

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND YEAR-TO-DATE
ENDED 31 MARCH 2012**

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CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2012

The Board of Directors of HEXAGON HOLDINGS BHD wishes to announce the unaudited results of the Group for the quarter and Year-to-date ended 31 March 2012 as follows:-

CONSOLIDATED INCOME STATEMENT FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2012

	FYE 2012	FYE 2011	FYE 2012	FYE 2011
	Current Quarter Ended	Current Quarter Ended	12 months cumulative to date	12 months cumulative to date
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	Unaudited RM'000	Audited RM'000	Unaudited RM'000	Audited RM'000
Revenue	60,494	76,549	264,401	346,692
Cost of Sales	(53,464)	(77,272)	(234,694)	(296,867)
Gross Profit / (Loss)	7,030	(723)	29,707	49,825
Other Income	1,291	1,600	3,551	4,267
Selling & Distribution Expenses	(1,873)	(6,801)	(7,933)	(12,973)
Administration and General Expenses	(9,604)	(6,401)	(40,863)	(37,556)
Foreign Exchange Gain / (Loss)	(897)	(533)	812	(3,132)
Impairment Loss on Receivables	(163)	(32,302)	(168)	(32,694)
Loss from Operations ¹	(4,216)	(45,160)	(14,894)	(32,263)
Finance Costs	(3,064)	(2,878)	(12,032)	(11,771)
Share of profit / (loss) of associates	(39)	(30)	293	148
Loss before tax	(7,319)	(48,068)	(26,633)	(43,886)
Taxation	95	(1,707)	(1,080)	(2,100)
Loss after tax	(7,224)	(49,775)	(27,713)	(45,986)
Attributable to:				
Equity holders of the parents	(7,638)	(51,066)	(28,553)	(46,995)
Non-controlling interest	414	1,291	840	1,009
Net Loss for the period	(7,224)	(49,775)	(27,713)	(45,986)

LPS - Basic (Sen) (5.76) (38.48) (21.52) (35.42)

- Diluted (Sen) * * * *

* anti-dilutive

The Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2012**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2012**

	FYE 2012	FYE 2011	FYE 2012	FYE 2011
	Current Quarter Ended	Current Quarter Ended	12 months cumulative to date	12 months cumulative to date
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	RM'000	RM'000	RM'000	RM'000
Loss for the period	(7,224)	(49,775)	(27,713)	(45,986)
Foreign currency translation differences arising from consolidation	(266)	(474)	(701)	(408)
Total comprehensive loss	(7,490)	(50,249)	(28,414)	(46,394)
Total comprehensive loss attributable to:				
Equity holders of the Company	(7,479)	(49,774)	(28,455)	(47,225)
Non-controlling Interest	(11)	(475)	41	831
	(7,490)	(50,249)	(28,414)	(46,394)

The Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND YEAR-TO-DATE ENDED
 31 MARCH 2012

CONSOLIDATED STATEMENTS OF FINANCIAL POSITIONS AS AT 31 MARCH 2012

	<u>As at 31 March 2012</u>	<u>As at 31 March 2011</u>
	(Unaudited)	(Audited)
	RM'000	RM'000
ASSETS		
Non Current Assets		
Property, Plant and Equipment	89,385	97,863
Investments in Associates	1,031	738
Goodwill on Consolidation	2,035	2,035
Deferred Tax Assets	5,865	5,841
Development Expenditure	0	84
	<u>98,316</u>	<u>106,561</u>
Current Assets		
Inventories	43,203	55,463
Other Investments	3,000	3,000
Derivative Assets	106	106
Trade and Other Receivables	185,166	197,965
Current Tax Assets	1,030	1,353
Cash and Cash equivalents	22,812	64,565
	<u>255,317</u>	<u>322,452</u>
Total Assets	<u>353,633</u>	<u>429,013</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of The Parent		
Share Capital	66,348	66,348
Other Reserves	11,248	11,150
Accumulated Losses	(53,259)	(24,683)
Shareholders' Fund	<u>24,337</u>	<u>52,815</u>
Non-controlling Interest	<u>19,239</u>	<u>18,934</u>
Total Equity	<u>43,576</u>	<u>71,749</u>

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND YEAR-TO-DATE ENDED
 31 MARCH 2012

CONSOLIDATED STATEMENTS OF FINANCIAL POSITIONS AS AT 31 MARCH 2012 (continued)

