



Notes to the Interim financial report for the Fourth Quarter ended 31 March 2013

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

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with requirement of Malaysian Financial Reporting Standard 134 (MFRS 134): Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), International Accounting Standard (“IAS”) 34: Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”) and paragraph 9.22 (Appendix 9B part A) of the Main Market Listing Requirements (“Listing Requirements”) of the Bursa Malaysia Securities Berhad (“Bursa Securities”).

The significant accounting policies and methods of computation adopted in the preparation of this interim financial report are consistent with those adopted in the audited financial statements of the Company for the financial year ended 31 March 2012 except for the adoption of the following new Malaysian Financial Reporting Standards (“MFRS”) and IC Interpretations (“IC Int.”):

MFRSs/IC Interpretations

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 4	Insurance Contract
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 6	Exploration for and Evaluation of Mineral Resources
MFRS 7	Financial Instruments: Disclosures
MFRS 8	Operating Segments
MFRS 101	Presentation of Financial Statements
MFRS 102	Inventories
MFRS 107	Statement of Cash Flows
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 110	Events after the Reporting Period
MFRS 111	Construction Contracts
MFRS 112	Income Taxes
MFRS 116	Property, Plant & Equipment
MFRS 117	Leases
MFRS 118	Revenue
MFRS 119	Employee Benefits
MFRS 120	Accounting for Government Grants and Disclosure of Government Assistance
MFRS 121	The Effects of Changes in Foreign Exchange Rates
MFRS 123	Borrowing Costs
MFRS 124	Related Party Disclosures
MFRS 126	Accounting and Reporting by Retirement Benefit Plans
MFRS 127	Consolidated and Separate Financial Statements
MFRS 128	Investment in Associates
MFRS 129	Financial Reporting in Hyperinflationary Economies
MFRS 131	Interest in Joint Ventures
MFRS 132	Financial Instruments: Presentation



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MFRS 133	Earnings Per Share
MFRS 134	Interim Financial Reporting
MFRS 136	Impairment of Assets
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
MFRS 139	Financial Instrument: Recognition and Measurement
MFRS 140	Investment Property
MFRS 141	Agriculture
IC Int. 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Int. 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Int. 4	Determining Whether an Arrangement contains a Lease
IC Int. 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitations Funds
IC Int. 6	Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment
IC Int. 7	Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies
IC Int. 9	Reassessment of Embedded Derivatives
IC Int. 10	Interim Financial Reporting and Impairment
IC Int. 12	Service Concession Arrangements
IC Int. 13	Customer Loyalty Programmes
IC Int. 14	MFRS 119 –The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Int. 15	Agreements for the Construction of Real Estate
IC Int. 16	Hedges of a Net Investment in a Foreign Operation
IC Int. 17	Distributions of Non-cash Assets to Owners
IC Int. 18	Transfers of Assets from Customers
IC Int. 19	Extinguishing Financial Liabilities with Equity Instruments
IC Int. 107	Introduction of the Euro
IC Int. 110	Government Assistance – No Specific Relation to Operating Activities
IC Int. 112	Consolidation – Special Purpose Entities
IC Int. 113	Jointly Controlled Entities – Non-Monetary Contributions by Venturers
IC Int. 115	Operating Leases- Incentives
IC Int. 125	Income Taxes – Change in the Tax Status of an Entity or its Shareholders
IC Int. 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IC Int. 129	Service Concession Arrangements: Disclosures
IC Int. 131	Revenue – Barter Transactions Involving Advertising Services
IC Int. 132	Intangible Assets – Web Site Costs

The audited financial statements of the Group for the financial year ended 31 March 2012 were prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the adoption of the above MFRSs and IC Interpretations does not have any significant impact on the financial performance and financial position of the Group. In compliance with MFRS 1, First-time Adoption of MFRS, the Group has presented the statement of financial position as at 1 April 2011, which is the beginning of the earliest comparative period, in the interim financial report without any restatement on the financial information.

