HARTALEGA HOLDINGS BERHAD

Registration No. 200601022130 (741883-X)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the first quarter ended 30 June 2020 (Unaudited)

	Current Quarter Ended 30 Jun 2020 RM'000	Corresponding Quarter Ended 30 Jun 2019 RM'000	Current Year-To-Date 30 Jun 2020 RM'000	Corresponding Year-To-Date 30 Jun 2019 RM'000
Revenue	920,087	640,101	920,087	640,101
Operating expenses	(651,550)	(515,591)	(651,550)	(515,591)
Operating Profit	268,537	124,510	268,537	124,510
Other operating income (net)	6,121	394	6,121	394
Profit before interest and tax	274,658	124,904	274,658	124,904
Finance costs	(1,839)	(3,250)	(1,839)	(3,250)
Profit before tax	272,819	121,654	272,819	121,654
Taxation	(51,759)	(27,400)	(51,759)	(27,400)
Net profit for the period	221,060	94,254	221,060	94,254
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation difference for foreign operations	1,449	5	1,449	5
Total comprehensive income for the period	222,509	94,259	222,509	94,259
Profit attributable to:				
Owners of the Company	219,719	94,063	219,719	94,063
Non-controlling interest	1,341	191	1,341	191
	221,060	94,254	221,060	94,254
Total comprehensive income attributable to:				
Owners of the Company	222,251	94,070	222,251	94,070
Non-controlling interest	258	189	258	189
	222,509	94,259	222,509	94,259
EPS - Basic (sen)	6.49	2.81	6.49	2.81
- Diluted (sen)	6.44	2.77	6.44	2.77

(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 2020 and the accompanying notes attached to this interim financial report.)

HARTALEGA HOLDINGS BERHAD

Registration No. 200601022130 (741883-X)

Condensed Consolidated Statement of Financial Position as at 30 June 2020

	Unaudited At 30 Jun 2020 RM'000	*Audited At 31 Mar 2020 RM'000*
ASSETS		
Non current assets		
Property, Plant & Equipment	1,998,274	2,002,197
Capital work in progress	196,731	188,910
Intangible assets	28,860	28,836
Right-of-use assets	4,100	4,488
Deferred tax assets	1,058	971
	2,229,023	2,225,402
Current assets		
Inventories	251,152	273,909
Trade receivables	448,058	429,895
Other receivables, deposits and prepayments	69,114	72,160
Tax assets	3,826	7,397
Cash & cash equivalents	717,020	305,161
	1,489,170	1,088,522
TOTAL ASSETS	3,718,193	3,313,924
EQUITY AND LIABILITIES		
Share capital	1,534,282	1,509,591
Reserves	1,176,683	1,030,208
Equity attributable to owners of the Company	2,710,965	2,539,799
Non-controlling interests	4,923	3,324
Total Equity	2,715,888	2,543,123
Non current liabilities		
Loans and borrowings	172,287	188,572
Lease liabilities	2,406	2,714
Deferred tax liabilities	188,481	172,475
	363,174	363,761
Current liabilities		
Trade payables	106,957	112,125
Other payables and accruals	346,819	161,750
Share application money	78,728	-
Loans and borrowings	66,095	85,416
Lease liabilities	1,758	1,830
Derivatives	15,156	39,008
Tax payables	23,618	6,911
	639,131	407,040
Total Liabilities	1,002,305	770,801
TOTAL EQUITY AND LIABILITIES	3,718,193	3,313,924
Net assets per share attributable to the owners of the Company (RM)	0.80	0.75

(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 2020 and the accompanying notes attached to this interim financial report.)

HARTALEGA HOLDINGS BERHAD

Registration No. 200601022130 (741883-X)

Unaudited Condensed Consolidated Statement of Changes in Equity
For the first quarter ended 30 June 2020 (Unaudited)

