



HEXTAR GLOBAL BERHAD

Company No.: 199001014551 (206220-U)

(Incorporated in Malaysia)

**Interim Report
For the 9-months Financial Period Ended
30 September 2021**



Interim Report for the 9-months Financial Period Ended 30 September 2021

Unaudited Condensed Statements of Profit or Loss and Other Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(3-mths) Current Year Quarter 30/9/2021 RM'000	(3-mths) Preceding Year Quarter 30/9/2020 RM'000	(9-mths) Current Period to-Date 30/9/2021 RM'000	(9-mths) Preceding Period to-Date 30/9/2020 RM'000
Revenue	112,549	111,563	326,069	316,847
Cost of sales	(87,746)	(87,310)	(258,892)	(246,605)
Gross profit	24,803	24,253	67,177	70,242
Other income	1,501	1,007	2,957	2,806
Selling and marketing expenses	(4,818)	(2,482)	(10,360)	(7,955)
Administrative and other expenses	(9,893)	(7,561)	(22,655)	(20,646)
Finance costs	(1,403)	(734)	(2,275)	(2,962)
Share of results of joint venture	71	162	316	408
Profit before taxation	10,261	14,645	35,160	41,893
Less: Taxation	(3,119)	(2,176)	(10,014)	(8,868)
Profit after taxation	7,142	12,469	25,146	33,025
Other comprehensive (expenses)/income:-				
Foreign currency translation differences	(50)	4	(56)	1
Other comprehensive (expenses)/income for the financial period	(50)	4	(56)	1
Total comprehensive income for the financial period	7,092	12,473	25,090	33,026
Profit for the financial period attributable to:				
- Owners of the Parent	7,205	12,469	25,401	33,025
- Non-controlling interests	(63)	-	(255)	-
	7,142	12,469	25,146	33,025
Total comprehensive income attributable to:				
- Owners of the Parent	7,155	12,473	25,345	33,026
- Non-controlling interests	(63)	-	(255)	-
	7,092	12,473	25,090	33,026
Earnings per share				
Basic (sen) ^	0.55	0.96	1.94	2.55
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 9-months Financial Period Ended 30 September 2021

Unaudited Condensed Statements of Financial Position

	Unaudited as at 30/9/2021 RM'000	Audited as at 31/12/2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	53,332	41,393
Investment properties	5,789	9,733
Investment in joint venture	1,345	3,513
Right-of-use assets	20,189	20,162
Investment in club membership, at cost	47	47
Goodwill on consolidation	60,836	13,336
Product development expenditure	625	797
Trademark	3	3
Trade receivables	9	20
Prepayment	885	2,244
Total non-current assets	143,060	91,248
Current assets		
Inventories	98,204	81,118
Trade receivables	144,153	102,800
Other receivables, deposits and prepayments	50,271	8,395
Amount owing by related companies	-	5,616
Amount owing by joint venture	2,485	-
Current tax assets	1,802	243
Deposits with licensed banks	21,328	120
Cash and bank balances	43,272	17,205
Total current assets	361,515	215,497
Asset classified as held for sale	7,388	310
TOTAL ASSETS	511,963	307,055
EQUITY AND LIABILITIES		
Equity		
Share capital	633,878	169,913
Treasury shares	(10,299)	-
Merger reserve	(488,732)	-
Revaluation reserve	13,398	7,405
Exchange reserve	48	-
Retained profits	46,852	22,477
Equity attributable to owners of the Company	195,145	199,795
Non-controlling interests	1,217	1,472
TOTAL EQUITY	196,362	201,267

Note: Subsequent to the completion of voluntary winding up of Hextar Chemicals Limited ("HCL"), the transfer of HCL's subsidiary companies to Hextar Global Berhad represents business combination under common control. Accordingly, Hextar Group adopted merger accounting policy which is required to apply retrospectively to account for this intergroup reorganisation. A restated comparative financial statements will be issued upon the submission of audited financial statements for the financial year ended 31 December 2021.