	As at 31 March 2012	As at 31 March 2011
	(Unaudited)	(Audited)
	RM'000	RM'000
LIABILITIES		
Non Current Liabilities		
Provision for Retirement Benefits	4,038	3,213
Long Term Borrowings	71,601	28,887
Deferred Tax Liabilities	1,099	1,125
	76,738	33,225
Current Liabilities		
Trade & Other Payables	111,151	88,326
Provision for Retirement Benefits	27	26
Overdraft & Short Term Borrowings	119,523	233,482
Current Tax Liabilities	2,618	2,205
	233,319	324,039
Total Liabilities	310,057	357,264
Total Equity and Liabilities	353,633	429,013
Net Asset per share	(Sen)	
	18	40

The Consolidated Statements of Financial Positions should be read in conjunction with the audited financial statements for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2012

CONSOLIDATION STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR-TO-DATE ENDED 31 MARCH 2012

←----- Attributable to equity holders of the Company ----->

←----- Non-distributable ----->

	Share Capital	Other Capital Reserve	Exchange Reserve	Warrant Reserve	Share Based Payment Reserve	Retained Earnings / (Accumulated losses)	Total	Non - controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 April 2011	66,348	1,095	(1,196)	9,519	1,732	(24,683)	52,815	18,934	71,749
Foreign currency translation (Loss) / Profit for the period	0	0	98	0	0	0	98	(799)	(701)
Total comprehensive (loss) / income for the period	0	0	0	0	0	(28,553)	(28,553)	840	(27,713)
Transaction with owners in their capacity as owners :									
Changes in ownership interest in a subsidiary	0	0	0	0	0	(23)	(23)	264	241
Total transaction with owners	0	0	0	0	0	(23)	(23)	264	241
Balance as at 31 March 2012	66,348	1,095	(1,098)	9,519	1,732	(53,259)	24,337	19,239	43,576

The Consolidation Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2012

CONSOLIDATION STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR-TO-DATE ENDED 31 MARCH 2011

←----- Attributable to equity holders of the Company ----->

←-----Non-distributable----->

	Share Capital	Other Capital Reserve	Exchange Reserve	Warrant Reserve	Share Based Payment Reserve	Retained Earnings / (Accumulated losses)	Total	Non - controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Restated Balance as at 1 April 2010	66,348	1,095	(966)	9,519	1,732	23,395	101,123	17,020	118,143
Foreign currency translation	0	0	(230)	0	0	0	(230)	(178)	(408)
(Loss) / Profit for the period	0	0	0	0	0	(46,995)	(46,995)	1,009	(45,986)
Total comprehensive (loss) / income for the period	0	0	(230)	0	0	(46,995)	(47,225)	831	(46,394)
Transaction with owners in their capacity as owners :									
Changes in ownership interest in a subsidiary	0	0	0	0	0	(1,083)	(1,083)	1,083	0
Total transaction with owners	0	0	0	0	0	(1,083)	(1,083)	1,083	0
Balance as at 31 March 2011	66,348	1,095	(1,196)	9,519	1,732	(24,683)	52,815	18,934	71,749

The Consolidation Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2010 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND YEAR-TO-DATE ENDED
31 MARCH 2012**CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR-TO-DATE ENDED 31 MARCH
2012**

	FYE 2012 Year-to-date ended 31 March 2012 (Unaudited) RM'000	FYE 2011 Year-to-date ended 31 March 2011 (Audited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(26,633)	(43,886)
Adjustments for:-		
Amortisation of development expenditure	84	84
Unrealised (gain) / loss on foreign exchange	(1,428)	703
Depreciation of property, plant and equipment	8,951	10,371
Deposits written off	0	76
Property, plant and equipment written off	4	193
Gain on disposal of property, plant and equipment	(161)	(597)
Impairment losses on :		
- property, plant and equipment	0	826
- trade and other receivables	168	32,539
Interest expenses	12,032	11,771
Interest income	(403)	(314)
Fair value adjustment on derivative instruments	0	367
Provisions for retirement benefits	826	825
Share of (profit) / loss of associates	(293)	(148)
Inventories written off	1,430	7,988
Operating (loss) / profit before changes in working capital	(5,423)	20,798
Changes in working capital		
Decrease / (Increase) in inventories	10,430	(7,363)
Decrease / (Increase) in trade and other receivables	14,060	(4,318)
Increase in trade and other payables	22,978	18,842
Cash generated from operations	42,045	27,959
Tax paid	(1,424)	(4,126)
Interest received	403	314
Interest paid	(11,644)	(11,383)
Net cash from operating activities	29,380	12,764