	Attributable to Owners of the Company						
	Share Capital 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*
3 Months Ended 30 June 2020							
Balance as at 1 April 2020	1,509,591	(2,344)	38,751	993,801	2,539,799	3,324	2,543,123
Comprehensive income							
Profit for the financial year	-	-	-	219,719	219,719	1,341	221,060
Other comprehensive income/(loss)							
Foreign curreny translation	-	1,191	-	-	1,191	258	1,449
Total comprehensive income for the period	-	1,191	-	219,719	220,910	1,599	222,509
Transaction with owners							
Dividends	-	-	-	(69,454)	(69,454)	-	(69,454)
Share-based payment granted under ESOS	-	-	-	-	-	-	-
Issuance of ordinary shares pursuant to ESOS	19,710	-	-	-	19,710	-	19,710
Transfer from Share-based payment upon exercise of ESOS	4,981	-	(4,981)	-	-	-	-
Total transaction with owners	24,691	-	(4,981)	(69,454)	(49,744)	-	(49,744)
Balance as at 30 June 2020	**1,534,282**	**(1,153)**	**33,770**	**1,144,066**	**2,710,965**	**4,923**	**2,715,888**

(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 2020 and the accompanying notes attached to this interim financial report.)

HARTALEGA HOLDINGS BERHAD

Registration No. 200601022130 (741883-X)

Unaudited Condensed Consolidated Statement of Changes in Equity
For the first quarter ended 30 June 2020 (Unaudited)

	Attributable to Owners of the Company						
	Share Capital 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*
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	-	-	-	(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
Comprehensive income							
Profit for the financial year	-	-	-	94,063	94,063	191	94,254
Other comprehensive income/(loss)							
Foreign curreny translation	-	7	-	-	7	(2)	5
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 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**

(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 2020 and the accompanying notes attached to this interim financial report.)

HARTALEGA HOLDINGS BERHAD

Registration No. 200601022130 (741883-X)

Unaudited Condensed Consolidated Statement of Cash Flows

For the first quarter ended 30 June 2020 (Unaudited)

	Current Year-To-Date 30 Jun 2020 RM'000	Corresponding Year-To-Date 30 Jun 2019 RM'000
Cash Flows from Operating Activities		
Profit before tax	272,819	121,654
Adjustments for:		
Depreciation and amortisation	32,802	30,174
Income from fixed income fund	(1,055)	(1,290)
Interest received	(896)	(889)
Other adjustments	(16,888)	6,463
Operating profit before changes in working capital	**286,782**	**156,112**
Changes in working capital		
Net change in inventories	22,757	(12,544)
Net change in receivables	(24,204)	49,071
Net change in payables	179,901	(57,450)
Cash generated from operations	465,236	135,189
Tax paid (net)	(15,479)	(21,055)
Net cash from operating activities	**449,757**	**114,134**
Cash Flows used in Investing Activities		
Proceeds from disposal of property, plant and equipment	16	206
Addition to:		
Property, plant and equipment	(104)	(36,156)
Capital work-in-progress	(36,222)	(742)
Intangible assets	-	(163)
Income received from fixed income fund	1,055	1,290
Interest received	896	889
Net cash used in investing activities	**(34,359)**	**(34,676)**
Cash Flows used in Financing Activities		
Draw down of term loan	-	29,001
Repayment of term loans	(18,087)	(28,890)
Repayment of lease liabilities	(410)	(187)
Net change in bank borrowings	(14,290)	1,408
Interest paid	(1,839)	(3,250)
Proceeds from issuance of shares-ESOS	19,710	12,948
Share application money received	78,728	-
Dividend paid	(69,454)	(63,577)
Net cash used in financing activities	**(5,642)**	**(52,547)**
Net increase in cash & cash equivalents	**409,756**	**26,911**
Effect of exchange rate fluctuations on cash and cash equivalents	**2,103**	**-**
Cash and cash equivalents at beginning of period	**305,161**	**150,391**
Cash and cash equivalents at end of period	**717,020**	**177,302**
Cash and cash equivalents at end of period comprise:		
Licensed Fund Management Companies-Fixed income fund	251,252	70,611
Cash in hand and at banks	465,768	106,691
	717,020	**177,302**

(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 2020 and the accompanying notes attached to this interim financial report.)

Notes to the Interim financial report for the Fisrt Quarter ended 30 June 2020

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 2020 except for the adoption of the following new Malaysian Financial Reporting Standards ("MFRS") and Issue Committee Interpretations ("IC Interpretations"):

MFRSs

Amendments to MFRS 3	Definition of Business
Amendments to MFRS 7, MFRS 9 and MFRS139	Interest rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material
MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards

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 17	Insurance contracts[1]
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current[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 2021, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2022, 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 2020 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 2020 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 ended 30 June 2020, a total of 4,592,600 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 2020, the Company paid third interim single tier exempt dividend of 2.05 sen per share amounting to RM69,454,126 in respect of the financial year ended 31 March 2020, declared on 18 May 2020 and paid on 26 June 2020.

