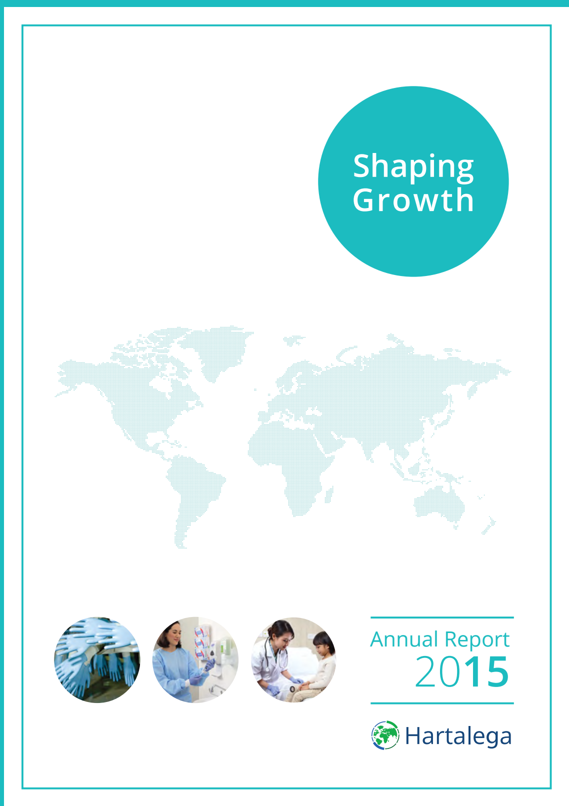
Shaping Growth

Annual Report 2015

Hartalega



THE COVER

The theme of this year's report, 'Shaping Growth', emphasises how Hartalega is cultivating a bright future ahead. This is driven by the Group's strategic expansion plans, in particular the Next Generation Integrated Glove Manufacturing Complex, which is already coming to fruition in stages and will see the Group growing significantly in the coming years. The three images on the cover signify the core of Hartalega, namely its innovative high quality products. The visuals also demonstrate how our products touch the lives of consumers, with the backdrop of the world map reflecting the Group's front-runner position as a leader in the industry with a global presence.

CONTENTS

9th ANNUAL GENERAL MEETING
25 August 2015

CORPORATE & MANAGEMENT OVERVIEW

RESPONSIBILITY & FINANCIALS

INDUSTRY FIRSTS

FIRST to develop polymer-coated powder-free examination gloves in 1994 and among the first to receive FDA 510k to market low protein latex gloves

FIRST Malaysian company to develop and implement a robotic glove stripping system in 1995, which mimics the human hand motion to strip gloves off from the production lines

FIRST to commercially produce high-stress-relaxation NBR examination and surgical gloves in 2002 and 2006 respectively

FIRST in the industry to use industrial bar-coding and RFID Tags for product traceability and stock management

FIRST recipient of the Inaugural Award for Best Factory in 2005 in commodity-based industries by the Malaysian Government

FIRST recipient of the Inaugural Award for Innovation in 2005 by the Rubber Research Institute of Malaysia

FIRST in the industry to use empty oil palm fruit bunches as biomass fuel to generate heat for production processes

FIRST in the industry to have successfully registered our biomass energy plants with the United Nations Framework Convention on Climate Change (UNFCCC) or KYOTO Protocol

FIRST biomass energy plant in Malaysia registered with the United Nations Framework Convention on Climate Change (UNFCCC) or KYOTO Protocol, that is in operation and running mainly on empty oil palm fruit bunches

FIRST to commission high-capacity production lines operating at a record speed of 45,000 pieces of gloves per hour, setting a new benchmark for the industry

FIRST in the world to develop and implement successful double former production line with sophisticated process controls

AWARDS & RECOGNITION

University of Malaya Excellence Awards 2014 - Human Capital Development

FinanceAsia Best Companies 2014 - Best Mid Cap Malaysia

Forbes Asia
Best Under A Billion List 2010, 2011, 2012 and 2013

The Edge Billion Ringgit Club Corporate Awards – Most Profitable Company (Industrial Products Sector) 2013 and 2014

HR Asia Best Companies To Work For in Asia Awards 2013 and 2014

Selangor Investors Appreciation Award 2013

Asiamoney Overall Best Managed Company in Malaysia 2012 (Mid Cap)

Asiamoney Overall Best Managed Company in Malaysia 2010 and 2014 (Small Cap)

KPMG Shareholder Value Award 2010 (Industrial Markets - Manufacturing Category)

Selangor Innovative Excellence Award 2007

Selangor Export Excellence Award 2005

Commodity Industry Award 2005

Rubber Industry Award 2005 (Innovative & Large Factory Category)

Best Factory Award 2005 (Latex Goods Category)

Enterprise 50 Award 1998

ISO 9001 : 2008

ISO 13485 : 2003

EN ISO 13485 : 2003

EC-Certificate

CE Marking

Medical Device Licence - Health Canada

Canadian General Standard Board Certificate

U.S. Food and Drug Administration 510(k)

THE HARTALEGA NITRILE GLOVE STORY

2002

- » Commenced R&D on elastic thin nitrile glove
- » Overcame technology, pricing and intellectual property barriers
- » Introduced users to a nitrile glove that mimics the softness and stretchiness of a natural rubber glove

2003

- » Commenced R&D on production technology
- » Focused on effective and low-cost nitrile glove production
- » Operated the world's first double former production line at year end 2003
- » Increased production line capacity to 28,000 pcs/hr of nitrile gloves – highest in the industry

2005

- » Launched the world's first 4.7g nitrile glove. It mimicked the stretchiness and softness of natural rubber gloves without protein allergy risks, was competitively priced and outside the Tillotson's patent
- » Ringgit de-pegged from the US dollar

2007

- » Competitor launched a 4.2g nitrile glove
- » Hartalega responded with the world's first 3.7g nitrile glove. It was developed at the same time as the 4.7g glove but kept in the 'war chest'

2008

- » Hartalega's nitrile glove production increased by 30-fold
- » Became the nation's largest and world's second largest nitrile glove producer
- » Obtained 20% share of the US synthetic glove market

THE HARTALEGA NITRILE GLOVE STORY

2010

» Hartalega became the world's largest nitrile glove producer

» Natural rubber price reached a record RM9.83 and nitrile gloves became cheaper than natural rubber gloves

2011

» Launched 3.2g soft nitrile gloves

» Nitrile sales increased 59 times over a period of seven years

2012

» Increased production line capacity to 45,000 pcs/hr of nitrile gloves, the fastest in the industry

» Strong switching momentum to nitrile gloves continued worldwide

2013

» 25th Anniversary Silver Jubilee Celebration of Hartalega

» Groundbreaking for the Next Generation Integrated Glove Manufacturing Complex

» Launched 2.7g nitrile glove

» Introduced patented glove coating technology, Colloidal Oatmeal Active Therapeutic System or COATS

2014

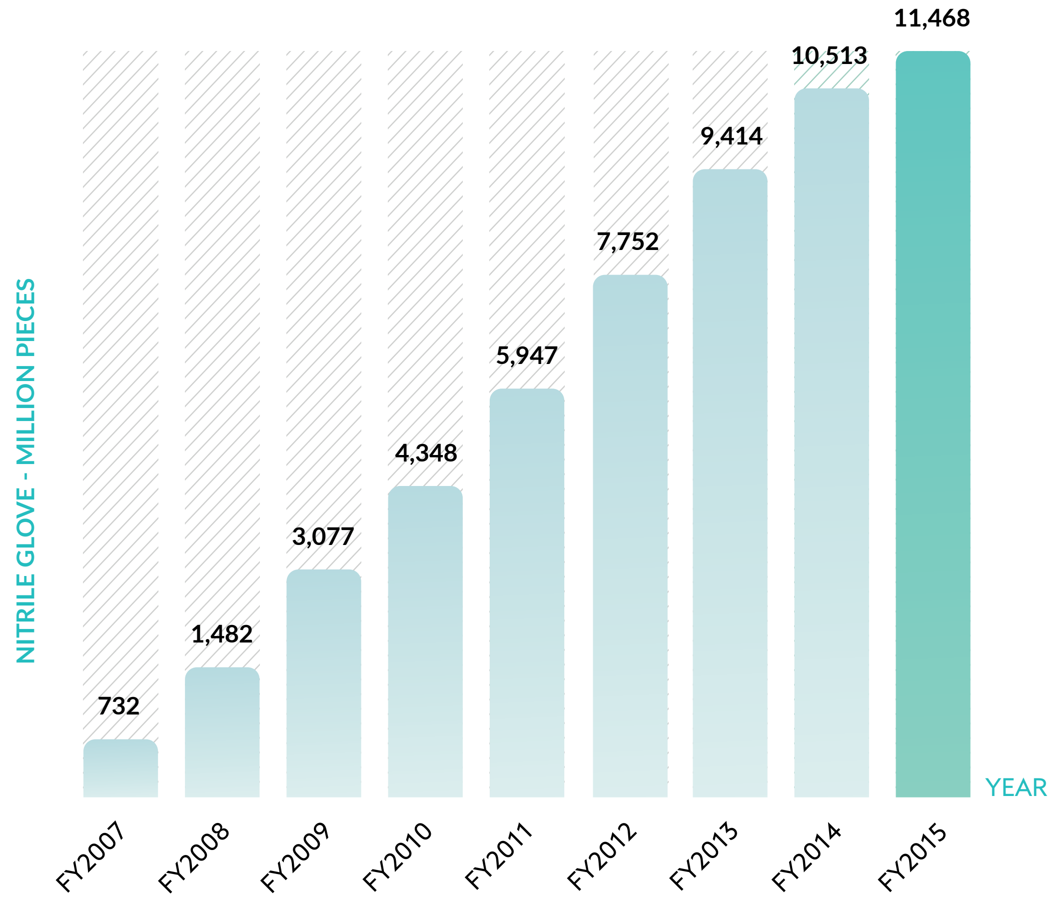
» Commissioned first production lines of the Next Generation Integrated Glove Manufacturing Complex

» Launched new global distribution arm, MUN

» Launched new umbrella brand, GloveOn

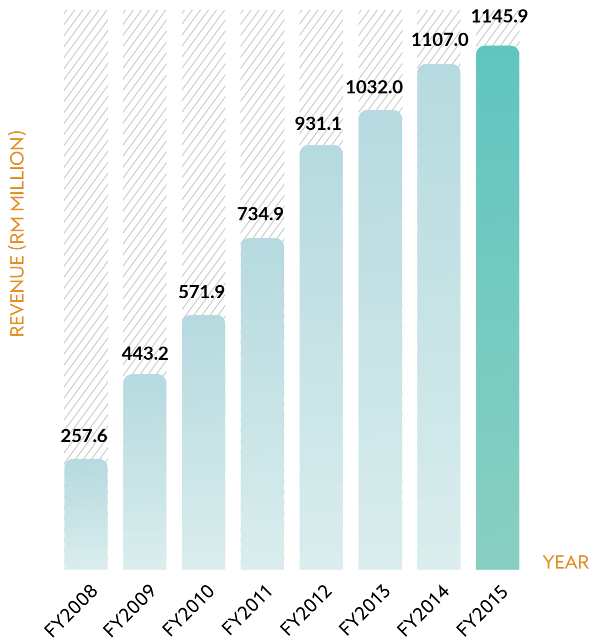
THE HARTALEGA NITRILE GLOVE STORY

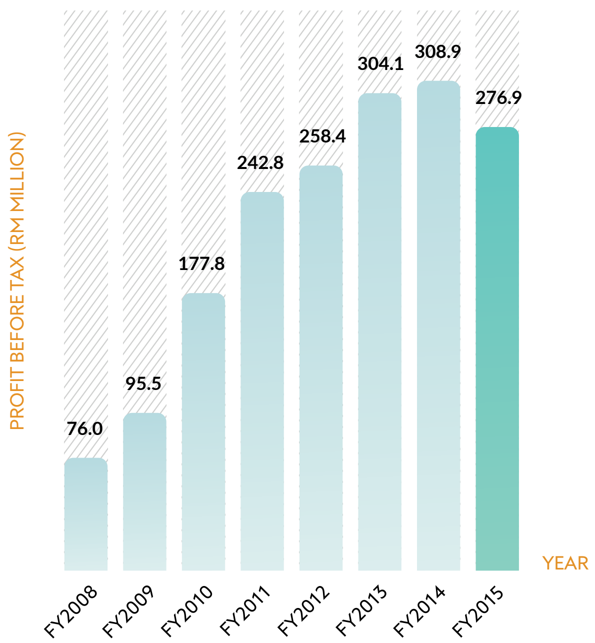
NITRILE GLOVE SALES

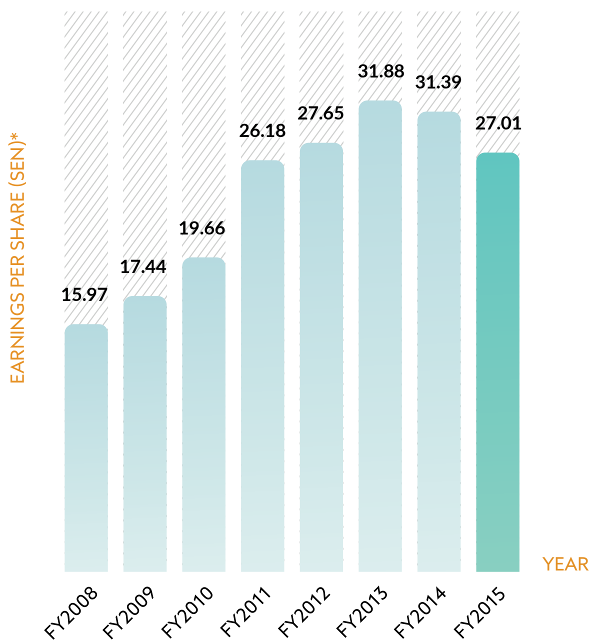


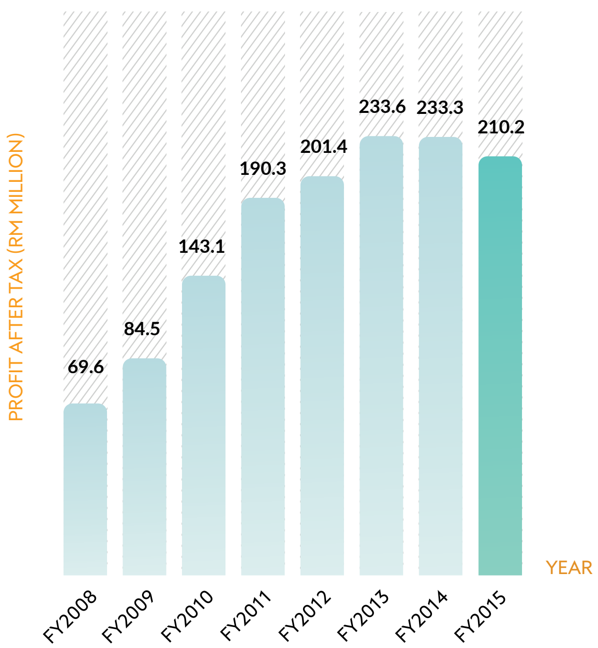
- Successfully remodelled company into a major nitrile glove producer with 90% of sales in nitrile gloves
- Nitrile glove sales (pieces) increased by 15-fold in 8 years
- Pioneered switching momentum from natural rubber to nitrile gloves
- Largest nitrile glove producer in the world

