

**HARTALEGA HOLDINGS BERHAD**(Company No. 741883-X)  
**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the fourth quarter ended 31 March 2016 (Unaudited)**

	Unaudited Current Quarter Ended 31 Mar 2016 RM'000	Unaudited Corresponding Quarter Ended 31 Mar 2015 RM'000	Unaudited Current Year-To-Date 31 Mar 2016 RM'000	Audited Corresponding Year-To-Date 31 Mar 2015 RM'000
Revenue	400,429	305,110	1,498,312	1,145,960
Operating expenses	(348,059)	(237,489)	(1,181,869)	(869,264)
Other operating income/(expense)	18,704	(263)	1,284	294
Finance costs	111	(27)	(376)	(109)
Profit before tax	71,185	67,331	317,351	276,881
Taxation	(9,420)	(12,323)	(59,357)	(66,674)
Net profit for the period	61,765	55,008	257,994	210,207
Other comprehensive income, net of tax Items that may be reclassified subsequently to profit or loss				
Foreign exchange translation difference	(293)	(223)	499	(709)
Total comprehensive income for the period	61,472	54,785	258,493	209,498
Profit attributable to:				
Owners of the parent	61,717	54,969	257,595	209,733
Non-controlling interest	48	39	399	474
	61,765	55,008	257,994	210,207
Total comprehensive income attributable to:				
Owners of the parent	61,486	54,782	258,006	209,143
Non-controlling interest	(14)	3	487	355
	61,472	54,785	258,493	209,498
EPS - Basic ( sen )	3.76	3.53 *	15.71	13.48 *
- Diluted ( sen )	3.74	3.52 *	15.59	13.41 *

\* For comparative purpose, the Earnings Per Share for the corresponding quarter and year to date ended 31 March 2015 had been adjusted to reflect the bonus issue of 1 for 1 existing ordinary shares of RM0.50 each which was completed on 17 September 2015.

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2015 and the accompanying notes attached to this interim financial report.)

**HARTALEGA HOLDINGS BERHAD**(Company No. 741883-X)  
**Condensed Consolidated Statement of Financial Position as at 31 March 2016**

	<i>Unaudited</i> <i>At 31 Mar 2016</i> <i>RM'000</i>	<i>Audited</i> <i>At 31 Mar 2015</i> <i>RM'000</i>
<b>ASSETS</b>		
<b>Non current assets</b>		
Property, Plant & Equipment	1,133,688	821,581
Capital work in progress	264,164	222,649
Intangible assets	23,172	20,573
Deferred tax assets	731	4,205
	1,421,755	1,069,008
<b>Current assets</b>		
Inventories	202,098	120,163
Trade receivables	204,345	181,097
Other receivables, deposits and prepayments	34,378	16,778
Derivatives	13,998	-
Cash & bank balances	84,214	70,501
	539,033	388,539
<b>TOTAL ASSETS</b>	1,960,788	1,457,547
<b>EQUITY AND LIABILITIES</b>		
Share capital	820,515	400,779
Reserves	681,596	868,221
<b>Equity attributable to owners of the parent</b>	1,502,111	1,269,000
<b>Non-controlling interests</b>	2,149	1,661
<b>Total Equity</b>	1,504,260	1,270,661
<b>Non current liabilities</b>		
Long term borrowings	207,092	326
Deferred tax liabilities	60,785	59,481
	267,877	59,807
<b>Current liabilities</b>		
Trade payables	72,568	45,685
Other payables and accruals	74,502	62,868
Short term borrowings	40,958	6,082
Derivatives	-	1,947
Tax payables	623	10,497
	188,651	127,079
<b>Total Liabilities</b>	456,528	186,886
<b>TOTAL EQUITY AND LIABILITIES</b>	1,960,788	1,457,547
Net assets per share attributable to the owners of the Company (sen)	91.53	79.16 *

\* For comparative purpose, the Net assets per share attributable to the owners of the Company as at 31 March 2015 had been adjusted to reflect the bonus issue of 1 for 1 existing ordinary shares of RM0.50 each which was completed on 17 September 2015.

