Going Beyond

Hartalega
Holdings Berhad (741883-X)

Annual Report 2010

THE COVER

The theme, Going Beyond, captures the spirit of the ever-evolving Hartalega Holdings Berhad. Since inception, every phase of our operation has been dedicated to a Tradition of Excellence. This commitment has propelled us to go beyond the expected and in the year that was, the Group experienced tremendous growth in terms of results, research and development, as well as quality of human capital.

CONTENTS

FIRST IN THE INDUSTRY

- To develop polymer-coated powder-free examination gloves in 1994 and among the first to receive FDA 510k to market low protein latex gloves
- As a 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
- To commercially produce high-stress-relaxation NBR examination and surgical gloves in 2002 and 2006 respectively
- To use industrial bar-coding and RFID Tags for product traceability and stock management
- To receive the 2005 Inaugural Award for Best Factory in commodity-based industries by the Malaysian Government
- To receive the 2005 Inaugural Award for Innovation by the Rubber Research Institute of Malaysia
- To use empty oil palm fruit bunches as biomass fuel to generate heat for production processes
- To have successfully registered our biomass energy plants to the United Nations Framework Convention on Climate Change (UNFCCC) or KYOTO Protocol
- As a 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 & RECOGNITION

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

ISO 9001 : 2000

ISO 13485 : 2003

EN ISO 13485 : 2003

EC-Certificate

0123 CE Marking

Medical Device Licence
- Health Canada

Canadian General
Standard Board Certificate

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

HARTALEGA'S NITRILE GLOVE STORY

2002

- Commenced R&D on elastic thin nitrile glove
- Overcame technology, pricing and intellectual property barriers
- Introduced users to a nitrile glove that mimics the softness and stretchiness of a natural rubber glove

2003

- Commenced R&D on production technology
- Focused on effective and low cost nitrile glove production
- Commenced operations of the world's first double former production line at year end 2003
- Produced 28,000 pcs/hr of nitrile gloves

2005

- Launched first in the world 4.7g nitrile glove. It mimics the stretchiness and softness of natural rubber gloves without protein allergy risks, is competitively priced and outside the Tillotson's patent
- Government de-pegged Ringgit from the US dollar

2007

- Competitor launched a 4.2g nitrile glove
- Hartalega responded with the world's first 3.7g nitrile glove. It was developed at the same time as the 4.7g glove but kept in the 'war chest'

2008

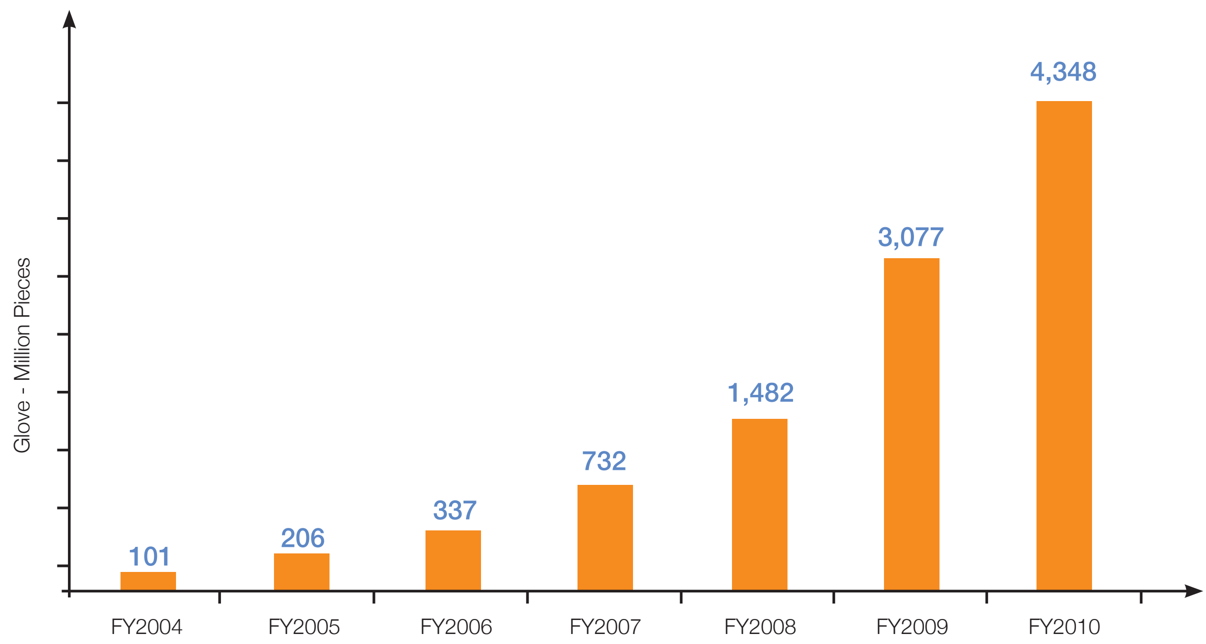
- Hartalega's nitrile glove production increased by 30 fold
- We became the nation's largest and world's 2nd largest nitrile glove producer
- Became the world's largest OEM nitrile glove producer
- Gained about 22% share of the USA synthetic glove market

2010

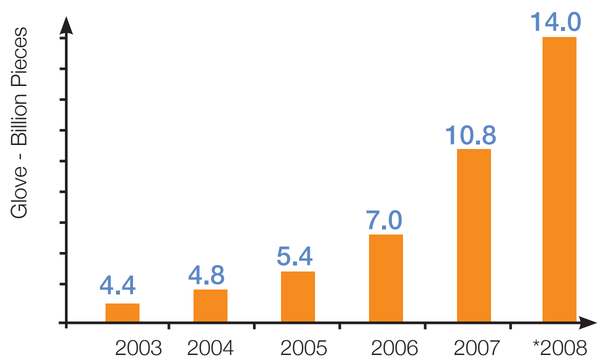
- Natural rubber price reached record RM7.46
- Nitrile becomes cheaper than natural rubber glove
- Expect strong switching momentum to continue

QUICK TAKE

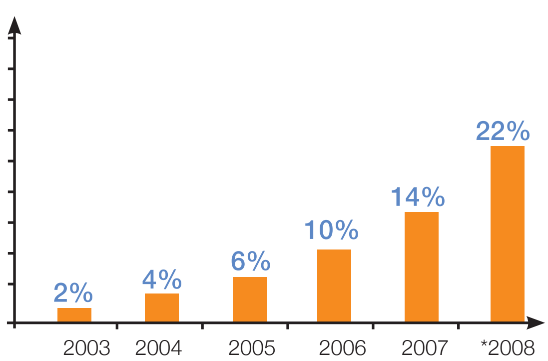
- Sucessfully re-modelled Hartalega to be a major nitrile glove producer; 83% of sales is nitrile gloves
- Nitrile sales (pieces) increased by 43 fold in six years
- Created switching momentum in the market from natural rubber to nitrile gloves
- Share of USA synthetic exam glove market increased from 2% to 22% in five years
- 10% share of year 2008 global nitrile glove market



Nitrile Sale (Million Pieces)



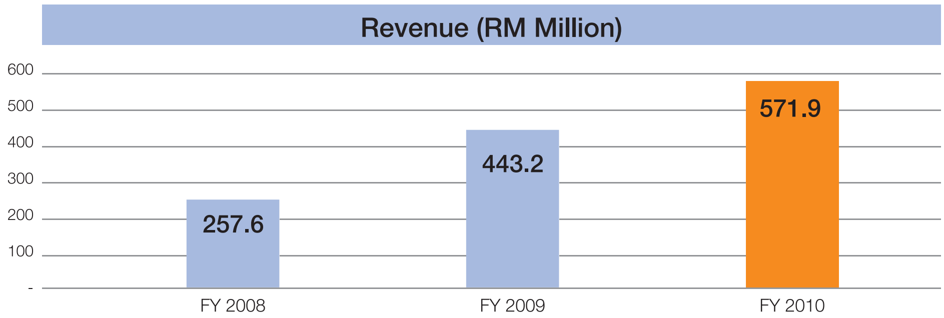
USA: Import of Synthetic Exam Gloves

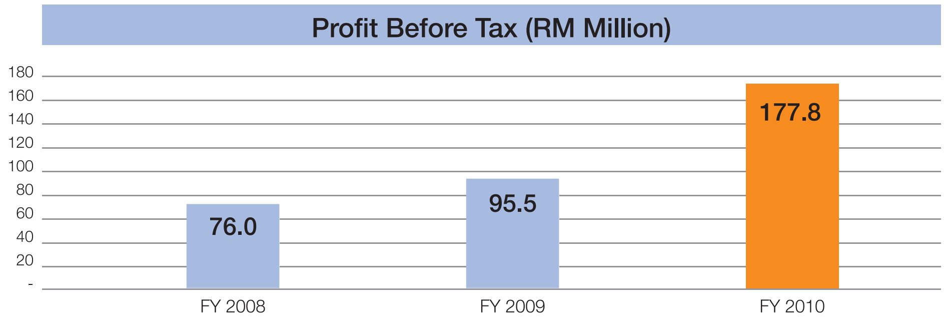


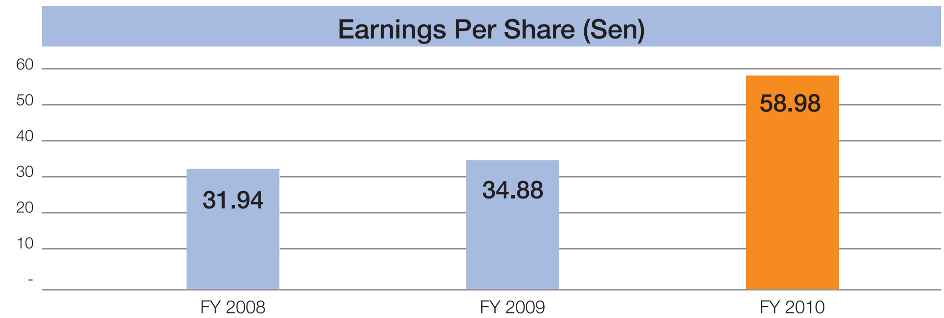
Hartalega's Market Share of Synthetic Exam Gloves in USA

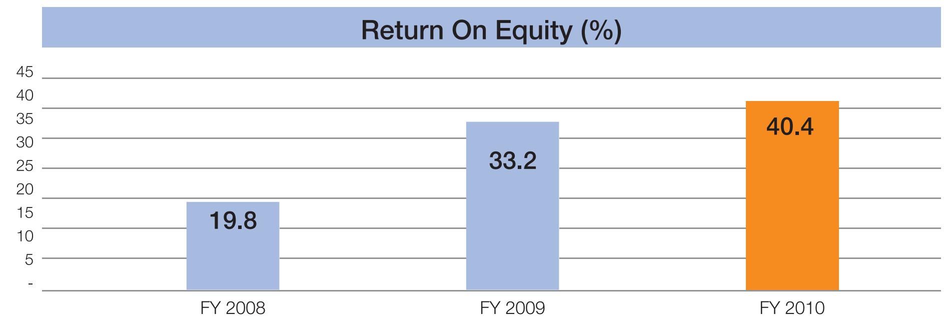
*In-house guesstimate

FINANCIAL HIGHLIGHTS

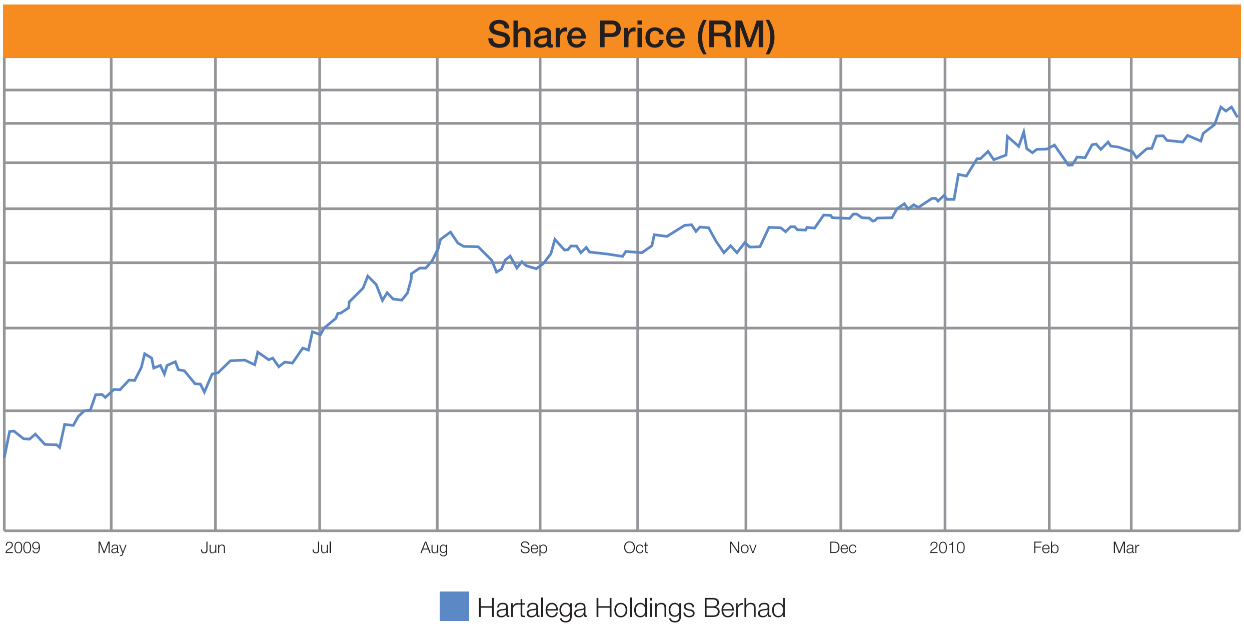


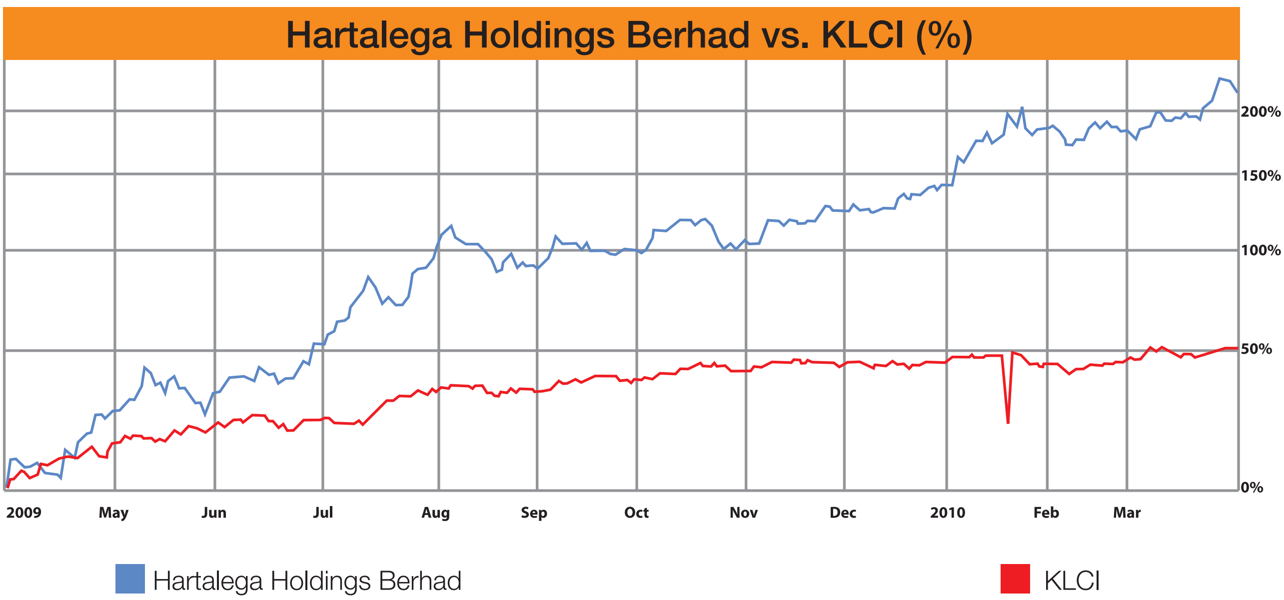






PERFORMANCE OF SHARE PRICE





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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	*Non-Independent Executive Director*
Kuan Mun Leong	*Non-Independent Executive Director*
Liew Ben Poh	*Non-Independent Non-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*

