



# **HEXTAR GLOBAL BERHAD**

Company No.: 199001014551 (206220-U)

(Incorporated in Malaysia)

**Interim Report  
For the 9-months Financial Period Ended  
30 September 2023**



**Interim Report for the 9-months Financial Period Ended 30 September 2023**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(3-mths) Current Year Quarter 30/9/2023 RM'000	(3-mths) Preceding Year Quarter 30/9/2022 RM'000	(9-mths) Current Year to-Date 30/9/2023 RM'000	(9-mths) Preceding Year to-Date 30/9/2022 RM'000
<b>Continuing Operations</b>				
Revenue	182,937	155,956	455,159	460,853
Cost of sales	(127,172)	(108,347)	(320,138)	(329,357)
Gross profit	55,765	47,609	135,021	131,496
Other income	1,315	1,157	3,375	2,686
Selling and marketing expenses	(5,259)	(5,090)	(15,480)	(15,306)
Administrative and other expenses	(19,437)	(17,994)	(51,576)	(45,702)
Finance costs	(7,661)	(2,639)	(15,418)	(7,385)
Share of profit of a joint venture	132	6	291	235
Profit before taxation	24,855	23,049	56,213	66,024
Less: Taxation	(7,022)	(5,652)	(15,675)	(15,367)
Profit after taxation from continuing operations	17,833	17,397	40,538	50,657
<b>Discontinued Operations</b>				
Loss after taxation from discontinued operations	-	(1,066)	(2,016)	(2,041)
Profit after taxation	17,833	16,331	38,522	48,616
Other comprehensive (expenses)/income:				
- Foreign currency translation differences	(593)	(450)	2,003	(717)
- Revaluation of properties	3,220	530	3,054	1,373
Other comprehensive income for the financial period	2,627	80	5,057	656
Total comprehensive income for the financial period	20,460	16,411	43,579	49,272

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 2022 and the accompanying notes attached to this interim financial report.



**Interim Report for the 9-months Financial Period Ended 30 September 2023**

**Unaudited Condensed Statements of Profit or Loss and Other Comprehensive Income (Cont'd)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(3-mths) Current Year Quarter 30/9/2023 RM'000	(3-mths) Preceding Year Quarter 30/9/2022 RM'000	(9-mths) Current Year to-Date 30/9/2023 RM'000	(9-mths) Preceding Year to-Date 30/9/2022 RM'000
Profit/(Loss) for the financial period attributable to:				
- Owners of the Company:				
- continuing operations	15,393	15,021	34,707	46,943
- discontinued operations	-	(1,066)	(2,016)	(2,041)
- Non-controlling interests				
- continuing operations	2,440	2,376	5,831	3,714
	<u>17,833</u>	<u>16,331</u>	<u>38,522</u>	<u>48,616</u>
Total comprehensive income/(expenses) attributable to:				
- Owners of the Company:				
- continuing operations	16,378	14,901	38,206	47,492
- discontinued operations	-	(1,066)	(2,016)	(2,041)
- Non-controlling interests				
- continuing operations	4,082	2,576	7,389	3,821
	<u>20,460</u>	<u>16,411</u>	<u>43,579</u>	<u>49,272</u>
<b>Earnings per share</b>				
Basic (sen) ^				
- continuing operations	0.40	0.39	0.90	1.20
- discontinued operations	-	(0.03)	(0.05)	(0.05)
	<u>0.40</u>	<u>0.36</u>	<u>0.85</u>	<u>1.15</u>

^ 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 2022 and the accompanying notes attached to this interim financial report.



