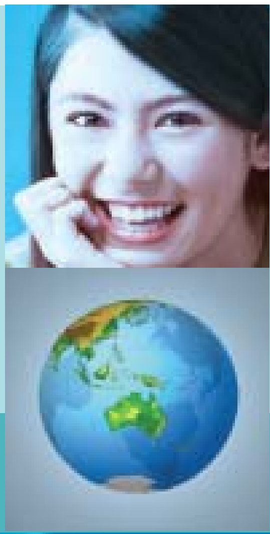

The World In Our Hands

Hartalega
Holdings Berhad (741883-X)

ANNUAL REPORT 2008

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 Examination 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-Relaxation 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 Award 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

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)

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

4 Profile of **Directors**

(left to right)

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

Kuan Mun Leong
Executive Director

Chuah Phaik Sim
Independent Non-Executive Director

Sannusi bin Ngah
Non-Independent Non-Executive Director

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

Kuan Mun Keng
Executive Director

Abdul Hamid bin Sh Mohamed
Independent Non-Executive Director

Liew Ben Poh
Executive Director

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

Kuan Kam Hon @ Kwan Kam Onn, aged 61, was appointed as Executive Chairman and Managing Director on May 7, 2007. Kuan Kam Hon is primarily responsible for the overall business, strategic planning and the 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 sits on the Board of several other private limited companies.

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

Abdul Hamid bin Sh Mohamed, aged 43, was appointed as Independent Non-Executive Director on May 7, 2007. He 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 Division and was promoted to Deputy President (Strategy & Development) in 2002 and was re-designated to Chief Financial Officer in 2003. In over five years with the KLSE Group, he had diverse roles and experience 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 demutualization exercise. He started his career in 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.

6 Profile of Directors

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

Dato' Mohamed Zakri bin Abdul Rashid, aged 65, was appointed as Independent Non-Executive Director on May 7, 2007 and sits on our Audit Committee. He was appointed to Hartalega Sdn Bhd's Board on November 27, 1998 as a Non-Executive Director. He holds a Bachelor of Arts Degree with Honours and a Diploma in Public Administration from Universiti Malaya. He also holds a Masters Degree 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 in 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 of Dialog Group Berhad.

Sannusi bin Ngah **Non-Independent Non-Executive Director, Malaysian**

Sannusi bin Ngah, aged 50, was appointed as Non-Independent Non-Executive Director on May 7, 2007. He 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 39, was appointed as Independent Non-Executive Director on May 7, 2007. She 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 a qualified Audit Senior in 1993. Her experience in KPMG includes 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 Executive Director, Malaysian

Liew Ben Poh, aged 59, was appointed as Executive Director on May 7, 2007. Presently, he is 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.

8 Profile of Directors

Kuan Mun Leong **Executive Director, Malaysian**

Kuan Mun Leong, aged 32, 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 specializing 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 is 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 our Group.

Kuan Mun Keng **Executive Director, Malaysian**

Kuan Mun Keng, aged 33, 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.

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

Dear Shareholder,

On behalf of the Board of Directors, it gives me pleasure to present to you the inaugural annual report of Hartalega Holdings Berhad for the financial year ended 31 March 2008.

Executive Chairman's Statement

Since our establishment, we have been guided by our vision to be the number one glove manufacturer that produces the best and most innovative gloves.

This is premised on our philosophy that in order to succeed, it is imperative that we develop our own technology that will trigger a chain of modernization to usher in a new era in glove-making. Our ability to challenge the conventional mindset of the glove industry has had a significant impact in cementing our status as a technological leader in this sector.

With our commitment to grow the business, our recent listing on the Main Board of Bursa Malaysia in April 2008 could not have been more timely as it provides us with the impetus to strengthen the Group whilst solidifying our position as a key participant in the glove manufacturing sector globally.

As we enter into this second phase of our corporate development, we are confident that we will have even greater capacity to seize the enormous opportunities available in this dynamic sector.

ECONOMIC LANDSCAPE

In spite of the uncertainties that prevail in the global economic environment in the wake of high crude oil prices, inflation, strengthening of the Ringgit and apprehensions surrounding the US economic slowdown, the glove sector remained resilient.

This is largely attributed to the indispensable nature of gloves as they have an important role in highly regulated environments such as the healthcare and biotechnology sectors where protection and hygiene cannot be compromised.

Moreover, socio-economic growth across numerous markets has spurred the demand for healthcare services which have contributed to the continued demand for gloves.

While local glove manufacturers may face competition from other regional glove producers, Malaysian manufacturers will reinvent themselves to maintain pole position as the world's largest manufacturer of gloves. This is premised on the competitive environment of the glove industry which has motivated local manufacturers to produce gloves that continue to surpass international standards.

We will stay focused in our pursuit to capture new markets, maintain our market position and above all, break new ground with technology advancements.

FINANCIAL PERFORMANCE

In today's increasingly challenging business environment, it is clear that for any organization to achieve sustainable growth and success, a sound and comprehensive business strategy is necessary to attain its financial aspirations.

Hence, I am pleased to note that in our inaugural financial year as a listed entity, shareholders will be duly presented with a deeper insight to the Group's competitive strengths which have enabled us to enjoy a strong financial track record from the inception of our business.

To this end, we recorded a profit before tax of RM76.02 million and profit after tax of RM69.6 million for the financial year ended March 31, 2008. This was achieved on the back of operating revenue of RM257.6 million.

The Group's positive results are due to our strong focus on research and development which has provided us with the perfect platform to produce superior quality products via advanced manufacturing processes.

RESEARCH AND DEVELOPMENT

Clearly, what sets us apart from other participants in this sector is our reputation as a front runner in technology. Due to our intensive research and development efforts, we have been able to enhance our manufacturing processes to improve our cost competitiveness, output and product quality.

In this inaugural annual report, we would like to highlight a few of these key innovations that have impacted our position as Malaysia's largest nitrile glove manufacturer.

Among our many firsts is our creation of the double former dipping lines which produce 30,000 pieces of gloves per hour in comparison to the industry average of 8,000 to 10,000 pieces of gloves per hour.

The Group has also developed a first-of-its-kind automation system for stripping gloves. This revolutionary system is able to strip up to 30,000 pieces of gloves per hour to complement our high speed dipping lines. This production rate is not achievable if done otherwise as it is manually impossible to strip gloves at such speed. Additionally, we have created a glove puller and stacker system which has strengthened cost efficiencies by leaps and bounds.

These developments were all driven in-house and are currently patent pending. Proprietary technology is crucial to our strategy in order to gain a competitive advantage and stay ahead in this sector.

Another first was our ability to introduce a synthetic thin nitrile glove that replicates the natural elastic properties of natural rubber gloves. This breakthrough innovation proved to be a major milestone for the Group as it allowed us to capitalize on the growing trend among healthcare facilities which are converting from natural rubber to nitrile gloves.

MARKETING

Our research and development efforts have had a direct impact on raising the bar when it comes to the confidence level of our customers. It has catapulted demand for our range of products and enabled us to manage our cost and minimize our exposure to volatile natural rubber prices. This strategy complements our marketing aspirations in developing the right glove for the right customer in the right market.

On this premise, we have proven to be successful as seen in our strong network of loyal customers. We are confident our current customer base enjoys the benefit of a superior product with excellent service at a highly competitive price.

The Group has a strong presence overseas where we currently export to 23 countries across five continents, namely the Americas, Asia, Europe, Australia and Africa. Moving forward, we are keen to expand our reach in South America, the Middle East, China and India.

To support our plans for growth, we have taken the initiative to collaborate with intermediaries such as trading houses, distributors and importers of gloves. This strategy has fuelled our expansion to increase our market coverage without having to make significant investments in setting up sales and marketing offices.

HUMAN CAPITAL

Human capital development represents an important area for the Group as we believe that having the right people will help us achieve our business goals in an even more efficient manner. As such, training is provided to accelerate the learning process of our employees which will facilitate their daily operational work.

By providing them with a strong foundation, this will offer them a platform to further improve their existing knowledge and skills-set. This is aligned with our vision to cultivate a culture of excellence in every phase of our operations.