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2015 and the accompanying notes attached to this interim financial report)

**HARTALEGA HOLDINGS BERHAD** (Company No. 741883-X)  
**Condensed Consolidated Statement of Changes in Equity**  
**For the fourth quarter ended 31 March 2016 (Unaudited)**

	←-----Attributable to Owners of the Company-----→							
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Share-based Payment Reserve RM'000	Retained Profits RM'000	Sub Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
<b>12 Months Ended 31 March 2016</b>								
<b>Balance as at 1 April 2015</b>	400,779	254,422	(625)	-	614,423	1,268,999	1,662	1,270,661
Total comprehensive income for the period	-	-	411	-	257,595	258,006	487	258,493
<b>Transaction with owners</b>								
Dividends	-	-	-	-	(122,912)	(122,912)	-	(122,912)
Share-based payment granted under ESOS	-	-	-	19,248	-	19,248	-	19,248
Issuance of bonus share	410,217	(323,130)	-	-	(87,087)	-	-	-
Issuance of ordinary shares pursuant to ESOS	81	543	-	-	-	624	-	624
Issuance of ordinary shares pursuant to Warrants	9,438	68,708	-	-	-	78,146	-	78,146
Transfer from Share-based payment upon exercise of ESOS	-	155	-	(155)	-	-	-	-
Total transaction with owners	419,736	(253,724)	-	19,093	(209,999)	(24,894)	-	(24,894)
<b>Balance as at 31 March 2016</b>	<b>820,515</b>	<b>698</b>	<b>(214)</b>	<b>19,093</b>	<b>662,019</b>	<b>1,502,111</b>	<b>2,149</b>	<b>1,504,260</b>
<b>12 Months Ended 31 March 2015</b>								
<b>Balance as at 1 April 2014</b>	373,516	53,852	(35)	5,529	509,392	942,254	1,306	943,560
Total comprehensive income for the period	-	-	(590)	-	209,733	209,143	355	209,498
<b>Transaction with owners</b>								
Dividends	-	-	-	-	(104,995)	(104,995)	-	(104,995)
Share-based payment granted under ESOS	-	-	-	2,468	-	2,468	-	2,468
Issuance of ordinary shares pursuant to ESOS	4,423	26,590	-	-	-	31,013	-	31,013
Issuance of ordinary shares pursuant to Warrants	22,840	166,277	-	-	-	189,117	-	189,117
Transfer from Share-based payment upon exercise of ESOS	-	7,703	-	(7,997)	294	-	-	-
Total transaction with owners	27,263	200,570	-	(5,529)	(104,701)	117,603	-	117,603
<b>Balance as at 31 March 2015</b>	<b>400,779</b>	<b>254,422</b>	<b>(625)</b>	<b>0</b>	<b>614,424</b>	<b>1,269,000</b>	<b>1,661</b>	<b>1,270,661</b>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2015 and the accompanying notes attached to this interim financial report.)

**HARTALEGA HOLDINGS BERHAD**(Company No. 741883-X)  
**Condensed Consolidated Statement of Cash Flows**  
**For the fourth quarter ended 31 March 2016 (Unaudited)**

	Unaudited Current Year-To-Date 31 Mar 2016 RM'000	Audited Corresponding Year-To-Date 31 Mar 2015 RM'000
<b>Cash Flows from/(used in) Operating Activities</b>		
Profit before tax	317,351	276,881
Adjustments for:		
Depreciation and amortisation	70,624	45,880
Other adjustments	(2,310)	(4,385)
<b>Operating profit before changes in working capital</b>	<b>385,665</b>	<b>318,376</b>
<b>Changes in working capital</b>		
Net change in inventories	(81,936)	(21,950)
Net change in receivables	(36,238)	(39,188)
Net change in payables	38,811	13,825
Cash generated from operations	306,302	271,063
Interest received	1,249	1,253
Income from fixed income fund	314	3,053
Tax refunded	319	68
Taxation paid	(64,742)	(69,690)
<b>Net cash from operating activities</b>	<b>243,442</b>	<b>205,747</b>
<b>Cash Flows from/(used in) Investing Activities</b>		
Proceeds from disposal of property, plant and equipment	27	485
Capital work in progress incurred	(378,883)	(384,086)
Purchase of property, plant and equipment	(43,192)	(38,570)
Purchase of intangible asset	(4,806)	(235)
Net change in escrow account	(97)	4,630
<b>Net cash used in investing activities</b>	<b>(426,951)</b>	<b>(417,776)</b>
<b>Cash Flows from/(used in) Financing Activities</b>		
Draw down of term loan	206,953	-
Repayment of term loans	(1,679)	(2,776)
Repayment of finance lease	(25)	(13)
Net change in bank borrowings	36,394	4,375
Interest paid	(376)	(109)
Proceeds from issuance of shares-ESOS	624	31,011
Proceeds from issuance of shares-Warrants	78,146	189,117
Dividend paid	(122,912)	(104,995)
<b>Net cash from financing activities</b>	<b>197,125</b>	<b>116,610</b>
<b>Net change in cash &amp; cash equivalents</b>	<b>13,616</b>	<b>(95,419)</b>
<b>Cash &amp; cash equivalents at beginning of period</b>	<b>65,268</b>	<b>160,687</b>
<b>Cash &amp; cash equivalents at end of period</b>	<b>78,884</b>	<b>65,268</b>
<b>Cash &amp; cash equivalents at end of period comprise:</b>		
Deposits with licensed banks	5,440	16,075
Licensed Fund Management Companies-Fixed income fund	6,636	12,668
Cash in hand and at banks	72,138	41,758
	84,214	70,501
Less : Bank Balance Pledged-Escrow Account	(5,330)	(5,233)
	<b>78,884</b>	<b>65,268</b>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2015 and the accompanying notes attached to this interim financial report.)



