



Interim Report for the 12-month Financial Period Ended 30 September 2011

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 2010.

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 2010.

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 2010.

2. Changes in Accounting Policy

The accounting policies and method of computation adopted by the Group are consistent with those used in the preparation of the Group’s audited financial statements for the year ended 30 September 2010, with the exception of the following FRS’s, Amendments to FRS’s and IC Interpretations which are applicable to the Group for the current financial year :

FRS 123	Borrowing Costs
FRS 139	Financial Instruments : Recognition and Measurement
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters (Amendment to FRS 1)
Amendments to FRS 1	Additional Exemptions for First-time Adopters (Amendments to FRS 1)
Amendments to FRS 1	Amendments to FRS 1 [Improvements to FRSs (2010)]
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions (Amendments to FRS 2)
Amendments to FRS 3	Amendments to FRS 3 [Improvements to FRSs (2010)]
Amendments to FRS 5	Non-Current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 7	Financial Instruments : Disclosures
Amendments to FRS 101	Presentation of Financial Statements
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates
Amendments to FRS 128	Investment in Associates
Amendments to FRS 131	Interests in Joint Ventures
Amendments to FRS 132	Financial Instruments : Presentation



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Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 4	Determining Whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to Interpretation 13	IC Customer Loyalty Programmes
Amendments to Interpretation 14	IC Prepayments of a Minimum Funding Requirement

The adoption of the above FRS's, amendments and interpretations do not have any significant impact on the interim financial information of the Group except for the adoption of the following FRS's as set out below :

FRS 101 : Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labeled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expenses recognized in the income statement, or in two linked statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

Amendments to FRS 117 : Leases

The amendments clarify the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions.

The change in accounting policy will result in reclassification of relevant lease land as at 30 September 2010 from prepaid lease payments to property, plant and equipment.

The following comparative figures have been restated :

Group as at 30 September 2010	As restated	As previously stated
	RM'000	RM'000
Property, plant and equipment	41,401	39,959
Prepaid lease payments	-	1,442



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FRS 139 Financial Instruments : Recognition and Measurement

The standard establishes principles for recognizing and measuring financial instruments. A financial instrument is recognized in the financial statements when, and only when the Group becomes a party to the contractual provisions of the instruments. The Group categorizes financial instruments as follows :

(i) **Financial Assets**

The Group's financial assets include short term investments, cash, deposits, receivables and prepayments. Short term investments are classified as available-for-sale (AFS) financial assets and are stated at fair value unless the fair value cannot be measured reliably, in which case it is measured at cost. Changes in fair value of AFS financial assets are recognized in other comprehensive income in the statement of comprehensive income. Other financial assets are classified as loans and receivables and measured at amortized cost using effective interest method.

(ii) **Financial Liabilities**

Financial liabilities include borrowings, trade and other payables, and are stated at amortized cost.

3. 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 2010 were not subject to any qualification.

4. Seasonal or Cyclical Factors

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

5. 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.

6. 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.

7. 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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8. Dividend

The Directors proposed a final single tier dividend of 6% in respect of the financial year ended 30 September 2010 amounting to RM2.40 million. The dividend was paid on 5 May 2011.

9. Segmental Reporting

	12-months ended 30 September 2011					
	Investment holding RM'000	Agro-chemical RM'000	Healthcare Disposables RM'000	Horticulture and Agro- biotechnologies RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	-	53,862	41,030	6,399	-	101,291
Dividend income	2,403	-	-	-	(2,403)	-
Inter-segment sales	-	11,538	96	1	(11,635)	-
Total	2,403	65,400	41,126	6,400	(14,038)	101,291
Results						
Segment results	1,986	5,842	708	106	(2,403)	6,239
Finance costs	-	(164)	(502)	-	-	(666)
Finance income	-	231	-	2	-	233
Profit before taxation	1,986	5,909	206	108	(2,403)	5,806
Taxation						(1,500)
Profit after taxation						4,306
Attributable to equity holders of the Company						4,306

Geographical Segments for Revenue

	Current Year Quarter 30/9/2011 RM'000	Preceding Year Quarter 30/9/2010 RM'000
Local	19,973	19,286
Export	5,871	4,601
Total	25,844	23,887



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10. 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 2010.

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.

11. 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.