FINANCIAL SUMMARY





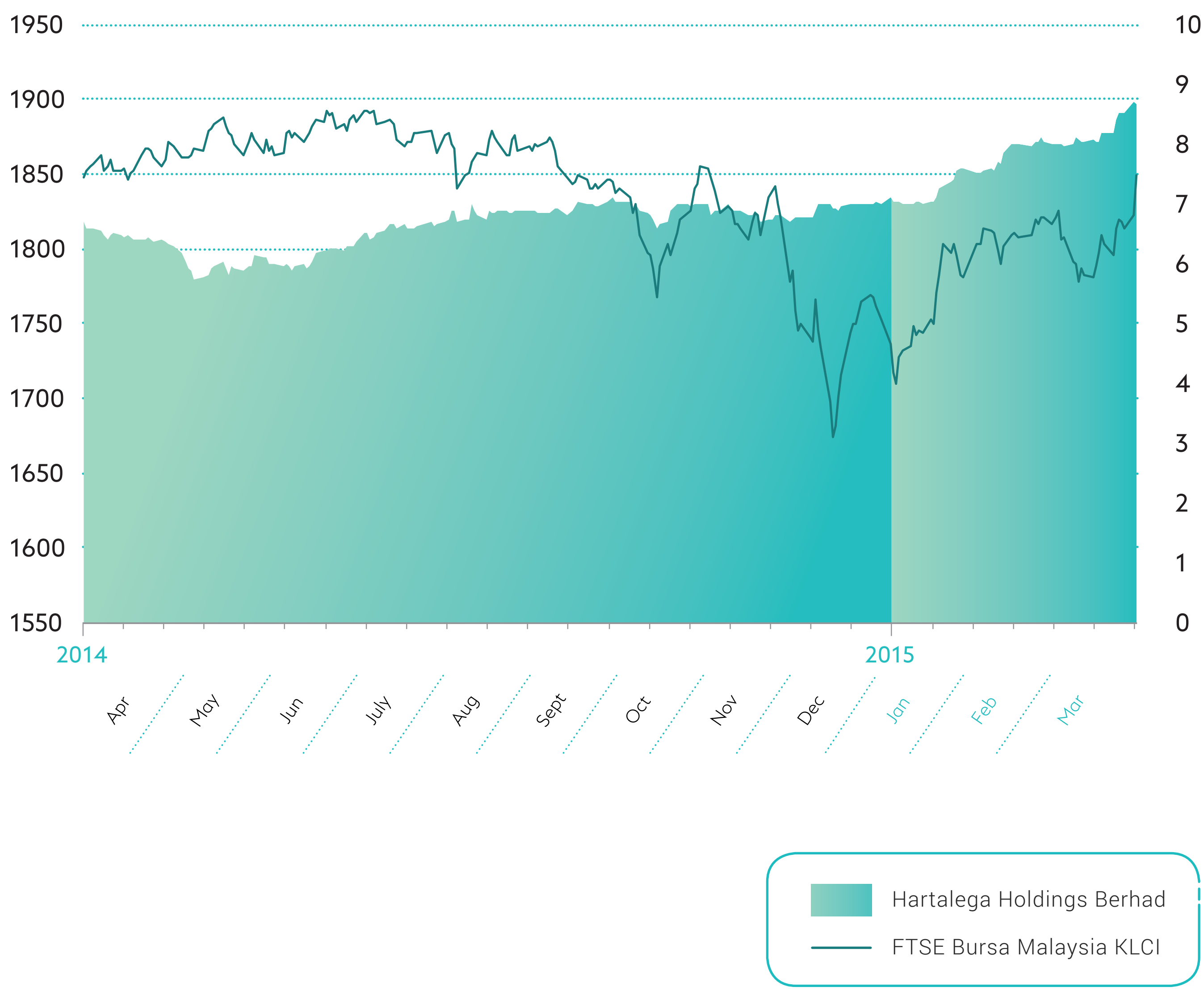




* Earnings Per Share figures restated following one-for-one bonus issue on 28 May 2012

SHARE PRICE PERFORMANCE

PRICE MOVEMENT



CORPORATE INFORMATION

BOARD OF DIRECTORS

Kuan Kam Hon @ Kwan Kam Onn	Executive Chairman
Dato' Mohamed Zakri bin Abdul Rashid	Senior Independent Non-Executive Director
Kuan Mun Keng	Non-Independent Executive Director
Kuan Mun Leong	Managing Director
Liew Ben Poh	Independent Non-Executive Director
Dr Danaraj A/L Nadarajah	Non-Independent Executive Director
Dato' Tan Guan Cheong	Independent Non-Executive Director
Razman Hafidz bin Abu Zarim *(Appointed on 2 March 2015)*	Independent Non-Executive Director
Chuah Phaik Sim *(Resigned on 2 March 2015)*	Independent Non-Executive Director

AUDIT COMMITTEE

Dato' Tan Guan Cheong *(Redesignated on 2 March 2015)*	Chairman
Dato' Mohamed Zakri bin Abdul Rashid	Member
Razman Hafidz bin Abu Zarim	Member

REMUNERATION COMMITTEE

Dato' Mohamed Zakri bin Abdul Rashid	Chairman
Liew Ben Poh	Member
Dato' Tan Guan Cheong	Member
Kuan Mun Keng *(Appointed on 1 July 2015)*	Member

NOMINATION COMMITTEE

Dato' Mohamed Zakri bin Abdul Rashid	Chairman
Liew Ben Poh	Member
Dato' Tan Guan Cheong *(Appointed on 2 March 2015)*	Member

ESOS COMMITTEE

Kuan Vin Seung	Chairman
Kuan Mun Leong	Member
Kuan Mun Keng	Member
Yong Pat Chau	Member
Say Teck Guan	Member

COMPANY SECRETARIES

Wong Maw Chuan (MIA 7413)
Wong Youn Kim (MAICSA 7018778)

REGISTERED OFFICE

B-25-2, Block B, Jaya One
No.72A Jalan Universiti
46200 Petaling Jaya
Selangor Darul Ehsan

Tel: 603 7955 0955
Fax: 603 7955 0959

CORPORATE OFFICE

C-G-9, Jalan Dataran SD1, Dataran SD PJU 9
Bandar Sri Damansara, 52200 Kuala Lumpur

Tel: 603 6277 1733
Url: www.hartalega.com.my
Email: info@hartalega.com.my

FACTORY

No. 7, Kawasan Perusahaan Suria
45600 Bestari Jaya, Selangor Darul Ehsan
Tel: 603 3280 3888

No. 1, Persiaran Tanjung
Lot PT 4330 Kawasan Perindustrian Tanjung
Jalan B20, 64000 Sepang
Selangor Darul Ehsan

PRINCIPAL BANKERS

Hong Leong Bank Berhad
Standard Chartered Bank Malaysia Berhad
CIMB Bank Berhad
Citibank Berhad
Ambank (M) Berhad

AUDITORS

Deloitte & Touche (AF 0834)
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr Ismail
60000 Kuala Lumpur

REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

Tel: 603 7841 8000
Fax: 603 7841 8151

STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad
Stock Name: Harta
Stock Code: 5168
Warrants: 5168-WA
ADR United States: HRGHY

MEDIA MILESTONES

5 Hartalega Holdings Bhd human resource director Kuan Vin Seung (front row, centre) with the Hartalega team at the HR Asia Awards 2014. The company recently shared the news that it received the "HR Asia Best Companies to Work for" on Aug 22 in Kuala Lumpur. The award was presented by Business Media International, the publisher of *HR Asia* magazine.

The Edge Financial Daily
1 Dec 2014

Hartalega wins 'HR Asia Best Companies to Work for in Asia 2014' Award

KUALA LUMPUR — Hartalega Holdings Bhd, the world's leading manufacturer of nitrile gloves, was once again recognised as one of Malaysia's most preferred employers by regional publication HR Asia. The Group recently received the 'HR Asia Best Companies to Work for in Asia 2014' Award for the second consecutive year. The prestigious award recognises companies with exceptional workplace culture and significant levels of employee engagement. Hartalega was the only rubber glove manufacturer to receive the award, out of 40 Malaysian companies selected this year. The criteria for the award is based on employee and employer surveys developed and conducted by HR Asia. Input and feedback from employees and management is evaluated by an independent panel of industry experts, academ... government ...

The Malay Mail
26 Nov 2014

贺特佳次季净利挫23%

Oriental Daily
19 Nov 2014

UM and Hartalega pledge to educate youth

The Star
1 Feb 2015

HARTALEGA UNVEILS NEW MUN BRAND

From left: Kuan Kam Hon, Executive Chairman of Hartalega Holdings Berhad, Danaraj Nadarajah, Director of MUN Global (China & India), J. Gregory Park, President of MUN USA, and David Teng, Director of MUN Australia sharing a light moment at the launch of Hartalega's new distribution arm, MUN.

In line with its strategic expansion plans, Hartalega Holdings Berhad (Hartalega) recently celebrated the launch of its new distribution arm, MUN. A gala dinner was held at Doltone House Hyde Park in Sydney, Australia, ... a leading brand with operations in Australia, China, India and USA, which will now be integrated into ... Kuan Mun Leong, Man... of Hartalega Holdings B... Director of MUN says...

reputation for top-of-the-line products....The establishment of MUN will allow us to enhance our distribution channels in an integrated manner and standardise operations, building an even stronger foundation to extend our current reach.

"This will enable us to expand our brand presence in key markets, as well as open up opportunities for us to tap into new markets in the future. In the long-term, we aim to develop MUN as a global healthcare products company, offering gloves as well as other products to meet the needs of the healthcare industry."

In conjunction with the launch of MUN, Hartalega also announced the creation of GloveOn, a new umbrella ...

Business Today
Oct 2014

6 **Strategic expansion:** Hartalega Holdings Bhd executive chairman Kuan Kam Hon (second from left) celebrates the global launch of its new distribution arm, MUN, at a gala dinner in Sydney. This also marks the rebranding of its subsidiary Pharmatex, which will now be integrated into MUN. Accompanying him are (from left) MUN Australia director David Teng, MUN Global ...

The Star
4 Oct 2014

MUN bantu pertingkat pengeluaran produk

Dari kiri: Pengarah MUN Australia David Teng; Pengerusi Eksekutif Hartalega Holdings Berhad, Kuan Kam Hon; Pengarah MUN Global (China & India), Danaraj Nadarajah dan Presiden MUN Amerika Syarikat, Gregory Park ketika pelancaran MUN di Sydney baru-baru ini.

PENGELUAR terbesar sarung tangan nitril berkualiti premium, Hartalega Holdings Berhad melancarkan cawangan pengedaran baharu, MUN di Sydney, Australia baru-baru ini.

Dalam satu kenyataan Hartalega berkata, ia juga merupakan penjenamaan semula anak syarikat Hartalega, Pharmatex yang beroperasi di Australia, China, India dan Amerika Syarikat yang kini disepadukan ke dalam MUN.

Pengarah Urusan Hartalega dan Pengarah MUN, Kuan Mun Leong berkata, MUN memberi manfaat kelebihan daya saing industri sebagai platform pengedaran global untuk Hartalega selain mengukuhkan peranan sebagai syarikat global yang menawarkan produk berkualiti tinggi dan dipercayai.

"Penubuhan MUN mampu meningkatkan saluran pengedaran secara bersepadu dan menyeragamkan operasi. Secara tidak langsung memperluas pasaran produk kepada pengguna.

"Kami menyasar... sebuah syarikat p... sihatan global d... sarung tangan... memenuh... an kesihatan," katanya.

Selain itu, Hartalega mengumumkan penubuhan GloveOn sebagai jenama sokongan yang mewakili pernama sokongan yang mewakili perniagaan sarung tangan sedia ada, pada masa sama membolehkan MUN mempelbagaikan produk perubatan dengan membezakan syarikat pengedaran produk perubatan dari syarikat induk di samping menyeragam...

Sinar Harian
7 Oct 2014

Hartalega unveils new MUN brand

SYDNEY — In line with its strategic expansion plans, Hartalega Holdings Bhd, the manufacturer of premium quality nitrile gloves, recently celebrated the launch of its new distribution arm, MUN. A gala dinner was held at Doltone House Hyde Park in Sydney, Australia, to commemorate the global launch and unveiling of the brand. This also marked the rebranding of Hartalega's subsidiary, Pharmatex, its brand with operations in Australia, China, India and USA, which will now be integrated

into MUN. Hartelaga managing director and MUN director Kuan Mun Leong said, "As the global distribution platform for Hartalega, MUN will be able to leverage on the group's competitive advantages as an industry pioneer, along with our reputation for top-of-the-line products." He added, "In the long-term, we aim to develop MUN as a global healthcare products company, offering gloves as well as other products to meet the needs of the healthcare industry."

Hartalega's executiv... — Picture courtes...

The Malay Mail
3 Oct 2014

Hartalega presses on

Competition to be intense as market innovates

By YVONNE TAN
yvonne@thestar.com.my

OVERCAPACITY is a term used very much in the glove industry these days. That and rising costs of production.

In fact, the industry has been wrought by more negativity than "positivity" in the past couple of years, a different scenario compared to years ago when competition was much less.

Hartalega Holdings Bhd probably knows this better than anyone else as the company is pretty much one of the most technologically advanced glove makers globally and the first in the world to launch "thin" nitrile gloves, deemed more suitable for surgical operations than the usual "thicker" gloves.

Comparatively, its fastest production lines are able to churn out 45,000 pieces of gloves per hour while its peers operate their fastest lines at an average of about 30,000 pieces of gloves per hour, according to its managing director Kuan Mun Leong.

Malaysian glove makers which control more than half of the world's glove supply had a few years ago switched to producing more nitrile gloves from rubber gloves in line with stronger natural rubber prices.

Thai glove makers are also upping their game.

"We anticipated early on that competition in the nitrile glove market would intensify and in order to mitigate this, we charted a counter strategy," Kuan, the 38-year old second generation head honcho tells *StarBizWeek*.

"While our counter strategy is focused on earnings per share growth, we stand to experience huge gains in productivity as we embark on aggressive expansion."

Kuan who took over the reins from his father – founder Kuan Kam Hon – in November 2012 appears unperturbed that Hartalega's net profit margin of 21.7% may erode further given that its peers who are also hoping to cash in on the growing demand for nitrile gloves are busy ramping up production capacity.

However, the firm already reported a lower net profit of RM57.8mil for its third quarter ended Dec 31 compared with the RM60.5mil achieved in the previous corresponding quarter, citing a reduction in its operating profit margin, due to lower average selling prices as well as higher staff costs.

For the nine-month period ended Dec 31 however, its net profit rose to RM184mil from RM172.4mil in the previous corresponding period. Revenue increased to RM826.7mil from RM762.2mil.

At 21.7%, it also very possibly still enjoys the pole position in terms of margins.

"I don't want to comment on margins but our margins remain good not because we produce mostly nitrile gloves as opposed to rubber gloves but because of our strong productivity and the high output of our lines."

Kuan was once quoted in a 2010 Forbes article as saying that if the company was pushed to the corner, "we have the margins to defend our position."

Right now, Hartalega's nitrile glove production capacity is close to 14 billion pieces of glove per annum, making it possibly the largest nitrile glove player in the world.

More than 90% of its current product mix comprise nitrile gloves, which are known to fetch better profit margins compared to rubber gloves.

Next Generation

"Despite the increasing competition in the nitrile glove market, based on our strong track record we are confident that Hartalega's profit margins will remain above the industry average (which is below 20%), underpinned by our production technology and innovation."

Kuan says it is its first mover advantage coupled with innovation capability that has resulted in higher profits for the group for a long time.

"But we did anticipate that industry players would come into the domain (nitrile gloves) that we created."

In fact, the company had predicted three years ago that competition would heighten, and since then it has communicated to all stakeholders that Hartalega would not continue to maintain profitability levels similar to previous years.

By the time its RM2bil Next Generation Integrated Glove Manufacturing Complex (NGC) in Sepang which will be ready to start its first production line by the fourth quarter is fully completed over an eight-year period, Hartalega's total installed capacity will increase substantially to 42 billion pieces per annum.

"The NGC is set to provide average year-on-year capacity growth of 15% per annum for the next eight years," he says.

"The nitrile glove market specifically has been growing at a rate of 20% to 30% for the past few years and we expect this robust growth to continue with an estimated growth rate of 15% to 20% for the next two years."

Hartalega is taking a "mid-term view" and anticipates that new nitrile capacities coming on stream in the next two years will be taken up by the growing demand in the nitrile glove market.

"Although we are concerned that average selling price continues to impact Hartalega's top-line, the timing of the incoming NGC capacity should sustain the group's earnings," PublicInvest Research tells clients.

Meanwhile, increasing healthcare awareness on a global scale – that is what will continue to fuel the demand for gloves, Kuan says matter-of-factly.

He points out that China's per capita consumption of glove is 4-10 pieces per capita, compared to the United States where per capita consumption is 140 pieces, suggesting a huge potential exists in the world's most populous country.

"Hypothetically, if China's per capita consumption of gloves reaches a level that is similar to the US, it will have a market size of 180 billion pieces per annum, more than the current global glove market size of 150 billion pieces per annum (of which 40% is nitrile)."

Similarly, Hartalega sees "great potential" in India and had set up a distribution centre there last year.

Not quite as optimistic when it comes to preserving margins, one of Hartalega's competitors Supermax Corp Bhd recently said it expected this year to be challenging given cost and selling price pressures.

As quoted by a local daily, Supermax executive chairman and group managing director Datuk Seri Stanley Thai said the company enjoyed margins of 15% to 16%, but given the capacity that was expected to come onstream coupled with rising costs, he expected to see margins coming down to 9% to 11%.

He predicted glove makers with the highest margins and selling prices would be the ones to suffer the most as customers would have the choice to switch due to overcapacity.

However, like Kuan, Thai expects demand for nitrile gloves to continue to be strong even as the price of latex, the main raw material for rubber gloves, continues to be volatile.

"The technology revolution of the glove industry will continue. We believe the sector will soon be a high-tech industry and we intend to continue to lead the way in innovations," Kuan says.

Hartalega shares closed 3 sen lower at RM6.78 yesterday.

② 

① 

① Hartalega Holdings Bhd's factory in Batang Berjuntai.

② Kuan: 'We anticipated early on that competition in the nitrile glove market would intensify'.

The Star
14 Mar 2014

成本高 竞争大
贺特佳赚幅恐萎缩3%

自创品牌攻中国印度

否认市场供过于求

Nanyang Siang Pau
27 Aug 2014

Hartalega to boost output

40PC JUMP: Integrated production complex to expand annual capacity to 17.2b pieces

OOI TEE CHING
KUALA LUMPUR
bt@mediaprima.com.my

HARTALEGA Holdings Bhd is poised for a 40 per cent jump in rubber glove capacity growth to 17.2 billion pieces in the next financial year ending March 2016.