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND YEAR-TO-DATE ENDED
31 MARCH 2012****CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR-TO-DATE ENDED 31 MARCH
2012 (continued)**

	FYE 2012	FYE 2011
	Year-to-date ended	Year-to-date ended
	31 March 2012	31 March 2011
	(Unaudited)	(Audited)
	RM'000	RM'000
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investment in associates	0	(4)
Acquisition of additional interest in subsidiary	22	
Purchase of property, plant and equipment	(201)	(6,431)
Proceeds from disposal of property, plant and equipment	0	1,578
Net cash flow used in investing activities	<u>(179)</u>	<u>(4,857)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Withdrawals / (Placements) of pledged fixed deposits	31,387	(26,397)
Repayment of hire purchase liabilities	(1,312)	(1,714)
Drawdown of short term borrowings	32,921	20,992
Repayments of short term borrowings	(97,790)	(28,698)
Drawdown of term loans	0	34,405
Repayments of term loans	(23,475)	(12,022)
Net cash flow used in financing activities	<u>(58,269)</u>	<u>(13,434)</u>
Net decrease in Cash & Cash Equivalents	(29,068)	(5,527)
Cash & Cash Equivalents at beginning of period – Note (a)	10,158	15,357
Effect of exchange rate changes on cash and cash equivalents at beginning of the financial year	482	328
Cash & Cash Equivalents at end of period - Note (b)	<u>(18,428)</u>	<u>10,158</u>

The Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND YEAR-TO-DATE ENDED
 31 MARCH 2012

	FYE 2012 Year-to-date ended 31 March 2012 RM'000	FYE 2011 Year-to-date ended 31 March 2011 RM'000
Note (a)		
Cash & Cash Equivalents at beginning of period		
Cash & cash equivalents	64,565	22,359
Less : Pledged fixed deposits	(31,934)	0
Cash and bank balances	32,631	22,359
Bank overdraft	(22,473)	(7,002)
	<u>10,158</u>	<u>15,357</u>
Note (b)		
Cash & Cash Equivalents at end of period		
Cash & cash equivalents	22,812	64,565
Less : Pledged fixed deposits	(547)	(31,934)
Cash and bank balances	22,265	32,631
Bank overdraft	(40,693)	(22,473)
	<u>(18,428)</u>	<u>10,158</u>

1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with FRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2011 and with the explanatory notes attached herein. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the last audited financial statement for the financial year ended 31 March 2011.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for year ended 31 March 2011 except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and Issues Committee (IC) Interpretations by the Group with effect from 1 January 2011.

Adoption of FRSs, Amendments to FRSs and IC Interpretations

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS132	Financial Instruments : Presentation
Amendments to FRS138	Intangible Assets
Amendments to FRS 1, FRS 3, FRS 7, FRS 101	Improvements to FRSs (2010)
FRS 121, FRS 128, FRS 131, FRS 132, FRS 134, FRS 139 and	
Amendments to	
IC Interpretation 13	
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC	Reassessment of Embedded Derivatives
Interpretation 9	

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2012

A. EXPLANATORY NOTES PURSUANT TO FRS 134 INTERIM FINANCIAL REPORTING

CHANGES IN ACCOUNTING POLICIES (CONTINUED)

The adoption of the abovementioned FRSs, Amendments to FRSs and Interpretations do not have any significant impact on the financial statements of the Group except for the following:

FRS 127 : Consolidated and Separate Financial Statements (revised) ("FRS 127")

FRS 127 requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the non-controlling interest to be absorbed by the non-controlling interest instead of by the parent. The term minority interest was replaced by the term non-controlling interest.

3. QUALIFICATION OF AUDIT REPORT FOR THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the Group's annual financial statements for the year ended 31 March 2011 was not subject to any qualification.

4. SEASONAL / CYCLICAL FACTORS

The Group's operations are not affected materially by any seasonal / cyclical factors.

5. UNUSUAL ITEMS THAT AFFECT THE FINANCIAL STATEMENTS DUE TO THEIR NATURE, SIZE, OR INCIDENCE

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

6. MATERIAL CHANGES IN ESTIMATES

There were no significant changes in estimates of amounts reported in the prior financial years that have a material effect in the current interim period.