Developing young talent is another key area of focus to strengthen our human capital base. On this score, we have implemented an internship programme which exposes candidates to our business and manufacturing processes with a view towards encouraging positive contributions from this young talent pool.

OUTLOOK

While the next financial year will continue to present challenges due to the uncertain global economy and rising cost of fuel, we are optimistic that we will stay on course to achieve our growth plans.

This is based on the demand for our products particularly from end-user industries such as healthcare and food processing as well as high technology sectors including electronics and biotechnology which are expected to grow.

In line with our plans for expansion, the Group is currently installing ten new production lines in our fourth plant which will provide us with an additional capacity of approximately 2.9 billion pieces of gloves which would bring our total capacity to 6.2 billion pieces of gloves per annum.

Apart from these expansion plans, the Group is currently undertaking measures to maintain its competitive margins by focusing on research and development efforts to improve our engineering capabilities which will have a strong impact on our bottom line.

On the product front, we will continue with our strategy to increase the sales composition of the more elastic and lighter nitrile glove to enhance our earnings. To capture greater market share, the Group has developed a damp don nitrile elastic high-stress-retention surgical glove which will be commercialized in the foreseeable future.

In addition, the Group is currently developing a new range of products which include polyisoprene surgical gloves, accelerator free nitrile gloves and industrial nitrile unsupported gloves that are expected to be completed by FY2009.

As we look towards our next financial year and subsequent years thereafter, we are bullish on increasing capacity, strengthening our research and development initiatives while gaining new market share. With a track record that spans more than two decades, the Hartalega Group will continue to be a benchmark for the industry in terms of technology and product excellence.

ACKNOWLEDGEMENT

As a newcomer to the capital markets, the Group is heartened by the positive response from investors. On behalf of the Board, I would like to extend our appreciation to our shareholders, business partners and relevant approving authorities who have provided us with their support and co-operation.

The success enjoyed by the Group today is also greatly attributed to every individual who has devoted time and effort towards achieving our vision.

It is through their dedication, skills and initiative that the Group has flourished and will continue to do so in today's fast-paced business environment. I wish to express my gratitude to our well-experienced team of managers and employees for their strong commitment.

Kuan Kam Hon
Executive Chairman and Managing Director

Hartalega's biomass heaters

Corporate social responsibility is very much ingrained into the culture of the Hartalega Group. As a good corporate citizen, we believe in conducting our business in an ethical and socially responsible manner. Part of Hartalega's vision is to be recognized as a company that cares for the community and the environment.

Environment, Health and Safety

Environment, health and safety (EHS) considerations are an integral part in the operations of Hartalega. As a world-renowned medical glove manufacturer, we are committed to creating state-of-the-art production facilities that conform to international quality systems and best manufacturing practices.

Such facilities enable us to be an efficient manufacturer that produces high quality products in a safe and healthy environment. Our Occupational Health and Safety Management System (OHSAS) was established to ensure a safe and healthy environment for our employees. Some of our OHSAS activities organized throughout the year include:-

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

18 Corporate Social Responsibility Statement

Hartalega's wastewater treatment plant

Given that the environment is an important factor in our business, we have utilized our philosophy of technology advancement by investing in biomass heaters which operate on biomass wastes. In the long term, this replaces the dependency on diesel, medium fuel oil and natural gas for our heating system. Let alone the energy cost savings, its impact on the environment will be minimal as we utilise renewable biomass wastes such as empty fruit bunches and palm kernel shells.

In recognition of our efforts, the Group's biomass facilities represent a first within the sector in Malaysia as the only energy plant to be registered in the United Nations Framework Convention on Climate Change (Kyoto Protocol). To solidify our corporate social responsibility efforts, our biomass facilities are in complete and total compliance with the requirements of the Department of Environment, Malaysia.

We also adopt a proactive approach in preserving the environment through proper management of waste. Our effluent water treatment plants are maintained to the highest international standards to ensure any discharge has no impact on the environment.

Community Program

Long before our listing, the Hartalega Group has been committed to improving the community and environment in which we operate. As a non-listed entity, we have made significant contributions for many years totaling more than RM1 million. This ranges from our efforts to build recreational parks for the communities that surround our plant and the upgrading of school facilities within this area as well as numerous donations to orphanages, retirement homes and the disadvantaged.

Internally, the Group also has an Education Assistance Scheme whereby staff from the lower income segment can receive aid for their children's education.

(left to right)
Recreational parks for the community of Batang Berjuntai

International Community Aid

A major earthquake measuring 7.8 on the Richter scale, the most severe earthquake in over 25 years, struck a wide area in Sichuan, China in May 2008. Our Group was able to assist with a donation of 400,000 pieces of gloves to the Red Cross of China. These gloves were redirected to the General Hospital of the Chinese People's Armed Police Forces for their relief work.

Corporate Information

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	*Executive Director*
Kuan Mun Leong	*Executive Director*
Liew Ben Poh	*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 Toong (MAICSA 7000281)
Hoh Kean Nyuk (MAICSA 7043594)
c/o 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 20941888 Fax: +603 20947673

Corporate Office

C-G-9, Jalan Dataran SD1, Dataran SD, PJU 9
Bandar Sri Damansara 52200 Kuala Lumpur
Tel : +603 62771733
Url : www.hartalega.com.my
Email : info@hartalega-kl.com.my

Factory

No. 7, Kawasan Perusahaan Suria
45600 Batang Berjuntai, Selangor
Tel: +603 32710277

Principal Bankers

RHB Bank Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad

Auditors

Moore Stephens (AF. 0282)
No. 8A, Jalan Sri Semantan Satu
Damansara Heights
50490 Kuala Lumpur

Registrar

Symphony Share Registrars Sdn Bhd
26th Floor, Menara Multi Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: +603 27212222
Fax: +603 27212530
+603 27212531

Calendar of Events

June 2007
Trade show in Hospitalar, Sao Paolo

August 2007
'Emergency Response' team-building

January 2008
Trade show in Dubai

March 2008
Underwriting ceremony

March 2008
Prospectus launch

April 2008
Listing ceremony

April 2008
Listing ceremony

Statement on **Corporate Governance**

The Board of Directors is committed to safeguarding the interests of its stakeholders and recognizes the importance of corporate governance in achieving this objective. The Board knows that transparent disclosure of its organizational 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 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 competitive glove manufacturing landscape.

The Board currently has eight (8) members comprising four (4) 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. In the best interest of the Group, 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.

Any concern can be conveyed to any one 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, one (1) Board meeting was held. Details of attendance of each individual director in respect of the meeting held are disclosed below:-

Name of Directors	Meetings Attended
Kuan Kam Hon @ Kwan Kam Onn	1
Abdul Hamid bin Sh Mohamed	1
Chuah Phaik Sim	1
Dato' Mohamed Zakri bin Abdul Rashid	1
Kuan Mun Keng*	N/A
Kuan Mun Leong	1
Liew Ben Poh	1
Sannusi bin Ngah	1

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

Board meetings were held to discuss matters that require 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

As stipulated in the prospectus dated 28 March 2008, all directors' term of office will expire at the first Annual General Meeting. All directors shall be eligible for re-election.

Kuan Mun Keng was appointed to the Board on 4 July 2008 to preside as an Executive Director to oversee matters pertaining to corporate finance and business development.

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.

The directors of the Company have attended the Mandatory Accredition (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.

Statement on **Corporate Governance**

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	Salaries & Other Emoluments	Benefit in Kind
Executive Director		RM1,480,933	RM50,375
Non-Executive Director	RM24,000		

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

Range of Remuneration	No. of Executive Director	No. of Non-Executive Director
Below RM50,000		4
RM100,000 – RM200,000	1	
RM300,000 – RM400,000	1	
RM1,000,000 – RM1,100,000	1	

C. Relationship with Shareholders and Investors

The Group recognizes the importance of communication with its shareholders and utilizes many channels to disseminate information and interact with them. The Group has a website which shareholders and the public can access for up-to-date information about the business and the Group. The website can be accessed at www.hartalega.com.my. 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 Bursa Malaysia's requirements.

The Group aims to have full interaction with fund managers, institutional investors and analysts. As such a Corporate Affairs Department has been designated for investor relations. During the year, the Group arranged for the 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.

