

HARTALEGA HOLDINGS BERHAD(Company No. 741883-X)**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income****For the first quarter ended 30 June 2019 (Unaudited)**

	Unaudited Current Quarter Ended 30 Jun 2019 RM'000	Unaudited Corresponding Quarter Ended 30 Jun 2018 RM'000	Unaudited Current Year-To-Date 30 Jun 2019 RM'000	Unaudited Corresponding Year-To-Date 30 Jun 2018 RM'000
Revenue	640,101	706,353	640,101	706,353
Operating expenses	(515,591)	(551,238)	(515,591)	(551,238)
Operating Profit	124,510	155,115	124,510	155,115
Other operating income/(expense)	394	(6,862)	394	(6,862)
Profit before interest and tax	124,904	148,253	124,904	148,253
Finance costs	(3,250)	(2,420)	(3,250)	(2,420)
Profit before tax	121,654	145,833	121,654	145,833
Taxation	(27,400)	(20,745)	(27,400)	(20,745)
Net profit for the period	94,254	125,088	94,254	125,088
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation difference for foreign operations	5	(110)	5	(110)
Total comprehensive income for the period	94,259	124,978	94,259	124,978
Profit attributable to:				
Owners of the Company	94,063	124,873	94,063	124,873
Non-controlling interest	191	215	191	215
	94,254	125,088	94,254	125,088
Total comprehensive income attributable to:				
Owners of the Company	94,070	124,789	94,070	124,789
Non-controlling interest	189	189	189	189
	94,259	124,978	94,259	124,978
EPS - Basic (sen)	2.81	3.77	2.81	3.77
- Diluted (sen)	2.77	3.70	2.77	3.70

(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 2019 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 30 June 2019

	<i>Unaudited</i> <i>At 30 June 2019</i> <i>RM'000</i>	<i>Audited</i> <i>At 31 Mar 2019</i> <i>RM'000</i>
ASSETS		
Non current assets		
Property, Plant & Equipment	1,876,282	1,896,232
Capital work in progress	200,953	173,993
Intangible assets	22,633	22,899
Deferred tax assets	1,824	1,529
Right-of-use assets	4,404	-
	2,106,096	2,094,653
Current assets		
Inventories	288,072	275,527
Trade receivables	368,136	402,509
Other receivables, deposits and prepayments	52,871	55,754
Tax assets	20,006	13,260
Cash & cash equivalents	177,302	150,391
	906,387	897,441
TOTAL ASSETS	3,012,483	2,992,094
EQUITY AND LIABILITIES		
Share capital	1,418,055	1,400,986
Reserves	885,393	855,436
Equity attributable to owners of the Company	2,303,448	2,256,422
Non-controlling interests	2,998	2,809
Total Equity	2,306,446	2,259,231
Non current liabilities		
Lease liabilities	3,160	-
Long term borrowings	207,830	195,361
Deferred tax liabilities	140,377	125,615
	351,367	320,976
Current liabilities		
Trade payables	102,111	105,683
Other payables and accruals	111,568	153,842
Lease liabilities	1,251	
Short term borrowings	135,836	148,577
Derivatives	3,289	1,788
Tax payables	615	1,997
	354,670	411,887
Total Liabilities	706,037	732,863
TOTAL EQUITY AND LIABILITIES	3,012,483	2,992,094
Net assets per share attributable to the owners of the Company (RM)	0.69	0.67

(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 2019 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 first quarter ended 30 June 2019 (Unaudited)

