

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 2018 (Unaudited)**

	Unaudited Current Quarter Ended 31 Mar 2018 RM'000	Unaudited Corresponding Quarter Ended 31 Mar 2017 RM'000	Unaudited Current Year-To-Date 31 Mar 2018 RM'000	Audited Corresponding Year-To-Date 31 Mar 2017 RM'000
Revenue	616,841	526,997	2,405,638	1,821,873
Operating expenses	(499,787)	(410,573)	(1,917,432)	(1,435,240)
Operating Profit	117,054	116,424	488,206	386,633
Other operating income/(expense)	20,202	2,483	46,529	(36,638)
Profit before interest and tax	137,256	118,907	534,735	349,995
Finance costs	(2,284)	(402)	(7,925)	(1,018)
Profit before tax	134,972	118,505	526,810	348,977
Taxation	(18,073)	(29,066)	(86,621)	(65,660)
Net profit for the period	116,899	89,439	440,189	283,317
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss				
Foreign exchange translation difference	(889)	614	(1,722)	1,246
Total comprehensive income for the period	116,010	90,053	438,467	284,563
Profit attributable to:				
Owners of the Company	116,646	89,427	439,395	283,001
Non-controlling interest	253	12	794	316
	116,899	89,439	440,189	283,317
Total comprehensive income attributable to:				
Owners of the Company	115,918	89,931	437,854	284,021
Non-controlling interest	92	122	613	542
	116,010	90,053	438,467	284,563
EPS - Basic (sen)	3.53	2.72 *	13.29	8.62 *
- Diluted (sen)	3.47	2.71 *	13.07	8.57 *

*For comparative purpose, the Earnings Per Share for the corresponding quarter and year to date ended 31 March 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 2017 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 2018

	<i>Unaudited At 31 March 2018 RM'000</i>	<i>Audited At 31 Mar 2017 RM'000</i>
ASSETS		
Non current assets		
Property, Plant & Equipment	1,589,452	1,393,169
Capital work in progress	155,074	177,216
Intangible assets	20,245	19,799
Deferred tax assets	1,069	4,876
	<u>1,765,840</u>	<u>1,595,060</u>
Current assets		
Inventories	290,892	270,434
Trade receivables	324,153	254,699
Other receivables, deposits and prepayments	83,002	45,416
Tax assets	2,396	155
Derivatives	9,375	-
Cash & cash equivalents	152,737	121,009
	<u>862,555</u>	<u>691,713</u>
TOTAL ASSETS	<u>2,628,395</u>	<u>2,286,773</u>
EQUITY AND LIABILITIES		
Share capital	1,312,309	830,316
Reserves	682,366	851,845
Equity attributable to owners of the Company	<u>1,994,675</u>	<u>1,682,161</u>
Non-controlling interests	<u>3,238</u>	<u>2,625</u>
Total Equity	<u>1,997,913</u>	<u>1,684,786</u>
Non current liabilities		
Long term borrowings	122,273	162,550
Deferred tax liabilities	98,770	76,421
	<u>221,043</u>	<u>238,971</u>
Current liabilities		
Trade payables	103,772	113,155
Other payables and accruals	111,214	93,816
Short term borrowings	194,376	147,492
Derivatives	77	1,728
Tax payables	-	6,825
	<u>409,439</u>	<u>363,016</u>
Total Liabilities	<u>630,482</u>	<u>601,987</u>
TOTAL EQUITY AND LIABILITIES	<u>2,628,395</u>	<u>2,286,773</u>

