

HARTALEGA HOLDINGS BERHAD(Company No. 741883-X)**Unaudited Condensed Consolidated Income Statement****For the first quarter ended 30 June 2009**

	Current Quarter Ended 30 Jun 2009 RM'000	Corresponding Quarter Ended 30 Jun 2008 RM'000	Cumulative Year-To-Date 30 Jun 2009 RM'000	Corresponding Year-To-Date 30 Jun 2008 RM'000
Revenue	125,336	87,837	125,336	87,837
Operating expenses	(92,997)	(74,209)	(92,997)	(74,209)
Other operating income	1,280	1,638	1,280	1,638
Finance costs	(916)	(462)	(916)	(462)
Profit before tax	<u>32,703</u>	<u>14,804</u>	<u>32,703</u>	<u>14,804</u>
Taxation	(6,315)	(1,888)	(6,315)	(1,888)
Net profit for the period	<u>26,388</u>	<u>12,916</u>	<u>26,388</u>	<u>12,916</u>
Attributable to:				
Equity holders of the parent	26,375	12,889	26,375	12,889
Minority Interest	13	27	13	27
	<u>26,388</u>	<u>12,916</u>	<u>26,388</u>	<u>12,916</u>
EPS - Basic (sen)	10.88	5.32	10.88	5.32
- Diluted (sen)	-	-	-	-

(The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2009 and the accompanying notes attached to this interim financial report.)

HARTALEGA HOLDINGS BERHAD(Company No. 741883-X)**Condensed Consolidated Balance Sheet as at 30 June 2009**

	<i>Unaudited At 30 June 2009 RM'000</i>	<i>Audited At 31 Mar 2009 RM'000</i>
ASSETS		
Non current assets		
Property, Plant & Equipment	245,284	246,072
Capital work in progress	1,125	-
Prepaid land lease payment	150	150
Other investment	175	175
	<u>246,734</u>	<u>246,397</u>
Current assets		
Inventories	19,270	24,595
Trade receivables	48,573	57,579
Other receivables, deposits and prepayment	2,898	7,924
Tax assets	88	88
Cash & bank balances	83,835	38,260
	<u>154,664</u>	<u>128,446</u>
TOTAL ASSETS	<u>401,398</u>	<u>374,843</u>
EQUITY AND LIABILITIES		
Share capital	121,156	121,156
Reserves	150,041	133,259
Shareholders' equity	<u>271,197</u>	<u>254,415</u>
Minority interest	121	85
Total Equity	<u>271,318</u>	<u>254,500</u>
Non current liabilities		
Long term borrowing	39,035	42,677
Deferred tax liabilities	25,362	24,821
	<u>64,397</u>	<u>67,498</u>
Current liabilities		
Trade payables	15,388	17,782
Other payables and accruals	19,710	18,423
Amount owing to directors	3	3
Short term borrowing	15,068	15,078
Dividend payable	9,692	-
Tax payables	5,822	1,559
	<u>65,683</u>	<u>52,845</u>
Total Liabilities	<u>130,080</u>	<u>120,343</u>
TOTAL EQUITY AND LIABILITIES	<u>401,398</u>	<u>374,843</u>
Net assets per share attributable to the equity holders of the parent (sen)	111.92	104.99

(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2009 and the accompanying notes attached to this interim financial report)

HARTALEGA HOLDINGS BERHAD(Company No. 741883-X)**Unaudited Condensed Consolidated Statement of Changes in Equity****For the first quarter ended 30 June 2009**

