	1	-	49
Share of result of joint venture	-	245	-	-	-	245
Profit/(Loss) before taxation	972	28,679	(1,022)	(529)	(3,201)	24,899
Taxation	(19)	(6,782)	23	(15)	(102)	(6,895)
<b>Profit/(Loss) after taxation</b>	<b>953</b>	<b>21,897</b>	<b>(999)</b>	<b>(544)</b>	<b>(3,303)</b>	<b>18,004</b>
<b>6-months ended 30 June 2020</b>						
	<b>Investment Holding RM'000</b>	<b>Agriculture RM'000</b>	<b>Consumer Products RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>						
External	-	189,939	15,319	26	-	205,284
Inter-segment	61,590	4,232	6,507	-	(72,329)	-
<b>Total</b>	<b>61,590</b>	<b>194,171</b>	<b>21,826</b>	<b>26</b>	<b>(72,329)</b>	<b>205,284</b>
<b>Results</b>						
Segment results	59,524	29,591	793	(59)	(60,852)	28,997
Finance costs	(729)	(1,400)	(99)	-	-	(2,228)
Finance income	107	104	19	3	-	233
Share of result of joint venture	-	246	-	-	-	246
Profit/(Loss) before taxation	58,902	28,541	713	(56)	(60,852)	27,248
Taxation	(15)	(6,778)	-	-	101	(6,692)
<b>Profit/(Loss) after taxation</b>	<b>58,887</b>	<b>21,763</b>	<b>713</b>	<b>(56)</b>	<b>(60,751)</b>	<b>20,556</b>



**Interim Report for the 6-months Financial Period Ended 30 June 2021**

**10. Valuation of Property, Plant and Equipment**

The values of property, plant and equipment have been brought forward without amendments from the Company's previous annual audited financial statements for the financial year ended 31 December 2020.

**11. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the financial period under review.

**12. Contingent Liabilities**

The contingent liabilities are as follows:

	<b>Company As at 30/6/2021 RM'000</b>
Guarantees given to financial institutions for facilities granted to subsidiaries	<u>195,260</u>

**13. Capital Commitments**

There were no material capital commitments entered into and not provided for by the Group during the current quarter under review.

**14. Material Events Subsequent to the End of the Interim Reporting Period**

There were no material events subsequent to the end of the interim reporting period reported other than the following:-

- (a) On 21 July 2021, the Company entered into a consortium agreement with Arcadia Acres Sdn. Bhd. and Ihsan Equity Sdn. Bhd. pursuant to the submission of an application for a digital banking licence to Bank Negara Malaysia on 30 June 2021.



**Interim Report for the 6-months Financial Period Ended 30 June 2021**

**15. Related Party Transactions**

The following table provides information on the transactions which have been entered into with related parties during the 6-months ended 30 June 2021.

		<b>Transaction Value 30/6/2021 RM'000</b>
Sales of raw materials/finished goods:-	Note	
PT Dharma Guna Wibawa	#	35,687
PT Delta Giri Wacana	#	16,007
Vitallium Sdn. Bhd.	#	6,332
Binapuri Sakti Sdn. Bhd.	#	726
Hextar Oil & Gas Sdn. Bhd.	#	532
Hextar Fert Sdn. Bhd.	#	102
Hextar KCS Sdn. Bhd.	#	10
Purchase of raw materials/finished goods:-		
Hextar Industrial Chemicals Sdn. Bhd.	#	301
Hextar Fert Sdn. Bhd.	#	136
Purchase of management services:-		
Hextar Asset Management Sdn. Bhd.	#	1,170
Rental of warehouse:-		
Hextar Industrial Chemicals Sdn. Bhd.	#	<u>387</u>

# The directors and/or major shareholders of Hextar Global Berhad are either the directors and/or major shareholders of the Company or the persons connected with the Company by virtue of Section 197 of Companies Act 2016.



**Interim Report for the 6-months Financial Period Ended 30 June 2021**

**B. ADDITIONAL INFORMATION REQUIRED PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES**

**1. Review of Performance of the Group**

The Group registered a revenue of RM98.70 million for the current quarter under review as compared to RM100.72 million for the corresponding quarter of the preceding year, representing a slight decrease of RM2.02 million or 2.0%. The decrease was mainly due to lower revenue generated from the Consumer Products segment. However, the revenue generated from the Agriculture segment increased by approximately RM1.30 million which was able to mitigate the lower revenue from the Consumer Products segment for the Group.

On the year-to-date basis, the Group registered a total revenue of RM213.52 million as compared to RM205.28 million in the corresponding financial period of the preceding year, representing an increase of RM8.24 million or 4.0%. The increase is mainly due to contribution from the domestic market of the Agriculture segment. Despite operating during a pandemic, the group remains resilient and well prepared for any unforeseen circumstances.

The Group recorded a profit before taxation of RM10.03 million for the current quarter against RM14.69 million for the corresponding quarter of the preceding year, representing a decrease of RM4.66 million or 31.7%. The decrease reflects the lower revenue registered for the current quarter and the decrease in gross profit margin from 22.9% to 19.4% as compared to the previous year which was due to increase in raw material prices and overhead costs.