Net assets per share attributable to the owners of the Company (RM) 0.60 0.51 *

* For comparative purpose, the Net assets per share attributable to the owners of the Company as at 31 March 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 Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2017 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 2018 (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
12 Months Ended 31 March 2018								
Balance as at 1 April 2017	830,316	-	805	37,508	813,532	1,682,161	2,625	1,684,786
Total comprehensive income for the period	-	-	(1,541)	-	439,395	437,854	613	438,467
Transaction with owners								
Dividends	-	-	-	-	(198,179)	(198,179)	-	(198,179)
Share-based payment granted under ESOS	-	-	-	20,544	-	20,544	-	20,544
Issuance of bonus share	413,996	-	-	-	(413,996)	-	-	-
Issuance of ordinary shares pursuant to ESOS	52,295	-	-	-	-	52,295	-	52,295
Transfer from Share-based payment upon exercise of ESOS	15,702	-	-	(15,702)	-	-	-	-
Total transaction with owners	481,993	-	-	4,842	(612,175)	(125,340)	-	(125,340)
Balance as at 31 March 2018	1,312,309	-	(736)	42,350	640,752	1,994,675	3,238	1,997,913
12 Months Ended 31 March 2017								
Balance as at 1 April 2016	820,515	698	(215)	19,093	661,852	1,501,943	2,083	1,504,026
Total comprehensive income for the period	-	-	1,020	-	283,001	284,021	542	284,563
Transaction with owners								
Dividends	-	-	-	-	(131,321)	(131,321)	-	(131,321)
Share-based payment granted under ESOS	-	-	-	20,017	-	20,017	-	20,017
Issuance of ordinary shares pursuant to ESOS	5,620	1,881	-	-	-	7,501	-	7,501
Transfer from Share-based payment upon exercise of ESOS	1,143	459	-	(1,602)	-	-	-	-
Transfer arising from "no par value" regime	3,038	(3,038)	-	-	-	-	-	-
Total transaction with owners	9,801	(698)	-	18,415	(131,321)	(103,803)	-	(103,803)
Balance as at 31 March 2017	830,316	-	805	37,508	813,532	1,682,161	2,625	1,684,786

(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 2017 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 2018 (Unaudited)**

	Current Year-To-Date 31 Mar 2018 RM'000	Corresponding Year-To-Date 31 Mar 2017 RM'000
Cash Flows from/(used in) Operating Activities		
Profit before tax	526,810	348,977
Adjustments for:		
Depreciation and amortisation	88,118	70,662
Other adjustments	(3,136)	47,217
Operating profit before changes in working capital	611,792	466,856
Changes in working capital		
Net change in inventories	(20,457)	(68,897)
Net change in receivables	(130,613)	(61,184)
Net change in payables	8,015	48,889
Cash generated from operations	468,737	385,664
Interest received	1,324	562
Income from fixed income fund	948	815
Tax refunded	135	-
Taxation paid	(69,677)	(47,828)
Net cash from operating activities	401,467	339,213
Cash Flows from/(used in) Investing Activities		
Proceeds from disposal of property, plant and equipment	58	269
Capital work in progress incurred	(117,119)	(191,321)
Purchase of property, plant and equipment	(145,666)	(48,314)
Purchase of intangible asset	(428)	(372)
Net change in escrow account	-	5,330
Net cash used in investing activities	(263,155)	(234,408)
Cash Flows from/(used in) Financing Activities		
Draw down of term loan	79,587	240,852
Increase of term loan	-	-
Repayment of term loans	(67,252)	(178,835)
Repayment of finance lease	(36)	(26)
Net change in bank borrowings	34,926	-
Interest paid	(7,925)	(1,018)
Proceeds from issuance of shares-ESOS	52,295	7,501
Dividend paid	(198,179)	(131,321)
Net cash from financing activities	(106,584)	(62,847)
Net change in cash & cash equivalents	31,728	41,958
Cash & cash equivalents at beginning of period	121,009	79,051
Cash & cash equivalents at end of period	152,737	121,009
Cash & cash equivalents at end of period comprise:		
Deposits with licensed banks	-	350
Licensed Fund Management Companies-Fixed income fund	12,296	40,088
Cash in hand and at banks	140,441	80,571
	152,737	121,009

(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 2017 and the accompanying notes attached to this interim financial report.)



