

**HARTELEGA HOLDINGS BERHAD**(Company No. 741883-X)  
**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the third quarter ended 31 December 2018 (Unaudited)**

	Current Quarter Ended 31 Dec 2018 RM'000	Corresponding Quarter Ended 31 Dec 2017 RM'000	Current Year-To-Date 31 Dec 2018 RM'000	Corresponding Year-To-Date 31 Dec 2017 RM'000
Revenue	723,393	603,139	2,143,990	1,788,797
Operating expenses	(572,263)	(470,514)	(1,681,961)	(1,417,645)
Operating Profit	151,130	132,625	462,029	371,152
Other operating income/(expense)	1,649	8,257	(16,127)	26,327
Profit before interest and tax	152,779	140,882	445,902	397,479
Finance costs	(2,778)	(2,025)	(7,716)	(5,641)
Profit before tax	150,001	138,857	438,186	391,838
Taxation	(30,666)	(25,734)	(73,382)	(68,548)
Net profit for the period	119,335	113,123	364,804	323,290
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss				
Foreign exchange translation difference	(266)	(634)	(508)	(833)
Total comprehensive income for the period	119,069	112,489	364,296	322,457
Profit attributable to:				
Owners of the Company	119,755	113,023	364,844	322,749
Non-controlling interest	(420)	100	(40)	541
	119,335	113,123	364,804	323,290
Total comprehensive income attributable to:				
Owners of the Company	119,536	112,505	364,440	321,936
Non-controlling interest	(467)	(16)	(144)	521
	119,069	112,489	364,296	322,457
EPS - Basic ( sen )	3.60	3.43 *	10.97	9.78 *
- Diluted ( sen )	3.54	3.38 *	10.78	9.65 *

\*For comparative purpose, the Earnings Per Share for the corresponding quarter and year to date ended 31 December 2017 had been adjusted to reflect the bonus issue of 1 for 1 existing ordinary shares which was completed on 28 March 2018.

(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 2018 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 December 2018**

	<i>Unaudited</i> <i>At 31 Dec 2018</i> <i>RM'000</i>	<i>Audited</i> <i>At 31 Mar 2018</i> <i>RM'000</i>
<b>ASSETS</b>		
<b>Non current assets</b>		
Property, Plant & Equipment	1,635,116	1,589,456
Capital work in progress	352,170	155,143
Intangible assets	18,881	20,245
Deferred tax assets	1,052	776
	2,007,219	1,765,620
<b>Current assets</b>		
Inventories	328,287	291,274
Trade receivables	418,208	323,710
Other receivables, deposits and prepayments	86,134	82,185
Tax assets	7,154	3,330
Derivatives	480	9,299
Cash & cash equivalents	173,121	156,561
	1,013,384	866,359
<b>TOTAL ASSETS</b>	3,020,603	2,631,979
<b>EQUITY AND LIABILITIES</b>		
Share capital	1,364,591	1,312,309
Reserves	838,752	681,920
<b>Equity attributable to owners of the Company</b>	2,203,343	1,994,229
<b>Non-controlling interests</b>	3,019	3,163
<b>Total Equity</b>	2,206,362	1,997,392
<b>Non current liabilities</b>		
Long term borrowings	123,666	122,273
Deferred tax liabilities	118,490	98,763
	242,156	221,036
<b>Current liabilities</b>		
Trade payables	102,728	104,473
Other payables and accruals	159,557	114,195
Short term borrowings	299,502	194,371
Tax payables	10,298	512
	572,085	413,551
<b>Total Liabilities</b>	814,241	634,587
<b>TOTAL EQUITY AND LIABILITIES</b>	3,020,603	2,631,979
Net assets per share attributable to the owners of the Company (RM)	0.66	0.60

(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 2018 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 third quarter ended 31 December 2018 (Unaudited)**