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 Chief Executive Officer 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 2020
	RM'000
Approved and contracted for	533,327

A11. Material Events Subsequent to the End of Period Reported

There were no material events subsequent to 30 June 2020 up to latest practicable date 29 July 2020 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.

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 2020	1st Quarter Ended 30 Jun 2019	Variance		Year-To-Date 30 Jun 2020	Year-To-Date 30 Jun 2019	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	920,087	640,101	279,986	43.7	920,087	640,101	279,986	43.7
Operating profit	268,537	124,510	144,027	115.7	268,537	124,510	144,027	115.7
Profit before interest and tax	274,658	124,904	149,754	119.9	274,658	124,904	149,754	119.9
Profit before tax	272,819	121,654	151,165	124.3	272,819	121,654	151,165	124.3
Profit after tax	221,060	94,254	126,806	134.5	221,060	94,254	126,806	134.5
Profit attributable to ordinary equity holders of the parents	219,719	94,063	125,656	133.6	219,719	94,063	125,656	133.6

Q1 FY2021 vs Q1 FY2020

The Group's sales revenue for the quarter increased by RM 280.0 million or 43.7% to RM 920.1 million from corresponding quarter in preceding year. The higher sales revenue was due to increase in sales volume of 38.5% and increase in average selling price.

Profit before tax increased significantly by RM 151.2 million or 124.3% to RM272.8 million, mainly due to higher sales revenue, lower raw material and energy cost coupled with the Group's cost control initiative to reduce operation costs for the current quarter.

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

	Current Quarter ended 30 Jun 2020	Preceding Quarter ended 31 Mar 2020	Variance	
	RM'000	RM'000	RM'000	%
Revenue	920,087	777,898	142,189	18.3
Operating profit	268,537	173,898	94,639	54.4
Profit before interest and tax	274,658	139,690	134,968	96.6
Profit before tax	272,819	137,575	135,244	98.3
Profit after tax	221,060	115,711	105,349	91.0
Profit attributable to ordinary equity holders of the parents	219,719	115,579	104,140	90.1

Q1 FY2021 vs Q4 FY2020

Revenue for the quarter amounted to RM 920.1 million, increased by RM 142.2 million or 18.3%. The higher sales revenue was attributed to higher sales volume and increase in average selling price for the quarter.

Profit before tax for the quarter increased by RM 135.2 million or 98.3% to RM272.8 million as compared with previous quarter mainly due to increase in sales revenue, lower raw material costs and upkeep expenses.

B3. Commentary on Prospects and Targets

In line with growing rubber glove demand globally, the Group will continue with its NGC capacity expansion plans. Plant 6 of NGC facility has commissioned 8 out of 12 lines with remaining production lines to come on steam progressively. Plant 6 will have an annual installed capacity of 4.7 billion pieces once completed. Plant 7 is also in the expansion pipeline catering to small orders focusing more on specialty products and will have an annual installed capacity of 2.7 billion pieces. With the progressive commissioning of Plant 6 and 7, the Group's annual installed capacity is expected to increase from current 39 billion to 44 billion pieces by FY2022.

On the global front, demand for medical supplies such as gloves has surged due to the COVID-19 pandemic. With new cases continue to soar in US, Latin America, India, and other countries, the growing demand for gloves is expected to continue in the coming years. In addition, the sector is expected to undergo a structural step-up in demand on the back of increased glove usage from emerging markets with low gloves consumption per capita and heightened hygiene awareness. The overall projected growth in demand is expected to outstrip supply for the next few years.

To ensure the Group continues to deliver gloves to front liners globally without disruption, the Group will continue to enforce the COVID-19 preventive measures that were put in place in order to minimize the risk of infection within the operations in Malaysia. These include enforcing social distancing measures, awareness programme, entry screening procedure, installing thermal scanners at high traffic locations, staggered shift hours and frequent sanitizing at common areas.

During March this year, the Group has entered into a Sales and Purchase Agreement for the acquisition of a piece of land located in Banting for a total cash consideration of RM263 million. The land which measures approximately 95 acres will serve as the future site for NGC 2.0 capacity expansion plan. The acquisition will enable the Group to progressively expand its capacity to meet the rising global demand.

