We Innovate for Growth

Hartalega
Holdings Berhad (741883-X)

Annual Report 2009

CONTENTS

2 FIRSTS IN THE INDUSTRY

FIRST to develop polymer coated powder-free examination gloves in 1994 and among the first to receive FDA 510k to market low protein latex gloves

FIRST Malaysian company to develop and implement a robotic glove stripping system in 1995, which mimics the human hand motion to strip gloves off from the production lines

FIRST to commercially produce high-stress-retention NBR examination and surgical gloves in 2002 and 2006 respectively

FIRST in the industry to use industrial bar-coding and RFID Tags for product traceability and stock management

FIRST recipient of the Inaugural Awards for Best Factory in 2005 in commodity based industries by the Malaysian Government

FIRST recipient of the Inaugural Award for Innovation in 2005 by the Rubber Research Institute of Malaysia

FIRST in the industry to use empty oil palm fruit bunches as biomass fuel to generate heat for production processes

FIRST in the industry to have successfully registered our biomass energy plants to the United Nations Framework Convention on Climate Change (UNFCCC) or KYOTO Protocol

FIRST biomass energy plant in Malaysia registered to the United Nations Framework Convention on Climate Change (UNFCCC) or KYOTO Protocol that is in operation and running mainly on empty oil palm fruit bunches

AWARDS AND RECOGNITION 3

AWARDS

Selangor Innovative Excellence Award 2007

Selangor Export Excellence Award 2005

Commodity Industry Award 2005

Rubber Industry Award 2005
(Innovative & Large Factory Category)

Best Factory Award 2005
(Latex Goods Category)

Enterprise 50 Award 1998

CERTIFICATES

ISO 9001 : 2000

ISO 13485 : 2003

EN ISO 13485 : 2003

EC-Certificate

CE Marking

Standard Malaysian Glove
- Powder Free

Standard Malaysian Glove
- Powdered

Medical Device Licence
- Health Canada

Canadian General
Standards Board Certificate

U.S. Food and Drug
Administration 510(k)

4 A FEW WORDS FROM **VALUED CUSTOMERS**

"There is no doubt that without the quality and consistency of your gloves, even our formidable sales & marketing team could not have achieved the success we have had."

Tripp Amdur, MEDLINE

Mark Reiber, INNOVATIVE HEALTHCARE

"I have been in the business for a long time and I can say with some authority, very few companies and individuals come close to the integrity and honesty with which you approach your business."

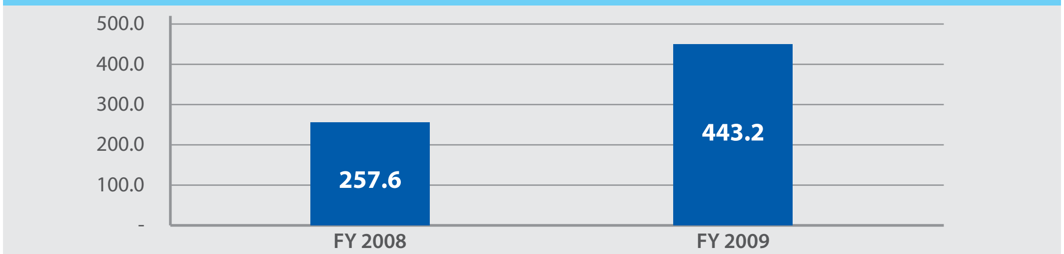
"Your glove quality is good, response is always prompt and therefore we shall win together!"

Yuka Fujino, AS ONE CORPORATION

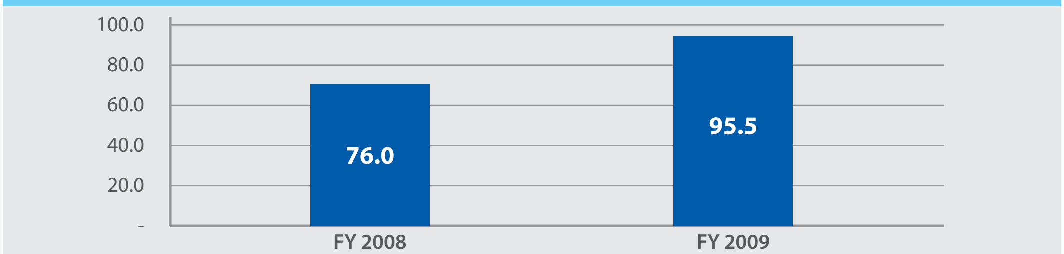
Mohan Ramalingam, CONTRACT LATEX DIPPERS

"I know this business and technically they are miles ahead of the competition. The management is sound and honest, and they have a good marketing team."

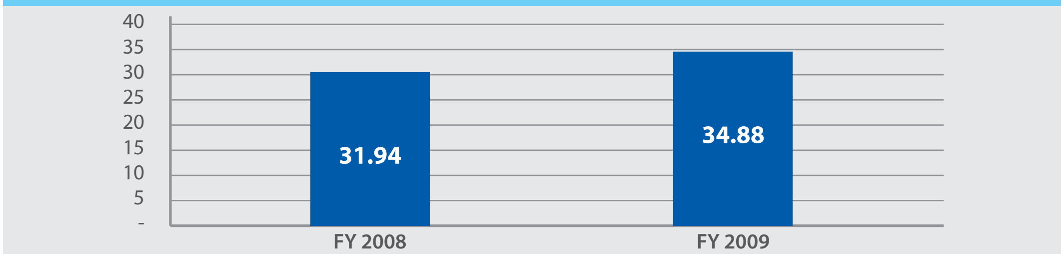
REVENUE (RM MILLION)



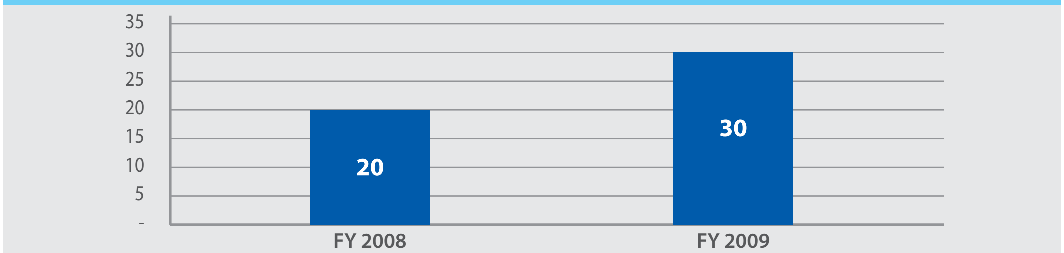
PROFIT BEFORE TAX (RM MILLION)



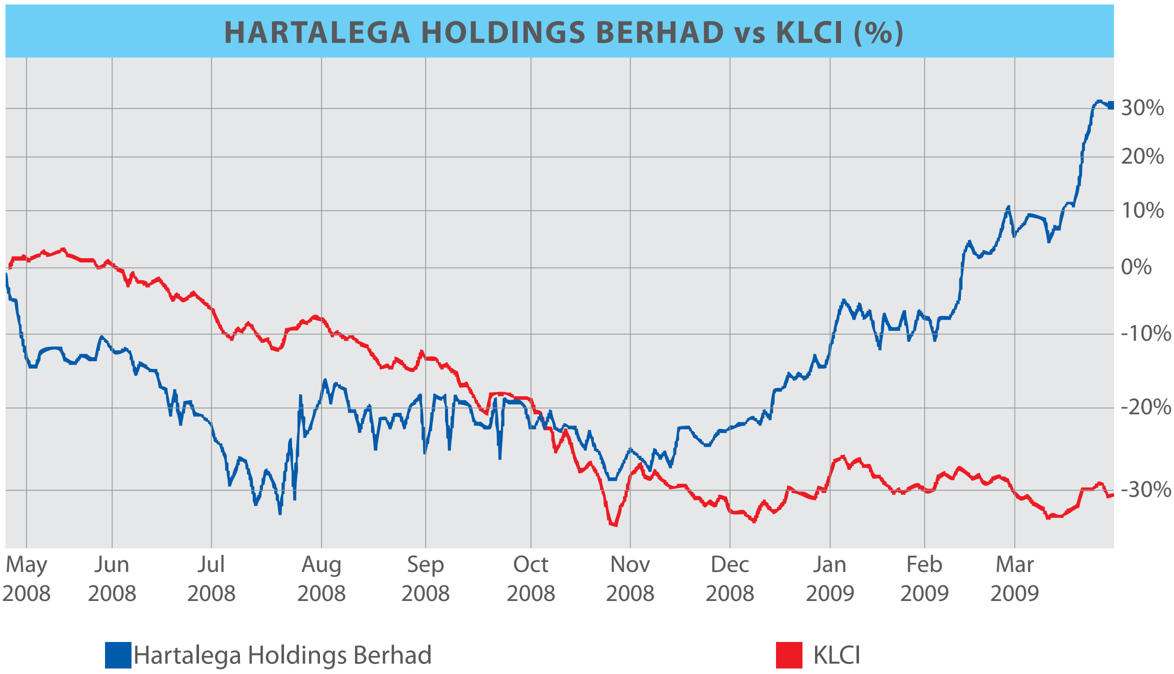
EARNINGS PER SHARE (SEN)



RETURN ON EQUITY (%)



6 PERFORMANCE OF SHARE PRICE



CORPORATE INFORMATION 7

BOARD OF DIRECTORS

Kuan Kam Hon @ Kwan Kam Onn	*Executive Chairman and Managing Director*
Abdul Hamid bin Sh Mohamed	*Independent Non-Executive Director*
Chuah Phaik Sim	*Independent Non-Executive Director*
Dato' Mohamed Zakri bin Abdul Rashid	*Independent Non-Executive Director*
Kuan Mun Keng	*Non-Independent Executive Director*
Kuan Mun Leong	*Non-Independent Executive Director*
Liew Ben Poh	*Non-Independent Executive Director*
Sannusi bin Ngah	*Non-Independent Non-Executive Director*

AUDIT COMMITTEE

Chuah Phaik Sim	*Chairperson*
Abdul Hamid bin Sh Mohamed	*Member*
Dato' Mohamed Zakri bin Abdul Rashid	*Member*

REMUNERATION COMMITTEE

Dato' Mohamed Zakri bin Abdul Rashid	*Chairman*
Abdul Hamid bin Sh Mohamed	*Member*
Sannusi bin Ngah	*Member*

NOMINATION COMMITTEE

Dato' Mohamed Zakri bin Abdul Rashid	*Chairman*
Chuah Phaik Sim	*Member*
Sannusi bin Ngah	*Member*

COMPANY SECRETARIES

Lim Ming Tong (MAICSA 7000281)
Hoh Kean Nyuk (MAICSA 7043594)
SSA Professional Services Sdn Bhd
Mezzanine Floor
No. 8A, Jalan Sri Semantan Satu
Damansara Heights, 50490 Kuala Lumpur

REGISTERED OFFICE

Mezzanine Floor
No. 8A, Jalan Sri Semantan Satu
Damansara Heights, 50490 Kuala Lumpur
Tel : +603 2094 1888 Fax : +603 2094 7673

CORPORATE OFFICE

C-G-9, Jalan Dataran SD1
Dataran SD, PJU 9
Bandar Sri Damansara
52200 Kuala Lumpur
Tel : +603 6277 1733
Url : www.hartalega.com.my
Email : info@hartalega-kl.com.my

FACTORY

No. 7, Kawasan Perusahaan Suria
45600 Batang Berjuntai, Selangor
Tel : +603 3271 0277

PRINCIPAL BANKERS

RHB Bank Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad

AUDITORS

Moore Stephens AC (AF. 1826)
No. 8A, Jalan Sri Semantan Satu
Damansara Heights, 50490 Kuala Lumpur

REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : +603 2721 2222
Fax : +603 2721 2530 / +603 2721 2531

8 PROFILE OF **DIRECTORS**

(Front row - left to right)

Dato' Mohamed Zakri bin Abdul Rashid
Independent Non-Executive Director

Kuan Kam Hon @ Kwan Kam Onn
Executive Chairman & Managing Director

Abdul Hamid bin Sh Mohamed
Independent Non-Executive Director

(Back row - left to right)

Chuah Phaik Sim
Independent Non-Executive Director

Liew Ben Poh
Non-Independent Executive Director

Kuan Mun Leong
Non-Independent Executive Director

Sannusi bin Ngah
Non-Independent Non-Executive Director

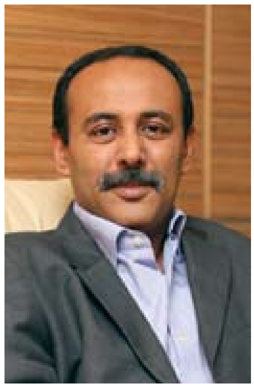
Kuan Mun Keng
Non-Independent Executive Director

Kuan Kam Hon @ Kwan Kam Onn
Executive Chairman and Managing Director, Malaysian

Kuan Kam Hon @ Kwan Kam Onn, aged 62, was appointed as Executive Chairman and Managing Director on May 7, 2007. Kuan is primarily responsible for the overall business, strategic planning and entire operations of the Group, including research & development. He began his career in the building and construction sector in 1969 under Kuan Yuen & Sons Company, a well-known quality homebuilder in the 70s specialising in upper-class residential units in the Klang Valley. In 1978, he started Timol Weaving Sdn Bhd, one of the pioneers in woven labels and badges. In 1981, he formed Hartalega Sdn Bhd. Under his leadership, Hartalega Sdn Bhd has since become a reputable manufacturer of latex gloves in the industry and is now a public listed company on the Main Board of Bursa Malaysia Securities Berhad, known as Hartalega Holdings Berhad. He has established a set of management values that are quality-driven and encourages creativity and innovation to produce highly-skilled personnel. He presently sits on the Board of several other private limited companies as well.

Abdul Hamid bin Sh Mohamed
Independent Non-Executive Director, Malaysian

Abdul Hamid bin Sh Mohamed, aged 44, was appointed as Independent Non-Executive Director on May 7, 2007. Abdul Hamid is a Fellow of the Association of Chartered Certified Accountants. He is presently Executive Director of Symphony House Berhad, a listed business process outsourcing company, a post he has held since December 2003. Prior to that, he was Chief Financial Officer of the Kuala Lumpur Stock Exchange ("KLSE") now known as Bursa Malaysia. He joined the KLSE in 1998 as Senior Vice President in charge of Strategic Planning & International Affairs and was promoted to Deputy President (Strategy & Development) in 2002 and was later re-designated to Chief Financial Officer in 2003. Over the five years with the KLSE Group, he had diverse roles and honed his expertise in strategy, corporate finance, business transformation, finance and administration, treasury, external affairs and public relations. He led KLSE's acquisitions of Kuala Lumpur Options and Financial Futures Exchange (KLOFFE) and Commodity and Monetary Exchange of Malaysia (COMMEX) and their merger to form the Malaysia Derivatives Exchange (MDEX), and the acquisition of MESDAQ. He also led the KLSE's demutualisation exercise. He started his career with the accounting firm Messrs Arthur Yong, before moving on to merchant banking with Bumiputra Merchant Bankers Berhad. He later moved on to the Amanah Capital Malaysia Berhad Group, an investment banking and finance group, where he oversaw the corporate planning and finance functions until 1998 when he joined the KLSE. He also serves on the Boards of Pos Malaysia Berhad and Genesis Malaysia Maju Fund Limited as Independent Non-Executive Directors and Co-Chairman of Outsourcing Malaysia, an industry trade association.



PROFILE OF DIRECTORS

Dato' Mohamed Zakri bin Abdul Rashid

Independent Non-Executive Director, Malaysian

Dato' Mohamed Zakri bin Abdul Rashid, aged 66, was appointed as Independent Non-Executive Director on May 7, 2007 and sits on our Audit Committee. Dato' Mohamed Zakri was appointed to Hartalega Sdn Bhd's Board on November 27, 1998 as a Non-Executive Director. He holds a Bachelor of Arts with Honours and a Diploma in Public Administration from Universiti Malaya. He also holds a Masters in Public Administration from the University of Southern California, USA. He retired from Government service in 1998 as Director General of the Department of Immigration of Malaysia after having served the department for more than four years. Previously, he had served the Government in various capacities at the Ministry of Transport, Ministry of Finance and the Prime Minister's Department for more than 30 years. He also serves as an Independent Non-Executive Director in Dialog Group Berhad.