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 Directors' Responsibility Statement in relation to the preparation of the annual financial statements is set out in pg. 28 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 the Statement on Internal Control on pg. 27 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 4 July 2008.

A. Members of the Audit Committee

Chairwoman	Chuah Phaik Sim (Independent Non-Executive Director)
Members	Dato' Mohamed Zakri bin Abdul Rashid (Independent Non-Executive Director)
	Abdul Hamid bin Sh Mohamed (Independent Non-Executive Director)

B. Composition Compliance

The Audit Committee consists of three (3) members all of who 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 when 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 Management on matters relating to 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, competency 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

Responsibilities and Duties (cont'd)

- 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 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 that the Chairman shall decide to hold in order to fulfil its duties. The external auditors may request for a meeting if they consider that one is necessary. During the financial year ended 31 March 2008, the Audit Committee did not meet as the Group was only listed on the Main Board of Bursa Malaysia on 17 April 2008.

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 circulating it to the Committee members and to other members of the Board.

A Resolution in writing, signed or approved by letter by all the members of the Audit Committee who are 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 resolutions 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

Subsequent to the Group's listing on 17 April 2008, the Audit Committee has identified and appointed its internal auditor.

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 will be used to evaluate and improve the effectiveness of risk management, operational and internal controls, and compliance with laws and regulations.

The Group has outsourced its internal audit function.

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 prioritizing risk, evaluating the likelihood of those risks being realized and the impact should they be realized, and then, managing them effectively, efficiently and economically. The Group will establish and formalize 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 organizational structure with proper delegation of responsibilities and accountability. Appropriate authority limits are established for the approval process, therefore minimizing the risk of unauthorized 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 staff 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.

On 27 June 2008, the Board appointed an external consultant to review the systems of internal control of the Group. The outsourcing of the internal audit function will 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.

The principal responsibility of the outsourced internal audit function is to undertake regular and systematic review of the system of internal control so as to provide reasonable assurance that such a system operates in a satisfactory and effective manner.

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.

28 Directors' Responsibility **Statement**

Statement on Directors' Responsibility in Respect of the Audited Financial Statements

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 flow 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 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 2008

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 2008.

PRINCIPAL ACTIVITIES

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

RESULTS	Group RM	Company RM
Profit for the year	69,602,237	12,382,886
Attributable to:		
Equity holders of the Company	69,554,434	12,382,886
Minority interests	47,803	-
	69,602,237	12,382,886

DIVIDENDS

During the financial year, the Company declared and paid an interim tax exempt dividend of 10% (5 sen per share) amounting to RM12,115,600 in respect of the current financial year.

The directors do not recommend any final dividend payment for the current financial year.

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 provisions for doubtful debts, and have satisfied themselves that all known bad debts have been written off and that adequate provision for doubtful debts is made.

At the date of this report, the Directors are not aware of any circumstances which would render the amount of the provision for doubtful debts or the amount written off as bad 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.

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 substantially affect the ability of the Group or of the Company to meet its 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 other than the acquisition of a subsidiary company and the property, plant and equipment and inventories written off following a fire outbreak; 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.

Directors' Report

Hartalega Holdings Berhad
(Incorporated in Malaysia)

ISSUE OF SHARES

During the financial year, the Company increased its authorised share capital from RM100,000 to RM250,000,000 by the way of:-

(i) share split of its existing 100,000 ordinary shares of RM1.00 each into 200,000 ordinary shares of RM0.50 each; and

(ii) creation of an additional 499,800,000 ordinary shares of RM0.50 each.

The Company then increased its issued and fully paid-up share capital from RM2 to RM121,156,000 by way of issue of shares of RM0.50 each at an issue price of RM0.5105 per ordinary share for the acquisition of the entire issued and paid-up share capital of Hartalega Sdn Bhd comprising 15,681,997 of RM1.00 each for a purchase consideration of RM123,700,000.

DIRECTORS OF THE COMPANY

The Directors in office since the date of the last report:-

KUAN KAM HON @ KWAN KAM ONN
KUAN MUN LEONG
LIEW BEN POH
DATO' MOHAMED ZAKRI BIN ABDUL RASHID
SANNUSI BIN NGAH
CHUAH PHAIK SIM
ABDUL HAMID BIN SH MOHAMED
KUAN MUN KENG (Appointed on 4.7.08)

The interests of the Directors in office as at the end of the financial year in the shares of the Company during the financial year according to the registers required to be kept under Section 134 of the Companies Act, 1965, are as follows:-

	Number of Ordinary Shares of RM0.50 Each			
	At 1.4.07	Transfer/ Bought	Transfer/ Sold	At 31.3.08
Name of Directors				
Direct interest in the Company				
Kuan Kam Hon @ Kwan Kam Onn	-	55,275,000	-	55,275,000
Liew Ben Poh	-	309,000	-	309,000
Dato' Mohamed Zakri Bin Abdul Rashid	-	309,000	-	309,000

By virtue of their interests in the shares of the Company, the above Directors are also deemed interested in the shares of the subsidiary companies during the financial year to the extent that the Company has an interest.

The other Directors are not deemed to have substantial financial interests in the shares of the Company during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial period, 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.

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.

SIGNIFICANT EVENTS

Significant events arising during the financial year are disclosed in note 27 to the financial statements.

SUBSEQUENT EVENT

Significant event arising subsequent to the financial year is disclosed in note 28 to the financial statements.

AUDITORS

The auditors, Messrs. Moore Stephens, were involved in a merger on 1 January 2008. The merged firm is now practicing under the name of Moore Stephens AC. In view of this merger, Messrs. Moore Stephens retires and do not seek reappointment. A resolution to appoint Messrs. Moore Stephens AC will be proposed at the forthcoming Annual General Meeting.

Signed on behalf of the Board in
accordance with a resolution of the Directors:

KUAN KAM HON@ KWAN KAM ONN

KUAN MUN LEONG

Kuala Lumpur
4 July 2008

Hartalega Holdings Berhad
(Incorporated in Malaysia)

Statement by **Directors**

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

We, the undersigned, being two of the Directors of the Company, state that in the opinion of the Directors, the accompanying financial statements as set out on pages 39 to 80, 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 2008 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:

KUAN KAM HON@ KWAN KAM ONN

KUAN MUN LEONG

Kuala Lumpur
4 July 2008

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 39 to 80 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 4 July 2008

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 2008 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 39 to 80.

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.

Independent Auditors' Report to **the Members of Hartalega Holdings Berhad**
(Incorporated in Malaysia)

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 2008 and of their financial performance and cash flows for the year then ended.

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 subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 7 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries 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 accounts of the subsidiaries 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
Chartered Accountants
(AF.0282)

Au Tai Wee
1551/01/09 (J)
Partner

Kuala Lumpur
4 July 2008

Hartalega Holdings Berhad
(Incorporated in Malaysia)

	Note	2008 RM
ASSETS		
Non-current assets		
Property, plant and equipment	4	179,699,926
Capital work-in-progress	5	20,187,719
Prepaid land lease payments	6	152,380
Other investment	8	175,000
		200,215,025
Current assets		
Inventories	9	22,052,270
Trade and other receivables	10	38,618,551
Tax assets		164,054
Cash and bank balances	11	8,345,029
		69,179,904
TOTAL ASSETS		269,394,929

Consolidated Balance Sheet as at 31 March 2008 (cont'd)

Hartalega Holdings Berhad
(Incorporated in Malaysia)

	Note	2008 RM
EQUITY AND LIABILITIES		
Equity		
Share capital	12	121,156,000
Reserves	14	58,311,929
Total equity attributable to equity holders of the Company		179,467,929
Minority interests		122,155
Total Equity		179,590,084
Liabilities		
Non-current liabilities		
Loans and borrowings	15	21,132,006
Deferred taxation	16	19,243,184
		40,375,190
Current liabilities		
Trade and other payables	17	29,457,801
Loans and borrowings	15	19,832,928
Taxation		138,926
		49,429,655
Total Liabilities		89,804,845
TOTAL EQUITY AND LIABILITIES		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 2008

Hartalega Holdings Berhad
(Incorporated in Malaysia)