On a cumulative basis, the Group recorded a profit before taxation of RM24.90 million for the current period against RM27.25 million for the corresponding financial period of the preceding year, representing a decrease of RM2.35 million or 8.6%. The decrease was mainly due to decrease in gross profit margin from 22.4% to 19.9% as compared to previous year from the increase in raw material prices and overhead costs. Included in the administrative expenses, the Group had recognised an impairment loss on trade receivables amounting to RM0.69 million as compared to RM0.01 million in previous year. Nevertheless, the Group finance costs improved significantly from RM2.23 million to RM0.87 million incurred as compared to previous year mainly due to the disposal of a property in the previous corresponding period.

**2. Comparisons with the Immediate Preceding Quarter's Results**

	(3-months) Current Quarter ended 30/6/2021 (RM'000)	(3-months) Preceding Quarter ended 31/3/2021 (RM'000)
Revenue	98,704	114,816
Profit before taxation	10,030	14,869

For the current quarter ended 30 June 2021, the Group registered a revenue of RM98.70 million as compared to the immediate preceding quarter of RM114.82 million, representing a decrease of RM16.12 million or 14.0%. The decrease was due to lower sales recorded by both the Agriculture and Consumer Products segment.

During the current quarter, the Group recorded a profit before taxation of RM10.03 million against RM14.87 million in the immediate preceding quarter, representing a decrease of RM4.84 million or 32.5% as compared to the immediate preceding quarter. The decrease was mainly due to lower revenue generated for the current quarter together with decrease in gross profit margin from 20.2% to 19.4% as compared to previous year. In addition, the Group incurred higher professional fees in relation to the announced corporate exercises for the current quarter.



## Interim Report for the 6-months Financial Period Ended 30 June 2021

### 3. Year 2021 Prospects

#### Agriculture

The Agriculture segment achieved historical results for the financial year 2020 despite the outbreak of COVID-19 and the implementation of movement control order (“MCO”). For year 2021, the segment will continue to intensify its sales and marketing efforts to secure more customers locally and overseas in order to boost our market share as well as continuously develop new products to improve our competitive advantage. Barring any unforeseen resurgence of COVID-19 and challenges ahead, the Group is well prepared and the Board is confident that the segment will continue to contribute a sustainable income in year 2021.

#### Consumer Products

The Consumer Products segment had successfully turnaround from a loss before taxation of RM1.48 million for the financial year 2019 to a near to breakeven point of loss before taxation of RM0.05 million for the financial year 2020. The result was strongly driven by management’s continuous effort in cost rationalisation and strengthening of operational efficiency. In year 2021, the segment plans to continue to strengthen its operational efficiency and focus on boosting its revenue by increasing market share and product development. The segment is optimistic of achieving a result in the black to contribute to the Group positively.

#### Others

Following the Group’s recent diversification into the business of manufacturing and distribution of specialty chemicals products, the completion of the acquisition of Alpha Aim (M) Sdn. Bhd. and Chempro Technology (M) Sdn. Bhd. and the Proposed Nobel Acquisitions and Proposed ENRA Kimia Acquisition as mentioned in Item 6 below will further expand the Group’s foothold in the specialty chemicals industry by expanding the core industries in which such specialty chemicals are supplied to i.e., the hygiene sector, rubber industry as well as oil and gas industry.

The Board is of the view that with the abovementioned strategies, initiatives and the Acquisitions, the Group would be able to deliver another satisfactory financial performance for the financial year.

The Proposed Nobel Acquisitions and Proposed ENRA Kimia Acquisition are only expected to be completed in the fourth quarter of the financial year and are expected to contribute positively to the future earnings of the Group upon completion.

### 4. Financial Forecast and Profit Guarantee

The Group has not provided any financial forecast or profit guarantee in any public document.



**Interim Report for the 6-months Financial Period Ended 30 June 2021**

**5. Taxation**

The taxation figures are as follows:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/6/2021 RM'000	Preceding Year Quarter 30/6/2020 RM'000	Current Year to-Date 30/6/2021 RM'000	Preceding Year to-Date 30/6/2020 RM'000
Deferred tax	150	(18)	(95)	101
Income tax	(2,832)	(3,566)	(6,800)	(6,793)
	<u>(2,682)</u>	<u>(3,584)</u>	<u>(6,895)</u>	<u>(6,692)</u>

The effective tax rate for the current quarter under review for the Group is higher than the statutory rate of taxation is mainly due to losses recorded in certain subsidiary companies which is unable to set off against taxable profits made by other profitable subsidiary companies.

**6. Status of Corporate Proposal**

On 14 June 2021, the Company obtained the approval from shareholders for the bonus issue of up to 492,407,738 new ordinary shares in the Company (“Bonus Share(s)”) on the basis of three (3) Bonus Shares for every five (5) existing ordinary shares of the Company held by the shareholders of the Company whose name appear in the Record of Depositors of the Company on 29 June 2021 (“Bonus Issue”). Subsequently on 29 June 2021, the Company announced the completion of the Bonus Issue upon the listing and quotation of 492,407,420 Bonus Shares on the Main Market of Bursa Securities.

