



Interim Report for the 9-month Financial Period Ended 30 June 2010

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 were 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.

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.



HALEX HOLDINGS BERHAD (206220-U)
(Incorporated in Malaysia under the Companies Act, 1965)

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7. Dividend

The Directors proposed a final single tier dividend of 6% in respect of the financial year ended 30 September 2009 amounting to RM2.40 million. The dividend was paid on 19 April 2010.

8. Segmental Reporting

	9-months ended 30 June 2010					Consolidated RM'000
	Investment holding RM'000	Agro- chemical RM'000	Healthcare Disposables RM'000	Horticulture and Agro- biotechnologies RM'000	Eliminations RM'000	
Revenue						
External sales	-	35,904	25,651	4,219	-	65,774
Dividend income	2403	-	-	-	(2,403)	-
Inter-segment sales	-	8,735	13	-	(8,748)	-
Total	2,403	44,639	25,664	4,219	(11,151)	65,774
Results						
Segment results	2,070	3,918	523	(68)	(2,403)	4,040
Finance costs	-	(69)	(255)	-	-	(324)
Finance income	-	69	-	1	-	70
Profit before taxation	2,070	3,918	268	(67)	(2,403)	3,786
Taxation						(997)
Profit after taxation						2,789
Attributable to equity holders of the Company						2,789

Geographical Segments for Revenue

	Current Year Quarter 30/06/2010 RM'000	Current Year to- Date 30/06/2010 RM'000
Local	17,276	53,067
Export	4,623	12,707
Total	21,899	65,774



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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.

11. Contingent Liabilities

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

	Company	
	As At 30/06/2010 RM'000	As At 30/09/2009 RM'000
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 third quarter ended 30 June 2010, the Group registered revenue and profit before tax ("PBT") of approximately RM21.90 million and RM1.59 million, representing a decrease of 16.17% and 47.89% respectively, compared to the preceding year quarter.

The Group's agrochemicals sales were lower than the preceding year quarter because during the preceding year quarter, a surge in demand was experienced due to the recovery in commodities prices and the general economic conditions. Gross profit margins however have improved as raw materials prices have stabilized and palm oil and other commodities prices have remained strong.

The Group's healthcare disposable and horticulture products revenue and gross profits declined compared to the preceding year quarter. Healthcare disposable products declined due to a drop in Tissue paper sales. Gross profit margins also suffered a drop due to an increase in raw materials prices, while sales were committed earlier when costs were lower.

Horticulture sales and gross profits declined mainly due to lower auction prices received for our foliage exports to Japan and lower Yen exchange rates.

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 an increase in revenue of approximately RM21.90 million compared to approximately RM20.93 million in the immediate preceding quarter, representing an increase of 4.63%, due mainly to higher sales for the Group's healthcare disposables and horticulture products.

In line with the higher revenue, the Group achieved a higher PBT of approximately RM1.59 million during the current quarter under review, which was approximately RM0.80 million or 100.18% higher than what was achieved in the immediate preceding quarter. The main reasons for this were the higher sales of higher margined agrochemical and healthcare disposal products, and improved auction prices and exchange rates for horticulture product exports.

3. Prospects

The global economic slowdown which affected Malaysia in 2008 and part of 2009 had stabilized and there was a period of economic recovery. However the sustainability of the global economic recovery still remains uncertain. As such, the Group will continue to be prudent in implementing its business strategy to ensure a 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.

4. Profit Forecast and Profit Guarantee

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



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5. Taxation

The taxation figures are as follows:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/06/2010 RM/000	Preceding Year Quarter 30/06/2009 RM'000	Current Year to-Date 30/06/2010 RM'000	Preceding Year to-Date 30/06/2009 RM'000
Current taxation	342	436	997	1,227

The effective tax rate of the Group for the current quarter under review is lower than the statutory tax rate of 25% as the Group is eligible to claim for capital allowances and reinvestment allowances.

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 30/06/2010 RM'000	As At 30/09/2009 RM'000
At cost	148	148
Less: Accumulated impairment losses	(60)	(60)
	<u>88</u>	<u>88</u>
At market value	<u>99</u>	<u>88</u>

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.



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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:

	Proceeds	Amount Utilised	Amount Unutilised
	RM'000	RM'000	RM'000
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	715	785
Repayment of bank borrowings	1,200	1,200	-
Working capital	450	450	-
Estimated listing expenses	1,550	1,550	-
Total	7,800	3,915	3,885

9. Borrowings

The Group's borrowings as at 30 June 2010 are as follows:

	Secured RM'000
Short-term borrowings	
Bankers acceptances	6,297
Bank overdrafts	443
Term loans	1,231
	7,971
Long-term borrowings	
Term loans	5,120
Total	13,091

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.

10. Off Balance Sheet Financial Instruments

The Group has the following forward foreign exchange contracts outstanding as at 30 June 2010 :

Description	Notional Amount	Effective Period
Forward contract – to hedge Yen receivable	Yen 14.0 million	Jun 2010 to Nov 2010



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The above contracts were entered into as hedges for sales denominated in Yen to limit the exposure to potential changes in foreign exchange rates with respect to a subsidiary's Yen denominated sales.

There is minimal credit risk as the contracts were entered into with a reputable bank.

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 30/06/2010	Preceding Year Quarter 30/06/2009	Current Year to-Date 30/06/2010	Preceding Year to-Date 30/06/2009
Profit attributable to equity holders of the Company (RM'000)	1,250	2,619	2,789	4,839
Weighted average number of ordinary shares in issue ('000)	80,000	70,000	80,000	44,639
Basic earnings per share (sen)	1.56	3.74	3.49	10.84

(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
27 Aug 2010