ESOS Committee

Kuan Vin Seung	*Chairman*
Kuan Mun Leong	*Member*
Kuan Mun Keng	*Member*
Yong Pat Chau	*Member*

Company Secretaries

Wong Maw Chuan (MIA 7413)
Hoh Kean Nyuk (MAICSA 7043594)
SSA Professional Services Sdn Bhd
No. 6, Jalan Bangsar Utama 9
Bangsar Utama
59000 Kuala Lumpur

Registered Office

No. 6, Jalan Bangsar Utama 9
Bangsar Utama
59000 Kuala Lumpur
Tel : 03 2287 6833
Fax : 03 2287 1032

Corporate Office

C-G-9, Jalan Dataran SD1
Dataran SD PJU 9
Bandar Sri Damansara
52200 Kuala Lumpur
Tel : 03 6277 1733
Url : www.hartalega.com.my
Email : info@hartalega-kl.com.my

Factory

No. 7, Kawasan Perusahaan Suria
45600 Bestari Jaya, Selangor Darul Ehsan
Tel : 03 3271 0277

Principal Bankers

RHB Bank Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
Citibank Berhad
Standard Chartered Bank Malaysia Berhad

Auditors

Moore Stephens AC (AF. 001826)
A-37-1, Level 37, Menara UOA Bangsar
No. 5, Jalan Bangsar Utama 1
59000 Kuala Lumpur

Registrar

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46, 47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03 7841 8000
Fax : 03 7841 8151

PROFILE OF DIRECTORS

From left to right

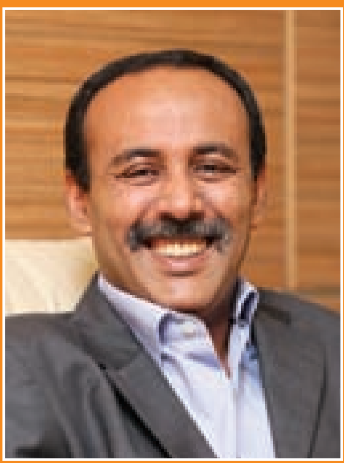
Dato' Mohamed Zakri bin Abdul Rashid	*Independent Non-Executive Director*
Abdul Hamid bin Sh Mohamed	*Independent Non-Executive Director*
Chuah Phaik Sim	*Independent Non-Executive Director*
Kuan Kam Hon @ Kwan Kam Onn	*Executive Chairman and Managing Director*
Sannusi bin Ngah	*Non-Independent Non-Executive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

PROFILE OF DIRECTORS

Kuan Kam Hon @ Kwan Kam Onn

Executive Chairman and Managing Director, Malaysian

Kuan Kam Hon @ Kwan Kam Onn, aged 63, 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 entire operations of the Group, including research and development. He began his career in the building and construction sector in 1969 under Kuan Yuen & Sons Company, a well-known quality homebuilder in the 70s specialising in upper-class residential units in the Klang Valley. In 1978, he started Timol Weaving Sdn Bhd, one of the pioneers in woven labels and badges. In 1981, he formed Hartalega Sdn Bhd. Under his leadership, Hartalega Sdn Bhd has since become a reputable manufacturer of latex gloves in the industry and is now a public listed company on the Main Board of Bursa Malaysia Securities Berhad, known as Hartalega Holdings Berhad. He has established a set of management values that are quality-driven and encourages creativity and innovation to produce highly-skilled personnel. He presently sits on the Board of several other private limited companies as well.



Abdul Hamid bin Sh Mohamed

Independent Non-Executive Director, Malaysian

Abdul Hamid bin Sh Mohamed, aged 45, was appointed as Independent Non-Executive Director on May 7, 2007. Abdul Hamid is a Fellow of the Association of Chartered Certified Accountants. He is presently Executive Director of Symphony House Berhad, a listed business process outsourcing company, a post he has held since December 2003. Prior to that, he was Chief Financial Officer of the Kuala Lumpur Stock Exchange ("KLSE") now known as Bursa Malaysia. He joined the KLSE in 1998 as Senior Vice President in charge of Strategic Planning & International Affairs and was promoted to Deputy President (Strategy & Development) in 2002 and was re-designated to Chief Financial Officer in 2003. 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 demutualisation 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 Director and Co-Chairman of Outsourcing Malaysia, an industry trade association.

PROFILE OF DIRECTORS

Dato' Mohamed Zakri bin Abdul Rashid

Independent Non-Executive Director, Malaysian

Dato' Mohamed Zakri bin Abdul Rashid, aged 67, was appointed as Independent Non-Executive Director on May 7, 2007 and sits on the Audit Committee. Dato' Mohamed Zakri was appointed to Hartalega Sdn Bhd's Board on November 27, 1998 as a Non-Executive Director. He holds a Bachelor of Arts 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 52, was appointed as Non-Independent Non-Executive Director on May 7, 2007. Sannusi holds a Masters in Business Administration majoring in Finance from the University of New Haven, Connecticut, USA, a Bachelor of Business Administration majoring in Finance from Ohio University, Athens, USA, and a Diploma in Accountancy from Universiti Teknologi Mara. In 1987, he joined Kewangan Usaha Bersatu Berhad, a licensed finance company, as an Internal Audit Officer. In January 1990, he joined Rakyat Merchant Bankers Berhad as Assistant Manager in the Corporate Finance Department. His last position at Rakyat Merchant Bankers Berhad was Senior Manager of the 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.

PROFILE OF DIRECTORS

Chuah Phaik Sim

Independent Non-Executive Director, Malaysian

Chuah Phaik Sim, aged 41, was appointed as Independent Non-Executive Director on May 7, 2007. Chuah is a member of the Malaysian Institute of Certified Public Accountants and a Chartered Accountant with the Malaysian Institute of Accountants. She started her career in January 1989 with KPMG Desa Megat & Co (now known as KPMG) as an articled student and rose through the ranks to become a qualified Audit Senior in 1993. Her experience in KPMG includes external audits, restructuring, as well as initial public offering and valuation exercises. She left KPMG in 1994 to become a 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's accounts. In 1995, she joined Kumpulan Jetson Berhad as the Internal Auditor, reporting functionally to the Audit Committee. She was responsible for the setting up and overall management of the Internal Audit Department. In 2000, she left Kumpulan Jetson Berhad and was appointed Director of several private limited companies. She has since remained active in providing corporate advisory and consultancy services in respect of restructuring, mergers and acquisitions, and valuation exercises.

Liew Ben Poh

Non-Independent Non-Executive Director, Malaysian

Liew Ben Poh, aged 61, was appointed as Executive Director on May 7, 2007 and re-designated as a Non-Executive Director on July 14, 2010 after he retired from the position of Sales and Marketing Director. During his 16 years service, he has helped Hartalega Holdings Berhad in establishing a strong international 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 was 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.

Kuan Mun Leong

Non-Independent Executive Director, Malaysian

Kuan Mun Leong, aged 34, joined the company's Engineering Department in 2001. He was appointed as an Executive Director of the Group in 2007 and is also the Deputy Managing Director, assisting the Managing Director in the business operations of Hartalega. He graduated from Monash University, Australia with a Bachelor's Degree in Mechanical Engineering in 1999 and later obtained a Masters in Business Administration (MBA) from University of Strathclyde, Scotland in 2007. He began his career in the industrial boiler sector and subsequently brought in-depth knowledge of green energy technology into Hartalega. He then spearheaded the implementation of the sector's first oil palm empty fruit bunch biomass energy plant in 2004 and was instrumental in leading the plant to a successful registration in the United Nations Framework Convention on Climate Change (Kyoto Protocol) in 2007, enabling Hartalega to sell emission reduction credits. Throughout his career in Hartalega, he has lead capacity expansion projects that have not only increased production capacity by seven fold but also accomplished several sector's unprecedented engineering breakthroughs in production technology. Today Hartalega is touted as the sector's most efficient rubber glove manufacturer.

Kuan Mun Keng

Non-Independent Executive Director, Malaysian

Kuan Mun Keng, aged 35, was appointed as Executive Director on July 4, 2008. Presently, he is the Sales and Marketing Director of Hartalega Holdings Berhad and is also responsible for the Group's Corporate Finance. He graduated with a Bachelor's Degree in Business (Accounting) and a Bachelor's Degree in Computing from Monash University, Australia 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. His long experience in operations is a complement to the Sales and Marketing team as he is able to align functions in the company with the needs and wants of customers.

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 have any conflict of interest with the Company.

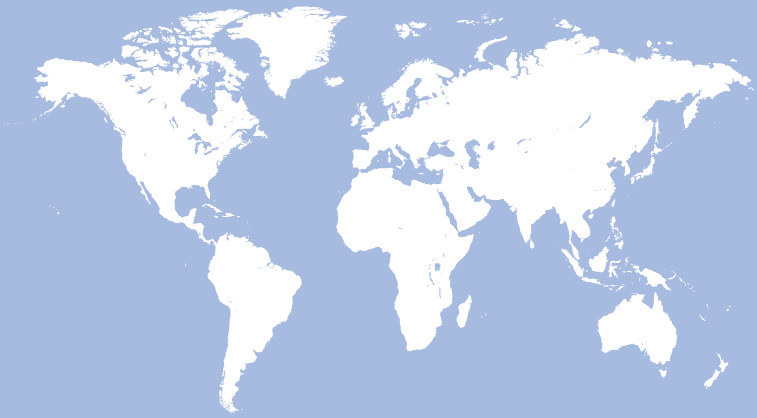
- **Conviction of Offences**
  None of the Directors have been convicted of any offences in the past ten (10) years.

EXECUTIVE CHAIRMAN'S STATEMENT

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

Dear Shareholder,

It has been a remarkable year for your Group as we continued to make great strides in the glove sector as mirrored by our strong performance. On this note, I am pleased to present to you our annual report for the year ended 31 March 2010.



The resilience of your Group in achieving strong profits certainly reflects our commitment to deliver excellent results. Indeed the financial year has been a challenging one with volatile business conditions that affected material costs, margins, operational conditions and marketing dynamics.

Fortunately, your Group is not new to such conditions and by building on our strengths and technological prowess, we have forged ahead to deliver notable shareholder value.

ECONOMIC LANDSCAPE

The glove industry has proven to be a resilient one with an average growth rate of 10% per annum for the period under review. The first half of the year was marred by concerns that the demand for gloves may be affected by the global economic downturn. This, however, turned out to be a non-issue as gloves are a basic necessity in the healthcare sector.

Additionally, during the financial year, the outbreak of the H1N1 virus increased the need for greater protection in the healthcare sector given that the virus is highly contagious. Hence, there was a higher demand for gloves during this crisis.

Global demand remained robust and will likely increase in light of the recent healthcare reform taking place in the USA and China. In the long term, we expect demand to grow from both the USA and China in addition to growth prospects from emerging markets. Collectively, due to this demand landscape, we expect growth to be greater than 10% per annum over the next three years.

With volatile economic conditions during the period under review, currency rates were particularly affected. The ringgit swung from the start of our financial year to its close by more than 11%. Of course, the erratic nature of the US dollar is an element that glove manufacturers need to contend with, while managing forex fluctuations is an added challenge. Our Group's sound business model has allowed us to mitigate this impact.

The Malaysian economy during the financial period underwent significant changes. It is now imperative for the nation to increase productivity, stimulate innovation and enhance the skills of the Malaysian workforce to gain a stronger foothold in the growing might of Asia.

To achieve these aspirations, we laud the Government's efforts to transform Malaysia into a high-income economy via the implementation of the New Economic Model. Creating a high-income economy will result in higher per capita and growth that is derived not only from capital, but equally important, from greater productivity through the use of skills and innovation.

Embracing technology, improving manufacturing efficiencies, reducing man-hour wastage and ensuring innovation are the only way forward for the glove sector to remain profitable and attractive. This is essential if Malaysia is to continue to hold the prestige of being the world's largest producer of gloves and we are heartened by the fact that Hartalega is at the forefront of such measures.

FINANCIAL PERFORMANCE

More than two decades ago, your Group was cognisant that in order to make great strides in this sector, we must be focused on delivering a strong bottom-line while maintaining a healthy balance sheet. I am glad to inform you that for the financial year under review, your Group delivered an impressive 86.2% increase in profit before tax amounting in absolute terms to RM177.8 million compared with our last fiscal year.

The results were achieved on the back of a revenue of RM571.9 million marking a 29% jump compared with financial year 2009. It is heartening to note that we have entered the billion dollar club of companies listed on Bursa Malaysia after only a three-year listing track record.