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## Notes to the Interim financial report for the Fourth Quarter ended 31 March 2016

### 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 Standards 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 Group for the financial year ended 31 March 2015 except for the adoption of the following new Malaysian Financial Reporting Standards (“MFRS”):

#### MFRSs

Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010 – 2012 cycle	
Annual Improvements to MFRSs 2011 – 2013 cycle	

The adoption of these new and revised MFRSs did not result in significant changes in the accounting policies of the Group and had no significant effect on the financial performance or position of the Group.

#### Standards in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and revised Standards which were in issue but not yet effective and not early adopted by the Group are as listed below:

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014) <sup>2</sup>
MFRS 14	Regulatory Deferral Accounts <sup>1</sup>
MFRS 15	Revenue from Contracts with Customers <sup>2</sup>
MFRS 16	Lease <sup>5</sup>
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception <sup>1</sup>
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture <sup>4</sup>
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>1</sup>
Amendments to MFRS 101	Disclosure Initiative <sup>1</sup>



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Amendments to MRS 107	Disclosure Initiative <sup>3</sup>
Amendments to MFRS 112	Recognition of Deferred Tax Assets Under Unrealised Losses <sup>3</sup>
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>1</sup>
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants <sup>1</sup>
Amendments to MFRS 127	Equity Method in Separate Financial Statements <sup>1</sup>
Annual Improvements to MFRSs 2012 – 2014 cycle <sup>1</sup>	

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
- <sup>4</sup> Effective date deferred to a date to be determined and announced, with earlier application still permitted.
- <sup>5</sup> Effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted provided MFRS 15 is also applied.

The directors anticipate that the adoption of the abovementioned standards, when they become effective, are not expected to have material impact on the financial statements of the Group in the period of initial application.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2015 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 Group for the financial year ended 31 March 2015 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.



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## **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) During the current quarter ended 31 March 2016, a total of 125,700 new ordinary shares of RM0.50 each were allotted and issued pursuant to the Company's Employees Share Option Scheme.
- (b) For the financial year-to-date ended 31 March 2016, a total of 161,700 new ordinary shares of RM0.50 each were allotted and issued pursuant to the Company's Employees Share Option Scheme.
- (c) For the financial year-to-date ended 31 March 2016, a total of 820,433,757 new ordinary shares of RM0.50 each were issued pursuant to the Company's bonus issue exercise
- (d) For the financial year-to-date ended 31 March 2016, a total of 18,875,724 new ordinary shares of RM0.50 each were allotted and issued pursuant to the Company's Warrants.

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. Dividends Paid**

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

- (a) Third interim single tier exempt dividend of 3 sen per share amounting to RM24,457,101.96 in respect of the financial year ended 31 March 2015, declared on 5 May 2015 and paid on 18 June 2015.
- (b) Final single tier exempt dividend of 4 sen per share amounting to RM32,817,350.28 in respect of the financial year ended 31 March 2015, declared on 25 August 2015 and paid on 30 September 2015.
- (c) First interim single tier exempt dividend of 2 sen per share amounting to RM32,817,350.28 in respect of the financial year ended 31 March 2016, declared on 5 November 2015 and paid on 30 December 2015.
- (d) Second interim single tier exempt dividend of 2 sen per share amounting to RM32,820,420.28 in respect of the financial year ended 31 March 2016, declared on 16 February 2016 and paid on 30 March 2016.

