



# **HEXTAR GLOBAL BERHAD**

Company No.: 199001014551 (206220-U)  
(Incorporated in Malaysia)

**Interim Report**  
**For the 9-months Financial Period Ended**  
**30 September 2022**



**Interim Report for the 9-months Financial Period Ended 30 September 2022**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(3-mths) Current Year Quarter 30/9/2022 RM'000	(3-mths) Preceding Year Quarter 30/9/2021 RM'000	(9-mths) Current Year to-Date 30/9/2022 RM'000	(9-mths) Preceding Year to-Date 30/9/2021 RM'000
Revenue	162,333	112,549	478,621	326,069
Cost of sales	(114,377)	(87,746)	(345,379)	(258,892)
Gross profit	47,956	24,803	133,242	67,177
Other income	1,171	1,501	2,721	2,957
Selling and marketing expenses	(5,840)	(4,818)	(17,184)	(10,360)
Administrative and other expenses	(18,594)	(9,893)	(47,430)	(22,655)
Finance costs	(2,720)	(1,403)	(7,614)	(2,275)
Share of profit of a joint venture	6	71	235	316
Profit before taxation	21,979	10,261	63,970	35,160
Less: Taxation	(5,648)	(3,119)	(15,354)	(10,014)
Profit after taxation	16,331	7,142	48,616	25,146
Other comprehensive income/(expenses):				
- Foreign currency translation differences	(450)	(50)	(717)	(56)
- Revaluation of property	530	-	1,373	-
Other comprehensive income/(expenses) for the financial period	80	(50)	656	(56)
Total comprehensive income for the financial period	16,411	7,092	49,272	25,090
Profit for the financial period attributable to:				
- Owners of the Company	13,955	7,205	44,902	25,401
- Non-controlling interests	2,376	(63)	3,714	(255)
	16,331	7,142	48,616	25,146
Total comprehensive income attributable to:				
- Owners of the Company	13,835	7,155	45,451	25,345
- Non-controlling interests	2,576	(63)	3,821	(255)
	16,411	7,092	49,272	25,090
Earnings per share				
Basic (sen) ^	1.08	0.55	3.46	1.94
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 9-months Financial Period Ended 30 September 2022**

**Unaudited Condensed Statements of Financial Position**

	<b>Unaudited as at 30/9/2022 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	1,715	1,480
Property, plant and equipment	70,820	72,902
Investment properties	4,127	5,789
Right-of-use assets	21,929	30,505
Intangible assets	147,769	150,913
Investment in club membership, at cost	46	47
Trade receivables	1,504	576
Prepayment	2,386	2,664
Deferred tax assets	338	236
<b>Total non-current assets</b>	<b>250,634</b>	<b>265,112</b>
<b>Current assets</b>		
Inventories	141,583	152,509
Trade receivables	148,531	155,686
Other receivables, deposits and prepayments	16,697	14,057
Contract assets	1,856	586
Amount owing by related companies	-	299
Amount owing by joint venture	1,100	1,885
Current tax assets	7,264	2,989
Derivative assets	130	-
Deposits with licensed banks	6,468	27,164
Cash and bank balances	39,148	36,790
<b>Total current assets</b>	<b>362,777</b>	<b>391,965</b>
<b>Asset classified as held for sale</b>	<b>30,179</b>	<b>6,943</b>
<b>TOTAL ASSETS</b>	<b>643,590</b>	<b>664,020</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	633,878	633,878
Treasury shares	(39,928)	(10,300)
Merger deficit reserve	(495,422)	(488,522)
Exchange reserve	(623)	102
Revaluation reserve	18,296	17,192
Retained profits	85,984	60,614
Equity attributable to owners of the Company	202,185	212,964
Non-controlling interests	14,278	14,621
<b>TOTAL EQUITY</b>	<b>216,463</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 9-months Financial Period Ended 30 September 2022**