The Group has not applied in advance the following MFRSs, Amendments to MFRSs and IC Interpretations that have been issued by MASB but not yet effective for the current financial year:



		<u>Effective Date</u>
MFRS 9	Financial Instruments	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interest in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 1	Government Loans	1 January 2013
Amendments to MFRS 7	Disclosure – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 11	Joint Arrangements	1 January 2013
Amendments to MFRS 12	Disclosure of Interests in Other Entities	1 January 2013 and 1 January 2014
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012 and 1 January 2013
Amendments to MFRS 116	Property, Plant and Equipment	1 January 2013
Amendments to MFRS 127	Separate Financial Statements	1 January 2014
Amendments to MFRS132	Offsetting Financial Assets and Financial Liabilities	1 January 2013 and 1 January 2014
Amendments to MFRS134	Interim Financial Reporting	1 January 2013
IC Int. 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Int. 20	Members' Shares in Co-operative Entities & Similar Instruments	1 January 2013

The interim financial report should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2012 and the accompanying explanatory notes attached to this interim financial report.

A2. Auditors' Report

The auditors' report for the immediate preceding annual financial statements of the Company for the financial year ended 31 March 2012 is not subject to any qualification.

A3. Seasonal and Cyclical Factors

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

A4. Items of Unusual Nature and Amount

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



A5. Changes in Estimates

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

A6. Issues, Repurchases and Repayments of Debt and Equity Securities

- (a) On 28 May 2012, a total of 365,553,000 new ordinary shares of RM0.50 each were issued pursuant to the Company's bonus issue exercise.
- (b) On 4 June 2012, a total of 73,110,600 warrants were issued pursuant to the free warrants issue exercise.
- (c) During the current quarter ended 31 March 2013, a total of 733,200 new ordinary shares of RM0.50 each were allotted and issued pursuant to the Company's Executive Share Option Scheme.
- (d) For the financial year-to-date, a total of 2,666,700 new ordinary shares of RM0.50 each were allotted and issued pursuant to the Company's Executive Share Option Scheme.

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

A7. Dividend Paid

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

- (a) Third interim dividend of 6 sen per share (before bonus issue of 1 for 1) single tier amounting to RM21,933,180.00 in respect of the financial year ended 31 March 2012 paid on 13 June 2012.
- (b) Final dividend of 3.5 sen per share single tier amounting to RM25,606,224.00 in respect of the financial year ended 31 March 2012 paid on 18 September 2012.
- (c) First interim dividend of 3.5 sen per share single tier amounting to RM25,613,031.50 in respect of the financial year ended 31 March 2013 paid on 13 December 2012.
- (d) Second interim dividend of 3.5 sen per share single tier amounting to RM25,654,758.50 in respect of the financial year ended 31 March 2013 paid on 21 March 2013.

A8. Segment Information

The Group's business mainly comprises the manufacturing and sale of latex gloves and its manufacturing activities are operated solely in Malaysia. On this basis, the Group Managing Director reviews the operating results of the Group as a whole. Accordingly, no reportable operating segment is presented.

A9. Valuation of property, plant and equipment

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



A10. Capital Commitments

Capital commitment in respect of Property, Plant and Equipment as at end of the current quarter and financial year-to-date are as follows:-

	31 March 2013
	RM'000
Approved and contracted for	26,926
Approved but not contracted for	-
Total	<u>26,926</u>

A11. Material Events Subsequent to the End of Period Reported

There were no material events subsequent to 31 March 2013 up to latest practicable date 02 May 2013 that have not been reflected in the financial statements for the current quarter and financial year-to-date.