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Hartalega Holdings Berhad (741883-X)

Notes to the Interim financial report for the Fourth Quarter ended 31 March 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 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 2017 except for the adoption of the following new Malaysian Financial Reporting Standards (“MFRS”):

MFRSs

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets Under Unrealised Losses

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) ¹
MFRS 15	Revenue from Contracts with Customers ¹
Amendments to MFRS 2	Classification and measurement of Share-based Payment Transactions ¹
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts ¹
Amendments to MFRS 16	Leases ²
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture ³
Amendments to MFRS 140	Transfers of Investment Property ¹



Amendments to MFRSs	Annual Improvement to MFRSs 2014 – 2016 cycle ¹
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration ¹
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures ⁴
Amendments to MFRS 9	Prepayment Features with Negative Compensation ⁴
Amendments to MFRS 2	Share- Based Payment ⁵
Amendments to MFRS 3	Business Combinations ⁵
Amendments to MFRS 14	Regulatory Deferral Accounts ⁵
Amendments to MFRS 101	Presentation of Financial Statements ⁵
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors ⁵
Amendments to MFRS 134	Interim Financial Reporting ⁵
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets ⁵
Amendments to MFRS 138	Intangible Assets ⁵

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted

² Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted provided MFRS 15 is also applied

³ Effective date deferred to a date to be determined and announced, with earlier application still permitted

⁴ Effective for annual periods beginning on or after 1 January 2019

⁵ Effective for annual periods beginning on or after 1 January 2020, with earlier application permitted provided if at the same time all other amendments made by Amendments to References to the Conceptual Framework in MFRS standards 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 2017 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 2017 is not subject to any qualification.



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Hartalega Holdings Berhad (741883-X)

A3. Seasonal and Cyclical Factors

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

A4. Items of Unusual Nature and Amount

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

A5. Changes in Estimates 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 March 2018, a total of 3,077,600 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 March 2018, a total of 1,655,982,614 new ordinary shares were allotted and issued pursuant to the Company's bonus issue exercise.
- (c) For the financial year-to-date ended 31 March 2018, a total of 12,973,000 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 RM32,879,294.28 in respect of the financial year ended 31 March 2017, declared on 9 May 2017 and paid on 23 June 2017.
- (b) Final single tier exempt dividend of 2.5 sen per share amounting to RM41,255,035.48 in respect of the financial year ended 31 March 2017, declared on 22 August 2017 and paid on 27 September 2017.
- (c) First interim single tier exempt dividend of 3.5 sen per share amounting to RM57,824,652.14 in respect of the financial year ended 31 March 2018, declared on 7 November 2017 and paid on 28 December 2017.
- (d) Second interim single tier exempt dividend of 4.0 sen per share amounting to RM66,219,656.56 in respect of the financial year ended 31 March 2018, declared on 6 February 2018 and paid on 28 March 2018.



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Hartalega Holdings Berhad (741883-X)

A8. Segment Information

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

A9. Valuation of property, plant and equipment

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

A10. Capital Commitments

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

	31 March 2018
	RM'000
Approved and contracted for	403,352

A11. Material Events Subsequent to the End of Period Reported

There were no material events subsequent to 31 March 2018 up to latest practicable date 8 May 2018 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.



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Hartalega Holdings Berhad (741883-X)

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 2018	4th Quarter Ended 31 Mar 2017	Variance		Year-To- Date 31 Mar 2018	Year-To- Date 31 Mar 2017	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	616,841	526,997	89,844	17.0	2,405,638	1,821,873	583,765	32.0
Operating profit	117,054	116,424	630	0.5	488,206	386,633	101,573	26.3
Profit before interest and tax	137,256	118,907	18,349	15.4	534,735	349,995	184,740	52.8
Profit before tax	134,972	118,505	16,467	13.9	526,810	348,977	177,833	51.0
Profit after tax	116,899	89,439	27,460	30.7	440,189	283,317	156,872	55.4
Profit attributable to ordinary equity holders of the parents	116,646	89,427	27,219	30.4	439,395	283,001	156,394	55.3

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:

- For the 4th quarter, the Group achieved sales revenue of RM616.8 million, an increase of RM89.8 million or 17.0% from corresponding quarter in preceding year following the strong demand growth for nitrile gloves and continuous internal initiatives in improving production capacity which increased sales volume by 30.1%.
- The profit before tax also registered increase of RM16.5 million or 13.9%. The improved performance is attributed to favourable demand from customers in tandem with improvement in production capacity to meet growing demands. Operating profit for the quarter under review rose to RM117.1 million, an improvement of 0.5% compared with corresponding quarter in previous financial year of RM116.4 million, in line with the increase in sales revenue. In addition, other operating income for the 4th quarter increased by RM17.5 million, mainly contributed by the increase in net foreign exchange gain of RM18.8 million as compared to RM1.3 million in the corresponding quarter in preceding year.