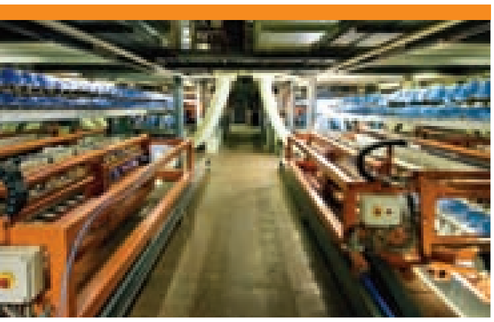
Net cash for your Group remained high at RM74.6 million compared with RM38.2 million in fiscal year 2009. With a three-year compounded annual sales growth rate (CAGR) of 30.5%, your Group is clearly on the right track to deliver strong results.

Earnings per share ended at 58.98 sen compared with 34.88 sen for the previous financial year. Net tangible assets per share was 146.13 sen [2009: 104.99 sen].

Your Group is sensitive to ensuring that profitability is driven on the basis of pure operational growth and not extraordinary items. We are proud to be a glove manufacturer that maintains the highest standards across various facets of our business. To reflect this, our earnings before interest, taxation, depreciation and amortisation (EBITDA) for the financial period was RM201 million compared with RM113.5 million achieved last year. By virtue of this reflection, one can surmise that we are delivering real growth for our shareholders.

As Malaysia's largest manufacturer of nitrile gloves, our results clearly demonstrate our ability to remain at pole position in this area of glove manufacturing.

As far as the capital markets are concerned, the investing community has seen fit to reward your Group with strong capital appreciations of our stock price. While we are heartened by the investment community's confidence in your Group, our role is to focus on delivering continued top-line and bottom-line growth.



DIVIDENDS

With only three years to our credit on the Malaysian Stock Exchange, we have been conscious of the fact that shareholder value is paramount. The Group's dividend net of tax was 20 sen per share. The Board has declared a final dividend of 5 sen per share subject to shareholders' approval. To-date, dividends totaling 15 sen have been paid. The remaining 5 sen will be paid on 17 September 2010 to shareholders on the register as at 3 September 2010.

OPERATIONS REVIEW

Research and Development

The cornerstone of our success has been research and development (R&D) both for our products and engineering abilities which has positively impacted our manufacturing efficiency. R&D cannot be seen in isolation and as far as your Group is concerned, it has never been considered unimportant in our 20 over years of operation. We push our efforts to the limit with only two priorities in mind: produce a highly regarded product for our customers and it must be within an acceptable and reasonable price bracket.

Our entire R&D strategy is driven in-house to maintain our competitive edge with a view to staying ahead in this sector. It is our R&D that has propelled us to create the world's first lightest nitrile glove. In fact, during the year, your Group met high industry standards of the European Union known as the EN standards for gloves.

Due to our breakthrough initiatives, we maintain our standing as the world's most efficient glove manufacturer. To substantiate this fact, we enjoy one of the lowest overhead cost per glove without having to increase our manpower needs. As we continue to grow, our objective is to plough more resources and investment into our automation which will see us minimising human intervention in the production of gloves and strengthening our brand proposition as Malaysia's lowest cost producer of gloves.

One of our most successful outcomes in R&D has been the ability to ensure product consistency in the billions of gloves that we produce. This achievement is well-recognised by our customers and the industry.

This philosophy is all the more evident in our new lines, particularly in Plant 5 that will house 10 advanced high-capacity production lines. Already two lines from this plant are fully commissioned and contributing to our bottom-line.

Marketing

Though other markets continue to offer attractive possibilities, the USA is still the biggest market for gloves in the world today. It gives me pleasure to inform you that this market has grown for us by 20.7% in terms of revenue. Hence, our entrenched position in the USA can only continue to grow given that we have an existing reputation that is second to none in this thriving market.

Not wanting to rest on our laurels, we have also grown our other markets and today, Hartalega's gloves can be found in 28 countries with the majority being fully developed nations with a customer base of more than 130 and growing. In fact, in Australia, we enjoy 100% market share in the state of Victoria. Hartalega is the only glove used in all public hospitals in this state which has a population of over five million.

To seize the opportunities that lie inherent due to our product quality and seeing that more capacity will come on-stream in the next financial year, we have strengthened our marketing department during the year under review to expand our customer base.

Good quality gloves by a reputable manufacturer such as Hartalega are in high demand and the new customers that come into our stable find us to be a breath of fresh air in terms of product, service and dependability.

Human Capital

Today, we are the world's lowest cost producer of nitrile gloves and our human capital has brought us to this point of success both from the leadership perspective of the Board of Directors and the executive senior management. To attest to this, your Group's ability to generate sales per employee is well above the industry average and with the completion of our new Plant 5, we will surpass this target.

One of the foundations of our strengths is a large pool of competent human capital who are able to execute our business strategies within desired timelines in order to achieve intended results.

This has become all the more imperative given Hartalega's astounding growth in earnings over the past five years. Consequently, with the prospect of further growth as a result of Plant 5, our challenge will be to ensure the performance of our human capital is sustained in such an explosive growth curve.

To do this, we have undertaken a Human Resource Transformation Project (HR Transformation) which involves boosting our management system and transforming the way Hartalega nurtures our human capital.

The HR Transformation entails:

- Performance Management System
- Competency Modelling
- Salary and Grading Structure
- Learning and Development System

Upon the successful completion of our HR Transformation, Hartalega will have a stronger system in place that will let alone attract, but more importantly, develop and retain talent. This singular effort will result in a greater high performance culture and a larger pool of talent who will not only form the foundation of the company's future growth but also ensure sustainability.

For the year under review, we undertook a series of training initiatives for our human capital which not only kept them abreast of developments in the sector, but more importantly, sharpened their professional skills to give the Group an added boost to maintain its pole position in synthetic glove manufacturing.

As talent becomes a greater issue in the development of Malaysia, we have taken a conscientious and active effort to groom young talent by implementing an Internship Programme that is seeing positive results.

OUTLOOK AND CORPORATE DEVELOPMENT

We are most positive on what the future holds, particularly in the coming financial year. Great measures have been put into place to ensure we remain fiercely competitive in terms of product quality and, equally important, pricing.

We intend to grow our nitrile market even further and to this end, we will be investing RM40 million to de-commission 10 existing lines in Plant 1 and replace them with six new high-capacity lines. This upgrade is expected to be completed in fiscal year 2011 and will focus on catering to the needs of emerging markets.

Additionally, the eight remaining advanced high capacity production lines in Plant 5 are expected to be commissioned in fiscal year 2011. This will bring Plant 5 to full capacity and thereby fully contributing to the Group's earnings.

On an international perspective, nitrile sales have increased by 43 fold in the past six years. These are staggering figures and will certainly impact your Group given our clear leadership in the nitrile gloves market. To reflect the heightened demand for nitrile gloves, we expect to boost our production capacity to 9.5 billion pieces in 2011 from 7 billion pieces in fiscal year 2010.

As we improve our operational abilities and strengthen our balance sheet, we are also cognisant of the need to enhance shareholder value. On this score, in an effort to reward shareholders for their continuous support, the Group has proposed a bonus issue of 121.2 million new shares of RM0.50 each, subject to shareholders' approval. The issue is on the basis of one new share for every two existing shares held. This will enlarge our share base with the hope of improving liquidity of the stock.

Before we conclude, we are fully aware of market dynamics which could lead to pressures on margins due to a possible temporary situation of over-supply. We are well-prepared for such a circumstance and the challenges that may lie ahead.

ACKNOWLEDGEMENT

The Group's continued growth has indeed been the result of a collective effort. On this score and on behalf of the Group, I would like to express my utmost gratitude to the Board, the management team and our employees for their dedication and commitment to propel the Group to achieve the various successes during the year.

Our most sincere appreciation also goes to shareholders, financiers, business partners, consultants and relevant approving authorities who have also supported the Group's efforts.

Kuan Kam Hon
Executive Chairman

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Hartalega's biomass heaters

Palm fibre as feedstock for biomass

Hartalega's wastewater treatment plant

Hartalega's business philosophy has been guided by our vision to be a responsible corporation that is focused on contributing to the community that we operate in and the environment. Our business model is one that is based on professionalism, high ethical standards and a strong emphasis on safety.

Environment, Health and Safety

As one of the major participants in the glove sector, it is an imperative objective of ours to take active steps to reduce our carbon footprint even as we grow our business prospects.

Our biomass heat energy plants continue to positively impact the environment as we convert waste to valuable renewable energy. The goal of these plants is to reduce the emission of greenhouse gases such as carbon dioxide and methane which contribute to climate change and global warming. Our biomass heat energy plants are registered to the United Nations Framework Convention on Climate Change (Kyoto Protocol).

Our engineering department undertook the improvement of our current ammonia dispensing system in the compounding process. This automation effort saw the Group investing in excess of RM1 million for the year under review. This upgrade has had a direct impact on improving the air quality within the vicinity of our plants.

Additionally, the Group's effluent water treatment plants are maintained to the highest standards to ensure the constant and proper management of waste and energy.

One of our paramount efforts in this sphere of our business is to ensure that our employees operate in a safe and healthy environment. To this end, our Occupational Health and Safety Management System (OHSAS) is constantly being upgraded with a view of improving the health and safety of our employees.

Among the OHSAS activities organised 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

Community Programme

The Group has over the years placed great emphasis on enhancing the lives of the community it operates in. This is evidenced by the Group's wide-ranging contribution in the areas of education, public amenities and community outreach.

During the financial year, the Group undertook an active programme to support disadvantaged members of the community, in this respect the elderly and orphans. This was done both during festive seasons and throughout the year. To complement these efforts, the Group also actively supported the local community during natural disasters such as flash floods.

The highlight for the year was the Labour Day celebration held for employees and their families to bring the entire group together in the spirit of unity and merriment.

Employees undergo Emergency Response Plan (ERP) training

Hari Raya donation to an orphanage in 2009

Donation to Bomba and Penyelamat Batang Berjuntai Open Day in May 2009

Donation to Tabung Kebajikan Kanak-Kanak Insan Istimewa in June 2009

CALENDAR OF EVENTS

Arab Health, Dubai
25 - 28 January 2010

Family Day
1 May 2009

CMEF Autumn, Chengdu
28 - 31 October 2009

CMEF Spring, Shenzhen
18 - 21 April 2009

Medica, Dusseldorf
18 - 21 November 2009

Zdravookhraneniye, Moscow
7 - 11 December 2009

CORPORATE GOVERNANCE STATEMENT

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

The Board is committed to ensure that the Group's corporate governance is in line with the principles and best practices set out in Part 1 of The Malaysian Code on Corporate Governance ("the Code"). The Board further acknowledges the recommended best practices and the adopted alternatives 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 in a wide spectrum of diverse skills and expertise to the Group which allows it to meet its objectives in the competitive gloves manufacturing landscape.

The Board currently has eight (8) members comprising three (3) Non-Independent Executive Directors, three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors. This fulfils the one-third (1/3) independence requirement.

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

Any concern can be conveyed to any of the Directors as they exercise their responsibilities collectively.

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 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, six (6) Board meetings were held. Details of attendance of each individual Director in respect of the meetings held are disclosed below:

Name of Directors	Meetings Attended
Kuan Kam Hon @ Kwan Kam Onn	6/6
Abdul Hamid bin Sh Mohamed	4/6
Chuah Phaik Sim	6/6
Dato' Mohamed Zakri bin Abdul Rashid	6/6
Kuan Mun Keng	6/6
Kuan Mun Leong	6/6
Liew Ben Poh	5/6
Sannusi bin Ngah	6/6

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

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

Directors' Training

All Directors are encouraged to participate in relevant training programmes for continuous 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 of developments in the industry as well as new statutory and regulatory development.

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

Name of Directors	Training Attended
Kuan Kam Hon @ Kwan Kam Onn	• Strategy Articulation Workshop
Abdul Hamid bin Sh Mohamed	• Dialogue Session with FSTE & Bursa Malaysia: Indices, Investors and the Role of PLCs • MSC Malaysia's Leadership Talk Series – Tun Dr. Mahathir • MASB Conference – Accounting Challenges in Turbulent Times • 2009 Asia Pacific Outsourcing Summit conducted by International Association of Outsourcing Professionals ("IAOP") • Plenary Session on MCG Index • Non-EDs Series: Is it worth the Risk? (Securities Commission & PWC)
Chuah Phaik Sim	• Audit Committee Institute Roundtable Discussion Titled: Going Forward – Risk & Reforms – Implications for Audit Committee Oversight
Dato' Mohamed Zakri bin Abdul Rashid	• Forum on FRS 139: Financial Instruments, Recognition and Measurement • Key Amendments to Listing Requirements for Main Board • Best Practices of Boardroom Affairs
Kuan Mun Keng	• Strategy Articulation Workshop
Kuan Mun Leong	• Strategy Articulation Workshop
Liew Ben Poh	• APEST Annual Conference & Exhibition

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

B. DIRECTORS' REMUNERATION

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

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

Category	Fees (RM)	Salaries & Other Emoluments (RM)	Benefit in Kind (RM)
Executive Directors	158,000	2,132,639	59,530
Non-Executive Directors	144,000	26,500	0

Directors' remuneration is broadly categorised into the following bands:

Range of Remuneration	No. of Executive Directors*	No. of Non-Executive Directors
Below RM50,000	0	3
RM50,001 to RM100,000	0	1
RM250,001 to RM300,000	1	0
RM350,001 to RM400,000	2	0
RM1,300,001 to RM 1,350,000	1	0

* One Executive Director has retired and has been re-designated as a Non-Executive Director

C. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Group recognises the importance of communication with its shareholders and utilises multiple channels to disseminate information and to interact with them. The Group has a website in which shareholders and the public can access up-to-date information about the business and the Group. The Group website can be accessed via www.hartalega.com.my. Within the website, the Group has created an Investor Relations Portal under the Investor Relation Incentive Program (IRIP).

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

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

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

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

The Statement of Directors' Responsibility in relation to the preparation of the annual financial statements is set out in page 37 of this report.

Internal Control

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

Information on the Group's internal control is set out in Statement on Internal Control located within page 35 and 36 of this report.

Relationship with External Auditor

The Board has a formal and transparent relationship with its auditor, Moore Stephens AC. 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 13 July 2010.

AUDIT COMMITTEE REPORT

A. COMPOSITION AND ATTENDANCE

The Audit Committee comprises the following members and details of attendance of each member at committee meetings held during the year ended 31 March 2010 are as follows:

Composition of the Committee	Attendance
Chuah Phaik Sim (Chairperson/Independent Non-Executive Director)	5/5
Abdul Hamid bin Sh Mohamed (Independent Non-Executive Director)	4/5
Dato' Mohamed Zakri bin Abdul Rashid (Independent Non-Executive Director)	5/5

B. COMPOSITION COMPLIANCE

The Audit Committee consists of three (3) members of which all 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 the Management on matters in connection with financial accounting, reporting and controls. It shall also ensure that accounting policies and practices are adhered to by the Company and its subsidiaries.