Group managing director Kuan Mun Leong said the first phase of the Next Generation Integrated Glove Manufacturing Complex (NGC) from now to 2017 would see the group's capacity soaring by five billion to 17.2 billion pieces a year.

"We're expanding to reduce lead times to meet demand and capitalise on strong global demand."

He added that the NGC production lines, in Sepang, is expected to start contributing to Hartalega's bottom line as early as the end of this year.

Kuan was speaking to reporters after the group's shareholders meeting here, yesterday.

*Hartalega managing director **Kuan Mun Leong** says the company's order book is full and has a backlog of up to two months*

New Straits Times
27 Aug 2014

Hartalega results meet expectations

KUALA LUMPUR: Hartalega Holdings Bhd, the world's largest synthetic glove manufacturer, has kept its solid results, with a net profit of RM233.7 million for the year ended March 31 2014.

This matched the RM233.6 million net profit registered in the previous year, albeit a higher tax rate.

Hartalega said yesterday this was despite a higher tax rate of 24.4 per cent for the year under review from 23.1 per cent in the previous year.

Group pre-tax profit grew to RM309.2 million compared with RM304.1 million in the last fiscal year, while revenue increased to RM1.1 billion from RM1.03 billion last year.

Hartalega managing director Kuan Mun Leong said the results are in line with expectations, given the downward pressure on average selling prices due to intensified competition.

"We are confident of maintaini... our position as a profitable ... ufacturer focused on value c... for our shareholders."

For the fourth quarter, Hartalega's pre-tax profit eased to RM70.2 million from RM74.6 million in the preceding quarter.

Operating profit margins were impacted by a reduction in average selling price and higher staff cost due to recruitment for the Next Generation Integrated Glove Manufacturing Complex, as well as a rise in electricity and maintenance costs, it said.

However, revenue for the quarter under review grew to RM280.4 million compared with RM267.8 million in the preceding quarter as a result of the group's continuous expansion in production capacity as well as an increase in demand.

For the 12-month period, earnings per share was 31.44 sen, while its net assets per share was 127.10 sen as at March 31 this year.

*Hartalega Holdings Bhd managing director **Kuan Mun Leong** says the firm is confident of maintaining its position*

New Straits Times
7 May 2014

Hartalega positive on long-term prospects

The Malay Mail
28 Aug 2014

新興市場需求續增
賀特佳手套訂單滿額

增產320億隻手套

■关民亮（右起）、关锦安和关民敬，向媒体汇报公司发展。

伊波拉病毒影響不大

China Press
27 Aug 2014

Hartalega yakin potensi jangka panjang

PENGILANG sarung tangan sintetik terbesar dunia, Hartalega Holdings Berhad (Hartalega), yakin terhadap prospek jangka masa panjang dan bersedia memenuhi permintaan tinggi dengan pembinaan Kompleks Pengilangan Sarung Tangan Bersepadu Generasi Akan Datang (NGC).

Dalam kenyataan medianya, Hartalega berkata, syarikat itu juga mencapai prestasi kukuh bagi tahun kewangan berakhir 31 Mac lalu dan pertumbuhan hasil yang mantap dengan perolehan sebanyak RM1.107 bilion, jumlah yang tertinggi setakat ini.

Kumpulan juga terus mencatatkan pertumbuhan keuntungan dengan untung sebelum cukai berjumlah RM308.9 juta dan untung selepas cukai sebanyak RM233.3 juta.

Pengarah Urusan Hartalega, Kuan Mun Leong berkata, walaupun meng-

Dari kiri: Pengarah Eksekutif Hartalega Kuan Mun Keng bersama Pengerusi Eksekutif Hartalega Kuan Kam Hon, dan Mun Leong, pada sidang media Mesyuarat Agung Tahunan ke-8 Kumpulan.

Sinar Harian
1 Sept 2014

PROFILE OF DIRECTORS

FROM LEFT TO RIGHT

Razman Hafidz bin Abu Zarim

Dato' Tan Guan Cheong

Dato' Mohamed Zakri bin Abdul Rashid

Kuan Kam Hon @ Kwan Kam Onn

Kuan Mun Leong

Kuan Mun Keng

Dr Danaraj A/L Nadarajah

Liew Ben Poh

KUAN KAM HON @ KWAN KAM ONN

Executive Chairman, Malaysian

Kuan Kam Hon @ Kwan Kam Onn, aged 68, was appointed as Executive Chairman and Managing Director on May 7, 2007. He stepped down as Managing Director on November 16, 2012, and continues to play an integral role in the Group as Executive Chairman. Kuan Kam Hon is primarily responsible for the overall business, strategic planning and entire operations of the Group, including research and development. He began his career in the building and construction sector in 1969 under Kuan Yuen & Sons Company, a well-known quality homebuilder in the 70s specialising in upper-class residential units in the Klang Valley. In 1978, he started Timol Weaving Sdn Bhd, one of the pioneers in woven labels and badges. In 1981, he formed Hartalega Sdn Bhd. Under his leadership, Hartalega Sdn Bhd has since become a reputable manufacturer of latex gloves in the industry and is now a public listed company on the Main Board of Bursa Malaysia Securities Berhad, known as Hartalega Holdings Berhad. He has established a set of management values that is quality-driven and encourages creativity and innovation to produce highly-skilled personnel. He presently sits on the Board of several other private limited companies as well.

Dato' Mohamed Zakri bin Abdul Rashid, aged 72, was appointed as Independent Non-Executive Director on May 7, 2007, and sits on the Audit Committee. Dato' Mohamed Zakri was appointed to Hartalega Sdn Bhd's Board on November 27, 1998, as a Non-Executive Director. He was subsequently appointed as Senior Independent Non-Executive Director, effective August 7, 2012. He holds a Bachelor of Arts Degree with Honours and a Diploma in Public Administration from Universiti Malaya. He also holds a Masters Degree in Public Administration from the University of Southern California, USA. He retired from Government service in 1998 as Director General of the Department of Immigration of Malaysia after having served the department for more than four years. Previously, he served the Government in various capacities in the Ministry of Transport, Ministry of Finance and the Prime Minister's Department for more than 30 years.

DATO' MOHAMED ZAKRI BIN ABDUL RASHID

Senior Independent Non-Executive Director, Malaysian

PROFILE OF DIRECTORS

DR DANARAJ A/L NADARAJAH

Non-Independent Executive Director, Malaysian

Dr Danaraj A/L Nadarajah (Dr N Danaraj) aged 61, was appointed as Non-Independent Executive Director/Corporate Advisor on July 4, 2011. He is in charge of Hartalega's subsidiaries in China and India, where he is also an equity partner. Dr N Danaraj has the unique experience of working as an entrepreneur, corporate executive and advisor and civil servant in the Government of Malaysia. From 2010 to 2011, he was the Technical Advisor in the Special Innovation Unit in the Office of the Prime Minister. Prior to this appointment, he was the Technical Advisor to the National Economic Advisory Council in the Prime Minister's Department. From 2007 to 2008, he was a Senior Fellow at Khazanah Nasional Berhad. Prior to this, he was Professor of Business Strategy and the Director of the Executive MBA programme at the International University of Monaco. He was also a Visiting Fellow at Hitotsubashi University and the United Nations University in Tokyo, and a Research Fellow at the Malaysian Institute of Economic Research. Early in his career, he served in the Malaysian Administrative and Diplomatic Service; his last posting was in the Ministry of Finance. He also worked as a World Bank Consultant. He has been an international entrepreneur for over fifteen years as the owner of a toy manufacturing company in China and Malaysia.

Dato' Tan Guan Cheong, aged 71, was appointed as an Independent Non-Executive Director on December 31, 2011. He holds a Bachelor of Commerce degree from Otago University, New Zealand, majoring in economics, marketing management and accountancy. He is a Chartered Accountant and a member of the Malaysian Institute of Accountants since 1983. He has worked in international audit firm Coopers & Lybrand (now known as PricewaterhouseCoopers) in New Zealand and Malaysia. Dato' Tan has wide working experience in the financial services industry and has served in various senior capacities. He joined Orix Leasing Malaysia Bhd, an international diversified financial services institution, in 1976 as a financial and accounting controller. Dato' Tan rose to become the Managing Director in 1988 and held this position until his retirement. Dato' Tan is a member of the Audit Committee and the Remuneration Committee. He is also a Director of Kian Joo Can Factory Berhad and YTL Cement Berhad.

DATO' TAN GUAN CHEONG

Independent Non-Executive Director, Malaysian

RAZMAN HAFIDZ BIN ABU ZARIM

Independent Non-Executive Director, Malaysian

Razman Hafidz bin Abu Zarim, aged 60, was appointed as Independent Non-Executive Director on March 2, 2015. A Chartered Accountant by qualification, Razman's career in Accountancy began in 1977 when he joined Touche Ross & Co, London, as an Auditor. He then went on to become a Partner at Hacker Young, a medium-sized international accounting firm. He returned to Malaysia in 1989, joining Price Waterhouse (PW) as an Audit Partner. He was subsequently promoted to Partner-In-Charge of PW's Management Consulting Practice and became one of the six members of the firm's Executive Board. His leadership and execution of the firm's Regional Privatisation and Corporate Finance assignments are some of his many notable achievements. In 1994, he founded Norush Sdn Bhd, an investment holding and business advisory firm, where he remains as Chairman. Over the years, he assumed positions as Managing Director and Chief Executive Officer of various public listed companies. He is currently the Independent Chairman of Tune Ins Holdings Berhad. He also sits, as an Independent Director, on the Boards of Panasonic Manufacturing Malaysia Berhad, Linde Malaysia Holdings Berhad as well as Yeo Hiap Seng Limited, Singapore.

LIEW BEN POH

Independent Non-Executive Director, Malaysian

Liew Ben Poh, aged 66, was appointed as Executive Director on May 7, 2007, and redesignated as a Non-Executive Director on July 14, 2010, after he retired from the position of Sales and Marketing Director. On July 7, 2011, he was appointed as a member of the Nomination and Remuneration Committees. On July 18, 2013, he was redesignated as an Independent Non-Executive Director. During his extensive years of service, he has helped Hartalega Holdings Berhad in establishing a strong international client base. In addition, he is one of the key personnel involved in the research and development aspects of Hartalega Holdings Berhad. He is very active in the latex glove industry and was President of the Malaysian Rubber Glove Manufacturers' Association (MARGMA) for two terms. He was the first Chairman of the ASEAN Rubber Gloves Manufacturers' Association and was re-elected to serve as Chairman for 2008-2009. He was also a Founding Board Member of the Malaysian Rubber Export and Promotion Council (MREPC) under the Ministry of Primary Products and Commodities. He resigned from the Board of MREPC in September 2010. Owing to his vast knowledge of the latex glove industry, he is regularly invited to speak at international conferences in Malaysia as well as overseas.

PROFILE OF DIRECTORS

KUAN MUN LEONG

Managing Director, Malaysian

Kuan Mun Leong, aged 39, joined the company's Engineering Department in 2001. He was appointed as an Executive Director of the Group in 2007 and was later appointed Deputy Managing Director. On November 16, 2012, he assumed the role of Managing Director. He graduated from Monash University, Australia, with a Bachelor's Degree in Mechanical Engineering in 1999 and later obtained a Masters in Business Administration (MBA) from the University of Strathclyde, Scotland in 2007. He began his career in the industrial boiler sector and subsequently brought in-depth knowledge of green energy technology into Hartalega. He then spearheaded the implementation of the sector's first empty oil palm fruit bunch biomass energy plant in 2004 and was instrumental in leading the plant to a successful registration with the United Nations Framework Convention on Climate Change (Kyoto Protocol) in 2007, enabling Hartalega to sell emission reduction credits. Throughout his career in Hartalega, he has led capacity expansion projects that have not only increased production capacity by sevenfold but also accomplished several sectors' unprecedented engineering breakthroughs in production technology. Today, Hartalega is touted as the sector's most efficient rubber glove manufacturer.

KUAN MUN KENG

Non-Independent Executive Director, Malaysian

Kuan Mun Keng, aged 40, was appointed as Executive Director on July 4, 2008. Presently, he is the Sales and Marketing Director of Hartalega Holdings Berhad and is also responsible for the Group's Corporate Finance. He graduated with a Bachelor's Degree in Business (Accounting) and a Bachelor's Degree in Computing from Monash University, Australia, in 1997. He is also a Certified Practising Accountant with CPA Australia. Upon graduation, he joined Kassim Chan Business Services as an Analyst in the Information Technology Consultation Division in 1997. In 1998, he left to join Hartalega as a Production Executive. He then worked in the Accounts and Management Information Services Departments implementing various beneficial changes before he was promoted to Deputy Operations Manager in 2003. His long experience in operations is a complement to the Sales and Marketing team as he is able to align functions in the company with the needs and wants of customers.

Notes

- **Family Relationship with Director and/or Major Shareholder**
  Kuan Kam Hon is the father of Kuan Mun Keng and Kuan Mun Leong. Save as disclosed herein, none of the Directors have any family relationships with any director and/or major shareholder of the Company.

- **Conflict of Interest**
  None of the Directors have any conflicts of interest with the Company.

- **Conviction of Offences**
  None of the Directors have been convicted of any offences in the past ten (10) years.

EXECUTIVE CHAIRMAN'S STATEMENT

Dear Shareholder,

The year under review certainly had its share of challenges, as various pressures weighed down the glove manufacturing sector. Nevertheless, amidst a demanding environment, your Group remained resilient, maintaining our focus on our strategic expansion plans which are progressively coming to fruition.

Kuan Kam Hon @ Kwan Kam Onn
Executive Chairman

As a result of our forward-thinking strategy to sustain our pole position in the nitrile glove segment, during the financial year we officially commissioned the first production lines of the Next Generation Integrated Glove Manufacturing Complex (NGC). This is indeed a significant milestone for the Group, in line with our drive to forge ahead and set new benchmarks as a leader in the industry.

We will continue to shape the growth of the Group by leveraging on and accelerating our strengths. Over the long-term, we are confident of bright prospects ahead.

In line with this, I am pleased to present to you our annual report for the year ended 31 March 2015.

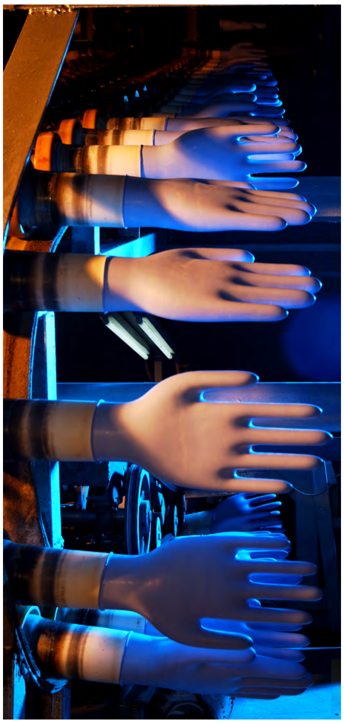
ECONOMIC LANDSCAPE

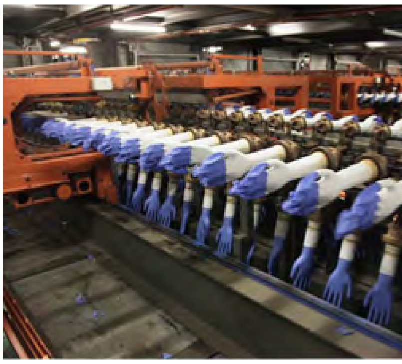
Global economic growth was moderate in 2014. Although the US was on the road to recovery, the European Union was still gripped by the effects of the past financial crisis, while emerging markets, including Asian economies, saw subdued growth.

Malaysia's glove manufacturing sector bore the brunt of external market factors which affected all industry players. This included softening raw material costs due to global rubber supply surplus, which drove down average selling prices, as well as higher operating costs due to increased electricity and gas tariffs.

Despite the tough economic climate, global demand for rubber gloves saw robust growth during the year. Demand growth was consistent in both developed and emerging markets, buoyed by increasing healthcare standards as well as healthcare reforms, particularly in developing countries.

Malaysia commanded approximately 62% of the global export market in 2014, with total exports of rubber gloves expanding 8.6% year-on-year to 48.9 billion pairs. Nitrile rubber gloves took the lead once again, amounting to 51% of Malaysia's total rubber glove exports.





Exports of synthetic rubber gloves rose by 9.7% to 24.9 billion pairs in 2014 compared with 22.7 billion pairs in the previous year, and increased by 7.2% in value terms. In comparison, total exports of natural rubber gloves had a growth rate of 7.4% in quantity terms and a 1.5% decline in value terms.

The US was the chief export region for Malaysian nitrile rubber gloves, commanding over 30% of exports. The southern regions of Europe and other emerging markets including China and Brazil also registered growth in exports of nitrile rubber gloves.

Clearly, the industry is ripe with potential, and Hartalega is well-positioned to tap into these prospects over the long-term. As we build on our strong fundamentals and capitalise on the growing global demand for nitrile gloves, we are confident that we will be able to deliver results in the years to come.