	-----Attributable to Owners of the Company-----					<i>Non-controlling Interest</i>	<i>Total Equity</i>
	<i>Share Capital</i>	<i>Translation Reserve</i>	<i>Share-based Payment Reserve</i>	<i>Retained Profits</i>	<i>Sub Total</i>		
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
3 Months Ended 30 June 2019							
Balance as at 1 April 2019	1,400,986	(1,173)	47,423	809,186	2,256,422	2,809	2,259,231
Effect of adoption of MFRS 16 (Note A1)	-	-	-	(4)	(4)	-	(4)
Balance as at 1 April 2019 (Restated)	1,400,986	(1,173)	47,423	809,182	2,256,418	2,809	2,259,227
Total comprehensive income for the period	-	7	-	94,063	94,070	189	94,259
Transaction with owners							
Dividends	-	-	-	(63,577)	(63,577)	-	(63,577)
Share-based payment granted under ESOS	-	-	3,588	-	3,588	-	3,588
Issuance of bonus share	-	-	-	-	-	-	-
Issuance of ordinary shares pursuant to ESOS	12,949	-	-	-	12,949	-	12,949
Transfer from Share-based payment upon exercise of ESOS	4,120	-	(4,120)	-	-	-	-
Total transaction with owners	17,069	-	(532)	(63,577)	(47,040)	-	(47,040)
Balance as at 30 June 2019	1,418,055	(1,166)	46,891	839,668	2,303,448	2,998	2,306,446
3 Months Ended 30 June 2018							
Balance as at 1 April 2018	1,312,309	(707)	42,350	640,277	1,994,229	3,163	1,997,392
Effect of adoption of MFRS 9	-	-	-	(92)	(92)	-	(92)
Balance as at 1 April 2018 (Restated)	1,312,309	(707)	42,350	640,185	1,994,137	3,163	1,997,300
Total comprehensive income for the period	-	(84)	-	124,873	124,789	189	124,978
Transaction with owners							
Dividends	-	-	-	(66,260)	(66,260)	-	(66,260)
Share-based payment granted under ESOS	-	-	4,888	-	4,888	-	4,888
Issuance of bonus share	-	-	-	-	-	-	-
Issuance of ordinary shares pursuant to ESOS	9,605	-	-	-	9,605	-	9,605
Transfer from Share-based payment upon exercise of ESOS	2,996	-	(2,996)	-	-	-	-
Total transaction with owners	12,601	-	1,892	(66,260)	(51,767)	-	(51,767)
Balance as at 30 June 2018	1,324,910	(791)	44,242	698,798	2,067,159	3,352	2,070,511

(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 2019 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 first quarter ended 30 June 2019 (Unaudited)**

	Current Year-To-Date 30 Jun 2019 RM'000	Corresponding Year-To-Date 30 Jun 2018 RM'000
Cash Flows from/(used in) Operating Activities		
Profit before tax	121,654	145,833
Adjustments for:		
Depreciation and amortisation	30,174	24,488
Other adjustments	4,284	20,361
Operating profit before changes in working capital	156,112	190,682
Changes in working capital		
Net change in inventories	(12,544)	10,192
Net change in receivables	49,071	(79,823)
Net change in payables	(57,450)	14,038
Cash generated from operations	135,189	135,089
Interest received	889	520
Income from fixed income fund	1,290	780
Tax refunded	4	-
Taxation paid	(21,059)	(19,793)
Net cash from operating activities	116,313	116,596
Cash Flows from/(used in) Investing Activities		
Proceeds from disposal of property, plant and equipment	206	33
Capital work in progress incurred	(36,156)	(72,286)
Purchase of property, plant and equipment	(742)	(7,032)
Purchase of intangible asset	(163)	(523)
Net cash used in investing activities	(36,855)	(79,808)
Cash Flows from/(used in) Financing Activities		
Draw down of term loan	29,001	52,000
Repayment of term loans	(28,890)	(85,957)
Repayment of lease liabilities	(187)	-
Net change in bank borrowings	1,408	63,614
Interest paid	(3,250)	(2,420)
Proceeds from issuance of shares-ESOS	12,948	9,605
Dividend paid	(63,577)	(66,260)
Net cash from financing activities	(52,547)	(29,418)
Net change in cash & cash equivalents	26,911	7,370
Cash & cash equivalents at beginning of period	150,391	156,561
Cash & cash equivalents at end of period	177,302	163,931
Cash & cash equivalents at end of period comprise:		
Licensed Fund Management Companies-Fixed income fund	70,611	16,458
Cash in hand and at banks	106,691	147,473
	177,302	163,931

(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 2019 and the accompanying notes attached to this interim financial report.)