Sannusi bin Ngah

Non-Independent Non-Executive Director, Malaysian

Sannusi bin Ngah, aged 51, was appointed as Non-Independent Non-Executive Director on May 7, 2007. Sannusi holds a Masters in Business Administration majoring in Finance from the University of New Haven, Connecticut, USA, a Bachelor of Business Administration majoring in Finance from Ohio University, Athens, USA, and a Diploma in Accountancy from Universiti Teknologi Mara. In 1987, he joined Kewangan Usaha Bersatu Berhad, a licensed finance company, as an Internal Audit Officer. In January 1990, he joined Rakyat Merchant Bankers Berhad as Assistant Manager in the Corporate Finance Department. His last position at Rakyat Merchant Bankers Berhad was Senior Manager of Corporate Finance Department. In October 1993, he joined Chase Perdana Berhad as Group General Manager, Corporate and Projects. In June 1995, he left Chase Perdana Berhad and was appointed Director in several private limited companies. During the tenure of the above appointments, he was involved in various corporate advisory exercises ranging from initial public offerings, mergers and acquisitions, take-overs, reverse take-overs, general offers, corporate restructuring and other capital raising exercises. He currently also sits on the board of Poly Tower Ventures Berhad as a Non-Independent Non-Executive Director.

Chuah Phaik Sim
Independent Non-Executive Director, Malaysian

Chuah Phaik Sim, aged 40, was appointed as Independent Non-Executive Director on May 7, 2007. Chuah is a member of the Malaysian Institute of Certified Public Accountants and a Chartered Accountant with the Malaysian Institute of Accountants. She started her career in January 1989 with KPMG Desa Megat & Co (now known as KPMG) as an articled student and rose through the ranks to become a qualified Audit Senior in 1993. Her experience in KPMG included external audits, restructuring, as well as initial public offering and valuation exercises. She left KPMG in 1994 to become Finance Manager of a public listed company and was responsible for the overall financial and administrative management of the company and the consolidation of the group accounts. In 1995, she joined Kumpulan Jetson Berhad as the Internal Auditor, reporting functionally to the Audit Committee. She was responsible for the setting up and overall management of the Internal Audit Department. In 2000, she left Kumpulan Jetson Berhad and was appointed Director of several private limited companies. She has since remained active in providing corporate advisory and consultancy services in respect of restructuring, mergers and acquisitions, and valuation exercises.

Liew Ben Poh
Non-Independent Executive Director, Malaysian

Liew Ben Poh, aged 60, was appointed as Executive Director on May 7, 2007. Presently, Liew is the Sales and Marketing Director of Hartalega Holdings Berhad. His vast experience of over 28 years has helped Hartalega Holdings Berhad in establishing a strong client base. In addition, he is one of the key personnel involved in the research and development aspects of Hartalega Holdings Berhad. He is very active in the latex glove industry and was President of the Malaysian Rubber Glove Manufacturers' Association (MARGMA) for two terms. He was the first Chairman of the ASEAN Rubber Gloves Manufacturers' Association and has been re-elected to serve as Chairman for 2008-2009. He is also a Board Member of the Malaysian Rubber Export and Promotion Council (MREPC) under the Ministry of Primary Products and Commodities. Owing to his vast knowledge of the latex glove industry, he is regularly invited to speak at international conferences in Malaysia as well as overseas.

PROFILE OF DIRECTORS

Kuan Mun Leong
Non-Independent Executive Director, Malaysian

Kuan Mun Leong, aged 33, was appointed as Executive Director on May 7, 2007. Presently, he is responsible for assisting the Managing Director in running the operations of Hartalega Holdings Berhad. He graduated with Honours in Mechanical Engineering from Monash University, Australia in 1999 and obtained a Masters of Business Administration (MBA) from the University of Strathclyde Business School, Scotland in 2007. In 1999, he joined MechMar Energy Sdn Bhd as a Project Engineer specialising in installation and commissioning of industrial boilers and mini power plants. Upon leaving MechMar Energy Sdn Bhd in 2001, he joined Hartalega Holdings Berhad as Technical Executive and was subsequently promoted to Technical Manager in 2004. He was responsible for providing technical support in all engineering aspects including design, process improvement and engineering change control with special emphasis on cost reduction and improvements in process and equipment efficiency. He was the person directly responsible for the successful implementation of the biomass energy system allowing Hartalega Holdings Berhad to enjoy substantial cost savings in energy consumption. He was also directly responsible for the completion of the expansion project including designing and planning of the new production lines and systems for the third manufacturing plant of the Group.

Kuan Mun Keng
Non-Independent Executive Director, Malaysian

Kuan Mun Keng, aged 34, was appointed as Executive Director on July 4, 2008. Presently, he is responsible for the Corporate Finance and Business Development departments of Hartalega Holdings Berhad. He graduated with a Bachelor's Degree in Business (Accounting) and Bachelor's Degree in Computing from Monash University in 1997. He is also a Certified Practising Accountant with CPA Australia. Upon graduation, he joined Kassim Chan Business Services as an Analyst in the Information Technology Consultation division in 1997. In 1998, he left and joined Hartalega as a Production Executive. He then worked in the Accounts and Management Information Services Departments implementing various beneficial changes before he was promoted to Deputy Operations Manager in 2003. He was involved in the daily operations of the quality control and packing departments and assisted the Operations Manager in managing the production operations.

Notes

- Family Relationship with Director and/or Major Shareholder
  Kuan Kam Hon is the father of Kuan Mun Keng and Kuan Mun Leong. Save as disclosed herein, none of the Directors has any family relationship with any director and/or major shareholder of the Company.

- Conflict of Interest
  None of the Directors has any conflict of interest with the Company.

- Conviction of Offences
  None of the Directors has been convicted of any offences in the past ten (10) years.

EXECUTIVE CHAIRMAN'S STATEMENT

Kuan Kam Hon @ Kwan Kam Onn
Executive Chairman and Managing Director

Dear Shareholder,

As we complete our first year as a public listed company, I am pleased to present to you our annual report for the year ended 31 March 2009.

EXECUTIVE

CHAIRMAN'S STATEMENT

Over the years, we have grown on a sustained basis and for the financial year under review, we have indeed registered a significantly strong growth. This is owing to our emphasis in producing high quality gloves and being an industry leader in terms of technology as well as research and development (R&D).

Today, we are clearly amongst the top global industry players and we intend to maintain, if not solidify this position. Your Group is currently well-placed to meet the continued demand for gloves and more importantly to supply quality gloves at reasonable prices. With more than two decades of experience in this sector, Hartalega Holdings Berhad (Hartalega) remains committed to our shareholders by steadily enhancing our prospects by manufacturing high quality gloves.

ECONOMIC LANDSCAPE

Despite the slowing down of the US economy and most developed economies experiencing decelerated growth, the prospects for the glove industry remain positive.

This is due to the fact that the end-users of gloves are primarily from highly regulated sectors such as healthcare, biotechnology as well as R&D facilities. Hence, the humble glove has an imperative role that can no longer be overlooked or cast aside. Gloves have evolved into a necessity and today they are viewed as indispensable in the healthcare sector.

In spite of this, there are challenges that prevail in the sector. The surging price of crude oil which impacted gas and electricity prices, the rising costs of doing business, financing, poor manufacturing practices, lack of innovation as well as maintaining and finding new markets are some of the key concerns for other participants in this sector.

The hike in crude oil price particularly was one of the more pressing issues for the industry during the financial year under review. Crude oil experienced significant fluctuations during the year and had hit a high of USD147 per barrel in July 2008.

However, the rise in crude oil prices led to an increase in gas tariffs resulting in a jump of 70% in natural gas prices in August 2008. This had an impact on glove manufacturers as gas is needed to generate energy. Fortunately, gas prices were subsequently reduced in February 2009 by 32% due to the drop in crude oil prices during that period.

Crude oil also impacted electricity tariffs in July 2008. As a result, tariffs increased by 26%. However, similar to gas tariffs, electricity tariffs were also revised downwards by 5% in March 2009.

Such challenges are common in the glove industry and given that Malaysia is the largest producer of rubber gloves worldwide, we are confident industry participants will remain resilient and rise to the challenges.

FINANCIAL PERFORMANCE

Your Group has performed exceptionally well in the year under review albeit the tough global economic conditions that have impacted nations and corporations. We closed the year by achieving a revenue of RM443.2 million which was 72.1% higher than the previous corresponding year's result of RM257.6 million.

The Group recorded a profit before tax of RM95.5 million which is 25.7% higher than the previous financial year's result of RM76 million. The Group also registered a higher profit after tax of RM84.5 million as compared with RM69.6 million recorded last year.

A key point to note is that for the previous financial year ended March 31, 2008, a recognition of negative goodwill of RM34.1 million from the acquisition of a subsidiary was recorded. When excluding this acquisition gain for the financial year ended 2008 and comparing it with the profit after tax for the financial year ended 2009, the Group actually registered an outstanding increase of 138%. This outstanding jump is a true testament to our on-going organic growth plans.

This sterling performance is attributed to our new technologically advanced high capacity glove production lines. In addition, our continued emphasis on reducing cost due to on-going enhancements in the production process had a major positive impact on our margins.

The Group has a solid and proven business model where it focuses on sharpening its technological expertise to ensure that it is fully prepared in any economic situation. This is a clear reflection of the Group's forward-thinking strategy to invest in R&D for greater profitability.

Additionally, our strategy of focusing on nitrile gloves was also an important factor for our financial success. This has enabled the Group to have better cost control with regards to raw materials.

As Malaysia's largest nitrile glove producer and possibly the world's second largest, we intend to build on our pole position by emphasising on our engineering capabilities in the manufacturing of nitrile gloves.

Our earnings per share ended at 34.88 sen compared with 31.94 sen for the previous financial year, while net tangible assets per share was 105.49 sen [2008: 74.06 sen].

We are firm believers that our shareholders consider Hartalega a viable investment particularly from the perspective of dividend yield. On this basis, the total dividend declared and paid to date in respect of the financial year ended 31 March 2009 was 8 sen per share.

The Board is recommending a final interim dividend of 4 sen per share. This brings total dividends paid for the year under review to 12 sen which translates to a yield of 5.6%. This is equivalent to a dividend payout ratio of 34.4%.

EXECUTIVE CHAIRMAN'S STATEMENT

RESEARCH AND DEVELOPMENT

Our emphasis on R&D has kept us ahead of the industry given that we have broken away from conventional glove manufacturing practices. This focused approach has enabled us to develop proprietary technology and equipment for increased efficiency which had a direct impact on our financial performance. These advancements provide us with the opportunity to offer our customers highly competitive pricing whilst still delivering a positive bottom-line for the Group.

We have carved our niche in the glove industry by being a leader in technology. We believe that through our superior expertise in technology, we are able to enhance our manufacturing processes to produce gloves that are higher in quality, in a more efficient manner. We stand out as the most efficient and profitable glove manufacturer due to our strengths in engineering, technology innovation and highly automated manufacturing processes.

This is evidenced by the fact that the Group was the first in the world to produce high-stress-retention nitrile examination gloves. Essentially, Hartalega created this category and maintains a strong lead in this segment of nitrile gloves. Our transformation of the nitrile glove landscape via our R&D efforts has enabled us to produce one of the world's lightest nitrile gloves, weighing only 3.7g per piece compared with the industry average of 4.2g.

For the fiscal year, our R&D breakthrough has led to the commercial scale production of aloe vera coated nitrile gloves. Coupled with this, we have commenced operations of damp don gloves for the UK market.

The Group's nitrile gloves provide an alternative to latex-sensitive users who are prone to protein allergic reactions. Our nitrile gloves offer exceptional durability and strength mirrored by the fact that as a result of our engineering prowess, we were able to produce 5.5 billion gloves for the year under review. This exponential jump in production capacity was more than 66% compared with the previous financial year.

MARKETING

I am glad to announce that our primary market, the United States of America (USA), grew by 83% in terms of contribution to our revenue and glove production. It is the USA that has given us the edge of possibly being the second largest exporter of nitrile gloves.

Nitrile gloves account for 80% of our production capacity. Clearly, this category and nature of gloves is fast becoming a firm favourite specifically in the healthcare sector and more importantly in the biggest market in the world, the USA.

We have also set our sights very firmly on the Scandinavian market as well as Germany which offer vast potential for our nitrile gloves.

Additionally, the year marked another milestone for the Group when we became one of the first glove manufacturers to be approved under Brazil's new and more stringent regulatory standards by Agência Nacional de Vigilância Sanitária (ANVISA), otherwise known as the Brazilian National Health Vigilance Agency.

Our customer's loyalty is second to none by virtue of the fact that Hartalega stands for reliability of not only product, but more importantly the ability to deliver the capacity required by our customers on a timely and efficient basis. We will grow our marketing network thanks to this winning formula.

HUMAN CAPITAL

We are developing a strong human capital base particularly from a technology and manufacturing perspective. This will form the backbone of our Group.

Leveraging on our ability to automate and advance our manufacturing processes, during the year under review we began developing a comprehensive key performance index (KPI) to measure and improve our human capital aptitude and attitude. This system also includes a comprehensive overhaul of our training and development efforts, and is set to begin in September 2009.

Quality employees will help Hartalega deliver quality products. With the right skill-set and management know-how via our KPI programme, our human capital will be better prepared for a strong future growth.

The Group is also committed to developing young talent. To this end, we have implemented an Internship Programme which seeks to provide interns with hands-on training to equip them with sufficient skills and knowledge to gain employment in the future. This programme also enables the Group to cherry-pick bright, energetic and inspiring talent to join our team upon graduation.

OUTLOOK

At Hartalega, we are not oblivious to the fact that the economic environment, both domestically and internationally, will remain challenging in the year ahead, as the measures which we have put in place will prepare us for the uncertainties that lie ahead particularly from the perspective of a rise in energy cost. We are conscious about how this single factor could impact our bottom-line, thus our robust efforts in strengthening our R&D, engineering and manufacturing processes.

We intend to grow our nitrile market particularly in the USA by a double digit performance. We aim to complement this with growth in the European market followed by the South American region and other key nations which we export to.

Our fourth plant has brought us amazing results due to the huge jump in production capacity. We are now planning the construction of a fifth plant. Though its impact will not be immediately seen in the next financial year, on the longer horizon, we are certain that this latest plan will impact our bottom-line positively.

Your Group is confident that the coming financial year will prove to be another bullish one subject to unforeseen circumstances.

ACKNOWLEDGEMENT

The Group's continued growth has indeed been the result of a collective effort. On this score and on behalf of the Group, I would like to express my sincere appreciation to the Board, the management team and our employees for their professionalism and dedication.

My gratitude also to our shareholders, financiers, business partners, consultants and relevant authorities who have supported the Group's efforts during the year.

Thank you.

Kuan Kam Hon
Executive Chairman

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

As a member of the business community in Malaysia, we are fully aware that we do not operate in isolation and that it is important to be an ethical and socially responsible corporate citizen. On this score, the Group is focused on promoting a working culture that actively practises and implements good Corporate Social Responsibility (CSR) initiatives. Our overall vision is to make positive contributions that will benefit society and the environment in a meaningful and tangible manner.

Hartalega's biomass heaters

Hartalega's wastewater treatment plant

Environment, Health and Safety (EHS)

At Hartalega, we take great care in preserving the environment and in safeguarding the overall well-being of our employees. As one of the leading glove players in the industry, our goal is to produce gloves that adhere to international quality systems and manufacturing practices in a safe and conducive working environment.

In line with our efforts to ensure that safety protocols are maintained, we established the Occupational Health and Safety Management System (OHSAS). Among our OHSAS initiatives throughout the year were:

- Health checks for employees including hearing tests
- Emergency response team training
- Chemicals and equipments safety training
- Periodic checks on air, noise and water quality
- Fire drills

We also adopted a pro-active approach in protecting our environment through proper management of waste and energy. On this note, we maintained our effluent water treatment plants at the highest standards in an effort to ensure effluent discharge does not negatively affect the environment.

In addition, we take great pride in our biomass heat energy plants which represent a first in the glove sector. These plants use oil palm plantation waste, specifically empty fruit bunches that are otherwise useless but can be converted into a valuable source of energy. Hence, this avoids the emission of greenhouse gases such as carbon dioxide which contribute to climate change and global warming. Our biomass plants are registered with the United Nations Framework Convention on Climate Change (UNFCCC).

Community Programme

For the year under review, the Group continued to work closely with the community to find avenues to enhance quality of life. To this end, the Group refurbished a nearby recreational park, built a playground and bus-stops for the benefit of the local community. In addition, the Group made numerous donations to schools and local residents during the Merdeka celebrations.

During festive seasons such as Hari Raya, Chinese New Year and Deepavali, the Group also made it a priority to make contributions and visit orphanages and the less fortunate in Batang Berjuntai and Kuala Selangor.

We also paid a one-off hardship allowance at the peak of the fuel hike to ease the burden on employees in the lower rung. Apart from this, the Group implemented an Education Assistance Scheme where we provided financial assistance for our employees' children.

Additionally, the year saw us reaching out to victims of natural disasters. This is evidenced by our donations to flood victims in the vicinity of Batang Berjuntai where we provided food and other necessities to the flood relief centre.