	←-----Attributable to Owners of the Company-----→					<i>Non-controlling Interest</i> RM'000	<i>Total Equity</i> RM'000	
	<i>Share Capital</i> RM'000	<i>Share Premium</i> RM'000	<i>Translation Reserve</i> RM'000	<i>Share-based Payment Reserve</i> RM'000	<i>Retained Profits</i> RM'000			<i>Sub Total</i> RM'000
<b>9 Months Ended 31 December 2018</b>								
<b>Balance as at 1 April 2018</b>	1,312,309	-	(707)	42,350	640,277	1,994,229	3,163	1,997,392
Total comprehensive income for the period	-	-	(404)	-	364,844	364,440	(144)	364,296
<b>Transaction with owners</b>								
Dividends	-	-	-	-	(212,620)	(212,620)	-	(212,620)
Share-based payment granted under ESOS	-	-	-	17,650	-	17,650	-	17,650
Issuance of bonus share	-	-	-	-	-	-	-	-
Issuance of ordinary shares pursuant to ESOS	39,644	-	-	-	-	39,644	-	39,644
Transfer from Share-based payment upon exercise of ESOS	12,638	-	-	(12,638)	-	-	-	-
Total transaction with owners	52,282	-	-	5,012	(212,620)	(155,326)	-	(155,326)
<b>Balance as at 31 December 2018</b>	<b>1,364,591</b>	<b>-</b>	<b>(1,111)</b>	<b>47,362</b>	<b>792,501</b>	<b>2,203,343</b>	<b>3,019</b>	<b>2,206,362</b>
<b>9 Months Ended 31 December 2017</b>								
<b>Balance as at 1 April 2017</b>	830,316	-	805	37,508	813,532	1,682,161	2,625	1,684,786
Total comprehensive income for the period	-	-	(813)	-	322,749	321,936	521	322,457
<b>Transaction with owners</b>								
Dividends	-	-	-	-	(131,958)	(131,958)	-	(131,958)
Share-based payment granted under ESOS	-	-	-	14,838	-	14,838	-	14,838
Issuance of ordinary shares pursuant to ESOS	39,609	-	-	-	-	39,609	-	39,609
Transfer from Share-based payment upon exercise of ESOS	11,616	-	-	(11,616)	-	-	-	-
Transfer arising from "no par value" regime	-	-	-	-	-	-	-	-
Total transaction with owners	51,225	-	-	3,222	(131,958)	(77,511)	-	(77,511)
<b>Balance as at 31 December 2017</b>	<b>881,541</b>	<b>-</b>	<b>(8)</b>	<b>40,730</b>	<b>1,004,323</b>	<b>1,926,586</b>	<b>3,146</b>	<b>1,929,732</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 2018 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 third quarter ended 31 December 2018 (Unaudited)**