Notes to the Interim financial report for the First Quarter ended 30 June 2019

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 2019 except for the adoption of the following new Malaysian Financial Reporting Standards (“MFRS”) and Issue Committee Interpretations (“IC Interpretations”):

MFRSs

Amendments to MFRS 9	Prepayment Features with Negative Compensation
MFRS 16	Leases
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRSs	Annual Improvements to MFRSs 2015 – 2017 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.

Impact of the initial application of MFRS 16

The following table is a reconciliation of the carrying amount of the Group's statement of financial position from MFRS 117 to MFRS 16 as at 1 April 2019:

	Opening balance as at 1 April 2019 RM'000	Initial recognition RM'000	Restated opening balance as at 1 April 2019 RM'000
Right-of-use assets	-	450	450
Lease liabilities	-	(454)	(454)
Retained earnings	809,186	(4)	809,182

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:

Amendments to MFRS 2	Share- Based Payment ¹
Amendments to MFRS 3	Business Combinations ¹
Amendments to MFRS 14	Regulatory Deferral Accounts ¹
Amendments to MFRS 101	Presentation of Financial Statements ¹
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors ¹
Amendments to MFRS 134	Interim Financial Reporting ¹
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets ¹
Amendments MFRS 138	Intangible Assets ¹
MFRS 17	Insurance contracts ²
Amendments to MFRS 10 and 128	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2020, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

³ 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 2019 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 2019 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

During the current quarter and financial year-to-date ended 30 June 2019, a total of 5,760,600 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

During the current quarter and financial year-to-date ended 30 June 2019, the Company paid third interim single tier exempt dividend of 1.9 sen per share amounting to RM63,577,285.66 in respect of the financial year ended 31 March 2019, declared on 7 May 2019 and paid on 27 June 2019.



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: -

	30 June 2019
	RM'000
Approved and contracted for	230,439
	<u>230,439</u>

A11. Material Events Subsequent to the End of Period Reported

There were no material events subsequent to 30 June 2019 up to latest practicable date 31 July 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 B10.

B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
B1. Review of Performance of the Company and its Subsidiaries

	1st Quarter Ended 30 Jun 2019	1st Quarter Ended 30 Jun 2018	Variance		Year-To- Date 30 Jun 2019	Year-To- Date 30 Jun 2018	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	640,101	706,353	(66,252)	(9.4)	640,101	706,353	(66,252)	(9.4)
Operating profit	124,510	155,115	(30,605)	(19.7)	124,510	155,115	(30,605)	(19.7)
Profit before interest and tax	124,904	148,253	(23,349)	(15.7)	124,904	148,253	(23,349)	(15.7)
Profit before tax	121,654	145,833	(24,179)	(16.6)	121,654	145,833	(24,179)	(16.6)
Profit after tax	94,254	125,088	(30,834)	(24.6)	94,254	125,088	(30,834)	(24.6)
Profit attributable to ordinary equity holders of the parents	94,063	124,873	(30,810)	(24.7)	94,063	124,873	(30,810)	(24.7)

Q1 FY2020 vs Q1 FY2019

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

- (a) For the 1st quarter, sales revenue amounted to RM640.1 million, a decrease of RM66.3 million or 9.4% from corresponding quarter in preceding year. The lower sales revenue was mainly due to decrease in sales volume for the quarter.
- (b) Profit before tax eased by RM24.2 million or 16.6%, mainly due to lower sales volume and higher packaging, electricity, heat and labour cost.

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

	Current Quarter ended 30 Jun 2019	Preceding Quarter ended 31 Mar 2019	Variance	
	RM'000	RM'000	RM'000	%
Revenue	640,101	683,889	(43,788)	(6.4)
Operating profit	124,510	109,987	14,523	13.2
Profit before interest and tax	124,904	115,845	9,059	7.8
Profit before tax	121,654	113,680	7,974	7.0
Profit after tax	94,254	91,414	2,840	3.1
Profit attributable to ordinary equity holders of the parents	94,063	91,360	2,703	3.0

Q1 FY2020 vs Q4 FY2019

Revenue for the quarter amounted to RM640.1 million, a decrease of RM43.8 million or 6.4%. The lower sales revenue was mainly due to decrease in sales volume for the quarter.

