

HARTALEGA HOLDINGS BERHAD(Company No. 741883-X)**Condensed Consolidated Income Statement****For the first quarter ended 30 June 2008 (Unaudited)**

	Current Quarter Ended 30 Jun 2008 RM'000	Corresponding Quarter Ended 30 Jun 2007 RM'000	Cumulative Year-To-Date 30 Jun 2008 RM'000	Corresponding Year-To-Date 30 Jun 2007 RM'000
Revenue	87,837	N/A	87,837	N/A
Operating expenses	(74,209)	N/A	(74,209)	N/A
Other operating income	2,250	N/A	2,250	N/A
Other operating expenses	(612)	N/A	(612)	N/A
Finance costs	(462)	N/A	(462)	N/A
Profit before tax	<u>14,804</u>	<u>N/A</u>	<u>14,804</u>	<u>N/A</u>
Taxation	(1,888)	N/A	(1,888)	N/A
Net profit for the period	<u>12,916</u>	<u>N/A</u>	<u>12,916</u>	<u>N/A</u>
Attributable to:				
Equity holders of the parent	12,889	N/A	12,889	N/A
Minority Interest	27	N/A	27	N/A
	<u>12,916</u>	<u>N/A</u>	<u>12,916</u>	<u>N/A</u>
EPS - Basic (sen)	5.32	N/A	5.32	N/A
- Diluted (sen)	-	N/A	-	N/A

(The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2008 and the accompanying notes attached to this interim financial report. There are no comparative figures for the preceding year's corresponding quarter and year-to-date as the Company was only listed on 17 April 2008.)

HARTALEGA HOLDINGS BERHAD(Company No. 741883-X)**Condensed Consolidated Balance Sheet as at 30 June 2008**

	<i>Unaudited At 30 June 2008 RM'000</i>	<i>Audited At 31 Mar 2008 RM'000</i>
ASSETS		
Non current assets		
Property, Plant & Equipment	177,361	179,700
Capital work in progress	43,848	20,188
Prepaid land lease payment	152	153
Other investment	175	175
	<u>221,536</u>	<u>200,216</u>
Current assets		
Inventories	22,959	22,052
Trade receivables	46,422	33,115
Other receivables, deposits and prepayment	2,413	5,503
Tax assets	-	164
Cash & bank balances	6,131	8,345
	<u>77,925</u>	<u>69,179</u>
TOTAL ASSETS	<u>299,461</u>	<u>269,395</u>
EQUITY AND LIABILITIES		
Share capital	121,156	121,156
Reserves	71,242	58,312
Shareholders' equity	<u>192,398</u>	<u>179,468</u>
Minority interest	<u>158</u>	<u>122</u>
Total Equity	<u>192,556</u>	<u>179,590</u>
Non current liabilities		
Long term borrowing	19,814	21,132
Deferred tax liabilities	20,290	19,243
	<u>40,104</u>	<u>40,375</u>
Current liabilities		
Trade payables	12,860	12,080
Other payables and accruals	27,928	17,375
Amount owing to directors	3	3
Short term borrowing	25,806	19,833
Tax payables	204	139
	<u>66,801</u>	<u>49,430</u>
Total Liabilities	<u>106,905</u>	<u>89,805</u>
TOTAL EQUITY AND LIABILITIES	<u>299,461</u>	<u>269,395</u>
Net assets per share attributable to the equity holders of the parent (sen)	79.40	74.06

(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2008 and the accompanying notes attached to this interim financial report)

HARTALEGA HOLDINGS BERHAD(Company No. 741883-X)**Condensed Consolidated Statement of Changes in Equity****For the first quarter ended 30 June 2008 (Unaudited)**

	<-----Attributable to the equity holders of the parent ----->					<i>Minority Interest</i>	<i>Total Equity</i>
	<i>Share Capital</i>	<i>Share Premium</i>	<i>Translation Reserve</i>	<i>Retained Profit</i>	<i>Sub Total</i>		
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
3 Months Ended 30 June 2008							
Balance as at 01 April 2008	121,156	792	89	57,431	179,468	122	179,590
Foreign exchange translation difference			41		41	9	50
Net profit for the period				12,889	12,889	27	12,916
Balance as at 30 June 2008	<u>121,156</u>	<u>792</u>	<u>130</u>	<u>70,320</u>	<u>192,398</u>	<u>158</u>	<u>192,556</u>

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2008 and the accompanying notes attached to this interim financial report. There are no comparative figures for the preceding year's corresponding period as the Company was only listed on 17 April 2008.)