**Interim Report for the 9-months Financial Period Ended 30 September 2023**

**Unaudited Condensed Statements of Financial Position**

	<b>Unaudited as at 30/9/2023 RM'000</b>	<b>Audited as at 31/12/2022 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment in joint venture	2,033	1,783
Property, plant and equipment	74,863	75,112
Investment properties	2,524	3,504
Right-of-use assets	46,296	52,536
Intangible assets	136,527	137,093
Investment in club membership, at cost	46	46
Trade receivables	1,792	1,293
Prepayment	3,138	2,384
Deferred tax assets	679	243
<b>Total non-current assets</b>	<b>267,898</b>	<b>273,994</b>
<b>Current assets</b>		
Inventories	116,775	139,505
Trade receivables	142,514	130,315
Other receivables, deposits and prepayments	51,965	14,733
Contract assets	1,173	-
Amount owing by related companies	-	384
Amount owing by a joint venture	300	-
Current tax assets	7,072	2,838
Derivative assets	321	-
Deposits with licensed banks	10,502	6,064
Cash and bank balances	60,529	50,092
<b>Total current assets</b>	<b>391,151</b>	<b>343,931</b>
<b>Assets classified as held for sale</b>	<b>3,443</b>	<b>4,393</b>
<b>TOTAL ASSETS</b>	<b>662,492</b>	<b>622,318</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	633,878	633,878
Treasury shares	(30,770)	(39,928)
Merger deficit reserve	(500,423)	(495,423)
Exchange reserve	628	(1,375)
Revaluation reserve	14,353	14,620
Retained profits	118,201	105,050
Equity attributable to owners of the Company	235,867	216,822
Non-controlling interests	19,876	16,059
<b>TOTAL EQUITY</b>	<b>255,743</b>	<b>232,881</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 2022 and the accompanying notes attached to this interim financial report.



**Interim Report for the 9-months Financial Period Ended 30 September 2023**

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

	<b>Unaudited as at 30/9/2023 RM'000</b>	<b>Audited as at 31/12/2022 RM'000</b>
<b>Non-current liabilities</b>		
Lease liabilities	30,931	34,771
Long-term borrowings	135,504	123,405
Deferred tax liabilities	7,807	6,382
Variable deferred consideration	-	25,148
<b>Total non-current liabilities</b>	<b>174,242</b>	<b>189,706</b>
<b>Current liabilities</b>		
Trade payables	49,056	29,958
Other payables, deposits received and accruals	16,463	18,943
Contract liabilities	2,707	2,201
Amount owing to related companies	-	284
Amount owing to a joint venture	1,463	729
Lease liabilities	5,486	6,063
Short-term borrowings	120,457	111,115
Current tax liabilities	10,165	5,631
Derivative liabilities	-	243
Variable deferred consideration	26,710	24,564
<b>Total current liabilities</b>	<b>232,507</b>	<b>199,731</b>
<b>TOTAL LIABILITIES</b>	<b>406,749</b>	<b>389,437</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>662,492</b>	<b>622,318</b>
No. of ordinary shares in issue ('000)	3,876,067	3,857,258
Net assets per share attributable to equity holders of the Company (RM)	0.07	0.06

The unaudited Condensed Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying notes attached to this interim financial report.



**Interim Report for the 9-months Financial Period Ended 30 September 2023**

**Unaudited Condensed Statements of Cash Flows**

	<b>9-months ended 30/09/2023 RM'000</b>	<b>9-months ended 30/09/2022 RM'000</b>
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation		
- continuing operations	56,213	66,024
- discontinued operations	(2,024)	(2,054)
Adjustments for:-		
Amortisation	475	476
Depreciation	11,896	8,575
Plant and equipment written off	1	66
Impairment loss on investment properties	-	1,662
Impairment loss on trade receivables	644	134
Interest expense	15,418	7,614
Loss/(Gain) on disposal of plant and equipment	36	(69)
Unrealised loss/(gain) on foreign exchange	215	(1,562)
Gain on forward currency contracts	(564)	-
Gain on disposal of investment in subsidiaries	(527)	-
Gain on lease termination	(19)	-
Interest income	(1,152)	(540)
Share of profit of a joint venture	(291)	(235)
Operating profit before working capital changes	<u>80,321</u>	<u>80,091</u>
Changes in working capital:-		
Inventories	20,279	16,820
Receivables	(55,662)	10,844
Payables	39,480	(28,850)
Related companies	16	(109)
Joint venture	434	1,185
	<u>4,547</u>	<u>(110)</u>
Cash from operations	84,868	79,981
Interest paid	(10,729)	(7,614)
Income tax paid	(14,662)	(15,401)
<b>Net cash from operating activities</b>	<u><b>59,477</b></u>	<u><b>56,966</b></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 2022 and the accompanying notes attached to this interim financial report.



