



**Interim Report for the 6-month Financial Period Ended 31 March 2012**

**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.



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

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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**

	6-months ended 31 March 2012					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	-	24,272	22,700	3,416	-	50,388
Dividend income	-	-	-	-	-	-
Inter-segment sales	-	5,062	41	4	(5,107)	-
<b>Total</b>	<b>-</b>	<b>29,334</b>	<b>22,741</b>	<b>3,420</b>	<b>(5,107)</b>	<b>50,388</b>
<b>Results</b>						
Segment results	(240)	2,312	828	74	-	2,974
Finance costs	-	(41)	(164)	-	-	(205)
Finance income	-	97	-	1	-	98
<b>Profit before taxation</b>	<b>(240)</b>	<b>2,368</b>	<b>664</b>	<b>75</b>	<b>-</b>	<b>2,867</b>
Taxation						(751)
<b>Profit after taxation</b>						<b>2,116</b>
Attributable to equity holders of the Company						2,116

**Geographical Segments for Revenue**

	Current Year Quarter 31/3/2012 RM'000	Preceding Year Quarter 31/3/2011 RM'000
Local	18,045	16,357
Export	7,230	7,330
<b>Total</b>	<b>25,275</b>	<b>23,687</b>



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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 31/3/2012 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**

	<b>Group</b>	
	<b>As At 31/3/2012 RM'000</b>	<b>As At 30/09/2011 RM'000</b>
Retained earnings of the Company and its subsidiaries :		
- Realised	39,575	37,460
- Unrealised	-	-
	<hr/>	<hr/>
	39,575	37,460
Less : Consolidation adjustments	(376)	(376)
	<hr/>	<hr/>
	39,199	37,084



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

#### **1. Review of Performance**

For the half year ended 31 March 2012, the Group registered a revenue and profit before tax ("PBT") of approximately RM50.38 million and RM2.87 million respectively.

For the second quarter ended 31 March 2012, the Group registered revenue and PBT of approximately RM25.27 million and RM1.28 million respectively, representing an increase of 6.70% and 15.00% respectively, compared to the preceding year quarter.

The Group's agrochemicals sales increased slightly by 1.16%. Gross profit margins however dropped from 27.39% to 24.91% due to lower sales of some higher margined products and higher raw material costs.

The Group's healthcare disposable products revenue however, increased by RM1.35 million, or 13.72% while gross profits improved by 49.67% 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 slightly by 3.00%. Gross profits however declined from 69.3% to 64.1% due to higher costs.

#### **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 RM25.27 million compared to approximately RM25.11 million in the immediate preceding quarter, representing a increase of 0.65%, due mainly to higher sales for the Group's Agrochemical and Horticulture products by 2.05% and 9.64% respectively, while Healthcare disposables decreased by 2.10%.

Against the immediate preceding quarter, gross profits for the Group improved by RM0.15 million or 2.48%. While gross profits for Agrochemicals were lower by 7.32% due to lower sales of some higher margined products and increased raw material costs, Healthcare disposables and Horticulture gross profits improved by 14.06% and 13.93% respectively.

#### **3. Prospects**

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



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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 31/3/2012 RM'000	Preceding Year Quarter 31/3/2011 RM'000	Current Year to-Date 31/3/2012 RM'000	Preceding Year to-Date 31/3/2011 RM'000
Current taxation	274	472	751	817

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 has unabsorbed capital allowances.

**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 31/3/2012 RM'000	Preceding Year Quarter 31/3/2011 RM'000	Current Year to-Date 31/3/2012 RM'000	Preceding Year to-Date 31/3/2011 RM'000
Total disposals				
Disposals consideration	12	36	13	36
Cost / Net Book value	(7)	-	(8)	-
Gain / (Loss) on disposals	5	36	5	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.



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(b) Investments in quoted securities:

	<b>Group</b>	
	<b>As At 31/3/2012 RM'000</b>	<b>As At 31/3/2011 RM'000</b>
At cost	129	129
Less: Accumulated impairment losses	(27)	(16)
	102	113
At market value	109	113

**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	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	-
<b>Total</b>	<b>7,800</b>	<b>6,950</b>	<b>850</b>

**9. Borrowings**

The Group's borrowings as at 31 March 2012 are as follows:

	<b>Secured RM'000</b>
<b>Short-term borrowings</b>	
Bankers acceptances	3,385
Hire purchase	87
Bank overdrafts	456
Term loans	1,231
	5,159
<b>Long-term borrowings</b>	
Term loans	2,909
<b>Total</b>	<b>8,068</b>





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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 does not have any 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 31/3/2012	Preceding Year Quarter 31/3/2011	Current Year to-Date 31/3/2012	Preceding Year to-Date 31/3/2011
Profit attributable to equity holders of the Company (RM'000)	1,007	770	2,116	1,759
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic earnings per share (sen)	1.26	0.96	2.65	2.20

#### (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 May 2012