NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2007

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

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with requirement of Financial Reporting Standard 134 (FRS 134): Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Appendix 9B part A of the Listing Requirements ("Listing Requirements") of the Bursa Malaysia Securities Bhd ("Bursa Securities"). This is the first interim financial report on the consolidated results for the third quarter ended 31 December 2007 announced by the Company in compliance with the Listing Requirements and in conjunction with the admission of the Company to the Main Board of Bursa Securities and as such, there are no comparative figures for the preceding year's corresponding period.

The accounting policies and methods of computation adopted by the Group in this interim financial report are in compliance with the new and revised Financial Reporting Standards issued by the MASB.

The interim financial statements should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial year ended 31 March 2007 as disclosed in the Prospectus of the Company dated 28 March 2008 and the accompanying explanatory notes attached to this interim financial report

A2. Auditors' Report

There was no qualification on the audited financial statements of the Company for the financial year ended 31st March 2007.

A3. Seasonal and Cyclical Factors

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

A4. Items of Unusual Nature and Amount

There were no items affecting the assets, liabilities, equity, net income or cash flow of the Group that are unusual because of their nature, size or incidence for the financial period under review save for a negative goodwill of RM34.09 million included in other operating revenue for the financial year-to-date. The negative goodwill is in respect of excess of fair value of assets and liabilities of Hartalega Sdn Bhd as at the date of its acquisition by the Company over it purchase consideration. In compliance with the Financial Reporting Standard 3: Business Combinations, this negative goodwill is recognised in the income statement.

A5. Changes in Estimates

There were no changes in the estimates of amounts relating to the prior financial years that have a material effect in the financial period under review.

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

On 7 May 2007, the Company issued 242,311,996 new ordinary share of RM0.50 each for a total consideration of RM123,700,000 to all the shareholders of Hartalega Sdn Bhd ("HSB") in relation to the acquisition of the entire equity interest in HSB.

Save for the above, there were no issuance and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period under review.

A7. Dividend Paid

No dividend has been paid by the Company in the financial period under review.

A8. Segmental Reporting

The Group is organized into the following operating divisions:

- Investment holding
- Manufacturing of gloves
- Trading of gloves
- Others

THE GROUP CUMULATIVE 9 MONTHS	Investment Holding RM'000	Manu-facturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External sales	-	202,558	7,007	-		209,565
Inter-segment sales	-	4,013	-	144	(4,157)	-
Total Revenue	-	206,571	7,007	144	(4,157)	209,565
Results						
Profit/(loss) from operations	(3)	36,038	161	(4)		36,192
Other operating income/(expense)						34,927
Finance cost						(881)
Profit before tax						70,238
Taxation						(4,835)
Profit after tax						65,403
Pre-acquisition profit						(4,043)
Profit for the period						61,360

All inter-segment sales have been entered into the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

A9. Valuation of property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. The property plant and equipment of the subsidiaries have been brought forward without amendment from their previous annual financial statements.

A10. Capital Commitments

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

	31 December 2007
	RM'000
Approved and contracted for	10,555
Approved and not contracted for	147,853
Total	158,408

A11. Material Events Subsequent to the End of Period Reported

There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group in the interim financial period save for the acquisition of Hartalega Sdn Bhd pursuant to the listing exercise.

Acquisition of the entire issued and paid-up share capital of Hartalega Sdn Bhd ("HSB") comprising 15,681,997 ordinary shares of RM1.00 each for a total purchase consideration of RM123,700,000 is determined based on the audited consolidated net tangible assets of HSB as at 31 March 2006 after incorporating the effects of disposal of the entire equity interest in Hartalega (Thailand) Co Ltd ("HTCL") and after deducting a net dividend for the said financial year of RM2,352,300 which was approved by HSB's shareholders at its annual general meeting held on 21 September 2006 and paid on 20 October 2006. HTCL, a subsidiary company of HSB as at 31 March 2006, was disposed of subsequent to that date for a total cash consideration of RM1,518,096. The purchase consideration of HSB is satisfied by the issuance of 242,311,996 new ordinary shares of RM0.50 each in HHB at an issue price of approximately RM0.51 per new ordinary share. The acquisition of HSB was completed on 7 May 2007.

A13. Contingent liabilities and Contingent Assets

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

The Company and its subsidiaries Hartalega Sdn Bhd("HSB") and Pharmatex USA Inc("PUI") are defendants in relation to the ITC investigations and the Georgia Action (details of which are set out in Section B11). In the event Tillotson wins the Georgia Action, damages will then be determined by the court. If the case is settled out of court, our Directors estimate the compensation to be approximately USD582,000 (or equivalent to approximately RM1.85 million based on the exchange rate of USD1.00 to RM3.18) based on past settlements which Tillotson had with other parties.

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

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

B1. Review of Performance of the Company and its Principal Subsidiaries

For the financial year-to-date, the Group recorded a pre-tax profit of RM70.24 million. The pre-tax profit included a negative goodwill on acquisition of Hartalega Sdn Bhd of RM34.09 million.

In the opinion of the Directors, the result for the current quarter and financial year-to-date have not been affected by any transactions or events of a material nature which has arisen between 31 December 2007 and the date of this report.

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

Not applicable as this is the first quarter in which the consolidated results of the Group is presented.