Recognising the importance of family bonding, we celebrated Labour Day by organising a Family Day for employees and their families, who were treated to a fun day of activities which included colouring contests, magic shows, tele-matches, clowns, balloons and lucky draws. Orphans and senior citizens from the surrounding communities were also invited to attend.

Road Safety Campaign for Hari Raya in September 2008

Hari Raya donation in October 2008

Deepavali donation in October 2008

Taman Sinaran Ponggal Festival in January 2009

Flood relief for flood victims of Batang Berjuntai and Taman Suria in April 2009

Batang Berjuntai Firemen Safety Training in May 2009

CALENDAR OF EVENTS

April 2008
Trade Fair – CMEF, Spring in Shen Zhen, China

May 2008
20th Anniversary Annual Dinner

CALENDAR OF EVENTS

May 2008
20th Anniversary Annual Dinner

August 2008
Pesta Makan Durian

June 2008
Trade Fair – Hospitalar in Sao Paolo, Brazil

Nov 2008
Trade Fair – Medica in Düsseldorf, Germany

STATEMENT ON **CORPORATE GOVERNANCE**

The Board of Directors is committed to safeguarding the interests of its stakeholders and recognises the importance of corporate governance in achieving this objective. The Board knows that transparent disclosure of its organisational and management structure as well as other aspects of its corporate governance helps stakeholders to assess the quality of the Group and its management and assists investors in their investment decisions.

The Board is committed to ensure that the Group's corporate governance is in line with the principles and best practices set out in Part 1 of The Malaysian Code on Corporate Governance ("the Code"). The Board further acknowledges the recommended best practices and the adopted alternative practices set out in Part 2 of the Code and continues to evaluate the status of the practices and the adopted alternatives.

A. Board of Directors

Composition of the Board

The Board comprises members who have vast experience in the glove industry as well as professionals in the finance and consulting sectors. The Board brings a wide spectrum of diverse skills and expertise to the Group which allows it to meet its objectives in the glove manufacturing landscape.

The Board currently has eight (8) members comprising four (4) Non-Independent Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. This fulfils the one-third independence requirement.

The Board continues to be mindful of the combined role of the Chairman and Managing Director positions currently held by Kuan Kam Hon. This combined role is maintained as the valuable knowledge in the business operation contributed by Kuan Kam Hon is essential to the effective management of the Group and serves the best interest of the Group.

Any concern can be conveyed to any of the Directors as they exercise their responsibilities collectively. Hence, the need to appoint a senior Independent Non-Executive Director to address concerns relating to the Group does not arise.

Board Committee

The Board is assisted by several Board Committees which operate within clearly defined terms of reference.

- **Audit Committee**
  The Audit Committee assists the Board in meeting its responsibilities regarding financial reporting and review, and evaluates the internal and external audit functions.

- **Remuneration Committee**
  The Remuneration Committee recommends to the Board the remuneration of the Executive and Non-Executive Directors. The committee also assists the Board in assessing the responsibility and commitment undertaken by our Board Members.

- **Nomination Committee**
  The Nomination Committee reviews the composition of the Board and nominates candidates to the Board when the need arises. It also assesses the skills and performance of the Directors and ensures that the Board appointees undergo appropriate training.

Board Meetings and Supply of Information

During the financial year under review, seven (7) Board meetings were held. Details of attendance of each individual director in respect of the meetings held are disclosed below:-

Name of Directors	Meetings Attended
Kuan Kam Hon @ Kwan Kam Onn	7/7
Abdul Hamid bin Sh Mohamed	7/7
Chuah Phaik Sim	6/7
Dato' Mohamed Zakri bin Abdul Rashid	6/7
Kuan Mun Keng*	3/3
Kuan Mun Leong	7/7
Liew Ben Poh	6/7
Sannusi bin Ngah	7/7

**Note: Kuan Mun Keng was appointed as Director of the Company on 4 July 2008.*

Board meetings were held to discuss matters that required members' input and decision. Board meetings are structured with pre-set agendas circulated in advance to ensure sufficient time is given to understand the key issues and contents. The Company Secretary is responsible for ensuring the Board meeting procedures are followed and applicable rules and regulations are complied with.

Appointment and Re-election of Directors

In accordance with the Company's Articles of Association, one third (1/3) of the Directors shall retire by rotation at each AGM provided that all Directors retire from office at least once in three (3) years. The Directors retiring from office shall be eligible for re-election by shareholders.

Directors' Training

All Directors are encouraged to participate in relevant training programmes for continuing professional development and to further enhance their skills and knowledge. The Directors are mindful that they shall receive appropriate training which may be required from time to time to keep them abreast with the current development of the industry as well as new statutory and regulatory developments.

During the financial year, the Directors have attended the following conferences and training programmes:-

Name of Directors	Training Attended
Kuan Kam Hon @ Kwan Kam Onn	4th International Rubber Conference
Chuah Phaik Sim	KPMG Tax Summit 2008 Strategy, Assessment & Structure of Risk Management Solving People Puzzles with DiSC Behaviour Model KPMG Tax Seminar - Mini Budget 2009

STATEMENT ON CORPORATE GOVERNANCE

Abdul Hamid bin Sh Mohamed	WCIT 2008 Congress Seminar on Mid Term Review on 9th Malaysia Plan Khazanah Global Lectures Outsourcing Malaysia Conference 2008
Kuan Mun Keng	4th International Rubber Conference Dale Carnegie's Leadership Training for Managers
Kuan Mun Leong	International Conference on Oil Palm Biomass 4th International Rubber Conference Carbon Finance Asia 2008 Dale Carnegie's Leadership Training for Managers
Liew Ben Poh	4th International Rubber Conference

All Directors of the Company have attended the Mandatory Accreditation (MAP) prescribed by Bursa Malaysia Securities Berhad for directors of public listed companies.

B. Directors' Remuneration

In the case of Executive Directors, the remuneration package is structured to reward corporate and individual performance while for Non-Executive Directors, the remuneration reflects the experience and level of responsibilities undertaken.

The aggregate Directors' remuneration paid or payable or otherwise made available to all Directors of the Company during the financial year is as follows:-

Category	**Fees (RM)**	**Salaries & Other Emoluments (RM)**	**Benefit in Kind** (RM)
Executive Director	122,500	2,037,906	50,900
Non-Executive Director	144,000	0	0

Directors' remuneration is broadly categorized into the following bands:-

Range of Remuneration	**No. of Executive Directors**	**No. of Non-Executive Directors**
Below RM100,000	0	4
RM300,000 – RM400,000	2	0
RM400,000 – RM500,000	1	0
RM1,200,000 – RM1,300,000	1	0

C. Relationship with Shareholders and Investors

The Group recognises the importance of communication with its shareholders and utilises many channels to disseminate information and to interact with them. The Group has a website in which shareholders and the public can access up-to-date information about the business and the Group. The website can be accessed at www.hartalega.com.my.

For the year under review, the Group has also become a member of the Malaysian Investor Relations Association (MIRA) and has applied to their Investor Relations Incentive Program (IRIP) to develop our Investor Relations portal which is accessible through our website.

In addition, the Group makes various announcements on business developments using traditional mass media throughout the year. The Group also releases financial results on a quarterly basis according to the Bursa Malaysia Securities Berhad requirements.

The Group aims to have full interaction with fund managers, institutional investors and analysts. The Group has also established a Corporate Affairs department to enhance our investor relations. During the year, the Group arranged for Executive Directors and Senior Management to communicate and meet with investors and analysts to brief them on the on-going business landscape.

Information is disseminated in strict adherence to disclosure requirements of Bursa Malaysia Securities Berhad.

D. Accountability and Audit

Financial Reporting

The Board aims to present a balanced assessment of the Company and the Group's financial performance and prospects through its Annual Report, quarterly announcements and press releases.

The Statement of Directors' Responsibility in relation to the preparation of the annual financial statements is set out in page 32 of this report.

Internal Control

The Board is committed to maintaining a sound system of internal control within the Group. The Board acknowledges that a good system of internal control covering all aspects of the business including compliance and risk management is required to safeguard shareholders' investment and the Group's assets.

Information on the Group's internal control is set out in Statement on Internal Control located on page 31 of this report.

Relationship with External Auditor

The Board has a formal and transparent relationship with its auditor, Moore Stephens. The external auditor through its statutory audit function continues to review, evaluate and refine the Group's accounting policies and procedures including internal control measures.

This statement is made in accordance with the resolution of the Board of Directors dated 22 July 2009.

AUDIT COMMITTEE **REPORT**

A. COMPOSITION AND ATTENDANCE

The Audit Committee comprises the following members, with details of attendance of each member at committee meetings held during the year ended 31 March 2009 as follows:-

Composition of the Committee	Attendance
Chuah Phaik Sim (Chairperson/Independent Non-Executive Director)	6/7
Abdul Hamid bin Sh Mohamed (Independent Non-Executive Director)	7/7
Dato' Mohamed Zakri bin Abdul Rashid (Independent Non-Executive Director)	6/7

B. COMPOSITION COMPLIANCE

The Audit Committee consists of three (3) members all of whom are Independent Non-Executive Directors. None of them are alternate directors. Chuah Phaik Sim, who is a member of MIA, chairs the Audit Committee.

C. TERMS OF REFERENCE

Authority

The Committee shall, in accordance with procedures determined by the Board and at the expense of the Company:-

- Investigate any activity within its terms of reference, with the co-operation of all employees as directed by the Board and the Committee;
- Have full and unrestricted access to all information, documents and resources required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group;
- Obtain independent professional advice or other advice and to secure the attendance of external parties with relevant experience and expertise if necessary;
- Convene meetings with the internal or external auditors, without the attendance of the Executive Directors, whenever deemed necessary; and
- Make relevant reports when necessary to the relevant authorities of a breach of the Listing Requirements has occurred.

Responsibilities and Duties

The Audit Committee shall be the focal point for communication between external auditors, internal auditors, Directors and the Management on matters in connection with financial accounting, reporting and controls. It shall also ensure that accounting policies and practices are adhered to by the Company and its subsidiaries.

The duties of the Audit Committee shall include the following:-

- To review the quality of the external auditors and to make recommendations on their appointment, termination and remuneration;
- To review the audit plan and audit reports, including the evaluation of the internal control system with the external auditors;
- To review the independence and objectivity of the external auditors and their services, including non-audit services;
- To review the liaison between the external auditors, Management and the Board, and the assistance given by Management to the external auditors;
- To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss;
- To review the external auditor's audit report, management letter and Management's response;
- To review the assistance given by the employees of the Company and its subsidiaries to the external auditor;

- To consider the appointment of the internal auditor, the audit fees and any questions of their resignation or dismissal;
- To review the internal audit functions namely:-
  - The adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - The internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal auditor; and
  - The performance of the internal auditor, whose role includes the examination and evaluation of the Group's operations and their compliance with the relevant policies, codes and legislations;
- To review the quarterly reporting to Bursa Malaysia Securities Berhad and year-end annual financial statements before submission to the Board, focusing on major accounting policy changes, significant audit issues in relation to the estimates and judgement areas, significant and unusual events, and compliance with accounting standards and other legal requirements;
- To monitor any related party transactions and recurring related party transactions that may arise within the Group and to report, if any, transactions that may arise within the Group and any related party outside the Group that are not based on arms-length terms and are disadvantageous to the Group;
- To review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or cause of conduct that may raise questions of management integrity;
- To consider the major findings of internal investigations and Management's response;
- To review and monitor the effectiveness of the Group's system of internal control; and
- To consider other matters as defined by the Board.

D. MEETINGS

The Committee will meet at least four (4) times a year and such additional meetings as the Chairman shall decide to hold in order to fulfil its duties. The external auditors may request a meeting if they consider that one is necessary.

The Quorum for each meeting shall be two (2) members and the majority of members present must be Independent Non-Executive Directors.

The authorised officers and a representative of the external auditors may attend meetings at the invitation of the Committee. Other Board members shall also have the right of attendance upon the invitation of the Committee. If necessary, the Committee shall meet with the external auditors without executive Board members present.

The Secretary to the Committee shall be the Company Secretary or any other person appointed by the Committee.

The Secretary shall be responsible, in conjunction with the Chairman, for drawing up the Agenda and circulating it to the Committee members prior to each meeting. The Secretary will also be responsible for keeping the minutes of the meeting of the Committee, and then circulating the minutes to the Committee members and other members of the Board.

A Resolution in writing signed or approved by letter by all members of the Audit Committee sufficient to form a quorum shall be valid and effectual as if it had been passed at a meeting of the Audit Committee duly called and constituted. All such resolution shall be described as "Audit Committee Circular Resolution" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's minute book. Any such resolution may consist of several documents in like form, each signed by one (1) or more members.

E. SUMMARY OF ACTIVITIES

The following activities were carried out by the Audit Committee during the year under review: -

- Reviewed the quarterly financial statements and Annual Report of the Group prior to presentation to the Board for approval;
- Reviewed the audit fees and remuneration payable to external and internal auditors;
- Reviewed with internal auditors their audit plan prior to commencement of audit;
- Reviewed the audit plan and audit reports, including the evaluation of the internal control system with the external auditors; and
- Reviewed the internal audit reports and ensured that appropriate actions were taken on the recommendations of the internal auditor.

The Committee discharged its duties and responsibilities in accordance with its Terms of Reference.

F. INTERNAL AUDIT FUNCTION

The role of the internal audit function is to assist the Audit Committee and the Board of Directors in monitoring and managing risks and internal controls of the Group. A systematic and disciplined approach is used to evaluate and improve the effectiveness of risk management, operational and internal controls, and compliance with laws and regulations.

The internal annual audit planning memorandum established is reviewed and approved by the Audit Committee before commencement of the financial year.

Internal audits are carried out in accordance with the internal annual planning memorandum and reports are issued to the Audit Committee for tabling at the Audit Committee meetings. The Audit Committee deliberates on the findings and recommendations as reported by the Internal Auditors and monitors to ensure appropriate follow-up actions are taken on the recommendations of the internal auditor.

STATEMENT ON **INTERNAL CONTROL**

The Board of Directors is committed to maintaining a sound system of internal control within the Group. The Board acknowledges that a good system of internal control, covering all aspects of the business including compliance and risk management, is required to safeguard shareholders' investment and the Group's assets. The Board also further acknowledges that it is their responsibility to review the internal control system for its adequacy and integrity to achieve the said objectives. The following outlines the nature and scope of internal control of the Group.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate the risk of failure to achieve the Group's business objectives. It can therefore only provide reasonable and not absolute assurance against material misstatement or financial losses or fraud. In achieving the Group's business objectives, the system of internal control is designed based on the principles of identifying and prioritising risk, evaluating the likelihood of those risks being realised and the impact should they be realised, and then, managing them effectively, efficiently and economically. The Group will establish and formalise a structured and documented risk management framework by the next financial year.

The key elements of the Group's internal control system are described below:-

- Company policies and procedures that adhere to ISO 9001:2000 and ISO 13485:2003 quality management systems are in place for its major subsidiary company, Hartalega Sdn Bhd and they are reviewed annually for their effectiveness;
- Clearly defined organisational structure with proper delegation of responsibilities and accountability. Appropriate authority limits are established for the approval process, therefore minimising the risk of unauthorised transactions;
- Requirement for the timely submission of monthly financial reports and key operational performance indicators to the Management;
- Human resource function sets out policies for recruitment, training and appraisal to ensure that staff is competent and adequately trained in carrying out their responsibilities; and
- All new products go through defined design control, and new machines and production processes go through a verification and validation process before implementation.

Assurance Mechanism

To maintain a sound system of internal control, the Group relies on its two (2) assurance mechanisms namely the:-

- Internal Audit – which gives emphasis to commercial risks; and
- ISO Audit – which gives emphasis to operational risks.

The internal audit function has been outsourced to provide independence to the activities and operations of the Group, thereby providing the Audit Committee and the Board the assurance with regards to the adequacy and integrity of the system of internal control.

As per the requirement of the ISO 9001 and ISO 13485 certifications, scheduled audits are conducted internally as well as by our notified body, TÜV SÜD. Issues arising from these audits are forwarded to the Quality Management Representative for review.

The Group applies a balanced approach to risk-taking and is committed to implementing an active approach to the mitigation of risk. There were no material internal control failures which resulted in material losses or contingencies during the financial year.

Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Internal Control for the inclusion in the Annual Report of the Group for the year ended 31 December 2008 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

DIRECTORS' RESPONSIBILITY **STATEMENT**

The Directors are required by the Companies Act, 1965, to ensure that financial statements prepared for each financial year give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the Group and the Company's results and cash flows for the financial year. The Directors consider that in presenting the financial statements, the Group has used appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgments and estimates.