EXECUTIVE CHAIRMAN'S STATEMENT

FINANCIAL PERFORMANCE

For the financial year ended 31 March 2015, the Group registered a profit after tax of RM210.21 million, compared with RM233.29 million in the previous fiscal year. Profit before tax came in at RM276.9 million. This drop was primarily attributable to higher start-up costs for the NGC. Other factors which also had an impact were lower average selling prices as a result of declining raw material costs and more competitive selling prices, as well as higher electricity and natural gas tariffs driving up operational costs, which put pressure on operating profit margins.

However, due to the Group's high level of productivity and manufacturing efficiency, our profit margins remained well above the industry average. Furthermore, the Group continued to record solid top line growth on a year-on-year basis. Revenue for the year grew by 3.5% to RM1.145 billion compared with RM1.107 billion last year due to higher sales volume. This is indeed testament to our strong client base as well as the high quality of our products.

In line with our commitment to sustaining profitability and strengthening our balance sheet, our earnings before interest, tax, depreciation and amortisation (EBITDA) came in at RM323 million. The cash balance for the Group was RM70.5 million.

Meanwhile, earnings per share for the year stood at 27.01 sen, and net assets per share attributable to the owners of the company was 158 sen.

Although market conditions remain challenging, what is important is that we are a resilient Group, with an agile and capable talent pool leading us forward. Moreover, demand for our high quality nitrile gloves remains strong, which certainly bodes well for the Group as we scale up our capabilities and production capacity.

DIVIDENDS

The Group is firmly dedicated to enhancing value for our shareholders via consistent dividend yields. This is demonstrated by our dividend policy, which commits a minimum payout of 45% of the Group's annual net profit.

Towards this end, we have successfully paid out a total dividend of 9 sen per share to date. The Board expects to announce a final dividend at the Ninth Annual General Meeting.

OPERATIONS REVIEW

Research and Development

Our passion for innovation has always been the driving force behind our growth and success. As we move forward, our research and development (R&D) efforts are a key pillar of the Group.

A clear reflection of this is our state-of-the-art Next Generation Integrated Glove Manufacturing Complex (NGC). The NGC is set to raise the bar even higher for the industry, as an iconic glove complex that incorporates the most advanced production technologies, attractive workplace design, and a Centre of Excellence comprising Research and Development and Learning Centres to inspire more innovation. We are also cultivating a highly skilled workforce to contribute to our growth and drive our R&D efforts.

We commissioned the first three production lines of Plant 1 and 2 of the NGC during the year under review, with a production line speed of 45,000 pieces per hour, the highest in the industry due to our superior manufacturing technologies and automation. All production technologies within the Group are in-house engineered and proprietary to Hartalega, giving us an edge over our competitors in terms of quality and productivity.

In fact, the NGC production lines are even outperforming some of our existing plants. As a result of this, we decommissioned Plant 1 of our Bestari Jaya operations due to lower efficiency. With the onset of the NGC, we have been able to set new industry benchmarks as we improve overall efficiency and workflow, boosting our total installed capacity to 16 billion pieces of gloves per annum to date.

EXECUTIVE CHAIRMAN'S STATEMENT

Along with productivity improvements, we are also cognisant of the importance of keeping abreast with ever-evolving markets. To this end, our R&D initiatives are focused on product innovation in order to cater to the needs of the growing global healthcare sector.

Environmental Performance

In tandem with our growth over the years, we have always taken conscious steps to protect the environment in the areas in which we have a presence. Towards this end, we have implemented various sustainable measures with a view towards actively preserving and safeguarding our eco-system.

This includes our biomass and waste water treatment plants, to preserve water supply and air quality by ensuring effluent water discharge and air emission levels are in compliance with the standards of Jabatan Alam Sekitar (JAS). In fact, not only do we meet the strict regulations and requirements of JAS, we have consistently outperformed the minimum targets for compliance.

As a result of our efforts, Hartalega was one of only 24 companies out of 200 Emas Index Counters to be selected for admission to the FTSE4Good Bursa Malaysia Index, which is based on Environmental Protection, Social Responsibility and Corporate Governance factors. Moreover, Hartalega was one of only four manufacturing companies and the only rubber glove manufacturer listed in the Index.

This clearly demonstrates the Group's unwavering commitment towards establishing sustainable practices throughout our operations.

Marketing

Our marketing strategy is a fundamental component of our growth plans, as we strive to expand our brand presence in key markets. Our efforts have certainly borne fruit, as Hartalega is the only glove company with sustained sales growth on a year-on-year basis, due to our strong client base coupled with our reputation as an industry pioneer and our top-of the-line products.

The Group's total sales volume for the year increased to 12.5 billion pieces, compared with 11.5 billion pieces in the previous year. The US remained our primary market with 48% of our nitrile glove exports, followed by Europe which rose to 30%. Meanwhile, sales to the Asia-Pacific region grew to 14%, largely attributable to increased sales to Japan and China. We also successfully brought in 17 new customers during the year from over 10 different countries, including South Africa, Saudi Arabia, Brazil and Peru. This certainly demonstrates the skill-sets of our sales teams, as well as their keen understanding of global markets and well-established relationships with long-term clientele.

Additionally, in another milestone for the Group, we officially launched our new global distribution arm, MUN, integrating our operations throughout Australia, China, India and the US. With the tagline, 'From the heart of many for many', MUN epitomizes a mind-set of 'products from the heart', which stems from Hartalega's passion for caring and innovation, creating a global company that will touch lives with our innovative, high quality gloves.

Complementing our long-term expansion strategy, the establishment of MUN will allow us to enhance our distribution channels in an integrated manner and standardise operations, building an even stronger foundation to extend our current reach. This will also open up opportunities for the Group to tap into new markets in the future.

In conjunction with the launch of MUN, we also unveiled GloveOn, a new umbrella brand representing our existing glove business. The GloveOn brand will enable us to standardise our glove products worldwide.

EXECUTIVE CHAIRMAN'S STATEMENT

Human Capital

The calibre of our human capital is integral to our success, as our workforce is the backbone of the Group. As part of our aim to enhance efficiencies across the board, we are focused on creating a highly productive organisational culture that incorporates lean management principles. As a result of this, we were able to reduce our manual labour workforce by 12% during the year.

We are also actively engaged in promoting development of skills in order to scale up capabilities. Towards this end, we have established a number of talent development programmes, workshops and other initiatives. Along with our Human Resources Development Programme, in the year under review we embarked on the Aon-Hewitt Leadership Programme for the Group's management team to enhance core competencies.

In addition, we have implemented the proven Japanese methodologies of 5S and Kaizen on a Group-wide basis. This facilitates organisational efficiency within the workplace environment, encourages teamwork and discipline, and utilises a structured approach for continuous improvement.

We have also rolled out a campaign to inculcate our core values in our employees, which are known as SHIELD: Synergy, Honesty, Innovativeness, Excellence in Quality, Learning and Dedication. Moreover, in order to attract and retain a highly skilled workforce, we have introduced a second Executive Share Option Scheme. This is in line with our objectives to instil a sense of ownership as well as to incentivise and drive performance in our employees.

Further to this, our high-performing employees also had the opportunity to experience international trade exhibitions in Europe, the Middle-East and Asia. This provided them with valuable industry exposure and enabled them to gain keen insights on global markets.

OUTLOOK

Despite contending with challenging market forces during the year, Hartalega was able to weather through this by leveraging on our solid foundation, established track record and strong margins. The inherent prospects of the glove industry bode well for your Group over the long-term, particularly given the resilient demand growth for nitrile gloves.

We are poised to capture this growth with the NGC, which is proceeding on track. Once completed, the NGC will comprise a total of six state-of-the-art manufacturing plants housing 72 technologically advanced production lines. This will significantly expand our installed capacity to over 42 billion pieces per annum and increase productivity by 33% compared to our existing facilities.

As the first production lines of the NGC were commissioned in the fourth quarter of the year under review, this did not contribute substantially to profitability. However, with new lines being commissioned progressively, the significant boost in capacity will certainly have a positive impact in the coming years ahead. The NGC also has an improved structured maintenance schedule to ensure optimum efficiency. In the long-run, we are confident that the NGC will enable us to defend our margins and maintain our dominance in the nitrile glove market.

Although some industry analysts cite concerns of oversupply, we firmly believe that this is unlikely given robust demand. As testament to this, Hartalega is operating at full capacity, with a high utilisation rate of 80% to 90% for our production lines, in order to meet the heightened demand for our quality gloves. Glove makers are also building capacities at a moderate pace on a staggered basis, which should cater to steady demand growth year-on-year.

EXECUTIVE CHAIRMAN'S STATEMENT

Indeed, the need for high quality gloves is becoming all the more prevalent across the globe, propelled by increasing global healthcare concerns and the rise of emerging diseases such as the Ebola virus and Middle East Respiratory Syndrome. At this juncture, we do not anticipate a significant upsurge in demand for gloves due to this, as these diseases have not had a substantial overall impact; however we are well-prepared with the new capacities set to come on-stream.

As we pursue opportunities for growth, our distribution platform MUN is set to see greater penetration in emerging markets. Particularly in countries such as China, where per capita consumption of gloves is significantly lower than developed markets such as Europe and the US, there lies much untapped potential that we can capitalise on.

Moving forward, market conditions are expected to ease as raw material costs stabilise, with concerted efforts by the member countries of the International Tripartite Rubber Council, including Malaysia, to stem the fall of rubber prices. In addition, the strengthening of the US Dollar (USD) against the Malaysian Ringgit is conducive for the glove sector as sales are primarily in USD, although benefits will not be immediate.

In 2015, Malaysia also rolled out the Goods and Services Tax which was a cause for concern for many industries. However, this is expected to have negligible impact on the glove industry which is predominantly export-driven.

We are cognisant of the importance of building a strong talent pool to ensure the long-term success of the Group. Talent development continues to be a key focus area as we strive to uphold a sustainable competitive advantage.

In a rapidly growing market and increasingly competitive business environment, Hartalega continues to maintain our leading edge at the forefront of the industry, leveraging on our passion for innovation and first-mover advantage in the nitrile segment.

ACKNOWLEDGEMENT

My sincere appreciation to our Board members, as well as our management team and employees, for their steadfast dedication in guiding the Group forward. On a personal note, I would like to thank Chuah Phaik Sim, who has decided to leave our Board. Having been with us since our IPO, she has played a vital role on the Board and her contributions have been invaluable.

On behalf of the Group, I would like to extend a warm welcome to our newest Board member, Razman Hafidz bin Abu Zarim, who was appointed as an Independent and Non-Executive Director on 2 March 2015.

Our gratitude also goes to shareholders, financiers, business partners, consultants and relevant approving authorities for their support.

Kuan Kam Hon
Executive Chairman

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

As a responsible corporate citizen, Hartalega is committed to contributing positively to society through our corporate social responsibility (CSR) initiatives. With our dedicated efforts, we strive to improve the quality of life in the communities in which we have a presence, as well as caring for the well-being of our employees and ensuring the preservation of the environment.

HEALTH, SAFETY, AND ENVIRONMENT

As the world's largest nitrile glove manufacturer, our workforce is at the heart of the Group's success. The health and welfare of our employees is a top priority for us and to this end, we have implemented several Health, Safety and Environment (HSE) initiatives.

This includes our ongoing HSE campaign, which aims to educate our staff and enhance awareness on the importance of adhering to safety procedures and taking necessary precautions at all times. These efforts assist in mitigating and preventing occupational hazards and accidents.

In the year under review, we held our 2015 Safety and Health Awareness Campaign. Our employees greatly benefitted from the programmes under this campaign, which comprised free medical check-ups, dengue fever awareness and fire-fighting training. They also learnt more about health and safety in interactive ways, with competitions in the areas of hazard identification and fire-fighting. As a result of the Safety and Health Awareness Campaign, our staff was able to deepen their understanding of HSE practices while forming closer bonds with one another.

As part of our drive to ensure that Hartalega maintains top-notch safety protocols, we established the Occupational Health and Safety Management System (OHSAS). This includes health checks for employees, first aid and emergency response team training, chemical safety and equipment safety training, as well as periodic checks on air, noise and water quality. As a Group that prioritises the absolute safety of our workforce, we continuously review and enhance the OHSAS.

Meanwhile, in order to encourage our employees to lead healthy lifestyles, we participated in the annual Kuala Lumpur Rat Race 2014, an annual charity run organised by The Edge and Bursa Malaysia. We regularly organise various sports activities as well.

In addition, Hartalega has always recognised the fact that protecting the environment and working towards a sustainable future is a crucial responsibility. The environmental footprint that we leave behind is not only important to the Group, but is also critical for our future generations.

As such, we conduct regular scheduled monitoring of our manufacturing output and processes, ensuring that our operations are well under the parameters of emission levels and in adherence with environmental compliance standards. We have adopted a proactive stance in managing environmental controls, and this has proven to be effective as we constantly surpass the guidelines set by Jabatan Alam Sekitar and other regulators.

As a result of our efforts, Hartalega received the ISO 14001 environmental management systems certification, a global standard demonstrating our commitment to the environment. Furthermore, during the year we were admitted to the FTSE4Good Bursa Malaysia Index, in recognition of our leadership approach to good Environmental, Social and Governance practices.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

COMMUNITY PROGRAMME

We are firmly committed to reaching out to those in need in order to make a positive difference in the community. To this end, over the years we have implemented various programmes with the aim of providing aid and assistance to disadvantaged members of society.

Among the initiatives that we have undertaken include monetary donations and contributions in kind to charitable organisations. We make monthly contributions of provisions to Jashiera Old Folks Home, and on a bi-monthly basis we provide medical aid to Rumah Ozanam Batu Arang, a shelter for displaced women and children living with HIV/AIDS. Our employees personally take part in our outreach efforts by visiting these homes and spending quality time with the residents. During the year, we also provided provisions for the flood victims who were badly impacted by the East Coast floods.

Along with this, during festive seasons such as Chinese New Year, Hari Raya and Deepavali, we hold annual charity drives to brighten up these occasions for those less fortunate. In addition, in the year under review we held a Fun, Cheer & KFC Lunch with handicapped children from Pusat Pemulihan Dalam Komuniti PDK Rumah Payung, Bandar Baru Salak Tinggi.

We are actively involved in encouraging community growth and development. The Group has hosted various activities for the local communities in Bestari Jaya and Kuala Selangor to foster closer ties. This includes Karnival Seni Cantik, a lively community event which celebrates art and culture as well as Karnival Kami Prihatin, promoting a caring and safety-conscious community. Meanwhile, in partnership with Polis Diraja Malaysia, Town Council and Road Safety Department, we have organised road safety campaigns with the aim of instilling safe driving habits.

We also collaborated with the Tourism and Culture Department of Malaysia and Homestay Banghuris to organise Festival Nasi Ambeng, an arts and culture carnival held in conjunction with "Visit Malaysia Year 2014".

In order to encourage healthy lifestyles, we upgraded the weightlifting centre in SMK Raja Muda Musa in Kuala Selangor into a Centre of Excellence for Weightlifting, which we have pledged to support from 2014 to 2016. In addition, we organised recycling campaigns for schools in a bid to inculcate environmental awareness and develop sustainable habits among young children.

Hartalega also provided aid to the international community during the Ebola virus outbreak. Answering the call by the Malaysian Government, Hartalega joined in the efforts of other rubber glove companies and donated rubber gloves to affected countries in Africa.

EDUCATION

The Group recognises that education is the key to advancing the development of Malaysia, as it is our nation's youth that will propel us forward. To this end, we are committed to providing young Malaysians with opportunities to realise and fulfil their potential.

To encourage students to strive towards excellence, we offer high-achieving students scholarships as well as provide monthly tuition subsidies to underprivileged children from Kampung Sungai Darah and Taman Suria for their educational needs. We also provide educational assistance for the children of our employees.

During the year, we joined hands with University of Malaya, one of our nation's most established institutions, and Anak Alami Enterprise, a non-profit organisation, to embark on a rural youth empowerment programme called Kelab Alami KAWA Kuala Selangor. This initiative is a platform to inculcate an appreciation for the environment and empower youths to take ownership of

their surrounding environment. Through this ongoing programme, many young Malaysians are encouraged to play a vital role in preserving natural habitats and the heritage of their community.

Additionally, as part of our commitment to the preservation of the environment, we supported the UMCares Community Exchange and Summit 2014 organised by University of Malaya. This platform aims to showcase environmental best practices in water and energy conservation.

Moreover, we provide opportunities for students to gain valuable industry exposure by hosting educational visits to Hartalega. This enables them to learn more about environment sustainability as well as to experience a first-hand perspective on the advanced manufacturing processes of the world's largest nitrile glove producer.