## **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.



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## 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 2016
	RM'000
Approved and contracted for	478,626
Approved but not contracted for	888,381
Total	<u>1,367,007</u>

## A11. Material Events Subsequent to the End of Period Reported

There were no material events subsequent to 31 March 2016 up to latest practicable date 27 April 2016 that have not been reflected in the financial statements for the current quarter and financial year-to-date.

## A12. Changes in the Composition of the Group

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

## 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.





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## 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 2016	4th Quarter Ended 31 Mar 2015	Variance		Year-To- Date 31 Mar 2016	Year-To- Date 31 Mar 2015	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	400,429	305,110	95,319	31.2	1,498,312	1,145,960	352,352	30.7
Profit before tax	71,185	67,331	3,854	5.7	317,351	276,881	40,470	14.6

The Group's performance for the quarter under review and the corresponding quarter are as follows:

- For the 4th quarter, the Group's revenue increased by 31.2% and the profit before tax increased by 5.7%. The significant increase in revenue and profit before tax is in line with the Group's continuous expansion in production capacity and increase in demand. The strengthening of the USD also contributed to the increase in revenue.
- The increase in profit before tax by 5.7% is basically due to increase in contribution from new production lines from the NGC plants. The operating profit margin reduced from 22.2% to 13.1% due to more competitive sales pricing, increase in raw material price, natural gas cost, maintenance cost, depreciation and other overheads.

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

The Group's revenue increased by 30.7% and the profit before tax increased by 14.6%. The significant increase in revenue and profit before tax is in line with the Group's continuous expansion in production capacity and increase in demand. The strengthening of the USD also contributed to the increase in revenue. The operating profit margin reduced from 24.1% to 21.1% basically due to reduction in average selling price and increase in natural gas cost.

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

	Current Quarter ended 31 Mar 2016	Preceding Quarter ended 31 Dec 2015	Variance	
	RM'000	RM'000	RM'000	%
Revenue	400,429	398,023	2,406	0.6
Profit before tax	71,185	91,173	(19,988)	-21.9



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For the current quarter, the Group's revenue was 0.6% higher and profit before tax reduced by 21.9% when compared with the preceding quarter. The increase in revenue is basically due to increase in demand but offset by the weakening of the USD and more competitive sales pricing. The operating profit margin reduced from 22.7% to 13.1% due to reduction in average selling price, increase in natural gas cost, maintenance cost, depreciation and other overheads. The profit before tax was after the recognition of net foreign exchange gain of RM19,482,000 compared with the preceding quarter net foreign exchange gain of RM707,000.

## **B3. Commentary on Prospects and Targets**

The global demand for nitrile rubber gloves continued to register double digit growth rate due to switching momentum from latex to nitrile rubber gloves and increasing healthcare requirements. 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. However, average selling price has generally been lower due to weak raw material price and more competitive product selling price. The lower selling price and sustaining demand will support efforts to open new markets.

In order to meet the rising demand for medical gloves, we have embarked on a new stage of progress with our Next Generation Integrated Glove Manufacturing Complex (NGC) which will have six high capacity manufacturing plants with 72 production lines. Upon completion of NGC project, Hartalega will add 28.5 billion pieces aggregating to total installed capacity of 42 billion pieces per year. The total budgeted project cost including land will cost about RM2.26 billion. The project started with the construction of Plant 1 and Plant 2 in the 4th quarter of calendar year 2013 and the entire project is expected to take 8 years to complete. We have completed Plant 1 and 2 and have started the construction of plant 3 and 4 which will commence production towards the end of calendar year 2016. We take cognizance of market demand trends and will plan and schedule capacity to grow in tandem with our customer demands.

We also take note of the high start-up cost at NGC impacting earnings and are undertaking organization-wide cost management program to address this matter. These concerted long term efforts in cost management coupled with economies of scale will result in productivity gains to mitigate margin contraction.