**Interim Report for the 9-months Financial Period Ended 30 September 2023**

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

	<b>9-months ended 30/09/2023 RM'000</b>	<b>9-months ended 30/09/2022 RM'000</b>
<b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>		
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(8,052)	(7,739)
Disposal of subsidiaries, net of cash and cash equivalents disposed of	3,177	-
Interest received	1,152	540
Increase in pledged deposits with licensed banks	(8,484)	(229)
Payment of deferred consideration	(27,213)	(24,318)
Proceeds from disposal of plant and equipment	84	129
Proceeds from disposal of assets classified as held for sale	1,930	3,500
Product development expenditure incurred	(94)	(206)
Addition of intangible assets	(119)	(20)
Purchase of property, plant and equipment	(5,672)	(15,759)
Return of investment to non-controlling interests	-	(4,845)
<b>Net cash for investing activities</b>	<b>(43,291)</b>	<b>(48,947)</b>
<b>CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES</b>		
Dividend paid	(29,285)	(29,242)
Drawdown of term loan	28,000	-
Net (decrease)/increase of lease liabilities	(4,612)	7,489
Net (decrease)/increase in bank borrowings	(3,709)	40,271
Purchase of treasury shares	-	(29,628)
Proceeds from sale of treasury shares	13,008	-
Repayment of term loans	(13,841)	(16,422)
<b>Net cash for financing activities</b>	<b>(10,439)</b>	<b>(27,532)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>5,747</b>	<b>(19,513)</b>
<b>EFFECTS OF FOREIGN EXCHANGE TRANSLATION</b>	<b>645</b>	<b>1,036</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>51,564</b>	<b>58,400</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>57,956</b>	<b>39,923</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE</b>		
Deposits with licensed banks	10,502	6,468
Cash and bank balances	60,529	39,148
	71,031	45,616
Less: Deposits pledged to licensed banks	(13,075)	(5,693)
	<b>57,956</b>	<b>39,923</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 2022 and the accompanying notes attached to this interim financial report.



**Interim Report for the 9-months Financial Period Ended 30 September 2023**

**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 1/1/2023	633,878	(39,928)	(495,423)	(1,375)	14,620	105,050	216,822	16,059	232,881
Profit after taxation for the financial period	-	-	-	-	-	32,691	32,691	5,831	38,522
Other comprehensive income for the financial period:									
- Foreign currency translation differences	-	-	-	2,003	-	-	2,003	-	2,003
- Revaluation of properties	-	-	-	-	1,497	-	1,497	1,557	3,054
Total comprehensive income for the financial period	-	-	-	2,003	1,497	32,691	36,191	7,388	43,579
Contributions by and distributions to owners of the Company:									
- Merger and acquisition	-	-	(5,000)	-	-	560	(4,440)	-	(4,440)
- Treasury shares sold	-	9,158	-	-	-	3,850	13,008	-	13,008
- Dividends	-	-	-	-	-	(25,715)	(25,715)	-	(25,715)
- Non-controlling interests' share of dividends	-	-	-	-	-	-	-	(3,570)	(3,570)
Total transactions with owners	-	9,158	(5,000)	-	-	(21,305)	(17,147)	(3,570)	(20,717)
Realisation of revaluation reserve	-	-	-	-	(1,764)	1,765	1	(1)	-
Balance as at 30/9/2023	633,878	(30,770)	(500,423)	628	14,353	118,201	235,867	19,876	255,743

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 2022 and the accompanying notes attached to this interim financial report.





Interim Report for the 9-months Financial Period Ended 30 September 2023

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	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 properties	-	-	-	-	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:										
- 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)	
- Return on share capital contributions	-	-	-	-	-	-	-	(4,845)	(4,845)	
- 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 2022 and the accompanying notes attached to this interim financial report.



**Interim Report for the 9-months Financial Period Ended 30 September 2023**

**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 2022. 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 2022.