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 9-months Financial Period Ended 30 September 2021

Unaudited Condensed Statements of Financial Position (Cont'd)

	Unaudited as at 30/9/2021 RM'000	Audited as at 31/12/2020 RM'000
Non-current liabilities		
Contingent consideration	26,000	-
Lease liabilities	2,605	2,223
Term loans	79,953	9,658
Deferred tax liabilities	7,209	7,257
Total non-current liabilities	115,767	19,138
Current liabilities		
Trade payables	26,230	24,835
Other payables and accruals	8,773	7,127
Amount owing to related companies	-	5
Amount owing to a joint venture	784	1,238
Contingent consideration	13,000	-
Lease liabilities	1,170	824
Term loans	24,109	3,169
Bills payable	109,532	33,018
Revolving credit	7,200	10,000
Current tax liabilities	9,036	6,434
Total current liabilities	199,834	86,650
TOTAL LIABILITIES	315,601	105,788
TOTAL EQUITY AND LIABILITIES	511,963	307,055
No. of ordinary shares in issue ('000)	1,304,899	1,313,087 [^]
Net assets per share attributable to equity holders of the Company (RM)	0.15	0.15 [^]

[^] Restated to reflect the effect of bonus issue

Note: Subsequent to the completion of voluntary winding up of Hextar Chemicals Limited ("HCL"), the transfer of HCL's subsidiary companies to Hextar Global Berhad represents business combination under common control. Accordingly, Hextar Group adopted merger accounting policy which is required to apply retrospectively to account for this intergroup reorganisation. A restated comparative financial statements will be issued upon the submission of audited financial statements for the financial year ended 31 December 2021.

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Interim Report for the 9-months Financial Period Ended 30 September 2021

Unaudited Condensed Statements of Cash Flows

	9-months ended 30/9/2021 RM'000	9-months ended 30/9/2020 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
Profit before taxation	35,160	41,893
Adjustments for:-		
Amortisation	217	333
Depreciation	3,666	2,446
Impairment loss on trade receivables	692	1,623
Intangible assets written off	-	26
Interest expense	2,275	2,962
Gain on disposal of property, plant and equipment	-	(156)
Interest income	(99)	(310)
Reversal of lease liabilities	(13)	-
Unrealised (gain)/loss on foreign exchange	(173)	626
Share of profit of a joint venture	(316)	(408)
Operating profit before working capital changes	41,409	49,035
Changes in working capital:-		
Inventories	(1,804)	6,867
Receivables	(24,058)	(7,246)
Advances to suppliers	(19,350)	-
Payables	(6,133)	(5,417)
Related companies	2,672	2,273
	(48,673)	(3,523)
Cash (for)/from operations	(7,264)	45,512
Interest paid	(2,275)	(2,962)
Income tax paid	(8,781)	(1,075)
Net cash (for)/from operating activities	(18,320)	41,475

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 9-months Financial Period Ended 30 September 2021

Unaudited Condensed Statements of Cash Flows (Cont'd)

	9-months ended 30/9/2021 RM'000	9-months ended 30/9/2020 RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(52,178)	-
Deposit payment for acquisition of subsidiaries	(12,950)	-
Dividend received	2,485	-
Interest received	99	310
Placement of deposits with licensed banks	-	(4)
Proceeds from disposal of property, plant and equipment	300	31,000
Purchase of intangible assets	(44)	(9)
Purchase of property, plant and equipment	(1,905)	(1,121)
Net cash (for)/from investing activities	<u>(64,193)</u>	<u>30,176</u>
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Dividend paid	(19,696)	(24,434)
Drawdown of term loan	89,000	-
Net increase/(decrease) of lease liabilities	367	(273)
Net increase/(decrease) in bank borrowings	72,850	(30,072)
Net proceeds from disposal of treasury shares	-	10,266
Purchase of treasury shares	(10,299)	(7,707)
Repayment of term loans	(2,437)	(22,920)
Net cash from/(for) financing activities	<u>129,785</u>	<u>(75,140)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	47,272	(3,489)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	3	1
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	17,280	29,435
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>64,555</u>	<u>25,947</u>
CASH AND CASH EQUIVALENTS COMPRISE		
Deposits with licensed banks	21,328	120
Cash and bank balances	43,272	25,947
	<u>64,600</u>	<u>26,067</u>
Less: Deposits pledged to licensed banks	(45)	(120)
	<u>64,555</u>	<u>25,947</u>