The Directors have a general responsibility for ensuring that the Group and the Company keep accounting records and financial statements which disclose with reasonable accuracy, the financial position of the Group and of the Company. The Directors have taken steps to ensure that such financial statements comply with the Companies Act, 1965, approved accounting standards in Malaysia and other regulatory provisions.

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REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

HARTALEGA HOLDINGS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, whilst the principal activities of its subsidiary companies are stated in Note 7 to the financial statements. There have been no significant changes in the nature of the these activities during the financial year.

RESULTS	Group RM	Company RM
Profit for the year	84,527,578	19,511,190
Attributable to:		
Equity holders of the Company	84,511,049	19,511,190
Minority interests	16,529	-
	84,527,578	19,511,190

DIVIDENDS

Dividends paid or payable by the Company since the end of the previous financial year were:-

(i) first interim dividend of 2 sen per share tax exempt and 2 sen per share less 25% tax amounting to RM4,846,240 and RM3,634,680 respectively in respect of the current financial year paid on 7 January 2009;

(ii) debts payable to Inland Revenue Board amounting to RM1,211,560; and

(iii) second interim dividend of 4 sen per share tax exempt amounting to RM9,692,480 in respect of the current financial year paid on 1 July 2009.

The Directors recommended a final dividend of 4 sen per share tax exempt amounting to RM9,692,480 in respect of the current financial year, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would require the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

CURRENT ASSETS (cont'd)
At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS
At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES
At the date of this report, there does not exist:-
(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
(ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

No contingent liability or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the year which, in the opinion of the Directors, will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES
At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE
In the opinion of the Directors:-
(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES
During the financial year, no new issue of shares was made by the Company.

DIRECTORS OF THE COMPANY
The Directors in office since the date of the last report are:-

KUAN KAM HON @ KWAN KAM ONN
DATO' MOHAMED ZAKRI BIN ABDUL RASHID
ABDUL HAMID BIN SH MOHAMED
CHUAH PHAIK SIM
KUAN MUN KENG
KUAN MUN LEONG
LIEW BEN POH
SANNUSI BIN NGAH

DIRECTORS OF THE COMPANY (cont'd)

The interests of the Directors in office as at the end of the financial year in shares of the Company and of the related corporations during the financial year are as follows:-

(a) Shareholdings in the holding company
- Hartalega Industries Sdn Bhd

	Number of Preference Shares of RM1.00 Each			
	At 1.4.2008	Allotted	Sold	At 31.3.2009
Direct interests				
Kuan Kam Hon @ Kwan Kam Onn	-	44,433	-	44,433

	Number of Ordinary Shares of RM1.00 Each			
	At 1.4.2008	Allotted	Sold	At 31.3.2009
Direct interests				
Kuan Kam Hon @ Kwan Kam Onn	26	44,433	-	44,459
Deemed interests				
Kuan Kam Hon @ Kwan Kam Onn (1)	49	-	-	49
Sannusi bin Ngah (1)	-	16,962	-	16,962

(b) Shareholdings in the Company

	Number of Ordinary Shares of RM0.50 Each			
	At 1.4.2008	Bought	Sold	At 31.3.2009
Direct interests				
Kuan Kam Hon @ Kwan Kam Onn	55,275,000	-	(55,275,000)	-
Dato' Mohamed Zakri bin Abdul Rashid	309,000	50,000	-	359,000
Abdul Hamid bin Sh Mohamed	-	500,000	-	500,000
Chuah Phaik Sim	-	50,000	-	50,000
Kuan Mun Keng	-	458,000	-	458,000
Kuan Mun Leong	-	459,000	-	459,000
Liew Ben Poh	309,000	56,000	-	365,000
Sannusi bin Ngah	-	50,000	-	50,000
Deemed interests				
Kuan Kam Hon @ Kwan Kam Onn (2) (3)	-	123,151,000	-	123,151,000
Abdul Hamid bin Sh Mohamed (1)	10,909,000	-	-	10,909,000
Chuah Phaik Sim (1)	4,852,000	-	-	4,852,000
Liew Ben Poh (3)	-	4,000	-	4,000
Sannusi bin Ngah (1)	45,814,000	-	(16,962,000)	28,852,000

(1) Shares held through a corporation in which the director has substantial financial interests.

(2) Shares held through the holding company, Hartalega Industries Sdn Bhd in which the director has substantial financial interests.

(3) Shares held through spouse/children of the director.

DIRECTORS OF THE COMPANY (cont'd)

(c) Employee Equity Scheme ("EES")

	Number of EES over Ordinary Shares of RM0.50 Each			
	At 1.4.2008	Granted	Exercised	At 31.3.2009
Liew Ben Poh	-	221,500	-	221,500

By virtue of his substantial interests in the shares of the Company, Mr. Kuan Kam Hon @ Kwan Kam Onn is also deemed interested in the shares of the subsidiary companies during the financial year to the extent that the Company has an interest.

Other than as disclosed above, none of the other Directors in office as at the end of the financial year are deemed to have any interests in the shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any deemed benefits which may arise from transactions entered into in the ordinary course of business as disclosed in Note 26 to the financial statements and the ordinary shares granted under the Employee Equity Scheme.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ULTIMATE HOLDING COMPANY

The Directors regard Hartalega Industries Sdn Bhd ("HISB"), a private limited company incorporated in Malaysia, as the ultimate holding company of the Company. On 14 April 2008, HISB acquired a substantial equity interest in the Company and consequently, the Company became a subsidiary company of HISB.

SIGNIFICANT EVENT

Significant event arising during the financial year is disclosed in Note 28 to the financial statements.

AUDITORS

The auditors, Messrs. Moore Stephens AC, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 22 July 2009.

KUAN KAM HON@ KWAN KAM ONN KUAN MUN LEONG

STATEMENT BY **DIRECTORS**

(Pursuant to Section 169(15) of the Companies Act, 1965)

We, the undersigned, being two of the Directors of the Company, do hereby state that in the opinion of the Directors, the accompanying financial statements as set out on pages 43 to 91, are drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2009 and of the results of the operations, changes in equity and cash flows of the Group and of the Company for the year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 22 July 2009.

KUAN KAM HON@ KWAN KAM ONN

KUAN MUN LEONG

STATUTORY **DECLARATION**

(Pursuant to Section 169(16) of the Companies Act, 1965)

I, Kuan Kam Hon@ Kwan Kam Onn, NRIC No.: 470904-10-5099, being the Director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 43 to 91 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at
Kuala Lumpur in the Federal Territory
on 22 July 2009.

KUAN KAM HON@ KWAN KAM ONN

Before me

ZULKIFLA MOHD DAHLIM (W 541)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO
THE MEMBERS OF HARTALEGA HOLDINGS BERHAD
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Hartalega Holdings Berhad, which comprise the balance sheets as at 31 March 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 43 to 91.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2009 and of their financial performance and cash flows for the year then ended.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARTALEGA HOLDINGS BERHAD (Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b We have considered the financial statements and the auditors' reports of all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 7 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

MOORE STEPHENS AC	AU TAI WEE
Chartered Accountants	1551/01/11 (J)
AF 001826	Partner

Kuala Lumpur
22 July 2009

HARTALEGA HOLDINGS BERHAD
(Incorporated in Malaysia)

	Note	2009 RM	2008 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	246,072,258	179,699,926
Capital work-in-progress	5	-	20,187,719
Prepaid land lease payments	6	150,499	152,380
Other investment	8	175,000	175,000
		246,397,757	200,215,025
Current assets			
Inventories	9	24,595,243	22,052,270
Trade and other receivables	10	65,503,117	38,618,551
Tax assets		87,935	164,054
Cash and bank balances	11	38,259,589	8,345,029
		128,445,884	69,179,904
TOTAL ASSETS		374,843,641	269,394,929

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2009 **OF HARTALEGA HOLDINGS BERHAD (cont'd)**

HARTALEGA HOLDINGS BERHAD
(Incorporated in Malaysia)

	Note	2009 RM	2008 RM
EQUITY AND LIABILITIES			
Equity			
Share capital	12	121,156,000	121,156,000
Reserves	13	133,259,348	58,311,929
Total equity attributable to equity holders of the Company		254,415,348	179,467,929
Minority interests		85,070	122,155
Total Equity		254,500,418	179,590,084
Liabilities			
Non-current liabilities			
Loans and borrowings	15	42,677,231	21,132,006
Deferred taxation	16	24,820,887	19,243,184
		67,498,118	40,375,190
Current liabilities			
Trade and other payables	17	36,207,756	29,457,801
Loans and borrowings	15	15,077,653	19,832,928
Taxation		1,559,696	138,926
		52,845,105	49,429,655
Total Liabilities		120,343,223	89,804,845
TOTAL EQUITY AND LIABILITIES		374,843,641	269,394,929

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009

HARTALEGA HOLDINGS BERHAD
(Incorporated in Malaysia)

	Note	2009 RM	2008 RM
Operating revenue	18	443,204,278	257,582,149
Cost of sales		(332,925,028)	(195,881,161)
Gross profit		110,279,250	61,700,988
Other operating income		24,135,033	37,257,357
Distribution costs		(10,699,527)	(6,296,612)
Administrative costs		(14,005,665)	(13,076,162)
Other operating costs		(11,797,281)	(2,842,131)
		(36,502,473)	(22,214,905)
Profit from operations		97,911,810	76,743,440
Finance costs		(2,429,383)	(719,326)
Profit before taxation	19	95,482,427	76,024,114
Taxation	20	(10,954,849)	(6,421,877)
Profit for the year		84,527,578	69,602,237
Attributable to:-			
Equity holders of the Company		84,511,049	69,554,434
Minority interests		16,529	47,803
		84,527,578	69,602,237
Basic earnings per ordinary share (sen)	21	34.88	31.94

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2009

HARTALEGA HOLDINGS BERHAD
(Incorporated in Malaysia)

		← Attributable to Equity Holders of the Company →						
		Non-Distributable			Distributable			
	Note	Share Capital RM	Share Premium RM	Translation Reserve RM	Retained Profits/ (Accumulated Losses) RM	Sub Total RM	Minority Interests RM	Total Equity RM
At 1.4.2007		2	-	-	(8,328)	(8,326)	-	(8,326)
Issuance of shares		121,155,998	2,544,002	-	-	123,700,000	-	123,700,000
Acquisition of subsidiary companies		-	-	-	-	-	52,532	52,532
Shares issue expenses		-	(1,751,769)	-	-	(1,751,769)	-	(1,751,769)
Foreign exchange translation differences in respect of foreign subsidiary companies		-	-	89,190	-	89,190	21,820	111,010
Income and expense recognised directly in equity		121,155,998	792,233	89,190	-	122,037,421	74,352	122,111,773
Profit for the year		-	-	-	69,554,434	69,554,434	47,803	69,602,237
Total income and expense recognised for the year		121,155,998	792,233	89,190	69,554,434	191,591,855	122,155	191,714,010
Dividends	22	-	-	-	(12,115,600)	(12,115,600)	-	(12,115,600)
At 31.3.2008		121,156,000	792,233	89,190	57,430,506	179,467,929	122,155	179,590,084

HARTALEGA HOLDINGS BERHAD
(Incorporated in Malaysia)

	Note	Share Capital RM	Share Premium RM	Translation Reserve RM	Share-based Payment Reserve RM	Retained Profits RM	Sub Total RM	Minority Interests RM	Total Equity RM
		← Attributable to Equity Holders of the Company →							
		Non-Distributable				Distributable			
At 1.4.2008		121,156,000	792,233	89,190	-	57,430,506	179,467,929	122,155	179,590,084
Foreign exchange translation differences in respect of foreign subsidiary companies		-	-	(223,119)	-	-	(223,119)	(53,614)	(276,733)
Income and expense recognised directly in equity		-	-	(223,119)	-	-	(223,119)	(53,614)	(276,733)
Profit for the year		-	-	-	-	84,511,049	84,511,049	16,529	84,527,578
Total income and expense recognised for the year		-	-	(223,119)	-	84,511,049	84,287,930	(37,085)	84,250,845
Dividends	22	-	-	-	-	(9,692,480)	(9,692,480)	-	(9,692,480)
Share-based payment granted under EES	13.1	-	-	-	351,969	-	351,969	-	351,969
At 31.3.2009		121,156,000	792,233	(133,929)	351,969	132,249,075	254,415,348	85,070	254,500,418

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009

HARTALEGA HOLDINGS BERHAD
(Incorporated in Malaysia)

	Note	2009 RM	2008 RM
Cash Flows from Operating Activities			
Profit before taxation		95,482,427	76,024,114
Adjustments for:-			
Allowance for doubtful debts		10,868	18,845
Amortisation of prepaid land lease payments		1,881	1,724
Bad debts written off		-	15,114
Depreciation of property, plant and equipment		15,539,704	9,525,427
Inventories written off		-	561,784
Interest expense		2,429,383	781,789
Property, plant and equipment written off		-	1,064,585
Share-based payment expense		351,969	-
Excess of fair value over acquisition cost of subsidiary companies		-	(34,084,804)
Gain on disposal of property, plant and equipment		(19,280)	(47,180)
Interest income		(204,699)	(505,713)
Unrealised loss/(gain) on foreign exchange		103,358	(1,977,738)
Reversal of allowance for doubtful debts		(30,182)	-
Operating profit before working capital changes		113,665,429	51,377,947
Change in inventories		(2,542,973)	(2,224,807)
Change in receivables		(25,995,346)	268,168
Change in payables		7,195,217	13,734,024
Cash generated from operations		92,322,327	63,155,332
Interest paid		(3,329,804)	(1,577,305)
Interest received		204,699	505,713
Tax refund		-	163,612
Tax paid		(3,880,257)	(2,272,095)
Net cash from operating activities		85,316,965	59,975,257
Cash Flows from Investing Activities			
Capital work-in-progress incurred		(43,043,839)	(69,610,037)
Proceeds from disposal of property, plant and equipment		75,000	314,500
Placement of cash deposits		(75,878)	(1,187)
Effect of acquisition of a subsidiary company, net of cash	23	-	9,667,389
Purchase of property, plant and equipment	24	(17,805,580)	(8,391,191)
Net cash used in investing activities		(60,850,297)	(68,020,526)
Balance carried down		24,466,668	(8,045,269)

HARTALEGA HOLDINGS BERHAD
(Incorporated in Malaysia)

	Note	2009 RM	2008 RM
Balance brought down		24,466,668	(8,045,269)
Cash Flows from Financing Activities			
Dividend paid		(8,480,920)	(12,115,600)
Drawdown of term loans		36,300,000	22,697,500
Repayments of term loans		(9,843,646)	(5,251,178)
Net (repayment)/drawdown of bankers' acceptances		(11,556,000)	11,556,000
Net (repayment)/drawdown of export credit refinancing		(763,000)	763,000
Shares issue expenses paid		-	(1,397,451)
Payments of finance lease		(7,742)	(7,717)
Net cash from financing activities		5,648,692	16,244,554
Net increase in cash and cash equivalents		30,115,360	8,199,285
Effect of exchange rate fluctuations on cash and cash equivalents		(276,678)	112,555
Cash and cash equivalents at beginning of the year		8,311,842	2
Cash and cash equivalents at end of the year		38,150,524	8,311,842

Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprises the following amounts:-

	Note	2009 RM	2008 RM
Cash at banks and on hand	11	15,700,524	7,111,842
Deposits with licensed banks	11	22,559,065	1,233,187
		38,259,589	8,345,029
Less: Pledged deposits	11	(109,065)	(33,187)
		38,150,524	8,311,842

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

BALANCE SHEET
AS AT 31 MARCH 2009

HARTALEGA HOLDINGS BERHAD
(Incorporated in Malaysia)

	Note	2009 RM	2008 RM
ASSETS			
Non-current asset			
Investments in subsidiary companies	7	124,051,969	123,700,000
Current assets			
Trade and other receivables	10	4,500	-
Dividends receivable		10,350,118	-
Tax assets		87,935	-
Cash and bank balances	11	59,512	303,841
		10,502,065	303,841
TOTAL ASSETS		134,554,034	124,003,841
EQUITY AND LIABILITY			
Equity			
Share capital	12	121,156,000	121,156,000
Reserves	13	11,221,870	1,051,191
Total Equity		132,377,870	122,207,191
Current liability			
Other payables and accruals	17	2,176,164	1,796,650
Total Liabilities		2,176,164	1,796,650
TOTAL EQUITY AND LIABILITIES		134,554,034	124,003,841

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

HARTALEGA HOLDINGS BERHAD
(Incorporated in Malaysia)

	Note	2009 RM	2008 RM
Operating revenue	18	21,484,336	12,388,778
Other operating income		6,840	1,299
		21,491,176	12,390,077
Administrative costs		(655,468)	(6,971)
Profit before taxation	19	20,835,708	12,383,106
Taxation	20	(1,324,518)	(220)
Profit for the year		19,511,190	12,382,886