7. ISSUANCES, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

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

8. DIVIDEND PAID

There was no payment of dividend for the quarter ended 31 March 2012.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2012

A. EXPLANATORY NOTES PURSUANT TO FRS 134 INTERIM FINANCIAL REPORTING

9. SEGMENTAL REPORTING

The Group's segmental report for the current quarter and financial year-to-date are as follows:-

	Current Quarter Ended	12 months cumulative to date
	31 March 2012	31 March 2012
	RM'000	RM'000
Segmental Revenue		
Manufacturing		
- Retail solutions	36,882	167,558
- Semiconductor	2,570	9,317
Trading and service	10,587	36,802
Engineering	14,433	78,557
Investment income	0	0
	<u>64,472</u>	<u>292,234</u>
Eliminations	(3,978)	(27,833)
Group Revenue	<u>60,494</u>	<u>264,401</u>

Segmental Results

Manufacturing		
- Retail solutions	943	6,661
- Semiconductor	(1,485)	(8,839)
Trading and service	270	(403)
Engineering	(3,766)	(11,693)
Investment income	234	2,368
	<u>(3,804)</u>	<u>(11,906)</u>
Eliminations	(412)	(2,988)
Group Loss from Operations	<u>(4,216)</u>	<u>(14,894)</u>

10. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There was no revaluation of property, plant and equipment during the current quarter. The valuations of property, plant and equipment have been brought forward without any amendments from the previous annual financial statements.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2012

A. EXPLANATORY NOTES PURSUANT TO FRS 134 INTERIM FINANCIAL REPORTING

11. SUBSEQUENT EVENT

There was no material event subsequent to the end of the current quarter.

12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter.

13. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2012**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD****14. REVIEW OF PERFORMANCE FOR CURRENT QUARTER AND FINANCIAL YEAR-TO-DATE**

The Group's revenue, on q-o-q, decreased by RM16.06million to RM60.49million compare to the same period last year. On y-o-y, the Group revenue has reduced by 23.7% to RM264.40 million. This reduction was mainly due to lower revenue from Engineering division as most of the major projects had been completed in the previous financial year.

Quarterly and yearly Loss After Tax (LAT) of RM7.22 million and RM27.71 million was better compared to RM49.78 million and RM45.97 million registered in the previous year. Higher LAT in the previous year was due to significant provisions and impairment under FRS139 and fair value adjustments.

Manufacturing – Retail solutions has improved its revenue by 24.05% y-o-y to RM167.56 million, despite of the group under performance. While maintaining its consistency supply under existing contracts to its major clients, the improvement is attributed to the new supplies and contracts to countries in South American and African.

Manufacturing – Semiconductor's revenue continue to deteriorate y-o-y to RM9.32 million from RM14.82 million. The production capacity remains low at less than 30% and the one off return of stock in consignment arrangement with one of customer have resulted the under performance of the division.

Revenue from Trading and services division dropped by 21.47% y-o-y from RM46.86 million to RM36.80 million. The drop was attributed to the lacking of new orders from the targeted Malaysia's oil and gas market.

Engineering division's revenue, on y-o-y, shrunk by 56.92% to RM78.56 million from RM182.39 million compared to the previous year as major projects within Malaysian have been completed last year and there is no new major project secured during this period.

15. REVIEW OF PERFORMANCE FOR CURRENT QUARTER AS COMPARED TO THE PRECEDING QUARTER

	<u>Current Quarter</u>	<u>Preceding Quarter ended 31 December 2011</u>
	RM'000	RM'000
Revenue	60,494	61,476
Loss after tax	(7,224)	(10,970)

Current quarter's revenue of RM60.5 million was marginally lower compared to RM61.5 million of the preceding quarter, this slight decline was mainly due to lower revenue recorded by manufacturing – retail division.

Loss After Tax (LAT) has decreased from RM10.97 million to RM7.22 million, as result of a lower loss suffered by Manufacturing – Semiconductor division.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2012

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

16. PROSPECTS

The manufacturing - retail solution and trading and services continued to make good progress and profit with greater acceptance of our products and services by the existing international clients. However, this positive performance was negated by the engineering division performing below expectation.

The Board is mindful of the uncertain outlook of the engineering division for the rest of current year, recognizing this fact, the Board will continue to diligently undertake cost control initiatives.