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

	<b>Unaudited as at 30/9/2022 RM'000</b>	<b>Audited as at 31/12/2021 RM'000</b>
<b>Non-current liabilities</b>		
Lease liabilities	10,724	5,018
Long-term borrowings	125,908	141,637
Deferred tax liabilities	10,155	10,074
Other liabilities	29,000	58,000
<b>Total non-current liabilities</b>	<u>175,787</u>	<u>214,729</u>
<b>Current liabilities</b>		
Trade payables	27,511	53,100
Other payables, deposits received and accruals	16,178	10,353
Contract liability	1,922	1,608
Amount owing to related companies	-	408
Amount owing to a joint venture	1,042	642
Lease liabilities	4,270	2,491
Short-term borrowings	161,793	119,305
Current tax liabilities	9,624	4,799
Other liabilities	29,000	29,000
<b>Total current liabilities</b>	<u>251,340</u>	<u>221,706</u>
<b>TOTAL LIABILITIES</b>	<u>427,127</u>	<u>436,435</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>643,590</u>	<u>664,020</u>
No. of ordinary shares in issue ('000)	1,285,753	1,304,899
Net assets per share attributable to equity holders of the Company (RM)	0.17	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 9-months Financial Period Ended 30 September 2022**

**Unaudited Condensed Statements of Changes in Equity**

	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 Deficit Reserve RM'000	Exchange Reserve RM'000	Revaluation Reserve RM'000	Retained Profits 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	-	-	-	-	-	44,902	44,902	3,714	48,616
Other comprehensive (expenses)/income for the financial period:									
- Foreign currency translation differences	-	-	-	(554)	-	-	(554)	(163)	(717)
- Revaluation of property	-	-	-	-	1,102	-	1,102	271	1,373
Total comprehensive (expenses)/income for the financial period	-	-	-	(554)	1,102	44,902	45,450	3,822	49,272
Contributions by and distributions to owners of the Company:									
- Return on share capital contributions	-	-	-	-	-	-	-	(4,845)	(4,845)
- Merger and acquisition	-	-	(6,900)	(171)	185	8,762	1,876	1,445	3,321
- Purchase of treasury shares	-	(29,628)	-	-	-	-	(29,628)	-	(29,628)
- Dividends	-	-	-	-	-	(28,477)	(28,477)	(765)	(29,242)
Total transactions with owners	-	(29,628)	(6,900)	(171)	185	(19,715)	(56,229)	(4,165)	(60,394)
Realisation of revaluation reserve	-	-	-	-	(183)	183	-	-	-
Balance as at 30/9/2022	633,878	(39,928)	(495,422)	(623)	18,296	85,984	202,185	14,278	216,463

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 9-months Financial Period Ended 30 September 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 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	-	-	-	-	-	25,401	25,401	(255)	25,146
Other comprehensive (expenses)/income 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	-	(10,300)	-	-	-	-	(10,300)	-	(10,300)
- Dividends	-	-	-	-	-	(19,696)	(19,696)	-	(19,696)
Total transactions with owners	-	(10,300)	-	-	-	(19,696)	(29,996)	-	(29,996)
Realisation of revaluation reserve	-	-	-	-	(135)	135	-	-	-
Balance as at 30/9/2021	633,878	(10,300)	(488,732)	48	13,398	46,852	195,144	1,217	196,361

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 9-months Financial Period Ended 30 September 2022**

**Unaudited Condensed Statements of Cash Flows**

	<b>9-months ended 30/9/2022 RM'000</b>	<b>9-months ended 30/9/2021 RM'000</b>
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>		
Profit before taxation	63,970	35,160
Adjustments for:-		
Amortisation	476	217
Depreciation	8,575	3,666
Impairment loss on investment properties	1,662	-
Impairment loss on trade receivables	134	692
Interest expense	7,614	2,275
Equipment written off	66	-
Unrealised gain on foreign exchange	(1,562)	(173)
Gain on disposal of plant and equipment	(69)	-
Gain on lease termination	-	(13)
Interest income	(540)	(99)
Share of profit of a joint venture	(235)	(316)
Operating profit before working capital changes	80,091	41,409
Changes in working capital:-		
Inventories	16,820	(1,804)
Receivables	10,844	(43,408)
Payables	(28,850)	(6,133)
Related companies	(109)	2,672
Joint venture	1,185	-
	(110)	(48,673)
Cash from/(for) operations	79,981	(7,264)
Interest paid	(7,614)	(2,275)
Income tax paid	(15,401)	(8,781)
<b>Net cash from/(for) operating activities</b>	<b>56,966</b>	<b>(18,320)</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 9-months Financial Period Ended 30 September 2022**

