



# **HEXTAR GLOBAL BERHAD**

Company No.: 199001014551 (206220-U)

(Incorporated in Malaysia)

**Interim Report  
For the 6-months Financial Period Ended  
30 June 2022**



**Interim Report for the 6-months Financial Period Ended 30 June 2022**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(3-mths) Current Year Quarter 30/6/2022 RM'000	(3-mths) Preceding Year Quarter 30/6/2021 RM'000	(6-mths) Current Year to-Date 30/6/2022 RM'000	(6-mths) Preceding Year to-Date 30/6/2021 RM'000
Revenue	162,658	98,704	316,288	213,520
Cost of sales	(118,748)	(79,514)	(231,002)	(171,146)
Gross profit	43,910	19,190	85,286	42,374
Other income	774	640	1,550	1,456
Selling and marketing expenses	(6,180)	(2,938)	(11,344)	(5,542)
Administrative and other expenses	(15,362)	(6,491)	(28,836)	(12,762)
Finance costs	(2,735)	(460)	(4,894)	(872)
Share of results of joint venture	29	89	229	245
Profit before taxation	20,436	10,030	41,991	24,899
Less: Taxation	(4,626)	(2,682)	(9,706)	(6,895)
Profit after taxation	15,810	7,348	32,285	18,004
Other comprehensive income/(expenses):				
- Foreign currency translation differences	67	-	(267)	(6)
- Revaluation of property	843	-	843	-
Other comprehensive income/(expenses) for the financial period	910	-	576	(6)
Total comprehensive income for the financial period	16,720	7,348	32,861	17,998
Profit for the financial period attributable to:				
- Owners of the Parent	15,301	7,444	30,947	18,196
- Non-controlling interests	509	(96)	1,338	(192)
	15,810	7,348	32,285	18,004
Total comprehensive income attributable to:				
- Owners of the Parent	16,124	7,444	31,616	18,190
- Non-controlling interests	596	(96)	1,245	(192)
	16,720	7,348	32,861	17,998
Earnings per share				
Basic (sen) ^	1.18	0.57	2.38	1.39
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 2021 and the accompanying notes attached to this interim financial report.



**Interim Report for the 6-months Financial Period Ended 30 June 2022**

**Unaudited Condensed Statements of Financial Position**

	<b>Unaudited as at 30/6/2022 RM'000</b>	<b>Audited as at 31/12/2021 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment in joint venture	1,709	1,480
Property, plant and equipment	81,522	72,902
Investment properties	5,789	5,789
Right-of-use assets	29,752	30,505
Intangible assets	149,038	150,913
Investment in club membership, at cost	47	47
Trade receivables	1,075	576
Prepayment	2,423	2,664
Deferred tax assets	339	236
<b>Total non-current assets</b>	<b>271,694</b>	<b>265,112</b>
<b>Current assets</b>		
Inventories	155,734	152,509
Trade receivables	147,962	155,686
Other receivables, deposits and prepayments	23,404	14,057
Contract assets	2,264	586
Amount owing by related companies	-	299
Amount owing by joint venture	1,400	1,885
Current tax assets	7,270	2,989
Deposits with licensed banks	19,885	27,164
Cash and bank balances	33,249	36,790
<b>Total current assets</b>	<b>391,168</b>	<b>391,965</b>
<b>Asset classified as held for sale</b>	<b>3,443</b>	<b>6,943</b>
<b>TOTAL ASSETS</b>	<b>666,305</b>	<b>664,020</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	633,878	633,878
Revaluation reserve	17,920	17,192
Exchange reserve	(72)	102
Treasury shares	(14,927)	(10,300)
Merger deficit reserve	(495,422)	(488,522)
Retained profits	83,932	60,614
Equity attributable to owners of the Company	225,309	212,964
Non-controlling interests	15,866	14,621
<b>TOTAL EQUITY</b>	<b>241,175</b>	<b>227,585</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 2021 and the accompanying notes attached to this interim financial report.