	Current Year-To-Date 31 Dec 2018 RM'000	Corresponding Year-To-Date 31 Dec 2017 RM'000
<b>Cash Flows from/(used in) Operating Activities</b>		
Profit before tax	438,186	391,838
Adjustments for:		
Depreciation and amortisation	75,485	64,448
Other adjustments	39,121	857
<b>Operating profit before changes in working capital</b>	<b>552,792</b>	<b>457,143</b>
<b>Changes in working capital</b>		
Net change in inventories	(37,013)	(1,601)
Net change in receivables	(108,959)	(87,043)
Net change in payables	43,615	15,614
Cash generated from operations	450,435	384,113
Interest received	1,704	941
Income from fixed income fund	3,389	3,251
Tax refunded	138	114
Taxation paid	(48,116)	(39,294)
<b>Net cash from operating activities</b>	<b>407,550</b>	<b>349,125</b>
<b>Cash Flows from/(used in) Investing Activities</b>		
Proceeds from disposal of property, plant and equipment	618	58
Capital work in progress incurred	(298,041)	(162,330)
Purchase of property, plant and equipment	(18,222)	(21,885)
Purchase of intangible asset	(1,178)	(46)
<b>Net cash used in investing activities</b>	<b>(316,823)</b>	<b>(184,203)</b>
<b>Cash Flows from/(used in) Financing Activities</b>		
Draw down of term loan	149,425	14,224
Repayment of term loans	(133,369)	(54,627)
Repayment of finance lease	-	(27)
Net change in bank borrowings	90,468	24,615
Interest paid	(7,716)	(5,640)
Proceeds from issuance of shares-ESOS	39,645	39,609
Dividend paid	(212,620)	(131,958)
<b>Net cash from financing activities</b>	<b>(74,167)</b>	<b>(113,804)</b>
<b>Net change in cash &amp; cash equivalents</b>	<b>16,560</b>	<b>51,118</b>
<b>Cash &amp; cash equivalents at beginning of period</b>	<b>156,561</b>	<b>121,008</b>
<b>Cash &amp; cash equivalents at end of period</b>	<b>173,121</b>	<b>172,126</b>
<b>Cash &amp; cash equivalents at end of period comprise:</b>		
Licensed Fund Management Companies-Fixed income fund	52,677	59,191
Cash in hand and at banks	120,444	112,935
	<b>173,121</b>	<b>172,126</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 2018 and the accompanying notes attached to this interim financial report.)

**Notes to the Interim financial report for the Third Quarter ended 31 December 2018****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 requirements of paragraph 9.22 (Appendix 9B part A) of the Main Market Listing Requirements (“Listing Requirements”) of the Bursa Malaysia Securities Berhad (“Bursa Securities”) and complies with requirements of the 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”), Companies Act 2016 in Malaysia.

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 2018 except for the adoption of the following new Malaysian Financial Reporting Standards (“MFRS”) and Issue Committee Interpretations (“IC Interpretations”):

**MFRSs**

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 <i>Financial Instruments</i> with MFRS 4 <i>Insurance Contracts</i>
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRSs	Annual Improvements to MFRSs 2014 – 2016 Cycle

The adoption of these standards, amendments and interpretations 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 MFRS, amendments to MFRS and Issue Committee Interpretations (“IC Interpretations”) which were in issue but not yet effective and not early adopted by the Company are as listed below:

MFRS 16	Leases <sup>1</sup>
MFRS 17	Insurance contracts <sup>3</sup>
Amendments to MFRS 9	Prepayment Features with Negative Compensation <sup>1</sup>

Amendments to MFRS 10 and 128	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture <sup>4</sup>
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement <sup>1</sup>
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures <sup>1</sup>
Amendments to MFRS 2	Share- Based Payment <sup>2</sup>
Amendments to MFRS 3	Business Combinations <sup>2</sup>
Amendments to MFRS 14	Regulatory Deferral Accounts <sup>2</sup>
Amendments to MFRS 101	Presentation of Financial Statements <sup>2</sup>
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors <sup>2</sup>
Amendments to MFRS 134	Interim Financial Reporting <sup>2</sup>
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets <sup>2</sup>
Amendments to MFRS 138	Intangible Assets <sup>2</sup>
Amendments to MFRSs	Annual Improvements to MFRSs 2015 – 2017 Cycle <sup>1</sup>
IC Interpretation 23	Uncertainty over Income Tax Payments <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2020, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

<sup>4</sup> Effective date deferred to a date to be determined and announced.

