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

The Board of Directors of HEXAGON HOLDINGS BHD wishes to announce the unaudited results of the Group for the period ended 31 December 2012 as follows:-

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2012

	FYE 2012 Current Year Quarter 31 December 2012	FYE 2011 Current Quarter Ended 31 December 2011	FYE 2012 21 months cumulative to date 31 December 2012	FYE 2011 21 months cumulative to date 31 December 2011
	Unaudited RM'000	RM'000	Unaudited RM'000	RM'000
<u>Continuing Operations</u>				
Revenue	662	N/A	299,927	N/A
Cost of Sales	(487)	N/A	(263,687)	N/A
Gross Profit	175	N/A	36,240	N/A
Other Income	63	N/A	3,868	N/A
Selling & Distribution Expenses	10	N/A	(9,084)	N/A
Administration and General Expenses	(3,997)	N/A	(51,699)	N/A
Foreign Exchange Loss	(10)	N/A	607	N/A
Impairment Loss on Receivables [^]	0	N/A	(67,267)	N/A
Deconsolidation Gain / (Losses) [#]	0	N/A	31,555	N/A
Profit / (loss) from Operations	(3,759)	N/A	(55,780)	N/A
Finance Costs	(579)	N/A	(15,552)	N/A
Share of profit of associates	0	N/A	543	N/A
Profit before tax	(4,338)	N/A	(70,789)	N/A
Taxation	0	N/A	(1,478)	N/A
Loss after tax	(4,338)	N/A	(72,267)	N/A
Attributable to:				
Equity holders of the parents	(4,338)	N/A	(72,862)	N/A
Non-controlling interest	0	N/A	595	N/A
Net Loss for the period	(4,338)	N/A	(72,267)	N/A
EPS/(LPS) - (Sen)	(3.27)	N/A	(54.95)	N/A
*Diluted (LPS) - (Sen)	N/A	N/A	N/A	N/A
* anti-dilutive				

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

^ The impact of impairment loss of receivable was solely attributed by the inter-company debt written off as result of liquidation of Hexagon Tower Sdn Bhd ("HTSB") requiring the deconsolidation of HTSB and its subsidiaries company.
The liquidation of Hexagon Tower Sdn Bhd in May 2012 has resulted the deconsolidation of Hexagon Tower Sdn Bhd and its subsidiaries.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER AND YEAR-TO-DATE
ENDED 30 SEPTEMBER 2012

	FYE 2012	FYE 2011	FYE 2012	FYE 2011
	Current Year Quarter	Current Quarter Ended	21 months cumulative to date	21 months cumulative to date
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	Unaudited RM'000	RM'000	Unaudited RM'000	RM'000
Profit / (loss) for the period	(4,338)	N/A	(72,267)	N/A
Foreign currency translation differences arising from consolidation	0	N/A	(701)	N/A
Total comprehensive loss	(4,338)	N/A	(72,967)	N/A
		N/A		N/A
Total comprehensive loss attributable to:		N/A		N/A
Equity holders of the Company	(4,338)	N/A	(73,008)	N/A
Non-controlling Interest	0	N/A	41	N/A
	(4,338)	N/A	(72,967)	N/A

Notes:-

- There are no comparative figures for the preceding year individual and cumulative quarters as the Company has changed its year end from 31 March to 31 December. The first set of financial statements with the new year end will be for the 21 months period ending 31 December 2012.
- 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.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITIONS AS AT 31 DECEMBER 2012

	As at 31 December 2012	As at 31 March 2011
	(Unaudited)	(Audited)
	RM'000	RM'000
ASSETS		
Non Current Assets		
Property, Plant and Equipment	1,167	97,863
Investments in Associates	0	738
Goodwill on Consolidation	0	2,035
Deferred Tax Assets	0	5,841
Development Expenditure	0	84
	1,167	106,561
Current Assets		
Inventories	0	55,463
Other Investments	0	3,000
Derivative Assets	0	106
Trade and Other Receivables	17,632	197,965
Current Tax Assets	0	1,353
Cash and Cash equivalents	338	64,565
	17,970	322,452
Total Assets	19,137	429,013
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of The Parent		
Share Capital	66,348	66,348
Other Reserves	11,971	11,150
Accumulated Losses	(97,568)	(24,683)
Shareholders' Fund	(19,249)	52,815
Non-controlling Interest	-	18,934
Total Equity	(19,249)	71,749

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITIONS AS AT 30 SEPTEMBER 2012
(CONTINUED)**