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2009

HARTALEGA HOLDINGS BERHAD
(Incorporated in Malaysia)

		← Non-Distributable		→	Distributable	
	Note	Share Capital RM	Share Premium RM	Share-based Payment Reserve RM	Retained Profits/ (Accumulated Losses) RM	Total Equity RM
At 1.4.2007		2	-	-	(8,328)	(8,326)
Issuance of shares		121,155,998	2,544,002	-	-	123,700,000
Shares issue expenses		-	(1,751,769)	-	-	(1,751,769)
Profit for the year		-	-	-	12,382,886	12,382,886
Dividends	22	-	-	-	(12,115,600)	(12,115,600)
At 31.3.2008		121,156,000	792,233	-	258,958	122,207,191
Profit for the year		-	-	-	19,511,190	19,511,190
Dividends	22	-	-	-	(9,692,480)	(9,692,480)
Share-based payment granted under EES	13.1	-	-	351,969	-	351,969
At 31.3.2009		121,156,000	792,233	351,969	10,077,668	132,377,870

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009

HARTALEGA HOLDINGS BERHAD
(Incorporated in Malaysia)

	Note	2009 RM	2008 RM
Cash Flows from Operating Activities			
Profit before taxation		20,835,708	12,383,106
Adjustments for:-			
Dividend income		(21,484,336)	(12,388,778)
Interest income		(2,088)	(1,299)
Operating loss before working capital changes		(650,716)	(6,971)
Change in receivables		(4,500)	-
Change in payables		(424,835)	661,007
Cash (used in)/generated from operations		(1,080,051)	654,036
Interest received		2,088	1,299
Tax paid		(1,073)	(220)
Net cash (used in)/ from operating activities		(1,079,036)	655,115
Cash Flows from Investing Activities			
Dividend received		9,722,838	12,388,778
Investment in subsidiary companies		-	(123,700,000)
Net cash from/(used in) investing activities		9,722,838	(111,311,222)
Cash Flows from Financing Activities			
Net (repayment to)/advance from a subsidiary company		(407,211)	772,997
Proceeds from issuance of shares		-	123,700,000
Shares issue expenses paid		-	(1,397,451)
Dividend paid		(8,480,920)	(12,115,600)
Net cash (used in)/from financing activities		(8,888,131)	110,959,946
Net (decrease)/increase in cash and cash equivalents		(244,329)	303,839
Cash and cash equivalents at beginning of the year		303,841	2
Cash and cash equivalents at end of the year		59,512	303,841

Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprises the following amounts:-

	Note	2009 RM	2008 RM
Cash at banks and on hand	11	9,512	103,841
Deposits with licensed banks	11	50,000	200,000
		59,512	303,841

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2009

1. CORPORATE INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Mezzanine Floor, 8A Jalan Sri Semantan Satu, Damansara Heights, 50490 Kuala Lumpur.

The principal place of business of the Company is located at C-G-9, Jalan Dataran SD1, Dataran SD PJU9, Bandar Sri Damansara, 52200 Kuala Lumpur.

The Company is principally engaged in investment holding, whilst the principal activities of its subsidiary companies are stated in Note 7. There have been no significant changes in the nature of these activities during the financial year.

The holding and ultimate holding company of the Company during the financial year is Hartalega Industries Sdn Bhd, a private limited company incorporated in Malaysia.

The financial statements were authorised for issue by the Board of Directors on 22 July 2009.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company comply with the provisions of the Companies Act, 1965 and Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board ("MASB").

The measurement bases applied in the presentation of the financial statements of the Group and of the Company included cost, recoverable amount and realisable value. Estimates are used in measuring these values.

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

The preparation of financial statements of the Group and of the Company requires management to make assumptions, estimates and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Assumptions and estimates are reviewed on an ongoing basis and are recognised in the period in which the assumption or estimate is revised.

Significant areas of estimation, uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the financial statements are as follows:-

(i) Depreciation of property, plant and equipment (Note 4) – The cost of property, plant and equipment is depreciated on a reducing balance basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 to 50 years. These are the common life expectancies applied generally. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

2. BASIS OF PREPARATION (cont'd)

(ii) Taxation (Note 20) – Significant judgement is required in determining the capital allowances, reinvestment allowances and deductibility of certain expenses when estimating the provision for taxation. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due is uncertain. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the periods in which the outcome is known.

(iii) Share-based payment reserve (Note 14) – The measurement of the fair value for Employee Equity Scheme ("EES") is determined using valuation technique based on assumptions about future volatility of and dividend on the underlying shares.

3. SIGNIFICANT ACCOUNTING POLICIES

On 1 April 2008, the Group and the Company adopted the following FRSs, Amendment to FRS and Issues Committee ("IC") Interpretations issued by the MASB for accounting periods beginning on or after 1 July 2007:-

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates – Net Investment in Foreign Operation
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

The adoption of FRS 107, 112, 118, 134, 137, Amendment to FRS 121 and IC Interpretation 8 does not have any significant financial impact on the results and financial position of the Group and of the Company.

IC Interpretation 1, 2, 5, 6, 7 and FRS 111 and 120 are not relevant to the Group's and to the Company's operation.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

The MASB has also issued the following new FRSs, Amendments to FRSs and IC Interpretations that have not been early adopted in preparing these financial statements:-

		For financial periods beginning on or after
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments : Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 123	Borrowing Costs	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Assets, Minimum Funding Requirement and their Interaction	1 January 2010

By virtue of the exemption in FRS 4, 7 and 139, the impact of applying the respective FRSs on these financial statements upon their first adoption as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed.

The adoption of the other FRSs, Amendments to FRSs and IC Interpretations is not expected to have any significant impact on the results and financial position of the Group and of the Company.

(a) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiary companies which are listed in Note 7 made up to the end of the financial year.

All intra-group balances, transactions and resulting unrealised profits and losses (unless cost cannot be recovered) are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

The results of the subsidiary companies acquired or disposed during the financial year are included in the consolidated financial statements based on the purchase method from the effective date of acquisition or up to the effective date of disposal respectively. The assets, liabilities and contingent liabilities assumed of a subsidiary company are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet.

Minority interests represent the portion of profit or loss and net assets in subsidiary company not held by the Group. It is measured at the minority interests' share of the fair value of net assets at the acquisition date and the minorities' share of changes in the equity since then.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Consolidation (cont'd)

The consolidated financial statements are prepared on the basis that excess of losses attributable to minority shareholders over their equity interest will be absorbed by the Group. All profits subsequently reported by the subsidiary company will be allocated to the Group until the minority shareholders share of losses previously absorbed by the Group has been recovered.

Any excess of the cost of the acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities assumed represents goodwill.

Any excess of the Group's interest in the fair value of the identified assets, liabilities and contingent liabilities assumed over the cost of acquisition is recognised immediately in the income statement.

(b) Subsidiary Company

A subsidiary company is an enterprise in which the Group has the power to exercise control over its financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiary companies, which are eliminated on consolidation, are stated at cost less accumulated impairment losses, if any, in the Company's financial statements. Impairment loss is determined on an individual basis.

Gains or losses arising from the disposal of an investment is determined as the difference between the estimated net disposal proceeds and the carrying amount of the investment, and is recognised in the income statement.

(c) Goodwill

Goodwill acquired in a business combination represents the excess of the purchase consideration over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities in the subsidiary companies at the date of acquisition.

Goodwill is allocated to cash generating units and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods.

Upon the disposal of interest in the subsidiary company, the related goodwill will be included in the computation of gain or loss on disposal of interest in the subsidiary company in the consolidated income statement.

(d) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. Subsequent costs are included in the assets' carrying amount or recognised as separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Freehold land is not depreciated and depreciation of other property, plant and equipment is calculated on the reducing balance basis to write off the cost of the property, plant and equipment over their estimated useful lives.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Property, Plant and Equipment and Depreciation (cont'd)

The principal annual rates used for this purpose are:-

Buildings	2%
Plant and machinery	10%
Furniture, fittings and equipment	10% - 25%
Motor vehicles	20%
Renovation	10%

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the income statement.

(e) Impairment of Assets

The carrying amounts of assets other than inventories and financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less cost of sales and the value in use, which is measured by reference to discounted future cash flows and is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to. An impairment loss is recognised whenever the carrying amount of an item of assets exceeds its recoverable amount.

An impairment loss is recognised as an expense in the income statement. Any subsequent increase in recoverable amount of an asset, other than goodwill, due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior years. The reversal of impairment loss is credited to the income statement.

(f) Capital Work-In-Progress

Capital work-in-progress is stated at cost during the period of construction.

No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to property, plant and equipment.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis. Cost includes the actual cost of materials and incidentals in bringing the inventories into store and for manufactured inventories, it also includes a portion of labour and relevant production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Employee Benefits

i. Short Term Benefits

Wages, salaries, social security contributions and bonuses are recognised as expenses in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii. Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as expenses in the income statement when incurred.

iii. Share-based Payment

Certain shareholders of the Company established the Employee Equity Scheme ("EES") for the benefit of eligible senior management personnel. Pursuant to the EES, a special purpose company was formed to administer the offering of the EES shares offered by the shareholders to the eligible employees. The total fair value of EES granted to employees is recognised as an expense in the income statement of the Group over the vesting periods of the grant, with a corresponding increase in equity. The fair value of EES is measured at grant date, taking into account, if any, the market vesting conditions upon which the EES were granted but excluding the impact of a non-market vesting condition. Non-market vesting conditions are included in assumption about the number of EES that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of EES that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the income statement and a corresponding adjustment in equity over the remaining vesting period.

(i) Foreign Currencies

i. Transactions in Foreign Currencies

Transactions in currencies other than the entity's functional currency (foreign currencies) are translated into the entity's functional currency at the rates of exchange ruling at the time of the transaction date. Monetary items denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in the income statement. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operations are recognised in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in income statement for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Foreign Currencies (cont'd)

ii. Translation of Foreign Currency Financial Statements

Assets and liabilities of foreign subsidiary company are translated into Ringgit Malaysia at the rate of exchange as at the financial year end. Income statement items are translated at the average rate of exchange for the year which approximates the exchange rate at the date of transaction. The translation differences arising therefrom are recorded as movement in translation reserve. Upon disposal of a foreign subsidiary company, the cumulative amount of translation differences at the date of disposal of the subsidiary company is taken to the consolidated income statement.

(j) Taxation

Taxation in the income statement represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the year and any adjustments recognised in the year for current tax of prior years.

Deferred tax is provided using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled.

Deferred tax is recognised in equity when it relates to items recognised directly in equity. When deferred tax arises from business combination that is an acquisition, the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxation authority to offset or when it is probable that future taxable income will be available against which the assets can be utilised.

(k) Revenue Recognition

i. Goods Sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

ii. Dividend Income

Dividend income is recognised when the right to receive payment is established.

iii. Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Lease Payments

i. Finance Leases

Leases of property, plant and equipment where the Group and the Company assumes substantially all the benefits and risks of ownership are classified as finance leases.

Finance lease are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a periodic constant rate of interest on the remaining balance. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

ii. Operating Leases

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on the straight-line basis.

In the case of a lease of land, the minimum lease payments or the up-front payments made represent prepaid lease payments and are amortised on a straight-line basis over the lease term.

(m) Borrowing Costs

All borrowing costs are recognised in the income statement using the effective interest method in the period in which they are incurred except to the extent that they are capitalised as being directly attributable for the acquisition construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(n) Financial Instruments

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to financial instruments classified as assets or liabilities are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group and the Company have a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

The recognised financial instruments comprise cash and cash equivalents, pledged cash deposits, other investments, trade and other receivables, trade and other payables, bank borrowings and ordinary shares. These instruments are recognised in the financial statements when a contract or contractual arrangement has been entered into with the counter-parties.

The unrecognised financial instruments comprise derivatives financial instruments such as foreign exchange forward contract and financial guarantee given to financial institutions for banking and credit facilities granted to subsidiary companies. The financial derivatives are recognised only when underlying transactions occurred or when settled. The financial guarantees would be recognised as liabilities when obligations to pay the counter-parties are assessed as being probable.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Financial Instruments (cont'd)

i. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, bank balances, demand deposits and short term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

ii. Other Non-current Investments

Non-current investments other than investments in subsidiary companies, associated companies, jointly controlled entities and investment properties are stated at cost less allowance for diminution in value, if any.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

ii. Receivables

Receivables are stated at cost less allowance for doubtful debts, if any, which is the anticipated realisable values. Known bad debts are written off and specific allowance is made for those debts considered to be doubtful of collection.

iv. Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

v. Interest Bearings Bank Borrowings

Interest bearing bank borrowings which include term loans, export credit refinancing and bankers' acceptances are stated at the amount of proceeds received, net of transaction costs.

vi. Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

vii. Derivative Financial Instruments

Derivative financial instruments such as foreign exchange forward contracts are not recognised in the financial statements on inception.

The underlying foreign currency assets and liabilities are translated at their respective hedged exchange rate and all exchange gains and losses are recognised as income or expenses in the income statement at the same period the exchange differences on the underlying hedged items. Exchange gains or losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transactions, at which time they are included in the measurement of such transactions.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Segment Reporting

A segment is a distinguishable component of the Group that is either in providing products or services (business segment), or in providing product or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land RM	Buildings RM	Plant & Machinery RM	Furniture, Fittings & Equipment RM	Motor Vehicles RM	Renovation RM	Total RM
Group							
Cost							
At 1.4.2008	14,910,527	42,927,008	151,655,085	18,457,540	3,673,938	1,383,230	233,007,328
Additions	-	513,545	14,676,906	2,207,342	150,989	287,050	17,835,832
Transfer from capital work-in-progress (Note 5)	-	11,154,394	43,395,679	9,581,906	-	-	64,131,979
Disposals	-	-	-	(3,933)	(243,044)	-	(246,977)
Translation differences	-	-	3,093	1,642	-	-	4,735
At 31.3.2009	14,910,527	54,594,947	209,730,763	30,244,497	3,581,883	1,670,280	314,732,897
Accumulated Depreciation							
At 1.4.2008	-	3,500,142	42,405,194	5,924,490	1,357,405	120,171	53,307,402
Charge for the year	-	859,021	12,171,695	1,951,903	431,646	125,439	15,539,704
Disposals	-	-	-	(1,986)	(189,271)	-	(191,257)
Translation differences	-	-	2,242	2,548	-	-	4,790
At 31.3.2009	-	4,359,163	54,579,131	7,876,955	1,599,780	245,610	68,660,639
Net Carrying Amount							
At 31.3.2009	14,910,527	50,235,784	155,151,632	22,367,542	1,982,103	1,424,670	246,072,258

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold Land RM	Buildings RM	Plant & Machinery RM	Furniture, Fittings & Equipment RM	Motor Vehicles RM	Renovation RM	Total RM
Group							
Cost							
At 1.4.2007	-	-	-	-	-	-	-
Acquisition of subsidiary companies	14,910,527	27,012,083	116,385,907	13,094,182	3,812,417	897,961	176,113,077
Additions	-	1,817,664	3,460,227	2,147,151	966,149	-	8,391,191
Transfer from capital work-in-progress (Note 5)	-	14,097,261	34,716,713	3,218,814	-	485,269	52,518,057
Disposals	-	-	-	-	(1,104,628)	-	(1,104,628)
Written off	-	-	(2,905,994)	-	-	-	(2,905,994)
Translation differences	-	-	(1,768)	(2,607)	-	-	(4,375)
At 31.3.2008	14,910,527	42,927,008	151,655,085	18,457,540	3,673,938	1,383,230	233,007,328
Accumulated Depreciation							
At 1.4.2007	-	-	-	-	-	-	-
Acquisition of subsidiary companies	-	3,022,139	36,752,809	4,918,104	1,755,566	14,904	46,463,522
Charge for the year	-	478,003	7,494,626	1,008,384	439,147	105,267	9,525,427
Disposals	-	-	-	-	(837,308)	-	(837,308)
Written off	-	-	(1,841,409)	-	-	-	(1,841,409)
Translation differences	-	-	(832)	(1,998)	-	-	(2,830)
At 31.3.2008	-	3,500,142	42,405,194	5,924,490	1,357,405	120,171	53,307,402
Net Carrying Amount							
At 31.3.2008	14,910,527	39,426,866	109,249,891	12,533,050	2,316,533	1,263,059	179,699,926

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Security

The net carrying amount of the property, plant and equipment pledged as security for banking facilities granted to the Group are as follows:-

	Group 2009 RM	Group 2008 RM
Freehold land	14,910,527	11,588,873
Buildings	50,235,784	39,426,866
Plant and machinery	155,143,784	109,240,168
	220,290,095	160,255,907

Assets under finance lease

Included in the above property, plant and equipment of the Group are furniture, fittings and equipment acquired under the finance lease arrangements as follows:-

	Group 2009 RM	Group 2008 RM
Cost	30,252	19,820
Net carrying amount	21,849	12,543

5. CAPITAL WORK-IN-PROGRESS

	Group 2009 RM	Group 2008 RM
At beginning of the year	20,187,719	-
Acquisition of subsidiary companies	-	2,300,223
Additions	43,944,260	70,405,553
Transfer to property, plant and equipment (Note 4)	(64,131,979)	(52,518,057)
At end of the year	-	20,187,719

This is in respect of construction of new factory building and set up of new production lines.