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

	<b>9-months ended 30/9/2022 RM'000</b>	<b>9-months ended 30/9/2021 RM'000</b>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Acquisition of a subsidiary, net of cash and cash equivalents acquired	(7,739)	(52,178)
Deposit payment for acquisition of a subsidiary	-	(12,950)
Decrease in contingent consideration	(24,318)	-
Dividend received	-	2,485
Interest income received	540	99
Proceeds from disposal of plant and equipment	129	300
Proceeds from disposal of non-current asset held for sale	3,500	-
Product development expenditure incurred	(206)	-
Purchase of intangible assets	(20)	(44)
Purchase of property, plant and equipment	(15,759)	(1,905)
Return of investment to non-controlling interests	(4,845)	-
Increase in pledged deposits with licensed banks	(229)	-
<b>Net cash for investing activities</b>	<b>(48,947)</b>	<b>(64,193)</b>
<b>CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES</b>		
Dividend paid	(29,242)	(19,696)
Drawdown of term loans	-	89,000
Net increase of lease liabilities	7,489	367
Net increase in bank borrowings	40,271	72,850
Purchase of treasury shares	(29,628)	(10,299)
Repayment of term loans	(16,422)	(2,437)
<b>Net cash (for)/from financing activities</b>	<b>(27,532)</b>	<b>129,785</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(19,513)</b>	<b>47,272</b>
<b>EFFECTS OF FOREIGN EXCHANGE TRANSLATION</b>	<b>1,036</b>	<b>3</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>58,400</b>	<b>17,280</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>39,923</b>	<b>64,555</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE</b>		
Deposits with licensed banks	6,468	21,328
Cash and bank balances	39,148	43,272
Bank overdraft	-	-
	<b>45,616</b>	<b>64,600</b>
Less: Deposits pledged to licensed banks	(5,693)	(45)
	<b>39,923</b>	<b>64,555</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 9-months Financial Period Ended 30 September 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 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 9-months Financial Period Ended 30 September 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 September 2022, the Company purchased 19,146,700 of its issued ordinary shares from the open market at an average price of RM1.55 per share. The total consideration paid for the purchase was RM29,628,617 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 September 2022, the Company held as treasury shares a total of 27,334,700 of its 1,313,087,284 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM39,927,891.

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**

The Company had on 27 September 2022 paid the first single-tier dividend of 1 sen per ordinary share, amounting to approximately RM12.86 million in respect of the financial year ending 31 December 2022.



**Interim Report for the 9-months Financial Period Ended 30 September 2022**

**9. Segmental Reporting**

	9-months ended 30 September 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	-	293,428	167,424	17,768	1	-	478,621
Inter-segment	60,632	-	-	-	-	(60,632)	-
<b>Total</b>	<b>60,632</b>	<b>293,428</b>	<b>167,424</b>	<b>17,768</b>	<b>1</b>	<b>(60,632)</b>	<b>478,621</b>
<b>Results</b>							
Segment results	74,734	37,373	39,672	(1,830)	(122)	(79,017)	70,810
Finance costs	(4,592)	(2,060)	(733)	(229)	-	-	(7,614)
Finance income	4	83	445	5	3	-	540
Share of result of a joint venture	-	234	-	-	-	-	234
Profit/(Loss) before taxation	70,146	35,630	39,384	(2,054)	(119)	(79,017)	63,970
Taxation	(116)	(8,109)	(7,374)	13	1	231	(15,354)
Profit/(Loss) after taxation	<b>70,030</b>	<b>27,521</b>	<b>32,010</b>	<b>(2,041)</b>	<b>(118)</b>	<b>(78,786)</b>	<b>48,616</b>

	9-months ended 30 September 2021						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	-	298,786	15,522	11,760	1	-	326,069
Inter-segment	33,543	11,213	8,053	5,599	-	(58,408)	-
<b>Total</b>	<b>33,543</b>	<b>309,999</b>	<b>23,575</b>	<b>17,359</b>	<b>1</b>	<b>(58,408)</b>	<b>326,069</b>
<b>Results</b>							
Segment results	30,079	40,595	2,363	(1,696)	(165)	(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 a joint venture	-	316	-	-	-	-	316
Profit/(Loss) before taxation	29,319	39,660	2,354	(1,830)	(164)	(34,179)	35,160
Taxation	(38)	(9,525)	(544)	26	-	67	(10,014)
Profit/(Loss) after taxation	<b>29,281</b>	<b>30,135</b>	<b>1,810</b>	<b>(1,804)</b>	<b>(164)</b>	<b>(34,112)</b>	<b>25,146</b>