CALENDAR OF EVENTS

RAYA CHARITY DRIVE

LABOUR DAY CELEBRATION

DEEPAVALI CHARITY DRIVE

2014

MUN BRAND LAUNCH

KL RAT RACE

LAUNCH OF CENTRE OF EXCELLENCE FOR WEIGHTLIFTING AT SMK RAJA MUDA MUSA

ROAD SAFETY CAMPAIGN

2015

FIREFIGHTER TRAINING WITH BOMBA

AON HEWITT LEADERSHIP DEVELOPMENT PROGRAMME

CORE VALUES CAMPAIGN

CORPORATE GOVERNANCE AND DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors ("the Board") of Hartalega Holdings Berhad ("the Company" or "Hartalega") is committed to safeguarding the interests of its stakeholders and recognises the importance of corporate governance in achieving this objective. The Board knows that transparent disclosure of its organisational and management structure as well as other aspects of its corporate governance helps stakeholders to assess the quality of the Group and its management and assists investors in their investment decisions.

The Board is committed to ensuring that the Group's corporate governance is in line with the principles and best practices set out in Part 1 of The Malaysian Code on Corporate Governance ("the Code"). The Board further acknowledges the recommended best practices and the adopted alternative practices set out in Part 2 of the Code and continues to evaluate the status of the practices and the adopted alternatives.

SECTION 1: THE BOARD OF DIRECTORS

The Board takes full responsibility for the performance of the Group and guides the Group towards achieving its short and long term objectives, setting corporate strategies for growth and new business development while providing advice and direction to the Management to enable the Group to achieve its corporate goals and objectives.

Composition of the Board and Board Balance

The Board comprises members who have vast experience in the glove industry as well as professionals in the finance and consulting sectors. The Board brings in a wide spectrum of diverse skills and expertise to the Group which allows it to meet its objectives in the competitive glove manufacturing landscape.

A brief profile of each Director is presented on pages 12 to 17 of this Annual Report.

The Board currently has eight (8) members comprising four (4) Non-Independent Executive Directors and four (4) Independent Non-Executive Directors. This fulfils the one third (1/3) independence requirement.

Mr. Kuan Kam Hon takes on the role of Executive Chairman of the Group. Given his capability to show leadership, entrepreneurship skills, business acumen and vast experience in the glove industry, the Board continues to maintain this arrangement which is in the best interests of the Group.

The Code recommends that the Chairman of the Board must be a Non-Executive member and where the Chairman is not an Independent Director, it must comprise a majority of Independent Directors. The Board has decided to depart from this recommendation of the Code as the Board acknowledges that the Executive Chairman is the single largest shareholder and there is the advantage of shareholder leadership and a natural alignment of interest. In addition, the Executive Chairman is the founder of the Group with extensive knowledge and experience and he is competent to lead the Group towards achieving the highest level of interest to the Company and all its stakeholders. In respect of potential conflicts of interest, the Board is comfortable that there is no undue risk involved as all related party transactions are disclosed and strictly dealt with in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"). The Board is always mindful of the potential conflict of interest that may arise in each transaction, in which case, interested Directors are abstained from decision making.

The presence of Independent Directors which comprise one half (1/2) of the Board members, though not forming a majority, is sufficient to provide the necessary checks and balances on the decision making process of the Board. They possess integrity and extensive experience to provide unbiased and independent views to the Board. They consistently challenged the management and the Board in an effective and constructive manner and therefore are able to function as check and balance and bring in justified opinions to the Board of Directors. The Executive Chairman also encourages healthy debates on important issues and promotes active participation by Board members.

All the Directors have given their undertaking to comply with the Listing Requirements of Bursa Securities and the Independent Directors have confirmed their independence in writing.

Board Responsibilities

Having recognised the importance of an effective and dynamic Board, the Board's members are guided by the area of responsibilities as outlined:

» Reviewing and adopting strategic plans for the Group;

» Overseeing the conduct of the Group's businesses to evaluate whether the businesses are properly managed;

» Identifying the principal risks and key performance indicators of the Group's businesses and ensuring that appropriate systems are implemented and/or steps are taken to manage these risks;

» Developing and implementing an investor relations programme or shareholder communication policy for the Group; and

» Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Appointments to the Board

Nomination Committee

The Nomination Committee comprises the following members:

Name of Director	Designation	Directorship
Dato' Mohamed Zakri bin Abdul Rashid	Chairman	Senior Independent Non-Executive
Dato' Tan Guan Cheong	Member	Independent Non-Executive
Liew Ben Poh	Member	Independent Non-Executive

The Board annually reviews the required mix of skills, experience and other qualities of the Directors to ensure that the Board is functioning effectively and efficiently.

The Nomination Committee's primary responsibilities include:

a. leading the process for Board appointments and making recommendations to the Board.

b. assessing Directors on an on-going basis.

c. annually reviewing the required skills and core competencies of Non-Executive Directors, including familiarisation with the Company's operations.

Re-Election of Directors

In accordance with the Company's Article of Association, all Directors including Directors holding an executive position of Chief Executive Officer or Managing Director, if any, shall retire from office at each Annual General Meeting, provided always that every Director shall retire at least once every three (3) years. The retiring Directors shall be eligible to offer themselves for re-election. Directors who are appointed by the Board during the financial year shall hold office until the next Annual General Meeting and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Director's Training

The Group acknowledges the fact that continuous education is vital for the Board members to gain insight into the state of the economy, technological advances in the core business, latest regulatory updates, and management strategies. In compliance with the Listing Requirements and the relevant Practice Note issued by Bursa Securities, all Directors have completed their Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities.

The Directors are also aware of their duty to undergo appropriate training from time to time to ensure that they are equipped to carry out their duties effectively. The Board is mindful therefore of the need to keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry in which the Group operates. Whenever the need arises, the Company provides briefings of new recruits to the Board, to ensure they have a comprehensive understanding on the operations of the Group and the Company.

During the financial year, the Directors have attended the following conferences and training programmes:

Training Attended	Date
Roundtable Discussion on Financial Reporting	24 April 2014
Business and Human Capital Strategies	6 May 2014
Behavioural Issues and C-Suites Assessments	8 May 2014
Integrating Corporate Governance with Business Acumen and Corporate Disclosure	27 May 2014
Invest Malaysia Kuala Lumpur 2014	9-10 June 2014

Training Attended	Date
Personal Data Protection Act 2010 and the Competition Act 2010: Implications on Capital Market	18 June 2014
Looking Beyond Financial Statements	7 August 2014
Leadership Energy Summit Asia	1-2 October 2014

Supply of Information

The Board has a formal schedule of matters for decision-making to ensure that the direction and control of the Group is firmly in its hands.

Prior to each Board meeting, a full agenda together with relevant reports and comprehensive Board papers would be distributed to all Directors on a timely basis to enable the Directors to consider the matters to be deliberated and where necessary, obtain further information.

Proceedings of Board meetings are duly recorded and signed by the Chairman of the meeting.

Every Director has full and timely access to all Group information, records, documents and property to enable them to discharge their duties and responsibilities effectively. The Directors, whether collectively or individually, may seek independent professional advice in furtherance of their duties at the Company's expense, if required.

Board Meetings

During the financial year under review, five (5) Board meetings were held. Details of attendance of each individual Director in respect of the meetings held are disclosed below:

Name of Director	Meetings Attended
Kuan Kam Hon @ Kwan Kam Onn	5/5
Dr Danaraj A/L Nadarajah	5/5
Chuah Phaik Sim (Resigned w.e.f. 2/3/2015)	5/5
Dato' Mohamed Zakri bin Abdul Rashid	5/5
Kuan Mun Keng	4/5
Kuan Mun Leong	5/5
Liew Ben Poh	5/5
Dato' Tan Guan Cheong	5/5
Razman Hafidz bin Abu Zarim (Appointed w.e.f. 2/3/2015)	-

During the financial year ended 31 March 2015, five Board meetings were convened on 6/5/2014, 8/7/2014, 5/8/2014, 18/11/2014 and 10/2/2015 respectively.

Restriction on Directorships

The number of Directorships held by the Directors is stated in the Profile of Directors in the Annual Report.

Board Committees

The Board has established the following Committees to assist the Board in discharging its duties and responsibilities effectively:

» Audit Committee

» Nomination Committee

» Remuneration Committee

The terms of reference of each Board Committee are set out in Board Charter and have been approved by the Board. These Committees have the authority to examine particular issues and report to the Board with their recommendations. However, the ultimate responsibility for the final decision on all matters lies with the Board.

Audit Committee

The report of the Audit Committee is set out on pages 44 to 47 of this Annual Report.

Nomination Committee

The details of the Nomination Committee are set out on page 9 of this Annual Report.

Remuneration Committee

The details of the Remuneration Committee are set out on page 9 of this Annual Report.

In line with best practices in Corporate Governance, the Code recommends the establishment of the following committees:

1. Nomination Committee

   The primary function of the Nomination Committee is to propose new nominees for the Board and to assess Directors on an ongoing basis.

   As the existing Board members are professionals from diverse disciplines, the Board collectively undertakes to review the required skills sets annually to ensure that it has an optimal mix of expertise and experience.

2. Remuneration Committee

The primary function is to set the policy framework for the remuneration of the Directors to ensure that the policy on Directors is sufficient to attract and retain Directors of the calibre needed to manage the Group successfully.

The determination of remuneration of our Executive and Non-Executive Directors shall be a matter to be determined by our Board as a whole after taking into consideration the Remuneration Committee's recommendation.

SECTION 2: DIRECTORS' REMUNERATION

a. Remuneration Procedure

The remuneration of Directors is formulated to be competitive and realistic, emphasis being placed on performance and calibre, with aims to attract, motivate and retain Directors with the relevant experience, expertise and quality needed to assist in managing the Group effectively.

For Executive Directors, the remuneration packages link rewards to corporate and individual performance whilst for the Non-Executive Directors, the level of remuneration is linked to their experience and level of responsibilities undertaken.

The level of remuneration for the Executive Directors is determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies. The determination of the remuneration package of Non-Executive Directors, including Executive Chairman should be a matter for the Board as a whole. The individuals concerned should abstain from discussing their own remuneration.

The Remuneration Committee's primary responsibilities include establishing, reviewing and recommending to the Board the remuneration packages of each individual Executive Director and the Company Secretary.

The Remuneration Committee is also responsible for recommending the remuneration for the senior management and that the remuneration should reflect the responsibility and commitment that goes with it.

The primary roles and responsibilities of the Committee are clearly defined and include the following:

» To review the required mix of skills, experience and other qualifications which Directors (including Independent Directors) should bring to the Board in order for the Board to function effectively;

» To annually review and assess the contribution of each individual Director and to recommend to the Board new candidates for appointment as Director if there is a need for additional Board Members;

» To recommend to the Board a framework for remuneration for the Board and each Executive Director, which includes but is not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind; and

» To establish objectives, performance criteria and measurement to evaluate the performance and effectiveness of the Board as a whole and to assess the contribution by each individual Director.

b. Directors' Remuneration

In the case of Executive Directors, the remuneration package is structured to reward corporate and individual performance while for Non-Executive Directors the remuneration reflects the experience and level of responsibilities undertaken.

The aggregate Directors' remuneration paid or payable or otherwise made available to all Directors of the Company during the financial year was as follows:

Category	Fees (RM)	Salaries & Other Emoluments (RM)	Benefit in Kind (RM)
Executive Director	216,000	3,636,201	479,185
Non-Executive Director	168,000	22,500	0

Directors' remuneration is broadly categorised into the following bands:

Range of Remuneration	Number of Executive Directors	Number of Non-Executive Directors
Below RM50,000	0	4
RM50,001 to RM100,000	0	1
RM500,001 to RM550,000	1	0
RM950,001 to RM1,000,000	1	0
RM1,100,001 to RM1,150,000	1	0
RM1,700,001 to RM1,750,000	1	0

SECTION 3: SHAREHOLDERS

Dialogue between Company and Investors

The Group recognises the importance of communication with its shareholders and utilises many channels to disseminate information and to interact with them. The Group has a website in which shareholders and the public can access up-to-date information about the business and the Group. The Group's website can be accessed at www.hartalega.com.my.

In addition, the Group makes various announcements on business developments using traditional mass media throughout the year. The Group also releases financial results on a quarterly basis according to Bursa Malaysia's requirements.

The Group also aims to have full interaction with fund managers, institutional investors and analysts. The Group has established a Corporate Affairs department designated for investor relations. During the year, the Group has arranged for Executive Directors and Senior Management to communicate and meet with investors and analysts to brief them on the ongoing business landscape.

Information is disseminated in strict adherence to disclosure requirements of Bursa Malaysia Securities Berhad.

The Annual General Meeting

The Annual General Meeting serves as an important means for shareholder communication. Notice of the Annual General Meeting and Annual Reports are sent to shareholders twenty one days prior to the Meeting.

At each Annual General Meeting, the Board presents the progress and performance of the Group's business and encourages attendance and participation of shareholders during question and answer sessions. The Chairman and the Board will respond to all questions raised by the shareholders during the Annual General Meeting.

SECTION 4: ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects through the quarterly announcement of results to Bursa Malaysia as well as the Chairman's statement, review of operations and annual financial statements in the Annual Report. The Audit Committee assists the Board in ensuring accuracy and adequacy of information by overseeing and reviewing the financial statements and quarterly announcements prior to the submission to Bursa Securities.

The Directors are responsible to ensure that the annual financial statements are drawn up in accordance with the applicable approved accounting standards in Malaysia and the Companies Act 1965. The Statement of Directors' Responsibilities in relation to preparing the financial statements is set out separately in Section 5.

Risk Management and Internal Control

The Board is committed to maintaining a sound system of internal control within the Group. The Board acknowledges that a good system of internal control covering all aspects of the business including compliance and risk management is required to safeguard shareholders' investment and the Group's assets.

Information on the Group's internal control is set out in the Statement on Risk Management and Internal Control located on page 48 of this report.

Relationship with Auditors

The Board has a formal and transparent relationship with its auditor Messrs. Deloitte & Touche. The external auditor through its statutory audit function continues to review, evaluate and refine the Group's accounting policies and procedures including internal control measures.

This statement is made in accordance with the resolution of the Board of Directors dated 1 July 2015.

SECTION 5: RESPONSIBILITY STATEMENT BY DIRECTORS

The Board is responsible to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flow of the Group and the Company for the financial year ended.

In preparing the financial statements, the Directors have:

i. Adopted the appropriate accounting policies and applied them consistently;

ii. Made judgements and estimates that are reasonable and prudent;

iii. Ensured applicable approved accounting standards have been followed and any material departures have been disclosed and explained in the financial statements; and

iv. Ensured the financial statements have been prepared on a going concern basis.

The Board is responsible for keeping proper accounting records of the Group and the Company, which disclose with reasonable accuracy the financial position of the Group and the Company, and which will enable them to ensure the financial statements have complied with the provisions of the Companies Act 1965 and the applicable approved accounting standards in Malaysia.

The Board is also responsible for taking reasonable steps to safeguard the assets of the Company to prevent and detect fraud and other irregularities.

SECTION 6: COMPLIANCE STATEMENT

Having reviewed the governance structure and practices of the Group, the Board considers that it has complied with the best practices as set out in the Code unless otherwise stated as well as the items set out in Part A of Appendix 9C of the Listing Requirements of Bursa Securities in relation to the requirement of a separate disclosure in the Annual Report.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 1 July 2015.

AUDIT COMMITTEE REPORT

A. Composition and Attendance

The Audit Committee comprises the following members and details of attendance of each member at committee meetings held during the year ended 31 March 2015 are as follows:

Composition of the Committee	Attendance
Dato' Tan Guan Cheong (Chairman / Independent Non-Executive Director)	5/5
Dato' Mohamed Zakri bin Abdul Rashid (Senior Independent Non-Executive Director)	5/5
Chuah Phaik Sim (Independent Non-Executive Director) (Resigned w.e.f. 2/3/2015)	5/5
Razman Hafidz bin Abu Zarim (Independent Non-Executive Director) (Appointed w.e.f. 2/3/2015)	-

B. Composition Compliance

The Audit Committee consists of three (3) members of which all are Independent Non-Executive Directors. None of them are alternate directors. Dato' Tan Guan Cheong chairs the Audit Committee.

C. Terms of Reference

Authority

The Committee shall, in accordance with procedures determined by the Board and at the expense of the Company:

» Investigate any activity within its terms of reference, with the co-operation of all employees as directed by the Board and the Committee;

» Have full and unrestricted access to all information, documents and resources required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group;

» Obtain independent professional advice or other advice and to secure the attendance of external parties with relevant experience and expertise if necessary;

» Convene meetings with the internal or external auditors, without the attendance of the Executive Directors, whenever deemed necessary; and

» Make relevant reports when necessary to the relevant authorities when a breach of the Listing Requirements has occurred.

Responsibilities and Duties

The Audit Committee shall be the focal point for communication between external auditors, internal auditors, Directors and the Management on matters in connection with financial accounting, reporting and controls. It shall also ensure that accounting policies and practices are adhered to by the Company and its subsidiaries.