	<-----Attributable to the equity holders of the parent----->							
	<i>Share Capital</i>	<i>Share Premium</i>	<i>Translation Reserve</i>	<i>Share-based Payment Reserve</i>	<i>Retained Profit</i>	<i>Sub Total</i>	<i>Minority Interest</i>	<i>Total Equity</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
3 Months Ended 30 June 2009								
Balance as at 01 April 2009	121,156	792	(134)	352	132,249	254,415	85	254,500
Foreign exchange translation difference			99			99	23	122
Net profit for the period					26,375	26,375	13	26,388
Second interim tax exempt dividend of 4 sen per share					(9,692)	(9,692)		(9,692)
Balance as at 30 June 2009	121,156	792	(35)	352	148,932	271,197	121	271,318
3 Months Ended 30 June 2008								
Balance as at 01 April 2008	121,156	792	89	-	57,431	179,468	122	179,590
Foreign exchange translation difference			41			41	9	50
Net profit for the period					12,889	12,889	27	12,916
Balance as at 30 June 2008	121,156	792	130	-	70,320	192,398	158	192,556

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2009 and the accompanying notes attached to this interim financial report.)

HARTALEGA HOLDINGS BERHAD(Company No. 741883-X)**Unaudited Condensed Consolidated Cash Flow Statements****For the first quarter ended 30 Jun 2009**

	Current Year-To-Date 30 Jun 2009 RM'000	Corresponding Year-To-Date 30 Jun 2008 RM'000
Profit before tax	32,703	14,804
Adjustment for: Non cash items	5,780	3,470
Operating profit before changes in working capital	38,483	18,274
Changes in working capital		
Net change in inventories	5,325	(907)
Net change in receivables	14,032	(10,217)
Net change in payables	(1,107)	11,333
Cash generated from operations	56,733	18,483
Interest paid	(916)	(462)
Interest received	194	37
Taxation paid	(1,513)	(612)
Net cash generated from operating activities	54,498	17,446
Investing Activities		
Proceeds from disposal of property, plant and equipment	-	44
Capital work in progress incurred	(1,125)	(23,660)
Purchase of property, plant and equipment	(4,145)	(849)
Withdrawal of fixed deposits	-	150
Net cash used in investing activities	(5,270)	(24,315)
Financing Activities		
Repayment of term loan	(3,650)	(1,733)
Bank borrowings (BA, ECR, OFCL)	-	6,388
Repayment of finance lease	(3)	-
Net cash generated from financing activities	(3,653)	4,655
Net change in cash & cash equivalents	45,575	(2,214)
Cash & cash equivalents at beginning of period	38,151	8,312
Cash & cash equivalents at end of period	83,726	6,098
Cash & cash equivalents at end of period comprise:		
Deposits with licensed banks	56,209	33
Cash in hand and at banks	27,626	6,098
	83,835	6,131
Less : Fixed deposit pledged	(109)	(33)
	83,726	6,098

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2009 and the accompanying notes attached to this interim financial report.)



Hartalega

Holdings Berhad (741883-X)

Notes to the Interim financial report for the First Quarter ended 30 June 2009

A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with requirement of Financial Reporting Standard 134 (FRS 134): Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Appendix 9B part A of the Listing Requirements (“Listing Requirements”) of the Bursa Malaysia Securities Bhd (“Bursa Securities”).

The accounting policies and methods of computation adopted in the preparation of this financial report are consistent with those adopted in the audited financial statements of the Company for the financial year ended 31 March 2009.

The interim financial report should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2009 and the accompanying explanatory notes attached to this interim financial report.

A2. Auditors’ Report

The auditors’ report for the immediate preceding annual financial statements of the Company for the financial year ended 31 March 2009 is not qualified.

A3. Seasonal and Cyclical Factors

The principal business operations of the Group were not affected by any seasonal and cyclical factors.

A4. Items of Unusual Nature and Amount

There were no items affecting the assets, liabilities, equity, net income or cash flow of the Group that are unusual because of their nature, size or incidence for the current quarter and financial year-to-date.

A5. Changes in Estimates

There were no changes in the estimates of amounts reported in the prior interim period of the current financial year or changes in the estimates of amounts reported in the prior financial years that have a material effect in the current quarter or financial year-to-date.

A6. Issuances, Cancellations, Repurchase, Resale and Repayments of Debt and Equity Securities

There were no issuance and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter and financial year-to-date.



Hartalega

Holdings Berhad (741883-X)

A7. Dividend Paid

There were no dividends paid by the Company during the current quarter and financial year-to-date.

