

HARTALEGA HOLDINGS BERHAD(Company No. 741883-X)**Condensed Consolidated Income Statement****For the third quarter ended 31 December 2009 (Unaudited)**

	Current Quarter Ended 31 Dec 2009 RM'000	Corresponding Quarter Ended 31 Dec 2008 RM'000	Cumulative Year-To-Date 31 Dec 2009 RM'000	Corresponding Year-To-Date 31 Dec 2008 RM'000
Revenue	148,599	119,056	408,507	318,388
Operating expenses	(101,017)	(97,832)	(287,729)	(261,079)
Other operating income	688	4,801	3,160	5,975
Finance costs	(793)	(746)	(2,562)	(1,746)
Profit before tax	<u>47,477</u>	<u>25,279</u>	<u>121,376</u>	<u>61,538</u>
Taxation	(10,225)	(3,067)	(24,581)	(8,011)
Net profit for the period	<u>37,252</u>	<u>22,212</u>	<u>96,795</u>	<u>53,527</u>
Attributable to:				
Equity holders of the parent	37,200	22,228	96,681	53,484
Minority Interest	52	(16)	114	43
	<u>37,252</u>	<u>22,212</u>	<u>96,795</u>	<u>53,527</u>
EPS - Basic (sen)	15.35	9.17	39.90	22.07
- 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 31 December 2009**

	<i>Unaudited At 31 Dec 2009 RM'000</i>	<i>Audited At 31 Mar 2009 RM'000</i>
ASSETS		
Non current assets		
Property, Plant & Equipment	243,306	246,072
Capital work in progress	29,627	-
Prepaid land lease payment	149	150
Other investment	175	175
	<u>273,257</u>	<u>246,397</u>
Current assets		
Inventories	24,254	24,595
Trade receivables	57,487	57,579
Other receivables, deposits and prepayment	4,087	7,924
Tax assets	39	88
Cash & bank balances	90,103	38,260
	<u>175,970</u>	<u>128,446</u>
TOTAL ASSETS	<u>449,227</u>	<u>374,843</u>
EQUITY AND LIABILITIES		
Share capital	121,156	121,156
Reserves	198,650	133,259
Shareholders' equity	<u>319,806</u>	<u>254,415</u>
Minority interest	<u>248</u>	<u>85</u>
Total Equity	<u>320,054</u>	<u>254,500</u>
Non current liabilities		
Long term borrowing	31,662	42,677
Deferred tax liabilities	27,598	24,821
	<u>59,260</u>	<u>67,498</u>
Current liabilities		
Trade payables	22,838	17,782
Other payables and accruals	13,876	18,423
Amount owing to directors	3	3
Short term borrowing	15,068	15,078
Dividend payable	-	-
Tax payables	18,128	1,559
	<u>69,913</u>	<u>52,845</u>
Total Liabilities	<u>129,173</u>	<u>120,343</u>
TOTAL EQUITY AND LIABILITIES	<u>449,227</u>	<u>374,843</u>
Net assets per share attributable to the equity holders of the parent (sen)	131.98	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)**Condensed Consolidated Statement of Changes in Equity****For the third quarter ended 31 December 2009 (Unaudited)**

	<-----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>
9 Months Ended 31 December 2009								
Balance as at 01 April 2009	121,156	792	(134)	352	132,249	254,415	85	254,500
Foreign exchange translation difference			210			210	49	259
Net profit for the period					96,681	96,681	114	96,795
Second interim tax exempt dividend 4 sen per share for FYE 31 March 2009					(9,692)	(9,692)		(9,692)
Final tax exempt dividend 4 sen per share for FYE 31 March 2009					(9,692)	(9,692)		(9,692)
First interim single tier dividend 5 sen per share for FYE 31 March 2010					(12,116)	(12,116)		(12,116)
Balance as at 31 December 2009	<u>121,156</u>	<u>792</u>	<u>76</u>	<u>352</u>	<u>197,430</u>	<u>319,806</u>	<u>248</u>	<u>320,054</u>
9 Months Ended 31 December 2008								
Balance as at 01 April 2008	121,156	792	89	-	57,431	179,468	122	179,590
Foreign exchange translation difference			(199)			(199)	(46)	(245)
Net profit for the period					53,484	53,484	43	53,527
Balance as at 31 December 2008	<u>121,156</u>	<u>792</u>	<u>(110)</u>	<u>-</u>	<u>110,915</u>	<u>232,753</u>	<u>119</u>	<u>232,872</u>

(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)**Condensed Consolidated Cash Flow Statements****For the third quarter ended 31 December 2009 (Unaudited)**

	Current Year-To-Date 31 Dec 2009 RM'000	Corresponding Year-To-Date 31 Dec 2008 RM'000
Cash Flows from Operating Activities		
Profit before tax	121,376	61,538
Adjustment for:		
Non cash items	18,608	10,824
Operating profit before changes in working capital	139,984	72,362
Changes in working capital		
Net change in inventories	341	(3,706)
Net change in receivables	3,929	(26,382)
Net change in payables	509	3,071
Cash generated from operations	144,763	45,345
Interest paid	(2,562)	(1,746)
Interest received	931	157
Taxation paid	(4,941)	(1,825)
Net cash from operating activities	138,191	41,931
Cash Flows from Investing Activities		
Proceeds from disposal of property, plant and equipment	149	62
Capital work in progress incurred	(29,627)	(48,300)
Purchase of property, plant and equipment	(13,134)	(4,002)
Net cash used in investing activities	(42,612)	(52,240)
Cash Flows from Financing Activities		
Draw down of term loan	-	36,300
Repayment of term loan	(11,017)	(3,363)
Bank borrowings (BA, ECR, OFCL)	-	(1,127)
Repayment of finance lease	(8)	-
Dividend paid	(32,712)	-
Net cash from financing activities	(43,737)	31,810
Net change in cash & cash equivalents	51,842	21,501
Cash & cash equivalents at beginning of period	38,151	8,312
Cash & cash equivalents at end of period	89,993	29,813
Cash & cash equivalents at end of period comprise:		
Deposits with licensed banks	70,910	5,833
Cash in hand and at banks	19,193	24,013
	90,103	29,846
Less : Fixed deposit pledged	(110)	(33)
	89,993	29,813

(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.)