	As at 31 December 2012	As at 31 March 2011
	(Unaudited) RM'000	(Audited) RM'000
LIABILITIES		
Non Current Liabilities		
Provision for Retirement Benefits	0	3,213
Long Term Borrowings	0	28,887
Deferred Tax Liabilities	0	1,125
	0	33,225
Current Liabilities		
Trade & Other Payables	126	88,326
Provision for Retirement Benefits	0	26
Overdraft & Short Term Borrowings	38,260	233,482
Current Tax Liabilities	0	2,205
	38,386	324,039
Total Liabilities	38,386	357,264
Total Equity and Liabilities	19,137	429,013
Net Asset per share	(Sen)	
		(15)
		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.



HEXAGON HOLDINGS BERHAD (Company No.: 280116-H)
Incorporated in Malaysia

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

CONSOLIDATION STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR-TO-DATE ENDED 31 DECEMBER 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	-	-	-	-	-	(103,821)	(103,821)	-	(103,821)
Total comprehensive (loss) / income for the period	-	-	-	-	-	(103,821)	(103,821)	-	(103,821)
Transaction with owners in their capacity as owners :									
Changes in ownership interest in a subsidiary	-	(1,095)	1,916	-	-	30,936	31,757	(18,934)	12,823
Total transaction with owners	-	(1,095)	1,916	-	-	30,936	31,757	(18,934)	12,823
Balance as at 31 December 2012	66,348	-	720	9,519	1,732	(97,568)	(19,249)	-	(19,249)

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.



HEXAGON HOLDINGS BERHAD (Company No.: 280116-H)
Incorporated in Malaysia

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

CONSOLIDATION STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR-TO-DATE ENDED 31 DECEMBER 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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Foreign currency translation	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
(Loss) / Profit for the period	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total comprehensive (loss) / income for the period	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Transaction with owners in their capacity as owners :	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes in ownership interest in a subsidiary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total transaction with owners	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Balance as at 30 December 2011	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

1. There are no comparative figures for the preceding year individual and cumulative quarters as the Company has changed its year end from 31 March to 31 December. The first set of financial statements with the new year end will be for the 21 months period ending 31 December 2012.
2. 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.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR-TO-DATE ENDED 31 DECEMBER 2012

	FYE 2012 Year-to-date ended (21 months) 31 December 2012 (Unaudited)	FYE 2011 Year-to-date ended (12 months) 31 March 2011
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(70,789)	(43,886)
Adjustments for:-		
Amortisation of development expenditure	84	84
Unrealised (gain) / loss on foreign exchange	677	703
Depreciation of property, plant and equipment	10,565	10,371
Deposits written off	-	76
Property, plant and equipment written off	4	193
Gain on disposal of property, plant and equipment	(305)	(597)
Impairment losses on :		
- Investment, property, plant and equipment	-	826
- trade and other receivables	67,166	32,539
Interest expenses	15,552	11,771
Interest income	(418)	(314)
Fair value adjustment on derivative instruments	3,000	367
Provisions for retirement benefits	930	825
Share of (profit) / loss of associates	(543)	(148)
Inventories written off	1,430	7,988
Operating (loss) / profit before changes in working capital	27,354	20,798
Changes in working capital		
Decrease / (Increase) in inventories	55,463	(7,363)
Decrease / (Increase) in trade and other receivables	177,781	(4,318)
Increase / (Decrease) in trade and other payables	(88,200)	18,842
Cash generated from operations	172,380	27,959
Tax paid	(1,424)	(4,126)
Interest received	418	314
Interest paid	(11,644)	(11,383)
Net cash from operating activities	159,748	12,764

**CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR-TO-DATE ENDED 31 DECEMBER
2012 (CONTINUED)**

	FYE 2012	FYE 2011
	Year-to-date ended (21 months)	Year-to-date ended (12 months)
	31 December 2012 (Unaudited)	31 March 2011* (Audited)
	RM'000	RM'000
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investment in associates	-	(4)
Acquisition of additional interest in subsidiary	-	
Purchase of property, plant and equipment	(1,155)	(6,431)
Proceeds from disposal of property, plant and equipment	-	1,578
Net cash flow used in investing activities	<u>(1,155)</u>	<u>(4,857)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Withdrawals / (Placements) of pledged fixed deposits	31,934	(26,397)
Repayment of hire purchase liabilities	(1,312)	(1,714)
Drawdown of short term borrowings	5,120	20,992
Repayments of short term borrowings	(204,155)	(28,698)
Drawdown of term loans	-	34,405
Repayments of term loans	-	(12,022)
Net cash flow used in financing activities	<u>(168,413)</u>	<u>(13,434)</u>
Net decrease in Cash & Cash Equivalents	(9,820)	(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	-	328
Cash & Cash Equivalents at end of period - Note (b)	<u>338</u>	<u>10,158</u>

