



Interim Report for the 3-month Financial Period Ended 31 December 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 2011.

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 2011.

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 2011.

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 2011, 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 :

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	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7	Improving Disclosures about Financial Instruments
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 14	IC Prepayments of a Minimum Funding Requirement
TR i - 4	Shariah Compliant Sales Contracts

The adoption of the above FRS’s, amendments and interpretations do not have any significant impact on the interim financial information of the Group.



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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 2011 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.

8. Dividend

No dividend was paid during the current quarter.



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9. Segmental Reporting

	3-months ended 31 December 2011					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	-	12,013	11,471	1,629	-	25,113
Dividend income	-	-	-	-	-	-
Inter-segment sales	-	2,323	22	-	(2,345)	-
Total	-	14,336	11,493	1,629	(2,345)	25,113
Results						
Segment results	(101)	1,297	493	(46)	-	1,643
Finance costs	-	(24)	(82)	-	-	(106)
Finance income	-	48	-	-	-	48
Profit before taxation	(101)	1,321	411	(46)	-	1,585
Taxation						(476)
Profit after taxation						1,109
Attributable to equity holders of the Company						1,109

Geographical Segments for Revenue

	Current Year Quarter 31/12/2011 RM'000	Preceding Year Quarter 31/12/2010 RM'000
Local	19,367	19,274
Export	5,746	4,980
Total	25,113	24,254



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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 2011.

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 2011 is as follows:

	Company	
	As At 31/12/2011 RM'000	As At 30/09/2011 RM'000
Guarantees given to financial institutions for facilities granted to subsidiaries	<u>42,663</u>	<u>42,663</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 31/12/2011 RM'000	As At 30/09/2011 RM'000
Retained earnings of the Company and its subsidiaries :		
- Realised	38,569	37,460
- Unrealised	-	-
	<hr/>	<hr/>
	38,569	37,460
Less : Consolidation adjustments	(376)	(376)
	<hr/>	<hr/>
	<u>38,193</u>	<u>37,084</u>



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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 2011, the Group registered revenue and profit before tax ("PBT") of approximately RM25.11 million and RM1.58 million respectively, representing an increase of 3.54% and 8.46% respectively, compared to the preceding year quarter.

The Group's agrochemicals sales decreased approximately RM0.96 million compared to the preceding year quarter due to lower herbicides sales. Gross profit margins also dropped from 29.29% to 27.43% due to lower sales and higher raw materials costs.

The Group's healthcare disposable products revenue however, increased by RM1.64 million, or 16.74% while gross profits improved by 18.48% compared to the preceding year quarter due to price adjustments in line with higher raw materials prices and increased sales, especially tissue and wipes products.

Horticulture sales increased 12.33% due to higher exports to Japan. Gross profits improved due to stronger Yen.

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 RM25.11 million compared to approximately RM25.84 million in the immediate preceding quarter, representing a decline of 2.83%, due mainly to lower sales for the Group's Agrochemical products by 10.92%, while Healthcare disposables and Horticulture products increased by 5.85% and 7.07% respectively.

Against the immediate preceding quarter, gross profits for the Group improved by RM0.52 million or 9.30%. This was mainly due to higher gross profits recorded for Agrochemicals sales due to lower sales of herbicides which have lower margins, while sales of other higher margined products were maintained. Healthcare disposables and horticulture gross profits also recorded slight increases of RM0.11 million and RM0.14 million respectively, due to higher sales.

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 31/12/2011 RM'000	Preceding Year Quarter 31/12/2010 RM'000	Current Year to-Date 31/12/2011 RM'000	Preceding Year to-Date 31/12/2010 RM'000
Current taxation	476	472	476	472

The effective tax rate of the Group for the current quarter under review is higher than the statutory tax rate of 25% as the Group as certain expenses are not allowable 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 31/12/2011 RM'000	Preceding Year Quarter 31/12/2010 RM'000	Current Year to-Date 31/12/2011 RM'000	Preceding Year to-Date 31/12/2010 RM'000
Total disposals				
Disposals consideration	1	36	1	36
Cost / Net Book value	(1)	-	(1)	-
Gain / (Loss) on disposals	-	36	-	36

7. Quoted Securities

(a) Purchases and disposals of quoted securities:

There were no purchases or disposals of quoted securities for the current quarter and the preceding year quarter.

(b) Investments in quoted securities:

	Group	
	As At 31/12/2011 RM'000	As At 31/12/2010 RM'000
At cost	129	129
Less: Accumulated impairment losses	(27)	(36)
	<u>102</u>	<u>93</u>
At market value	<u>107</u>	<u>120</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	1,373	627
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	6,950	850

9. Borrowings

The Group's borrowings as at 31 December 2011 are as follows:

	Secured RM'000
Short-term borrowings	
Bankers acceptances	2,682
Bills payable (in USD)	602
Bank overdrafts	1,564
Term loans	1,231
	<u>6,079</u>
Long-term borrowings	
Term loans	3,213
Total	<u>9,292</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 31 December 2011:

Description	Notional Amount	Effective Period
Forward contract – to hedge Yen receivable	Yen 12.47 million	Sep 2011 – May 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 31/12/2011	Preceding Year Quarter 31/12/2010	Current Year to-Date 31/12/2011	Preceding Year to-Date 31/12/2010
Profit attributable to equity holders of the Company (RM'000)	1,109	989	1,109	989
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic earnings per share (sen)	1.39	1.24	1.39	1.24

(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
28 Feb 2012