**2. Significant Accounting Policies**

The financial statements of the Group and of the Company are 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:-

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

MFRS 17 Insurance Contracts

Amendments to MFRS 17: Insurance Contracts

Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information

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 112: International Tax Reform – Pillar Two Model Rules

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 and of the Company upon their initial application.



**Interim Report for the 9-months Financial Period Ended 30 September 2023**

**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 2022 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 of the Group for the current quarter under review and financial period to-date.

**6. Material Changes in Estimates**

There were no material changes in the estimates of amounts reported that have a material effect on the results for 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 ended 30 September 2023, the Company has resold 6,269,600 units of its treasury shares to the open market at an average price of RM2.07 per share. The total consideration received was RM13,008,442 net of transaction costs.

As at 30 September 2023, the Company held as treasury shares a total of 63,195,300 of 3,939,261,852 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM30,769,865.

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**

There is no dividend proposed or paid during the quarter under review.



**Interim Report for the 9-months Financial Period Ended 30 September 2023**

**9. Segmental Reporting**

9-months ended 30 September 2023								
SEGMENTAL REPORTING	Continuing Operations					Discontinued Operations	Total	
	Investment Holding	Agriculture	Specialty Chemicals	Others	Elimination	Total		Consumer Products
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
<b>REVENUE AND EXPENSES</b>								
<b>Revenue</b>								
External	83	262,584	192,491	1	-	455,159	6,639	461,798
Inter-segment	53,604	14	177	594	(54,389)	-	-	-
Total revenue	53,687	262,598	192,668	595	(54,389)	455,159	6,639	461,798
<b>Results</b>								
Segment results	48,095	29,488	44,279	(90)	(51,583)	70,189	(1,806)	68,383
Finance costs	(10,075)	(4,222)	(1,121)	-	-	(15,418)	(221)	(15,639)
Finance income	61	104	978	8	-	1,151	3	1,154
Share of result of a joint venture	-	249	-	-	42	291	-	291
Profit/(Loss) before taxation	38,081	25,619	44,136	(82)	(51,541)	56,213	(2,024)	54,189
Taxation	(120)	(4,857)	(10,495)	42	(245)	(15,675)	8	(15,667)
Consolidated profit/(loss) after taxation	37,961	20,762	33,641	(40)	(51,786)	40,538	(2,016)	38,522



**Interim Report for the 9-months Financial Period Ended 30 September 2023**

**9. Segmental Reporting (Cont'd)**

9-months ended 30 September 2022								
SEGMENTAL REPORTING	Continuing Operations					Discontinued Operations	Total	
	Investment Holding	Agriculture	Specialty Chemicals	Others	Elimination	Total		Consumer Products
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
<b>REVENUE AND EXPENSES</b>								
<b>Revenue</b>								
External	-	293,428	167,424	1	-	460,853	17,768	478,621
Inter-segment	60,632	-	-	-	(60,632)	-	-	-
Total revenue	60,632	293,428	167,424	1	(60,632)	460,853	17,768	478,621
<b>Results</b>								
Segment results	74,734	37,373	39,672	(122)	(79,017)	72,640	(1,830)	70,810
Finance costs	(4,592)	(2,060)	(733)	-	-	(7,385)	(229)	(7,614)
Finance income	4	82	445	3	-	534	5	539
Share of result of a joint venture	-	235	-	-	-	235	-	235
Profit/(Loss) before taxation	70,146	35,630	39,384	(119)	(79,017)	66,024	(2,054)	63,970
Taxation	(116)	(8,109)	(7,374)	1	231	(15,367)	13	(15,354)
Consolidated profit/(loss) after taxation	70,030	27,521	32,010	(118)	(78,786)	50,657	(2,041)	48,616



**Interim Report for the 9-months Financial Period Ended 30 September 2023**

**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 2022.

**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 6 June 2023, Hextar has completed the Proposed Divestment which resulted in Hextar exiting the Consumer Products segment. The Consumer Products Segment consists of Halex Woolton (M) Sdn Bhd ("HxW") and Halex Marketing Sdn Bhd ("HMkt") which were divested to a non-related third party, for a total consideration of RM3.5 million pursuant to two share sale agreements dated 15 May 2023. The profit arising from the disposal is as follows:-