	Note	2008 RM
Operating revenue	18	257,582,149
Cost of sales		(195,881,161)
Gross profit		61,700,988
Other operating income		37,257,357
Distribution costs		(6,296,612)
Administrative costs		(13,076,162)
Other operating costs		(2,842,131)
		(22,214,905)
Profit from operations		76,743,440
Finance costs		(719,326)
Profit before taxation	19	76,024,114
Taxation	20	(6,421,877)
Profit for the year		69,602,237
Attributable to:-		
Equity holders of the Company		69,554,434
Minority interests		47,803
		69,602,237
Basic earnings per ordinary share (sen)	21	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 2008**

Hartalega Holdings Berhad
(Incorporated in Malaysia)

	Attributable to Equity Holders of the Company						
		Non-distributable		Distributable			
	Share Capital RM	Share Premium RM	Translation Reserve RM	Retained Profits RM	Sub Total RM	Minority Interests RM	Total Equity RM
At 01.04.07	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
Interim tax exempt dividend of 10% (5 sen per share) in respect of the financial year ended 31 March 2008	-	-	-	(12,115,600)	(12,115,600)	-	(12,115,600)
At 31.3.08	121,156,000	792,233	89,190	57,430,506	179,467,929	122,155	179,590,084

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	2008 RM
Cash Flows from Operating Activities		
Profit before taxation		76,024,114
Adjustments for:-		
Allowance for doubtful debts		18,845
Amortisation of prepaid land lease payments		1,724
Bad debts written off		15,114
Depreciation of property, plant and equipment		9,525,427
Inventories written off		561,784
Interest expense		781,789
Property, plant and equipment written off		1,064,585
Excess of fair value over acquisition cost of subsidiary companies		(34,084,804)
Gain on disposal of property, plant and equipment		(47,180)
Interest income		(505,713)
Unrealised gain on foreign exchange		(1,977,738)
Operating profit before working capital changes		51,377,947
Change in inventories		(2,224,807)
Change in receivables		268,168
Change in payables		13,734,024
Cash generated from operations		63,155,332
Interest paid		(781,789)
Interest received		505,713
Tax refund		163,612
Tax paid		(2,272,095)
Net cash generated from operating activities		60,770,773
Cash Flows from Investing Activities		
Capital work-in-progress incurred		(70,405,553)
Proceeds from disposal of property, plant and equipment		314,500
Placement of cash deposit		(1,187)
Purchase of property, plant and equipment		(8,391,191)
Effect of acquisition of a subsidiary company, net of cash acquired	22	9,667,389
Net cash used in investing activities		(68,816,042)
Balance carried down		(8,045,269)

Consolidated Cash Flow Statement
for the Year Ended 31 March 2008 (cont'd)

Hartalega Holdings Berhad
(Incorporated in Malaysia)

	Note	2008 RM
Balance brought down		(8,045,269)
Cash Flows from Financing Activities		
Dividend paid		(12,115,600)
Net drawdown of term loans		17,446,322
Drawdown of bankers' acceptances		11,556,000
Drawdown of export credit refinancing		763,000
Shares issue expenses paid		(1,397,451)
Repayments of finance lease payables		(7,717)
Net cash generated from financing activities		16,244,554
Net increase in cash and cash equivalents		8,199,285
Effect of exchange rate fluctuations on cash and cash equivalents		112,555
Cash and cash equivalents at beginning of the year		2
Cash and cash equivalents at end of the year	23	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 2008

Hartalega Holdings Berhad
(Incorporated in Malaysia)

	Note	2008 RM	2007 RM
ASSET			
Non-current asset			
Investment in subsidiary companies	7	123,700,000	-
Current asset			
Cash and bank balances	11	303,841	2
		303,841	2
		124,003,841	2
EQUITY AND LIABILITY			
Equity			
Share capital	12	121,156,000	2
Reserves	14	1,051,191	(8,328)
Total Equity		122,207,191	(8,326)
Current liabilities			
Other payables and accruals	17	1,796,650	8,328
Total Liabilities		1,796,650	8,328
TOTAL EQUITY AND LIABILITIES		124,003,841	2

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

Income Statement
for the Year Ended 31 March 2008

Hartalega Holdings Berhad
(Incorporated in Malaysia)

	Note	Year Ended 31.3.08 RM	24.7.06 to 31.3.07 RM
Operating revenue	18	12,388,778	-
Other operating income		1,299	-
		12,390,077	-
Administrative costs		(6,971)	(8,328)
Profit/(Loss) before taxation	19	12,383,106	(8,328)
Taxation	20	(220)	-
Profit/(Loss) for the year/period		12,382,886	(8,328)

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

Hartalega Holdings Berhad
(Incorporated in Malaysia)

	Share Capital RM	Non - Distributable Share Premium RM	(Accumulated Losses)/ Retained Profits RM	Total Equity RM
At 24.7.06	2	-	-	2
Loss for the period	-	-	(8,328)	(8,328)
At 31.3.07	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
Interim tax exempt dividend of 10% (5 sen per share) in respect of financial year ended 31 March 2008	-	-	(12,115,600)	(12,115,600)
At 31.3.08	121,156,000	792,233	258,958	122,207,191

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 2008**

Hartalega Holdings Berhad
(Incorporated in Malaysia)

	Note	Year ended 31.3.08 RM	24.7.06 to 31.3.07 RM
Cash Flows from Operating Activities			
Profit/(Loss) before taxation		12,383,106	(8,328)
Adjustments for:-			
Dividend income		(12,388,778)	-
Interest income		(1,299)	-
Operating loss before working capital changes		(6,971)	(8,328)
Change in payables		1 ,434,004	8,328
Cash generated from operations		1,427,033	-
Interest received		1,299	-
Tax paid		(220)	-
Net cash generated from operating activities		1,428,112	-
Cash Flows from Investing Activities			
Dividend received		12,388,778	-
Investment in subsidiary companies		(123,700,000)	-
Net cash used in investing activities		(111,311,222)	-
Cash Flows from Financing Activities			
Proceeds from issuance of shares		123,700,000	2
Shares issue expenses paid		(1,397,451)	-
Dividend paid		(12,115,600)	-
Net cash generated from financing activities		110,186,949	2
Net Increase in Cash and Cash Equivalents		303,839	2
Cash and cash equivalents at beginning of the year/period		2	-
Cash and cash equivalents at end of the year/period	23	303,841	2

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

1. CORPORATE INFORMATION

The Company is a public limited liability 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 the subsidiary companies, which were acquired during the year, are stated in note 7.

The financial statements were authorised for issue on 4 July 2008.

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 in Malaysia.

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 financial statements of the Group and of the Company are presented in Ringgit Malaysia (RM), which is the Group's and 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.

2. BASIS OF PREPARATION (cont'd)

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.

(ii) Impairment of property, plant and equipment (note 4) – the measurement of the recoverable amount of cash-generating units are determined based on either the fair value or the value-in-use method, which requires the use of cash flow projections based on financial budgets approved by management.

3. SIGNIFICANT ACCOUNTING POLICIES

On 1 April 2007, the Group and the Company adopted the following Financial Reporting Standard ("FRS") issued by the Malaysian Accounting Standards Board ("MASB") mandatory for accounting periods beginning on or after 1 October 2006:-

FRS 124 Related Party Disclosures

The adoption of this FRS 124 does not have any material financial impact on the Group and on the Company or result in any significant changes in accounting policies of the Group and of the Company except for the format and extent of disclosures presented in the financial statements.

New and revised FRSs, Amendments to FRSs and Issues Committee ("IC") Interpretations not adopted in preparing these financial statements:-

		For financial periods beginning on or after
FRS 107	Cash Flow Statements	1 July 2007
FRS 111	Construction Contracts	1 July 2007
FRS 112	Income Taxes	1 July 2007
FRS 118	Revenue	1 July 2007
FRS 119	Employee Benefits	1 July 2007
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 121	Amendment to The Effects of Changes in Foreign Exchange Rates – Net Investment in Foreign Operation	1 July 2007
FRS 126	Accounting and Reporting by Retirement Benefit Plans	1 July 2007
FRS 129	Financial Reporting in Hyperinflationary Economies	1 July 2007
FRS 134	Interim Financial Reporting	1 July 2007
FRS 137	Provision, Contingent Liabilities and Contingent Assets	1 July 2007

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

		For financial periods beginning on or after
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6	Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7	Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8	Scope of FRS 2	1 July 2007
FRS 139	Financial Instruments : Recognition and Measurement	Yet to be determined

The adoption of FRS 107, 112, 118, 119, 134, 137 and amendment to FRS 121 is not expected to have any significant financial impact on the results and the financial position of the Group and of the Company when these standards become effective.