The directors anticipate that the adoption of the abovementioned standards, amendments and interpretations 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 2018 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 2018 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 flows 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 of amount reported previously**

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 December 2018, a total of 6,262,900 new ordinary shares were allotted and issued pursuant to the Company's Employees Share Option Scheme.
- (b) For the financial year-to-date ended 31 December 2018, a total of 18,560,400 new ordinary shares were allotted and issued pursuant to the Company's Employees 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. Dividends Paid**

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

- (a) Third interim single tier exempt dividend of 2.0 sen per share amounting to RM66,260,034.56 in respect of the financial year ended 31 March 2018, declared on 15 May 2018 and paid on 27 June 2018.
- (b) Final single tier exempt dividend of 2.2 sen per share amounting to RM73,133,780.11 in respect of the financial year ended 31 March 2018, declared on 3 July 2018 and paid on 28 September 2018.
- (c) First interim single tier exempt dividend of 2.2 sen per share amounting to RM73,226,182.33 in respect of the financial year ending 31 March 2019, declared on 8 November 2018 and paid on 28 December 2018.

### **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 December 2018
	RM'000
Approved and contracted for	<u>270,174</u>

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

There were no material events subsequent to 31 December 2018 up to latest practicable date 7 February 2019 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.

**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**

	3rd Quarter Ended 31 Dec 2018	3rd Quarter Ended 31 Dec 2017	Variance		Year-To- Date 31 Dec 2018	Year-To- Date 31 Dec 2017	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	723,393	603,139	120,254	19.9	2,143,990	1,788,797	355,193	19.9
Operating profit	151,130	132,625	18,505	14.0	462,029	371,152	90,877	24.5
Profit before interest and tax	152,779	140,882	11,897	8.4	445,902	397,479	48,423	12.2
Profit before tax	150,001	138,857	11,144	8.0	438,186	391,838	46,348	11.8
Profit after tax	119,335	113,123	6,212	5.5	364,804	323,290	41,514	12.8
Profit attributable to ordinary equity holders of the parents	119,755	113,023	6,732	6.0	364,844	322,749	42,095	13.0

**Q3 FY2019 vs Q3 FY2018**

For the 3rd quarter, the Group achieved sales revenue of RM723.4 million, representing an improvement of RM120.3 million or 19.9% from corresponding quarter in preceding year. The higher sales revenue achieved was attributed to stronger demand for nitrile gloves and higher average selling price coupled with growth in sales volume of 9.6%

Profit before tax was higher by RM11.1 million or 8.0%, in tandem with higher sales achieved. The improvement in sales revenue was contributed by growing demand from customers and higher average selling price in tandem with increase in nitrile cost.

**9M FY2019 vs 9M FY2018**

The Group achieved sales revenue of RM2.14 billion in the current period, representing an increment of RM355.2 million or 19.9% from RM1.79 billion recorded in corresponding period in preceding year. The growth in sales revenue was contributed by improvement in sales volume of 11.6% in tandem with growing demands for nitrile gloves and continuous expansion in improving production capacity. The increase in sales revenue is also contributed by higher average selling price.

Profit before tax registered an increase of RM46.4 million or 11.8%, with improvement from RM391.8 million to RM438.2 million. The increase in profit before tax was driven by higher sales volume attributed to favourable demand from customers and additional production capacity.



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

	Current Quarter ended 31 Dec 2018	Preceding Quarter ended 30 Sep 2018	Variance	
	RM'000	RM'000	RM'000	%
Revenue	723,393	714,244	9,149	1.3
Operating profit	151,130	155,968	(4,838)	(3.1)
Profit before interest and tax	152,779	144,869	7,910	5.5
Profit before tax	150,001	142,352	7,649	5.4
Profit after tax	119,335	120,381	(1,046)	(0.9)
Profit attributable to ordinary equity holders of the parents	119,755	120,216	(461)	(0.4)

### Q3 FY2019 vs Q2 FY2019

Revenue for the quarter rose to RM723.4 million from RM714.2 million, improved by RM9.2 million or 1.3%. The increase in sales revenue was contributed by increase in sales volume.

Operating profit eased by RM4.8 million from RM155.9 million to RM151.1 million mainly due to higher energy and maintenance cost.

Profit before tax for the quarter increased by RM7.6 million or 5.4% mainly due to higher sales revenue achieved and a small net foreign exchange gain as compared with preceding quarter.