A12. Changes in the Composition of the Group

On 10 October 2012, Hartalega Sdn. Bhd., a wholly-owned subsidiary of the Company, incorporated a 70% owned subsidiary company, namely PHARMATEX HEALTHCARE PRIVATE LIMITED in India under the Companies Act 1956 (No. 1 of 1956). The authorised share capital of PHARMATEX HEALTHCARE PRIVATE LIMITED ("PHARMATEX HEALTHCARE") is Rs. 100,000/- divided into 10,000 equity shares of Rs.10/- each with an issued and paid-up share capital of Rs.100,000 divided into 10,000 ordinary shares of Rs.10/- each. Consequently, Pharmatex Healthcare became an indirect subsidiary of the Company.

On 20 February 2013, Hartalega Sdn. Bhd., a wholly-owned subsidiary of the Company, has completed the acquisition of the 100% wholly-owned subsidiary company, namely DERMA CARE PLUS PRODUCTS (M) SDN BHD. The authorised share capital of DERMA CARE PLUS PRODUCTS (M) SDN BHD ("DERMA CARE") is RM500,000/- divided into 500,000 ordinary shares of RM1.00 each with an issued and paid-up share capital of RM1,000/- only divided into 1,000 ordinary shares of RM1.00 each. Consequently, Derma Care became an indirect subsidiary of the Company.

On 28 March 2013, the Company has completed the acquisition of the 100% wholly-owned subsidiary company, namely HARTALEGA RESEARCH SDN BHD ("HARTALEGA RESEARCH"). The authorised share capital of HARTALEGA RESEARCH is RM5,000,000/- divided into 5,000,000 ordinary shares of RM1.00 each with an issued and paid-up share capital of RM1,000/- only divided into 1,000 ordinary shares of RM1.00 each.

A13. Contingent liabilities and Contingent Assets

There were no contingent liabilities or contingent assets that had arisen since the last annual statement of financial position date except as disclosed in the material litigation under Section B11.



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

B1. Review of Performance of the Company and its Subsidiaries

	4th Quarter Ended 31 Mar 2013	4th Quarter Ended 31 Mar 2012	Variance		Year-To- Date 31 Mar 2013	Year-To- Date 31 Mar 2012	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	269,772	240,217	29,555	12.3	1,032,034	931,064	100,970	10.8
Profit before tax	81,318	64,460	16,858	26.2	305,882	258,404	47,478	18.4

The Group's performance for the quarter under review versus the corresponding quarter of the previous financial year is as follows:

- (a) For the 4th quarter year-on-year basis, the Group's sales revenue increased by 12.3% and profit before tax increased by 26.2%. The increase in revenue is in line with the Group's continuous expansion in production capacity and increase in demand.
- (b) The profit before tax margin increased from 26.8% to 30.1% due to easing in raw material prices of nitrile and natural latex for the current quarter compared with the corresponding quarter of the preceding year. The improved operation efficiency of the new production lines also contributes to the increase in profit margin.

The Group's performance for the year-to-date versus the corresponding year-to-date of the previous financial year is as follows:

- (a) The Group's sales revenue increased by 10.8%. The increase in revenue is in line with the Group's continuous expansion in production capacity and increase in demand.
- (b) The profit before tax margin increased from 27.8% to 29.6% for the current year-to-date compared with the corresponding year-to-date of the preceding year. This is due to easing in raw material prices of nitrile and natural latex but also offset by more competitive sales pricing.

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

	Current Quarter ended 31 Mar 2013	Preceding Quarter ended 31 Dec 2012	Variance	
	RM'000	RM'000	RM'000	%
Revenue	269,772	259,565	10,207	3.9
Profit before tax	81,318	78,368	2,950	3.8

In the current quarter, the Group's revenue was 3.9% higher and the profit before tax was 3.8% higher when compared to the preceding quarter.



The increase in revenue and profit before tax for the current quarter is basically due to increase in sales volume for the current quarter compared with the preceding quarter.

B3. Commentary on Prospects and Targets

The global demand for nitrile rubber gloves continued to grow at a high rate of over 20% due mainly to switching momentum from latex to nitrile rubber gloves. This has spurred an increase of nitrile capacity by the industry which we are confident would be more than matched by strong nitrile glove demand. Furthermore, we do not expect price war as claimed by certain quarters as global demand growth continues to outstrip growth in industry capacity. However, margin will be lower as the market size enlarges with more competitors.