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

- (b) On 22 July 2022, the Company completed the acquisition of 100 ordinary shares in Hextar Kimia (Australia) Pty. Ltd. (formerly known as ENRA Kimia (Australia) Pty. Ltd.) ("HKA"), representing 100% equity interest in HKA from Hextar Kimia Sdn. Bhd. (formerly known as ENRA Kimia Sdn. Bhd.) ("HKSB"), a 49%-owned subsidiary of the company, for a total purchase consideration of RM14,300,000 to be fully satisfied in cash.



**Interim Report for the 9-months Financial Period Ended 30 September 2022**

**12. Contingent Liabilities**

The contingent liabilities are as follows:

	<b>Company</b> <b>As at</b> <b>30/9/2022</b> <b>RM'000</b>
Guarantees given to financial institutions for facilities granted to the Group	<u>546,410</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 other than the following:-

	<b>Group</b> <b>As at</b> <b>30/9/2022</b> <b>RM'000</b>
Contingent consideration in relation to the acquisition of subsidiaries	58,000
Property and equipment	<u>758</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.



**Interim Report for the 9-months Financial Period Ended 30 September 2022**

**15. Related Party Transactions**

The following table provides information on the transactions which have been entered into with the related parties during the 9-months ended 30 September 2022. The related parties comprising of directors and/or major shareholders of Hextar Global Berhad who are either the directors and/or major shareholders of the Company or the persons connected with the Company by virtue of Section 197 Companies Act 2016.

	<b>Transaction Value 30/9/2022 RM'000</b>
Sales of raw materials/finished goods:-	
PT Delta Giri Wacana	18,319
PT Dharma Guna Wibawa	4,868
Hextar Oil & Gas Sdn. Bhd.	1,570
Binapuri Sakti Sdn. Bhd.	692
Rubberex Alliance Sdn. Bhd.	172
Hextar Fert Sdn. Bhd.	190
Hextar Solution Sdn. Bhd.	59
Hextar KCS Sdn. Bhd.	37
Hextar Industrial Chemicals Sdn. Bhd.	11
Purchase of raw materials/finished goods:-	
Hextar Industrial Chemicals Sdn. Bhd.	548
Hextar Fert Sdn. Bhd.	29
Purchase of management services:-	
Hextar Asset Management Sdn. Bhd.	1,755
Rental of warehouse:-	
Hextar Industrial Chemicals Sdn. Bhd.	581
Provision of service:-	
Hextar Mitai Sdn. Bhd.	448



**Interim Report for the 9-months Financial Period Ended 30 September 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 RM162.33 million for the current quarter under review as compared to RM112.55 million for the corresponding quarter of the preceding year, representing an increase of RM49.78 million or 44.2%. The significant increase was mainly contributed by the revenue from newly acquired Specialty Chemicals segment amounting to RM46.77 million, while Consumer products segment was higher by RM3.10 million.

The Group recorded a profit before taxation of RM21.98 million for the current quarter against RM10.26 million for the corresponding quarter of the preceding year, representing an increase of RM11.72 million or 114.2% 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 RM478.62 million for the cumulative quarter under review as compared to RM326.07 million for the corresponding quarter of the preceding year, representing an increase of RM152.55 million or 46.8%. The significant increase was mainly contributed by the revenue from newly acquired Specialty Chemicals segment amounting to RM151.90 million.

In terms of year-to-date profit before taxation, the Group recorded RM63.97 million for the cumulative quarter against RM35.16 million for the corresponding quarter of the preceding year, representing an increase of RM28.81 million or 81.9% was mainly benefiting from higher margin and growth from the Specialty Chemicals businesses acquired last year.

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

	(3-months) Current Quarter ended 30/9/2022 (RM'000)	(3-months) Preceding Quarter ended 30/6/2022 (RM'000)
Revenue	162,333	162,658
Profit before taxation	21,979	20,436

For the current quarter ended 30 September 2022, the Group revenue decreased by 0.2% from RM162.66 million to RM162.33 million as compared to the immediate preceding quarter. The marginal decrease was mainly due to lower revenue generated from Agriculture segment by RM9.42 million, while the revenue contributed by the Specialty Chemicals segment had increased by RM8.46 million.