**Interim Report for the 6-months Financial Period Ended 30 June 2022**

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

	<b>Unaudited as at 30/6/2022 RM'000</b>	<b>Audited as at 31/12/2021 RM'000</b>
<b>Non-current liabilities</b>		
Lease liabilities	4,350	5,018
Long-term borrowings	129,737	141,637
Deferred tax liabilities	10,312	10,074
Other liabilities	44,000	58,000
<b>Total non-current liabilities</b>	<u>188,399</u>	<u>214,729</u>
<b>Current liabilities</b>		
Trade payables	45,435	53,100
Other payables, deposits received and accruals	16,085	10,353
Contract liability	2,443	1,608
Amount owing to related companies	-	408
Amount owing to a joint venture	1,265	642
Lease liabilities	2,052	2,491
Short-term borrowings	130,725	119,305
Current tax liabilities	11,441	4,799
Other liabilities	27,285	29,000
<b>Total current liabilities</b>	<u>236,731</u>	<u>221,706</u>
<b>TOTAL LIABILITIES</b>	<u>425,130</u>	<u>436,435</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>666,305</u>	<u>664,020</u>
No. of ordinary shares in issue ('000)	1,301,616	1,304,899
Net assets per share attributable to equity holders of the Company (RM)	0.19	0.17

The unaudited Condensed Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying notes attached to this interim financial report.



**Interim Report for the 6-months Financial Period Ended 30 June 2022**

**Unaudited Condensed Statements of Cash Flows**

	<b>6-months ended 30/6/2022 RM'000</b>	<b>6-months ended 30/6/2021 RM'000</b>
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>		
Profit before taxation	41,991	24,899
Adjustments for:-		
Amortisation	300	148
Depreciation	5,370	1,804
Impairment loss on trade receivables	146	689
Interest expense	4,894	872
Unrealised loss/(gain) on foreign exchange	340	(507)
Interest income	(312)	(49)
Share of profit of a joint venture	(229)	(245)
Operating profit before working capital changes	52,500	27,611
Changes in working capital:-		
Inventories	2,670	4,178
Receivables	5,422	(40,907)
Payables	(10,492)	(4,139)
Related companies	(108)	5,611
Joint venture	1,107	-
	(1,401)	(35,257)
Cash from/(for) operations	51,099	(7,646)
Interest paid	(4,894)	(872)
Income tax paid	(7,793)	(5,922)
<b>Net cash from/(for) operating activities</b>	<b>38,412</b>	<b>(14,440)</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 2021 and the accompanying notes attached to this interim financial report.



**Interim Report for the 6-months Financial Period Ended 30 June 2022**

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

	<b>6-months ended 30/6/2022 RM'000</b>	<b>6-months ended 30/6/2021 RM'000</b>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Acquisition of a subsidiary, net of cash and cash equivalents acquired	(8,466)	-
Deposit payment for acquisition of a subsidiary	(1,430)	(13,800)
Interest received	312	49
Proceeds from disposal of equipment	5	300
Proceeds from disposal of non-current asset held for sale	3,500	-
Product development expenditure incurred	(121)	-
Purchase of intangible assets	(20)	-
Purchase of property, plant and equipment	(4,439)	(364)
<b>Net cash for investing activities</b>	<u>(10,659)</u>	<u>(13,815)</u>
<b>CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES</b>		
Dividend paid	(15,619)	(6,565)
Decrease in contingent consideration	(14,000)	-
Net decrease of lease liabilities	(1,107)	(252)
Net increase in bank borrowings	9,675	48,195
Purchase of treasury shares	(4,628)	-
Repayment of term loans	(12,261)	(1,584)
<b>Net cash (for)/from financing activities</b>	<u>(37,940)</u>	<u>39,794</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(10,187)	11,539
<b>EFFECTS OF FOREIGN EXCHANGE TRANSLATION</b>	(543)	77
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	58,400	17,280
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<u>47,670</u>	<u>28,896</u>
<b>CASH AND CASH EQUIVALENTS COMPRISE</b>		
Deposits with licensed banks	19,885	120
Cash and bank balances	33,249	28,821
Bank overdraft	-	-
	<u>53,134</u>	<u>28,941</u>
Less: Deposits pledged to licensed banks	(5,464)	(45)
	<u>47,670</u>	<u>28,896</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 2021 and the accompanying notes attached to this interim financial report.