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 9-months Financial Period Ended 30 September 2021

Unaudited Condensed Statements of Changes in Equity

	Share Capital RM'000	Treasury Shares RM'000	Non-distributable			<-Distributable-> Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total RM'000
			Merger Reserve RM'000	Revaluation Reserve RM'000	Exchange Reserve RM'000				
Balance as at 1/1/2021	169,913	-	-	7,405	-	22,477	199,795	1,472	201,267
Adoption of merger accounting policy	463,965	-	(488,732)	6,128	104	18,535	-	-	-
Balance as at 1/1/2021, restated	633,878	-	(488,732)	13,533	104	41,012	199,795	1,472	201,267
Profit after taxation for the financial period	-	-	-	-	-	25,401	25,401	(255)	25,146
Other comprehensive expenses for the financial period:									
- Foreign currency translation differences	-	-	-	-	(56)	-	(56)	-	(56)
Total comprehensive (expenses)/income for the financial period	-	-	-	-	(56)	25,401	25,345	(255)	25,090
Contributions by and distributions to owners of the Company:									
- Purchase of treasury shares	-	(10,299)	-	-	-	-	(10,299)	-	(10,299)
- Dividends	-	-	-	-	-	(19,696)	(19,696)	-	(19,696)
Total transactions with owners	-	(10,299)	-	-	-	(19,696)	(29,995)	-	(29,995)
Realisation of revaluation reserve	-	-	-	(135)	-	135	-	-	-
Balance as at 30/9/2021	633,878	(10,299)	(488,732)	13,398	48	46,852	195,145	1,217	196,362

Note: Subsequent to the completion of voluntary winding up of Hextar Chemicals Limited ("HCL"), the transfer of HCL's subsidiary companies to Hextar Global Berhad represents business combination under common control. Accordingly, Hextar Group adopted merger accounting policy which is required to apply retrospectively to account for this intergroup reorganisation. A restated comparative financial statements will be issued upon the submission of audited financial statements for the financial year ended 31 December 2021.

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 9-months Financial Period Ended 30 September 2021

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

	Share Capital RM'000	Treasury Shares RM'000	----- Non-distributable -----			<-Distributable->	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total RM'000
			Merger Reserve RM'000	Revaluation Reserve RM'000	Exchange Reserve RM'000	Retained Profits 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	-	-	-	-	-	33,025	33,025	-	33,025
Other comprehensive income for the financial period:									
- Foreign currency translation differences	-	-	-	-	1	-	1	-	1
Total comprehensive income for the financial period	-	-	-	-	1	33,025	33,026	-	33,026
Contributions by and distributions to owners of the Company:									
- Purchase of treasury shares	-	(7,707)	-	-	-	-	(7,707)	-	(7,707)
- Treasury shares sold	-	7,707	-	-	-	2,559	10,266	-	10,266
- Dividends	-	-	-	-	-	(24,434)	(24,434)	-	(24,434)
Total transactions with owners	-	-	-	-	-	(21,875)	(21,875)	-	(21,875)
Realisation of revaluation reserve	-	-	-	(65)	-	65	-	-	-
Balance as at 30/9/2020	169,913	-	-	7,439	1	19,139	196,492	-	196,492

Note: Subsequent to the completion of voluntary winding up of Hextar Chemicals Limited ("HCL"), the transfer of HCL's subsidiary companies to Hextar Global Berhad represents business combination under common control. Accordingly, Hextar Group adopted merger accounting policy which is required to apply retrospectively to account for this intergroup reorganisation. A restated comparative financial statements will be issued upon the submission of audited financial statements for the financial year ended 31 December 2021.