Profit after tax eased by RM1.0 million from RM120.3 million to RM119.3 million due to increase in provision of tax and deferred tax expense.

### B3. Commentary on Prospects and Targets

The global demand for rubber gloves continues to grow with demand supply dynamics in healthy balance. Nitrile glove now accounts for 63% of Malaysian rubber glove export.

In meeting the rising demand, Plant 5 of NGC facility has commissioned 6 out of 12 lines with remaining production lines to come on progressively. Construction of Plant 6 structure have started and the supporting facilities to follow in second half of calendar year 2019. Plant 5 and Plant 6 will each have annual installed capacity of 4.7 billion pieces. A new plant – Plant 7 is also in the expansion pipeline catering to small orders focusing more on specialty products. Plant 7 will have an annual installed capacity of 2.6 billion pieces. The increasing contribution of NGC to Group sales revenue will contribute further to Group earnings.

Since the launch of antimicrobial gloves (AMG) in UK, Hartalega has received orders from customers in over 10 countries. The company is also working on securing Federal Drug Administration (FDA) approval for US market where there is greater awareness among US healthcare professionals on the dangers of healthcare-associated infections. The FDA approval will provide a strong third party testament to the safety and effectiveness of the product. As the new medical product is in its introduction and education phase, we expect AMG to contribute meaningfully in the coming years. Sales of the AMG is also expected to gain momentum as it will be priced competitively to ensure quick market acceptance.

Moving forward, the glove industry is expected to face a challenging business environment which includes increased competition and cost increases such as the minimum wage increase effective January 2019. However, Hartalega remains optimistic of the longer term prospects moving forward underpinned by growing demand for rubber gloves, ongoing NGC expansion and potential growth of AMG market share.

**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 crediting/(charging):

	3rd Quarter Ended 31 Dec 2018	3rd Quarter Ended 31 Dec 2017	Year-To- Date 31 Dec 2018	Year-To- Date 31 Dec 2017
	RM'000	RM'000	RM'000	RM'000
Interest income	584	437	1,704	941
Other income including investment income	1,648	1,233	3,558	3,250
Interest expense	(2,778)	(2,025)	(7,716)	(5,641)
Depreciation and amortisation	(26,203)	(22,519)	(75,485)	(64,448)
Foreign exchange gain/(loss)-realised	(6,574)	5,062	(1,675)	7,541
Foreign exchange gain/(loss)-unrealised	(3,655)	(384)	(9,916)	6,233
Fair value gain/(loss) on derivatives	10,358	2,178	(8,818)	8,798
Impairment loss on trade receivables	(515)	-	(597)	-



# Hartalega

Hartalega Holdings Berhad (741883-X)

## B6. Taxation

	Current quarter	Current year-to-date
	RM'000	RM'000
Current tax expense	23,725	53,949
Deferred tax expense	6,950	19,442
Over-provision in prior years	(9)	(9)
	<u>30,666</u>	<u>73,382</u>

The effective tax rate of the Group is lower than the statutory tax rate 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, 7 February 2019, 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 December 2018 are as follows:

	3rd Quarter Ended 31 Dec 2018		3rd Quarter Ended 31 Dec 2017			
	Foreign denomination	RM	Foreign denomination	RM		
	'000	'000	'000	'000		
<u>Short term borrowings</u>						
<u>Secured</u>						
Term Loans (USD)	USD	45,315	187,648	USD	19,041	77,384
Finance Lease (USD)	USD	-	-	USD	3	13
			<u>187,648</u>			<u>77,397</u>
<u>Unsecured</u>						
Bank Borrowings (USD)	USD	27,011	111,854	USD	25,290	102,778
			<u>111,854</u>			<u>102,778</u>
			<u>299,502</u>			<u>180,175</u>
<u>Long term borrowings</u>						
<u>Secured</u>						
Term Loans (USD)	USD	29,864	123,666	USD	28,064	114,053
Term Loans (RM)		-	-		-	-
			<u>123,666</u>			<u>114,053</u>