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Notes to the Interim financial report for the Third Quarter ended 31 December 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.



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A7. Dividend Paid

Dividends paid by the Company during the financial year were as follows:

- (a) Second interim dividend of 4 sen per share tax exempt amounting to RM9,692,480 in respect of the financial year ended 31 March 2009 paid on 1 July 2009.
- (b) Final dividend of 4 sen per share tax exempt amounting to RM9,692,480 in respect of the financial year ended 31 March 2009 paid on 8 October 2009.
- (c) Payment of the differences of 0.5 sen per share amounting to RM1,211,560 on 6 November 2009 arising from the amendment of frank dividend to single tier dividend for the first interim dividend in respect of the financial year ended 31 March 2009 as per announcement dated 19 October 2009.
- (d) First interim dividend of 5 sen per share single tier amounting to RM12,115,600 in respect of the financial year ending 31 March 2010 paid on 24 December 2009.

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:-
31 December 2009

	RM'000
Approved and contracted for	22,644
Approved but not contracted for	69,195
Total	<u>91,839</u>

A11. Material Events Subsequent to the End of Period Reported

There were no material events subsequent to 31 December 2009 up to latest practicable date, 22 January 2010 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.



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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:

	3rd Quarter ended 31 December 2009	3rd Quarter ended 31 December 2008	Variance	
	RM'000	RM'000	RM'000	%
Revenue	148,599	119,056	29,543	24.8
Profit before tax	47,477	25,279	22,198	87.8

Quarter to quarter, the Group's sales revenue increased by 24.8% and profit before tax increased by 87.8%. The significant achievement in revenue and profit before tax is in line with the Group's continuous expansion in production capacity, increase in demand and more efficient production process, higher premium nitrile gloves, 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 31 Dec 2009	Preceding Quarter ended 30 Sept 2009	Variance	
	RM'000	RM'000	RM'000	%
Revenue	148,599	134,572	14,027	10.4
Profit before tax	47,477	41,196	6,281	15.2

In the current quarter, the Group's revenue was 10.4% higher and the profit before tax was 15.2% higher when compared to the preceding quarter. The increase in profit before tax is basically due to increase in demand and effective cost control.

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.



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Demand for gloves surged substantially due to the outbreak of H1N1, resulted in tight supply for both synthetic and natural latex gloves. We have started to build another plant with 10 new advanced high capacity glove production lines in June 2009 and targeted to commission 2 of the production lines by end of the financial year. With continuous growth in demand for gloves from the healthcare and food sector, 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	8,545	21,537
Under provision in prior years	267	267
Deferred tax expense	1,413	2,777
	<u>10,225</u>	<u>24,581</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 22 January 2010.



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B9. Group Borrowings and Debt Securities

Total Group borrowings as at 31 December 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
	<u>15,068</u>	<u>-</u>	<u>15,068</u>
<u>Long term borrowings</u>			
Term Loans (USD denominated)	8,575	-	8,575
Term Loans (RM denominated)	23,080	-	23,080
Finance Lease (USD denominated)	7	-	7
	<u>31,662</u>	<u>-</u>	<u>31,662</u>

B10. Off Balance Sheet Financial Instruments

The Group enters into foreign currency forward contracts to hedge its estimated net exposure to movements in exchange rates arising mainly from sales and purchases.

At the latest practicable date, 22 January 2010, the Group has entered into foreign currency forward contracts with the following notional amounts.

Hedged item in RM	Contract Rates	Total Notional Amount	Maturity Within 5 Month
Trade receivables and anticipated sales	RM3.3690 to RM3.4396	USD22,500,000	USD22,500,000

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, 22 January 2010, there are no material litigations against the Group or taken by the Group.



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B12. Dividend

The Board has declared a second interim dividend of 5 sen per share single tier in respect of the financial year ending 31 March 2010 and payable on 25 March 2010. The entitlement date has been fixed on 2 March 2010.

Based on the number of ordinary shares in issue and with voting rights as at 28 January 2010 of 242,312,000, the second interim dividend distribution for the financial year ending 31 March 2010 is approximate RM12,115,600 representing about 12.5% of the attributable profit of the Group for the financial period ended 31 December 2009.

A depositor shall qualify for the entitlement only in respect of:

(a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 2 March 2010 in respect of ordinary transfers.

(b) Shares bought on Bursa Malaysia Securities Berhad ("BMSB") on a cum entitlement basis according to the rules of BMSB.

The total dividend declared up to now for the current financial year ending 31 March 2010 was 10 sen per share.

B13. Earnings per Share

Basic Earnings Per Share	Current Quarter Ended 31/12/2009	Corresponding Quarter Ended 31/12/2008	Cumulative Year-To- Date 31/12/2009	Corresponding Year-To-Date 31/12/2008
Profit attributable to equity holders of the parent (RM'000)	37,200	22,228	96,681	53,484
Weighted average number of ordinary shares in issue ('000)	242,312	242,312	242,312	242,312
Basic earnings per share (sen)	15.35	9.17	39.90	22.07