The duties of the Audit Committee shall include the following:

i. To review the quality of the external auditors and to make recommendations on their appointment, termination and remuneration;

ii. To review the audit plan and audit reports, including the evaluation of the internal control system with the external auditors;

iii. To review the independence and objectivity of the external auditors and their services, including non-audit services;

iv. To review the liaison between the external auditors, Management and the Board, and the assistance given by Management to the external auditors;

v. To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss;

vi. To review the external auditor's audit report, management letter and Management's response;

vii. To review the assistance given by the employees of the Company and its subsidiaries to the external auditor;

viii. To consider the appointment of the internal auditor, the audit fees and any questions of their resignation or dismissal;

ix. To review the internal audit functions namely:

    » The adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;

    » The internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal auditor; and

    » The performance of the internal auditor, whose role includes the examination and evaluation of the Group's operations and their compliance with the relevant policies, codes and legislations;

x. To review the quarterly reporting to Bursa Malaysia Securities Berhad and year-end annual financial statements before submission to the Board, focusing on major accounting policy changes, significant audit issues in relation to the estimates and judgement areas, significant and unusual events, and compliance with accounting standards and other legal requirements;

xi. To monitor any related party transactions and recurring related party transactions that may arise within the Group and to report, if any, transactions that may arise within the Group and any related party outside the Group that are not based on arms-length terms and are disadvantageous to the Group;

xii. To review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or cause of conduct that may raise questions of management integrity;

xiii. To consider the major findings of internal investigations and Management's response;

xiv. To verify the allocation of the Executive Share Option Scheme ("ESOS") in compliance with criteria as stipulated in the by-laws of the ESOS of the Company;

xv. To review and monitor the effectiveness of the Group's system of internal control; and

xvi. To consider other matters as defined by the Board.

Meetings

The Committee will meet at least four (4) times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties. The external auditors may request a meeting if they consider that one is necessary.

The Quorum for each meeting shall be two (2) members and the majority of members present must be Independent Non-Executive Directors.

The authorised Officers and a representative of the external auditors may attend meetings at the invitation of the Committee. Other Board members shall also have the right of attendance upon the invitation of the Committee. If necessary, the Committee shall meet with the external auditors without executive Board members present.

The Secretary to the Committee shall be the Company Secretary or any other person appointed by the Committee.

The Secretary shall be responsible, in conjunction with the Chairman, for drawing up the Agenda and circulating it to the Committee members prior to each meeting. The Secretary will also be responsible for keeping the minutes of the meeting of the Committee, and circulating to the Committee members and to other members of the Board.

A Resolution in writing signed or approved by letter by all the members of the Audit Committee who are sufficient to form a Quorum shall be valid and effectual as if it had been passed at a meeting of the Audit Committee duly called and constituted. All such resolution shall be described as "Audit Committee Circular Resolution" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's minute book. Any such resolution may consist of several documents in like form, each signed by one (1) or more members.

D. Summary of Activities

The following activities were carried out by the Audit Committee during the year under review:

i. Reviewed the quarterly financial statements and Annual Report of the Group prior to presentation to the Board for approval;

ii. Reviewed the audit fees and remuneration payable to external and internal auditors;

iii. Reviewed with internal auditors their audit plan prior to commencement of audit;

iv. Reviewed the audit plan and audit reports, including the evaluation of the internal control system with the external auditors;

v. Reviewed the internal audit reports and ensured that appropriate actions were taken on the recommendations of the internal auditor; and

vi. Verified the allocation of options shares pursuant to the ESOS to eligible employees had been made in accordance with criteria as stipulated in the ESOS by-laws of the Company.

The Committee discharged its duties and responsibilities in accordance with its Terms of Reference.

E. Internal Audit Function

The Group outsourced its internal audit function to an external consultant. The cost incurred for the internal audit function in respect of the financial year ended 31 March 2015 was RM66,000 (2014: RM66,000).

The role of the internal audit function is to assist the Audit Committee and the Board of Directors in monitoring and managing risks and internal controls of the Group. A systematic and disciplined approach is used to evaluate and improve the effectiveness of risk management, operational and internal controls, and compliance with laws and regulations.

The internal annual audit planning memorandum established is reviewed and approved by the Audit Committee before commencement of the financial year.

Internal audits are carried out in accordance with the internal annual planning memorandum and reports are issued to the Audit Committee for tabling at the Audit Committee meetings. The Audit Committee deliberates on the findings and recommendations as reported by the Internal Auditors and monitors to ensure appropriate follow-up actions are taken on the recommendations of the internal auditor.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Statement on Risk Management and Internal Control (the "Statement") is prepared pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, a publication of Bursa Malaysia Securities Berhad.

BOARD RESPONSIBILITIES

The Board of Directors is committed to maintaining a sound system of risk management and internal control within the Group. The Board also acknowledges that it is their responsibility to review, in an ongoing manner, the risk management and internal control system for its adequacy, effectiveness and integrity.

The system of risk management and internal control is designed to manage risk to a reasonable level rather than to eliminate the risk of failure to achieve the Group's business objectives. It can therefore only provide reasonable and not absolute assurance against material misstatement or financial losses or fraud. In achieving the Group's business objectives, the Board assumes its responsibilities in designing the system of risk management and internal control based on the ongoing process of identifying and prioritising risk, evaluating the likelihood of those risks being realised and the impact should they be realised, and then, managing them effectively, efficiently and economically.

Management is responsible for assisting the Board in implementing and monitoring the procedures and processes which identify, assess and monitor business risks and internal controls, and to take responsive corrective action as and when needed.

The Board has received assurance from the Managing Director and the Corporate Finance Director that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets. The following outlines the nature and scope of risk management and internal control of the Group.

RISK MANAGEMENT FRAMEWORK

In line with the increasing focus of shareholders on Corporate Governance, the Company embarked on risk management initiatives. The Company has established and formalised its Enterprise Risk Management Framework (ERM). Under the ERM framework, a Risk Management Working Group (RMWG) is established. The key responsibilities of the RMWG are to provide regular reporting and update to the Board on key risk management issues. The RMWG is also responsible to champion and promote the ERM and to ensure that the risk management process and culture are embedded throughout the Group.

The RMWG is headed by the Managing Director. The RMWG will meet regularly where the Head of Departments have the overall responsibility to report the key risks to the attention of the RMWG. The Managing Director is responsible to report to the Board on a regular basis on major risk areas.

The key principles of the Group's ERM policy are:

» Effective risk management contributes to effective governance and is integral to the achievement of business objectives.

» It is the responsibility of every employee of the organisation to manage risks within their areas of responsibility.

» Risk management should be embedded into the day-to-day management processes and is explicitly applied in decision-making and strategic planning.

» The risk management processes applied should aim to take advantage of opportunities, manage uncertainties and minimise threats.

» Regular reporting and monitoring activities emphasise the accountability and responsibility for managing risks.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT AND ISO AUDIT FUNCTION

To maintain a sound system of internal control, the Group relies on its two (2) assurance mechanisms, namely:

i. Internal Audit; and

ii. ISO Audit.

The internal audit function has been outsourced to provide independence from the activities and operations of the Group, thereby providing the Audit Committee and the Board assurance with regards to the adequacy, effectiveness and integrity of the system of internal control.

The internal audit reviews are executed based on an internal audit plan approved by the Audit Committee. The findings of the internal audit reviews together with management's comments and action plans to address the audit findings are presented and reviewed by the Audit Committee. Follow-up reviews have also been conducted to report to the Audit Committee on the status of implementation of management action plans.

As per requirement of the ISO 9001, ISO 13485 and ISO 14001 certifications, scheduled audits are conducted internally as well as by the certification body, TÜV SÜD. Issues arising from these audits are forwarded to the Management Representative for review.

OTHER KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

Apart from risk management and internal audit function, the Board has also put in place the following elements as part of the Group's system of internal control:

» Company policies and procedures that adhere to ISO 9001:2008, ISO 13485:2003 and ISO 14001:2004 management systems are in place for its major subsidiary company, Hartalega Sdn Bhd and they are reviewed annually for their effectiveness;

» Clearly defined organisational structure with proper delegation of responsibilities and accountability. Appropriate authority limits are established for the approval process, therefore minimising the risk of unauthorised transactions;

» Annual budget system is in place. There is requirement for the timely submission of monthly financial reports and key operational performance indicators to the management;

» Human resource function sets out policies for recruitment, training and staff appraisal to ensure that staff is competent and adequately trained in carrying out their responsibilities; and

» All new products go through defined design control, and new machines and production processes go through a verification and validation process before implementation.

CONCLUSION

During the financial year ended 31 March 2015, the Board is of the view that there have been no significant weaknesses identified in the risk management and internal control system. However, a number of minor internal control weaknesses were noted, all of which have been, or are being addressed. These were not expected to result in any material loss, contingencies or uncertainties that would require disclosure in this Annual Report.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in the Annual Report of the Group for the year ended 31 March 2015 and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system.

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

CONTENTS

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are stated in Note 11 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	210,207,175	119,221,398
Attributable to:		
Owners of the Company	209,732,833	119,221,398
Non-controlling interests	474,342	-
	210,207,175	119,221,398

DIVIDENDS

Dividends paid, declared and proposed by the Company since the end of the previous financial year were:

i. third interim single tier exempt dividend of 3.5 sen per share amounting to RM26,155,733 in respect of financial year ended 31 March 2014 as reported in the Directors' Report of that financial year, declared on 6 May 2014 and paid on 18 June 2014;

ii. final single tier exempt dividend of 4 sen per share amounting to RM31,172,932 in respect of financial year ended 31 March 2014 as reported in the Directors' Report of that financial year, approved by shareholders at the last Annual General Meeting on 26 August 2014 and paid on 24 September 2014;

iii. first interim single tier exempt dividend of 3 sen per share amounting to RM23,696,785 in respect of the current financial year, declared on 18 November 2014 and paid on 24 December 2014;

iv. second interim single tier exempt dividend of 3 sen per share amounting to RM23,969,768 in respect of the current financial year, declared on 10 February 2015 and paid on 26 March 2015; and

v. third interim single tier exempt dividend of 3 sen per share amounting to RM24,457,102 in respect of the current financial year, declared on 5 May 2015 and paid on 18 June 2015.

The Directors recommended a final single tier exempt dividend of 4 sen per share amounting to RM32,817,350 based on the number of outstanding ordinary shares in issue as at the date of this report, in respect of the current financial year, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect the third interim dividend declared and final dividend proposed. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2016.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

i. any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

ii. any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

No contingent liabilities or other liabilities of the Group or of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors:

i. the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

ii. there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM373,516,183 to RM400,779,017 by way of:

i. issuance of 8,845,100 ordinary shares of RM0.50 each for cash pursuant to the exercise of Executive Share Option Scheme at exercise prices of between RM2.20 and RM6.53 per ordinary share; and

ii. issuance of 45,680,567 ordinary shares of RM0.50 each for cash pursuant to the exercise of Warrants at an exercise price of RM4.14 per ordinary share.

The new ordinary shares issued during the financial year ranked pari passu in all respect with the existing ordinary shares of the Company.

The Company has not issued any new debentures during the financial year.

WARRANTS 2012/2015

On 30 May 2012, the Company issued free warrants ("the warrants 2012/2015") constituted under the Deed Poll dated 14 May 2012.

The salient features of the warrants 2012/2015 are as follows:

a. entitles its registered holders to subscribe for one (1) new ordinary share of RM0.50 each at the exercise price during the exercise period;

b. the exercise price is RM4.14 per share subject to adjustments in accordance with the provisions of the deed poll executed; and

c. the warrants 2012/2015 may be exercised at any time for a period of two years commencing from 30 May 2013 until 29 May 2015 ("exercise period"). The warrants 2012/2015 that are not exercised during the exercise period will thereafter lapse and become void.

The movements in the Company's warrants 2012/2015 to subscribe for new ordinary shares of RM0.50 each during the financial year is as follows:

	Number of warrants			
	At 1.4.2014	Granted	Exercised	At 31.3.2015
Number of warrants 2012/2015	64,850,934	-	(45,680,567)	19,170,367

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company or of any other company during the financial year apart from the warrants 2012/2015 and Executive Share Option Scheme.

EXECUTIVE SHARE OPTION SCHEME ("ESOS")

At an Extraordinary General Meeting held on 25 March 2010, shareholders approved the Executive Share Option Scheme to subscribe for unissued new ordinary shares of RM0.50 each in the Company which were granted to eligible executive directors and executives of the Company and/or its subsidiaries (excluding subsidiaries that are dormant).

The salient features and other terms of the ESOS are disclosed in Note 19(d) to the financial statements.

During the financial year, the Company granted a total of 1,116,500 share options under the ESOS.

Details of all the options granted during the financial year to subscribe for ordinary shares of the Company pursuant to the ESOS as at 31 March 2015 are as follows:

Expiry date	Exercise price RM	Number of options
31.3.2015	5.25	517,700
31.3.2015	6.19	598,800
		1,116,500

The Company has been granted exemption by the Companies Commission of Malaysia vide its letter dated 29 April 2015 from having to disclose the list of option holders, other than Directors, to whom options have been granted during the financial year and details of their holdings pursuant to Section 169(11) of the Companies Act 1965 in Malaysia except for information of employees who were granted 36,700 options and above.

The list of option holders granted 36,700 options and above during the financial year are as follows:

				Number of share options		
Name	Grant date	Expiry date	Exercise price RM	Granted '000	Exercised '000	At 31.3.2015 '000
Cheng Chew Kong	17.5.2014	31.3.2015	5.25	114.6	(114.6)	-
Say Teck Guan	17.5.2014	31.3.2015	5.25	39.7	(39.7)	-
Sivarajah A/L Ethiraju	17.5.2014	31.3.2015	5.25	62.8	(62.8)	-
Khadijah binti Mohamad Salleh	17.5.2014	31.3.2015	5.25	37.3	(37.3)	-
Mohammad Syazuan bin Ahmad Zuki	17.5.2014	31.3.2015	5.25	36.7	(36.7)	-
Ng Swee Ang	25.8.2014	31.3.2015	6.19	106.3	(106.3)	-
Angelina Yeo Chai Hong	25.8.2014	31.3.2015	6.19	79.8	(79.8)	-
Mohd Zamani Low bin Abdullah	25.8.2014	31.3.2015	6.19	59.0	(59.0)	-
Soo Kok Seng	25.8.2014	31.3.2015	6.19	56.2	(56.2)	-
Loy Sheat Lin	25.8.2014	31.3.2015	6.19	67.4	(67.4)	-
				659.8	(659.8)	-

Directors' options are disclosed under the Directors' interests below.

DIRECTORS OF THE COMPANY

The Directors in office since the date of the last report are:

KUAN KAM HON @ KWAN KAM ONN
DATO' MOHAMED ZAKRI BIN ABDUL RASHID
KUAN MUN KENG
KUAN MUN LEONG
LIEW BEN POH
DR. DANARAJ A/L NADARAJAH
DATO' TAN GUAN CHEONG
CHUAH PHAIK SIM (Resigned on 2 March 2015)
RAZMAN HAFIDZ BIN ABU ZARIM (Appointed on 2 March 2015)

DIRECTORS' INTERESTS

The interests of the Directors in office as at the end of the financial year in the shares and options over ordinary shares of the Company and of the related corporations during the financial year ended 31 March 2015 are as follows:

a. Shareholdings in the holding company
- Hartalega Industries Sdn. Bhd.

	Number of preference shares of RM1.00 each			
	At 1.4.2014	Bought	Sold	At 31.3.2015
Direct interests				
Kuan Kam Hon @ Kwan Kam Onn	45,933	-	-	45,933

	Number of ordinary shares of RM1.00 each			
	At 1.4.2014	Bought	Sold	At 31.3.2015
Direct interests				
Kuan Kam Hon @ Kwan Kam Onn	45,959	24	-	45,983
Deemed interests				
Kuan Kam Hon @ Kwan Kam Onn [(1)]	49	-	(49)	-

b. Shareholdings in the Company

	Number of ordinary shares of RM0.50 each			
	At 1.4.2014/ Date of appointment	Bought	Sold	At 31.3.2015
Direct interests				
Dato' Mohamed Zakri bin Abdul Rashid	1,084,900	-	(80,000)	1,004,900
Dato' Tan Guan Cheong	40,000	-	-	40,000
Dr. Danaraj A/L Nadarajah	128,100	117,000	(100,000)	145,100
Kuan Mun Keng	1,374,000	-	-	1,374,000
Kuan Mun Leong	1,377,000	-	-	1,377,000
Liew Ben Poh	900,000	-	-	900,000
Deemed interests				
Dato' Mohamed Zakri bin Abdul Rashid [(3)]	51,000	-	-	51,000
Kuan Kam Hon @ Kwan Kam Onn [(2)]	410,448,304	33,029,400 [(4)]	(15,000,000)	428,477,704
Liew Ben Poh [(3)]	14,000	-	-	14,000

(1) Shares held through a corporation in which the Director has substantial financial interests.

(2) Shares held through the holding company, Hartalega Industries Sdn. Bhd. and Budi Tenggara Sdn. Bhd. in which the Director has substantial financial interests.

(3) Shares held through spouse/children of the Director who herself/himself is not Director of the Company.