## **B4. Variance of Profit Forecast/Profit Guarantee**

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



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## B5. Profit For The Period

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

	4th Quarter Ended 31 Mar 2016	4th Quarter Ended 31 Mar 2015	Year-To- Date 31 Mar 2016	Year-To- Date 31 Mar 2015
	RM'000	RM'000	RM'000	RM'000
Interest income	259	348	1,249	1,275
Other income including investment income	1,001	761	4,509	6,533
Interest expense	111	(27)	(376)	(109)
Depreciation and amortisation	(21,059)	(12,895)	(70,624)	(45,880)
Provision and write off of bad debts	-	-	-	(88)
Foreign exchange gain/(loss)-realised	3,074	(7,469)	(22,686)	(8,778)
Foreign exchange gain/(loss)-unrealised	3,011	2,451	4,905	8,856
Fair value gain/(loss) on derivatives	13,397	6,842	15,945	(3,892)

## B6. Taxation

	Current quarter RM'000	Current year-to- date RM'000
Current tax expense	7,530	53,367
Deferred tax expense	2,066	4,809
(Over)/Under provision in prior years	(176)	1,181
	<u>9,420</u>	<u>59,357</u>

The effective tax rate of the Group is lower than the statutory tax rate is mainly due to the utilisation of tax incentives in some of the local subsidiaries.

## B7. Status of Corporate Proposal

As at the latest practicable date, 27 April 2016, 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 2016 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term borrowings</u>			
Term Loans (USD denominated)	-	-	-
Term Loans(RM denominated)	159	-	159
Bank Borrowings (USD denominated)	-	40,769	40,769
Finance Lease (USD denominated)	30	-	30
	<u>189</u>	<u>40,769</u>	<u>40,958</u>



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	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long term borrowings</u>			
Term Loans (USD denominated)	206,953	-	206,953
Term Loans (RM denominated)	103	-	103
Finance Lease (USD denominated)	36	-	36
	<u>207,092</u>	<u>-</u>	<u>207,092</u>

## B9. Financial Derivative Instruments

As at 31 March 2016, 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	458,610	472,608

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 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 assets amounting to RM13,998,000 has been recognised in the financial statements.

## B10. Realised and Unrealised Profits/Losses Disclosure

	As at 31/03/2016 RM'000	As at 31/03/2015 RM'000
Total retained profits of Hartalega Holdings Berhad and its subsidiaries:		
- Realised	809,105	760,122
- Unrealised	(41,151)	(48,163)
	<u>767,954</u>	<u>711,959</u>
Less: Consolidation adjustments	(105,935)	(97,535)
Total group retained profits as per consolidated accounts	<u>662,019</u>	<u>614,424</u>



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## B11. Material Litigation

As at the latest practicable date, 27 April 2016, there are no material litigations against the Group or taken by the Group saved as disclosed below:

Mr. Seow Hoon Hin (the "Plaintiff"), a shareholder of the Company and a former shareholder of Hartalega Sdn. Bhd. ("HSB") vs Hartalega Holdings Berhad ("the Company" or "1<sup>st</sup> Defendant"), HSB ("2<sup>nd</sup> Defendant") and three (3) individuals (3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> defendant") (collectively "the Defendants") (Kuala Lumpur High Court Writ and Statement of Claim).

The Plaintiff has instituted legal proceedings against the Defendants by filing 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 the Company on 24 March 2011.

The Plaintiff claims against the Defendants for the following:

- (i) he had delivered to the 3<sup>rd</sup> Defendant, acting on behalf of the 2<sup>nd</sup> Defendant substantial part of another two (2) assembly lines for the manufacture of gloves for storage at the 2<sup>nd</sup> Defendant's factory to which he purportedly intended to be reimbursed for. The Plaintiff contends that the 3<sup>rd</sup> Defendant (whom the Plaintiff contends is the controlling mind and person behind the 2<sup>nd</sup> Defendant) has represented to him that the said parts would be kept in the possession of the 2<sup>nd</sup> Defendant as a trustee for the Plaintiff;
- (ii) the Plaintiff contends that the 2<sup>nd</sup> Defendant had in flagrant breach of trust utilised the said parts to assemble another 2 assembly lines for the manufacture of latex gloves and that the 2<sup>nd</sup> Defendant had in breach of trust converted the same for its use and acquired proceeds and/or profits from the assembly of the said parts and as a consequence thereof has purportedly been unjustly enriched
- (iii) the Plaintiff further claims that there was a conspiracy to injure the Plaintiff by the 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> Defendant culminating in the share allotment on 4 April 2005. The Plaintiff states that 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> Defendant had agreed to use the said allotment of shares for the predominant purpose of injuring the Plaintiff and that the said allotment was done pursuant to a purported agreement between the 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> Defendants to injure the Plaintiff resulting in damage and loss to him;
- (iv) that the 2<sup>nd</sup> Defendant is a trustee for the unpaid dividends amounting to RM488,765.25 due and owing to the Plaintiff; and
- (v) that the Company is guilty of negligent misstatement or alternatively in breach of statutory duty pursuant to Section 357 of the Capital Markets and Services Act, 2007 ("CMSA") read together with, inter alia, Section 214 of the CMSA and/or tort of breach of statutory duty pursuant to Section 177 and/or Section 179 of the CMSA.