IC Interpretation 1, 2, 5, 6, 7, 8 and FRS 111, 120, 126 and 129 are not relevant to the Group and to the Company operations.

However, the Company did not make an early adoption of FRS 139 for which MASB has yet to announce the effective date. The impact of applying the standard on the financial statements upon first adoption required by paragraph 30(b) of FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption provided under paragraph 103AB of FRS139.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Consolidation (cont'd)

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.

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 Group's interest in the fair value of the identified assets, liabilities and contingent liabilities assumed over the cost of acquisition is charged 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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.

The principal annual rates used for this purpose are:-

Buildings	2%
Plant and machinery	10%
Equipment, furniture and fittings	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.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant, and equipment.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

(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.

(i) Foreign Currencies

i. Transactions in foreign currencies

Transactions in foreign currencies are translated into Ringgit Malaysia at the rates of exchange ruling at the time of the transaction date. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities 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.

ii. Translation of foreign currency financial statements

Assets, liabilities and reserves of foreign subsidiary are translated into Ringgit Malaysia at the rates of exchange as at the financial year end. Income statement items are translated at the average rate of exchange for the year which approximate 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.

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

(j) Taxation (cond't)

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.

(l) Lease Payment

i. Finance lease
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.

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

(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. The financial derivatives are recognised only when underlying transactions occurred or when settled.

i. **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.

ii. **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.

iii. **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.

iv. **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.

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

(n) Financial Instruments (cond't)

v. Cash and cash equivalents

Cash and cash equivalents comprise cash in 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.

vi. 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.

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.

(o) Earning Per Ordinary Shares

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

(p) 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 1.4.07	-	-	-	-	-	-	-
Acquisition of subsidiary companies	14,910,527	27,012,083	116,385,907	13,094,182	3,812,417	897,961	176,113,077
Transfer from capital work-in-progress (note 5)		14,097,261	34,716,713	3,218,814	-	485,269	52,518,057
Additions	-	1,817,664	3,460,227	2,147,151	966,149	-	8,391,191
Disposals	-	-	-	-	(1,104,628)	-	(1,104,628)
Written off	-	-	(2,905,994)	-	-	-	(2,905,994)
Translation differences	-	-	(1,768)	(2,607)	-	-	(4,375)
At 31.3.08	14,910,527	42,927,008	151,655,085	18,457,540	3,673,938	1,383,230	233,007,328
Accumulated Depreciation							
At 1.4.07	-	-	-	-	-	-	-
Acquisition of subsidiary companies	-	3,022,139	36,752,809	4,918,104	1,755,566	14,904	46,463,522
Additions	-	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 31.3.08	-	3,500,142	42,405,194	5,924,490	1,357,405	120,171	53,307,402
Net Book Value							
At 31.3.08	14,910,527	39,426,866	109,249,891	12,533,050	2,316,533	1,263,059	179,699,926

Security

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

	Group 2008 RM
Freehold land	11,588,873
Buildings	39,426,866
Plant and machinery	109,240,168
	160,255,907

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

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 2008 RM
Cost	19,820
Net book value	12,543

5. CAPITAL WORK-IN-PROGRESS

	Group 2008 RM
Acquisition of subsidiary companies	2,300,223
Additions	70,405,553
Transfer to property, plant and equipment (note 4)	(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 an amount of RM795,516 being interest incurred during the year.

6. PREPAID LAND LEASE PAYMENTS

	Group 2008 RM
At cost	
Long term leasehold land	
Acquisition of subsidiary companies	158,023
Less: Accumulated amortisation	
Acquisition of subsidiary companies	3 ,919
Amortisation for the year	1,724
	(5,643)
At end of the year	152,380

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

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2008 RM	Company 2007 RM
Unquoted shares, at cost	123,700,000	-

The particulars of subsidiary companies are as follows:-

Name of Company	Country of Incorporation	Principal Avtivities	Effective Equity Interest At 31.3.08	Effective Equity Interest At 31.3.07
Hartalega Sdn. Bhd.	Malaysia	Manufacturing of latex gloves	100%	-
Subsidiary companies of Hartalega Sdn.Bhd.				
* Pharmatex (Australia) Pty Ltd	Australia	Retail and wholesale of gloves	82%	-
* Pharmatex USA Incorporated	United States of America	Retail and wholesale of gloves	80%	-
Sentinel Engineering (M) Sdn. Bhd.	Malaysia	Research and development of automation systems and management services	100%	-

* Audited by another professional firm of accountants.

8. OTHER INVESTMENT

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

9. INVENTORIES

	Group 2008 RM
At cost	
Finished goods	5,530,787
Work-in-progress	3,577,593
Raw materials	10,398,044
Goods-in-transit	243,182
Spare parts and consumables	2,302,664
	22,052,270

10. TRADE AND OTHER RECEIVABLES

	Group 2008 RM
Trade	
Trade receivables	33,155,400
Less: Allowance for doubtful debts	
Acquisition of subsidiary companies	23,853
Additions during the year	18,845
Translation differences	(2,560)
At end of the year	(40,138)
Trade receivables, net	33,115,262
Non-trade	
Other receivables	1,218,478
Deposits	290,615
Prepayments	3,994,196
	5,503,289
	38,618,551

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 exchange currency exposure of trade receivables is as follows:-

	Group 2008 RM
United States Dollar	31,524,549

Note 10.2

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

11. CASH AND BANK BALANCES

	Group 2008 RM	Company 2008 RM	Company 2007 RM
Cash at banks and in hand	7,111,842	103,841	2
Deposits with licensed banks			
- pledged	33,187	-	-
- not pledged	1,200,000	200,000	-
	1,233,187	200,000	-
	8,345,029	303,841	2

Note 11.1

Included in cash at banks is an amount of RM5,190,724 which bears effective interest rate at 1.80% per annum.

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

	Group 2008 RM
United States Dollar	5,190,724

Note 11.2

Deposits with licensed banks of the Group bear effective interest at rates ranging from 1.80% to 3.70% per annum. Included in the deposits of the Group is RM33,187 pledged as security deposit for rental of property.

12. SHARE CAPITAL

	Group/Company 2008 RM	Group/Company 2007 RM
Authorised:		
At beginning of the year/period		
100,000 ordinary shares of RM1.00 each	100,000	100,000
During the year, 100,000 ordinary shares of RM1.00 each are subdivided into 200,000 ordinary shares of RM0.50 each	-	-
200,000 ordinary shares of RM0.50 each	100,000	100,000
499,800,000 ordinary shares of RM0.50 each are created during the year	249,900,000	-
At end of the year/period		
100,000 ordinary shares of RM1.00 each	-	100,000
500,000,000 ordinary shares of RM0.50 each	250,000,000	-

12. SHARE CAPITAL (cont'd)

	Group/Company 2008 RM	Group/Company 2007 RM
Issued and fully paid:		
At beginning of the year/period		
2 ordinary shares of RM1.00 each	2	2
During the year, 2 ordinary shares of RM1.00 each are subdivided into 4 ordinary shares of RM0.50 each	-	-
4 ordinary shares of RM0.50 each	2	2
242,311,996 ordinary shares of RM0.50 each are alloted	121,155,998	-
At end of the year/period		
4 ordinary shares of RM0.50 each		2
242,312,000 ordinary shares of RM0.50 each	121,156,000	-

13. SHARE PREMIUM

	Group/Company 2008 RM	Group/Company 2007 RM
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)	-
	792,233	-

14. RESERVES

	Group 2008 RM	Company 2008 RM	Company 2007 RM
Distributable			
Retained profits/(Accumulated losses)	57,430,506	258,958	(8,328)
Non-distributable			
Share premium (note 13)	792,233	792,233	-
Translation reserve	89,190	-	-
	881,423	792,233	-
	58,311,929	1,051,191	(8,328)

The Company has sufficient tax exempt income to frank all of its retained profits at 31 March 2008 if paid out as dividends.