To meet the increasing export demand of nitrile gloves, our new plant, namely Plant 6, have begun construction in February 2012. The first production line had commissioned and commenced operations by end September 2012. Plant 6 will commission 10 production lines in total and is expected to give at least a 30% boost to our production capacity which translates to a further 3.9 billion pieces per annum. We have completed the construction of 7 production lines and the balance is expected to be fully completed in July 2013.

In view of current and anticipated bullish market conditions, we are making strenuous efforts to put in place the foundation for long term sustainable growth. On this note, we have already made concerted effort in improving our human resource in areas of training and development and man power numbers and have adjusted our salary structure in line with the minimum wage ruling effective January 2013.

We view that the concerted long term planning and efforts should bear fruit due to productivity gains and benefits of economies of scale derived from building capacity and leveraging on in-house technological competencies to mitigate the potential margin compression arising from greater competition. On the back of strong demand for nitrile gloves, we continue to sustain growth for both our top line and bottom line.

The Group has achieved the internal target growth for both sales revenue and net profit for the financial year ended 31 March 2013. The Board of Directors is optimistic that the Group will achieve continuous growth and securing better results for the next financial year.

B4. Variance of Profit Forecast/Profit Guarantee

Not applicable as no profit forecast/profit guarantee was issued.

B5. Profit For The Period

Profit for the period is arrived at after charging/(crediting):

	4th Quarter Ended 31 Mar 2013	4th Quarter Ended 31 Mar 2012	Year-To- Date 31 Mar 2013	Year-To- Date 31 Mar 2012
	RM'000	RM'000	RM'000	RM'000
Interest income	(210)	(256)	(838)	(938)
Other income including investment income	(1,212)	(956)	(4,488)	(3,547)
Interest expense	161	391	903	1,736



Depreciation and amortization	9,369	7,444	31,913	29,029
Foreign exchange (gain)/loss-realised	(428)	2,944	(70)	126
Foreign exchange (gain)/loss-unrealised	(1,407)	431	(784)	(1,934)
Fair value (gain)/loss on derivatives	1,467	(4,359)	103	4,105
Provision for doubtful debts	88	-	88	-

B6. Taxation

	Current quarter	Current year-to-date
	RM'000	RM'000
Current tax expense	16,725	61,979
Deferred tax expense	2,171	9,766
Under/(Over) provision in prior years	-	(916)
	<u>18,896</u>	<u>70,829</u>

The effective tax rate of the Group is lower than the statutory tax rate for the current quarter and financial year-to-date is mainly due to the availability of allowance for increase in export.

B7. Status of Corporate Proposal

As at the latest practicable date, 02 May 2013, there was no corporate proposal announced and not completed in the current quarter and financial year-to-date.

B8. Group Borrowings and Debt Securities

Total Group borrowings as at 31 March 2013 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term borrowings</u>			
Term Loans (USD denominated)	2,668	-	2,668
Term Loans(RM denominated)	5,005	-	5,005
Finance Lease (USD denominated)	2	-	2
	<u>7,675</u>	<u>-</u>	<u>7,675</u>
<u>Long term borrowings</u>			
Term Loans (USD denominated)	3,941	-	3,941
Term Loans (RM denominated)	547	-	547
	<u>4,488</u>	<u>-</u>	<u>4,488</u>



B9. Financial Derivative Instruments

As at 31 March 2013, the outstanding foreign currency forward contracts are as follows:

Type of Derivatives	Contract/Notional Value (RM'000)	Fair Value (RM'000)
Foreign Exchange Contracts		
Less than 1 year		
-USD denominated	257,780	256,929
-AUD denominated	2,879	2,862

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

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

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

The fair value derivative liabilities amounting to RM868,000 has been recognised in the financial statements.