Total borrowings

Term Loans (USD)	USD	75,179	299,502	USD	47,105	191,437
Finance Lease (USD)	USD	-	-	USD	3	13
Bank Borrowings (USD)	USD	27,011	123,666	USD	25,290	102,778
			<u>423,168</u>			<u>294,228</u>
Exchange Rate RM to USD1.00			4.141			4.064

**B9. Financial Derivative Instruments**

As at 31 December 2018, 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	661,043	661,223
-AUD denominated	22,032	22,332

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 RM480,000 has been recognised in the financial statements.

**B10. Material Litigation**

As at the latest practicable date, 7 February 2019, 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.

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, and 9, 10, 11 and 13 June 2014. Decision was pronounced on 12 December 2014, wherein the learned Judge held the following:

- (i) That the Plaintiff has failed in all claims against the Defendants, as prayed for in the 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.

The Plaintiff filed a Notice of Appeal on 8 January 2015 against the entire Judgement of the Kuala Lumpur High Court dated 12 December 2014 which dismissed the plaintiff's claims.

The hearing before the Court of Appeal which was initially fixed on 15 September 2016 had been adjourned to 5 December 2016 and 6 December 2016. However, the hearing did not proceed on 5 December 2016 and 6 December 2016 but was subsequently adjourned to 29 March 2017. Further, the hearing did not proceed on 29 March 2017 and was adjourned to 20 July 2017. On 20 July 2017 and 18 August 2017, the appeal was heard in part. The continued hearing initially scheduled on 31 October 2017 has been rescheduled to 20 December 2017 and 22 December 2017.

The hearing of the appeal was completed on the 20 December 2017 and 22 December 2017. However, the Court has reserved its decision and will deliver the decision on another date to be informed.

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.

#### **B11. Dividend**

On 12 February 2019, the Board has declared a second interim dividend of 2.2 sen per share single tier in respect of the financial year ending 31 March 2019 and payable on 28 March 2019. The entitlement date has been fixed on 8 March 2019.

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 8 March 2019 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.

#### **B12. Earnings per Share**

<b>Basic Earnings Per Share</b>	Current Quarter Ended 31/12/2018	Corresponding Quarter Ended 31/12/2017	Current Year-To- Date 31/12/2018	Corresponding Year-To-Date 31/12/2017
Profit attributable to owners of the parent (RM'000)	119,755	113,023	364,844	322,749
Number of shares in issue as at beginning of the year ('000)	3,311,965	1,643,009	3,311,965	1,643,009
Effect of exercise of ESOS ('000)	12,398	6,782	12,398	6,782
Effect of bonus issue ('000)	-	1,649,791	-	1,649,791
Weighted average number of ordinary shares in issue ('000)	3,324,364	3,299,582	3,324,364	3,299,582
Basic earnings per share (sen)	3.60	3.43	10.97	9.78



# Hartalega

Hartalega Holdings Berhad (741883-X)

<b>Diluted Earnings Per Share</b>	Current Quarter Ended 31/12/2018	Corresponding Quarter Ended 31/12/2017	Current Year-To- Date 31/12/2018	Corresponding Year-To-Date 31/12/2017
Profit attributable to owners of the parent (RM'000)	119,755	113,023	364,844	322,749
Weighted average number of ordinary shares in issue ('000)	3,324,364	3,299,582	3,324,364	3,299,582
Effect of dilution : share options ('000)	58,829	45,036	58,829	45,036
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	3,383,193	3,344,618	3,383,193	3,344,618
Diluted earnings per share (sen)	3.54	3.38	10.78	9.65

For comparative purpose, the Earnings Per Share for the corresponding quarter and year to date ended 31 December 2017 had been adjusted to reflect the bonus issue of 1 for 1 existing ordinary shares which was completed on 28 March 2018.