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Interim Report for the 9-months Financial Period Ended 30 September 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 9-months Financial Period Ended 30 September 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

The Company had on 28 September 2021 paid the first 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.



Interim Report for the 9-months Financial Period Ended 30 September 2021

9. Segmental Reporting

9-months ended 30 September 2021

	Investment Holding	Agriculture	Specialty Chemicals	Consumer Products	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External	-	298,595	15,522	11,760	192	-	326,069
Inter-segment	33,543	11,213	8,053	5,599	-	(58,408)	-
Total	33,543	309,808	23,575	17,359	192	(58,408)	326,069
Results							
Segment results	30,079	41,148	2,363	(1,696)	(718)	(34,179)	36,997
Finance costs	(765)	(1,338)	(32)	(140)	-	-	(2,275)
Finance income	5	87	23	6	1	-	122
Share of result of joint venture	-	316	-	-	-	-	316
Profit/(Loss) before taxation	29,319	40,213	2,354	(1,830)	(717)	(34,179)	35,160
Taxation	(38)	(9,510)	(544)	26	(15)	67	(10,014)
Profit/(Loss) after taxation	29,281	30,703	1,810	(1,804)	(732)	(34,112)	25,146

9-months ended 30 September 2020

	Investment Holding	Agriculture	Consumer Products	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External	-	296,043	20,751	53	-	316,847
Inter-segment	96,118	8,746	9,812	-	(114,676)	-
Total	96,118	304,789	30,563	53	(114,676)	316,847
Results						
Segment results	91,931	45,623	530	(116)	(93,876)	44,092
Finance costs	(934)	(1,882)	(146)	-	-	(2,962)
Finance income	159	168	24	4	-	355
Share of result of joint venture	-	408	-	-	-	408
Profit/(Loss) before taxation	91,156	44,317	408	(112)	(93,876)	41,893
Taxation	(133)	(10,496)	(42)	-	1,803	(8,868)
Profit/(Loss) after taxation	91,023	33,821	366	(112)	(92,073)	33,025



Interim Report for the 9-months Financial Period Ended 30 September 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 other than the following:-

- (a) On 31 July 2021, the Company completed the acquisition of 500,000 ordinary shares in Alpha Aim (M) Sdn. Bhd. ("AASB"), representing 100% equity interest in AASB; and 1,050,014 ordinary shares in Chempro Technology (M) Sdn. Bhd. ("CTSB"), representing 100% equity interest in CTSB; for a total purchase consideration of RM138,000,000 to be fully satisfied in cash ("the Acquisition").

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

- (i) Fair Value of Purchase Consideration

	Group and Company As at 31/7/2021 RM'000
Cash	138,000
Total purchase consideration	<u>138,000</u>

- (ii) Identifiable Assets Acquired and Liabilities Assumed

	Group As at 31/7/2021 RM'000
Property, plant and equipment	13,908
Inventories	15,282
Trade receivables	20,906
Other receivables, deposits and prepayments	4,210
Current tax assets	943
Deposits with licensed banks	29,279
Cash and cash equivalents	17,543
Non-current asset held for sale	3,443
Term loan	(4,673)
Lease liabilities	(565)
Deferred taxation liabilities	(86)
Trade payables	(8,235)
Other payables	(836)
Current tax liabilities	(619)
Fair value of net identifiable assets acquired and liabilities assumed	<u>90,500</u>



Interim Report for the 9-months Financial Period Ended 30 September 2021

11. Changes in the Composition of the Group (Cont'd)

(iii) Provisional goodwill Arising from Acquisition

	Group As at 31/7/2021 RM'000
Total consideration transferred (item (i) above)	138,000
Less: Fair value of identifiable net assets acquired and liabilities assumed (item (ii) above)	<u>(90,500)</u>
Provisional goodwill from the acquisition of subsidiaries	<u>47,500</u>

(b) On 29 September 2021, Hextar Chemicals Limited, a wholly owned subsidiary of the Company duly incorporated in British Virgin Islands, was dissolved under Section 208 of the BVI Business Companies Act, 2004, following the certificate issued by the Registrar of Corporate Affairs.