**Interim Report for the 6-months Financial Period Ended 30 June 2022**

**Unaudited Condensed Statements of Changes in Equity**

	Share Capital RM'000	Treasury Shares RM'000	<----- Non-distributable -----> Merger Deficit Reserve RM'000	Exchange Reserve RM'000	Revaluation 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 1/1/2022	633,878	(10,300)	(488,522)	102	17,192	60,614	212,964	14,621	227,585
Profit after taxation for the financial period	-	-	-	-	-	30,947	30,947	1,338	32,285
Other comprehensive income/(expenses) for the financial period:									
- Foreign currency translation differences	-	-	-	(174)	-	-	(174)	(93)	(267)
- Revaluation of property	-	-	-	-	843	-	843	-	843
Total comprehensive (expenses)/income for the financial period	-	-	-	(174)	843	30,947	31,616	1,245	32,861
Contributions by and distributions to owners of the Company:									
- Acquisition of a subsidiary	-	-	(6,900)	-	-	7,875	975	-	975
- Purchase of treasury shares	-	(4,627)	-	-	-	-	(4,627)	-	(4,627)
- Dividends	-	-	-	-	-	(15,619)	(15,619)	-	(15,619)
Total transactions with owners	-	(4,627)	(6,900)	-	-	(7,744)	(19,271)	-	(19,271)
Realisation of revaluation reserve	-	-	-	-	(115)	115	-	-	-
Balance as at 30/6/2022	633,878	(14,927)	(495,422)	(72)	17,920	83,932	225,309	15,866	241,175

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 2021 and the accompanying notes attached to this interim financial report.



Interim Report for the 6-months Financial Period Ended 30 June 2022

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	Deficit Reserve RM'000	Exchange Reserve RM'000	Revaluation Reserve RM'000	Retained Profits RM'000			
Balance as at 1/1/2021	633,878	-	(488,732)		104	13,533	41,012	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	633,878	-	(488,732)		104	13,459	52,711	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 2021 and the accompanying notes attached to this interim financial report.





**Interim Report for the 6-months Financial Period Ended 30 June 2022**

**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 2021. 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 2021.

**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 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 beyond 30 June 2021

Amendments to MFRS 17: Insurance Contracts

Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information

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 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 2022**

**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 2021 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**

During the financial period 30 June 2022, the Company purchased 3,283,700 of its issued ordinary shares from the open market at an average price of RM1.41 per share. The total consideration paid for the purchase was RM4,627,957 including the transaction costs. The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act, 2016 and are presented as a deduction from equity.

As at 30 June 2022, the Company held as treasury shares a total of 11,471,700 of its 1,313,087,284 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM14,927,231.

Other than the above, 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 RM13.02 million in respect of the financial year ending 31 December 2022. The entitlement date and payment date have been fixed on 8 September 2022 and 27 September 2022 respectively.