(4) Conversion of warrants into ordinary shares for Hartalega Industries Sdn. Bhd and Budi Tenggara Sdn. Bhd.

c. Share Options in the Company
Executive Share Option Scheme ("ESOS")

	Number of ESOS over ordinary shares of RM0.50 each			
	At 1.4.2014	Granted	Exercised	At 31.3.2015
Dr. Danaraj A/L Nadarajah	117,000	-	(117,000)	-

By virtue of his substantial interests in the shares of the Company, Mr. Kuan Kam Hon @ Kwan Kam Onn is also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during and at the end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the ESOS as disclosed above.

HOLDING COMPANY

The Directors regard Hartalega Industries Sdn. Bhd., a private limited company incorporated in Malaysia, as the ultimate holding company of the Company.

SIGNIFICANT EVENTS

Details of significant events arising during the financial year are disclosed in Note 27 to the financial statements.

AUDITORS

The auditors, Messrs. Deloitte & Touche, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 1 July 2015.

KUAN KAM HON @ KWAN KAM ONN

KUAN MUN LEONG

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 64 to 126, are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 127 has been prepared in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 1 July 2015.

KUAN KAM HON @ KWAN KAM ONN

KUAN MUN LEONG

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965

I, Kuan Kam Hon @ Kwan Kam Onn, being the Director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements as set out on pages 64 to 126 and the supplementary information as set out on page 127 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared at Kuala Lumpur in the Federal Territory on 1 July 2015

KUAN KAM HON @ KWAN KAM ONN

Before me

SHAFIE B. DAUD (W 350)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARTALEGA HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA)

Report on the Financial Statements

We have audited the financial statements of Hartalega Holdings Berhad, which comprise the statements of financial position as at 31 March 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 64 to 126.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARTALEGA HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that:

a. In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act;

b. We have considered the accounts and auditors' reports of the subsidiaries of which we have not acted as auditors, as shown in Note 11 to the financial statements, being accounts that have been included in the financial statements of the Group;

c. We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and

d. The auditors' reports on the financial statements of the subsidiaries did not contain any qualification and did not include any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out on page 127 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad ("Bursa Securities") and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Securities. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Securities.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

DELOITTE & TOUCHE
AF 0834
Chartered Accountants

TEO SWEE CHUA
Partner - 2846/01/16(J)
Chartered Accountant

Kuala Lumpur
1 July 2015

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Revenue	4	1,145,960,422	1,107,079,365	117,458,158	108,676,239
Cost of sales		(804,559,578)	(739,241,658)	-	-
Gross profit		341,400,844	367,837,707	117,458,158	108,676,239
Other income		16,692,225	10,212,713	3,905,310	7,885,691
Distribution expenses		(13,399,722)	(14,579,435)	-	-
Administrative expenses		(51,256,709)	(42,579,525)	(1,652,826)	(1,227,724)
Other operating expenses		(16,446,569)	(11,630,151)	-	-
		(81,103,000)	(68,789,111)	(1,652,826)	(1,227,724)
Profit from operations		276,990,069	309,261,309	119,710,642	115,334,206
Finance costs		(108,544)	(310,562)	-	-
Profit before tax	5	276,881,525	308,950,747	119,710,642	115,334,206
Tax expense	6	(66,674,350)	(75,657,750)	(489,244)	(1,228,737)
Profit for the financial year		210,207,175	233,292,997	119,221,398	114,105,469
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation, representing other comprehensive loss for the financial year, net of tax		(708,973)	(343,525)	-	-
Total comprehensive income for the financial year		209,498,202	232,949,472	119,221,398	114,105,469
Profit attributable to:					
Owners of the Company		209,732,833	232,813,348	119,221,398	114,105,469
Non-controlling interests		474,342	479,649	-	-
		210,207,175	233,292,997	119,221,398	114,105,469
Total comprehensive income attributable to:					
Owners of the Company		209,142,687	232,460,468	119,221,398	114,105,469
Non-controlling interests		355,515	489,004	-	-
		209,498,202	232,949,472	119,221,398	114,105,469
Earnings per ordinary share attributable to owners of the parent:					
Basic earnings per ordinary share (sen)	7	27.01	31.39		
Diluted earnings per ordinary share (sen)	7	26.74	30.20		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2015

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	8	821,580,979	634,494,011	-	-
Capital work-in-progress	9	222,649,455	50,262,213	-	-
Intangible assets	10	20,572,755	6,651,563	-	-
Investments in subsidiaries	11	-	-	565,968,097	298,164,292
Deferred tax assets	12	4,205,386	518,836	-	-
Total Non-Current Assets		1,069,008,575	691,926,623	565,968,097	298,164,292
Current Assets					
Inventories	13	120,163,348	98,212,959	-	-
Trade and other receivables	14	197,579,397	149,419,618	4,500	4,500
Tax assets	15	199,553	-	199,553	-
Amount owing by subsidiaries	22	-	-	118,703,251	83,895,086
Derivative financial assets	16	-	1,945,000	-	-
Deposits, cash and bank balances	17	70,501,003	170,550,036	12,740,770	77,308,962
Total Current Assets		388,443,301	420,127,613	131,648,074	161,208,548
TOTAL ASSETS		1,457,451,876	1,112,054,236	697,616,171	459,372,840
EQUITY AND LIABILITIES					
Equity Attributable to Owners of the Company					
Share capital	18	400,779,017	373,516,183	400,779,017	373,516,183
Reserves	19	868,220,486	568,737,934	295,004,242	85,442,979
		1,268,999,503	942,254,117	695,783,259	458,959,162
Non-controlling interests		1,661,549	1,306,034	-	-
Total Equity		1,270,661,052	943,560,151	695,783,259	458,959,162
Non-Current Liabilities					
Loans and borrowings	20	325,518	1,837,709	-	-
Deferred tax liabilities	12	59,481,431	57,003,097	-	-
Total Non-Current Liabilities		59,806,949	58,840,806	-	-
Current Liabilities					
Trade and other payables	21	108,257,533	94,432,760	1,832,912	376,715
Loans and borrowings	20	6,082,109	2,983,491	-	-
Derivatives financial liabilities	16	1,947,000	-	-	-
Tax liabilities		10,697,233	12,237,028	-	36,963
Total Current Liabilities		126,983,875	109,653,279	1,832,912	413,678
Total Liabilities		186,790,824	168,494,085	1,832,912	413,678
TOTAL EQUITY AND LIABILITIES		1,457,451,876	1,112,054,236	697,616,171	459,372,840

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

		Attributable to Owners of the Company							
			Non-Distributable			Distributable			
Group	Note	Share capital RM	Share premium RM	Translation reserve RM	Share-based payment reserve RM	Retained earnings RM	Sub-total RM	Non-controlling interests RM	Total equity RM
At 1 April 2013		366,654,150	6,563,995	317,899	6,008,183	384,177,448	763,721,675	817,030	764,538,705
Comprehensive income									
Profit for the financial year		-	-	-	-	232,813,348	232,813,348	479,649	233,292,997
Other comprehensive income									
Foreign currency translation		-	-	(352,880)	-	-	(352,880)	9,355	(343,525)
Total comprehensive income for the financial year		-	-	(352,880)	-	232,813,348	232,460,468	489,004	232,949,472
Transactions with owners									
Dividends	23	-	-	-	-	(107,599,234)	(107,599,234)	-	(107,599,234)
Share-based payment granted under ESOS		-	-	-	3,853,880	-	3,853,880	-	3,853,880
Issuance of ordinary shares pursuant to ESOS		2,732,200	12,890,111	-	-	-	15,622,311	-	15,622,311
Issuance of ordinary shares pursuant to Warrants		4,129,833	30,065,184	-	-	-	34,195,017	-	34,195,017
Transfer from share-based payment reserve upon exercise/lapse of ESOS		-	4,333,199	-	(4,333,199)	-	-	-	-
Total transactions with owners		6,862,033	47,288,494	-	(479,319)	(107,599,234)	(53,928,026)	-	(53,928,026)
At 31 March 2014		373,516,183	53,852,489	(34,981)	5,528,864	509,391,562	942,254,117	1,306,034	943,560,151

		Attributable to Owners of the Company							
		Non-Distributable				Distributable			
Group	Note	Share capital RM	Share premium RM	Translation reserve RM	Share-based payment reserve RM	Retained earnings RM	Sub-total RM	Non-controlling interests RM	Total equity RM
At 1 April 2014		373,516,183	53,852,489	(34,981)	5,528,864	509,391,562	942,254,117	1,306,034	943,560,151
Comprehensive income									
Profit for the financial year		-	-	-	-	209,732,833	209,732,833	474,342	210,207,175
Other comprehensive income									
Foreign currency translation		-	-	(590,146)	-	-	(590,146)	(118,827)	(708,973)
Total comprehensive income for the financial year		-	-	(590,146)	-	209,732,833	209,142,687	355,515	209,498,202
Transactions with owners									
Dividends	23	-	-	-	-	(104,995,218)	(104,995,218)	-	(104,995,218)
Share-based payment granted under ESOS		-	-	-	2,468,405	-	2,468,405	-	2,468,405
Issuance of ordinary shares pursuant to ESOS		4,422,550	26,589,414	-	-	-	31,011,964	-	31,011,964
Issuance of ordinary shares pursuant to Warrants		22,840,284	166,277,264	-	-	-	189,117,548	-	189,117,548
Transfer from share-based payment reserve upon exercise/lapse of ESOS		-	7,703,397	-	(7,997,269)	293,872	-	-	-
Total transactions with owners		27,262,834	200,570,075	-	(5,528,864)	(104,701,346)	117,602,699	-	117,602,699
At 31 March 2015		400,779,017	254,422,564	(625,127)	-	614,423,049	1,268,999,503	1,661,549	1,270,661,052

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

Company	Note	Share capital RM	← Non-Distributable Share premium RM	Share-based payment reserve RM →	Distributable Retained earnings RM	Total equity RM
At 1 April 2013		366,654,150	6,563,995	6,008,183	19,555,391	398,781,719
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	114,105,469	114,105,469
Transactions with owners						
Dividends	23	-	-	-	(107,599,234)	(107,599,234)
Share-based payment granted under ESOS		-	-	3,853,880	-	3,853,880
Issuance of ordinary shares pursuant to ESOS		2,732,200	12,890,111	-	-	15,622,311
Issuance of ordinary shares pursuant to Warrants		4,129,833	30,065,184	-	-	34,195,017
Transfer from share-based payment upon exercise/ lapse of ESOS		-	4,333,199	(4,333,199)	-	-
Total transactions with owners		6,862,033	47,288,494	(479,319)	(107,599,234)	(53,928,026)
At 31 March 2014		373,516,183	53,852,489	5,528,864	26,061,626	458,959,162

		← Non-Distributable		→	Distributable	
Company	Note	Share capital RM	Share premium RM	Share-based payment reserve RM	Retained earnings RM	Total equity RM
At 1 April 2014		373,516,183	53,852,489	5,528,864	26,061,626	458,959,162
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	119,221,398	119,221,398
Transactions with owners						
Dividends	23	-	-	-	(104,995,218)	(104,995,218)
Share-based payment granted under ESOS		-	-	2,468,405	-	2,468,405
Issuance of ordinary shares pursuant to ESOS		4,422,550	26,589,414	-	-	31,011,964
Issuance of ordinary shares pursuant to Warrants		22,840,284	166,277,264	-	-	189,117,548
Transfer from share-based payment upon exercise/ lapse of ESOS		-	7,703,397	(7,997,269)	293,872	-
Total transactions with owners		27,262,834	200,570,075	(5,528,864)	(104,701,346)	117,602,699
At 31 March 2015		400,779,017	254,422,564	-	40,581,678	695,783,259

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit before tax	276,881,525	308,950,747	119,710,642	115,334,206
Adjustments for:				
Depreciation of property, plant and equipment	45,264,500	44,766,709	-	-
Fair value loss/(gain) on derivative financial instruments	3,892,000	(2,813,000)	-	-
Property, plant and equipment written off	3,108,588	-	-	-
Share-based payment expense	2,468,405	3,853,880	-	-
Amortisation of intangible assets	615,032	465,418	-	-
Impairment loss on trade receivables	152,991	1,767	-	-
Interest expense	108,544	310,562	-	-
Loss/(gain) on disposal of property, plant and equipment	40,108	(5,862)	-	-
Unrealised (gain)/loss on foreign exchange	(9,060,226)	1,094,448	-	-
Income from fixed income fund	(3,053,091)	(3,798,049)	(1,961,059)	(2,971,620)
Interest income	(1,252,882)	(1,086,500)	(1,944,223)	(4,914,047)
Bad debts written off	-	31,167	-	-
Dividend income from a subsidiary	-	-	(117,458,158)	(108,676,239)
Operating Profit/(Loss) Before Working Capital Changes	319,165,494	351,771,287	(1,652,798)	(1,227,700)
Increase in inventories	(21,950,389)	(11,379,838)	-	-
Increase in receivables	(39,188,062)	(21,568,119)	-	-
Increase/(Decrease) in payables	13,824,773	(4,379,418)	1,456,197	75,653
Cash Generated From/(Used In) Operations	271,851,816	314,443,912	(196,601)	(1,152,047)
Income received from fixed income fund	3,053,091	3,798,049	1,961,059	2,971,620
Interest received	1,252,882	1,086,500	128,815	67,203
Tax refunded	67,923	-	67,923	
Tax paid	(69,690,002)	(70,472,814)	(793,683)	(1,504,571)
Net Cash From Operating Activities	206,535,710	248,855,647	1,167,513	382,205

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Decrease/(Increase) in deposit in Escrow Account	4,630,308	(9,863,404)	-	-
Proceeds from disposal of property, plant and equipment	484,993	1,693,658	-	-
Additions to:				
Property, plant and equipment	(38,570,473)	(106,905,668)	-	-
Intangible assets	(234,720)	(4,837)	-	-
Capital work-in-progress	(384,085,942)	(89,109,396)	-	-
Dividends received from a subsidiary	-	-	117,458,158	108,676,239
Equity contributions received from a subsidiary	-	-	10,000,000	-
Advances to subsidiary	-	-	(165,292,757)	(73,444,600)
Subscription of shares in a subsidiary	-	-	(143,035,400)	(1,999,000)
Net Cash Used In Investing Activities	(417,775,834)	(204,189,647)	(180,869,999)	33,232,639
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Proceeds from issuance of shares pursuant to:				
Exercise of Warrants	189,117,548	34,195,017	189,117,548	34,195,017
Exercise of ESOS	31,011,964	15,622,311	31,011,964	15,622,311
Drawdown of term loans	4,375,321	-	-	-
Dividends paid	(104,995,218)	(107,599,234)	(104,995,218)	(107,599,234)
Repayments of term loans	(2,775,671)	(7,443,786)	-	-
Interest paid	(108,544)	(310,562)	-	-
Payments to finance lease payables	(13,223)	(12,954)	-	-
Net Cash From/(Used In) Financing Activities	116,612,177	(65,549,208)	115,134,294	(57,781,906)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(94,627,947)	(20,883,208)	(64,568,192)	(24,167,062)
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS	(790,778)	(326,889)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	160,686,632	181,896,729	77,308,962	101,476,024
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR (Note 17)	65,267,907	160,686,632	12,740,770	77,308,962

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

1. CORPORATE INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at B-25-2, Block B, Jaya One, No.72A, Jalan Universiti, 46200 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at C-G-9, Jalan Dataran SD1, Dataran SD PJU9, Bandar Sri Damansara, 52200 Kuala Lumpur.

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are stated in Note 11. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 1 July 2015.

2. BASIS OF PREPARATION

a. Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 1965 in Malaysia.

i. Adoption of new and revised Malaysian Financial Reporting Standards

In the current financial year, the Group and the Company adopted all the new and revised MFRSs and Issues Committee Interpretations ("IC Interpretations") and amendments to MFRSs and IC Interpretations issued by MASB that are effective for annual financial periods beginning on or after 1 April 2014.

Amendments to MFRS 10, MFRS 12 and MFRS 127	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements (Amendments relating to Investment Entities)
Amendments to MFRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)
Amendments to MFRS 136	Impairment of Assets (Amendments relating to Recoverable Amount Disclosures for Non-Financial Assets)
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting)
IC Interpretation 21	Levies

2. BASIS OF PREPARATION (cont'd)

a. Statement of compliance (cont'd)

i. Adoption of new and revised Malaysian Financial Reporting Standards (cont'd)

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

ii. Standards in issue but not yet effective

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

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)[5]
MFRS 14	Regulatory Deferral Accounts[3]
MFRS 15	Revenue from Contracts with Customers[4]
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception[3]
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 11	Accounting for Acquisitions of Interests in Joint Operations[3]
Amendments to MFRS 101	Disclosure Initiative[3]
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants[3]
Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions[1]
Amendments to MFRS 127	Equity Method in Separate Financial Statements[3]
Annual Improvements to MFRSs 2010 - 2012 cycle[2]	
Annual Improvements to MFRSs 2011 - 2013 cycle[1]	
Annual Improvements to MFRSs 2012 - 2014 cycle[3]	

[1] Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

[2] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

[3] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

[4] Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

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

The directors anticipate that abovementioned standards will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these standards will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

2. BASIS OF PREPARATION (cont'd)

b. Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost convention except for certain financial instruments that are measured at fair values and at amortised costs at the end of the reporting date as explained in the significant accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value in use in MFRS 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirely, which are described as follows:

» Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

» Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

» Level 3 inputs are unobservable inputs for the asset or liability.

c. Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM") which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

d. Significant accounting estimates and judgements

The preparation of financial statements of the Group and of the Company require management to make assumptions, estimates and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the assumptions or estimate is revised and in any future periods affected.