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 year-to-date sales revenue increased by RM583.7 million or 32.0% to RM2,405.6 million as compared to the corresponding year-to-date in preceding year of RM1,821.9 million. The increase is due to higher sales volume of 32.5%, in line with the Group's continuous expansion in production capacity and growing demand for nitrile gloves.

Meanwhile, profit before tax increased by RM177.8 million or 51.0%. The improvement in profit before tax is consistent with higher sales revenue, driven by increase in sales volume, as a result of higher sales demand, additional production capacity and net foreign exchange gain of RM 41.4 million.



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Hartalega Holdings Berhad (741883-X)

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

	Current Quarter ended 31 Mar 2018	Preceding Quarter ended 31 Dec 2017	Variance	
	RM'000	RM'000	RM'000	%
Revenue	616,841	603,139	13,702	2.3
Operating profit	117,054	132,625	(15,571)	(11.7)
Profit before interest and tax	137,256	140,882	(3,626)	(2.6)
Profit before tax	134,972	138,857	(3,885)	(2.8)
Profit after tax	116,899	113,123	3,776	3.3
Profit attributable to ordinary equity holders of the parents	116,646	113,023	3,623	3.2

For the current quarter, the Group's revenue grew by RM13.7 million or 2.3%, with higher sales revenue of RM616.8 million attained as compared with RM603.1 in preceding quarter. The improved results was in line with increase in sales volume by 3.7% due to higher demand from customers.

Profit before tax for the quarter was marginally lower by RM3.89 million or 2.8% as compared with preceding quarter mainly due to higher energy and upkeep cost.

B3. Commentary on Prospects and Targets

Prospects for the rubber glove manufacturing sector remain strong with increasing demand arising from switching trends towards nitrile glove. Nitrile glove now accounts for 60% of Malaysian rubber glove export. In meeting the rising demand, Hartalega NGC has commissioned all the 12 production lines in Plant 4. The commissioning of Plant 5 will commence from July 2018 with construction of Plant 6 to follow. Plant 5 and Plant 6 will each have annual installed capacity of 4.7 billion pieces. Hartalega has also confirmed plans to set up a new plant – Plant 7, which will tailor to small orders and focus 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 revenues would help to consolidate margins and contribute further to Group earnings.

Hartalega will be launching its antimicrobial gloves (AMG) in Europe on 31st May 2018 and is working on securing Federal Drug Administration (FDA) approval to enter the US market. The anti-microbial gloves will be priced competitively to encourage better take up.

We are confident that the effective execution of our strategic initiatives and consistently meeting and exceeding our targets will consolidate our position as the market leader in nitrile gloves.



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Hartalega Holdings Berhad (741883-X)

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):

	4th Quarter Ended 31 Mar 2018	4th Quarter Ended 31 Mar 2017	Year-To- Date 31 Mar 2018	Year-To- Date 31 Mar 2017
	RM'000	RM'000	RM'000	RM'000
Interest income	383	251	1,324	1,015
Other income including investment Income	1,083	1,097	4,334	3,528
Interest expense	(2,284)	(402)	(7,925)	(1,018)
Depreciation and amortisation	(23,670)	(19,252)	(88,118)	(70,662)
Foreign exchange gain/(loss)-realised	5,759	(10,029)	13,300	(14,151)
Foreign exchange gain/(loss)-unrealised	10,811	(3,752)	17,044	(10,576)
Fair value gain/(loss) on derivatives	2,229	15,668	11,027	(15,726)

B6. Taxation

	Current quarter RM'000	Current year-to- date RM'000
Current tax expense	13,015	61,211
Deferred tax expense	5,762	26,143
Over-provision in prior years	(704)	(733)
	<u>18,073</u>	<u>86,621</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, 8 May 2018, there was no corporate proposal announced and not completed in the current quarter and financial year-to-date.