	<b>Group As at 6/6/2023 RM'000</b>
Disposal proceeds	3,500
Less: Cost of Investment in HxW and HMkt	(16,574)
Add: Realisation of post-acquisition losses of HxW and HMkt	13,601
Gain on disposal	<u>527</u>

- (b) On 22 June 2023, Hextar has entered into a share sale agreement with Hextar Holdings Sdn Bhd ("HHSB") to acquire 100% equity interest and obtain full ownership of Hextar Industrial Chemicals Sdn Bhd from HHSB for a total consideration of RM10.0 million 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 As at 22/6/2023 RM'000</b>
Cash	10,000
Total purchase consideration	<u>10,000</u>



**Interim Report for the 9-months Financial Period Ended 30 September 2023**

- (b)  
(ii) Identifiable Assets Acquired and Liabilities Assumed

	<b>Group</b> <b>As at 22/6/2023</b> <b>RM'000</b>
Property, plant and equipment	70
Right-of-use assets	1,279
Inventories	4,522
Trade receivables	7,148
Other receivables, deposits and prepayments	1,184
Current tax assets	376
Amount owing by related company	369
Amount owing by related parties	69
Cash and cash equivalents	1,724
Trade payables	(342)
Other payables	(295)
Amount due to related company	(8)
Bills payable	(9,245)
Lease liabilities	(1,291)
Fair value of net identifiable assets acquired and liabilities assumed	<u>5,560</u>

- (c) On 30 August 2023, Hextar has entered into a share sale agreement with Opcom Holdings Berhad (“Opcom”) to acquire 60% equity interest of Opcom Lube & Solutions Sdn Bhd from Opcom for a consideration of RM48,000 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 30/8/2023</b> <b>RM'000</b>
Cash	<u>48</u>
Total purchase consideration	<u>48</u>

- (ii) Identifiable Assets Acquired and Liabilities Assumed

	<b>Group</b> <b>As at 30/8/2023</b> <b>RM'000</b>
Property, plant and equipment	4
Inventories	1,479
Trade receivables	1,669
Other receivables, deposits and prepayments	4
Amount owing by related parties	20
Cash and cash equivalents	272
Trade payables	(601)
Other payables	(196)
Amount due to holding company	(2,702)
Amount owing to related parties	(84)
Fair value of net identifiable assets acquired and liabilities assumed	<u>(135)</u>



**Interim Report for the 9-months Financial Period Ended 30 September 2023**

**12. Contingent Liabilities**

The contingent liabilities are as follows:

	<b>As at 30/09/2023 RM'000</b>
Guarantees provided to financial institutions for facilities granted to the Group	<u>574,851</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 As at 30/09/2023 RM'000</b>
Variable deferred consideration in relation to the acquisition of subsidiaries	26,710
Property and equipment	<u>574</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, other than the following:-

On 26 October 2023, the following proposals were tabled and approved in the Extraordinary General Meeting:

- (i) Proposed Acquisition by Hextar Fruits Sdn Bhd, a 51% owned subsidiary of Hextar, of 100% equity interest in PHG.Ever Fresh Food (M) Sdn Bhd, PHG.Ever Fresh Food (TK) Sdn Bhd and PHG Wholesale & Retail Sdn Bhd respectively together with 55% equity interest in PHG Ever Fresh Plantation Sdn Bhd from PHG Ever Fresh Group Sdn Bhd for a total consideration of RM84 million (“Proposed Acquisition”); and
- (ii) Proposed Diversification of Hextar’s existing core businesses include the business of trading and distribution of durian.

On even date, the Company announced the Proposed Acquisition completed after fulfilled the obligations pursuant to the Share Sale Agreement signed on 3 July 2023.

On 27 October 2023, the Company announced that Hextar Kimia Sdn Bhd, a 49% owned subsidiary of the Company, entered into a Share Sale Agreement with Propel Global Berhad, Rancak Nikmat Sdn Bhd and Wiramas Baiduri Sdn Bhd for the acquisition of 100% equity interest in Propel Chemicals Sdn Bhd (formerly known as Daya Scadyne Sdn Bhd) for a total purchase consideration of RM16,500,000 to be satisfied wholly in cash.