Despite the slightly lower revenue, the profit before taxation increased by 7.6% quarter-on-quarter from RM20.44 million to RM21.98 million was mainly due to lower operating expenditure.



## **Interim Report for the 9-months Financial Period Ended 30 September 2022**

### **3. Year 2022 Prospects**

#### Agriculture

The Agriculture segment had achieved another historical result 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 most of the world have opened 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 9-months Financial Period Ended 30 September 2022**

**5. Taxation**

The taxation figures are as follows:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/9/2022 RM'000	Preceding Year Quarter 30/9/2021 RM'000	Current Year to-Date 30/9/2022 RM'000	Preceding Year to-Date 30/9/2021 RM'000
Deferred tax	71	172	189	77
Income tax	(5,719)	(3,291)	(15,543)	(10,091)
	<u>(5,648)</u>	<u>(3,119)</u>	<u>(15,354)</u>	<u>(10,014)</u>

The effective tax rate for the current quarter under review for the Group is approximately similar with the applicable income tax rate of 24%.

**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. (formerly known as ENRA Kimia Sdn. Bhd.) ("HKSB"), a 49%-owned subsidiary of the Company, 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"), 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.

On 23 September 2022, Hextar Chemicals Sdn. Bhd. ("HCSB"), an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement with Pacific Trustees Berhad, being the trustee of KIP Real Estate Investment Trust for the disposal of two adjoining parcels of leasehold industrial lands together with the buildings erected thereon for a cash consideration of RM27.00 million ("Proposed Disposal"). The properties will be leased back by HCSB for a tenure of 15 years, commencing on the day immediately after the completion of the Proposed Disposal ("Proposed Leaseback"). Subsequently on 11 October 2022, the Company had obtained approval from shareholders for the Proposed Disposal and Leaseback.



**Interim Report for the 9-months Financial Period Ended 30 September 2022**

**7. Borrowings**

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

	<b>As at 30/9/2022 RM'000</b>	<b>As at 31/12/2021 RM'000</b>
<b>Short-term borrowings</b>		
<u>Secured</u>		
Term loans	2,840	3,488
<u>Unsecured</u>		
Lease liabilities	4,270	2,491
Term loans	14,860	13,290
Bills payable	99,193	92,988
Revolving credit	44,900	9,450
Bank overdraft	-	89
	<u>166,063</u>	<u>121,796</u>
<b>Long-term borrowings</b>		
<u>Secured</u>		
Term loans	13,968	18,152
<u>Unsecured</u>		
Lease liabilities	10,724	5,018
Term loans	111,940	123,485
	<u>136,632</u>	<u>146,655</u>
Total	<u>302,695</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 9-months Financial Period Ended 30 September 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 30/9/2022	Preceding Year Quarter 30/9/2021	Current Year to-Date 30/9/2022	Preceding Year to-Date 30/9/2021
Profit attributable to equity holders of the Company (RM'000)	13,955	7,205	44,902	25,401
Weighted average number of ordinary shares in issue ('000) ^	1,291,098	1,310,417	1,298,781	1,312,188
Basic earnings per share (sen)	1.08	0.55	3.46	1.94

^ *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 2022**

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

Profit 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>30/9/2022</b>	<b>30/9/2021</b>	<b>30/9/2022</b>	<b>30/9/2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amortisation	176	69	476	217
Depreciation	3,205	1,862	8,575	3,666
Equipment written off	66	-	66	-
Impairment loss on investment properties	1,662	-	1,662	-
Impairment loss on trade receivables	(12)	3	134	692
Interest expense	2,720	1,403	7,614	2,275
Gain on lease termination	-	(13)	-	(13)
Unrealised (gain)/loss on foreign exchange	(1,902)	334	(1,562)	(173)
Gain on disposal of plant and equipment	(69)	-	(69)	-
Interest income	(482)	(50)	(540)	(99)
Share of profit of a joint venture	(6)	(71)	(235)	(316)

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

Lim Hooi Mooi  
Company Secretary  
Kuala Lumpur  
29 November 2022