A8. Segmental Reporting

Segmental reporting is not provided as the Group's primary business segment is principally engaged in the manufacturing and sale of gloves and its operation is principally located in Malaysia.

A9. Valuation of property, plant and equipment

The valuations of property plant and equipment have been brought forward without amendment from the previous annual financial statements.

A10. Capital Commitments

Capital commitment as at end of the current quarter and financial year-to-date are as follows:-

	30 June 2009
	RM'000
Approved and contracted for	6,578
Approved but not contracted for	97,700
Total	<u>104,278</u>

A11. Material Events Subsequent to the End of Period Reported

There were no material events subsequent to 30 June 2009 up to latest practicable date, 11 August 2009 that have not been reflected in the financial statements for the current quarter and financial year-to-date.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group in the current quarter and financial year-to-date.

A13. Contingent liabilities and Contingent Assets

There were no contingent liabilities or contingent assets that had arisen since the last annual balance sheet date except as disclosed in the material litigation under Section B11.



Hartalega

Holdings Berhad (741883-X)

B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

B1. Review of Performance of the Company and its Subsidiaries

The Group's performance for the quarter under review versus the corresponding quarter of the previous financial year is tabled below:

	1st Quarter ended 30 June 2009	1st Quarter ended 30 June 2008	Variance	
	RM'000	RM'000	RM'000	%
Revenue	125,336	87,837	37,499	42.7
Profit before tax	32,703	14,804	17,899	120.9

Quarter to quarter, the Group's sales revenue increased by 42.7% and profit before tax increased by 120.9%. The significant achievement in revenue and profit before tax is in line with the Group's continuous expansion in production capacity, higher nitrile sales mix, and improvement in production process, lower synthetic & natural latex price and favourable exchange rate.

B2. Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter

	Current Quarter ended 30 June 2009	Preceding Quarter ended 31 Mar 2009	Variance	
	RM'000	RM'000	RM'000	%
Revenue	125,336	124,816	520	0.4
Profit before tax	32,703	34,010	-1,307	-3.8
Profit before tax (Normalised)	32,703	28,648	4,055	14.2

In the current quarter, the Group's revenue was 0.4% higher and the profit before tax (normalised) was 14.2% higher when compared to the preceding quarter. The profit before tax for the preceding quarter included net insurance compensation of RM5.362 million. The profit before tax (normalised) for the preceding quarter was RM28.648 million. The increase in profit before tax (normalised) is basically due to more efficient production process and lower price of raw material for both synthetic and natural latex.

B3. Commentary on Prospects and Targets

Our Group's products are sold to the Health Care Industry. Glove consumption is inelastic in the medical environment because the usage of glove is mandatory for disease control. Our nitrile synthetic glove was well accepted by the end users due to its high quality and elastic properties that mimic that of a natural rubber glove. Our protein free and competitively priced nitrile glove has made it more affordable for the acute health care industry to continue switching from the natural rubber to our synthetic nitrile glove to avoid the protein allergy problem.



Hartalega

Holdings Berhad (741883-X)

Demand remains strong for both synthetic and natural latex gloves. We have started to build another plant with 12 new advanced high capacity glove production lines in June 2009. With strong demand, lower raw material price of natural and synthetic latex and favourable exchange rate, the Group has a positive outlook.

The Board of Directors is optimistic that the Group will achieve the internal target growth for both sales revenue and net profit for the financial year ended 31 March 2010.

B4. Variance of Profit Forecast/Profit Guarantee

Not applicable as no profit forecast/profit guarantee was issued.

B5. Taxation

	Current quarter	Current year-to-date
	RM'000	RM'000
Current tax expense	5,774	5,774
Deferred tax expense	541	541
	<u>6,315</u>	<u>6,315</u>

The effective tax rate of the Group is lower than the statutory tax rate for the current quarter and financial year-to-date is mainly due to the availability of reinvestment allowances arising from the acquisition of qualifying property, plant and equipment.