*:

- There are no comparative figures for the preceding year corresponding period as the Company has changed its year end from 31 March to 31 December. The first set of financial statements with the new year will be for 21 months period ending 31 December 2012.
- 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 DECEMBER 2012

	FYE 2012	FYE 2011
	Year-to-date ended	Year-to-date ended (12 months)
	31 December 2012	31 March 2011
	RM'000	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	333	64,565
Less : Pledged fixed deposits	-	(31,934)
Cash and bank balances	333	32,631
Bank overdraft	-	(22,473)
	<u>333</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 FRS 121, FRS 128, FRS 131, FRS 132, FRS 134, FRS 139 and Amendments to IC Interpretation 13	Improvements to FRSs (2010)
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 Interpretation 9	Reassessment of Embedded Derivatives

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 EXCEPT the following:

1. The liquidation of Hexagon Tower Sdn Bhd in May 2012 has resulted the deconsolidation of Hexagon Tower Sdn Bhd and its subsidiaries.
2. The liquidation of Hexagon Tower Sdn Bhd, Advance Metal Substrate Technology Sdn Bhd and Hexagon Engineering Construction Sdn Bhd had impacted the impairment of inter-co debt borrowings to the group accounts.

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.

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

A. EXPLANATORY NOTES PURSUANT TO FRS 134 – INTERIM FINANCIAL REPORTING

8. DIVIDEND PAID

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

9. SEGMENTAL REPORTING

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

	Current Quarter Ended	21 months cumulative to date
	31 December 2012	31 December 2012
	RM'000	RM'000
Segmental Revenue		
Manufacturing		
- Retail solutions	-	209,879
- Semiconductor	-	10,462
Trading and service	662	56,152
Engineering	-	55,621
Investment income	-	-
	<u>662</u>	<u>332,114</u>
Eliminations	-	(32,187)
Group Revenue	<u>662</u>	<u>299,927</u>
Segmental Results		
	Current Quarter Ended	21 months cumulative to date
	31 December 2012	31 December 2012
	RM'000	RM'000
Manufacturing		
- Retail solutions	-	7,158
- Semiconductor	-	(10,427)
Trading and service	(759)	4,146
Engineering	-	(15,779)
Investment income [^]	(3,000)	(68,192)
	<u>-</u>	<u>(83,094)</u>
Eliminations	-	(4,340)
Profit / (loss) from operations	<u>(3,759)</u>	<u>(87,434)</u>

Notes:

[^]Included impairment of inter-company debts of RM67 million.

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.

11. SUBSEQUENT EVENT

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

12. CHANGES IN THE COMPOSITION OF THE GROUP

Except for the deconsolidation position of Hexagon Tower Sdn Bhd and its subsidiaries, 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.

14. REVIEW OF PERFORMANCE FOR CURRENT QUARTER AND FINANCIAL YEAR-TO-DATE

The Group recorded revenue of RM0.66 million and RM299.93 million in the current 3 months and 21 months period ended 31 December 2012 respectively as compared with the revenue of RM346.7 million in the preceding 12 months year ended 31 March 2011. The liquidation of Hexagon Tower Sdn Bhd has resulted the de-consolidation of financials of the Group's major operations and this has directly attributed to the drop of the Group revenue.

The Group registered a Loss After Tax ("LAT") of RM4.34 million for the current 3 months and a Loss After Tax ("LAT") of RM72.27 million for the 21 months period ended 31 December 2012. The loss was attributed by de-consolidation of financials of its major subsidiaries.

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

	<u>Current Quarter</u>	<u>Preceding Quarter ended 30 September 2012</u>
	RM'000	RM'000
Revenue	662	1,086
Loss after tax	(4,338)	(900)

Current quarter's revenue of RM0.66 million was lower compared to RM1.08 million of the preceding quarter, this decline was mainly due to the effect of the relocation of the factory facility.

The lower in revenue and the impairment of investment of RM3.0million has resulted higher Loss After Tax (LAT) of RM4.34million in current quarter from RM0.90 million last quarter.