The duties of the Audit Committee shall include the following:

- To review the quality of the external auditors and to make recommendations on their appointment, termination and remuneration;
- To review the audit plan and audit reports, including the evaluation of the internal control system with the external auditors;
- To review the independence and objectivity of the external auditors and their services, including non-audit services;
- To review the liaison between the external auditors, Management and the Board, and the assistance given by Management to the external auditors;
- To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss;
- To review the external auditor's audit report, management letter and Management's response;
- To review the assistance given by the employees of the Company and its subsidiaries to the external auditor;
- To consider the appointment of the internal auditor, the audit fees and any questions of their resignation or dismissal;
- To review the internal audit functions namely:
  - The adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - The internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal auditor; and
  - The performance of the internal auditor, whose role includes the examination and evaluation of the Group's operations and their compliance with the relevant policies, codes and legislations.
- To review the quarterly reporting to Bursa Malaysia 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.

AUDIT COMMITTEE REPORT

Meetings

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

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

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

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

The Secretary shall be responsible, in conjunction with the Chairman, for drawing up the Agenda and circulating it to the Committee members prior to each meeting. The Secretary will also be responsible for keeping the minutes of the meeting of the Committee, and circulating 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 resolution shall be described as "Audit Committee Circular Resolution" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's minute book. Any such resolution may consist of several documents in like form, each signed by one (1) or more members.

D. SUMMARY OF ACTIVITIES

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

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

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

E. INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function to an external consultant. The cost incurred for the internal audit function in respect of the financial year ended 31 March 2010 was RM40,000.

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

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

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

STATEMENT ON INTERNAL CONTROL

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate the risk of failure to achieve the Group's business objectives. It can therefore only provide reasonable and not absolute assurance against material misstatement or financial losses or fraud. In achieving the Group's business objectives, the Board assumes its responsibilities in designing the system of internal control based on the principles of identifying and prioritising risk, evaluating the likelihood of those risks being realised and the impact should they be realised, and then, managing them effectively, efficiently and economically. The Group is in the process of appointing a consultant to assist in establishing and formalising its enterprise risk management framework.

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

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

Assurance Mechanism

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

- Internal Audit; and
- ISO Audit.

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

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

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

Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Internal Control for the inclusion in the Annual Report of the Group for the year ended 31 March 2010 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

DIRECTORS' RESPONSIBILITY STATEMENT

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

The Directors have a general responsibility for ensuring that the Group and the Company keep accounting records and financial statements which disclose with reasonable accuracy, the financial position of the Group and 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 2010

DIRECTORS' REPORT

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 2010.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, whilst the principal activities of its subsidiary companies are stated in Note 8 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	143,056,750	97,606,019
Attributable to:		
Equity holders of the Company	142,908,975	97,606,019
Minority interests	147,775	-
	143,056,750	97,606,019

DIVIDENDS

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

(i) Second interim dividend of 4 sen per share tax exempt amounting to RM9,692,480 in respect of the previous financial year as reported in the Directors' report of that year paid on 1 July 2009;

(ii) Final dividend of 4 sen per share tax exempt amounting to RM9,692,480 in respect of the previous financial year as reported in the Directors' report of that year paid on 8 October 2009;

(iii) Dividend of 0.5 sen per share amounting to RM1,211,560 arising from the amendment of franked dividend to single-tier dividend for the first interim dividend in respect of the previous financial year paid on 6 November 2009;

(iv) First interim single-tier dividend of 5 sen per share amounting to RM12,115,600 in respect of the current financial year paid on 24 December 2009;

(v) Second interim single-tier dividend of 5 sen per share amounting to RM12,115,600 in respect of the current financial year paid on 25 March 2010;and

(vi) Third interim single-tier dividend of 5 sen per share amounting to RM12,115,600 in respect of the current financial year paid on 25 June 2010.

DIVIDENDS (cont'd)

The Directors recommended a single-tier final dividend of 5 sen per share amounting to RM12,115,600 in respect of the current financial year, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

(i) Any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
(ii) Any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors:-

(i) The results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
(ii) There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES

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

DIRECTORS OF THE COMPANY

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

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

DIRECTORS' INTERESTS

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

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

	Number of Preference Shares of RM1.00 Each			
	At 1.4.2009	Bought	Sold	At 31.3.2010
Direct interests				
Kuan Kam Hon @ Kwan Kam Onn	44,433	1,500	-	45,933

	Number of Ordinary Shares of RM1.00 Each			
	At 1.4.2009	Bought	Sold	At 31.3.2010
Direct interests				
Kuan Kam Hon @ Kwan Kam Onn	44,459	1,500	-	45,959
Deemed interests				
Kuan Kam Hon @ Kwan Kam Onn (1)	49	-	-	49
Sannusi bin Ngah (1)	16,962	-	-	16,962

DIRECTORS' INTERESTS (cont'd)

(b) Shareholdings in the Company

	Number of Ordinary Shares of RM0.50 Each			
	At 1.4.2009	Bought	Sold	At 31.3.2010
Direct interests				
Dato' Mohamed Zakri bin Abdul Rashid	359,000	-	(2,000)	357,000
Abdul Hamid bin Sh Mohamed	500,000	100,000	-	600,000
Chuah Phaik Sim	50,000	-	-	50,000
Kuan Mun Keng	458,000	-	-	458,000
Kuan Mun Leong	459,000	-	-	459,000
Liew Ben Poh	365,000	38,600	(90,600)	313,000
Sannusi bin Ngah	50,000	-	-	50,000
Deemed interests				
Kuan Kam Hon @ Kwan Kam Onn [2][3]	123,151,000	-	-	123,151,000
Abdul Hamid bin Sh Mohamed [1]	10,909,000	-	-	10,909,000
Chuah Phaik Sim [1]	4,852,000	-	-	4,852,000
Liew Ben Poh [3]	4,000	-	-	4,000
Sannusi bin Ngah [1]	28,852,000	-	(11,000,000)	17,852,000

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

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

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

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

(c) Employee Equity Scheme ("EES")

	Number of EES over Ordinary Shares of RM0.50 Each			
	At 1.4.2009	Granted	Exercised	At 31.3.2010
Liew Ben Poh	221,500	-	(38,600)	182,900

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any deemed benefits which may arise from transactions entered into in the ordinary course of business as disclosed in Note 25 to the financial statements.

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 other than those arising from the ordinary shares granted under the Employee Equity Scheme.

ULTIMATE HOLDING COMPANY

The Directors regard Hartalega Industries Sdn Bhd; a private limited company incorporated in Malaysia, as the ultimate holding company of the Company.

SIGNIFICANT EVENT

Details of significant event arising during the financial year are disclosed in Note 27 to the financial statements.

SUBSEQUENT EVENT

Details of subsequent event are disclosed in Note 28 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 13 July 2010.

KUAN KAM HON @ KWAN KAM ONN

KUAN MUN LEONG

STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, do hereby state that in the opinion of the Directors, the accompanying financial statements as set out on pages 49 to 103, are 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 at 31 March 2010 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 13 July 2010.

KUAN KAM HON @ KWAN KAM ONN

KUAN MUN LEONG

STATUTORY DECLARATION

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

I, Kuan Kam Hon @ Kwan Kam Onn, 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 49 to 103 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 13 July 2010

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 2010 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 49 to 103.

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 (cont'd)
(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 at 31 March 2010 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 subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 8 to the financial statements.

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

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

Other Matters

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

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

Kuala Lumpur
13 July 2010

CONSOLIDATED BALANCE SHEET
As at 31 March 2010

HARTALEGA HOLDINGS BERHAD
(Incorporated in Malaysia)

	Note	2010 RM	2009 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	284,215,508	246,072,258
Capital work-in-progress	5	8,399,101	-
Prepaid land lease payments	6	148,618	150,499
Intangible asset	7	53,681	-
Other investment	9	175,000	175,000
Deferred tax assets	10	20,062	-
		293,011,970	246,397,757
Current assets			
Inventories	11	28,078,160	24,595,243
Trade and other receivables	12	82,964,464	65,503,117
Tax assets		75,247	87,935
Cash and bank balances	13	74,731,104	38,259,589
		185,848,975	128,445,884
TOTAL ASSETS		478,860,945	374,843,641

CONSOLIDATED BALANCE SHEET
As at 31 March 2010 (cont'd)

HARTALEGA HOLDINGS BERHAD
(Incorporated in Malaysia)

	Note	2010 RM	2009 RM
EQUITY AND LIABILITIES			
Equity			
Share capital	14	121,156,000	121,156,000
Reserves	15	232,933,425	133,259,348
Total equity attributable to equity holders of the Company		354,089,425	254,415,348
Minority interests		292,823	85,070
Total Equity		354,382,248	254,500,418
Liabilities			
Non-current liabilities			
Loans and borrowings	16	27,686,848	42,677,231
Deferred tax liabilities	10	27,782,332	24,820,887
		55,469,180	67,498,118
Current liabilities			
Trade and other payables	17	44,409,392	36,207,756
Loans and borrowings	16	13,723,075	15,077,653
Tax liabilities		10,877,050	1,559,696
		69,009,517	52,845,105
Total Liabilities		124,478,697	120,343,223
TOTAL EQUITY AND LIABILITIES		478,860,945	374,843,641

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 2010

HARTALEGA HOLDINGS BERHAD
(Incorporated in Malaysia)

	Note	2010 RM	2009 RM
Operating revenue	18	571,892,668	443,204,278
Cost of sales		(363,765,902)	(332,925,028)
Gross profit		208,126,766	110,279,250
Other operating income		3,397,292	24,135,033
Distribution costs		(9,972,176)	(10,699,527)
Administrative costs		(16,650,464)	(14,005,665)
Other operating costs		(3,749,960)	(11,797,281)
		(30,372,600)	(36,502,473)
Profit from operations		181,151,458	97,911,810
Finance costs		(3,376,207)	(2,429,383)
Profit before taxation	19	177,775,251	95,482,427
Taxation	20	(34,718,501)	(10,954,849)
Profit for the year		143,056,750	84,527,578
Attributable to:-			
Equity holders of the Company		142,908,975	84,511,049
Minority interests		147,775	16,529
		143,056,750	84,527,578
Basic earnings per ordinary share (sen)	21	58.98	34.88

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 2010

HARTALEGA HOLDINGS BERHAD
(Incorporated in Malaysia)

		Attributable to Equity Holders of the Company							
			Non-Distributable			Distributable			
	Note	Share Capital RM	Share Premium RM	Translation Reserve RM	Share-based Payment Reserve RM	Retained Profits RM	Sub Total RM	Minority Interests RM	Total Equity RM
At 1.4.2008		121,156,000	792,233	89,190	-	57,430,506	179,467,929	122,155	179,590,084
Foreign exchange translation differences in respect of foreign subsidiary companies		-	-	(223,119)	-	-	(223,119)	(53,614)	(276,733)
Income and expense recognised directly in equity		-	-	(223,119)	-	-	(223,119)	(53,614)	(276,733)
Profit for the year		-	-	-	-	84,511,049	84,511,049	16,529	84,527,578
Total income and expense recognised for the year		-	-	(223,119)	-	84,511,049	84,287,930	(37,085)	84,250,845
Dividends	22	-	-	-	-	(9,692,480)	(9,692,480)	-	(9,692,480)
Share-based payment granted under EES	15.3	-	-	-	351,969	-	351,969	-	351,969
At 31.3.2009		121,156,000	792,233	(133,929)	351,969	132,249,075	254,415,348	85,070	254,500,418

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2010 (cont'd)

HARTALEGA HOLDINGS BERHAD
(Incorporated in Malaysia)

		Attributable to Equity Holders of the Company							
			Non-Distributable			Distributable			
	Note	Share Capital RM	Share Premium RM	Translation Reserve RM	Share-based Payment Reserve RM	Retained Profits RM	Sub Total RM	Minority Interests RM	Total Equity RM
At 1.4.2009		121,156,000	792,233	(133,929)	351,969	132,249,075	254,415,348	85,070	254,500,418
Foreign exchange translation differences in respect of foreign subsidiary companies		-	-	257,597	-	-	257,597	59,978	317,575
Income and expense recognised directly in equity		-	-	257,597	-	-	257,597	59,978	317,575
Profit for the year		-	-	-	-	142,908,975	142,908,975	147,775	143,056,750
Total income and expense recognised for the year		-	-	257,597	-	142,908,975	143,166,572	207,753	143,374,325
Dividends	22	-	-	-	-	(43,616,160)	(43,616,160)	-	(43,616,160)
Share-based payment granted under EES	15.3	-	-	-	123,665	-	123,665	-	123,665
Transfer from Share-based payment upon exercise of EES		-	-	-	(104,064)	104,064	-	-	-
At 31.3.2010		121,156,000	792,233	123,668	371,570	231,645,954	354,089,425	292,823	354,382,248

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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2010

HARTALEGA HOLDINGS BERHAD
(Incorporated in Malaysia)

	Note	2010 RM	2009 RM
Cash Flows from Operating Activities			
Profit before taxation		177,775,251	95,482,427
Adjustments for:-			
Allowance for doubtful debts		2,504	10,868
Amortisation of prepaid land lease payments		1,881	1,881
Amortisation of intangible asset		3,674	-
Depreciation of property, plant and equipment		19,831,749	15,539,704
Interest expense		3,376,207	2,429,383
Property, plant and equipment written off		192,689	-
Share-based payment expense		123,665	351,969
Loss/(gain) on disposal of property, plant and equipment		183,392	(19,280)
Interest income		(1,274,155)	(204,699)
Unrealised loss on foreign exchange		3,227,491	103,358
Reversal of allowance for doubtful debts		-	(30,182)
Operating profit before working capital changes		203,444,348	113,665,429
Change in inventories		(3,482,917)	(2,542,973)
Change in receivables		(21,312,116)	(25,995,346)
Change in payables		9,847,616	5,679,716
Cash generated from operations		188,496,931	90,806,826
Interest paid		(3,376,207)	(3,329,804)
Interest received		1,274,155	204,699
Tax paid		(22,468,473)	(3,880,257)
Net cash from operating activities		163,926,406	83,801,464
Cash Flows from Investing Activities			
Capital work-in-progress incurred		(49,976,844)	(43,043,839)
Proceeds from disposal of property, plant and equipment		326,500	75,000
Net withdrawal/(placement) of fixed deposits		482	(75,878)
Purchase of property, plant and equipment	23	(17,099,178)	(17,805,580)
Net cash used in investing activities		(66,749,040)	(60,850,297)
Balance carried down		97,177,366	22,951,167