Included in capital work-in-progress is borrowing cost incurred during the year of RM900,421 (2008: RM795,516).

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2009 (cont'd)

6. PREPAID LAND LEASE PAYMENTS

	Group	
	2009 RM	2008 RM
At cost		
Long term leasehold land		
At beginning of the year	152,380	-
Acquisition of subsidiary companies	-	154,104
Amortisation for the year	(1,881)	(1,724)
At end of the year	150,499	152,380

The long term leasehold land of the Group has an unexpired lease period of more than 50 years.

7. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2009 RM	2008 RM
Unquoted shares, at cost	124,051,969	123,700,000

The particulars of subsidiary companies are as follows:-

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2009	Effective Equity Interest 2008
Hartalega Sdn Bhd	Malaysia	Manufacturing of latex gloves	100%	100%
Subsidiary companies of Hartalega Sdn Bhd				
* Pharmatex (Australia) Pty Ltd	Australia	Retail and wholesale of gloves	82%	82%
* Pharmatex USA, Incorporated	United States of America	Retail and wholesale of gloves	80%	80%
Sentinel Engineering (M) Sdn Bhd	Malaysia	Leasing of property, research and development of automation systems	100%	100%

* Audited by another professional firm of accountants.

8. OTHER INVESTMENT

	Group 2009 RM	Group 2008 RM
Golf club memberships, at cost	175,000	175,000

9. INVENTORIES

	Group 2009 RM	Group 2008 RM
At cost		
Finished goods	11,189,111	5,530,787
Work-in-progress	2,657,869	3,577,593
Raw materials	5,828,587	10,398,044
Goods-in-transit	722,766	243,182
Spare parts and consumables	4,196,910	2,302,664
	24,595,243	22,052,270

10. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
Trade					
Trade receivables	10.1	57,602,596	33,155,400	-	-
Less: Allowance for doubtful debts					
At beginning of the year		40,138	-		
Acquisition of subsidiary companies		-	23,853	-	-
Additions during the year		10,868	18,845	-	-
Reversal during the year		(30,182)	-	-	-
Translation differences		2,930	(2,560)	-	-
At end of the year		(23,754)	(40,138)	-	-
Trade receivables, net		57,578,842	33,115,262	-	-

10. TRADE AND OTHER RECEIVABLES (cont'd)

Non trade

Other receivables	10.2	7,284,110	1,218,478	-	-
Deposits		409,257	290,615	4,500	-
Prepayments	10.3	230,908	3,994,196	-	-
		7,924,275	5,503,289	4,500	-
		65,503,117	38,618,551	4,500	-

Note 10.1

The Group's normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case by case basis.

The foreign currency exposure of trade receivables of the Group is as follows:-

	Group	
	2009 RM	2008 RM
United States Dollar	54,246,930	31,524,549

Note 10.2

Included in other receivables of the Group is an amount of RM5,363,162 (2008: RM Nil) being insurance claim receivable.

Note 10.3

Included in prepayments of the Group in the previous year is an amount of RM3,478,279 being prepayments for purchase of raw materials.

11. CASH AND BANK BALANCES

		Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
Cash at banks and on hand	11.1	15,700,524	7,111,842	9,512	103,841
Deposits with licensed banks	11.2	22,559,065	1,233,187	50,000	200,000
		38,259,589	8,345,029	59,512	303,841

Note 11.1

Included in cash at banks and on hand of the Group is an amount of RM13,510,848 (2008: RM5,190,724) which bears effective interest at a rate of 0.20% (2008: 1.80%) per annum.

11. CASH AND BANK BALANCES (cont'd)

The foreign currency exposure of cash at banks and on hand is as follows:-

	Group	
	2009 RM	2008 RM
United States Dollar	13,510,848	5,190,724

Note 11.2

Deposits with licensed banks of the Group and of the Company bear effective interest at rates ranging from 1.60% to 2.00% (2008 : 1.80% to 3.70%) per annum with maturity period ranging from 2 days to 30 days (2008: 2 days to 30 days). Included in the deposits of the Group is RM109,065 (2008: RM33,187) pledged for bank guarantee facilities granted to the Group.

12. SHARE CAPITAL

	Group/Company	
	2009 RM	2008 RM
Authorised:		
At beginning of the year		
500,000,000 ordinary shares of RM0.50 each/ 100,000 ordinary shares of RM1.00 each	250,000,000	100,000
In the previous year, 100,000 ordinary shares of RM1.00 each are subdivided into 200,000 ordinary shares of RM0.50 each	-	-
500,000,000 ordinary shares of RM0.50 each/ 200,000 ordinary shares of RM0.50 each	250,000,000	100,000
499,800,000 ordinary shares of RM0.50 each are created during the year	-	249,900,000
At end of the year 500,000,000 ordinary shares of RM0.50 each	250,000,000	250,000,000
Issued and fully paid:		
At beginning of the year		
242,312,000 ordinary shares of RM0.50 each/ 2 ordinary shares of RM1.00 each	121,156,000	2
In the previous year, 2 ordinary shares of RM1.00 each are subdivided into 4 ordinary shares of RM0.50 each	-	-
242,312,000 ordinary shares of RM0.50 each/ 4 ordinary shares of RM0.50 each	121,156,000	2
242,311,996 ordinary shares RM0.50 each are allotted	-	121,155,998
At end of the year 242,312,000 ordinary shares of RM0.50 each	121,156,000	121,156,000

13. RESERVES

		Group		Company	
		2009	2008	2009	2008
	Note	RM	RM	RM	RM
Distributable					
Retained profits		132,249,075	57,430,506	10,077,668	258,958
Non-distributable					
Share premium	14	792,233	792,233	792,233	792,233
Translation reserve		(133,929)	89,190	-	-
Share-based payment reserve	13.1	351,969	-	351,969	-
		1,010,273	881,423	1,144,202	792,233
		133,259,348	58,311,929	11,221,870	1,051,191

Note 13.1

The share-based payment reserve arose from the granting of Employee Equity Scheme ("EES") to eligible senior management personnel.

Certain shareholders of the Company have allocated an aggregate of 1,475,000 ordinary shares ("EES Shares") for the EES at the strike price of RM1.80 per EES Share for no consideration. A special purpose company, Prelude Rewards Sdn Bhd ("PRSB") was formed to administer the offering of the EES Shares to the selected senior management.

The main features of the EES are as follows:-

(a) The tenure of the EES commenced on 28 March 2008 and expire on 31 March 2013.

(b) To participate in the EES, each selected senior management will be required to pay RM2.00 as acceptance of the EES Shares offered pursuant to the terms of EES ("Entitlement"). With the payment of RM2.00 by each selected senior management, he/she is deemed to have accepted the Entitlements and legal ownership to those EES Shares would pass from PRSB to the selected senior management.

(c) The allocation of the Entitlements shall be based on the performance, seniority, length of service of the selected senior management and any criteria as may be set by the EES committee, the Company and PRSB from time to time.

(d) As the selected senior management has not paid for his/her EES Shares at the point of acceptance of the Entitlements, the selected senior management will be required, as part of the EES to do the following:
   (i) assign all cash dividends/distributions from retained profits which are made by us prior to the exercise of the Entitlement to PRSB. The assignment is in respect of cash dividends/distributions only and does not include any other distributions made by the Company such as non-cash dividends, bonus shares and rights entitlements. Further, the said assignment will not affect the selected senior management's other right to vote and the right to sell his/her EES Shares;
   (ii) open a CDS account with a nominee company ("Nominee"), with whom his/her Entitlements will be allotted to; and
   (iii) provide an irrevocable undertaking that he/she will not transfer his/her EES Shares in his/her CDS account with the Nominee to any other CDS accounts unless such EES Shares have been paid in accordance with the terms and conditions of the EES.

13. RESERVES (cont'd)

(e) As the selected senior management has not paid for his/her EES Shares at the point of acceptance of their Entitlements, an encumbrance will be created over the unpaid EES Shares and all distributions relating thereto in favour of PRSB.

(f) The selected senior management can sell any of his/her EES Shares at any time subject to, inter alia, the selling price being equal to or above the aggregate of the strike price and relevant transaction costs.

(g) The EES granted will only be exercisable in the following manner:-

From 28 March 2008 to 31 March 2009	From 1 April 2009 to 31 March 2010	From 1 April 2010 to 31 March 2011	From 1 April 2011 to 31 March 2012	From 1 April 2012 to 31 March 2013
20%	20%	20%	20%	20%

(h) On the expiry of the EES period, any EES Shares in the EES not exercised by the selected senior management would be transferred back to PRSB.

The number and strike price of, and movement in outstanding EES during the financial year are as follows:-

Strike price	At beginning of the year '000	Granted '000	Execised '000	At end of the year '000
2009 RM1.80	-	1,475	-	1,475

2008 - Nil

The fair value of EES granted during the year was estimated using Trinomial model, taking into account the terms and conditions upon which the EES were granted. The fair value of EES measured at grant date and the assumptions used are as follows:-

Grant date	7 April 2008
Number of EES granted (units)	1,475,000
Fair value of EES (RM)	0.39
Share price (RM)	1.80
Expected volatility	31.15
Expected life (years)	5
Risk free rate (%)	3.79
Expected dividend yield (%)	5.56

The expected volatility is based on average of the volatility of similar listing entities and reflects the assumptions that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

14. SHARE PREMIUM

	Group/Company 2009 RM	Group/Company 2008 RM
At beginning of the year	792,233	-
Subscription of 242,311,996 ordinary shares of RM0.50 each at a premium of RM0.0105	-	2,544,002
Less: Shares issue expenses	-	(1,751,769)
At end of the year	792,233	792,233

15. LOANS AND BORROWINGS

Group	Effective Interest Rate RM	Short Term Borrowings Within 1 Year RM	Long Term Borrowings 1 - 2 Years RM	2 - 3 Years RM	3 - 4 Years RM	4 - 5 Years RM	After 5 years RM	Sub Total RM	Total RM
2009									
Secured									
Fixed rate instruments									
Term loans									
- United States Dollar	6.00 - 6.76%	8,436,580	7,315,069	5,191,048	2,150,781	-	-	14,656,898	23,093,478
- RM	6.00 - 8.00%	6,631,569	7,071,721	7,546,919	8,054,071	4,789,036	543,873	28,005,620	34,637,189
Finance lease payables									
- United States Dollar	19.09%	9,504	11,469	3,244	-	-	-	14,713	24,217
		15,077,653	14,398,259	12,741,211	10,204,852	4,789,036	543,873	42,677,231	57,754,884

15. LOANS AND BORROWINGS (cont'd)

Group	Effective Interest Rate	Short Term Borrowings Within 1 Year RM	Long Term Borrowings 1 - 2 Years RM	2 - 3 Years RM	3 - 4 Years RM	4 - 5 Years RM	After 5 years RM	Sub Total RM	Total RM
2008									
Secured									
Floating rate instruments									
Bankers' acceptances									
- RM	4.86%	11,556,000	-	-	-	-	-	-	11,556,000
Export credit refinancing									
- RM	4.50%	763,000	-	-	-	-	-	-	763,000
Fixed rate instruments									
Term loans									
- United States Dollar	6.00 - 6.76%	7,407,922	7,896,529	6,281,885	4,835,891	1,031,868	-	20,046,173	27,454,095
- RM	3.99 - 8.00%	104,299	108,257	112,656	117,234	121,998	625,688	1,085,833	1,190,132
Finance lease payable									
- United States Dollar	8.38%	1,707	-	-	-	-	-	-	1,707
		19,832,928	8,004,786	6,394,541	4,953,125	1,153,866	625,688	21,132,006	40,964,934

15. LOANS AND BORROWINGS (cont'd)

Present value of finance lease payables is as follows:-

	Group 2009 RM	Group 2008 RM
Minimum lease payments	29,979	1,841
Less: Future finance charges	(5,762)	(134)
Present value of minimum lease payments	24,217	1,707
Current liabilities		
Payable within one year		
Minimum lease payments	13,324	1,841
Less: Future finance charges	(3,820)	(134)
Present value of minimum lease payments	9,504	1,707
Non-current liabilities		
Payable after one year but not later than five years		
Minimum lease payments	16,654	-
Less: Future finance charges	(1,941)	-
Present value of minimum lease payments	14,713	-
Total present value of minimum lease payments	24,217	1,707

The bankers' acceptances, export credit refinancing and term loans of the Group are secured against:-

(i) legal charges over a subsidiary company's freehold land and buildings (Note 4);
(ii) fixed and floating charges and debentures over a subsidiary company's assets;
(iii) specific debenture over a subsidiary company's plant and machinery (Note 4); and
(iv) corporate guarantee from the Company.

16. DEFERRED TAXATION

	Group 2009 RM	Group 2008 RM
At beginning of the year	19,243,184	-
Acquisition of subsidiary companies	-	14,806,600
Recognised in the income statement (Note 20)	5,577,703	4,436,584
At end of the year	24,820,887	19,243,184

16. DEFERRED TAXATION (cont'd)

This is in respect of estimated deferred tax assets and liabilities arising from temporary differences as follows:-

	Group 2009 RM	Group 2008 RM
Differences between the carrying amount of property, plant and equipment and its tax base	25,092,740	18,821,600
Unrealised foreign exchange (loss)/gain	(25,840)	494,400
Unrealised profit on inventories	(246,013)	(72,816)
	24,820,887	19,243,184

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:-

	Group 2009 RM	Group 2008 RM
Unutilised tax losses	6,600	6,600

The unutilised tax losses do not expire under the current tax legislation. Deferred tax assets have not been recognised in respect of the above item because it is not probable that the future taxable profit will be available against which the subsidiary company can utilise the benefits therefrom.

17. TRADE AND OTHER PAYABLES

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Trade					
Trade payables	17.1	17,782,227	12,079,839	-	-
Non-trade					
Amount owing to a subsidiary company	17.2	-	-	720,104	1,127,315
Amount owing to a director	17.2	2,657	2,657	-	-
Other payables	17.3	10,628,158	11,694,941	1,211,560	39,900
Accruals		7,794,714	5,680,364	244,500	629,435
		18,425,529	17,377,962	2,176,164	1,796,650
		36,207,756	29,457,801	2,176,164	1,796,650

17. TRADE AND OTHER PAYABLES (cont'd)

Note 17.1

The normal trade credit term granted to the Group ranges from 30 to 60 days.

The foreign currency exposure of trade payables is as follows:-

	Group	
	2009 RM	2008 RM
United States Dollar	5,698,081	4,157,475

Note 17.2

The amounts owing to a subsidiary company and a director are non-trade in nature, unsecured, interest free, repayable on demand and expected to be settled in cash.

Note 17.3

Included in other payables of the Group is :-

(i) an amount of RM1,852,247 (2008: RM10,451,847) in respect of balance outstanding for the acquisition of property, plant and equipment; and

(ii) advances for sales order received from customers of RM1,298,073 (2008:RM282,886).

The foreign currency exposure of other payables is as follows:-

	Group	
	2009 RM	2008 RM
United States Dollar	1,592,309	575,690

18. OPERATING REVENUE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Sales of goods	443,204,278	257,582,149	-	-
Dividend income	-	-	21,484,336	12,388,778
	443,204,278	257,582,149	21,484,336	12,388,778

19. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/ (crediting):-

(a) Other items

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Allowance for doubtful debts	10,868	18,845	-	-
Auditors' remuneration				
- Audit services	114,837	120,369	12,000	10,000
- Other services by auditors of the Company	11,000	-	11,000	-
Amortisation of prepaid land lease payments	1,881	1,724	-	-
Bad debts written off	-	15,114	-	-
Depreciation of property, plant and equipment	15,539,704	9,525,427	-	-
Interest expense	2,429,383	719,326	-	-
Inventories written off ^	-	561,784	-	-
Non-executive directors' remuneration:-				
- Fees				
- directors of the Company	144,000	22,000	120,000	-
- directors of subsidiary company	48,000	44,000	-	-
- Other emoluments				
- directors of the Company	32,000	-	32,000	-
Property, plant and equipment written off ^	-	1,064,585	-	-
Preliminary expenses	-	237	-	237
Rental of premises	780,292	630,002	-	-
Rental of machinery	28,100	11,500	-	-
(Gain)/Loss on foreign exchange				
- realised	(4,822,194)	1,644,175	-	-
- unrealised	103,358	(1,977,738)	-	-
Building and machinery repair costs ^	11,691,976	-	-	-

19. PROFIT BEFORE TAXATION (cont'd)

(a) Other items (cont'd)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Insurance claims ^	(18,107,445)	-	-	-
Gain on disposal of property, plant and equipment	(19,280)	(47,180)	-	-
Excess of fair value over acquisition cost of subsidiary companies	-	(34,084,804)	-	-
Interest income	(204,699)	(505,713)	(2,088)	(1,299)
Reversal of allowance for doubtful debts	(30,182)	-	-	-

^ In the previous year, the write offs are in respect of inventories and property, plant and equipment destroyed by fire. During the year, insurance claims and building and machinery repair costs are in relation to the assets damaged by fire in the previous year.