B10. Realised and Unrealised Profits/Losses Disclosure

	As at 31/03/2013 RM'000	As at 31/03/2012 RM'000
Total retained profits of Hartalega Holdings Berhad and its subsidiaries:		
- Realised	535,538	555,027
- Unrealised	(51,949)	(39,905)
	<u>483,588</u>	<u>515,122</u>
Less: Consolidation adjustments	<u>(98,025)</u>	<u>(93,841)</u>
Total group retained profits as per consolidated accounts	<u>385,563</u>	<u>421,281</u>

B11. Material Litigation

As at the latest practicable date, 02 May 2013, there are no material litigations against the Group or taken by the Group saved as disclosed below:

- (a) Sentinel Engineering (M) Sdn. Bhd. and Hartalega Sdn. Bhd., wholly-owned subsidiaries of the Company (the "Plaintiffs"), have commenced legal proceedings against Ecotherm (TFT) Sdn. Bhd. and Ecotherm Sdn. Bhd. (the "Defendants") by filing a Writ and Statement of Claim on 6 August 2010 at the High Court of Malaya at Kuala Lumpur (the "High Court").

The Plaintiffs are seeking, amongst others, the following reliefs against the Defendants:



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- (i) a declaration pursuant to Sections 56 and 57 of the Patents Act 1983 that Claims 1 to 14 of Malaysia Patent No. MY 121188-A (188 Patent) are invalid and null and void in Malaysia;
- (ii) a declaration that the amendments to the application for the 188 Patent are unlawful and ultra vires the Patents Act 1983, further contravene the Patents Regulations 1986 and render the 188 Patent invalid, null and void;
- (iii) a declaration pursuant to Section 62 of the Patent Act 1983 that the making, importing, offering for sale, selling or using of the Sentinel/Hartalega System does not constitute an infringement of any of the claims on the 188 Patent; and
- (iv) damages and costs.

The Defendants counterclaimed, amongst others, for the following reliefs:

- (i) a declaration pursuant to Sections 56 and 57 of the Patents Act 1983 that Claims 1 to 7 of Malaysia Patent No. MY 140770-A (770 Patent) are invalid and null and void in Malaysia;
- (ii) a declaration that the first and/or the second Defendant, as the case may be, is the patentee of the 188 Patent, the said 188 Patent is validly subsisting and has been infringed by the Plaintiffs jointly and severally;
- (iii) an injunction to restrain the Plaintiffs from dealing with the Sentinel/Hartalega System which is the subject matter of the 770 Patent or any other systems that infringe the 188 Patent in whatsoever manner; and
- (iv) damages and costs.

The High Court has delivered its judgment on 25 August 2011 whereby it is adjudged that:-

- (i) Patent No. MY 140770-A (770 Patent) entitled “The Arrangement and Method of Assembling Former Holders” is valid;
- (ii) Patent No. MY 121188-A (188 Patent) entitled “Conveyor System for Use in Dipping Process” is valid;
- (iii) the Plaintiffs’ double former conveyor system does not infringe the Defendants’ 188 Patent.

The Defendants have filed a notice of appeal to the Court of Appeal against part of the decision of the High Court relating to the issue of infringement of the 188 Patent and the validity of the 770 Patent, and the Plaintiffs have filed a Notice of Cross Appeal against part of the decision of the High Court relating to the validity of the 188 Patent. The Court of Appeal has fixed the appeal for hearing on 12th September 2013.

No provision has been made in the financial statements of the Group as the directors in consultation with the solicitors are of the view that the Group has a good chance of success in resisting the Defendants’ appeal. However, the solicitors are of the view that the Plaintiffs do not have a strong case in respect of the cross appeal. As regards to any issue of costs, it has not been quantified as yet.