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from year of assessment 2008. The Company has not elected for the single tier company income tax system.

15. LOANS AND BORROWINGS

Group	Effective Interest Rate RM	Short Term Borrowings Within 1 Year RM	Long Term Borrowings Within 1 - 2 Years RM	Within 2 - 3 Years RM	Within 3 - 4 Years RM	Within 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)

Note 15.1

Present value of finance lease payables are as follows:-

	Group 2008 RM
Minimum lease payments	1,841
Less: Future finance charges	(134)
Present value of minimum lease payments	1,707
Current liabilities	
Payable within one year	
Minimum lease payments	1,841
Less: Future finance charges	(134)
Present value of minimum lease payments	1,707

Note 15.2

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);
(iv) corporate guarantee from the Company; and
(v) joint and several guarantees by certain Directors of the Group.

16. DEFERRED TAXATION

	Group 2008 RM
Acquisition of subsidiary companies	14,806,600
Transfer from income statement (note 20)	4,436,584
At end of the year	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 2008 RM
Differences between the carrying amount of property, plant and equipment and its tax base	18,821,600
Unrealised foreign exchange gain	494,400
Unrealised profit on inventories	(72,816)
	19,243,184

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

	Group 2008 RM
Unutilised tax losses	6,600

17. TRADE AND OTHER PAYABLES

	Group	Company	
	2008 RM	2008 RM	2007 RM
Trade			
Trade payables	12,079,839	-	-
Non-trade			
Amount owing to a subsidiary company	-	1,127,315	-
Amount owing to a director	2,657	-	-
Other payables	11,694,941	39,900	7,488
Accruals	5,680,364	629,435	840
	17,377,962	1,796,650	8,328
	29,457,801	1,796,650	8,328

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 2008 RM
United States Dollar	4,157,475

Note 17.2

The amount owing to a subsidiary company and a director is 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 an amount of RM10,451,847 in respect of balance outstanding for the acquisition of property, plant and equipment.

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

	Group 2008 RM
United States Dollar	575,690

18. OPERATING REVENUE

	Group	Company	
	Year ended 31.3.08 RM	Year ended 31.3.08 RM	24.7.06 to 31.3.07 RM
Revenue			
- Sales of goods	257,582,149	-	-
- Dividend income	-	12,388,778	-
	257,582,149	12,388,778	-

19. PROFIT / (LOSS) BEFORE TAXATION

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

(a) Other items

	Group	Company	
	Year ended	Year ended	24.7.06 to
	31.3.08	31.3.08	31.3.07
	RM	RM	RM
Allowance for doubtful debts	18,845	-	-
Auditors' remuneration	120,369	10,000	800
Amortisation of prepaid land lease payments	1,724	-	-
Bad debts written off	15,114	-	-
Depreciation of property, plant and equipment	9,525,427	-	-
Directors' remuneration:-			
- Directors' fees			
- directors of the Company	22,000	-	-
- directors of subsidiary companies	44,000	-	-
- Directors' other emoluments			
- directors of the Company	1,357,522	-	-
- directors of subsidiary companies	703,437	-	-
Interest expense:-	781,789	-	-
- Bankers' acceptances	101,763	-	-
- Term loans	674,612	-	-
- Export credit refinancing	3,672	-	-
- Finance lease	1,742	-	-
Inventories written off ^	561,784	-	-
Property, plant and equipment written off ^	1,064,585	-	-
Preliminary expenses	237	237	5,425
Rental of premises	630,002	-	-
Rental of machinery	11,500	-	-
Gain on foreign exchange			
- realised	1,644,175	-	-
- unrealised	(1,977,738)	-	-
Gain on disposal of property, plant and equipment	(47,180)	-	-
Excess of fair value over acquisition cost of subsidiary companies	(34,084,804)	-	-
Interest income	(505,713)	(1,299)	-

^ In respect of inventories and property, plant and equipment destroyed by fire as mentioned in note 27(d).

The estimated monetary value of Directors' benefits-in-kind of the Group is RM68,131.

19. PROFIT / (LOSS) BEFORE TAXATION (cond't)

	Group	Company	
	Year ended	Year ended	24.7.06 to
	31.3.08	31.3.08	31.3.07
	RM	RM	RM
(b) Staff costs (including key management personnel)	20,755,031	-	-
Included in staff costs are:-			
Social security contributions	97,271	-	-
Contributions to defined contribution plan	868,924	-	-

20. TAXATION

	Group	Company	
	Year ended	Year ended	24.7.06 to
	31.3.08	31.3.08	31.3.07
	RM	RM	RM
Based on results for the year/period	2,258,566	220	-
Origination of temporary differences (note 16)	4,436,584	-	-
	6,695,150	220	-
Overprovision in prior year	(273,273)	-	-
	6,421,877	220	-

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

	Group	Company	
	Year ended	Year ended	24.7.06 to
	31.3.08	31.3.08	31.3.07
	RM	RM	RM
Accounting profit	76,024,114	12,383,106	(8,328)
Tax at the Malaysia statutory income tax rate of 26% (24.7.06 to 31.3.07 :20%)	19,766,270	3,219,608	(1,700)
Tax effect on non-taxable income	(8,877,497)	(3,221,088)	-
Effect of different tax rate of subsidiary companies	21,377	-	-
Tax effect of non-deductible expenses	1,143,000	1,700	1,700
Effect of change in tax rate *	(773,000)	-	-
Utilisation of reinvestment allowances	(4,585,000)	-	-
Overprovision of taxation in prior year	(273,273)	-	-
Tax expense	6,421,877	220	-

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

21. EARNINGS PER ORDINARY SHARE

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 RM69,554,434 and on the weighted average number of ordinary shares outstanding during the year of 217,748,866.

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

	Group Year Ended 31.3.08 RM
Net profit attributable to ordinary equity holders	69,554,434

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

	Group Year Ended 31.3.08 RM
Issued ordinary shares at beginning of the year	2
Effect of shares split	2
Acquisition of subsidiaries	217,748,862
	217,748,866

22. 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 cash consideration of RM123,700,000.

22. ACQUISITION OF SUBSIDIARY COMPANIES (cont'd)

(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 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)
Acquisition with share exchange	(123,700,000)
Effect of acquisition of subsidiary companies, net of cash acquired	(9,667,389)

22. ACQUISITION OF SUBSIDIARY COMPANIES (cont'd)

(b) Effect on Consolidated Income Statement

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

	From the date of acquisition to 31.3.08 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

22. ACQUISITION OF SUBSIDIARY COMPANIES (cont'd)

(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

23. CASH AND CASH EQUIVALENTS

	Group	Company	
	Year ended 31.3.08 RM	Year ended 31.3.08 RM	24.7.06 to 31.3.07 RM
Deposits with licensed banks	1,233,187	200,000	-
Less: Pledged deposits (note 11)	(33,187)	-	-
	1,200,000	200,000	-
Cash at banks and in hand	7,111,842	103,841	2
	8,311,842	303,841	2

24. CAPITAL COMMITMENT

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

	Group 2008 RM
Approved and contracted for	9,460,038
Approved and not contracted for	141,154,887

25. 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 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 subsidiaries, key management personnel and Directors of the Group.

(b) 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 executive director of the Group.

The remuneration of the key management are as follows:-

	Group 2008 RM
Directors' fees	66,000
Short term employee benefits	1,871,803
Post-employment benefits	189,156
Estimated monetary value of benefits-in-kind	68,131
	2 ,195,090

26. 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.

26. SEGMENT REPORTING (cont'd)

	North America RM	South America RM	Asia (Ex-Malaysia) RM	Europe RM	Malaysia RM	Other Regions RM	Consolidated RM
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

27. SIGNIFICANT EVENTS

(a) On 3 May 2007, the Company subdivided the existing ordinary shares of RM1.00 each in the Company to two new ordinary shares RM0.50 each.