16. PROSPECTS

The Group is announcing an event which triggered Practice Note 17.

Pending the Appellate court's decision on the stay application of winding up order of Hexagon Tower Sdn Bhd, we have taken steps to deconsolidate the affected subsidiaries and in accordance with Accounting Standards, provide for write offs of the affected inter-company balances from our balance sheet.

The Board is currently working with our financial advisors to address these issues.

17. TAXATION

	<u>Current Quarter</u>	<u>Year to date</u>
	RM'000	RM'000
Profit / (loss) before tax	(4,338)	(70,789)
Taxation	0	(1,478)
Effective tax rate	0%	-2.1%

The taxation charge to the Income Statement consists of :

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

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

	<u>Current Quarter</u>	<u>Year to date</u>
	RM'000	RM'000
Income tax	0	1,478
Deferred taxation	0	0
	<u>0</u>	<u>1,478</u>

The estimated effective tax rate of -2.1% was lower than the statutory tax rate. The Group has limitations of exercising group relief provision as provided by Income Tax Act 1967 in view of current situation.

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 except for the following:

1. Pursuant to a deed poll dated 22 February 2008, HHB had issued a 5-year warrant 2008/2013, and the last date to exercise the warrants is 5 of April 2013.

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 Dec 2012</u>
	RM'000
Short Term Borrowings	
Bills Payable	0
Revolving Credits	0
Bank Overdraft	0
Others	0
Hire Purchase	0
Term Loans - Current portion	38,260
	<u>38,260</u>
Long Term Borrowings	
Hire Purchase	0

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

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

Term Loans – Long term portion	0
	0
Total Group Borrowings	38,260

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.

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.

On 26 June 2012, the High Court granted an order extending the RO to for a period of ninety (90) days, from 26 June 2012 to 23 September 2012. The RO shall not bind OCBC except in any winding up proceedings and/or execution proceedings that might be filed by OCBC against the HTSB unless with leave of the High Court. At the same hearing, the High Court has further granted an extension of time of ninety (90) days from 26 June 2012 for each HTSB and HEC, to convene 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' approval for the implementation of a scheme of arrangement.

On 19 October 2012, the High Court granted an extension of time of sixty (60) days from 19 October 2012 to 18 December 2012, to convene the Court Convened Meeting of the Company and HEC, with each of their Scheme Creditors. On the same date, an interim restraining order has been granted by the High Court to restraint all further proceedings, and any and all actions or proceedings brought or to be brought against HEC for a period of fourteen (14) days until 2 November 2012.

b) Restraining Order of Polymer Composite Asia Sdn Bhd ("PCA") and Hexagon Engineering Distributors Sdn Bhd ("HDSB")

On 3 September 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 brought or to be brought by the respective financial lenders ("Scheme Creditors") of (i) PCA, a wholly-owned subsidiary company of Hexagon Tower Sdn Bhd ("HTSB"), a wholly-owned subsidiary company of the Company and of (ii) HDSB, a wholly-owned subsidiary company of Hexagon Resources (M) Sdn Bhd, a wholly-owned subsidiary company of HTSB against PCA and HDSB for a period of sixty (60) days until 2 November 2012 ("Restraining Order").

On 22 June 2012, PCA and HDSB have obtained an order to convene a court convened meeting under Section 176(1) of the Act with their Scheme Creditors within the period of ninety (90) days to seek their respective Scheme Creditors' approval for the implementation of their respective scheme of arrangement ("Proposed Corporate Debt Restructuring Schemes"). For this purpose, PCA and HDSB are in the midst of finalising their respective Proposed Corporate Debt Restructuring Schemes to be presented before their respective Scheme Creditors, with their appointed advisers and the details of the Proposed Corporate Debt Restructuring Schemes will be announced then. The compromise to be proposed via PCA's and HDSB's Proposed Corporate Debt Restructuring Schemes is aimed to ensure that the settlement to the Scheme Creditors of PCA and HDSB respectively can be achieved in an orderly fashion. The Restraining Order is to solely facilitate and finalise PCA's and HDSB's Proposed Corporate Debt Restructuring Schemes.

On 19 October 2012, the High Court granted an extension of time of sixty (60) days from 19

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October 2012 to 18 December 2012, to convene the Court Convened Meeting of the Company, PCA, and HDSB, with each of their respective creditors ("Scheme Creditors").

On 10 January 2013, the Company announced that the High Court of Malaya in Kuala Lumpur ("High Court") had on 7 January 2013 granted an extension of time until 28 February 2013, to convene the Court Convened Meeting of the Company, PCA, and HDSB, with each of their respective creditors ("Scheme Creditors").

c) 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.