On 14 June 2021, the Company also obtained the approval from shareholders for the proposed acquisition of the entire equity interest in Alpha Aim (M) Sdn. Bhd. (“AASB”) and Chempro Technology (M) Sdn. Bhd. (“CTSB”) for a total purchase consideration of RM138,000,000 to be fully satisfied by cash (“Acquisitions”). Subsequently on 23 July 2021, the Company announced the completion of the Acquisitions upon the fulfilment of all conditions precedent pursuant to the share sale agreement.

In conjunction with the Acquisitions, the Company had also obtained the approval from shareholders on 14 June 2021 to undertake diversification of the business activities of the Group to include the business of manufacturing and distribution of specialty chemicals products (“Diversification”).

On 12 July 2021, the Company entered into a conditional share sale agreement to acquire the entire equity interest in Nobel Synthetic Polymer Sdn. Bhd. (“NSPSB”) and Nobel Scientific Sdn. Bhd. (“NSSB”) for a total purchase price of RM105,000,000 to be fully satisfied by cash (“Proposed Nobel Acquisitions”). The Proposed Nobel Acquisitions is subject to approval from the authorities and shareholders.

On 23 July 2021, the Company together with Ekopintar Sdn. Bhd. (“ESB”) issued a Joint Letter of Offer (“Joint Offer”) to ENRA Energy Sdn. Bhd. (“EESB”) to acquire the entire equity interest of ENRA Kimia Sdn. Bhd. (“EKS”) for a total cash consideration of RM50,000,000 to be fully satisfied by cash (“Proposed ENRA Kimia Acquisition”). Under the terms of Joint Offer, the Company will acquire 49%, representing 4,900,000 shares in EKS for a cash consideration of RM24,500,000 and ESB will acquire the remaining 51%, representing 5,100,000 shares for a cash consideration of RM25,500,000. The Joint Offer was accepted by EESB. Subsequently on 2 August 2021, the Company entered into a conditional share sale agreement with ESB and EESB for the Proposed ENRA Kimia Acquisition.





**Interim Report for the 6-months Financial Period Ended 30 June 2021**

**7. Borrowings**

The Group's borrowings as at 30 June 2021 and 31 December 2020 are as follows:

	<b>As at 30/6/2021 RM'000</b>	<b>As at 31/12/2020 RM'000</b>
<b>Short-term borrowings</b>		
<u>Secured</u>		
Term loans	3,172	3,169
<u>Unsecured</u>		
Lease liabilities	790	824
Bills payable	84,623	33,018
Revolving credit	7,600	10,000
	<u>96,185</u>	<u>47,011</u>
<b>Long-term borrowings</b>		
<u>Secured</u>		
Term loans	8,070	9,658
<u>Unsecured</u>		
Lease liabilities	1,815	2,223
	<u>9,885</u>	<u>11,881</u>
<b>Total</b>	<u>106,070</u>	<u>58,892</u>

**8. Material Litigation**

There were no material litigations involving the Group as at the date of this interim report.

**9. Earnings Per Share**

a. Basic

The basic earnings per share is calculated by dividing the earnings attributable to equity holders of the Company for the period by the weighted average number of ordinary shares in issue during the financial period under review.

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter 30/6/2021</b>	<b>Preceding Year Quarter 30/6/2020</b>	<b>Current Year to-Date 30/6/2021</b>	<b>Preceding Year to-Date 30/6/2020</b>
Profit attributable to equity holders of the Company (RM'000)	7,444	11,105	18,196	20,556
Weighted average number of ordinary shares in issue ('000) ^	1,313,087	1,290,178	1,313,087	1,296,071
Basic earnings per share (sen)	0.57	0.86	1.39	1.59

^ The calculation of basic earnings per share for the previous financial period has been adjusted retrospectively to reflect the changes in the number of shares as a result of the bonus issue.



**Interim Report for the 6-months Financial Period Ended 30 June 2021**

**9. Earnings Per Share (Cont'd)**

b. Diluted

The calculation of diluted earnings per ordinary share is the same with basic earnings per ordinary share as the Group has no dilutive potential ordinary shares.

**10. Notes to the Statements of Profit or Loss and Other Comprehensive Income**

Profit/(Loss) before taxation is arrived at after charging/(crediting):-

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter 30/6/2021 RM'000</b>	<b>Preceding Year Quarter 30/6/2020 RM'000</b>	<b>Current Period to-Date 30/6/2021 RM'000</b>	<b>Preceding Period to-Date 30/6/2020 RM'000</b>
Amortisation	71	114	148	226
Depreciation	901	705	1,804	1,434
Impairment loss on trade receivables	(11)	45	689	51
Interest expense	460	1,120	872	2,228
Interest income	(22)	(65)	(49)	(233)
Unrealised (gain)/loss on foreign exchange	(228)	1,751	(507)	593
Share of profit of a joint venture	(89)	(150)	(245)	(246)

By Order of the Board  
HEXTAR GLOBAL BERHAD  
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Lim Hooi Mooi  
Company Secretary  
Kuala Lumpur  
23 August 2021