12. Contingent Liabilities

The contingent liabilities are as follows:

	Company As at 30/9/2021 RM'000
Guarantees given to financial institutions for facilities granted to the Group	<u>423,260</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.



Interim Report for the 9-months Financial Period Ended 30 September 2021

15. Related Party Transactions

The following table provides information on the transactions which have been entered into with related parties during the 9-months ended 30 September 2021.

		Transaction Value 30/9/2021 RM'000
	Note	
Sales of raw materials/finished goods:-		
PT Dharma Guna Wibawa	#	55,291
PT Delta Giri Wacana	#	19,078
Vitallium Sdn. Bhd.	#	6,957
Hextar Oil & Gas Sdn. Bhd.	#	853
Binapuri Sakti Sdn. Bhd.	#	726
Hextar Fert Sdn. Bhd.	#	180
Hextar KCS Sdn. Bhd.	#	16
Hextar Solution Sdn. Bhd.	#	7
Purchase of raw materials/finished goods:-		
Hextar Industrial Chemicals Sdn. Bhd.	#	455
Hextar Fert Sdn. Bhd.	#	214
Purchase of management services:-		
Hextar Asset Management Sdn. Bhd.	#	1,755
Rental of warehouse:-		
Hextar Industrial Chemicals Sdn. Bhd.	#	<u>581</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 9-months Financial Period Ended 30 September 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 RM112.55 million for the current quarter under review as compared to RM111.56 million for the corresponding quarter of the preceding year, representing an increase of RM0.99 million or 0.9% despite the challenges in global business environment due to the pandemic.

The Group recorded a profit before taxation of RM10.26 million for the current quarter against RM14.65 million for the corresponding quarter of the preceding year, representing a decrease of RM4.39 million or 30.0% was mainly due to the global supply chain disruption that was causing shortages and price hikes of raw materials across industries.

On the year-to-date basis, the Group registered a total revenue of RM326.07 million as compared to RM316.85 million in the corresponding financial period of the preceding year, representing an increase of RM9.22 million or 2.9%.

On earnings perspective, the Group recorded a profit before taxation of RM35.16 million for the current period against RM41.89 million for the corresponding financial period of the preceding year, representing a decrease of RM6.73 million or 16.1%. The decrease was mainly due to higher in cost of goods sold and operating expenses. On a positive note, the Group finance costs has been well managed with an improvement from RM2.92 million to RM2.28 million despite the increase in borrowings.

2. Comparisons with the Immediate Preceding Quarter's Results

	(3-months) Current Quarter ended 30/9/2021 (RM'000)	(3-months) Preceding Quarter ended 30/6/2021 (RM'000)
Revenue	112,549	98,704
Profit before taxation	10,261	10,030

For the current quarter ended 30 September 2021, the Group registered a revenue of RM112.55 million as compared to the immediate preceding quarter of RM98.70 million, representing an increase of RM13.85 million or 14.0%. The increase was mainly driven by consolidation of financial results of newly acquired Specialty Chemicals business.

During the current quarter, the Group recorded a profit before taxation of RM10.26 million against RM10.03 million in the immediate preceding quarter, representing an increase of RM0.23 million or 2.3% as compared to the immediate preceding quarter. The increase was mainly contributed by Specialty Chemicals segment, which had considerably improved the bottom line of the Group despite the increase in cost of goods sold and operating expenses.



Interim Report for the 9-months Financial Period Ended 30 September 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 penetrate 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 position for the financial year 2019 to a near to breakeven point 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 strengthening its operational efficiency and appoint potential distributors and retailers across the states to ensure availability of our products at more outlets. The segment is optimistic in achieving a better performance in terms of revenue contribution and earnings after our plans materialised.