**Interim Report for the 9-months Financial Period Ended 30 September 2023**

**15. Related Party Transactions**

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. The following table provides information on the transactions which have been entered into with the related parties for the period ended 30 September 2023.

	<b>Transaction Value 30/09/2023 RM'000</b>
Sales of raw materials/finished goods:-	
PT Delta Giri Wacana	3,491
PT Dharma Guna Wibawa	19,574
Hextar Oil & Gas Sdn. Bhd.	2,491
Binapuri Sakti Sdn. Bhd.	235
Hextar Fert Sdn. Bhd.	708
Hextar KCS Sdn. Bhd.	33
Hextar Solutions Sdn. Bhd.	5
Rubberex (M) Sdn Bhd	288
Vitallium Sdn Bhd	524
Purchase of raw materials/finished goods:-	
Hextar Fert Sdn. Bhd.	288
Hextar Industrial Chemicals Sdn. Bhd.	1,007
Provision of service to supply and install civil foundation	
Hextar Mitai Sdn. Bhd.	363
Receiving of management services:-	
Hextar Asset Management Sdn. Bhd.	<u>1,903</u>



**Interim Report for the 9-months Financial Period Ended 30 September 2023**

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

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

The Group's revenue grew by 17.3% to RM182.9 million, primarily driven by higher contributions from both the Agriculture and Specialty Chemicals segments, with an increase of RM12.5 million and RM14.5 million respectively. The Agriculture segment's improvement in revenue was mainly driven by the higher market demand amid favourable selling prices for glyphosate-related products. Meanwhile, Specialty Chemicals segment's revenue rose mainly due to the consolidation of revenue from the newly acquired wholly-owned subsidiary, Hextar Industrial Chemicals Sdn Bhd, coupled with higher export of Specialty Chemicals for the rubber glove industries.

On the back of higher revenue, the Group reported a profit before taxation ("PBT") of RM24.9 million for the current quarter as compared to RM23.0 million in the corresponding quarter last year. The increase was mainly attributed to improved gross margin on agrochemical products arising from efficient raw material stock management. The higher PBT was achieved notwithstanding a charge of RM3.7 million of interest costs in relation to the deferred consideration arising from the acquisition of Specialty Chemicals businesses.

On year-to-date basis, the Group registered a revenue of RM455.2 million for the cumulative quarter under review compared to RM460.9 million for the cumulative quarter of the preceding year, representing a marginal decrease of 1.2%. The revenue gap was narrowing at a faster pace following the rebound in performance from Agriculture segment and strong growth in the Specialty Chemicals segment.

The Group's cumulative PBT for the first nine months was RM56.2 million, a 14.9% decrease compared to RM66.0 million achieved in the corresponding nine-months period of the previous year due to margin compression for agrochemical products as well as higher operating expenses and finance costs. However, this was partly mitigated by higher profits generated by the Specialty Chemicals segment.

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

	<b>3-months Current Quarter ended 30/9/2023 (RM'000)</b>	<b>3-months Preceding Quarter ended 30/6/2023 (RM'000)</b>
Revenue		
- Continuing operations	182,937	133,480
- Discontinued operations	-	2,050
<b>Total</b>	<b>182,937</b>	<b>135,530</b>
Profit/(Loss) before taxation		
- Continuing operations	24,855	16,162
- Discontinued operations	-	(568)
<b>Total</b>	<b>24,855</b>	<b>15,594</b>

On a quarter-on-quarter comparison, the Group achieved a revenue of RM182.9 million compared to RM133.5 million recorded in the previous quarter, reflecting a substantial growth of 37.1% or RM49.5 million. Revenue growth accelerated in both Agriculture and Specialty Chemicals segment contributing RM31.3 million and RM18.1 million respectively.

Consolidated PBT improved by RM8.7 million to RM24.9 million demonstrating a growth of 53.8% from the previous quarter despite a RM3.7 million interest costs recognised in the current quarter in relation to the deferred consideration arising from the acquisition of specialty chemical businesses.