12. Contingent Liabilities

The changes in contingent liabilities since the last annual balance sheet as at 30 September 2010 is as follows:

	Company	
	As At 30/9/2011 RM'000	As At 30/09/2010 RM'000
Guarantees given to financial institutions for facilities granted to subsidiaries	<u>42,663</u>	<u>31,850</u>

13. Capital Commitments

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

14. 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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15. Disclosure On Realised and Unrealised Profits / Losses

	Group	
	As At 30/9/2011 RM'000	As At 30/09/2010 RM'000
Retained earnings of the Company and its subsidiaries :		
- Realised	37,439	35,503
- Unrealised	-	-
	<hr/> 37,439	<hr/> 35,503
Less : Consolidation adjustments	(307)	(377)
	<hr/> <hr/> 37,032	<hr/> <hr/> 35,126



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

1. Review of Performance

For the twelve months ended 30 September 2011, the Group registered revenue and profit before tax ("PBT") of approximately RM101.29 million and RM5.81 million respectively, representing an increase of 12.97% and 21.43% respectively, compared to the preceding year.

For the fourth quarter ended 30 September 2011, the Group registered revenue and PBT of approximately RM25.84 million and RM0.89 million, representing an increase of 8.19% and reduction of 11.04% respectively, compared to the preceding year quarter.

The Group's agrochemicals sales remained at approximately RM13.50 million compared to the preceding year quarter. Gross profit margins however dropped from 26.09% to 22.19% as raw materials costs have increased.

The Group's healthcare disposable products revenue increased by 22.39% while gross profits increased by 72.01% compared to the preceding year quarter due to price adjustments in line with higher raw materials prices and increased export sales to an overseas customer.

Horticulture sales decreased 6.40% due to lower exports to Japan and lower tissue culture sales. Gross profits margins however improved from 53.00% to 57.80% due to improved auction prices.

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 a lower revenue of approximately RM25.84 million compared to approximately RM27.51 million in the immediate preceding quarter, representing a decline of 6.04%, due mainly to lower sales for the Group's Agrochemical products by 11.88%, and Horticulture products by 10.14%.

Against the immediate preceding quarter, gross profits for the Group dropped by RM1.91 million or 25.69%. This was mainly due to lower sales and lower gross profits from our Agrochemicals sales due to higher raw materials costs. Healthcare disposables products gross profits also dropped from 21.34% to 15.36% due to higher cotton prices, and higher sales of lower margined products.

3. Prospects

The global outlook is still faced with a host of uncertainties due to the recent financial crises in Europe and the USA. 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 2012.

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 30/9/2011 RM'000	Preceding Year Quarter 30/9/2010 RM'000	Current Year to-Date 30/9/2011 RM'000	Preceding Year to-Date 30/9/2010 RM'000
Current taxation	197	368	1,500	1,366

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 certain tax incentives.

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 30/9/2011 RM'000	Preceding Year Quarter 30/9/2010 RM'000	Current Year to-Date 30/9/2011 RM'000	Preceding Year to-Date 30/9/2010 RM'000
Total disposals				
Disposals consideration	1,600	46	1,636	46
Cost / Net Book value	(1,553)	(112)	(1,553)	(112)
Gain / (Loss) on disposals	47	(66)	83	(66)

7. Quoted Securities

(a) Purchases and disposals of quoted securities:

There was only a small purchase of quoted shares amounting to RM55.00, and there were no other purchases or disposals of quoted securities for the current quarter and the preceding year quarter.

(b) Investments in quoted securities:

	Group	
	As At 30/9/2011 RM'000	As At 30/9/2010 RM'000
At cost	129	148
Less: Accumulated impairment losses	(27)	(36)
	<u>102</u>	<u>93</u>
At market value	<u>102</u>	<u>93</u>



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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:

	Proceeds	Amount Utilised	Amount Unutilised
	RM'000	RM'000	RM'000
Extension/expansion works on factory building and operations	2,000	1,286	714
Nursery land and development cost	1,100	1,100	-
Capital and research and development expenditures	1,500	1,277	223
Repayment of bank borrowings	1,200	1,200	-
Working capital	450	450	-
Estimated listing expenses	1,550	1,550	-
Total	7,800	6,863	937

9. Borrowings

The Group's borrowings as at 30 September 2011 are as follows:

	Secured RM'000
Short-term borrowings	
Bankers acceptances	5,621
Bills payable (in USD)	602
Bank overdrafts	1,315
Term loans	1,231
	<u>8,769</u>
Long-term borrowings	
Term loans	3,527
Total	<u>12,296</u>

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

The Group does not have any 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 2011:

Description	Notional Amount	Effective Period
Forward contract – to hedge Yen receivable	Yen 12.50 million	June 2011 – March 2012



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The Yen contracts were entered into as hedges for a subsidiary's sales denominated in Yen to limit the exposure to potential changes in foreign exchange rates. 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 30/9/2011	Preceding Year Quarter 30/9/2010	Current Year to-Date 30/9/2011	Preceding Year to-Date 30/9/2010
Profit attributable to equity holders of the Company (RM'000)	689	627	4,306	3,416
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic earnings per share (sen)	0.86	0.78	5.38	4.27

(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
29 Nov 2011