(b) Staff costs

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Staff costs	34,649,659	20,689,031	112,500	-
Included in staff costs are:-				
Share-based payment granted under EES	351,969	-	-	-
Contributions to defined contribution plan	1,433,882	868,924	-	-

19. PROFIT BEFORE TAXATION (cont'd)

(b) Staff costs (cont'd)

Included in staff costs is the aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the year as follows:-

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Fees				
- directors of the Company	122,500	-	112,500	-
- directors of the subsidiary companies	20,000	-	-	-
Share-based payment granted under EES				
- director of the Company	52,855	-	-	-
Other emoluments				
- directors of the Company	2,037,906	1,357,522	-	-
- directors of the subsidiary companies	1,079,861	703,437	-	-
	3,313,122	2,060,959	112,500	-

The estimated monetary value of directors' benefits-in-kind of the Group is RM81,350 (2008:RM68,131).

20. TAXATION

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Based on results for the year	5,462,120	2,258,566	1,324,400	220
Origination and reversal of temporary differences (Note 16)	5,577,703	4,436,584	-	-
	11,039,823	6,695,150	1,324,400	220
(Over)/Under provision in prior year	(84,974)	(273,273)	118	-
	10,954,849	6,421,877	1,324,518	220

20. TAXATION (cont'd)

The reconciliation of the tax amount at statutory tax rate to the Group's and the Company's tax expense is as follows:-

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Accounting profit	95,482,427	76,024,114	20,835,708	12,383,106
Tax at the Malaysia statutory income tax rate of 25% (2008: 26%)	23,870,620	19,766,270	5,208,900	3,219,608
Tax effect on non-taxable income	-	(8,877,497)	(3,959,700)	(3,221,088)
Effect of different tax rate of foreign subsidiary companies	(5,969)	21,377	-	-
Tax effect of non-deductible expenses	379,600	1,143,000	75,200	1,700
Effect of change in tax rate *	2,772	(773,000)	-	-
Utilisation of reinvestment allowances	(12,839,700)	(4,585,000)	-	-
(Over)/Under provision of taxation in prior year				
- income tax	(84,974)	(273,273)	118	-
- deferred tax	(367,500)	-	-	-
Tax expense	10,954,849	6,421,877	1,324,518	220

* The corporate tax rates are 26% for year of assessment 2008 and 25% for the subsequent years assessment. Consequently, deferred tax assets and liabilities are measured using these rates.

The Group has estimated unutilised tax losses of RM6,600 (2008: RM6,600) available for set off against future taxable profits.

The Finance Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. The Company may distribute dividends out of its entire retained profits under single tier system and available tax exempt income.

21. BASIC EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per ordinary share is based on the net profit attributable to ordinary equity holders of RM84,511,049 (2008: RM69,554,434) and on the weighted average number of ordinary shares outstanding during the year of 242,312,000 (2008: 217,748,866).

The net profit attributable to ordinary shareholders is calculated as follows:-

	Group	
	2009 RM	2008 RM
Net profit attributable to ordinary equity holders	84,511,049	69,554,434

Weighted average number of ordinary shares is calculated as follows:-

	Group	
	2009	2008
Issued ordinary shares at beginning of the year	242,312,000	2
Effect of shares split	-	2
Acquisition of subsidiaries	-	217,748,862
	242,312,000	217,748,866

22. DIVIDENDS

	Group/Company	
	2009 RM	2008 RM
Interim tax exempt dividend of 5 sen per share tax exempt in respect of financial year ended 31 March 2008	-	12,115,600
First interim dividend of 2 sen per share tax exempt and 2 sen per share less 25% tax in respect of the financial year ended 31 March 2009	8,480,920	-
Debts payable to Inland Revenue Board	1,211,560	-
	9,692,480	12,115,600

On 15 May 2009, the Directors declared a second interim dividend in respect of the financial year ended 31 March 2009 of 4 sen per share tax exempt amounting to RM9,692,480. The second interim dividend was paid on 1 July 2009.

In addition, the Directors have also recommended a final dividend in respect of the financial year ended 31 March 2009 of 4 sen per share tax exempt amounting to RM9,692,480 if approved at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect the second interim dividend and final dividend. The second interim dividend and final dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 March 2010.

23. ACQUISITION OF SUBSIDIARY COMPANIES

On 7 May 2007, the Company acquired 15,681,997 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Hartalega Sdn Bhd, for a total consideration of RM123,700,000.

(a) Effect of acquisition of subsidiary companies, net of cash acquired

The fair values of the assets acquired and the liabilities assumed at the effective date of acquisition are as follows:-

	Group 2008 RM
Property, plant and equipment	129,649,555
Capital work-in-progress	2,300,223
Prepaid land lease payments	154,104
Other investment	175,000
Inventories	20,389,247
Trade and other receivables	39,157,535
Cash and bank balances	9,699,389
Trade and other payables	(15,361,130)
Loans and borrowings	(13,421,925)
Taxation	(98,062)
Minority interests	(52,532)
Deferred taxation	(14,806,600)
Total net assets	157,784,804
Excess of fair value over acquisition cost	(34,084,804)
Total purchase consideration	123,700,000
Less: Cash and cash equivalents of subsidiary companies acquired	(9,667,389)
Less: Acquisition with share exchange	(123,700,000)
Effect of acquisition of subsidiary companies, net of cash acquired	(9,667,389)

23. ACQUISITION OF SUBSIDIARY COMPANIES (cond't)

(b) Effect on Consolidated Income Statement

The effect on the consolidated results of the Group from the effective date of acquisition are as follows:-

	From the date of acquisition to 31.3.2008 RM
Operating revenue	257,582,149
Cost of sales	(195,881,161)
Gross profit	61,700,988
Other operating income	37,256,058
Distribution costs	(6,296,612)
Administrative costs	(13,076,162)
Other operating costs	(2,835,160)
	(22,207,934)
Profit from operations	76,749,112
Finance costs	(719,326)
Profit before taxation	76,029,786
Taxation	(6,421,657)
Minority interests	(47,803)
Increase in Group's net profit at the end of financial year	69,560,326

(c) Effect on Consolidated Financial Position

	Group 2008 RM
Property, plant and equipment	179,699,926
Capital work-in-progress	20,187,719
Prepaid land lease payments	152,380
Other investment	175,000
Inventories	22,052,270
Trade and other receivables	38,618,552
Tax assets	164,054
Cash and bank balances	8,041,188
Trade and other payables	(28,788,464)
Loans and borrowings	(40,964,934)
Taxation	(138,926)
Minority interests	(122,155)
Deferred taxation	(19,243,184)
Increase in Group's net assets	179,833,426

24. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the year, the Group purchased property, plant and equipment with aggregate costs of RM17,835,832 (2008: RM8,391,191).

	Group	
	2009 RM	2008 RM
Cash payments	17,805,580	8,391,191
Finance lease arrangement	30,252	-
	17,835,832	8,391,191

25. CAPITAL COMMITMENT

In respect of acquisition of property, plant and equipment:-

	Group	
	2009 RM	2008 RM
Approved and contracted for	1,314,201	9,460,038
Approved and not contracted for	104,886,598	141,154,887

26. RELATED PARTY DISCLOSURES

(a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability directly or indirectly to control the party or exercise significant influence over the party in making a financial and operating decision, or vice versa, or where the Group and the party are subject to common control or common significant influence.

The Group has a related party relationship with its holding company, subsidiary companies, key management personnel and director related companies.

(b) Related party transactions and balances

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Received and receivable from subsidiary company:				
Dividend	-	-	20,072,956	12,388,778
Paid to director related companies: *				
Share issuing services	149,303	-	149,303	-
Share registry services	12,502	-	12,502	-
Public relation and advertising services #	162,680	-	106,178	-

* companies in which a director, Abdul Hamid bin Sh Mohamed, is also a director.
# a company in which the director also has substantial financial interests.

Information on outstanding balances with related parties as at balance sheet date is disclosed in Note 17.2

(c) Compensation of key management personnel

Key management personnel includes personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any director of the Group.

The compensation of the key management personnel are as follows:-

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Directors' fees	334,500	66,000	232,500	-
Short term employee benefits	2,854,366	1,871,803	32,000	-
Share-based payment granted under EES	52,855	-	-	-
Post-employment benefits	295,401	189,156	-	-
Estimated monetary value of benefits-in-kind	81,350	68,131	-	-
	3,618,472	2,195,090	264,500	-

27. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segment, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those can be allocated on a reasonable basis. Unallocated items comprise mainly other investments, corporate assets and head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Business segments

The Group's business segments mainly comprise the manufacturing and sale of latex gloves. All information required for business segment has been disclosed in the financial statements. As such, no business segmental analysis of its financial results is reported.

Geographical segments

The manufacturing and investment holding segments are operated solely in Malaysia. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers while segment assets are based on the geographical location of assets.

27. SEGMENT REPORTING (cont'd)

	North America RM	South America RM	Asia (Ex-Malaysia) RM	Europe RM	Malaysia RM	Other Regions RM	Consolidated RM
2009							
Revenue from external customers by location of customers	354,092,794	17,495	32,509,249	40,986,595	3,371,551	12,226,594	443,204,278
Segment assets by location of assets	1,749,842	-	-	-	366,695,885	6,070,967	374,516,694
Capital expenditure by location of assets	35,723	-	-	-	61,735,844	8,525	61,780,092
2008							
Revenue from external customers by location of customers	193,811,351	7,000,648	25,757,850	23,465,804	2,077,594	5,468,902	257,582,149
Segment assets by location of assets	706,541	-	-	-	265,437,551	2,607,944	268,752,036
Capital expenditure by location of assets	9,942	-	-	-	78,780,497	6,305	78,796,744

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2009 (cont'd)

28. SIGNIFICANT EVENT

On 17 April 2008, the entire issued and paid-up share capital of Hartalega Holdings Berhad comprising 242,312,000 ordinary shares of RM0.50 each was admitted to the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") and the listing of and quotation for the shares on the Main Board of Bursa Securities.

29. CONTINGENT LIABILITIES

(a) On 30 May 2007, Tillotson Corporation ("Tillotson") filed a complaint with The United States International Trade Commission ("ITC") alleging wilful infringement of its patent by several manufacturers and re-sellers of Nitrile Gloves imported into the United States, including Hartalega Holdings Berhad and certain of its subsidiary companies. Tillotson is seeking a General Exclusion Order ("Exclusion Order") which if granted, would block the importation of those infringing Nitrile Gloves. The ITC is not authorised to award monetary damages.

On 27 September 2007, Tillotson also filed a claim for unspecified damages, including profits it alleges to have lost, a reasonable royalty and treble damages in the United States District Court for the Northern District of Georgia, Rome Division.

On 25 August 2008, the Administrative Law Judge ("the Judge") at the ITC issued an initial determination finding that Tillotson's patent for nitrile gloves was invalid and that no exclusion order should be issued. On 22 December 2008, the ITC issued its final determination, upholding the Judge's decision.

As to the suit filed in United States District Court for the Northern District of Georgia, Rome Division, to date the Company, its immediate holding company and its subsidiary company have not been formally served with the claim.

(b) On 7 April 2009, Smart Glove Holdings Sdn Bhd (the "Plaintiff") has instituted legal proceedings against a group of 6 entities ("collectively, the "Defendants"), which includes Hartalega Holdings Berhad, seeking jointly and/or severally certain declarations arising from alleged sequence of events in retaining the legal services of American firm Messrs Kirkland & Ellis relating to defending and/or challenging legal proceedings in the United States of America by Tillotson with the monetary compensation and/or refund approximating RM2.6 million. The Plaintiff has also alleged that the Defendants had unlawfully interfered with its business causing loss of its goodwill and reputation in the trade and loss of sales. With respect to this allegation, the Plaintiff has not provided any monetary value of damages suffered by the Plaintiff resulting from the said allegations.

The Directors, in consultation with the solicitors, are of the opinion that the claims are lacking in merit and that the prospects of successfully defending the claims are good.

(c) Other contingent liabilities

	Company	
	2009 RM	2008 RM
Corporate guarantees issued for banking facilities granted to a subsidiary company (unsecured) - outstanding as at year end	57,730,667	-

30. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies

The Group is exposed to a variety of risk in the normal course of business. The Group's risk management seeks to minimise the potential adverse effects from these exposures. The management reviews and agrees policies for managing each of these risks as follows:-

i. Foreign Exchange Risk

The Group is exposed to foreign exchange risk when the currency denomination differs from its functional currency.

The Group enters into foreign currency forward contracts to protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled.

As at balance sheet date, the Group has entered into forward foreign exchange contracts which are due for maturity within 3 months (2008: 7 months) from the balance sheet date with the following notional amounts:-

Hedged item in RM	Notional Currency	Contract Rates	Total Notional Amount (USD)
2009			
Trade receivables	United States Dollar	RM3.60 to RM3.66	11,000,000
2008			
Trade receivables and anticipated sales	United States Dollar	RM3.20 to RM3.29	15,000,000

The net unrecognised loss as at 31 March 2009 on forward contracts amounted to RM57,300 (2008 : net unrealised gain of RM570,450). This exchange loss or gain is deferred until the related trade receivables and sales proceeds are received.

ii. Interest Rate Risk

The Group's exposure to interest rate risk relates to:-

- Interest bearing financial assets
  Deposits with licensed banks are short term in nature, placed for better yield returns than cash at banks and as security for rental of property.

- Interest bearing financial liabilities
  The Group's exposure to interest rate risk relates to interest bearing financial liabilities comprise of term loans bankers' acceptances, export credit refinancing and finance lease payables.

  The Group actively reviews its debts portfolio to ensure favourable rates are obtained.

30. FINANCIAL INSTRUMENTS (cont'd)

iii. Credit Risk

The Group's exposure to credit risk arises from its receivable and the maximum risk associated with the recognised financial assets is the carrying amounts as presented in the balance sheets.

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

As at 31 March 2009, approximately 71.10% (2008: 66.90%) of the Group's trade receivables were due from two (2008: two) major customers. Trade receivable balances from those major customers amounted to RM40,940,961 (2008 : RM22,182,155) of which RM10,941,000 (2008 : RM9,562,500) are secured by a standby Letter of Credit from customer.

iv. Liquidity Risk

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

(b) Fair Values

The methods and assumptions used to estimate the fair values of the following classes of financial assets and liabilities are as follows:-

i. Cash and Cash Equivalents, Pledged Deposits, Trade and Other Receivables and Payables

The carrying amounts approximate fair values due to the relatively short term maturities of these financial assets and liabilities.

ii. Borrowings

The carrying amounts of bankers' acceptances and export credit refinancing approximate fair value due to the relatively short term maturities of these financial liabilities.

The fair values of fixed interest rate term loans and finance lease payables are estimated using discounted cash flow analysis, based on current lending rates for similar types of borrowing arrangements.

iii. Other Investment

The golf club memberships are estimated based on the current market price of the memberships determined on an individual basis.

iv. Forward Foreign Exchange Contracts

The fair values of forward foreign exchange contracts are the amounts that would be payable or receivable on termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and forward exchange rate as at the balance sheet date applied to a contract of similar quantum and maturity profile.

30. FINANCIAL INSTRUMENTS (cont'd)

The carrying amounts of financial assets and liabilities recognised in the financial statements of the Group and of the Company approximate their fair values except for the following:-

	Group	
	Carrying Amount RM	Fair Value RM
2009		
Financial Asset		
Transferable club memberships	175,000	180,000
Financial Liabilities		
Finance lease payables	24,217	31,524
Term loans	57,730,667	58,121,552
2008		
Financial Asset		
Transferable club memberships	175,000	180,000
Financial Liability		
Term loans	28,644,227	28,520,523

The nominal/notional amount and fair value of financial instruments not recognised in the balance sheets is as follows:-

	Group		Company	
	Nominal/ Notional Amounts RM	Fair Value RM	Nominal/ Notional Amounts RM	Fair Value RM
2009				
Financial Liabilities				
Forward foreign exchange contracts	-	57,300	-	-
Contingent liabilities in respect of corporate guarantee issued for banking facilities granted to a subsidiary company	-	-	57,730,667	*-
2008				
Financial Asset				
Forward foreign exchange contracts	-	570,450	-	-

* It is not practical to estimate the fair value of the contingent liabilities reliably due to uncertainties of timing, costs and eventual outcome.