- (b) Sentinel Engineering (M) Sdn Bhd (a subsidiary of Hartalega Sdn Bhd) and Hartalega Sdn Bhd (a wholly owned subsidiary of Hartalega Holdings Berhad) have on 16th January 2013 filed Civil Suit No. 22IP-3-01/2013 in the High Court of Malaya at Kuala Lumpur against Kendek Products Sdn Bhd, Tuck Hua Engineering Sdn Bhd, Top Glove Sdn Bhd, TG Medical Sdn Bhd, Flexitech Sdn Bhd, Latexx Manufacturing Sdn Bhd, Green Prospect Sdn Bhd and YTY Industry Sdn Bhd (“the Defendants”) for the infringement of Malaysian Patent No. MY 140770-A entitled “The Arrangement and Method of Assembling Former Holders” (“770 Patent”).



The Plaintiffs have in their Amended Statement of Claim claimed for, *inter alia*, the following reliefs against the Defendants in the aforesaid suit:

- (i) A Declaration that the 770 Patent has been infringed by the Defendants;
- (ii) An Injunction to restrain the Defendants from infringing the 770 Patent;
- (iii) An order for destruction by the Defendants of all articles in their possession, power, custody and control that are infringing the 770 Patent by the Defendants;
- (iv) An order for disclosure against the Defendants;
- (v) A Declaration pursuant to Sections 56 and 57 of the Patents Act 1983 that Claims 1 to 4 of Tuck Hua's Malaysian Patent No. MY-136022-A entitled "Flexible double arm holder for glove formers" are invalid and null and void;
- (vi) Damages and costs.

The Defendants have counterclaimed, amongst others, for the following reliefs:

- (i) a declaration pursuant to Sections 56 and 57 of the Patents Act 1983 that the 770 Patent is invalid;
- (ii) an order that the 770 Patent be invalidated or revoked;
- (iii) a declaration that there is no infringement of the 770 Patent by the Defendants;
- (iv) an injunction to restrain the Plaintiffs jointly and severally from threatening by letters, circulars, advertisements or orally or otherwise the Defendants or any persons or companies with any legal proceedings in respect of any alleged infringement of the 770 Patent;
- (v) costs.

In addition, Tuck Hua has also counterclaimed, in addition to the above reliefs, for the following:

- (i) a declaration that Tuck Hua is the lawful patentee of Malaysian Patent No. MY-136022-A ("022 Patent"), that the 022 Patent is valid and subsisting, and that the 022 Patent has been infringed by the Plaintiffs jointly and/or severally;
- (ii) an injunction to restrain the Plaintiffs from infringing and/or causing, enabling or assisting others to infringe the 022 Patent;
- (iii) an inquiry as to damages or at Tuck Hua's option, an account of profits in respect of the Plaintiffs' alleged acts of infringement.

The matter has now been fixed for case management on 13th June 2013 for the Plaintiffs to file their reply and defence.

- (c) Mr. Seow Hoon Hin (the "Plaintiff"), a shareholder of the Company and a former shareholder of Hartalega Sdn. Bhd. ("HSB"), has instituted legal proceedings against the Company, HSB and three (3) individuals by way of a writ of summons and a statement of claim in the High Court of Malaya at Kuala Lumpur (the "Action"). The writ of summons and statement of claim were served on HSB on 24 March 2011.

The Plaintiff claims as against HSB for the following:

- (i) declaration that HSB is trustee for proceeds and/or profits made from use of certain two assembly lines and substantial parts of another two assembly lines (the "said parts");
- (ii) declaration that HSB is a trustee for unpaid dividends amounting to RM488,765.25 allegedly due and owing to the Plaintiff (the "said dividends");



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- (iii) an order that HSB account to the Plaintiff for the proceeds and/or profits made from the benefit and use of the said parts (the “said proceeds/profits”) and make restitution of the same to the Plaintiff;
- (iv) an order that HSB account to the Plaintiff for the said dividends and make restitution of the same to the Plaintiff;
- (v) interest on the said profits and said dividends at the rate of 8% per annum from the date of the respective dividends were payable until full satisfaction; and
- (vi) such other relief as the Court deems fit and costs.