HARTALEGA HOLDINGS BERHAD(Company No. 741883-X)**Condensed Consolidated Cash Flow Statements****For the first quarter ended 30 June 2008 (Unaudited)**

	Current Year- To-Date Ended 30 Jun 2008 RM'000	Corresponding Year-To-Date 30 Jun 2007 RM'000
Profit before tax	14,804	N/A
Adjustment for: Non cash items	2,995	N/A
Operating profit before changes in working capital	17,799	N/A
Changes in working capital		
Net change in inventories	(907)	N/A
Net change in receivables	(10,217)	N/A
Net change in payables	11,333	N/A
Cash generated from operations	18,008	N/A
Tax refund	-	N/A
Taxation paid	(612)	N/A
Net cash generated from operating activities	17,396	N/A
Investing Activities		
Proceeds from disposal of property, plant and equipment	44	N/A
Effect of acquisition of subsidiary company, net of cash acquired	-	N/A
Capital work in progress incurred	(23,660)	N/A
Purchase of property, plant and equipment	(849)	N/A
Withdrawal of fixed deposits	150	N/A
Net cash used in investing activities	(24,315)	N/A
Financing Activities		
Draw down of term loan	-	N/A
Repayment of term loan	(1,733)	N/A
Short term borrowings	6,388	N/A
Listing expenses	-	N/A
Dividend paid	-	N/A
Net cash generated from financing activities	4,655	N/A
Foreign exchange differences	50	N/A
Net change in cash & cash equivalents	(2,214)	N/A
Cash & cash equivalents at beginning of period	8,312	N/A
Cash & cash equivalents at end of period	6,098	N/A
Cash & cash equivalents at end of period comprise:		
Cash & bank balances	6,131	N/A
Less: Fixed deposit pledged	(33)	N/A
	6,098	N/A

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2008 and the accompanying notes attached to this interim financial report. There are no comparative figures for the preceding year's corresponding period as the Company was only listed on 17 April 2008.)



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Notes to the Interim financial report for the First Quarter ended 30 June 2008

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

A1. Basis of Preparation

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

The same accounting policies and methods of computation are followed in the preparation of this interim financial report as compared with the most recent annual financial statements for the year ended 31 March 2008.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2008 and the accompanying explanatory notes attached to this interim financial report.

A2. Auditors' Report

The auditors' report for the immediate preceding annual financial statements of the Company for the financial year ended 31 March 2008 is not qualified.

A3. Seasonal and Cyclical Factors

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

A4. Items of Unusual Nature and Amount

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

A5. Changes in Estimates

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

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

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



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A7. Dividend Paid

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

A8. Segmental Reporting

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

A9. Valuation of property, plant and equipment

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

A10. Capital Commitments

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

	30 June 2008
	RM'000
Approved and contracted for	10,684
Approved but not contracted for	111,383
Total	<hr/> 122,067 <hr/>

A11. Material Events Subsequent to the End of Period Reported

There were no material events subsequent to 30 June 2008 up to latest practicable date, 12 August 2008, that have not been reflected in the financial statements for the current quarter and financial year-to-date.

A12. Changes in the Composition of the Group

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



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A13. Contingent liabilities and Contingent Assets

Save as disclosed below, there were no contingent liabilities or contingent assets that had arisen since the last annual balance sheet date.

The Company and its subsidiaries Hartalega Sdn Bhd (“HSB”) and Pharmatex USA Inc (“PUI”) are defendants in relation to the ITC investigations and the Georgia Action (details of which are set out in Section B11). Should Tillotson wins, the ITC investigations will not result in any monetary damages to be paid whilst for the Georgia Action, monetary damages will be determined by the court.

In respect of 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 the 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.

No provision for compensation or damages has been made as the outcome of the investigation and claims are still pending.



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

B1. Review of Performance of the Company and its Subsidiaries

For the current quarter and financial year-to-date, the Group recorded profit before tax and minority interest of RM14.804 million on the back of revenue of RM87.837 million. The profit before tax included a provision of RM0.550 million for one-off financial assistance to employees to manage inflation caused by the recent hike in fuel and food prices.

In the opinion of the Directors, except as mentioned above, the results for the current quarter and financial year-to-date have not been affected by any transactions or events of a material or unusual nature.

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

	Current Quarter ended 30 June 2008	Preceding Quarter ended 31 Mar 2008	Variance	
	RM'000	RM'000	RM'000	%
Revenue	87,837	72,796	15,041	20.66
Profit before tax	14,804	10,504	4,300	40.94

For the current quarter, the Group's profit before tax of RM14.804 million was 40.94% higher than the profit before tax recorded in the preceding quarter mainly due to the increase in sales for the current quarter and also due to the written off of certain property, plant and equipment and inventories in the preceding quarter amounting to RM1.065 million and RM0.451 million respectively, which was damaged by a fire breakout in one of the manufacturing plant.

