



Interim Report on Consolidated Results for the Fourth Quarter ended 30th June 2010

A NOTES TO THE INTERIM FINANCIAL REPORT

A1. Accounting policies and method of computation

The interim financial report has been prepared in accordance with Financial Reporting Standard (FRS) 134 “Interim Financial Reporting” and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements of the Group for the financial year ended 30th June 2009.

The quarterly financial statements under review have been prepared based on the same accounting policies and methods of computation as compared with those adopted for the financial statements for the financial year ended 30th June 2009.

In the current financial year, the Company adopted the new FRS 8 “Operating Segments”, which is applicable to financial statements commencing on or after 1st July 2009. The adoption of FRS 8 does not have any financial impact on the financial statements of the Group.

A2. Seasonal or cyclical factors

The business operations of the Group were not significantly affected by any seasonal or cyclical factors.

A3. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence

There are no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence for the current financial year.

A4. Changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years

There were no changes in the estimates of amounts reported previously that have a material effect in the current financial year.

A5. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial year to date.

HEXZA CORPORATION BERHAD (8705-K)



Interim Report on Consolidated Results for the Fourth Quarter ended 30th June 2010

A6. Dividend paid

On 7th December 2009, the Company paid a final dividend of 4% less tax plus 3% tax-exempt amounting to RM6,011,401 in respect of the financial year ended 30th June 2009. Save as disclosed above, there was no other dividend paid during the current quarter and financial year-to-date

A7. Segment revenue and segment result

Information on business segments for the financial year ended 30th June 2010 is as follows:-

	Manufacturing RM'000	Investment RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE					
External sales	150,219	1,354	8,171	-	159,744
Inter-segment sales	4,424	22,090	10,310	(36,824)	-
Total revenue	154,643	23,444	18,481	(36,824)	159,744
RESULT					
Operating profit	16,006	26,938	1,741	(23,590)	21,095
Interest expense					(130)
Interest income					1,217
Income tax expense					(5,028)
Profit after taxation					17,154

A8. Material subsequent event

There are no material events subsequent to the end of period reported on to the date of this report which have not been reflected in the financial statement for the quarter ended 30th June 2010.

A9. Change in composition of the Group

There are no changes in the composition of the Group for the current financial year to date including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.



Interim Report on Consolidated Results for the Fourth Quarter ended 30th June 2010

A10. Contingent liabilities or contingent assets

There is no change in contingent liabilities or contingent assets since the last annual balance sheet date to the date of this report.

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

(a) Group's revenue for the current quarter at RM39.28 million was higher than RM35.41 million in the same quarter last year. Profit before tax at RM3.75 million however, improved marginally by RM0.48 million. The increase in revenue was mainly attributed to the increased demand for supply of goods in one of the subsidiaries.

(b) Group's revenue of RM159.74 million in the current financial year has however, dropped by RM6.69 million from RM166.43 million recorded in last financial year. The decrease in revenue was mainly due to the reduction in average selling price of the resins division. Nevertheless, the Group's profit before tax improved substantially to RM22.18 million from RM7.94 million registered in the last financial year. Apart from the improved performance of the manufacturing segment, the Group's net profit was further enhanced by the increase of RM1.10 million from dividend received and the increased gain of RM3.07 million arising from the disposal of two parcels of vacant land at IGB International Industrial Park and sale of quoted investments.

B2. Comparison of results against the previous quarter ended 31st March 2010

Group's revenue for the current quarter at RM39.28 million was lower by RM3.57 million as compared to RM42.85 million achieved in the previous quarter due to lower sales volume from the ethanol division. Accordingly, net profit before tax has also dropped by 28% or RM1.47 million from RM5.23 million to RM3.75 million in the current quarter.

B3. Prospects

The Board is of the opinion that the Group's prospect for maintaining the same profit as the financial year just ended 30th June 2010 will be challenging for the financial year ending 30th June 2011.

B4. Comparison with profit forecast

This note is not applicable.

HEXZA CORPORATION BERHAD (8705-K)



Interim Report on Consolidated Results for the Fourth Quarter ended 30th June 2010

B5. Income Tax

Taxation comprises:-

	Current quarter ended 30/06/2010	Current year to date 30/06/2010
	RM'000	RM'000
Estimated current Malaysian taxation	1,250	4,803
Deferred taxation	<u>(332)</u>	<u>63</u>
	918	4,866
Under/(over) provision in prior years		
- income tax	(10)	(45)
- deferred tax	<u>207</u>	<u>207</u>
	<u>1,115</u>	<u>5,028</u>

The effective tax rate of the Group for the current year to date is lower than the statutory income tax rate mainly due to non-taxable income.

B6. Sale of unquoted investments and/or properties

The Company disposed off two parcels of vacant land at IGB International Industrial Park, Ipoh during the current financial year. The total consideration and profit arising from the disposal were RM2.33 million and RM1.55 million respectively.

B7. Purchase or disposal of quoted securities

(a)

	Current quarter ended 30/06/2010 RM'000	Current year to date 30/06/2010 RM'000
Total purchase consideration	<u>1,459</u>	<u>10,950</u>
Total sale proceeds	<u>-</u>	<u>4,966</u>
Gain on disposal	<u>-</u>	<u>1,523</u>

HEXZA CORPORATION BERHAD (8705-K)



Interim Report on Consolidated Results for the Fourth Quarter ended 30th June 2010

(b) Investments in quoted securities as at 30th June 2010 are as follows:-

	RM'000
(i) Total investments at cost	26,067
(ii) Total investment at carrying value	26,067
(iii) Total investments at market value	31,732

B8. Status of Corporate proposals

There are no corporate proposals announced as at the date of this report.

B9. Group borrowings and debt securities

The Group has no borrowings and debt securities as at 30th June 2010.

B10. Off balance sheet financial instruments

There is no financial instrument with off balance sheet risk as at the date of this report that might materially affect the position or business of the Group.

B11. Changes in material litigation

There were no material changes in litigation since the last annual balance sheet date.

B12. Dividend

- (a) A first and final dividend of 3.5 sen net per ordinary share of 50 sen each comprising dividend of 4%, less tax and a tax-exempt dividend of 4% in respect of the financial year ended 30th June 2010 has been recommended by the Directors which is subject to the approval of the shareholders at the forthcoming Annual General Meeting.
- (b) The final dividend paid for the previous financial year ended 30th June 2009 was 3.0 sen net per ordinary share of 50 sen each comprising dividend of 4%, less 25% tax and a tax-exempt dividend of 3%.
- (c) The date of payment of the recommended final dividend shall be determined by the Directors and announced at a later date.

HEXZA CORPORATION BERHAD (8705-K)



Interim Report on Consolidated Results for the Fourth Quarter ended 30th June 2010

B13. Earnings per share

The basic and diluted earnings per ordinary share of RM0.50 each are calculated as follows:

	Current quarter ended 30/06/2010	Current year to date 30/06/2010
Net profit attributable to ordinary shareholders (RM'000)	<u>2,341</u>	<u>15,894</u>
Weighted average number of ordinary shares of RM0.50 each	200,380,036	200,380,036
Basic/Diluted earnings per ordinary share of RM0.50 each (sen)	<u>1.2</u>	<u>7.9</u>

B14. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25th August 2010.