Others

Following the Group’s recent diversification into the business of Specialty Chemicals, the completion of the acquisition of Alpha Aim (M) Sdn. Bhd., Chempro Technology (M) Sdn. Bhd., Nobel Synthetic Polymer Sdn. Bhd. and Nobel Scientific Sdn. Bhd. would strengthen our foothold in the Specialty Chemicals industry and competitive advantage against our counterparts in the industry.

The Proposed ENRA Kimia Acquisition and Proposed TufBond Acquisition as mentioned in Item 6 below are expected to be complete in the fourth quarter of the financial year and contribute positively to the future earnings of the Group.

The Board is confident that the management team is executing the strategic plans in order to continuously creates long-term shareholder value.

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 9-months Financial Period Ended 30 September 2021

5. Taxation

The taxation figures are as follows:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/9/2021 RM'000	Preceding Year Quarter 30/9/2020 RM'000	Current Year to-Date 30/9/2021 RM'000	Preceding Year to-Date 30/9/2020 RM'000
Deferred tax	172	1,645	77	1,807
Income tax	(3,291)	(3,821)	(10,091)	(10,675)
	<u>(3,119)</u>	<u>(2,176)</u>	<u>(10,014)</u>	<u>(8,868)</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 had 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"). Subsequently on 18 November 2021, the Company announced the completion of the Proposed Nobel Acquisitions upon the fulfilment of all conditions precedent pursuant to the share sale agreement.

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. ("EKSB") 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 EKSB 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 9-months Financial Period Ended 30 September 2021

6. Status of Corporate Proposal (Cont'd)

On 3 November 2021, the Company entered into a share sale agreement for the the acquisition of 200,000 ordinary shares, representing 100% equity interest in TufBond Technologies Sdn. Bhd. (“TTSB”) for a total purchase consideration of RM13,000,000 to be satisfied wholly in cash (“Proposed TufBond Acquisition”).

7. Borrowings

The Group’s borrowings as at 30 September 2021 and 31 December 2020 are as follows:

	As at 30/9/2021 RM’000	As at 31/12/2020 RM’000
Short-term borrowings		
<u>Secured</u>		
Term loans	6,309	3,169
<u>Unsecured</u>		
Lease liabilities	1,170	824
Term loan	17,800	-
Bills payable	109,532	33,018
Revolving credit	7,200	10,000
	<u>142,011</u>	<u>47,011</u>
Long-term borrowings		
<u>Secured</u>		
Term loans	8,753	9,658
<u>Unsecured</u>		
Lease liabilities	2,605	2,223
Term loans	71,200	-
	<u>82,558</u>	<u>11,881</u>
Total	<u>224,569</u>	<u>58,892</u>

8. Material Litigation

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



Interim Report for the 9-months Financial Period Ended 30 September 2021

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.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/9/2021	Preceding Year Quarter 30/9/2020	Current Period to-Date 30/9/2021	Preceding Period to-Date 30/9/2020
Profit attributable to equity holders of the Company (RM'000)	7,205	12,469	25,401	33,025
Weighted average number of ordinary shares in issue ('000) ^	1,310,417	1,297,649	1,312,188	1,296,601
Basic earnings per share (sen)	0.55	0.96	1.94	2.55

[^] *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.*

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.



Interim Report for the 9-months Financial Period Ended 30 September 2021

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

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

	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	Year Quarter	Year Quarter	Period to-Date	Period to-Date
	30/9/2021	30/9/2020	30/9/2021	30/9/2020
	RM'000	RM'000	RM'000	RM'000
Amortisation	69	107	217	333
Depreciation	1,862	1,012	3,666	2,446
Impairment loss on trade receivables	3	1,572	692	1,623
Intangible assets written off	-	26	-	26
Interest expense	1,403	734	2,275	2,962
Gain on disposal of property, plant and equipment	-	(156)	-	(156)
Interest income	(50)	(77)	(99)	(310)
Reversal of lease liabilities	(13)	-	(13)	-
Unrealised loss/(gain) on foreign exchange	334	33	(173)	626
Share of profit of a joint venture	(71)	(162)	(316)	(408)

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