On 3 July 2012, a Winding-Up Order of KCH-28-9/2/2012 dated 24 May 2012 ("Winding-Up Order") made under the High Court in Sabah and Sarawak at Kuching was obtained by Arthur Lee, Lin & Co Advocates, solicitors for the petitioner, Hartanah Construction and Development Sdn Bhd. HTSB has received legal advice that there are sufficient grounds for filing an application to set aside and/or alternatively stay the Winding-Up Order. As such, HTSB has instructed its solicitors to file an application to set aside and/or alternatively stay the Winding-Up Order.

On 14 September 2012, the High Court in Sabah and Sarawak at Kuching had dismissed the application of the Company and HTSB, to set aside the winding-up order made under the Companies (Winding-Up) No. KCH-28-9/2/2012 dated 24 May 2012 against HTSB with costs of RM5,000 to be paid by the Company to the Petitioner, Hartanah Construction and Development Sdn Bhd.

On 9 January 2013, the Company has announced that the High Court in Sabah and Sarawak at Kuching has on 14 December 2012 granted an order of to appoint, Mr Subramaniam A/L A.V. Sankar ("Liquidator") as liquidator to replace the Official Receiver of Hexagon Tower Sdn Bhd (In Liquidation) ("HTSB"), a wholly owned subsidiary company of the Company.

d) Members' Voluntary Winding Up of Advance Metal Substrate Technology Sdn. Bhd

On 8 June 2012, the Company announced that Advance Metal Substrate Technology Sdn. Bhd.

("AMST"), a subsidiary company of the Company had been placed under a Members' Voluntary Winding Up pursuant to a special resolution passed at the Extraordinary General Meeting ("EGM") held on 8 June 2012 in accordance with Section 254 (1) (b) of the Companies Act, 1965.

AMST is in the business of manufacturing of lead-frames and the provision of inspection services and is currently inactive. The Members' Voluntary Winding Up is part of Hexagon Group's initiative to focus on other main businesses.

e) Winding-Up Petition served on Hexagon Tower Sdn Bhd by Kiara Kenali Sdn Bhd

On 6 July 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 company of the Company by Kiara Kenali Sdn Bhd (Company No 625464-P) ("Petitioner") (the "Petition"). The Petition was dated 2 July 2012 and shall be heard at Kuala Lumpur High Court on 7 September 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 included principal outstanding sum of RM349,092-02, plus 4% interest per annum on principal outstanding from July 2009 and cost of RM2,000.

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.

f) Winding-Up Petition served on Hexagon Tower Sdn Bhd, a wholly-owned subsidiary company of the Company by Central Bolts & Nuts (Kuantan) Sdn Bhd

On 8 August 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 company of the Company by Central Bolts and Nuts (Kuantan) Sdn Bhd (Company No 288191-U) ("Petitioner") (the "Petition"). The Petition was dated 24 July 2012 and shall be heard at the High Court of Kuala Lumpur on 11 September 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 RM101,966-94, plus interest and cost ("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.

g) Winding-Up Petition served on Hexagon Engineering Construction Sdn Bhd, a wholly-owned subsidiary company of the Company by Central Bolts & Nuts (Kuantan) Sdn Bhd

On 8 August 2012, a winding-up petition pursuant to Section 218 of the Companies Act, 1965

(the "Act") was served on Hexagon Engineering Construction Sdn Bhd ("HEC"), a wholly-owned subsidiary company of the Company by Central Bolts and Nuts (Kuantan) Sdn Bhd (Company No 288191-U) ("Petitioner") (the "Petition"). The Petition was dated 24 July 2012 and shall be heard at the High Court of Kuala Lumpur on 5 October 2012. The total amount claimed by Petitioner against HEC for non-payment of provision of goods and services due and owing by HEC to the Petitioner based on the Notice pursuant to Section 218 (1) of the Act is RM75,628-80, plus interest and cost ("Outstanding Amount").

HEC 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 HEC. The Company is in the midst of finalising a settlement scheme to be presented before HEC'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.

On 3 July 2012, a Winding-Up Order of KCH-28-9/2/2012 dated 24 May 2012 ("Winding-Up Order") made under the High Court in Sabah and Sarawak at Kuching was obtained by Arthur Lee, Lin & Co Advocates, solicitors for the petitioner, Hartanah Construction and Development Sdn Bhd.