ADDITIONAL COMPLIANCE **INFORMATION**

A. Recurrent Related Party Transactions

During the financial year there were no recurrent related party transactions of revenue or trading nature involving the directors and/or substantial shareholders of the Group.

B. Share Buy-back

During the financial year there were no share buy-back exercise undertaken.

C. Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the company and its subsidiaries, directors or management by the any relevant regulatory bodies during the financial year.

D. Non Audit Fees Paid/Payable

The amount of non-audit fees paid/payable to the external auditor in respect of the financial year amount to RM11,000.

E. Variation In Result

The estimated consolidated profit after taxation and minority interest presented in the Prospectus dated 28 March 2008 amounted to RM55.457 million. The consolidated profit after taxation and minority interest achieved by the Group for the said financial year amounted to RM84.511 million. As such, the Group achieved the profit forecast.

F. Profit Guarantees

There was no profit guarantee given by the Group for the financial year.

G. Revaluation of Landed Properties

The company does not have a revaluation policy on its landed properties.

H. Options, Warrants or Convertible Derivatives

The company did not issue any options, warrants or convertible securities during the financial year.

I. American Depository Receipt (“ADR”) or Global Depository Receipt (“GDR”)

During the financial year, the company did not sponsor any ADR or GDR programme.

J. Materials Contract

During the year, there were no materials contract entered into by the Company and its subsidiaries which involved directors’ and major shareholders’ interests.

K. Contracts Relating to Loan

There were no contracts relating to loan by the Company and its subsidiaries in respect of item J.

LIST OF PROPERTIES
AS AT 31 MARCH 2009

Location Address	Existing Use	Approximate Age of Building	Tenure	Date of Acquisition	Area (m^2)	NBV (RM)
7 Kawasan Perusahaan Suria 45600 Batang Berjuntai Selangor	Factory and office building	Between 1 to 14 years	Freehold	1995 2003 2003 2006 2009	49,132 (built-up area)	48,468,642
H.S.(D) 7634, P.T. No. 6073 Mukim of Batang Berjuntai Daerah Kuala Selangor Selangor	Industrial land	NA	Freehold	1993	43,158	4,901,383
H.S.(D) 1742, P.T. No. 2965 Mukim of Batang Berjuntai Daerah Kuala Selangor Selangor	Vacant land	NA	Leasehold Expiring on 14 Mar 2090	1998	3,237	150,499
GRN 130471, Lot 3393 Mukim of Batang Berjuntai Daerah Kuala Selangor Selangor	Industrial land	NA	Freehold	2006	19,307	3,227,882
GRN 130470, Lot 3392 Mukim of Batang Berjuntai Daerah Kuala Selangor Selangor	Industrial land	NA	Freehold	2006	19,868	3,321,654
GRN 130469, Lot 3391 Mukim of Batang Berjuntai Daerah Kuala Selangor Selangor	Industrial land	NA	Freehold	2007	18,811	3,459,609
C-G-9, Jalan Dataran SD1 Dataran SD, PJU 9 Bandar Sri Damansara 52200 Kuala Lumpur	4 storey office buiding	2 years	Leasehold Expiring on 27 Aug 2102	2007	410 (built-up area)	1,767,142

ANALYSIS OF SHAREHOLDINGS
AS AT 23 JULY 2009

SHARE CAPITAL

Authorised Share Capital	:	RM250,000,000
Issued and Paid Up Share Capital	:	RM121,156,000 comprising 242,312,000 ordinary shares
Class of Shares	:	Ordinary Share of RM0.50 each
Voting Rights	:	One vote per ordinary share
Number of Shareholders	:	1,248

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No of Holders	No of Shares	%
Less than 100	4	152	0.00
100 - 1,000	289	251,648	0.10
1,001 - 10,000	644	2,918,000	1.20
10,001 to 100,000	229	7,158,600	2.96
100,001 to 12,115,599	80	87,897,600	36.28
12,115,600 and above	2	144,086,000	59.46
	1,248	242,312,000	100.00

30 LARGEST SHAREHOLDERS AS AT 23 JULY 2009

No	Name of Shareholders	No of Shares	%
1	HARTALEGA INDUSTRIES SDN BHD	122,234,000	50.44
2	BUDI TENGGARA SDN BHD	21,852,000	9.02
3	KELANA CITRA SDN BHD	10,909,000	4.50
4	KINTA JERAM SDN BHD	10,909,000	4.50
5	KEVIN TEN	7,004,891	2.89
6	JASON TEN JHIA SEENG	5,170,109	2.13
7	PACIFIC VENUE SDN BHD	4,852,000	2.00
8	LEMBAGA TABUNG HAJI	4,116,800	1.70
9	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (JERSEY)	4,034,600	1.67
10	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SEOW HOON HIN	4,000,000	1.65
11	TIARA IKHTISAS SDN BHD	3,701,300	1.53
12	KINETIC REGION SDN BHD	3,450,400	1.42
13	SBB NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	2,282,800	0.94
14	LEE LOO TIN	1,887,900	0.78
15	RHB NOMINEES (ASING) SDN BHD MEDLINE INDUSTRIES INC.	1,800,000	0.74

30 LARGEST SHAREHOLDERS AS AT 23 JULY 2009 (cont'd)

No	Name of Shareholders	No of Shares	%
16	SEOW HOON HIN	1,790,000	0.74
17	TYE HOLDINGS SDN BHD	1,620,000	0.67
18	ANISA SEOW JING YING	1,333,000	0.55
19	TEOH TECK LIAN @ ANNIE TEOH	955,500	0.39
20	LEE KIM TOH	908,100	0.37
21	TAN BOOI CHARN	852,700	0.35
22	SBB NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (CAFM A/C 1)	799,000	0.33
23	KUAN EU JIN	710,000	0.29
24	LIM BOON KIONG	655,000	0.27
25	NGOH SEE CHENG	574,400	0.24
26	ABDUL HAMID BIN SH MOHAMED	500,000	0.21
27	KUAN MUN LEONG	459,000	0.19
28	KUAN MUN KENG	458,000	0.19
29	CHONG SIEW PIN	451,300	0.19
30	KUAN VIN SEUNG	450,000	0.19

ANALYSIS OF SHAREHOLDINGS
AS AT 23 JULY 2009

SUBSTANTIAL SHAREHOLDERS

The following are the substantial shareholders of the Company according to the Register of Substantial Shareholders.

Name of Shareholders	Direct Interest No of Shares	%	Indirect Interest No of Shares	%
Hartalega Industries Sdn Bhd	122,234,000	50.44	0	0
Kuan Kam Hon	0	0	123,151,000*	50.82
Kuan Kam Peng	0	0	122,234,000**	50.44
Sannusi bin Ngah	50,000	0.02	21,852,000***	9.02
Md Jais bin Ngah	0	0	21,852,000***	9.02
Budi Tenggara Sdn Bhd	21,852,000	9.02	0	0

* Deemed interest through his shareholding in Hartalega Industries Sdn Bhd by virtue Section 6A of the Companies Act, 1965 and his sons, Kuan Mun Leong and Kuan Mun Keng's shareholding.

** Deemed interest through his shareholding in Hartalega Industries Sdn Bhd by virtue Section 6A of the Companies Act, 1965.

*** Deemed interest through his shareholding in Budi Tenggara Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.

DIRECTORS' SHAREHOLDINGS

Name of Shareholders	Direct Interest No of Shares	%	Indirect Interest No of Shares	%
Kuan Kam Hon	0	0	123,151,000*	50.82
Kuan Mun Leong	459,000	0.19	0	0
Liew Ben Poh	365,000	0.15	4,000	0
Dato' Mohamed Zakri bin Abdul Rashid	359,000	0.15	0	0
Kuan Mun Keng	458,000	0.19	0	0
Sannusi bin Ngah	50,000	0.02	21,852,000**	9.02
Chuah Phaik Sim	50,000	0.02	4,852,000***	2.00
Abdul Hamid bin Sh Mohamed	500,000	0.21	10,909,000****	4.50

* Deemed interest through his shareholding in Hartalega Industries Sdn Bhd by virtue Section 6A of the Companies Act, 1965 and his sons, Kuan Mun Leong and Kuan Mun Keng's shareholding.

** Deemed interest through his shareholding in Budi Tenggara Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.

*** Deemed interest through her shareholding in Pacific Venue Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.

**** Deemed interest through his shareholding in Kelana Citra Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Third (3rd) Annual General Meeting of the Company will be held at the **Banyan & Casuarina Room, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur** on **Thursday, 3 September 2009** at **10.00 am** for the following purposes:-

AGENDA

1. To table the Audited Financial Statements for the year ended **31 March 2009** together with the Reports of the Directors and Auditors thereon.

2. To approve the payment of a final tax exempt dividend of 4 sen per share for the financial year ended **31 March 2009**
(Resolution 1)

3. To approve the payment of Directors' Fees for the financial year ended 31 March 2009.
(Resolution 2)

4. To re-elect the following Directors retiring under Article 91 of the Articles of Association of the Company:-

   (i) Mr Kuan Mun Leong **(Resolution 3)**
   (ii) Mr Liew Ben Poh **(Resolution 4)**
   (iii) Dato' Mohamed Zakri bin Abdul Rashid **(Resolution 5)**

5. To re-appoint Messrs Moore Stephens AC as Auditors of the Company and to authorise the Directors to fix their remuneration.
(Resolution 6)

6. As Special Business:

   To consider and if thought fit, to pass the following resolution with or without modifications:-

   AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE SHARES

   "THAT subject to the provisions of Section 132D of the Companies Act, 1965 and approvals from Bursa Malaysia Securities Berhad and other relevant governmental/regulatory authorities where such approvals shall be necessary, authority be and is hereby given to the Directors of the Company to issue shares from the unissued share capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and such authority shall remain in force until the next Annual General Meeting of the Company."
   (Resolution 7)

NOTICE OF
ANNUAL GENERAL MEETING (cont'd)

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a final tax exempt dividend of 4 sen per share for the financial year ended 31 March 2009, if approved, will be paid on 8 October 2009 to depositors registered in the Record of Depositors at the close of business on 18 September 2009.

A depositor shall qualify for the dividend in respect of:-

a) Shares transferred into the Depositor's Securities Account before 4.00pm on 18 September 2009 in respect of ordinary transfers; and

b) Shares bought on the Bursa Malaysia on a cum entitlement basis according to the Rules of Bursa Malaysia.

By Order of the Board

LIM MING TOONG
HOH KEAN NYUK
Company Secretaries

Kuala Lumpur
11 August 2009

NOTES:

(1) A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
(2) To be valid, this form, duly completed must be deposited at the Company's Registrar, Symphony Share Registrars Sdn Bhd, Level 26, Menara Multi Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting.
(3) A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.
(4) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
(5) Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
(6) If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

EXPLANATORY NOTE ON SPECIAL BUSINESS:

(7) Ordinary Resolution 7 - Authority to Allot and Issue Shares

This Resolution, if passed, will give the Directors of the Company the power to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interests of the Company. This would avoid any delay and cost involved in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

STATEMENT ACCOMPANYING NOTICE OF **ANNUAL GENERAL MEETING**

Pursuant to Paragraph 8.28(2) of The Listing Requirements of Bursa Malaysia Securities Berhad.

1. The Directors who are standing for re-election in accordance with Article 91 of the Company's Articles of Association are as follows:-

   (a) Mr Kuan Mun Leong
   (b) Mr Liew Ben Poh
   (c) Dato' Mohamed Zakri bin Abdul Rashid

2. The details of attendance of Directors at Board Meetings are as follows:-

   During the financial year ended 31 March 2009, seven Board Meetings were held:

Directors	Attendance
Mr Kuan Kam Hon @ Kwan Kam Onn	7/7
Mr Kuan Mun Leong	7/7
Mr Kuan Mun Keng*	3/3
Mr Liew Ben Poh	6/7
Dato' Mohamed Zakri bin Abdul Rashid	6/7
Encik Abdul Hamid bin Sh Mohamed	7/7
Ms Chuah Phaik Sim	6/7
Encik Sannusi bin Ngah	7/7

   Note:
   Mr Kuan Mun Keng was appointed as Director of the Company on 4 July 2008.

3. The Third (3rd) Annual General Meeting will be held at Banyan & Casuarina Room, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 3 September 2009 at 10.00am.

4. Further details on the Directors who are standing for re-election at the Third (3rd) Annual General Meeting are set out on page 24 to 27 of the Annual Report.

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Hartalega
Holdings Berhad (741883-X)

PROXY **FORM**

*I/We (Full Name in Capital Letters) ____ NRIC No.________________________

of (Address)____

being a member(s) of **HARTALEGA HOLDINGS BERHAD,** hereby appoint (Full Name in Capital Letters)____________

____ NRIC No.__________________________________

of (Address)____

*and / or failing him/her (Full Name in Capital Letters) ______________________________ NRIC No._________________

of (Address)____

as *my/our proxy to vote for* me/us on *my/our behalf at the **Third (3rd) Annual General Meeting** of **Hartalega Holdings Berhad** to be held at **Banyan & Casuarina Room, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur** on **Thursday, 3 September 2009** at **10.00 am** or at any adjournment thereof.

The proportion of *my/our holding to be represented by *my/our proxies are as follows:-
(The next paragraph should be completed only when two proxies are appointed)

* First Proxy (1) .... %
* Second Proxy (2) .... %

Number of Shares Held :	
CDS Account No. of Authorised Nominee	

NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of a final tax exempt dividend of 4 sen per share		
2.	To approve the directors' fees		
3.	To re-elect Mr Kuan Mun Leong as Director		
4.	To re-elect Mr Liew Ben Poh as Director		
5.	To re-elect Dato' Mohamed Zakri bin Abdul Rashid as Director		
6.	To re-appoint Messrs Moore Stephens AC as Auditors and to authorise the Directors to fix their remuneration		
	SPECIAL BUSINESS		
	Ordinary Resolution		
7.	Authority to issue shares		

Please indicate with (X) how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

Dated this .... day of 2009

....
*Signature(s)/Common Seal of Shareholder(s)
*(*Delete where inapplicable)*

Notes:-
1. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid, this form, duly completed must be deposited at the Company's Registrar, Symphony Share Registrars Sdn Bhd, Level 26, Menara Multi Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
6. If the appointer is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.

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stamp

HARTALEGA HOLDINGS BERHAD (741883-X)
Symphony Share Registrars Sdn Bhd
26th Floor, Menara Multi Purpose
Capital Square
No. 8 Jalan Munshi Abdullah
50100 Kuala Lumpur

fold here

OFFICE:
C-G-9, Jalan Dataran SD1, Dataran SD PJU 9, Bandar Sri Damansara,
52200 Kuala Lumpur, Malaysia.
Tel: +603 6277 1733
Fax: +603 6280 2533
Email: info@hartalega-kl.com.my
Web: www.hartalega.com.my

FACTORY:
7, Kawasan Perusahaan Suria, 45600 Bestari Jaya,
Selangor Darul Ehsan, Malaysia.
Tel: +603 3271 0277
Fax: +603 3271 0135

Hartalega
Holdings Berhad (741883-X)

HARTALEGA HOLDINGS BERHAD

(Company No. 741883-X)
(Incorporated in Malaysia)

ERRATA TO ANNUAL REPORT 2009

To all Shareholders of Hartalega Holdings Berhad,

Reference is made to the Annual Report 2009 of Hartalega Holdings Berhad ("the Company") which was dispatched to the Bursa Malaysia Securities Berhad and Shareholders of the Company on 11 August 2009.

We wish to inform that the following amendments have been made in the Statement on Internal Control on page 31 of the Annual Report 2009 of the Company:-

Paragraph 2 of the Statement on Internal Control

The "In achieving the Group's business objectives, the system of internal control is designed based on the principles of identifying and prioritising risk," appearing under line 3 and 4 of paragraph 2 of the Statement on Internal Control should instead be read as follows:-

"In achieving the Group's business objectives, the Board assumes its responsibility in designing the system of internal control based on the principles of identifying and prioritizing risk,"

Assurance Mechanism

The "Internal Audit - which gives emphasis to commercial risks" and "ISO Audit - which gives emphasis to operational risks" appearing under line 2 and 3 of the first paragraph should instead be read as "Internal Audit" and "ISO Audit" respectively.

The "notified" appearing under line 2 of the third paragraph should read as "certification".

Review of the Statement by External Auditors

The "31 December 2008" should instead be read as "31 March 2009".

This Errata is dated 20 August 2009.