HARTALEGA HOLDINGS BERHAD
(Incorporated in Malaysia)

	Note	2010 RM	2009 RM
Balance brought down		97,177,366	22,951,167
Cash Flows from Financing Activities			
Dividend paid		(44,827,720)	(8,480,920)
Drawdown of term loans		-	36,300,000
Repayments of term loans		(14,694,897)	(9,843,646)
Net repayment of bankers' acceptances		-	(11,556,000)
Net repayment of export credit refinancing		-	(763,000)
Payments of finance lease		(11,025)	(7,742)
Net cash (used in)/from financing activities		(59,533,642)	5,648,692
Net increase in cash and cash equivalents		37,643,724	28,599,859
Effect of exchange rate fluctuations on cash and cash equivalents		(1,171,727)	1,238,823
Cash and cash equivalents at beginning of the year		38,150,524	8,311,842
Cash and cash equivalents at end of the year		74,622,521	38,150,524

Cash and cash equivalents

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

	Note	2010 RM	2009 RM
Cash at banks and on hand	13	16,922,521	15,700,524
Deposits with licensed banks	13	57,808,583	22,559,065
		74,731,104	38,259,589
Less: Pledged deposits	13	(108,583)	(109,065)
		74,622,521	38,150,524

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

BALANCE SHEET
As at 31 March 2010

HARTALEGA HOLDINGS BERHAD
(Incorporated in Malaysia)

	Note	2010 RM	2009 RM
ASSETS			
Non-current asset			
Investments in subsidiary companies	8	124,175,634	124,051,969
Current assets			
Trade and other receivables	12	7,020	4,500
Dividends receivable		60,767,738	10,350,118
Tax assets		75,117	87,935
Cash and bank balances	13	1,726,296	59,512
		62,576,171	10,502,065
TOTAL ASSETS		186,751,805	134,554,034
EQUITY AND LIABILITY			
Equity			
Share capital	14	121,156,000	121,156,000
Reserves	15	65,335,394	11,221,870
Total Equity		186,491,394	132,377,870
Current liability			
Other payables and accruals	17	260,411	2,176,164
Total Liability		260,411	2,176,164
TOTAL EQUITY AND LIABILITY		186,751,805	134,554,034

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 2010

HARTALEGA HOLDINGS BERHAD
(Incorporated in Malaysia)

	Note	2010 RM	2009 RM
Operating revenue	18	117,614,978	21,484,336
Other operating income		87,073	6,840
		117,702,051	21,491,176
Administrative costs		(675,297)	(655,468)
Profit before taxation	19	117,026,754	20,835,708
Taxation	20	(19,420,735)	(1,324,518)
Profit for the year		97,606,019	19,511,190

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2010

HARTALEGA HOLDINGS BERHAD
(Incorporated in Malaysia)

			← Non-Distributable	→	Distributable	
	Note	Share Capital RM	Share Premium RM	Share-based Payment Reserve RM	Retained Profits RM	Total Equity RM
At 1.4.2008		121,156,000	792,233	-	258,958	122,207,191
Profit for the year		-	-	-	19,511,190	19,511,190
Dividends	22	-	-	-	(9,692,480)	(9,692,480)
Share-based payment granted under EES	15.3	-	-	351,969	-	351,969
At 31.3.2009		121,156,000	792,233	351,969	10,077,668	132,377,870
Profit for the year		-	-	-	97,606,019	97,606,019
Dividends	22	-	-	-	(43,616,160)	(43,616,160)
Share-based payment granted under EES	15.3	-	-	123,665	-	123,665
Transfer from Share-based payment upon exercise of EES		-	-	(104,064)	104,064	-
At 31.3.2010		121,156,000	792,233	371,570	64,171,591	186,491,394

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 2010

HARTALEGA HOLDINGS BERHAD
(Incorporated in Malaysia)

	Note	2010 RM	2009 RM
Cash Flows from Operating Activities			
Profit before taxation		117,026,754	20,835,708
Adjustments for:-			
Dividend income		(117,614,978)	(21,484,336)
Interest income		(87,073)	(2,088)
Operating loss before working capital changes		(675,297)	(650,716)
Change in receivables		(2,520)	(4,500)
Change in payables		15,911	(424,835)
Cash used in operations		(661,906)	(1,080,051)
Interest received		87,073	2,088
Tax paid		(1,445)	(1,073)
Net cash used in operating activities		(576,278)	(1,079,036)
Cash Flows from Investing Activity			
Dividend received, representing net cash from investing activity		47,790,886	9,722,838
Cash Flows from Financing Activities			
Net repayment to a subsidiary company		(720,104)	(407,211)
Dividend paid		(44,827,720)	(8,480,920)
Net cash used in financing activities		(45,547,824)	(8,888,131)
Net increase/(decrease) in cash and cash equivalents		1,666,784	(244,329)
Cash and cash equivalents at beginning of the year		59,512	303,841
Cash and cash equivalents at end of the year		1,726,296	59,512
Cash and cash equivalents			
Cash and cash equivalents included in the cash flow statement comprises the following amounts:-			
Cash at banks and on hand	13	126,296	9,512
Deposits with licensed banks	13	1,600,000	50,000
		1,726,296	59,512

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

NOTES TO THE FINANCIAL STATEMENTS
31 March 2010

1. CORPORATE INFORMATION

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

The registered office of the Company is located at No. 6, Jalan Bangsar Utama 9, Bangsar Utama, 59000 Kuala Lumpur.

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

The Company is principally engaged in investment holding, whilst the principal activities of its subsidiary companies are stated in Note 8. There have been no significant changes in the nature of these activities during the financial year.

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

The financial statements were authorised for issue by the Board of Directors on 13 July 2010.

2. BASIS OF PREPARATION

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

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

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

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

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

(iii) Share-based payment reserve (Note 15) – The measurement of the fair value for Employee Equity Scheme ("EES") is determined using valuation technique based on assumptions about future volatility of and dividend on the underlying shares.

3. SIGNIFICANT ACCOUNTING POLICIES

The MASB has issued the following new and revised FRSs, Amendments to FRSs and Issues Committee ("IC") Interpretations and Technical Release ("TR") that are not yet effective and have not been early adopted in preparing these financial statements:

		For financial periods beginning on or after
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 101	Presentation of Financial Statements	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters (Amendment to FRS 1)		1 January 2011
Improving Disclosures about Financial Instruments (Amendments to FRS 7)		1 January 2011

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

		For financial periods beginning on or after
Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate		1 January 2010
Amendments to FRS 2 Share-based Payment: Vesting Conditions and Cancellations		1 January 2010
Amendments to FRS 2 Share-based Payment		1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sales and Discontinued Operations		1 July 2010
Amendments to FRS 132 Financial Instruments: Presentation		1 January 2010 and 1 March 2010
Amendments to FRS 138 Intangible Assets		1 July 2010
Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instrument: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives		1 January 2010
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)"		1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15	Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 July 2010
TR i-3	Presentation of Financial Statements of Islamic Financial Institutions	1 January 2010

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The adoption of the other FRSs, Amendments to FRSs and IC Interpretations and TR are not expected to have any significant impact on the financial statements of the Group and of the Company upon their initial application, except for FRS 8, FRS 101, FRS 117 and FRS 127 as indicated below.

FRS 8 Operating Segments

FRS 8 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. The impact of this standard on the other segment disclosures is still to be determined. As this is a disclosure standard, it will have no impact on the financial position or financial results of the Group when implemented in the next financial year.

FRS 101 Presentation of Financial Statements

The revised FRS 101 requires owner and non-owner changes in equity to be presented separately. The statement of changes of equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in income statements, together with all other items of recognised income and expense, either in one single statement, or in two link statements. The Group is currently evaluating the format to adopt. New terminologies will replace 'balance sheet' with 'statement of financial position' and 'cash flow statement' with 'statement of cash flows'. The adoption of this revised standard will only impact the form and content of the presentation of the Group's and of the Company's financial statements in the next financial year.

Amendments to FRS 117 Leases

The amendments remove the specific guidance on classifying leasehold land as operating lease. As such, leases of land will be classified as either finance or operating lease based on the general principle of FRS 117. Consequently, upon initial application, leasehold land where in substance a finance lease will be classified from "prepaid land lease payments" to "property, plant and equipment" and measured as such retrospectively.

FRS 127 Consolidated and Separate Financial Statements

The revised FRS 127 requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority shareholders to be absorbed by minority shareholders instead of by the parent. The Group will apply the changes of revised FRS 127 prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

(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 8 made up to the end of the financial year.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Consolidation (cont'd)

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

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

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

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

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

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

(b) Subsidiary Company

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Goodwill

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

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

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

(d) Property, Plant and Equipment and Depreciation

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

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

The principal annual rates used for this purpose are:-

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

(e) Intangible Assets

Intangible assets representing patent rights, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is recognised in the income statement on a straight-line method to allocate the cost of patent rights over their remaining useful lives of 15 years. The residual values, useful lives and amortisation method are reviewed at each financial year end to ensure that the amount, method and period of amortisation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the assets.

(f) Impairment of Assets

The carrying amounts of assets other than deferred tax assets, 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.

(g) 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.

(h) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Inventories (cont'd)

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.

(i) Employee Benefits

(i) Short Term Benefits

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

(ii) Defined Contribution Plans

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

(iii) Share-based Payment

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

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

(j) Foreign Currencies

(i) Transactions in Foreign Currencies

Transactions in currencies other than the Group entities' functional currency (foreign currencies) are translated into the Group entities' functional currency at the rates of exchange ruling at the time of the transaction date. Monetary items denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary items denominated in foreign currencies are not retranslated at the balance sheet date except for those 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Foreign Currencies (cont'd)

(i) Transactions in Foreign Currencies (cont'd)

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

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

(ii) Translation of Foreign Currency Financial Statements

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

(k) Taxation

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

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

Deferred tax is not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of he 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Taxation (cont'd)

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.

(l) 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.

(m) Lease Payments

(i) Finance Leases

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Lease Payments (cont'd)

(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.

(n) 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.

(o) Financial Instruments

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Financial Instruments (cont'd)

(i) Cash and Cash Equivalents

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

(ii) Other Non-current Investments

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

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

(iii) Receivables

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

(iv) Payables

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

(v) Interest Bearings Bank Borrowings

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

(vi) Equity Instruments

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Financial Instruments (cont'd)

(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.

(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 products 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, Fitting & Equipment RM	Motor Vehicles RM	Renovation RM	Total RM
Group							
Cost							
At 1.4.2009	14,910,527	54,594,947	209,730,763	30,244,497	3,581,883	1,670,280	314,732,897
Additions	93,347	2,012,412	10,678,717	2,700,221	1,178,481	436,000	17,099,178
Transfer from capital work-in progress (Note 5)	-	18,603,100	21,674,506	1,300,137	-	-	41,577,743
Written off	-	-	-	(335,563)	(55,784)	-	(391,347)
Disposals	-	-	(560,000)	(16,137)	(712,887)	-	(1,289,024)
Translation differences	-	-	(3,103)	179	-	-	(2,924)
At 31.3.2010	15,003,874	75,210,459	241,520,883	33,893,334	3,991,693	2,106,280	371,726,523
Accumulated Depreciation							
At 1.4.2009	-	4,359,163	54,579,131	7,876,955	1,599,780	245,610	68,660,639
Charge for the year	-	1,051,053	15,503,614	2,658,149	456,795	162,138	19,831,749
Written off	-	-	-	(163,568)	(35,090)	-	(198,658)
Disposals	-	-	(258,304)	(16,137)	(504,691)	-	(779,132)
Translation differences	-	-	(2,552)	(1,031)	-	-	(3,583)
At 31.3.2010	-	5,410,216	69,821,889	10,354,368	1,516,794	407,748	87,511,015
Net Carrying Amount							
At 31.3.2010	15,003,874	69,800,243	171,698,994	23,538,966	2,474,899	1,698,532	284,215,508

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

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

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

Security

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

	Group	
	2010 RM	2009 RM
Freehold land	14,910,527	14,910,527
Buildings	50,519,690	50,235,784
Plant & machinery	150,193,285	155,143,784
	215,623,502	220,290,095

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	
	2010 RM	2009 RM
Cost	27,125	30,252
Net carrying amount	10,548	21,849

5. CAPITAL WORK-IN-PROGRESS

	Group	
	2010 RM	2009 RM
At beginning of the year	-	20,187,719
Additions	49,976,844	43,944,260
Transfer to property, plant and equipment (Note 4)	(41,577,743)	(64,131,979)
At end of the year	8,399,101	-

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

In the previous financial year, included in capital work-in-progress is borrowing cost incurred during the year of RM900,421.

6. PREPAID LAND LEASE PAYMENTS

	Group	
	2010 RM	2009 RM
At cost		
Long term leasehold land		
At beginning of the year	150,499	152,380
Amortisation for the year	(1,881)	(1,881)
At end of the year	148,618	150,499

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

7. INTANGIBLE ASSET

	Group	
	2010 RM	2009 RM
Patent		
Cost		
At beginning of the year	-	-
Additions	57,355	-
At end of the year	57,355	-
Accumulated amortisation		
At beginning of the year	-	-
Amortisation during the year	3,674	-
At end of the year	3,674	-
Net carrying amount		
At end of the year	53,681	-

8. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2010 RM	2009 RM
Unquoted shares, at cost	124,175,634	124,051,969

The particulars of subsidiary companies are as follows:-

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2010	Effective Equity Interest 2009
Hartalega Sdn Bhd	Malaysia	Manufacturing of latex gloves	100%	100%
Subsidiary companies of Hartalega Sdn Bhd				
* Pharmatex (Australia) Pty Limited	Australia	Retail and wholesale of gloves	82%	82%
* Pharmatex USA, Incorporated	United States of America	Retail and wholesale of gloves	80%	80%
Sentinel Engineering (M) Sdn Bhd	Malaysia	Leasing of property, research and development of automation systems	100%	100%

* Audited by another professional firm of accountants.