On 2 November 2012, a Winding-Up Order made under the High Court was obtained by the petitioner. HEC has yet to receive the Court Order with regard to the Winding-Up Petition to date.

On 14 January 2013, the Company announced that the High Court in Malaya at Kuala Lumpur has on 11 January 2013, granted an order to appoint, Mr. Wong Cham Mew ("Liquidator") to replace the Official Receiver of Hexagon Engineering Construction Sdn Bhd (In Liquidation) ("HEC"), a wholly-owned sub-subsidiary company of the Company.

h) Members' Voluntary Winding Up of Polymer Composite Asia (Liaoning) Co. Ltd ("PCA Liaoning")

On 19 September 2012, the Company announced that that PCA Liaoning had been placed under liquidation pursuant to Article 180 of the Companies Law of the People's Republic of China.

PCA Liaoning was incorporated in Northern China and is a subsidiary of Polymer Composite Asia Sdn Bhd ("PCASB"), which is a wholly owned subsidiary of Hexagon Tower Sdn Bhd, a wholly owned subsidiary of the Company.

i) Kuala Lumpur High Court Civil Suit No: 22NCC-1262-08/2012

By way of a Facilities Agreement dated 24 August 2010, the Plaintiff has granted a term loan facility for RM20,000,000.00 (the "Facility") to PCA for the purpose of financing the purchase of its present factory from Hexagon Tower Sdn Bhd (In Liquidation) ("HTSB"). PCA is a wholly-owned subsidiary company of HTSB which in turn is a wholly-owned subsidiary company of the Company. The Facility is secured by, amongst others, a corporate guarantee issued by the Guarantor

On 14 December 2012, the Company announced that the High Court of Malaya at Kuala Lumpur has on 14 December 2012 allowed Standard Chartered Bank Bhd ("the Plaintiff")'s application for summary judgment against Polymer Composite Asia Sdn Bhd ("the defendant") for a sum of RM10,986,203.50 together with interest to be calculated from 15 December 2012 until full

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realisation and with cost of RM2,500.00 ("Judgment").

The Company has also announced that instruction has given to its solicitors to file a Notice of Appeal in the Court of Appeal against the Judgment and a Stay of Execution of the Judgment on behalf of the Defendants.

24. PROPOSED DIVIDEND

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

25. EARNINGS PER SHARE ("EPS")

	Current Quarter Ended	Comparative Quarter Ended	21 months cumulative to date	21 months cumulative to date
	31 December 2012	31 December 2011	31 December 2012	30 December 2011
Net Profit / (Loss) (RM'000)	(4,338)	N/A	(72,267)	N/A
BASIC EARNINGS PER SHARE				
Weighted average number of ordinary shares in issue ('000)	132,695	132,695	132,695	132,695
Earnings / (Loss) per Share – (Sen)	(3.27)	N/A	(54.95)	N/A
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)

	As at 31 December 2012	As at 30 September 2012
	RM'000	RM'000
Total accumulated losses of the company and its subsidiaries :		

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- Realised	(97,568)	(93,226)
- Unrealised	-	-
	<u>(97,568)</u>	<u>(93,226)</u>
Total share of retained profit / (accumulated losses) from associated companies :		
- Realised	-	-
	-	-
Consolidation adjustments	-	-
Total group accumulated losses as per consolidated accounts	<u>(97,568)</u>	<u>(93,226)</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	21 months cumulative to date	21 months cumulative to date
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	RM'000	RM'000	RM'000	RM'000
(Loss) / profit for the period / year is arrived at the charging / (crediting):				
Interest income		N/A	418	N/A
Other income	-	N/A	4,057	N/A
Interest expenses	579	N/A	15,552	N/A
Depreciation and amortization	120	N/A	10,566	N/A
Provision for and write off of				
- Receivables	-	N/A	67,267	N/A
- Inventories	-	N/A	1,430	N/A

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

	Current Quarter Ended	Comparative Quarter Ended	21 months cumulative to date	21 months cumulative to date
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	RM'000	RM'000	RM'000	RM'000
(Gain) / loss on disposal of				
- Property, plant and equipment	-	N/A	(305)	N/A
- Investments	3,000	N/A	3,000	N/A
Impairment of property, plant and equipment	-	N/A	-	N/A
Foreign exchange (gain) or loss	10	N/A	(607)	N/A

By Order of the Board,

TAN BENG WAN

Executive Chairman and Group Chief Executive Officer

Date : 28 February 2013