The Plaintiff claims against the Company for the following:

- (i) damages for negligent misstatement or alternatively of breach of statutory duty pursuant to Section 357 of the CMSA read together with, inter alia, Section 214 of the CMSA and/or tort of breach of statutory duty pursuant to Section 177 and/or Section 179 of the CMSA;
- (ii) interest on the said damages at the rate of 8% per annum or any other rate deemed appropriate from 7 April 2008 or such other date deemed appropriate until full satisfaction thereof;
- (iii) such further or other relief the Court deems fit; and
- (iv) costs.



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The matter has since gone for trial on 5, 6, 7 December 2012, 29 and 30 January 2013 and 1 and 2 April 2013 in which the trial has been concluded. The Judge heard parties' oral submissions on 19 March 2014, 2 May 2014, 5 May 2014, 9, 10, 11 and 13 June 2014. Although initially fixed for decision on 5 August 2014 and then 13 November 2014, the matter was subsequently postponed.

Yang Arif Dato' Has Zanah binti Mehat gave her decision on 12 December 2014, wherein she held as follows:

- (i) That the Plaintiff has failed in all claims against the Defendants, as prayed for in his Statement of Claim; and
- (ii) That the Plaintiff's action be dismissed with costs of RM150,000.00 to the 1<sup>st</sup> to 3<sup>rd</sup> Defendants and RM50,000.00 each to the 4<sup>th</sup> and 5<sup>th</sup> Defendants.

On 8 January 2015 the Plaintiff filed a Notice of Appeal against the decision of the High Court and the matter has been fixed for hearing on 5 May 2016.

The directors of the Company, in consultation with the solicitors, are of the opinion that there is no real merit in the Appellant's appeal. Accordingly, the Group has not made any provision on the financial statements.

## **B12. Dividend**

On 3 May 2016, the board has declared a third interim dividend of 2.0 sen per share single tier in respect of the financial year ended 31 March 2016 and payable on 23 June 2016. The entitlement date has been fixed on 7 June 2016.

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 7 June 2016 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.



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## B13. Earnings per Share

<b>Basic Earnings Per Share</b>	Current Quarter Ended 31/03/2016	Corresponding Quarter Ended 31/03/2015	Current Year-To- Date 31/03/2016	Corresponding Year-To-Date 31/03/2015
Profit attributable to owners of the parent (RM'000)	61,717	54,969	257,595	209,733
Number of shares in issue as at beginning of the year ('000)	801,558	747,032	801,558	747,032
Effect of exercise of ESOS ('000)	36	2,891	36	2,891
Effect of exercise of Warrants ('000)	17,841	26,577	17,841	26,577
Effect of Bonus Issue ('000)	820,434	779,333	820,434	779,333
Weighted average number of ordinary shares in issue ('000)	1,639,869	1,555,833	1,639,869	1,553,833
Basic earnings per share (sen)	3.76	3.53	15.71	13.48
<b>Diluted Earnings Per Share</b>	Current Quarter Ended 31/03/2016	Corresponding Quarter Ended 31/03/2015	Current Year-To- Date 31/03/2016	Corresponding Year-To-Date 31/03/2015
Profit attributable to owners of the parent (RM'000)	61,717	54,969	257,595	209,733
Weighted average number of ordinary shares in issue ('000)	1,639,869	1,553,833	1,639,869	1,553,833
Effect of dilution : share options ('000)	12,237	-	12,237	-
Effect of dilution : warrants ('000)	-	7,890	-	7,890
Adjusted weighted average number of ordinary shares in issue and issuable('000)	1,652,106	1,563,723	1,652,106	1,563,723
Diluted earnings per share (sen)	3.74	3.52	15.59	13.41

For comparative purpose, the Earnings Per Share for the corresponding quarter and year to date ended 31 March 2015 had been adjusted to reflect the bonus issue of 1 for 1 existing ordinary shares of RM0.50 each which was completed on 17 September 2015.