



Interim Report for the 12-month Financial Period Ended 30 September 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.



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7. Dividend

No dividend was paid during the current quarter.

8. Segmental Reporting

	12-months ended 30 September 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	-	49,415	34,440	5,803	-	89,658
Dividend income	2403	2	-	-	(2,403)	2
Inter-segment sales	-	12,115	77	42	(12,234)	-
Total	2,403	61,532	34,517	5,845	(14,637)	89,660
Results						
Segment results	1,958	5,498	133	(89)	(2,403)	5,097
Finance costs	-	(111)	(398)	-	-	(509)
Finance income	-	129	-	1	-	130
Profit before taxation	1,958	5,516	(265)	(88)	(2,403)	4,718
Taxation						(1,340)
Profit after taxation						3,378
Attributable to equity holders of the Company						3,378

Geographical Segments for Revenue

	Current Year Quarter 30/09/2010 RM'000	Current Year to- Date 30/09/2010 RM'000
Local	19,286	72,353
Export	4,600	17,307
Total	23,886	89,660



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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 30/09/2010 RM'000	As At 30/09/2009 RM'000
Guarantees given to financial institutions for facilities granted to subsidiaries	<u>31,850</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 fourth quarter ended 30 September 2010, the Group registered revenue and profit before tax ("PBT") of approximately RM23.89 million and RM0.59 million, representing an increase of 2.33% and decrease of 52.30% respectively, compared to the preceding year quarter.

The Group's agrochemicals sales decreased by a small 1.34% compared to the preceding year quarter as commodities prices and the general economic conditions have remained stable for the year. Gross profit margins have also reduced slightly due to higher sales of herbicides which have lower profit margins.

The Group's healthcare disposable products revenue increased by 6.80% while gross profits declined compared to the preceding year quarter due to continued increase in raw materials prices while sales were committed earlier, and also higher overhead costs at the new factory.

Horticulture sales increased 16.31% due to improved exchange rates and auction prices in September. Gross profits however declined slightly due to sales of lower margined products and some stock write downs.

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 RM23.90 million compared to approximately RM21.90 million in the immediate preceding quarter, representing an increase of 9.09%, due mainly to higher sales for the Group's agrochemicals and healthcare disposables products.

Despite the higher revenue, the Group achieved a lower PBT of approximately RM0.59 million during the current quarter under review, which was approximately RM0.66 million or 52.90% lower than what was achieved in the immediate preceding quarter. The main reasons for this were the continued drop in profit margins for healthcare disposal products due to continued increases in raw materials prices while sales were committed earlier, and higher overhead costs at the new factory. Horticulture division also showed a lower profit margin due to sales of lower margined products and some stock write downs.

3. Prospects

The global economic recovery in 2009 and 2010 has been cautious due to the European sovereign debt concerns, natural disasters and potential national conflicts in some parts of Asia. 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 2011.

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 30/09/2010 RM'000	Preceding Year Quarter 30/09/2009 RM'000	Current Year to-Date 30/09/2010 RM'000	Preceding Year to-Date 30/09/2009 RM'000
Current taxation	343	230	1,340	1,457

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 being ineligible for tax deduction.

6. Sales of Unquoted Investments and/or Properties

The following disposal of property was made during the current quarter under review and financial year to-date :

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/09/2010 RM'000	Preceding Year Quarter 30/09/2009 RM'000	Current Year to-Date 30/09/2010 RM'000	Preceding Year to-Date 30/09/2009 RM'000
Total disposals				
Disposals consideration	46	-	46	-
Cost / Net Book value	(112)	-	(112)	-
Loss on disposals	(66)	-	(66)	-

7. Quoted Securities

(a) Purchases and disposals of quoted securities:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/09/2010 RM'000	Preceding Year Quarter 30/09/2009 RM'000	Current Year to-Date 30/09/2010 RM'000	Preceding Year to-Date 30/09/2009 RM'000
Total purchases	-	-	-	2
Total disposals				
Disposals consideration	24	-	24	-
Cost	(20)	-	(20)	-
Gain on disposals	4	-	4	-



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(b) Investments in quoted securities:

	Group	
	As At 30/09/2010 RM'000	As At 30/09/2009 RM'000
At cost	129	148
Less: Accumulated impairment losses	(36)	(60)
	93	88
At market value	93	88

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:

	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

The Group has completed the tender process and awarded a contract for the factory building extension works in November 2010 at the cost of approximately RM1.70 million.

The Group has also entered into a sales and purchase agreement in October 2010 for the purchase of an 11.79 acre piece of land in Kota Tinggi at the agreed price of approximately RM1.06 million for the new nursery.



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9. Borrowings

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

	Secured RM'000
Short-term borrowings	
Bankers acceptances	6,907
Bank overdrafts	864
Term loans	1,231
	<hr/>
	9,002
Long-term borrowings	
Term loans	4,760
Total	<hr/> <u>13,762</u>

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 September 2010 :

Description	Notional Amount	Effective Period
Forward contract – to hedge USD payables	USD 0.30 million	Aug 2010 to Dec 2010
Forward contract – to hedge Yen receivable	Yen 9.60 million	Jul 2010 to Feb 2011

The above USD contracts were entered into as hedges for purchases denominated in USD to limit the exposure to potential changes in foreign exchange rates with respect to the Group's USD denominated purchases.

The Yen 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.



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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 30/09/2010	Preceding Year Quarter 30/09/2009	Current Year to-Date 30/09/2010	Preceding Year to-Date 30/09/2009
Profit attributable to equity holders of the Company (RM'000)	589	1,234	3,378	6,073
Weighted average number of ordinary shares in issue ('000)	80,000	72,391	80,000	51,731
Basic earnings per share (sen)	0.74	1.70	4.22	11.74

(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

KUALA LUMPUR
29 Nov 2010