Moving forward, the Group remains optimistic of the longer term prospects underpinned by growing demand for rubber gloves and ongoing expansion plans.

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 2020	1st Quarter Ended 30 Jun 2019	Year-To-Date 30 Jun 2020	Year-To-Date 30 Jun 2019
	RM'000	RM'000	RM'000	RM'000
Interest income	896	889	896	889
Other income including investment income	1,731	1,311	1,731	1,311
Interest expense	(1,839)	(3,250)	(1,839)	(3,250)
Depreciation and amortisation	(32,802)	(30,174)	(32,802)	(30,174)
Foreign exchange (loss)/gain-realised	(15,238)	1,777	(15,238)	1,777
Foreign exchange (loss)/gain-unrealised	(5,084)	(2,003)	(5,084)	(2,003)
Fair value gain/(loss) on derivatives	23,852	(1,501)	23,852	(1,501)

B6. Taxation

	Current quarter	Current year-to-date
	RM'000	RM'000
Current tax expense	34,958	34,958
Deferred tax expense	16,002	16,002
Under-provision in prior years	799	799
	51,759	51,759

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, 29 July 2020, 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 2020 are as follows:

	1st Quarter Ended 30 Jun 2020			1st Quarter Ended 30 Jun 2019		
	Foreign denomination '000		RM '000	Foreign denomination '000		RM '000
Short term borrowings						
Secured						
Term Loans (USD)	USD	15,414	66,095	USD	25,526	105,753
			66,095			105,753
Unsecured						
Bank Borrowings (USD)	USD	-	-	USD	7,261	30,083
			-			30,083
			66,095			135,836
Long term borrowings						
Secured						
Term Loans (USD)	USD	40,179	172,287	USD	50,164	207,830
			172,287			207,830
Total borrowings						
Term Loans (USD)	USD	55,593	238,382	USD	75,690	313,583
Bank Borrowings (USD)	USD	-	-	USD	7,261	30,083
			238,382			343,666
Exchange Rate RM to USD1.00			4.288			4.143

B9. Financial Derivative Instruments

As at 30 June 2020, 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	557,184	542,028

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 RM15.1 million has been recognised in the financial statements.

B10. Material Litigation

As at the latest practicable date, 29 July 2020, there are no material litigations against the Group or taken by the Group.

B11. Dividend

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

On 7 July 2020, the Board of Directors proposed a final single tier dividend of 2.1 sen per share in respect of the financial year ended 31 March 2020 which is subject to the approval of the shareholders at the forthcoming Annual General Meeting scheduled on 15 September 2020. If the final dividend is approved, it will be paid on 16 October 2020 to the depositors registered in the Record of Depositors at the close of business on 2 October 2020.

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

(a) Shares transferred to the Depositor's Securities Account before 5.00 p.m. on 2 October 2020 in respect of ordinary shares; and

(b) Shares bought on Bursa Malaysia Securities Berhad ("BMSB") on a cum entitlement basis according to the rules of BMSB.

B12. Earnings per Share

Basic Earnings Per Share	Current Quarter Ended 30 Jun 2020	Corresponding Quarter Ended 30 Jun 2019	Current Year-To-Date 30 Jun 2020	Corresponding Year-To-Date 30 Jun 2019
Profit attributable to owners of the parent (RM'000)	219,719	94,063	219,719	94,063
Number of shares in issue as at beginning of the year ('000)	3,383,414	3,345,187	3,383,414	3,345,187
Effect of exercise of ESOS ('000)	4,353	4,914	4,353	4,914
Weighted average number of ordinary shares in issue ('000)	3,387,767	3,350,101	3,387,767	3,350,101
Basic earnings per share (sen)	6.49	2.81	6.49	2.81

Diluted Earnings Per Share	Current Quarter Ended 30/06/2020	Corresponding Quarter Ended 30/06/2019	Current Year-To-Date 30/06/2020	Corresponding Year-To-Date 30/06/2019
Profit attributable to owners of the parent (RM'000)	219,719	94,063	219,719	94,063
Weighted average number of ordinary shares in issue ('000)	3,387,767	3,350,101	3,387,767	3,350,101
Effect of dilution : share options ('000)	21,621	43,049	21,621	43,049
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	3,409,388	3,393,150	3,409,388	3,393,150
Diluted earnings per share (sen)	6.44	2.77	6.44	2.77