B6. Profit from Sale of Unquoted Investments and/or Properties

There was no disposal of unquoted investments or properties in the current quarter and financial year-to-date.

B7. Quoted Securities

- (a) There were no purchases or disposal of quoted securities in the current quarter and financial year-to-date.
- (b) There was no investment in quoted securities as at end of the reporting period.

B8. Status of Corporate Proposal

There was no corporate proposal announced or not completed as at the latest practicable date 11 August 2009.



Hartalega

Holdings Berhad (741883-X)

B9. Group Borrowings and Debt Securities

Total Group borrowings as at 30 June 2009 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term borrowings</u>			
Term Loans (USD denominated)	8,427	-	8,427
Term Loans (RM denominated)	6,632	-	6,632
Finance Lease (USD denominated)	9	-	9
	15,068	-	15,068
<u>Long term borrowings</u>			
Term Loans (USD denominated)	12,635	-	12,635
Term Loans (RM denominated)	26,387	-	26,387
Finance Lease (USD denominated)	13	-	13
	39,035	-	39,035

B10. Off Balance Sheet Financial Instruments

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

At the latest practicable date, 11 August 2009, the Group has entered into foreign currency forward contracts with the following notional amounts and maturities:

Hedged item in RM	Contract Rates	Total Notional Amount	Maturity Within 3 Month
Trade receivables	RM3.5105 to RM3.5880	USD10,500,000	USD10,500,000

As foreign currencies contracts are hedged with creditworthy financial institutions in line with the Group's policy, the Group does not foresee any significant credit and market risks.

There are also no cash requirement risks as the Group only uses forward foreign currencies contracts as its hedging instruments.

B11. Material Litigation

As at the latest practicable date, 11 August 2009, there are no material litigations against the Group or taken by the Group saved as disclose below:

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 (741883-X)

Hartalega Holdings Berhad (“Hartalega”) by way of a writ of summons and a statement of claim in the High Court of Malaya at Kuala Lumpur (the “Action”).

The Plaintiff is seeking, as against all the Defendants in the Action jointly and/or severally, certain declarations arising from alleged sequence of events in retaining the legal services of an American firm Messrs Kirkland & Ellis relating to defending and/or challenging legal proceedings in the United States of America by one Tillotson Corporation d.b.a. Best Manufacturing Company in relation to the Tillotson’s United States Patent No. 35,616. The Plaintiff is seeking monetary compensation and/or refund approximating RM2.6million. The Plaintiff has also alleged that the Defendants in the Action 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.

Solicitors retained by the Defendants, Messrs Sekhar & Suaran, have filed and served the Memorandum of Appearance and are preparing a defence to the Action.

The Directors of Hartalega in consultation with the solicitors are of the view that the Action is lacking in merit and that the prospects of successfully defending the Action are good. In the unlikely event that the Plaintiff obtains judgment in the Action against the Defendants, Hartalega is confident that it would not give rise to any material or adverse impact to the financial position of Hartalega.

B12. Dividend

On 20 May 2009, the Board of directors has declared a second interim dividend of 4 sen per share tax exempt amounting to RM9,692,480 and was paid on 1 July 2009 in respect of the financial year ending 31 March 2009.

The Board of directors has also proposed a final dividend of 4 sen per share tax exempt amounting to RM9,692,480 in respect of the financial year ended 31 March 2009, subject to the shareholders’ approval at the forthcoming Annual General Meeting.

The total dividend declared and proposed for financial year ended 31 March 2009 was 12 sen per share.

B13. Earnings per Share

Basic Earnings Per Share	Current Quarter Ended 30/06/2009	Corresponding Quarter Ended 30/06/2008	Cumulative Year-To- Date 30/06/2009	Corresponding Year-To-Date 30/06/2008
Profit attributable to equity holders of the parent (RM'000)	26,375	12,889	26,375	12,889
Weighted average number of ordinary shares in issue ('000)	242,312	242,312	242,312	242,312
Basic earnings per share (sen)	10.88	5.32	10.88	5.32