## Interim Report for the 9-months Financial Period Ended 30 September 2023

### 3. Year 2023 Prospects

#### Agriculture

We are optimistic about the outlook of the agriculture industry as population expansion will lead to growing demand for food. Increasing adoption of precision farming methods, shrinking arable land due to increasing population and rapid urbanisation as well as industrialisation across the globe are also among the key factors driving demand for agrochemicals. Hence, we will continue focusing on our sales and marketing efforts to expand our markets and increase our revenue while maintaining our local market leadership position. We also remain committed to the ESG agenda and continue to invest in developing our product range to offer a wider variety of effective and eco-friendly green products. The Board is confident that the segment will continue to contribute positively to the Group's sustainable income.

#### Specialty Chemicals

The specialty cleaning chemicals market is expected to rebound strongly led by a strong global recovery and robust demand for specialty cleaning chemicals from institutions, hotels and restaurants. We will continue our best effort to offer services and support along with our products that are constantly being improved through further research and development to ensure the product range remains competitive.

The market for special derivative and coating chemicals used in the rubber industry is expected to have moderate growth amid challenging market conditions as the gloves industries' plant utilisation rate remains low and gloves average selling price weakness persists. We will continue to diversify and expand to other Asian markets aside from Malaysia. The segment is committed to enhancing and producing new chemical innovations to create higher value products for customers.

For the current year, the outlook for the specialty chemicals and catalysts business for the oil & gas industry is generally positive as the oil & gas industry has rebounded strongly in 2022 and we expect to see a continuing rise in demand in 2023 based on observed trends in the industry with prices remaining high for the most part.

The Board is of the opinion that the divestment of the Consumer Products segment is not expected to have any major impact to the Group's financial performance. The exit of this business segment will enable the Group to refocus its resources on driving the growth of the Agriculture and Specialty Chemicals businesses.

### 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 2023**

**5. Taxation**

The taxation figures are as follows:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/09/2023 RM'000	Preceding Year Quarter 30/09/2022 RM'000	Current Year to-Date 30/09/2023 RM'000	Preceding Year to-Date 30/09/2022 RM'000
Deferred tax	145	67	(511)	176
Income tax	(7,167)	(5,719)	(15,164)	(15,543)
Taxation on continuing operations	(7,022)	(5,652)	(15,675)	(15,367)
Taxation on discontinued operations	-	4	8	13

The effective tax rate for both the current quarter and year-to-date under review for the Group was higher than the statutory tax rate of 24% mainly due to certain expenses being non-deductible for tax purposes and the provision of deferred tax.

**6. Status of Corporate Proposal**

On 28 February 2023, the Company proposed to undertake a bonus issue of up to 2,626,174,568 new ordinary shares in the Company on the basis of two (2) Bonus Shares for every one (1) existing ordinary shares of the Company held ("Proposed Bonus Issue"). On 31 March 2023, the Proposed Bonus Issue was tabled at the Extraordinary General Meeting and subsequently approved by the shareholders. On 19 April 2023, the Company announced the Bonus Issue of Shares has been completed following the listing and quotation of 2,626,174,568 Bonus Issue based on the entitlement date of 18 April 2023.

On 15 May 2023, Hextar entered into a share sale agreement with Hextar Holdings Sdn Bhd ("HHSB") to acquire 100% equity interest and obtain full ownership of Hextar Industrial Chemicals Sdn Bhd from HHSB for a total consideration of RM10.0 million fully satisfied in cash. Subsequently, on 22 June 2023, the Company announced the completion of the proposed acquisition upon fulfilment of all conditions precedent to the share sale agreement.

On 15 May 2023, Hextar has also undertaken the Proposed Divestment which resulted in Hextar exiting the Consumer Products segment. The Consumer Products segment consists of Halex Woolton (M) Sdn Bhd and Halex Marketing Sdn Bhd which was divested to a non-related third party, for a total consideration of RM3.5 million pursuant to two share sale agreements dated 15 May 2023. The Company announced that the proposed disposals have been completed on 6 June 2023 upon the fulfilment of all obligations pursuant to the conditional share sale agreements.