**Interim Report for the 6-months Financial Period Ended 30 June 2022**

**9. Segmental Reporting**

	6-months ended 30 June 2022						Consolidated RM'000
	Investment Holding RM'000	Agriculture RM'000	Specialty Chemicals RM'000	Consumer Products RM'000	Others RM'000	Eliminations RM'000	
<b>Revenue</b>							
External	-	199,766	105,131	11,391	-	-	316,288
Inter-segment	32,702	-	-	-	-	(32,702)	-
<b>Total</b>	<b>32,702</b>	<b>199,766</b>	<b>105,131</b>	<b>11,391</b>	<b>-</b>	<b>(32,702)</b>	<b>316,288</b>
<b>Results</b>							
Segment results	43,633	25,482	23,359	(840)	(83)	(45,207)	46,344
Finance costs	(3,049)	(1,307)	(391)	(147)	-	-	(4,894)
Finance income	3	57	247	3	2	-	312
Share of result of joint venture	-	229	-	-	-	-	229
Profit/(Loss) before taxation	40,587	24,461	23,215	(984)	(81)	(45,207)	41,991
Taxation	(27)	(5,590)	(4,252)	9	1	153	(9,706)
Profit/(Loss) after taxation	40,560	18,871	18,963	(975)	(80)	(45,054)	32,285
<b>6-months ended 30 June 2021</b>							
	Investment Holding RM'000	Agriculture RM'000	Consumer Products RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000	
<b>Revenue</b>							
External	-	205,036	8,484	-	-	-	213,520
Inter-segment	3,763	-	-	-	(3,763)	-	-
<b>Total</b>	<b>3,763</b>	<b>205,036</b>	<b>8,484</b>	<b>-</b>	<b>(3,763)</b>	<b>-</b>	<b>213,520</b>
<b>Results</b>							
Segment results	1,079	28,650	(932)	(119)	(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	28,268	(1,022)	(118)	(3,201)	-	24,899
Taxation	(19)	(6,797)	23	-	(102)	-	(6,895)
Profit/(Loss) after taxation	953	21,471	(999)	(118)	(3,303)	-	18,004



**Interim Report for the 6-months Financial Period Ended 30 June 2022**

**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 2021.

**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 20 May 2022, the Company completed the acquisition of 109,900 ordinary shares in PT Agro Sentosa Raya ("PTASR"), representing 99.91% equity interest in PTASR for a total purchase consideration of RM10,200,000 to be fully satisfied in cash.

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

	<b>Group and Company</b> <b>As at</b> <b>20/5/2022</b> <b>RM'000</b>
Cash	10,200
Total purchase consideration	<u>10,200</u>

- (ii) Identifiable Assets Acquired and Liabilities Assumed

	<b>Group</b> <b>As at</b> <b>20/5/2022</b> <b>RM'000</b>
Property, plant and equipment	7,748
Inventories	5,894
Trade receivables	6,296
Other receivables, deposits and prepayments	612
Cash and cash equivalents	1,734
Trade payables	(4,751)
Other payables and accruals	(4,449)
Term loans	(1,616)
Current tax liabilities	(293)
Fair value of net identifiable assets acquired and liabilities assumed	<u>11,175</u>

**12. Contingent Liabilities**

The contingent liabilities are as follows:

	<b>Company</b> <b>As at</b> <b>30/6/2022</b> <b>RM'000</b>
Guarantees given to financial institutions for facilities granted to the Group	<u>545,348</u>



**Interim Report for the 6-months Financial Period Ended 30 June 2022**

**13. Capital Commitments**

There were no material capital commitments entered into and not provided for by the Group during the current quarter under review other than the following:-

	<b>Group As at 30/6/2022 RM'000</b>
Contingent consideration in relation to the acquisition of subsidiaries	71,285
Property and equipment	<u>1,019</u>

**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.

**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 2022.

	Note	<b>Transaction Value 30/6/2022 RM'000</b>
Sales of raw materials/finished goods:-		
PT Delta Giri Wacana	#	12,142
PT Dharma Guna Wibawa	#	3,224
Hextar Oil & Gas Sdn. Bhd.	#	1,222
Binapuri Sakti Sdn. Bhd.	#	692
Rubberex Alliance Sdn. Bhd.	#	172
Hextar Fert Sdn. Bhd.	#	79
Hextar Solution Sdn. Bhd.	#	58
Hextar KCS Sdn. Bhd.	#	24
Hextar Industrial Chemicals Sdn. Bhd.	#	11
Purchase of raw materials/finished goods:-		
Hextar Industrial Chemicals Sdn. Bhd.	#	354
Hextar Fert Sdn. Bhd.	#	21
Purchase of management services:-		
Hextar Asset Management Sdn. Bhd.	#	1,170
Rental of warehouse:-		
Hextar Industrial Chemicals Sdn. Bhd.	#	387
Provision of service:-		
Hextar Mitai Sdn. Bhd.	#	<u>448</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 2022**

**i. 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 RM162.66 million for the current quarter under review as compared to RM98.70 million for the corresponding quarter of the preceding year, representing an increase of RM63.96 million or 64.8%. The significant increase was mainly contributed by the revenue from newly acquired Specialty Chemicals segment amounting to RM53.83 million, while Agriculture and Consumer products segment were higher by RM8.05 million and RM2.08 million respectively.