B3. Prospect for the Current Financial Year

Barring any unforeseen circumstances, the Directors remain positive with the Group's prospects and, in the opinion of the Directors, the Group is likely to achieve its profit estimate for the current financial year.

B4. Profit Forecast and Profit Guarantee

Not applicable to this quarter and the profit estimate provided in the Prospectus dated 28 March 2008 is for 12 months ending 31 March 2008.

B5. Taxation

	Current year quarter RM'000	Current year-to-date RM'000
Current tax expense	514	1,764
Deferred tax expense	1,286	3,071
	1,800	4,835

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

The lower effective tax rate applicable to the Group for the current financial year-to-date is mainly due to availability of reinvestment allowances arising from acquisition of qualifying property, plant and equipment as well as non-taxable income namely the negative goodwill of RM34.09 million.

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

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

B7. Quoted Securities

(a) There were no purchases or disposal of quoted securities for the current quarter and financial year-to-date.

(b) There was no investment in quoted securities as at end of the reporting period.

B8. Status of Corporate Proposal

In conjunction with the flotation exercise undertaken by the Company, the Company has, on 28 March 2008, issued a Prospectus in relation to the following:

Offer for sale of 24,210,000 ordinary shares of RM0.50 each in the Company("Offer Shares") at an offer price of RM1.80 per Offer Share payable in full upon application comprising:

- 12,116,000 Offer Shares available for application by the Malaysian Public;
- 4,000,000 Offer Shares available for application by the eligible Directors and employees of the Company and its subsidiaries ("Group") and persons who have contributed to the success of the Group;
- 8,094,000 Offer Shares available for application by identified investors by way of private placement; and
- Offer for sale of 1,475,000 Offer Shares to the selected senior management of the Group who have contributed to the success of the Group via an employee equity scheme at a strike price of RM1.80 per Offer Share.

The admission to the official list and the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Board of Bursa Securities is due on 17 April 2008.

B9. Group Borrowings and Debt Securities

Total Group borrowings as at 31 December 2007 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
Borrowings (USD denominated)	5,244	-	5,244
Borrowings (RM denominated)	86	-	86
	5,330	-	5,330
Long term borrowings			
Borrowings (USD denominated)	26,151	-	26,151
Borrowings (RM denominated)	1,129	-	1,129
	27,280	-	27,280

B10. Off Balance Sheet Financial Instruments

The Group enters into foreign currency forward contracts to protect the Company from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled. Exchange gains or losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transactions, at which time they are included in the measurement of such transactions.

At the latest practicable date (not earlier than 7 days from the date of issue of the interim financial report), 8 April 2008, the Group has entered into foreign currency forward contracts with the following notional amounts and maturities:

Currency	Contract Rates	Total Notional Amount	Maturity Within 1 Year
USD15,000,000	RM3.2035 to RM3.2909	RM48,383,000	RM48,383,000

B11. Material Litigation

Save as disclosed below, as at 8 April 2008, (not earlier than 7 days from the date of issue of the interim financial report), our Company and our subsidiaries are not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position of our Company or subsidiaries and our Board does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of our Company or any of our subsidiaries:

(i) On 30 May 2007, Tillotson filed a complaint with the ITC alleging that certain Nitrile Gloves which are imported into the USA are in violation of Section 337 of the United States Tarifff Act 1930. Specifically, Tillotson alleged that 31 manufacturers and re-sellers of Nitrile Gloves that were imported into the USA, including HHB, HSB and PUI, infringed Tillotson's U.S. Patent No. RE 35,616. Tillotson is seeking a General

Exclusion Order which if granted, would block the importation of those infringing Nitrile Gloves. The evidentiary hearing or trial before the Administrative Law Judge is scheduled to take place on these dates: 19-23 and 27-30 May 2008. The target date, which is the date the ITC will issue its decision on whether to impose an Exclusion Order, will be on 22 November 2008 (extended from 8 September 2008). The evidentiary hearing is the trial and the target date is the date by which the ITC must issue its final decision.

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

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

(ii) In addition to the said importation block being sought, Tillotson has also filed a claim for unspecified damages, including a reasonable royalty and treble damages in the United States District Court for the Northern District of Georgia on 27 September 2007 against several defendants including HHB, HSB and PUI ("Georgia Action"). Tillotson has not served that claim but, if it does, the defendants will be permitted to request an automatic stay of that case pending the determination of the ITC investigations. The stay in the Georgia Action is automatic and will be made pursuant to 28 U.S.C. sec 1659, which requires that a "district court shall stay, until the determination of the ITC becomes final, proceedings in the civil action with respect to any claim that involves the same issues involved in the proceedings before the ITC." If the court rules against HHB, HSB and PUI, damages will then be determined by the court. If however the matter is settled out of court, our Directors estimate the compensation to be approximately USD582,000 (or equivalent to RM1.85 million based on the exchange rate of USD1.00 to RM3.18) based on previous settlements which Tillotson had with other parties. This sum of RM1.85 million has been provided in our forecast results in the FYE 2009.

B12. Dividend

There was no dividend proposed or declared for the current quarter and financial year-to-date.

B13. Earnings Per Share

The calculation of basic earnings per share for the current quarter and financial year-to-date are based on the Group profit attributable to the equity holders of the parent of RM10.127 million for the current quarter and RM61.344 million for the financial year-to-date divided by 242.312 million shares and 210.591 million shares respectively, being the weighted average ordinary shares in issue for the current quarter and financial year-to-date.