



**Interim Report for the 3-month Financial Period Ended 31 December 2009**

**A. EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD (“FRS”) 134, INTERIM FINANCIAL REPORTING**

**1. Basis of Preparation**

This interim financial report is unaudited and has been prepared in accordance with FRS 134, Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). This interim financial report should be read in conjunction with the audited financial statements for the financial year ended 30 September 2009.

These 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 Halex Holdings Berhad (“Halex” or the “Company”) and its subsidiaries (the “Group”) since the financial year ended 30 September 2009.

The significant accounting policies and methods of computation adopted in this unaudited interim financial report are consistent with those adopted in the Group’s audited financial statements for the financial year ended 30 September 2009.

**2. Auditors’ Report on Preceding Annual Financial Statements**

The auditors’ report for the Company’s preceding annual audited financial statements for the financial year ended 30 September 2009 was not subject to any qualification.

**3. Seasonal or Cyclical Factors**

The Group’s business operations were not significantly affected by any major seasonal or cyclical factors.

**4. Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter under review and financial year to-date.

**5. Material Changes in Estimates**

There were no material changes in estimates of amount reported that have a material effect on the current quarter under review and financial year to-date.



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**6. Details of Changes in Debts and Equity Securities**

There were no issuance, cancellation, repurchase, resale or repayment of debt and/or equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter under review and financial year to-date:

**7. Dividend**

The Directors proposed a final single tier dividend of 6% in respect of the financial year ended 30 September 2009.

No dividend was paid during the current quarter.

**8. Segmental Reporting**

	3-months ended 31 December 2009					Consolidated RM'000
	Investment holding RM'000	Agro- chemical RM'000	Healthcare Disposables RM'000	Horticulture and Agro- biotechnologies RM'000	Eliminations RM'000	
<b>Revenue</b>						
External sales	-	12,534	9,180	1,230	-	22,944
Dividend income	-	-	-	-	-	-
Inter-segment sales	-	3,582	-	-	(3,582)	-
<b>Total</b>	<b>-</b>	<b>16,116</b>	<b>9,180</b>	<b>1,230</b>	<b>(3,582)</b>	<b>22,944</b>
<b>Results</b>						
Segment results	(13)	1,413	328	(223)	-	1,505
Finance costs	-	(16)	(91)	-	-	(107)
Finance income	-	1	-	*	-	1
<b>Profit before taxation</b>	<b>(13)</b>	<b>1,398</b>	<b>237</b>	<b>(223)</b>	<b>-</b>	<b>1,399</b>
Taxation						(362)
<b>Profit after taxation</b>						<b>1,037</b>
Attributable to equity holders of the Company						1,037



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**8. Segmental Reporting (cont'd)**

	3-months ended 31 December 2009					Consolidated RM'000
	Investment holding RM'000	Agro- chemical RM'000	Healthcare Disposables RM'000	Horticulture and Agro- biotechnologies RM'000	Eliminations RM'000	
<b>Other information</b>						
Segment assets	7,573	23,102	57,257	8,575	-	96,507
Segment liabilities	53	5,309	12,824	409	-	18,595
Capital expenditure	-	8	302	43	-	353
Amortisation and depreciation	-	41	313	66	-	420

Note:

\* Less than RM1,000

**Geographical Segments for Revenue**

	Current Year Quarter 31/12/2009 RM'000	Current Year to- Date 31/12/2009 RM'000
Local	18,664	18,664
Export	4,280	4,280
Total	<u>22,944</u>	<u>22,944</u>

**9. Valuation of Property, Plant and Equipment**

The values of property, plant and equipment have been brought forward without amendment from the Company's previous annual audited financial statements for the financial year ended 30 September 2009.

The Group did not carry out any valuation on its property, plant and equipment during the current quarter under review and financial year to-date.

**10. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current quarter under review and financial year to-date.



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**11. Contingent Liabilities**

There were no changes in contingent liabilities since the last annual balance sheet as at 30 September 2009.

	<b>Company</b>	
	<b>As At 31/12/2009 RM'000</b>	<b>As At 30/09/2009 RM'000</b>
Guarantees given to financial institutions for facilities granted to subsidiaries	<u>26,350</u>	<u>26,350</u>

**12. Capital Commitments**

There were no material capital commitments entered into and not provided for by the Group during the current quarter under review.

**13. Material Events Subsequent to the End of the Interim Reporting Period**

Save as disclosed under Note B8 below, there were no material events occurring between the end of the reporting period and the date of issuance of this quarterly report which will substantially affect the results of the Group.



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

**1. Review of Performance**

For the first quarter ended 31 December 2009, the Group registered revenue and profit before taxation ("PBT") of approximately RM22.94 million and RM1.40 million respectively, representing an increase of 35.45% and 158.24% respectively as compared to the same quarter in the preceding financial year.