The Group recorded a profit before taxation of RM20.44 million for the current quarter against RM10.03 million for the corresponding quarter of the preceding year, representing an increase of RM10.41 million or 103.8% was mainly due to the new source of earnings with better margin from the Specialty Chemicals segment.

On year-to-date basis, the Group registered a revenue of RM316.29 million for the cumulative quarter under review as compared to RM213.52 million for the corresponding quarter of the preceding year, representing an increase of RM102.77 million or 48.1%. The significant increase was mainly contributed by the revenue from newly acquired Specialty Chemicals segment amounting to RM105.13 million which partially mitigated by the decrease in Agriculture segment of approximately RM5.25 million.

In terms of year-to-date profit before taxation, the Group recorded RM41.99 million for the cumulative quarter against RM24.90 million for the corresponding quarter of the preceding year, representing an increase of RM17.09 million or 68.6% was mainly benefiting from higher margin and growth from the Specialty Chemicals businesses acquired last year which mainly derived from rubber industry.

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

	(3-months) Current Quarter ended 30/6/2022 (RM'000)	(3-months) Preceding Quarter ended 31/3/2022 (RM'000)
Revenue	162,658	153,630
Profit before taxation	20,436	21,555

For the current quarter ended 30 June 2022, the Group revenue increased by 5.9% from RM153.63 million to RM162.66 million as compared to the immediate preceding quarter, mainly due to better performance from the Agriculture segment by RM6.39 million, while the revenue contributed by the Specialty Chemicals and Consumer Products segment also increased by RM2.53 million and RM0.11 million respectively.

Despite the higher revenue, the profit before taxation declined by 5.2% quarter-on-quarter from RM21.56 million to RM20.44 million was mainly due to higher operating expenditure incurred.



## Interim Report for the 6-months Financial Period Ended 30 June 2022

### 3. Year 2022 Prospects

#### Agriculture

The Agriculture segment had achieved another historical results for the financial year 2021 despite the challenges of the outbreak of COVID-19 and the implementation of movement control order (“MCO”). For year 2022, 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 2022.

#### Specialty Chemicals

Asia Pacific continues to hold the highest specialty chemicals market share in year 2021. The market is expected to continue to grow which is primarily driven by the increasing industrial productions and recovery of tourism industry by year 2022 across the world, leading to a higher demand for specialty chemicals. The prospect for this Specialty Chemicals segment is expected to be positive as the industry continues to be resilient as Malaysia and the rest of the world are gradually opening up their border in year 2022.

#### Consumer Products

The Consumer Products segment is changing its business direction from appointing a sole distributor to various authorised distribution channels. The segment is enlarging its product range to enhance its market share. This came in tandem with rising consumer confident level and demand for more consumer products resulting from the on-going of full swing vaccination of program, whereby strict lockdown no longer necessary to contain COVID-19. The segment is optimistic in achieving satisfactory results in year 2022.

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 6-months Financial Period Ended 30 June 2022**

**5. Taxation**

The taxation figures are as follows:-

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year</b>	<b>Preceding Year</b>	<b>Current</b>	<b>Preceding</b>
	<b>Quarter</b>	<b>Quarter</b>	<b>Year to-Date</b>	<b>Year to-Date</b>
	<b>30/6/2022</b>	<b>30/6/2021</b>	<b>30/6/2022</b>	<b>30/6/2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deferred tax	(28)	150	118	(95)
Income tax	(4,598)	(2,832)	(9,824)	(6,800)
	<u>(4,626)</u>	<u>(2,682)</u>	<u>(9,706)</u>	<u>(6,895)</u>

The effective tax rate for the current quarter under review for the Group is slightly lower than the statutory rate of taxation is mainly due to one of the subsidiary companies was granted with pioneer status under the Promotion of Investment Act, 1986.