The High Court had, on 26 August 2011, dismissed the Plaintiff’s application to disqualify Messrs. Cheah Teh & Su from acting for the defendants. Subsequently, the Plaintiff appealed against the High Court’s decision but was dismissed by the Court of Appeal. The case is still in the pre-trial case management where no trial dates have been set. The Plaintiff had since the last case management filed an amendment and a discovery application against defendants. The High Court had allowed the amendment application with no objections from all the defendants on 16 May 2012. The Plaintiff then filed their Amended Statement of Claim on 25 May 2012 and the Group had correspondingly filed the 1st, 2nd and 3rd Defendants’ Re-Amended Defence on 29 June 2012. The 1st to 3rd Defendants then had on 2 August 2012 and 29 August 2012 filed two applications to strike out the Plaintiff’s claim on the dividends and the conspiracy to injure.

With regards to the Plaintiff’s Discovery application and the 1st to 3rd Defendants’ striking out applications, all the applications have been dismissed by the High Court and parties have filed an appeal to the court of appeal where the hearing of the appeal will be heard on 31st May 2013. The matter has since gone for trial on 5, 6, 7 December 2012, 29, 30 January 2013, 1st and 2nd April 2013 where the trial has been concluded and a date for decision and /or clarification has been set on 22nd August 2013.

The Plaintiff had also issued a subpoena duces tecum to Mr. Wong Maw Chuan, the 2nd Defendant’s Company Secretary. The said subpoena had since been set aside and the Plaintiff has also filed an appeal towards the setting aside of the subpoena. The hearing of the appeal will be heard together with all the abovementioned appeals on 31st May 2013.

The Directors of the Company, in consultation with the solicitors, are of the view that the Action is lacking in merit and that the prospects of successfully defending the Action are good as the Action is largely based on issues and events that are clearly time-barred. Accordingly, the Group has not made any provision on the financial statements.

B12. Dividend

The board has declared a third interim dividend of 3.5 sen per share single tier in respect of the financial year ending 31 March 2013 and payable on 20 June 2013. The entitlement date has been fixed on 23 May 2013.

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

- (a) Shares transferred to the Depositor’s Securities Account before 4.00 p.m. on 23 May 2013 in respect of ordinary transfers.
- (b) Shares bought on Bursa Malaysia Securities Berhad (“BMSB”) on a cum entitlement basis according to the rules of BMSB.



B13. Earnings per Share

Basic Earnings Per Share	Current Quarter Ended 31/03/2013	Corresponding Quarter Ended 31/03/2012	Current Year-To- Date 31/03/2013	Corresponding Year-To-Date 31/03/2012
Profit attributable to owners of the parent (RM'000)	62,293	50,012	234,722	201,380
Number of shares in issue as at beginning of the year ('000)	730,017	727,114	730,017	727,114
Effect of exercise of ESOS ('000)	1,290	1,196	1,290	1,196
Weighted average number of ordinary shares in issue ('000)	731,308	728,310	731,308	728,310
Basic earnings per share (sen)	8.52	6.87	32.10	27.65
Diluted Earnings Per Share	Current Quarter Ended 31/03/2013	Corresponding Quarter Ended 31/03/2012	Current Year-To- Date 31/03/2013	Corresponding Year-To-Date 31/03/2012
Profit attributable to owners of the parent (RM'000)	62,293	50,012	234,722	201,380
Weighted average number of ordinary shares in issue ('000)	731,308	728,310	731,308	728,310
Effect of dilution : share options ('000)	4,070	3,278	4,070	3,278
Effect of dilution : warrants ('000)	5,828	-	5,828	-
Adjusted weighted average number of ordinary shares in issue and issuable('000)	741,205	731,588	741,205	731,588
Diluted earnings per share (sen)	8.40	6.84	31.67	27.53

For comparative purpose, the Earnings Per Share for the corresponding quarter and year to date ended 31 March 2012 had been adjusted to reflect the bonus issue of 1 for 1 existing ordinary shares of RM0.50 each which was completed on 28 May 2012.