Profit before tax for the quarter increased by RM8.0 million or 7.0% as compared with preceding quarter mainly due to lower cost of upkeep, electricity and packaging.

B3. Commentary on Prospects and Targets

In line with growing rubber glove demand globally, Hartalega will continue with its NGC capacity expansion plans. Plant 5 of NGC facility was fully commissioned during the quarter. Construction of Plant 6 structure is currently underway and the supporting facilities to follow in second half of calendar year 2019 and will have an annual installed capacity of 4.7 billion pieces. Plant 7 is also in the expansion pipeline catering to small orders focusing more on specialty product and will have an annual installed capacity of 3.4 billion pieces. With the progressive commissioning of Plant 6 and 7, Hartalega's annual installed capacity is expected to increase from current 36.6 billion to 44.7 billion pieces by FY2022.

With the ongoing commissioning of new capacity within the industry, capacity growth is currently ahead of demand growth. However, Hartalega believes that the new capacity will gradually be taken up in the coming quarters as industry players regulate expansion and market demand for rubber gloves continues to grow globally. Hartalega expects second half of 2019 to be better in terms of supply-demand balance. Overall, the glove industry will continue to be in expansionary mode.

As business environment continues to remain challenging with rising operating cost such as the recent natural gas tariff hike, Hartalega will continue to embark on cost optimization to mitigate potential margin pressure. In addition, Hartalega will also intensify investment into Industry 4.0 technologies to develop automation solutions, IoT technology & AI solutions in order to reduce dependency on manual labour and enhance operation effectiveness.

Since the launch of the antimicrobial gloves last year, Hartalega has received orders from customers in over 20 countries. The company is also working on securing Federal Drug Administration (FDA) approval for the US market. As the new medical product is in its introductory and educational phase, we expect AMG to contribute more significantly in the coming years.

Moving forward, Hartalega remains optimistic of the longer term prospects underpinned by growing demand for rubber gloves, ongoing NGC expansion and potential growth of AMG sales.

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):

	1st Quarter Ended 30 Jun 2019 RM'000	1st Quarter Ended 30 Jun 2018 RM'000	Year-To- Date 30 Jun 2019 RM'000	Year-To- Date 30 Jun 2018 RM'000
Interest income	889	520	889	520
Other income including investment income	1,311	780	1,311	780
Interest expense	(3,250)	(2,420)	(3,250)	(2,420)
Depreciation and amortisation	(30,174)	(24,488)	(30,174)	(24,488)
Foreign exchange gain/(loss)-realised	1,777	6,483	1,777	6,483
Foreign exchange gain/(loss)-unrealised	(2,003)	2,029	(2,003)	2,029
Fair value gain/(loss) on derivatives	(1,501)	(16,250)	(1,501)	(16,250)
Impairment loss on trade receivables	-	(83)	-	(83)

B6. Taxation

	Current quarter RM'000	Current year-to- date RM'000
Current tax expense	12,460	12,460
Deferred tax expense	14,473	14,473
Over-provision in prior years	467	467
	<u>27,400</u>	<u>27,400</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, 31 July 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 30 June 2019 are as follows:

	1st Quarter Ended 30 Jun 2019		1st Quarter Ended 30 Jun 2018	
	Foreign denomination '000	RM '000	Foreign denomination '000	RM '000
<u>Short term borrowings</u>				
<u>Secured</u>				
Term Loans (USD)	USD 25,526	105,753	USD 30,369	122,692
		<u>105,753</u>		<u>122,692</u>
<u>Unsecured</u>				
Bank Borrowings (USD)	USD 7,261	30,083	USD 22,554	91,120
		<u>30,083</u>		<u>91,120</u>
		<u>135,836</u>		<u>213,812</u>
<u>Long term borrowings</u>				
<u>Secured</u>				
Term Loans (USD)	USD 50,164	207,830	USD 32,794	132,489
		<u>207,830</u>		<u>132,489</u>
<u>Total borrowings</u>				
Term Loans (USD)	USD 75,690	313,583	USD 63,163	255,181
Bank Borrowings (USD)	USD 7,261	30,083	USD 22,554	91,120
		<u>343,666</u>		<u>346,301</u>
Exchange Rate RM to USD1.00		4.143		4.040

B9. Financial Derivative Instruments

As at 30 June 2019, 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	620,319	617,016
-AUD denominated	11,016	11,030

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 liabilities amounting to RM3,289,000 has been recognised in the financial statements.