17. TAXATION

	<u>Current Quarter</u>	<u>Year to date</u>
	RM'000	RM'000
Loss before tax	(7,319)	(26,633)
Taxation	95	(1,080)
Effective tax rate	-1.3%	4.1%

The taxation charge to the Income Statement consists of :

	<u>Current Quarter</u>	<u>Year to date</u>
	RM'000	RM'000
Income tax	(45)	1,130
Deferred taxation	(50)	(50)
	<u>(95)</u>	<u>1,080</u>

The estimated effective tax rate of 4.1% was lower than the statutory tax rate because the Group would be expected to exercise group relief provision as provided by Income Tax Act 1967.

18. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no other sales nor profits/(losses) on any sale of unquoted investments and properties for the current quarter and financial year-to-date.

19. QUOTED SECURITIES

There were no purchase and disposal of quoted securities by the Group for the current quarter and financial year-to-date.

20. CORPORATE PROPOSALS

There are no outstanding corporate proposals for the current quarter and financial year-to-date.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2012

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

21. GROUP BORROWINGS

The Group borrowings are secured against corporate guarantees given by the company, charges over the landed properties, fixed deposits pledged and negative pledged over the Group's assets.

	<u>As at 31 March 2012</u>
	RM'000
Short Term Borrowings	
Bills Payable	47,865
Revolving Credits	3,710
Bank Overdraft	40,692
Others	3,893
Hire Purchase	113
Term Loans - Current portion	23,250
	<u>119,523</u>
Long Term Borrowings	
Hire Purchase	1,583
Term Loans – Long term portion	70,018
	<u>71,601</u>
Total Group Borrowings	<u>191,125</u>

All borrowings are denominated in local currency.

22. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at the reporting date.

23. CHANGES IN MATERIAL LITIGATION

There were no material litigations against the Group as at the reporting date except the following.

a) Restraining Order of Hexagon Tower Sdn Bhd ("HTSB") and Hexagon Engineering Construction Sdn Bhd ("HEC")

On 19 January 2012, a restraining order has been granted by the High Court of Malaya in Kuala Lumpur ("High Court") pursuant to Section 176(10) of the Companies Act 1965 (the "Act"), to restraint all further proceedings, and any and all actions or proceedings against HTSB, a wholly-owned subsidiary company of Hexagon Holdings Bhd ("the Company"), and HEC, a wholly-owned subsidiary company of HTSB, for a period of thirty (30) days until 18 February 2012.

During the hearing, there was an intervention and objection to the application of the Restraining Order from OCBC Bank (Malaysia) Berhad ("OCBC"). The High Court then fixed further hearing on 10 February 2012 for OCBC to appear and submit to the court via an affidavit to explain as to why they should be specifically treated so that the Restraining Order does not apply to them.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2012

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

At the same hearing, HTSB and HEC have also obtained an order to convene a court convened meeting under Section 176(1) of the Act with their respective unsecured trade and other creditors ("Scheme Creditors") within the aforesaid period to seek their respective Scheme Creditors' approval for the implementation of a scheme of arrangement ("Proposed Scheme"). For this purpose, the Company is in the midst of finalising the respective Proposed Scheme to be presented before HTSB's and HEC's Scheme Creditors, with its appointed advisers and the details of the Proposed Scheme will be announced then.

On 10 February 2012, the High Court granted an order extending the Restraining Order dated 19 January 2012 a further thirty (30) days, from the expiry of the Restraining Order on 18 February 2012 to 19 March 2012.

The High Court also fixed further hearing on 8 March 2012 for HTSB and HEC to reply to OCBC's affidavit of 9 February 2012 in relation to the exemption of the Restraining Order on them.

On 19 March 2012, the High Court directed that OCBC's application to be exempted from the RO is allowed with no order as to costs with conditions that the said exemption shall have no effect in any winding up proceedings that might be filed by OCBC against HTSB, unless with further leave from the High Court. On the same day, the High Court granted the RO dated 10 February 2012, a further thirty (30) days, from the expiry of the RO on 19 March 2012 to 18 April 2012.