B3. Current Year Prospect

Barring any unforeseen circumstances, the sales of the Group is expected to pick up due to increase in production capacity and strong demand for gloves. As it is possible to pass on the the increase in cost to customer, coupled with increase in operational efficiency and cost savings, the Board is optimistic that the Group is likely to achieve its forecast profit after taxation and minority interest of RM55.457 million for the financial year ending 31 March 2009 as disclosed in the Company's Prospectus dated 28 March 2008.



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B4. Variance of Profit Forecast/Profit Guarantee

There was no profit guarantee issued by the Group and the profit forecast stated in the Prospectus dated 28 March 2008 is in respect of the year ending 31 March 2009, thus not applicable to this interim report.

B5. Taxation

	Current year quarter RM'000	Current year-to- date RM'000
Current tax expense	841	841
Deferred tax expense	1,047	1,047
	<u>1,888</u>	<u>1,888</u>

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

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

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

B7. Quoted Securities

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

B8. Status of Corporate Proposal

There was no corporate proposal announced or not completed as at the latest practicable date 12 August 2008.



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B9. Group Borrowings and Debt Securities

Total Group borrowings as at 30 June 2008 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term borrowings</u>			
Borrowings (USD2,894,000)	9,226	-	9,226
Borrowings (RM denominated)	16,580	-	16,580
	<u>25,806</u>	<u>-</u>	<u>25,806</u>
<u>Long term borrowings</u>			
Borrowings (USD5,878,000)	18,750	-	18,750
Borrowings (RM denominated)	1,064	-	1,064
	<u>19,814</u>	<u>-</u>	<u>19,814</u>

B10. Off Balance Sheet Financial Instruments

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

At the latest practicable date, 12 August 2008, the Group has entered into foreign currency forward contracts with the following notional amounts and maturities:

Hedged item in RM	Contract Rates	Total Notional Amount	Maturity Within 1 Year
Trade receivables and anticipated sales	RM3.1877 to RM3.3270	USD23,800,000	USD23,800,000

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

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



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B11. Material Litigation

Save as disclosed below, as at the latest practicable date, 12 August 2008, our Company and our subsidiaries are not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position of our Company or subsidiaries and our Board is not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of our Company or any of our subsidiaries:

- (i) On 30 May 2007, Tillotson filed a complaint with the ITC alleging that certain Nitrile Gloves which are imported into the USA are in violation of Section 337 of the United States Tariff Act 1930. Specifically, Tillotson alleged that 31 manufacturers and resellers of Nitrile Gloves that were imported into the USA, including HHB, HSB and PUI, infringed Tillotson's U.S. Patent No. RE 35,616. Tillotson is seeking a General Exclusion Order which if granted, would block the importation of those infringing Nitrile Gloves. The evidentiary hearing or trial before the Administrative Law Judge is scheduled to take place on these dates: 19-23 and 27-30 May 2008. The target date, which is the date the ITC will issue its decision on whether to impose an Exclusion Order, will be on 22 November 2008 (extended from 8 September 2008). The evidentiary hearing is the trial and the target date is the date by which the ITC must issue its final decision.

In the event Tillotson prevails in the ITC investigations, the United States Customs Service will be empowered to block the importation of those infringing Nitrile Gloves. The ITC is not authorised to award monetary damages.

HSB has filed a motion to the ITC for summary determination relating to its high stress retention Nitrile Gloves on 9 October 2007 and Tillotson filed its opposition on 30 October 2007. The Administrative Law Judge has not ruled on this motion. Our solicitors are of the opinion that HSB's motion is meritorious and, if successful, will result in a ruling that HSB's high stress retention Nitrile Gloves do not infringe the Tillotson's patent.

- (ii) In addition to the said importation block being sought, Tillotson has also filed a claim for unspecified damages, including a reasonable royalty and treble damages in the United States District Court for the Northern District of Georgia on 27 September 2007 against several defendants including HHB, HSB and PUI ("Georgia Action"). Tillotson has not served that claim but, if it does, the defendants will be permitted to request an automatic stay of that case pending the determination of the ITC investigations. The stay in the Georgia Action is automatic and will be made pursuant to 28 U.S.C. sec 1659, which requires that a "district court shall stay, until the determination of the ITC becomes final, proceedings in the civil action with respect to any claim that involves the same issues involved in the proceedings before the ITC."

B12. Dividend

No dividend has been recommended in the current quarter and financial year-to-date.



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B13. Earnings Per Share

Basic Earnings Per Share	Current Quarter Ended 30/6/2008	Corresponding Quarter Ended 30/6/2007	Cumulative Year-To- Date 30/6/2008	Corresponding Year-To-Date 30/6/2007
Profit attributable to equity holders of the parent (RM'000)	12,889	N/A	12,889	N/A
Weighted average number of ordinary shares in issue ('000)	242,312	N/A	242,312	N/A
Basic earnings per share (sen)	5.32	N/A	5.32	N/A