B10. Material Litigation

As at the latest practicable date, 31 July 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 "1st Defendant"), HSB ("2nd Defendant") and three (3) individuals (3rd, 4th and 5th 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 3rd Defendant, acting on behalf of the 2nd Defendant substantial part of another two (2) assembly lines for the manufacture of gloves for storage at the 2nd Defendant's factory to which he purportedly intended to be reimbursed for. The Plaintiff contends that the 3rd Defendant (whom the Plaintiff contends is the controlling mind and person behind the 2nd Defendant) has represented to him that the said parts would be kept in the possession of the 2nd Defendant as a trustee for the Plaintiff;
- (ii) the Plaintiff contends that the 2nd Defendant had in flagrant breach of trust utilised the said parts to assemble another 2 assembly lines for the manufacture of latex gloves and

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that the 2nd 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 3rd, 4th and 5th Defendant culminating in the share allotment on 4 April 2005. The Plaintiff states that 3rd, 4th and 5th 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 3rd, 4th and 5th Defendants to injure the Plaintiff resulting in damage and loss to him;
- (iv) that the 2nd 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 1st to 3rd Defendants and RM50,000.00 each to the 4th and 5th 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. On 28 June 2019, the Court of Appeal affirmed the decision of the High Court and the Appeal was dismissed with costs of RM50,000 to each respondent.

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On 26 July 2019, Seow Hoon Hin (“Applicant”) by way of a Notice of Motion filed an application for leave to appeal to the Federal Court (“Leave Application”) together with the Affidavit in Support. Case management of the Leave Application is scheduled on 26 August 2019. Based on the current questions of law presented by the Applicant, Hartalega Holdings Berhad in consultation with its solicitors are of the view that the Leave Application has a less probable chance of succeeding in the Federal Court.

B11. Dividend

No dividend was proposed or declared for the current quarter under review.

On 1 July 2019, the Board of Directors proposed a final single tier dividend of 1.9 sen per share in respect of the financial year ended 31 March 2019 which is subject to the approval of the shareholders at the forthcoming Annual General Meeting scheduled on 10 September 2019. If the final dividend is approved, it will be paid on 10 October 2019 to the depositors registered in the Record of Depositors at the close of business on 26 September 2019.

B12. Earnings per Share

Basic Earnings Per Share	Current Quarter Ended 30/06/2019	Corresponding Quarter Ended 30/06/2018	Current Year-To- Date 30/06/2019	Corresponding Year-To-Date 30/06/2018
Profit attributable to owners of the parent (RM'000)	94,063	124,873	94,063	124,873
Number of shares in issue as at beginning of the year ('000)	3,345,187	3,311,965	3,345,187	3,311,965
Effect of exercise of ESOS ('000)	4,914	3,886	4,914	3,886
Weighted average number of ordinary shares in issue ('000)	3,350,101	3,315,851	3,350,101	3,315,851
Basic earnings per share (sen)	2.81	3.77	2.81	3.77
Diluted Earnings Per Share	Current Quarter Ended 30/06/2019	Corresponding Quarter Ended 30/06/2018	Current Year-To- Date 30/06/2019	Corresponding Year-To-Date 30/06/2018
Profit attributable to owners of the parent (RM'000)	94,063	124,873	94,063	124,873
Weighted average number of ordinary shares in issue ('000)	3,350,101	3,315,851	3,350,101	3,315,851
Effect of dilution : share options ('000)	43,049	59,409	43,049	59,409
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	3,393,150	3,375,260	3,393,150	3,375,260
Diluted earnings per share (sen)	2.77	3.70	2.77	3.70