On 3 July 2023, Hextar's 51% owned subsidiary, Hextar Fruits Sdn Bhd, entered into a share sale agreement with PHG Ever Fresh Group Sdn Bhd to acquire 100% equity interest in three of its subsidiary companies, namely PHG.Ever Fresh Food (M) Sdn Bhd, PHG.Ever Fresh Food (TK) Sdn Bhd and PHG Wholesale & Retail Sdn Bhd as well as a 55% equity interest in PHG Ever Fresh Plantation Sdn Bhd for a total consideration of RM84 million ("Proposed Acquisition"). The company announced that the Proposed Acquisition has been completed on 26 October 2023.

On 23 August 2023, the Company announced that Halex Link Sdn Bhd, a wholly-owned subsidiary hold its final meeting to conclude the Member's Voluntary Winding-up.

On 22 August 2023, Hextar entered into a related party transaction with Opcom Holdings Berhad to sign a share sale agreement, to acquire 60% equity interest of Opcom Lube & Solutions Sdn Bhd for a consideration of RM48,000 fully satisfied in cash. Subsequent on 30 August 2023, the acquisition was completed with terms and conditions fulfilled as stipulated in the share sale agreement.



**Interim Report for the 9-months Financial Period Ended 30 September 2023**

**7. Borrowings**

The Group's borrowings as at 30 September 2023 and 31 December 2022 are as follows:

	<b>As at 30/09/2023 RM'000</b>	<b>As at 31/12/2022 RM'000</b>
<b>Short-term borrowings</b>		
<u>Secured</u>		
Term loans	1,929	2,501
Hire purchases	1,083	622
<u>Unsecured</u>		
Term loans	17,660	14,860
Bills payable	77,255	62,412
Revolving credit	22,530	30,720
	<u>120,457</u>	<u>111,115</u>
<b>Long-term borrowings</b>		
<u>Secured</u>		
Term loan	12,003	13,427
Hire purchases	1,531	1,363
<u>Unsecured</u>		
Term loans	121,970	108,615
	<u>135,504</u>	<u>123,405</u>
<b>Total</b>	<u>255,961</u>	<u>234,520</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 2023**

**9. Earnings Per Share**

a. Basic

The basic earnings per share are 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 30/9/2023	Preceding Year Quarter 30/9/2022	Current Year to-Date 30/9/2023	Preceding Year to-Date 30/9/2022
Profit/(Loss) attributable to equity holders of the Company (RM'000)				
- Continuing operations	15,393	15,021	34,707	46,943
- Discontinued operations	-	(1,066)	(2,016)	(2,041)
Weighted average number of ordinary shares in issue ('000) ^	3,876,067	3,873,293	3,872,002	3,896,342
Basic earnings per share (sen)				
- Continuing operations	0.40	0.39	0.90	1.20
- Discontinued operations	-	(0.03)	(0.05)	(0.05)

<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 9-months Financial Period Ended 30 September 2023**

**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</b>	<b>Preceding</b>	<b>Current</b>	<b>Preceding</b>
	<b>Year Quarter</b>	<b>Year Quarter</b>	<b>Year-to-Date</b>	<b>Year-to-Date</b>
	<b>30/9/2023</b>	<b>30/9/2022</b>	<b>30/9/2023</b>	<b>30/9/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amortisation	155	176	475	476
Depreciation	3,318	3,205	11,896	8,575
Plant and equipment written off	-	66	1	66
(Gain)/Loss on disposal of plant and equipment	-	(69)	36	(69)
Impairment loss on investment properties	-	1,662	-	1,662
Impairment loss on trade receivables	351	(12)	644	134
Interest expense	7,661	2,720	15,418	7,614
Interest income	(502)	(228)	(1,152)	(540)
Share of profit of a joint venture	(132)	(6)	(291)	(235)
Gain on forward currency contracts	(321)	-	(564)	-
Gain on disposal of investment in subsidiaries	-	-	(527)	-
Gain on lease termination	(19)	-	(19)	-
Unrealised (gain)/loss on foreign exchange	(1,324)	(1,902)	215	(1,562)

By Order of the Board  
HEXTAR GLOBAL BERHAD  
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Ong Wai Leng  
Company Secretary  
Kuala Lumpur  
20 November 2023