The increase in revenue was mainly due to higher demand for the Group's agrochemicals as a result of a recovery in commodities prices since the second quarter of 2009. The preceding year quarter saw low demand for agrochemicals due to a sharp decline in commodities prices resulting from a global economic slowdown.

However, there was a decrease in the sales of the Group's horticulture products compared to the preceding year to-date of RM0.25 million, or 17.16%, mainly due to fewer exports to Japan and also lower auction prices received for our foliages.

The Group recorded a RM9.18 million revenue for its healthcare disposable products, which represents an increase of RM1.08 million, or 13.35% from the preceding year quarter. The increase was attributed to greater efforts to promote the Group's cotton and wipes products.

**2. Material Changes in the Profit Before Taxation for the Current Quarter as Compared with the Immediate Preceding Quarter**

For the current quarter under review, the Group recorded revenue of approximately RM22.94 million compared to approximately RM23.34 million in the immediate preceding quarter, representing a slight decrease of 1.71%, due mainly to lower sales for the Group's agrochemical products.

In line with the lower revenue, the Group achieved a slightly lower PBT of approximately RM1.40 million during the current quarter under review, which was approximately RM65'000 or 4.46% lower than what was achieved in the immediate preceding quarter.

**3. Prospects**

The global economic slowdown which affected Malaysia has stabilized and the current financial year should be a year of economic recovery. However this new financial year continues to be a challenging period for business corporations. As such, the Group will be prudent in implementing its business strategy to ensure the long-term sustainability of the Group's performance, and barring any unforeseen circumstances, the Group is confident of achieving an acceptable performance for the financial year ending 30 September 2010.



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**4. Profit Forecast and Profit Guarantee**

The Group has not provided any profit forecast or profit guarantee in any public document.

**5. Taxation**

The taxation figures are as follows:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/2009 RM/000	Preceding Year Quarter 31/12/2008 RM'000	Current Year to-Date 31/12/2009 RM'000	Preceding Year to-Date 31/12/2008 RM'000
Current taxation	362	44	362	44

The effective tax rate of the Group for the current quarter under review is higher than the statutory tax rate of 25% due to certain expenses which are disallowed for deductions for income tax purposes.

**6. Sales of Unquoted Investments and/or Properties**

There were no sales of unquoted investments and/or properties for the current quarter under review and financial year to-date.

**7. Quoted Securities**

(a) Purchases and disposals of quoted securities:

There were no purchases or sales of quoted securities for the current quarter and the preceding year quarter under review, and for the financial year to-date.

(b) Investments in quoted securities:

	Group	
	As At 31/12/2009 RM'000	As At 30/09/2009 RM'000
At cost	148	148
Less: Accumulated impairment losses	(60)	(60)
	88	88
At market value	90	88



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**8. Status of Corporate Proposal**

In conjunction with the Public Issue and Offer for Sale, the Company's entire enlarged issued and paid-up share capital comprising 80,000,000 ordinary shares of RM0.50 each was listed on 16 September 2009 on the Main Market of Bursa Securities.

The Company has received proceeds of RM7.80 million from the public issue of 10,000,000 shares, and the proceeds have been utilised in the following manner:

	<b>Proceeds</b>	<b>Amount Utilised</b>	<b>Amount Unutilised</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Extension/expansion works on factory building and operations	2,000	-	2,000
Nursery land and development cost	1,100	-	1,100
Capital and research and development expenditures	1,500	-	1,500
Repayment of bank borrowings	1,200	-	1,200
Working capital	450	-	450
Estimated listing expenses	1,550	1,550	-
<b>Total</b>	<b>7,800</b>	<b>1,550</b>	<b>6,250</b>

**9. Borrowings**

The Group's borrowings as at 31 December 2009 are as follows:

	<b>Secured RM'000</b>
<b>Short-term borrowings</b>	
Bankers acceptances	3,111
Bank overdrafts	-
Term loans	1,231
	<hr/>
	4,342
<b>Long-term borrowings</b>	
Term loans	6,887
<b>Total</b>	<hr/> <hr/>
	11,229

There were no unsecured debt during the current quarter and financial year to-date.

The Group does not have any foreign borrowing or debt securities as at the date of this interim report.



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**10. Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at the date of this interim report.

**11. Material Litigation**

There were no material litigations involving the Group as at the date of this interim report.

**12. Earnings Per Share**

(a) Basic

The basic earnings per share is calculated by dividing the profit 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 31/12/2009	Preceding Year Quarter 31/12/2008	Current Year to-Date 31/12/2009	Preceding Year to-Date 31/12/2008
Profit attributable to equity holders of the Company (RM'000)	1,037	498	1,037	498
Weighted average number of ordinary shares in issue ('000)	80,000	12,280	80,000	12,280
Basic earnings per share (sen)	1.30	4.05	1.30	4.05

(b) Diluted

The Company does not have any convertible share or convertible financial instruments for the current quarter under review and financial year to-date.

By Order of the Board,

Laang Jhe How  
Company Secretary

Selangor Darul Ehsan  
22 February 2010