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Hartalega Holdings Berhad (741883-X)

B8. Group Borrowings and Debt Securities

Total Group borrowings as at 31 March 2018 are as follows:

	4th Quarter Ended 31 Mar 2018			4th Quarter Ended 31 Mar 2017		
	Foreign denomination ‘000		RM ‘000	Foreign denomination ‘000		RM ‘000
<u>Short term borrowings</u>						
<u>Secured</u>						
Term Loans (USD)	USD	24,248	93,695	USD	15,622	69,192
Term Loans (RM)		-	-		-	103
Finance Lease (USD)	USD	1	5	USD	8	35
			<u>93,700</u>			<u>69,330</u>
<u>Unsecured</u>						
Bank Borrowings (USD)	USD	26,055	<u>100,676</u>	USD	17,648	<u>78,162</u>
			<u>100,676</u>			<u>78,162</u>
			<u>194,376</u>			<u>147,492</u>
<u>Long term borrowings</u>						
<u>Secured</u>						
Term Loans (USD)	USD	31,644	122,273	USD	36,700	162,544
Term Loans (RM)		-	-		-	-
Finance Lease (USD)	USD	-	-	USD	1	6
			<u>122,273</u>			<u>162,550</u>
<u>Total borrowings</u>						
Term Loans (USD)	USD	55,892	215,968	USD	52,322	231,736
Term Loans (RM)		-	-		-	103
Finance Lease (USD)	USD	1	5	USD	9	41
Bank Borrowings (USD)	USD	26,055	<u>100,676</u>	USD	17,648	<u>78,162</u>
			<u>316,649</u>			<u>310,042</u>
Exchange Rate RM to USD1.00			3.8640			4.4290



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Hartalega Holdings Berhad (741883-X)

B9. Financial Derivative Instruments

As at 31 March 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	1,334,318	1,343,240
-AUD denominated	15,312	15,688

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 RM9,298,000 has been recognised in the financial statements.

B10. Realised and Unrealised Profits/Losses Disclosure

	As at 31/03/2018 RM'000	As at 31/03/2017 RM'000
Total retained profits of Hartalega Holdings Berhad and its subsidiaries:		
- Realised	818,946	1,003,876
- Unrealised	(71,357)	(83,967)
	<u>747,589</u>	<u>919,909</u>
Less: Consolidation adjustments	<u>(106,837)</u>	<u>(106,377)</u>
Total group retained profits as per consolidated accounts	<u>640,752</u>	<u>813,532</u>



Hartalega

Hartalega Holdings Berhad (741883-X)

B11. Material Litigation

As at the latest practicable date, 8 May 2018, 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 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. 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.

B12. Dividend

On 15 May 2018, 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 2018 and payable on 27 June 2018. The entitlement date has been fixed on 12 June 2018.

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 12 June 2018 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.



Hartalega

Hartalega Holdings Berhad (741883-X)

B13. Earnings per Share

Basic Earnings Per Share	Current Quarter Ended 31/03/2018	Corresponding Quarter Ended 31/03/2017	Current Year-To- Date 31/03/2018	Corresponding Year-To-Date 31/03/2017
Profit attributable to owners of the parent (RM'000)	116,646	89,427	439,395	283,001
Number of shares in issue as at beginning of the year ('000)	1,643,010	1,641,029	1,643,010	1,641,029
Effect of exercise of ESOS ('000)	7,254	473	7,254	473
Effect of bonus issue ('000)	1,655,983	1,641,502	1,655,983	1,641,502
Weighted average number of ordinary shares in issue ('000)	3,306,247	3,283,004	3,306,247	3,283,004
Basic earnings per share (sen)	3.53	2.72	13.29	8.62
Diluted Earnings Per Share	Current Quarter Ended 31/03/2018	Corresponding Quarter Ended 31/03/2017	Current Year-To- Date 31/03/2018	Corresponding Year-To-Date 31/03/2017
Profit attributable to owners of the parent (RM'000)	116,646	89,427	439,395	283,001
Weighted average number of ordinary shares in issue ('000)	3,306,247	3,283,004	3,306,247	3,283,004
Effect of dilution : share options ('000)	54,756	18,842	54,756	18,842
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	3,361,003	3,301,846	3,361,003	3,301,846
Diluted earnings per share (sen)	3.47	2.71	13.07	8.57

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