9. OTHER INVESTMENT

	Group	
	2010 RM	2009 RM
Golf club memberships, at cost	175,000	175,000

10. DEFERRED TAX ASSETS AND LIABILITIES

	Group	
	2010 RM	2009 RM
Deferred tax assets		
At beginning of the year	-	-
Recognised in the income statements	18,442	-
Translation differences	1,620	-
At end of the year	20,062	-
Deferred tax liabilities		
At beginning of the year	24,820,887	19,243,184
Recognised in the income statements	2,961,209	5,577,703
Translation differences	236	-
At end of the year	27,782,332	24,820,887

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

	Group	
	2010 RM	2009 RM
Deferred tax assets		
Deductible temporary differences in respect of expenses	20,062	-
Deferred tax liabilities		
Taxable temporary differences in respect of expenses	2,934	-
Differences between the carrying amount of property, plant and equipment and its tax base	29,113,300	25,092,740
Unrealised foreign exchange losses	(806,800)	(25,840)
Unrealised profit on inventories	(527,102)	(246,013)
	27,782,332	24,820,887

10. DEFERRED TAX ASSETS AND LIABILITIES (cont'd)

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

	Group	
	2010 RM	2009 RM
Unutilised tax losses	6,600	6,600

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

11. INVENTORIES

	Group	
	2010 RM	2009 RM
At cost		
Raw materials	6,545,470	5,828,587
Work-in-progress	6,948,024	2,657,869
Finished goods	12,516,491	11,189,111
Goods-in-transit	581,005	722,766
Spare parts and consumables	1,487,170	4,196,910
	28,078,160	24,595,243

12. TRADE AND OTHER RECEIVABLES

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Trade					
Trade receivables	12.1	78,432,192	57,602,596	-	-
Less: Allowance for doubtful debts					
At beginning of the year		23,754	40,138	-	-
Additions during the year		2,504	10,868	-	-
Reversal during the year		-	(30,182)	-	-
Translation differences		379	2,930	-	-
At end of the year		(26,637)	(23,754)	-	-
Trade receivables, net		78,405,555	57,578,842	-	-
Non-trade					
Other receivables	12.2	940,353	7,284,110	-	-
Deposits		367,413	409,257	4,500	4,500
Prepayments	12.3	3,251,143	230,908	2,520	-
		4,558,909	7,924,275	7,020	4,500
		82,964,464	65,503,117	7,020	4,500

Note 12.1

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.

12. TRADE AND OTHER RECEIVABLES (cont'd)

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

	Group	
	2010 RM	2009 RM
United States Dollar	74,469,107	54,246,930

Note 12.2

In the previous financial year, included in other receivables of the Group is an amount of RM5,362,162 being insurance claim receivable.

Note 12.3

Included in prepayments of the Group are amounts of RM860,610 (2009: RM nil) being advances to suppliers for purchase of raw materials and machinery.

13. CASH AND BANK BALANCES

		Group		Company	
	Note	2010 RM	2009 RM	2010 RM	2009 RM
Cash at banks and on hand	13.1	16,922,521	15,700,524	126,296	9,512
Deposits with licensed banks	13.2	57,808,583	22,559,065	1,600,000	50,000
		74,731,104	38,259,589	1,726,296	59,512

Note 13.1

Included in cash at banks and on hand of the Group is an amount of RM13,888,943 (2009: RM13,510,848) which bears effective interest at a rate of 0.15% (2009: 0.20%) per annum.

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

	Group	
	2010 RM	2009 RM
United States Dollar	13,888,943	13,510,848

13. CASH AND BANK BALANCES (cont'd)

Note 13.2

Deposits with licensed banks of the Group and of the Company bear effective interest at rates ranging from 1.50% to 2.13% (2009: 1.60% to 2.00%) per annum with maturity period ranging from 2 days to 30 days (2009: 2 days to 30 days). Included in the deposits of the Group is RM108,583 (2009: RM109,065) pledged for bank guarantee facilities granted to the Group.

14. SHARE CAPITAL

	Group / Company	
	2010 RM	2009 RM
Authorised:		
500,000,000 ordinary shares of RM0.50 each	250,000,000	250,000,000

	Group / Company	
	2010 RM	2009 RM
Issued and fully paid:		
242,312,000 ordinary shares of RM0.50 each	121,156,000	121,156,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

15. RESERVES

		Group		Company	
	Note	2010 RM	2009 RM	2010 RM	2009 RM
Distributable					
Retained profits		231,645,954	132,249,075	64,171,591	10,077,668
Non-distributable					
Share premium	15.1	792,233	792,233	792,233	792,233
Translation reserve	15.2	123,668	(133,929)	-	-
Share-based payment reserve	15.3	371,570	351,969	371,570	351,969
		1,287,471	1,010,273	1,163,803	1,144,202
		232,933,425	133,259,348	65,335,394	11,221,870

Note 15.1
The share premium arose from the issue of the Company's shares at a premium.

Note 15.2
The translation reserve comprises all foreign currency differences arising from translation of the financial statements of the entities within the Group with functional currencies other than RM.

Note 15.3
The share-based payment reserve arose from the granting of Employee Equity Scheme ("EES") to selected senior management.

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

The main features of the EES are as follows:-
(a) The tenure of the EES commenced on 28 March 2008 and expire on 31 March 2013.

15.RESERVES (cont'd)

Note 15.3 (cont'd)

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

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

(d) As the selected senior management has not paid for his/her EES Shares at the point of acceptance of the Entitlements, the selected senior management will be required, as part of the EES to do the following:

(i) Assign all cash dividends/distributions from retained profits which are made by the Company prior to the exercise of the Entitlement to PRSB. The assignment is in respect of cash dividends/distributions only and does not include any other distributions made by the Company such as non-cash dividends, bonus shares and rights entitlements. Further, the said assignment will not affect the selected senior management's other right to vote and the right to sell his/her EES Shares;

(ii) Open a CDS account with a nominee company ("Nominee"), with whom his/her Entitlements will be allotted to; and

(iii) Provide an irrevocable undertaking that he/she will not transfer his/her EES Shares in his/her CDS account with the Nominee to any other CDS accounts unless such EES Shares have been paid in accordance with the terms and conditions of the EES.

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

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

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

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

15.RESERVES (cont'd)

Note 15.3 (cont'd)

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

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

Strike price	At beginning of the year '000	Granted '000	Exercised '000	At end of the year '000
2010				
RM1.80	1,475	-	(269)	1,206
2009				
RM1.80	-	1,475	-	1,475

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

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

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

16. LOANS AND BORROWINGS

Group	Effective Interest Rate	Short Term Borrowings Within 1 Year RM	← Long Term Borrowings 1 - 2 Years RM	2 - 3 Years RM	3 - 4 Years RM	4 - 5 Years RM	After 5 Years RM	Long Term Borrowings → Sub Total RM	Total RM
2010									
Secured									
Fixed rate instruments									
Term loans									
- United States Dollar	6.00 - 6.76%	6,644,289	4,712,467	1,986,086	-	-	-	6,698,553	13,342,842
- RM	3.99 - 8.00%	7,068,488	7,543,469	8,050,391	4,847,668	136,503	407,370	20,985,401	28,053,889
Finance lease payable									
- United States Dollar	8.38%	10,298	2,894	-	-	-	-	2,894	13,192
		13,723,075	12,258,830	10,036,477	4,847,668	136,503	407,370	27,686,848	41,409,923

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

16. LOANS AND BORROWINGS (cont'd)

Present value of finance lease payables is as follows:-

	Group	
	2010 RM	2009 RM
Minimum lease payments	14,933	29,979
Less: Future finance charges	(1,741)	(5,762)
Present value of minimum lease payments	13,192	24,217
Current liabilities		
Payable within one year		
Minimum lease payments	11,946	13,324
Less: Future finance charges	(1,648)	(3,820)
Present value of minimum lease payments	10,298	9,504
Non-current liabilities		
Payable after one year but not later than five years		
Minimum lease payments	2,987	16,654
Less: Future finance charges	(93)	(1,941)
Present value of minimum lease payments	2,894	14,713
Total present value of minimum lease payments	13,192	24,217

The term loans of the Group are secured against:-

(i) Legal charges over a subsidiary company's freehold land and buildings (Note 4);

(ii) Fixed and floating charges and debentures over a subsidiary company's assets;

(iii) Specific debenture over a subsidiary company's plant and machinery (Note 4); and

(iv) Corporate guarantee from the Company.

17. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2010 RM	2009 RM	2010 RM	2009 RM
Trade					
Trade payables	17.1	23,815,700	17,782,227	-	-
Non-trade					
Amount owing to a subsidiary company	17.2	-	-	-	720,104
Amount owing to a Director	17.2	2,657	2,657	-	-
Other payables	17.3	11,567,117	10,628,158	-	1,211,560
Accruals		9,023,918	7,794,714	260,411	244,500
		20,593,692	18,425,529	260,411	2,176,164
		44,409,392	36,207,756	260,411	2,176,164

Note 17.1

The normal trade credit terms granted to the Group range from 30 to 60 days.

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

	Group	
	2010 RM	2009 RM
United States Dollar	8,834,265	5,698,081

Note 17.2

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

Note 17.3

Included in other payables of the Group are:-

(i) An amount of RM6,695,776 (2009: RM1,852,247) in respect of balance outstanding for the acquisition of property, plant and equipment; and

(ii) Advances for sales order received from customers of RM715,673 (2009: RM1,298,073).

17. TRADE AND OTHER PAYABLES (cont'd)

Note 17.3 (cont'd)

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

	Group	
	2010 RM	2009 RM
United States Dollar	5,089	1,592,309

18. OPERATING REVENUE

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Sales of goods	571,892,668	443,204,278	-	-
Dividend income	-	-	117,614,978	21,484,336
	571,892,668	443,204,278	117,614,978	21,484,336

19. PROFIT BEFORE TAXATION

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

(a) Other items

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Allowance for doubtful debts	2,504	10,868	-	-
Auditors' remuneration				
- Audit services	137,867	114,837	14,000	12,000
- Other services by auditors of the Company	7,400	11,000	7,400	11,000
Amortisation of intangible asset	3,674	-	-	-
Amortisation of prepaid land lease payments	1,881	1,881	-	-
Depreciation of property, plant and equipment	19,831,749	15,539,704	-	-
Interest expense	3,376,207	2,429,383	-	-
Non-Executive Directors' remuneration:-				
- Fees				
- Directors of the Company	144,000	144,000	120,000	120,000
- Directors of subsidiary company	20,000	48,000	-	-
- Other emoluments				
- Directors of the Company	26,500	32,000	26,500	32,000
Property, plant and equipment written off	192,689	-	-	-
Rental of premises	1,138,433	780,292	-	-
Rental of machinery	141,000	28,100	-	-
(Gain)/loss on foreign exchange				
- realised	(1,855,661)	(4,822,194)	-	-
- unrealised	3,227,491	103,358	-	-
Building and machinery repair costs ^	-	11,691,976	-	-
Insurance claims ^	-	(18,107,445)	-	-
Loss/(gain) on disposal of property, plant and equipment	183,392	(19,280)	-	-
Interest income	(1,274,155)	(204,699)	(87,073)	(2,088)
Reversal of allowance for doubtful debts	-	(30,182)	-	-

19. PROFIT BEFORE TAXATION (cont'd)

(a) Other items (cont'd)

^ In the previous financial year, insurance claims and building and machinery repair costs are in relation to the assets damaged by fire in year 2008.

(b) Staff costs

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Staff costs	43,979,735	34,649,659	121,500	112,500
Share-based payment granted under EES	123,665	351,969	-	-
Contributions to defined contribution plan	1,915,163	1,433,882	-	-

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Fees				
- Directors of the Company	158,000	122,500	120,000	112,500
- Directors of the subsidiary companies	62,000	20,000	-	-
Share-based payment granted under EES				
- Director of the Company	18,571	52,855	-	-
Other emoluments				
- Directors of the Company	2,132,639	2,037,906	1,500	-
- Directors of the subsidiary companies	1,536,292	1,079,861	-	-
	3,907,502	3,313,122	121,500	112,500

The estimated monetary value of benefits-in-kind of the Group received by the Directors of the Company and of the subsidaries are RM59,530 (2009: RM50,900) and RM37,342 (2009: RM30,450) respectively.

20. TAXATION

		Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Current tax expense					
Malaysian	- current year	31,123,147	5,462,120	19,377,600	1,324,400
	- prior year	265,851	(84,974)	43,135	118
Overseas	- current year	467,223	-	-	-
	- prior year	(80,487)	-	-	-
		31,775,734	5,377,146	19,420,735	1,324,518
Deferred tax expense					
Origination and reversal of temporary differences		3,489,167	5,945,203	-	-
Over provision in prior years		(546,400)	(367,500)	-	-
		2,942,767	5,577,703	-	-
Tax expense		34,718,501	10,954,849	19,420,735	1,324,518

20. TAXATION (cont'd)

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit for the year	143,056,750	84,527,578	97,606,019	19,511,190
Total tax expense	34,718,501	10,954,849	19,420,735	1,324,518
Profit excluding tax	177,775,251	95,482,427	117,026,754	20,835,708
Tax at the Malaysian statutory income tax rate of 25% (2009: 25%)	44,443,800	23,870,620	29,256,700	5,208,900
Effect of different tax rate of foreign subsidiary companies	67,337	(5,969)	-	-
Tax effect of non-taxable income	-	-	(9,997,300)	(3,959,700)
Tax effect of non-deductible expenses	289,000	379,600	118,200	75,200
Effect of change in tax rate *	-	2,772	-	-
Utilisation of reinvestment allowances	(9,720,600)	(12,839,700)	-	-
Under/(over) provision of taxation in prior years				
- income tax	185,364	(84,974)	43,135	118
- deferred tax	(546,400)	(367,500)	-	-
Tax expense	34,718,501	10,954,849	19,420,735	1,324,518

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

The Group has estimated unutilised tax losses of RM6,600 (2009: RM6,600) available for set off against future taxable profits.

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

21. BASIC EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per ordinary share is based on the net profit attributable to ordinary equity holders of RM142,908,975 (2009: RM84,511,049) and on weighted average number of ordinary shares outstanding during the year of 242,312,000 (2009: 242,312,000).

22. DIVIDENDS

	Group / Company	
	2010 RM	2009 RM
First interim dividend of 2 sen per share tax exempt and 2 sen per share less 25% tax in respect of the financial year ended 31 March 2009	-	8,480,920
Debts payable to Inland Revenue Board	-	1,211,560
Reversal of debts payable to Inland Revenue Board with the amendment of franked dividend to single-tier dividend for first interim dividend in respect of the financial year ended 31 March 2009	(1,211,560)	-
Dividend of 0.5 sen per share arising from the amendment of franked dividend to single-tier dividend for first interim dividend in respect of the financial year ended 31 March 2009	1,211,560	-
Second interim dividend of 4 sen per share tax exempt in respect of the financial year ended 31 March 2009	9,692,480	-
Final dividend of 4 sen per share tax exempt in respect of the financial year ended 31 March 2009	9,692,480	-
First interim single-tier dividend of 5 sen per share in respect of the financial year ended 31 March 2010	12,115,600	-
Second interim single-tier dividend of 5 sen per share in respect of the financial year ended 31 March 2010	12,115,600	-
	43,616,160	9,692,480

On 11 May 2010, the Directors declared a third interim single-tier dividend in respect of the financial year ended 31 March 2010 of 5 sen per share amounting to RM12,115,600. The third interim dividend was paid on 25 June 2010.