On 25 April 2012, the High Court granted an order extending the RO dated 19 March 2012 for a further thirty (30) days, from the expiry of the RO on 18 April 2012 to 18 May 2012. At the same hearing, HTSB and HEC have also obtained an order to convene their respective separate court convened meetings under Section 176(1) of the Companies Act 1965 with their respective unsecured trade and other creditors ("Scheme Creditors") within the aforesaid period to seek their respective Scheme Creditors' approvals for the implementation of their respective schemes of arrangement.

b) Winding Up Petition Against Hexagon Tower Sdn Bhd ("HTSB") by Hartanah Construction and Development Sdn Bhd ("Hartanah")

On 12 March 2012, a winding-up petition pursuant to Section 218 of the Companies Act, 1965 (the "Act") was served on Hexagon Tower Sdn Bhd ("HTSB"), a wholly-owned subsidiary of the Company by Hartanah Construction and Development Sdn Bhd (Company No 922659-W) ("Petitioner") (the "Petition"). The Petition was dated 7 March 2012 and shall be heard at the High Court of Sabah and Sarawak in Kuching on 26 March 2012. The total amount claimed by Petitioner against HTSB for non-payment of provision of goods and services due and owing by HTSB to the Petitioner based on the Notice pursuant to Section 218 (1) of the Act is RM140,476.67 with no interest claimed ("Outstanding Amount").

HTSB had obtained a Restraining Order under Section 176 of the Act ("RO") as announced on 19 January 2012 and subsequent announcements for the extension of the same. The RO restrains all legal proceedings against HTSB. The Company is in the midst of finalising a settlement scheme to be presented before HTSB's unsecured trade and other creditors ("Proposed Scheme") and will take necessary steps to ensure that the Petitioner will be included in the Proposed Scheme.

24. PROPOSED DIVIDEND

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2012

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

No dividend has been declared nor proposed for the current quarter.

25. EARNINGS PER SHARE ("EPS")

		Current Quarter Ended	Comparative Quarter Ended	12 months cumulative to date	12 months cumulative to date
		31 March 2012	31 March 2011	31 March 2012	31 March 2011
Net loss	(RM'000)	(7,638)	(51,066)	(28,553)	(46,995)
BASIC EARNINGS PER SHARE					
Weighted average number of ordinary shares in issue	('000)	132,695	132,695	132,695	132,695
Loss per Share	(Sen)	(5.76)	(38.48)	(21.52)	(35.42)
DILUTED EARNINGS PER SHARE					
Adjustment for warrant conversion		63,476	63,476	63,476	63,476
Adjusted weighted average number of ordinary shares in issue	('000)	196,171	196,171	196,171	196,171
Loss per Share	(Sen)	*	*	*	*

* ANTI-DILUTIVE

26. RETAINED EARNINGS / (ACCUMULATED LOSSES)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2012

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

	As at 31 March 2012	As at 31 December 2011
	RM'000	RM'000
Total accumulated losses of the company and its subsidiaries :		
- Realised	(68,458)	(60,637)
- Unrealised	6,252	5,688
	<u>(62,206)</u>	<u>(54,949)</u>
Total share of retained profit / (accumulated losses) from associated companies :		
- Realised	174	213
	<u>(62,032)</u>	<u>(54,736)</u>
Consolidation adjustments	8,773	9,115
Total group accumulated losses as per consolidated accounts	<u>(53,259)</u>	<u>(45,621)</u>

27. ADDITIONAL NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS

	Current Quarter Ended	Comparative Quarter Ended	12 months cumulative to date	12 months cumulative to date
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	RM'000	RM'000	RM'000	RM'000
(Loss) / profit for the period / year is arrived at the charging / (crediting):				
Interest income	90	242	403	314
Other income	1,202	1,358	3,148	3,953
Interest expenses	3,063	2,878	12,032	11,771
Depreciation and amortization	2,150	3,023	9,035	10,455
Provision for and write off of				
- Receivables	163	32,147	168	32,539
- Inventories	0	7,988	1,430	7,988

ADDITIONAL NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS (CONTINUED)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2012

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

	Current Quarter Ended	Comparative Quarter Ended	12 months cumulative to date	12 months cumulative to date
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	RM'000	RM'000	RM'000	RM'000
(Gain) / loss on disposal of				
- Property, plant and equipment	29	19	(161)	(597)
- Investments	0	0	0	0
Impairment of property, plant and equipment	0	1,003	4	1,019
Foreign exchange (gain) or loss	897	533	(812)	3,132

By Order of the Board,

TAN BENG WAN

Executive Chairman and Group Chief Executive Officer

Date : 29 May 2012