**6. Status of Corporate Proposal**

On 28 March 2022, the Company entered into a share sale agreement with Hextar International Group Sdn. Bhd. for the acquisition of 109,900 ordinary shares, representing 99.91% equity interest in PT Agro Sentosa Raya ("PTASR") for a total purchase consideration of RM10,200,000 to be satisfied wholly in cash ("Proposed PTASR Acquisition"). Subsequently on 20 May 2022, the Company announced the completion of the Proposed PTASR Acquisition upon the fulfilment of all conditions precedent to the share sale agreement.

On 23 May 2022, the Company entered into a share sale agreement with Hextar Kimia Sdn. Bhd. for the acquisition of 100 ordinary shares, representing 100% equity interest in Hextar Kimia (Australia) Pty. Ltd. (formerly known as ENRA Kimia (Australia) Pty. Ltd.) ("HKA"), a 49% owned subsidiary of the Company, for a total purchase consideration of RM14,300,000 to be satisfied wholly in cash ("Proposed HKA Acquisition"). Subsequently on 22 July 2022, the Company announced the completion of the Proposed HKA Acquisition upon the fulfilment of all conditions precedent to the share sale agreement.





**Interim Report for the 6-months Financial Period Ended 30 June 2022**

**7. Borrowings**

The Group's borrowings as at 30 June 2022 and 31 December 2021 are as follows:

	<b>As at 30/6/2022 RM'000</b>	<b>As at 31/12/2021 RM'000</b>
<b>Short-term borrowings</b>		
<u>Secured</u>		
Term loans	3,174	3,488
<u>Unsecured</u>		
Lease liabilities	2,052	2,491
Term loans	14,860	13,290
Bills payable	89,191	92,988
Revolving credit	23,500	9,450
Bank overdraft	-	89
	<u>132,777</u>	<u>121,796</u>
<b>Long-term borrowings</b>		
<u>Secured</u>		
Term loans	14,472	18,152
<u>Unsecured</u>		
Lease liabilities	4,350	5,018
Term loans	115,265	123,485
	<u>134,087</u>	<u>146,655</u>
Total	<u>266,864</u>	<u>268,451</u>

**8. Material Litigation**

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



**Interim Report for the 6-months Financial Period Ended 30 June 2022**

**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 30/6/2022	Preceding Year Quarter 30/6/2021	Current Year to-Date 30/6/2022	Preceding Year to-Date 30/6/2021
Profit attributable to equity holders of the Company (RM'000)	15,301	7,444	30,947	18,196
Weighted average number of ordinary shares in issue ('000) ^	1,301,616	1,313,087	1,302,686	1,313,087
Basic earnings per share (sen)	1.18	0.57	2.38	1.39

<sup>^</sup> *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 6-months Financial Period Ended 30 June 2022**

**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</b>	<b>Preceding Year</b>	<b>Current</b>	<b>Preceding</b>
	<b>Quarter</b>	<b>Quarter</b>	<b>Year to-Date</b>	<b>Year to-Date</b>
	<b>30/6/2022</b>	<b>30/6/2021</b>	<b>30/6/2022</b>	<b>30/6/2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amortisation	161	71	300	148
Depreciation	2,759	901	5,370	1,804
Impairment loss on trade receivables	101	(11)	146	689
Interest expense	2,735	460	4,894	872
Unrealised loss/(gain) on foreign exchange	677	(228)	340	(507)
Interest income	(37)	(22)	(58)	(49)
Share of profit of a joint venture	(29)	(89)	(229)	(245)

By Order of the Board  
HEXTAR GLOBAL BERHAD  
199001014551 (206220 – U)

Lim Hooi Mooi  
Company Secretary  
Kuala Lumpur  
22 August 2022