In addition, the Directors have also recommended a single-tier final dividend in respect of the financial year ended 31 March 2010 of 5 sen per share amounting to RM12,115,600 if approved at the forthcoming Annual General Meeting.

22. DIVIDENDS (cont'd)

The financial statements for the current financial year do not reflect the third interim dividend and final dividend. The third interim dividend and final dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 March 2011.

23. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group purchased property, plant and equipment with aggregate costs of RM17,099,178 (2009: RM17,835,832).

	Group	
	2010 RM	**2009 RM**
Cash payments	17,099,178	17,805,580
Finance lease arrangement	-	30,252
	17,099,178	17,835,832

24. CAPITAL COMMITMENT

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

	Group	
	2010 RM	**2009 RM**
Approved and contracted for	20,678,387	1,314,201
Approved but not contracted for	29,339,084	104,886,598

25. RELATED PARTY DISCLOSURES

(a) Identity of related parties

Parties are considered to be related to the Group and to the Company if the Group and the Company have 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 Company and the party are subject to common control or common significant influence.

The Group and the Company have a related party relationship with the holding company, subsidiary companies, key management personnel and Director related companies.

25. RELATED PARTY DISCLOSURES (cont'd)

(b) Related party transactions and balances

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Received and receivable from subsidiary company:				
Dividend	-	-	98,208,506	20,072,956
Proceeds from sale of motor vehicle received from Mr. Liew Ben Poh, a Director	100,000	-	-	-
Paid to Director related companies: *				
Share issuing services	-	149,303	-	149,303
Share registry services	18,909	12,502	18,909	12,502
Public relations and advertising services #	113,420	162,680	113,420	106,178

* companies in which a Director, Mr. Abdul Hamid bin Sh Mohamed, is also a Director.

a company in which the Director also has substantial financial interests.

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

(c) Compensation of key management personnel

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

25. RELATED PARTY DISCLOSURES (cont'd)

(c) Compensation of key management personnel (cont'd)

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Directors' fees	384,000	334,500	240,000	232,500
Short term employee benefits	3,341,591	2,854,366	28,000	32,000
Share-based payment granted under EES	18,571	52,855	-	-
Post-employment benefits	353,840	295,401	-	-
Estimated monetary value of benefits-in-kind	96,872	81,350	-	-
	4,194,874	3,618,472	268,000	264,500

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 financial 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
2010							
Revenue from external customers by location of customers	427,089,124	14,687,184	38,706,250	67,973,936	4,586,118	18,850,056	571,892,668
Segment assets by location of assets	1,781,445	-	-	-	467,866,458	7,209,415	476,857,318
Capital expenditure by location of assets	52,073	-	-	-	67,017,062	6,887	67,076,022
2009							
Revenue from external customers by location of customers	354,092,794	17,495	32,509,249	40,986,595	3,371,551	12,226,594	443,204,278
Segment assets by location of assets	1,749,842	-	-	-	366,695,885	6,070,967	374,516,694
Capital expenditure by location of assets	35,723	-	-	-	61,735,844	8,525	61,780,092

27. SIGNIFICANT EVENT

On 10 February 2010, the Company proposed to establish an executive share option scheme ("ESOS") for the granting of ESOS of not more than 15% of the issued and paid-up share capital of the Company to eligible executive directors and executives of the Group ("Proposed ESOS"). The Proposed ESOS was approved by the Company's shareholders at the Extraordinary General Meeting on 25 March 2010. On 10 May 2010, a grant of 3,937,360 ESOS was offered to the eligible executive directors and executives of the Group.

28. SUBSEQUENT EVENT

On 11 May 2010, the Company proposed bonus issue of 121,156,000 new ordinary shares of RM0.50 each on the basis of one (1) bonus share for every two (2) existing ordinary shares of RM0.50 each held at an entitlement date to be determined later.

The proposed bonus issue is subject to the following approvals being obtained:-

(i) The shareholders of the Company at a general meeting to be convened;
(ii) Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the bonus shares on the Main Market of Bursa Securities; and
(iii) Any other relevant authorities, if required.

29. CONTINGENT LIABILITIES

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

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

On 25 August 2008, the Administrative Law Judge ("the Judge") at the ITC issued an initial determination finding that Tillotson's patent for Nitrile Gloves was invalid and that no exclusion order should be issued. On 22 December 2008, the ITC issued its final determination, upholding the Judge's decision and on 13 February 2009, Tillotson had filed an appeal to the Court of Appeal for the Federal Circuit. On 15 December 2009, the Federal Circuit upheld the ITC's decision that the Tillotson's patent was invalid.

As to the suit filed in Georgia Court, the Company and some of the named defendants, which include certain of its subsidiary companies, by virtue of the Joint Motion for Dismissal ("the Joint Motion") of the suit, with Tillotson, has filed in the Court on 23 June 2010, for the settlement whereby any and all claims by each party against each other will be dismissed. On 25 June 2010, the Court has granted an Order for the dismissal of the suit pursuant to the Joint Motion.

(b) Other contingent liabilities

	Company	
	2010 RM	2009 RM
Corporate guarantees issued for banking facilities granted to a subsidiary company (unsecured) - outstanding as at year end	41,396,731	57,730,667

30. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies

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

(i) Foreign Exchange Risk

The Group is exposed to foreign exchange risk as a result of its normal trade activities when the currency denomination differs from its functional currencies.

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

As at balance sheet date, the Group has entered into forward foreign exchange contracts which are due for maturity within 3 months (2009: 3 months) from the balance sheet date with the following notional amounts:-

Hedged item in RM	Notional Currency	Contract Rates	Total Notional Amount (USD)
2010			
Trade receivables	United States Dollar	RM3.30 to RM3.46	20,000,000
2009			
Trade receivables	United States Dollar	RM3.60 to RM3.66	11,000,000

The net unrecognised gain as at 31 March 2010 on forward contracts amounted to RM2,461,300 (2009 : net unrealised loss of RM57,300). This exchange loss or gain is deferred until the related trade receivables 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 bank guarantee facilities.

- Interest bearing financial liabilities
  The Group's exposure to interest rate risk relates to interest bearing financial liabilities comprise term loans and finance lease payables.

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

30. FINANCIAL INSTRUMENTS (cont'd)

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

(iii) Credit Risk

The Group's exposure to credit risk arises from its receivables 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 2010, approximately 68.82% (2009: 71.10%) of the Group's trade receivables were due from two (2009: two) major customers. Trade receivable balances from those major customers amounted to RM53,961,544 (2009: RM40,940,961) of which RM41,529,000 (2009: RM10,941,000) are secured by a standby Letter of Credit from customers.

(iv) Liquidity Risk

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

(b) Fair Values

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

(i) Cash and Cash Equivalents, Pledged Deposits, Trade and Other Receivables and Payables

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

(ii) Borrowings

The 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.

30. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair Values (cont'd)

(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.

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

	Group	
	Carrying Amount RM	Fair Value RM
2010		
Financial Asset		
Transferable club memberships	175,000	180,000
Financial Liabilities		
Finance lease payables	13,192	15,366
Term loans	41,396,731	41,426,984
2009		
Financial Asset		
Transferable club memberships	175,000	180,000
Financial Liabilities		
Finance lease payables	24,217	31,524
Term loans	57,730,667	58,121,552

30. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair Values (cont'd)

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

	Group		Company	
	Nominal/ Notional Amounts RM	Fair Value RM	Nominal/ Notional Amounts RM	Fair Value RM
2010				
Financial Asset				
Forward foreign exchange contracts	-	2,461,300	-	-
Financial Liability				
Contingent liabilities in respect of corporate guarantee issued for banking facilities granted to a subsidiary company	-	-	41,396,731	*-
2009				
Financial Liabilities				
Forward foreign exchange contracts	-	57,300	-	-
Contingent liabilities in respect of corporate guarantee issued for banking facilities granted to a subsidiary company	-	-	57,730,667	*-

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

ADDITIONAL COMPLIANCE INFORMATION

A. Recurrent Related Party Transactions

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

B. Share Buy-back

During the financial year there 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 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 was RM7,400.

E. Variation in Result

There was no significant variance between the profit after tax for the financial year ended 31 March 2010 and the unaudited results previously announced.

F. Profit Guarantees

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

G. Revaluation of Landed Properties

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

H. Options, Warrants or Convertible Derivatives

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

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

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

J. Materials Contract

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

K. Contracts Relating 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 2010

Location Address	Existing Use	Approximate Age of Building	Tenure	Date of Acquisition	Area (m²)	NBV (RM)
No.7, Kawasan Perusahaan Suria 45600 Bestari Jaya Selangor Darul Ehsan	Factory and office building	Between 1 to 15 years	Freehold	1995 to 2010	59,938 (build-up area)	67,359,615
GRN 193487, Lot 4864 Mukim of Batang Berjuntai Daerah Kuala Selangor Selangor Darul Ehsan	Industrial land	N/A	Freehold	1993	43,158	4,901,383
GRN 130471, Lot 3393 Mukim of Batang Berjuntai Daerah Kuala Selangor Selangor Darul Ehsan	Industrial land	N/A	Freehold	2006	19,307	3,227,882
GRN 130470, Lot 3392 Mukim of Batang Berjuntai Daerah Kuala Selangor Selangor Darul Ehsan	Industrial land	N/A	Freehold	2006	19,868	3,321,654
GRN 130469, Lot 3391 Mukim of Batang Berjuntai Daerah Kuala Selangor Selangor Darul Ehsan	Industrial land	N/A	Freehold	2007	18,811	3,459,609
H.S.(D) 1742, P.T. No. 2965 Mukim of Batang Berjuntai Daerah Kuala Selangor Selangor Darul Ehsan	Vacant land	N/A	Leasehold expiring on 14 Mar 2090	1998	3,237	148,617
C-G-9, Jalan Dataran SD1 Dataran SD, PJU 9 Bandar Sri Damansara 52200 Kuala Lumpur	4-storey office building	3 years	Leasehold expiring on 27 Aug 2102	2007	410 (build-up area)	1,732,169
No.2A, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single-storey house-hostel	6 years	Freehold	2009	143	200,209
No.6, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single-storey house-hostel	6 years	Freehold	2009	144	200,370
No.8, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single-storey house-hostel	6 years	Freehold	2009	145	200,531
No.10, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single-storey house-hostel	6 years	Freehold	2009	146	200,693

ANALYSIS OF SHAREHOLDINGS
As at 23 June 2010

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	:	1,680

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	No. of Shares	%
Less than 100	5	200	0.00
100 - 1,000	507	426,200	0.18
1,001 - 10,000	803	3,333,500	1.38
10,001 - 100,000	274	9,023,400	3.72
100,001 - 12,115,599	89	89,558,600	36.96
12,115,600 and above	2	139,970,100	57.76
	1,680	242,312,000	100.00

30 LARGEST SHAREHOLDERS AS AT 23 JUNE 2010

No.	Name of Shareholders	No. of Shares	%
1	HARTALEGA INDUSTRIES SDN BHD	122,618,100	50.60
2	BUDI TENGGARA SDN BHD	17,352,000	7.16
3	KELANA CITRA SDN BHD	10,909,000	4.50
4	KINTA JERAM SDN BHD	8,909,000	3.68
5	SEOW HOON HIN	7,940,000	3.28
6	KEVIN TEN	6,452,091	2.66
7	SBB NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	5,855,300	2.42
8	JASON TEN JHIA SEENG	5,170,109	2.13
9	PACIFIC VENUE SDN BHD	4,852,000	2.00
10	TIARA IKHTISAS SDN BHD	3,701,300	1.53
11	TYE HOLDINGS SDN BHD	2,500,000	1.03
12	KINETIC REGION SDN BHD	2,450,400	1.01

30 LARGEST SHAREHOLDERS AS AT 23 JUNE 2010 (cont'd)

No.	Name of Shareholders	No. of Shares	%
13	RHB NOMINEES (ASING) SDN BHD MEDLINE INDUSTRIES INC.	2,220,000	0.92
14	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	1,679,600	0.69
15	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS WEALTH MANAGEMENT SINGAPORE BRANCH (FOREIGN)	1,220,600	0.50
16	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC EQUITY FUND	1,203,300	0.50
17	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT-CIMB-DALI)	1,197,600	0.49
18	KUAN EU JIN	1,143,500	0.47
19	LEE LOO TIN	1,065,900	0.44
20	LEE KIM TOH	998,500	0.41
21	NGOH SEE CHENG	832,200	0.34
22	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPTIMAL GROWTH FUND	645,200	0.27
23	VALUECAP SDN BHD	630,500	0.26
24	LIM BOON KIONG	628,800	0.26
25	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK BERHAD (ETP)	624,700	0.26
26	STANDPOINT HOLDINGS SDN BHD	600,000	0.25
27	ABDUL HAMID BIN SH MOHAMED	600,000	0.25
28	KURNIA INSURANS (MALAYSIA) BERHAD	555,000	0.23
29	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN BOOI CHARN (471694)	500,000	0.21
30	HSBC NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR GENESIS ASEAN OPPORTUNITIES FUND (GEMOFPLC)	494,300	0.20

ANALYSIS OF SHAREHOLDINGS
As at 23 June 2010

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 Shares	%	No. of Shares	%
Hartalega Industries Sdn Bhd	122,618,100	50.60	0	0
Kuan Kam Hon @ Kwan Kam Onn	0	0.00	123,535,100*	50.98
Kuan Kam Peng	0	0.00	124,211,600**	51.26
Sannusi bin Ngah	50,000	0.02	17,352,000***	7.16
Md Jais bin Ngah	0	0.00	17,352,000***	7.16
Budi Tenggara Sdn Bhd	17,352,000	7.16	0	0

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

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

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

DIRECTORS' SHAREHOLDINGS

	Direct Interest		Indirect Interest	
Name of Shareholders	No. of Shares	%	No. of Shares	%
Kuan Kam Hon @ Kwan Kam Onn	0	0.00	123,535,100*	50.98
Kuan Mun Leong	459,000	0.19	0	0
Liew Ben Poh	313,000	0.13	4,000#	0
Dato' Mohamed Zakri bin Abdul Rashid	376,800	0.16	15,000#	0.01
Kuan Mun Keng	458,000	0.19	0	0
Sannusi bin Ngah	50,000	0.02	17,352,000**	7.16
Chuah Phaik Sim	50,000	0.02	4,852,000***	2.00
Abdul Hamid bin Sh Mohamed	600,000	0.25	10,909,000****	4.50