(b) On 4 May 2007, the Company increased its authorised share capital from RM100,000 divided into 200,000 ordinary shares of RM0.50 each to RM250,000,000 divided into 500,000,000 ordinary shares of RM0.50 each by way of creation of 499,800,000 ordinary shares of RM0.50 each.

(c) On 7 May 2007, the Company issued 242,311,996 new ordinary share of RM0.50 each to all the shareholders of Hartalega Sdn. Bhd. ("HSB") in relation to the acquisition of the entire equity interest in HSB. As a result, HSB became a wholly-owned subsidiary company of the Company.

(d) On 14 February 2008, a portion of one of the Group's factory buildings was damaged by a fire outbreak and the amount of the property, plant and equipment and inventories lost in the fire are disclosed in note 19. The Group has filed claims for the losses incurred and fire consequential loss. Subsequent to the year end, an interim payment of RM6,500,000 in respect of the damage was received from the insurer. The balance of insurance claim receivable is yet to be determined.

28. SUBSEQUENT EVENT

On 17 April 2008, the entire enlarged 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. 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.

The Company and its subsidiaries were named in both instances. As to the case filed with ITC, the trial before the Administrative Law Judge ("the Judge") was held between 19 May 2008 and 27 May 2008, but the Judge has not issued any decision on the case.

Since neither the Judge nor the ITC has decided on the case, the outcome cannot be determined at this juncture. As to the suit filed in United States District Court for the Northern District of Georgia, Rome Division, to date the Company and its subsidiaries have not been formally served with the claim.

29. CONTINGENT LIABILITIES (cont'd)

(b) Other contingent liabilities

	Company 2007	Company 2008
Corporate guarantees issued for banking facilities granted to a subsidiary company (unsecured)	35,000,000	-

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 31 March 2008, the Group has entered into forward foreign exchange contracts with the following notional amounts and maturities:-

Hedged Item in RM	Notional Currency	Contract Rates	Total Notional Amount	Maturity Within 1 Year
Trade receivables and anticipated sales	United States Dollar	RM3.20 to RM3.29	15,000,000	15,000,000

The net unrecognised gain as at 31 March 2008 on forward contracts amounted to RM570,450. This exchange 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.

30. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

ii. Interest rate risk (cont'd)
The Group manages its interest rate risk by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debts portfolio to ensure favourable rates are obtained.

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 2008, approximately 66.90% of the Group's trade receivables were due from two major customers. Trade receivable balances from those major customers amounted to RM22,182,155 of which RM9,562,500 are secured by a standby Letter of Credit from customer.

iv. Liquidity and cash flow risks
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 floating interest rate term loans approximate their fair values.

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)

(b) Fair Values (cont'd)

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

	Group Carrying Amounts RM	Group Fair Value RM
2008		
Financial assets		
Transferable club membership	175,000	180,000
Forward foreign exchange contracts	-	570,450
Financial liabilities		
Term loans	28,644,227	28,520,523

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

	Company Norminal Notional Amounts RM	Company Fair Value RM
2008		
Contingent liabilities in respect of corporate guarantees issued for banking facilities granted to a subsidiary company	35,000,000	*-

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

31. COMPARATIVE FIGURES

There are no comparative figures for the consolidated financial statements as this is the first set of consolidated financial statements prepared by the Group.

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 was 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 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 RM403,685.

E. Variation In Result

The estimated consolidated profit after taxation and minority interest presented in the Prospectus dated 28 March 2008 amounted to RM69.639 million. The consolidated profit after taxation and minority interest achieved by the Group for the said financial year amounted to RM69.544 million. As such, the Group achieved the profit estimate.

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 material contracts entered into the Company and its subsidiaries which involve 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 2008

Location Address	Existing Use	Date of Acquisition	Approximate Age of Building	Tenure	Area(m^2)	NBV (RM)
7 Kawasan Perusahaan Suria 45600 Batang Berjuntai Selangor	Factory and office building	1995 2003 2003 2006	Between 1 to 11 years	Freehold	29,629 (built-up area)	37,623,541
H.S.(D) 7634, P.T. No. 6073 Mukim of Batang Berjuntai Daerah Kuala Selangor Selangor	Industrial land	1993	NA	Freehold	43,158	4,901,383
H.S. (M) 1742, P.T. No. 2965 Mukim of Batang Berjuntai Daerah Kuala Selangor Selangor	Vacant land	1998	NA	Leasehold Expiring on 14 Mar 2090	3,237	152,379
GRN 130471, Lot 3393 Mukim of Batang Berjuntai Daerah Kuala Selangor Selangor	Industrial land	2006	NA	Freehold	18,811	3,459,609
GRN 130470, Lot 3392 Mukim of Batang Berjuntai Daerah Kuala Selangor Selangor	Industrial land	2006	NA	Freehold	19,307	3,227,881
GRN 130469, Lot 3391 Mukim of Batang Berjuntai Daerah Kuala Selangor Selangor	Industrial land	2007	NA	Freehold	19,868	3,321,654
C-G-9, Jalan Dataran SD1 Dataran SD, PJU 9 Bandar Sri Damansara 52200 Kuala Lumpur	4? storey office building	2007	2 years	Leasehold Expiring on 27 Aug 2102	410 (built-up area)	1,803,325

Analysis of Shareholdings as at 14 July 2008

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	:	1,507

Distribution of Shareholdings

Size of Holdings	No of Holders	No of Shares	%
Less than 100	2	52	0
100 - 1,000	387	359,848	0.15
1,001 - 10,000	797	3,994,800	1.65
10,001 to 100,000	261	8,230,400	3.40
100,001 to 12,115,599	58	78,640,900	32.45
12,115,600 and above	2	151,086,000	62.35
	1,507	242,312,000	100

30 LARGEST SHAREHOLDERS AS AT 14 JULY 2008

No	Name of Shareholders	No of Shares	%
1	HARTALEGA INDUSTRIES SDN BHD	122,234,000	50.44
2	BUDI TENGGARA SDN BHD	28,852,000	11.91
3	KELANA CITRA SDN BHD	10,909,000	4.50
4	KINTA JERAM SDN BHD	10,909,000	4.50
5	KEVIN TEN	7,723,000	3.19
6	KINETIC REGION SDN BHD	7,572,700	3.13
7	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SEOW HOON HIN	5,790,000	2.39
8	PACIFIC VENUE SDN BHD	4,852,000	2.00
9	TIARA IKHTISAS SDN BHD	4,836,000	2.00
10	JASON TEN JHIA SEENG	3,330,000	1.37
11	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (JERSEY)	3,000,000	1.24

Analysis of Shareholdings
as at 14 July 2008 (cont'd)

30 LARGEST SHAREHOLDERS AS AT 14 JULY 2008 (cont'd)

No	Name of Shareholders	No of Shares	%
12	TEOH TECK LIAN @ ANNIE TEOH	2,025,000	0.84
13	LEE LOO TIN	1,974,900	0.82
14	NGOH SEE CHENG	1,882,200	0.78
15	RHB NOMINEES (ASING) SDN BHD MEDLINE INDUSTRIES INC.	1,800,000	0.74
16	TAN HENG HOCK	854,500	0.35
17	KUAN EU JIN	710,000	0.29
18	LIM BOON KIONG	685,000	0.28
19	ANISA SEOW JING YING	551,000	0.23
20	ALVIN SEOW YUNG CHIEN	500,000	0.21
21	TAN LEONG KHENG	450,000	0.19
22	TEN CHEW YONG @ THIN SIEW YANG	439,200	0.18
23	MARIHARTA CORPORATION SDN BHD	420,000	0.17
24	CHOW SIEW YING	398,100	0.16
25	RHB NOMINEES (ASING) SDN BHD IAN JAMES SCHOTTLANDER	395,000	0.16
26	LIEW BEN POH	365,000	0.15
27	MOHAMED ZAKRI BIN ABDUL RASHID	359,000	0.15
28	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SEOW HOON HIN (472187)	300,000	0.12
29	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SEOW HOON HIN (E-KLC)	294,000	0.12
30	RHB NOMINEES (ASING) SDN BHD CHEW NGEE HUAT	290,000	0.12