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

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

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

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

\# Indirect interest held by spouse.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourth (4th) Annual General Meeting of the Company will be held at **Dillenia and Eugenia Room (Ground Floor), Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur,** on **Wednesday, 18 August 2010,** at **9.30 a.m.** for the following purposes:

AGENDA

AS ORDINARY BUSINESSES

1. To table the Audited Financial Statements for the year ended **31 March 2010** together with the Reports of the Directors and Auditors thereon.
(Please refer to Note A)
2. To approve the payment of a final dividend of 5 sen per share single-tier for the financial year ended **31 March 2010**.
(Resolution 1)
3. To approve the payment of Directors' Fees for the financial year ended **31 March 2010**.
(Resolution 2)
4. To re-elect the following Directors retiring under Article 91 of the Articles of Association of the Company:
   (i) Mr Kuan Kam Hon @ Kwan Kam Onn **(Resolution 3)**
   (ii) Encik Sannusi Bin Ngah **(Resolution 4)**
   (iii) Encik Abdul Hamid Bin Sh Mohamed **(Resolution 5)**
5. To re-appoint Messrs Moore Stephens AC as Auditors of the Company and to authorise the Directors to fix their remuneration.
(Resolution 6)

AS SPECIAL BUSINESSES

To consider and if thought fit, to pass with or without any modifications, the following as Ordinary/Special Resolution:

6. **ORDINARY RESOLUTION - AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

   "THAT subject to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the Securities Commission, Bursa Malaysia Securities Berhad and other relevant governmental and/or regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised and empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in 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 ten per centum (10%) of the total issued share capital of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval for the listing and quotation of the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."
   (Resolution 7)

7. **SPECIAL RESOLUTION - PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

   "THAT existing Article 133 in the Articles of Association of the Company be deleted in its entirety and the following be substituted in lieu thereof:

   New Article 133 - Dividend payable

   "Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto, or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons or to such persons and such address as such persons may by writing direct or by directly crediting the dividend entitlement into the member's bank account as provided to the Central Depository from time to time. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or the direct crediting to the member's bank account shall be a good discharge to the Company. Every such cheque or warrant shall be sent or directly credited at the risk of the person entitled to the money represented thereby. Where the members have provided to the Central Depository the relevant contact details for purposes of electronic notifications, the Company shall notify them electronically once the Company has paid the cash dividends out of its accounts. Any dividend or other moneys payable in cash on or in respect of a share may by directly crediting the dividend entitlement into the member's bank account of the member or person entitled thereto in consequence of the death or bankruptcy of the holder may in writing direct, and the Company shall have no responsibility for any sums lost or delayed in the course of any such transfer or where the Company has acted on any such directions."
   (Resolution 8)

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a final dividend of 5 sen per share single-tier for the financial year ended 31 March 2010, if approved, will be paid on 17 September 2010 to depositors registered in the Record of Depositors at the close of business on 3 September 2010.

A depositor shall qualify for the dividend in respect of:

a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 3 September 2010 in respect of ordinary transfers; and

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

By Order of the Board

WONG MAW CHUAN (MIA 7413)
HOH KEAN NYUK (MAICSA 7043594)
Company Secretaries

Kuala Lumpur
26 July 2010

NOTES:

(A) The Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this agenda item is not put forward for voting.

(1) A member of the Company who is entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies, (but not exceeding two (2) proxies), to attend and vote in his stead.
(2) 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.
(3) A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
(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 the Form of Proxy is executed by a corporation, it must be executed under the its seal or under the hand of its attorney.
(6) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must be valid, be deposited at the office of the Company's Registrars, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, not less than forty-eight (48) hours before the time set for the meeting or at any adjournment thereof.

EXPLANATORY NOTE ON SPECIAL BUSINESS:

(7) Resolution 7

Ordinary Resolution - Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 7, if passed, will empower the Directors from the date of this Annual General Meeting, to allot and issue up to a maximum of 10% of the issued share capital of the Company for the time being (other than bonus or rights issue) for such purposes as they consider would be in the best interests of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. The rationale for this resolution is to eliminate the need to convene general meeting(s) from time to time to seek shareholders' approval as and when the Company issues new shares for future business opportunities and thereby reducing administrative time and cost associated with the convening of such meeting(s). No shares have been issued and allotted by the Company since obtaining the said authority from its shareholders at the last Annual General Meeting held on 3 September 2009. The Directors will utilise the proceeds raised from this mandate for working capital or such other applications they may in their absolute discretion deem fit.

(8) Resolution 8

Special Resolution - Proposed Amendment to the Articles of Association of the Company

The proposed Special Resolution will render the Company's Articles of Association to be in line with the Main Market Listing Requirements and to enable the Company to implement the Electronic Dividend Payment ("eDividend").

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.28(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

1. The Directors who are standing for re-election at the Annual General Meeting of the Company are as follows:

   (a) Mr Kuan Kam Hon @ Kwan Kam Onn *(Resolution 3)*
   (b) Encik Sannusi Bin Ngah *(Resolution 4)*
   (c) Encik Abdul Hamid Bin Sh Mohamed *(Resolution 5)*

2. The details of the above Directors who are standing for re-election are set out in the Directors' Profile on pages 9 to 13 of the Annual Report and their securities holdings in the Company are set out in the Analysis of Shareholdings on page 106 to 108.

3. Board Meetings held in the financial year ended 31 March 2010.

   There were six (6) Board Meetings held during the financial year ended 31 March 2010. Details of the attendance of the Directors are as follows:

Directors	Attendance
Mr Kuan Kam Hon @ Kwan Kam Onn	6/6
Mr Kuan Mun Leong	6/6
Mr Kuan Mun Keng	6/6
Mr Liew Ben Poh	5/6
Dato' Mohamed Zakri bin Abdul Rashid	6/6
Encik Abdul Hamid bin Sh Mohamed	4/6
Ms Chuah Phaik Sim	6/6
Encik Sannusi bin Ngah	6/6

4. The Fourth (4th) Annual General Meeting of the Company will be held at **Dillenia and Eugenia Room (Ground Floor), Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur,** on **Wednesday, 18 August 2010, at 9.30 a.m.**

APPENDIX

DETAILS OF PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION OF HARTALEGA HOLDINGS BERHAD (Company No. 741883-X)

Article	Existing	Proposed change	Rationale
To amend Article 133	Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto, or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons or to such persons and such address as such persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.	Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto, or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons or to such persons and such address as such persons may by writing direct or by directly crediting the dividend entitlement into the member's bank account as provided to the Central Depository from time to time. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or the direct crediting to the member's bank account shall be a good discharge to the Company. Every such cheque or warrant shall be sent or directly credited at the risk of the person entitled to the money represented thereby. Where the members have provided to the Central Depository the relevant contact details for purposes of electronic notifications, the Company shall notify them electronically once the Company has paid the cash dividends out of its accounts. Any dividend or other moneys payable in cash on or in respect of a share may by directly crediting the dividend entitlement into the member's bank account of the member or person entitled thereto in consequence of the death or bankruptcy of the holder may in writing direct, and the Company shall have no responsibility for any sums lost or delayed in the course of any such transfer or where the Company has acted on any such directions.	To enable the Company to implement the Electronic Dividend payment to comply with the directive of Bursa Malaysia dated 19 February 2010.

eDIVIDEND NOTICE

We are pleased to inform you that Hartalega Holdings Berhad ("the Company") will be providing eDividend to shareholders to be implemented in the third quarter of 2010. The eDividend refers to the payment of cash dividends by a listed issuer directly into the shareholders' bank accounts. One of the main objectives of implementing eDividend is to promote greater efficiency of the payment system which is aligned to the national agenda of migrating to electronic payment.

1. Benefits of eDividend

1.1 eDividend extends to all companies listed on Bursa Malaysia Securities Berhad ("listed issuers") and provides, amongst others, faster access to your cash dividends, eliminates the inconvenience of having to deposit the dividend cheques and problems such as misplaced, lost or expired cheques and unauthorised deposit of dividend cheques.

1.2 For those shareholders who have previously opted for direct crediting of dividend entitlement via GIRO Service with the Company, you will still need to register for eDividend to enjoy the following additional benefits:

(a) The convenience of a one-off registration for entitlement to eDividend from all listed issuers; and

(b) The option to consolidate the dividends from all your Central Depository System ("CDS") accounts into one bank account for better management.

2. Registration for eDividend

2.1 Registration for eDividend will commence on 19 April 2010 for a period of one (1) year until 18 April 2011, at no cost to the shareholders. If you register after the one (1) year period, an administrative charge will be imposed.

To register for eDividend, you are required to provide to Bursa Malaysia Depository Sdn Bhd ("Bursa Depository") through your stock broker, your bank account number and other information by completing the prescribed form. This form can be obtained in due course from your stock broker's office where your CDS account is maintained, or downloaded from Bursa Malaysia's website at http://www.bursamalaysia.com.

2.2 You need to submit to your stock broker's office where your CDS account is maintained, the duly completed prescribed form and the following for registration:

(a) Individual depositor: Copy of identification documents, i.e. NRIC, Passport, Authority Card or other acceptable identification documents. Original documents must be produced for your stock broker's verification.

Corporate depositor: Certified true copy of the Certificate of Incorporation/Certificate of Registration; and

(b) Copy of your bank statement / bank savings book / details of your bank account obtained from your bank's website that has been certified by your bank / copy of letter from your bank confirming your bank account particulars. For individuals, original documents must be produced for your stock broker's verification. For corporate entities, a certified true copy is to be submitted.

If the CDS account is held in the name of a nominee, the nominee will register for the eDividend.

2.3 If you are not able to be present at your stock broker's office to submit the prescribed form and supporting documents, please ensure that the signing of the prescribed form and the supporting documents have been witnessed by an acceptable witness specified by Bursa Depository. In this regard, an acceptable witness includes an Authorised Officer of your stock broker, a Dealer's Representative, a notary public and an Authorised Officer of the Malaysia Embassy/High Commission.

3. Notification of eDividend Payment after Registration

3.1 You are encouraged to provide in the prescribed form to Bursa Depository both your mobile phone number and email address, if any. This is to enable the Company to issue electronic notification to you either via e-mail or SMS, at the discretion of the Company, once the Company has paid the cash dividend out of its account. Please note that if you provide only your mobile phone number, you may only be notified of the cash dividend payment when you receive your dividend warrant or tax certificate.

4. Additional Information for Shareholders

4.1 Your savings or current account must be an active bank account, maintained with a local bank under your name or in the case of a joint account, has your name as one of the account holders. It must also be a bank account with a financial institution that is a member of the Malaysian Electronic Payment System Inter-Bank GIRO (IBG) set out below, which can be found on this website: http://www.meps.com.my/faq/interbank_giro.asp?id=2#answer.

(a) Affin Bank Berhad
(b) Alliance Bank Malaysia Berhad
(c) AmBank (M) Berhad
(d) Bank Islam Malaysia Berhad
(e) Bank Muamalat Malaysia Berhad
(f) Bank Kerjasama Rakyat Malaysia Berhad
(g) Bank of America
(h) Bank Simpanan Nasional Berhad
(i) CIMB Bank Berhad
(j) Citibank Berhad

(k) Deutsche Bank Berhad
(l) EON Bank Berhad
(m) Hong Leong Bank Berhad
(n) HSBC Bank Malaysia Berhad
(o) Malayan Banking Berhad
(p) OCBC Bank (Malaysia) Berhad
(q) Public Bank Berhad
(r) RHB Bank Berhad
(s) Standard Chartered Bank Malaysia Berhad
(t) The Royal Bank of Scotland Berhad
(u) United Overseas Bank (Malaysia) Bhd

4.2 Your bank account particulars and other related information is protected under the Securities Industry (Central Depositories) Act, 1991, which strictly prohibits the disclosure of such information to any person unless you expressly authorise the disclosure of your bank account particulars and other related information to persons necessary to facilitate the eDividend such as the Company, the share registrar and the appointed paying banks.

4.3 Once you have registered for eDividend, any cash dividend entitlement of which the book closure date is announced by the Company on or after 1 September 2010, shall be paid to you via eDividend.

5. Questions and Answers

You may find more information on e-Dividend on the Bursa Malaysia website at http://www.bursamalaysia.com/website/bm/trading/downloads/edividend_info_kit.pdf.

We look forward to a successful implementation of eDividend through your active participation, and to serving you better as our valued shareholders. If you have any query relating to our eDividend service, please do not hesitate to contact our share registrars, Symphony Share Registrars Sdn Bhd at 03 7841 8000.

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Hartalega
Holdings Berhad (741883-X)

PROXY FORM

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

of (Address) ____

being a *member/members 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) ____

or failing *him/her/both, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the **Fourth (4th) Annual General Meeting** of **Hartalega Holdings Berhad** to be held at Dillenia and Eugenia Room (Ground Floor), Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, on Wednesday,18 August 2010, at 9.30 a.m. 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 :	

NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of a final dividend of 5 sen per share single-tier		
2.	To approve the Directors' fees		
3.	To re-elect Mr Kuan Kam Hon @ Kwan Kam Onn as Director		
4.	To re-elect Encik Sannusi Bin Ngah as Director		
5.	To re-elect Encik Abdul Hamid Bin Sh Mohamed as Director		
6.	To re-appoint Messrs Moore Stephens AC as Auditors and to authorise the Directors to fix their remuneration		
	SPECIAL BUSINESS		
	Ordinary Resolution		
7.	Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
	Special Resolution		
8.	Proposed Amendment to the Articles of Association of the Company		

*(Please indicate with an (X) in the appropriate spaces provided above as to how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at *his/her discretion).*

Dated this .... day of 2010

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

Notes:
(1) A member of the Company who is entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies, (but not exceeding two (2) proxies), to attend and vote in his stead.
(2) 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.
(3) A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
(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 the Form of Proxy is executed by a corporation, it must be executed under the its seal or under the hand of its attorney.
(6) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must, to be valid, be deposited at the office of the Company's Registrars, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, not less than forty-eight (48) hours before the time set for the meeting or at any adjournment thereof.

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Stamp

HARTALEGA HOLDINGS BERHAD (741883-X)
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

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52200 Kuala Lumpur, Malaysia
Tel : 03 6277 1733
Fax : 03 6280 2533
Email : info@hartalega-kl.com.my
Website : www.hartalega.com.my

FACTORY
No. 7, Kawasan Perusahaan Suria,
45600 Bestari Jaya, Selangor Darul Ehsan, Malaysia
Tel : 03 3271 0277
Fax : 03 3271 0135

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Holdings Berhad (741883-X)

www.hartalega.com.my