SUBSTANTIAL SHAREHOLDERS

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

	Direct Interest		Indirect Interest	
Name of Shareholders	No of Share	%	No of Share	%
Hartalega Industries Sdn Bhd	122,234,000	50.44	0	0
Kuan Kam Hon @ Kwan Kam Onn	0	0	122,334,000*	50.49
Kuan Kam Peng	0	0	122,234,000**	50.44
Sannusi bin Ngah	50,000	0.02	28,852,000***	11.91
Md Jais bin Ngah	0	0	28,852,000#	11.91
Budi Tenggara Sdn Bhd	28,852,000	11.91	0	0

* Deemed interest through his shareholding in Hartalega Industries Sdn Bhd and his son, Kuan Mun Leong
** Deemed interest through his shareholding in Hartalega Industries Sdn Bhd
*** Deemed interest through his shareholding in Budi Tenggara Sdn Bhd
# Deemed interest through his shareholding in Budi Tenggara Sdn Bhd

DIRECTORS' SHAREHOLDINGS

	Direct Interest		Indirect Interest	
Name of Shareholders	No of Share	%	No of Share	%
Kuan Kam Hon @ Kwan Kam Onn	0	0	122,334,000*	50.49
Kuan Mun Leong	100,000	0.02	0	0
Liew Ben Poh	365,000	0.15	0	0
Dato' Mohamed Zakri bin Abdul Rashid	359,000	0.15	0	0
Kuan Mun Keng	0	0	0	0
Sannusi bin Ngah	50,000	0.02	28,852,000#	11.91
Chuah Phaik Sim	50,000	0.02	4,852,000**	2.00
Abdul Hamid bin Sh Mohamed	50,000	0.02	10,909,000***	4.50

* Deemed interest by virtue of his shareholding in Hartalega Industries Sdn Bhd and his son, Kuan Mun Leong
# Deemed interest by virtue of his shareholding in Budi Tenggara Sdn Bhd
** Deemed interest by virtue of her shareholding in Pacific Venue Sdn Bhd
*** Deemed interest by virtue of his shareholding in Kelana Citra Sdn Bhd

Notice of
Annual General Meeting

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Second (2nd) Annual General Meeting of the Company will be held at the **Banquet Hall, Kuala Lumpur Golf & Country Club, No.10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpu**r on **Thursday, 11 September 2008** at **10.00am** for the following purposes:-

AGENDA

1. To lay before the Company the Audited Financial Statements for the year ended **31 March 2008** together with the Reports of the Directors and Auditors thereon.

2. To re-elect the following Directors retiring under Article 91 and Article 96 of the Articles of Association of the Company and on voluntary basis:-

(i)	Mr Kuan Kam Hon@Kwan Kam Onn	**(Resolution 1)**
(ii)	Mr Kuan Mun Leong	**(Resolution 2)**
(iii)	Mr Liew Ben Poh	**(Resolution 3)**
(iv)	Dato' Mohamed Zakri bin Abdul Rashid	**(Resolution 4)**
(v)	Encik Sannusi bin Ngah	**(Resolution 5)**
(vi)	Madam Chuah Phaik Sim	**(Resolution 6)**
(vii)	Encik Abdul Hamid bin Sh Mohamed	**(Resolution 7)**
(viii)	Mr Kuan Mun Keng	**(Resolution 8)**

3. To appoint Auditors of the Company and to authorise the Directors to fix their remuneration.

   Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed in the Annual Report has been received by the Company for the nomination of Messrs Moore Stephens AC who have given their consent to act for appointment as Auditors and of the intention to propose the following Ordinary Resolution:-

   "THAT Messrs Moore Stephens AC be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Moore Stephens, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be agreed between the Directors and the Auditors."

   (Resolution 9)

4. 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 10)

By Order of the Board

LIM MING TOONG (MAICSA 7000281)
HOH KEAN NYUK (MAICSA 7043594)
Company Secretaries

Kuala Lumpur
18 August 2008

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 10 - 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 and Article 96 of the Company's Articles of Association and on voluntary basis are as follows:-

(a) Mr Kuan Kam Hon@ Kwan Kam Onn
(b) Mr Kuan Mun Leong
(c) Mr Liew Ben Poh
(d) Dato' Mohamed Zakri bin Abdul Rashid
(e) Encik Sannusi bin Ngah
(f) Madam Chuah Phaik Sim
(g) Encik Abdul Hamid bin Sh Mohamed
(h) Mr Kuan Mun Keng

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

During the financial year ended 31 March 2008, one Board Meeting was held:

Directors	Attendance
Mr Kuan Kam Hon@ Kwan Kam Onn	1
Mr Kuan Mun Leong	1
Mr Liew Ben Poh	1
Dato' Mohamed Zakri bin Abdul Rashid	1
Encik Abdul Hamid bin Sh Mohamed	1
Madam Chuah Phaik Sim	1
Encik Sannusi bin Ngah	1
Mr Kuan Mun Keng *	-

Note:
(1) The Company was listed on the Main Board of Bursa Malaysia Securities Berhad on 17 April 2008.
(2) *Mr Kuan Mun Keng was appointed as Director of the Company on 4 July 2008.

3. The Second (2nd) Annual General Meeting will be held at the Banquet Hall, Kuala Lumpur Golf & Country Club, No.10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Thursday, 11 September 2008 at 10.00am.

4. Further details on the Directors who are standing for re-election at the Second (2nd) Annual General Meeting are set out on page 22 to 24 of the Annual Report.

Hartalega Industries sdn. bhd.
9 Jalan Karan Taman Kepong
Industrial Est. 52100
Kuala Lumpur, Malaysia

Telephone:
03-634-2177
03-634-2534
03-634-9062

Telex: MA 27042
Fax: 03-636-9681

1 July 2008

The Board of Directors
HARTALEGA HOLDINGS BERHAD
Mezzanine Floor
8A Jalan Sri Semantan Satu
Damansara Heights
50490 Kuala Lumpur

Dear Sirs,

NOTICE OF NOMINATION OF MESSRS MOORE STEPHENS AC FOR APPOINTMENT AS AUDITORS

Pursuant to Section 172(11) of the Companies Act, 1965, we, the undersigned, being a shareholder of Hartalega Holdings Berhad hereby give notice of our intention to nominate Messrs Moore Stephens AC of 8A Jalan Sri Semantan Satu, Damansara Heights, 50490 Kuala Lumpur, for appointment as Auditors of Hartalega Holdings Berhad to replace the retiring Auditors, Messrs Moore Stephens and to propose the following resolution as an Ordinary Resolution to be tabled at the forthcoming annual general meeting of Hartalega Holdings Berhad

> "That **Messrs Moore Stephens AC** be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Moore Stephens and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be agreed between the Directors and the Auditors."

Yours faithfully,
HARTALEGA INDUSTRIES SDN BHD

Common Seal affixed in the presence of

KUAN KAM HON
Director

KUAN KAM PENG
Director

Hartalega
Holdings Berhad (741883-X)

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 **Second (2nd) Annual General Meeting** of **Hartalega Holdings Berhad** to be held at the **Banquet Hall, Kuala Lumpur Golf & Country Club, No.10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur** on **Thursday, 11 September 2008** at **10.00am** 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 re-elect Mr Kuan Kam Hon as Director		
2.	To re-elect Mr Kuan Mun Leong as Director		
3.	To re-elect Mr Liew Ben Poh as Director		
4.	To re-elect Dato' Mohamed Zakri bin Abdul Rashid as Director		
5.	To re-elect Encik Sannusi bin Ngah as Director		
6.	To re-elect Madam Chuah Phaik Sim		
7.	To re-elect Encik Abdul Hamid bin Sh Mohamed		
8.	To re-elect Mr Kuan Mun Keng		
9.	To appoint Messrs Moore Stephens AC as Auditors and to authorise the Directors to fix their remuneration		
	SPECIAL BUSINESS		
	Ordinary Resolution		
10.	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 2008

....
*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 Perusahan Suria, 45600 Bestari Jaya,
Selangor Darul Ehsan, Malaysia.
Tel: +603 3271 0277
Fax: +603 3271 0135

Hartalega
Holdings Berhad (741883-X)