2. BASIS OF PREPARATION (cont'd)

d. Significant accounting estimates and judgements (cont'd)

Significant areas of estimation, uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the financial statements are as follows:

i. Tax expense (Note 6) - Significant judgement is required in determining the capital allowances, allowance for increased exports and deductibility of certain expenses when estimating the provision for taxation. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due is uncertain. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax in the periods in which the outcome is known.

ii. Useful lives of property, plant and equipment (Note 8) - The cost of property, plant and equipment is depreciated on a reducing balance basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 4 to 50 years. These are the common life expectancies applied generally. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

iii. Determination of functional currency - Functional currency is the currency of the primary economic environment in which the entities which the Group operate. When indicators of the primary economic environment are mixed, management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The Company has determined that the functional currency of the Company is RM.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

» has power over the investee;

» is exposed, or has rights, to variable returns from its involvement with the investee; and

» has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

a. Basis of consolidation (cont'd)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

» the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

» potential voting rights held by the Company, other vote holders or other parties;

» rights arising from other contractual arrangements; and

» any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted at the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

a. Basis of consolidation (cont'd)

When the Group loses control of a subsidiary, a gain or loss is recognised and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

b. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair value of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

» deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

» liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

» assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b. Business combinations (cont'd)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with MFRS 139 or MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items of which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c. Foreign currencies

i. Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the Group's functional currency (foreign currencies) are recorded in the Group entities' functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rates on the reporting date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items and on the translation of monetary items are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

ii. Foreign operations denominated in functional currencies other than Ringgit Malaysia ("RM")

The results and financial position of foreign operations that have a functional currency different from the presentation currency ("RM") of the consolidated financial statements are translated into RM as follows:

i. Assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;

ii. Income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

iii. All resulting exchange differences are taken to other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c. Foreign currencies (cont'd)

ii. Foreign operations denominated in functional currencies other than Ringgit Malaysia ("RM")(cont'd)

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rate prevailing at the date of acquisition.

Upon disposal of a foreign subsidiary, the cumulative amount of translation differences at the date of disposal of the subsidiary is taken to the consolidated profit or loss.

d. Revenue recognition

i. Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised upon delivery of goods when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

ii. Dividend income

Dividend income is recognised when the right to receive payment is established.

iii. Interest income

Interest income is recognised on an accrual basis using the effective interest method.

iv. Income from fixed income fund

Income from fixed income fund is recognised when the right to receive payment is established.

e. Employee benefits

i. Short term employee benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e. Employee benefits (cont'd)

ii. Defined contribution plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred.

iii. Share-based payment

The Company operates the Executive Share Option Scheme ("ESOS"), an equity-settled share-based compensation plan which allows the Group's eligible executives to acquire ordinary shares of the Company.

The total fair value of ESOS granted to employees are recognised as expenses in profit or loss of the Group over the vesting periods of the grant, with a corresponding increase in share-based payment reserve. The fair value of ESOS are measured at grant date, taking into account, if any, the market non-vesting conditions upon which the ESOS were granted but excluding the impact of a non-market vesting condition. Non-market vesting conditions are included in assumption about the number of ESOS that are expected to become exercisable on vesting date.

At each reporting date, the Group revises its estimates of the number of ESOS that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss, and a corresponding adjustment in share-based payment reserve over the remaining vesting period.

The share-based payment reserve is transferred to retained earnings upon expiry of the ESOS. When the ESOS are exercised, the share-based payment reserve is transferred to retained earnings and share premium respectively.

f. Borrowing costs

All borrowing costs are recognised in profit or loss using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incur in connection with the borrowing of funds.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

g. Leases

i. Finance lease – the Group as lessee

Assets acquired by way of finance leases where the Group assumes substantially all the benefits and risks of ownership are classified as property, plant and equipment.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding finance lease obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance lease is depreciated in accordance with the depreciation policy for property, plant and equipment.

ii. Operating lease – the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on the straight-line basis.

h. Tax expense

Tax expense in profit or loss represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the year, using tax rates enacted or substantially enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same tax authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

h. Tax expense (cont'd)

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

i. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. Subsequent costs are included in the assets' carrying amount or recognised as separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Long term leasehold land is depreciated over the lease term of 94 years. Freehold land is not depreciated. All other property, plant and equipment are depreciated on the reducing balance basis to write off the cost of the property, plant and equipment over their estimated useful lives.

The principal annual rates used for this purpose are:

Buildings	2%
Plant and machinery	10%
Furniture, fittings and equipment	10% - 25%
Motor vehicles	20%
Renovation	10%

The residual values, useful lives and depreciation method are reviewed at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

j. Capital work-in-progress

Capital work-in-progress is stated at cost during the period of construction.

No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to property, plant and equipment.

k. Intangible assets

Intangible assets representing patent rights and golf club memberships, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is recognised in the profit or loss on a straight-line method to allocate the cost of patent rights and golf club memberships over their useful lives. The principal annual rates used for this purpose are:

IT software	8 years
Patent rights	15 years
Golf club memberships	38 years

The residual values, useful lives and amortisation method are reviewed at each financial year end to ensure that the amount, method and period of amortisation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the assets.

l. Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less cost to sell and the value in use, which is measured by reference to discounted future cash flows and is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to. An impairment loss is recognised whenever the carrying amount of an item of asset exceeds its recoverable amount. An impairment loss is recognised as expense in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

Any subsequent increase in recoverable amount of an asset, other than goodwill, due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior years. The reversal of impairment loss is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

m. Inventories

Inventories are stated at the lower of cost and net realisable value and cost is determined on the weighted average basis. The costs of raw materials, spare parts and consumables comprise cost of purchase plus the cost of bringing the inventories to their present location and condition. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportion of overheads based on normal operating capacity. The cost of formers comprises cost of purchase plus the cost of bringing the inventories to their present location and condition and recognises in profit or loss progressively over the period of their consumption.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

n. Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and have categorised financial assets in financial assets at fair value through profit or loss ("FVTPL") and loans and receivables.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise; or

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

n. Financial assets (cont'd)

i. Financial assets at FVTPL (cont'd)

» the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

» it forms part of a contract containing one or more embedded derivatives, and MFRS 139 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

ii. Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases and sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

o. Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

p. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

q. Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

r. Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

i. Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives do not include exchange differences.

The Group has not designated any financial liabilities as at fair value through profit or loss.

ii. Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

s. Derivative financial instruments

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

t. Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

u. Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liabilities or assets are not recognised in the statements of financial positions of the Group and of the Company.

v. Segment reporting

For management purposes, the Group is organised into operating segments that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The operating segment's operating results are reviewed regularly by the chief operating decision maker, which is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4. REVENUE

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Sales of goods	1,145,960,422	1,107,079,365	-	-
Dividend income from a subsidiary	-	-	117,458,158	108,676,239
	1,145,960,422	1,107,079,365	117,458,158	108,676,239

5. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

a. Other items

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Auditors' remuneration:				
- Audit services	205,775	210,836	30,000	30,000
- Other services by auditors of the Company	2,000	6,200	2,000	6,200
Amortisation of intangible assets	615,032	465,418	-	-
Bad debts written off	-	31,167	-	-
Depreciation of property, plant and equipment	45,264,500	44,766,709	-	-
Fair value loss/(gain) on derivative financial instruments	3,892,000	(2,813,000)	-	-
Impairment loss on trade receivables	152,991	1,767	-	-
Interest expense in respect of:				
- term loans	99,707	306,261	-	-
- finance lease payables	1,974	4,301	-	-
- other borrowings	6,863	-	-	-
Non-Executive Directors' remuneration:				
- Fees				
- Directors of the Company	144,000	144,000	144,000	144,000
- Director of subsidiary	24,000	24,000	-	-
- Other emoluments				
- Directors of the Company	22,500	27,000	22,500	27,000
Property, plant and equipment written off	3,108,588	-	-	-
Rental of:				
- Land	204,000	207,200	-	-
- Machinery	177,739	2,800	-	-
- Premises	2,359,202	1,778,921	-	-
Loss/(Gain) on disposal of property, plant and equipment	40,108	(5,862)	-	-
Loss/(Gain) on foreign exchange:				
- realised	8,887,399	9,774,779	5	-
- unrealised	(9,060,226)	1,094,448	-	-
Compensation claims	(1,100,000)	-	-	-
Income from fixed income fund	(3,053,091)	(3,798,049)	(1,961,059)	(2,971,620)
Interest income in respect of:				
- Deposits with licensed banks	(1,252,882)	(1,086,500)	(128,815)	(67,203)
- Advances to subsidiaries	-	-	(1,815,408)	(4,846,844)

5. PROFIT BEFORE TAX (cont'd)

b. Staff costs

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Staff costs	126,368,387	113,128,860	144,000	144,000
Included in staff costs are:				
Share-based payment expense	2,468,405	3,853,880	-	-
Contributions to defined contribution plan	4,310,623	3,382,518	-	-

Included in staff costs is the aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiaries during the financial year as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Fees:				
- Directors of the Company	216,000	216,000	144,000	144,000
- Directors of the subsidiaries	96,000	96,000	-	-
Other emoluments:				
- Directors of the Company	3,636,202	3,449,965	-	-
- Directors of the subsidiaries	3,232,648	2,524,978	-	-
	7,180,850	6,286,943	144,000	144,000

The estimated monetary value of benefits-in-kind of the Group received by the Directors of the Company and of the subsidiaries are RM479,185 (2014: RM745,115) and RM546,480 (2014: RM107,283) respectively.

6. TAX EXPENSE

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current tax				
Malaysia income tax				
Current year	65,983,633	67,600,884	489,319	1,228,800
Under/(Over)provision in prior years	481,683	(1,428,693)	(75)	(63)
Overseas income tax				
Overseas - current year	1,417,415	1,504,326	-	-
	67,882,731	67,676,517	489,244	1,228,737
Deferred tax				
Origination and reversal of temporary differences	(941,911)	7,249,833	-	-
(Over)/Underprovision in prior years	(266,470)	731,400	-	-
	(1,208,381)	7,981,233	-	-
Tax expense	66,674,350	75,657,750	489,244	1,228,737

The reconciliation of the tax amount at statutory income tax rate to the Group's and the Company's tax expense is as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit before tax	276,881,525	308,950,747	119,710,642	115,334,206
Tax at the Malaysian statutory income tax rate of 25%	69,220,381	77,237,687	29,927,661	28,833,552
Effect of different tax rate of foreign subsidiaries	201,465	232,184	-	-
Tax effect of:				
Non-deductible expenses	2,729,461	2,508,445	410,987	302,918
Non-taxable income	(4,714,293)	(1,881,652)	(29,849,329)	(27,907,670)
Deferred tax assets not recognised	38,925	125,325	-	-
Utilisation of allowance for increased exports	(1,016,802)	(1,866,946)	-	-
Under/(Over)provision in prior years:				
Current tax	481,683	(1,428,693)	(75)	(63)
Deferred tax	(266,470)	731,400	-	-
Tax expense	66,674,350	75,657,750	489,244	1,228,737

7. EARNINGS PER ORDINARY SHARE

	Group	
	2015 RM	2014 RM
Basic earnings per ordinary share		
Net profit attributable to owners of the Company (RM)	209,732,833	232,813,348
Number of shares in issue as at beginning of the financial year	747,032,366	733,308,300
Effect of exercise of ESOS	2,890,525	2,794,808
Effect of exercise of Warrants	26,577,481	5,578,359
Weighted average number of ordinary shares in issue	776,500,372	741,681,467
Basic earnings per ordinary share of RM0.50 (sen)	27.01	31.39
Diluted earnings per ordinary share		
Net profit attributable to owners of the Company (RM)	209,732,833	232,813,348
Weighted average number of ordinary shares in issue	776,500,372	741,681,467
Effect of dilutive potential ordinary shares – ESOS	-	4,214,871
Effect of dilutive potential ordinary shares – Warrants	7,890,208	24,996,971
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share	784,390,580	770,893,309
Diluted earnings per ordinary share of RM0.50 (sen)	26.74	30.20

Since the end of the financial year:

i. eligible executives have exercised the options to acquire nil (2014: 366,200) ordinary shares; and

ii. conversion of free warrant to acquire 18,875,724 (2014: 10,087,970) ordinary shares.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the authorisation of these financial statements.

8. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Long term leasehold land RM	Buildings RM	Plant and machinery RM	Furniture, fittings and equipment RM	Motor vehicles RM	Renovation RM	Total RM
Cost								
At 1 April 2014	26,720,978	90,382,308	147,159,773	503,030,790	74,044,644	6,204,899	2,583,870	850,127,262
Additions	-	4,839,444	1,910,096	24,895,639	4,908,018	2,017,276	-	38,570,473
Disposals	-	-	-	(140,034)	(62,935)	(1,551,603)	-	(1,754,572)
Write offs	-	-	-	(20,444,022)	(1,879,075)	-	-	(22,323,097)
Transfer from capital work-in-progress (Note 9)	-	-	87,403,184	85,113,853	26,872,837	-	-	199,389,874
Transfer to intangible assets (Note 10)	-	-	-	-	(3,962,252)	-	-	(3,962,252)
Translation differences	-	-	-	2,568	16,059	28,742	-	47,369
At 31 March 2015	26,720,978	95,221,752	236,473,053	592,458,794	99,937,296	6,699,314	2,583,870	1,060,095,057
Accumulated depreciation								
At 1 April 2014	-	16,929	13,025,152	173,968,604	24,586,362	2,961,611	1,074,593	215,633,251
Charge for the financial year	-	84,545	3,065,681	34,772,443	6,320,129	870,774	150,928	45,264,500
Disposals	-	-	-	(75,575)	(37,535)	(1,116,361)	-	(1,229,471)
Write offs	-	-	-	(17,846,671)	(1,367,838)	-	-	(19,214,509)
Transfer to intangible assets (Note 10)	-	-	-	-	(1,969,574)	-	-	(1,969,574)
Translation differences	-	-	-	2,406	10,284	17,191	-	29,881
At 31 March 2015	-	101,474	16,090,833	190,821,207	27,541,828	2,733,215	1,225,521	238,514,078
Net carrying amount								
At 31 March 2015	26,720,978	95,120,278	220,382,220	401,637,587	72,395,468	3,966,099	1,358,349	821,580,979

8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold land RM	Long term leasehold land RM	Buildings RM	Plant and machinery RM	Furniture, fittings and equipment RM	Motor vehicles RM	Renovation RM	Total RM
Cost								
At 1 April 2013	26,720,978	158,023	115,410,673	444,877,852	61,126,830	6,684,628	2,583,870	657,562,854
Additions	-	90,224,285	1,717,414	10,728,275	3,630,355	605,339	-	106,905,668
Disposals	-	-	-	(124,139)	(1,151,906)	(1,096,616)	-	(2,372,661)
Transfer from capital work-in-progress (Note 9)	-	-	30,031,686	47,547,770	10,442,769	-	-	88,022,225
Translation differences	-	-	-	1,032	(3,404)	11,548	-	9,176
At 31 March 2014	26,720,978	90,382,308	147,159,773	503,030,790	74,044,644	6,204,899	2,583,870	850,127,262
Accumulated depreciation								
At 1 April 2013	-	15,048	10,268,426	138,815,136	18,766,484	2,773,134	906,971	171,545,199
Charge for the financial year	-	1,881	2,756,726	35,220,279	5,847,106	773,095	167,622	44,766,709
Disposals	-	-	-	(67,707)	(26,958)	(590,200)	-	(684,865)
Translation differences	-	-	-	896	(270)	5,582	-	6,208
At 31 March 2014	-	16,929	13,025,152	173,968,604	24,586,362	2,961,611	1,074,593	215,633,251
Net carrying amount								
At 31 March 2014	26,720,978	90,365,379	134,134,621	329,062,186	49,458,282	3,243,288	1,509,277	634,494,011

a. The long term leasehold land of the Group has remaining unexpired lease period of more than 50 years.

b. Net carrying amount of the property, plant and equipment amounting to RM47,427,463 (2014: RM51,428,998) is pledged as security by way of legal charge and security debenture for banking facilities granted to the Group as disclosed in Note 20.

c. Net carrying amount of motor vehicles held under finance lease arrangements amounting to RM82,142 (2014: RM96,301).

9. CAPITAL WORK-IN-PROGRESS

	Group 2015 RM	Group 2014 RM
At beginning of year	50,262,213	49,175,042
Additions	384,085,942	89,109,396
Transfer to property, plant and equipment (Note 8)	(199,389,874)	(88,022,225)
Transfer to intangible assets (Note 10)	(12,308,826)	-
At end of year	222,649,455	50,262,213

This is in respect of construction of new factory building and set up of new production plant and machinery.

10. INTANGIBLE ASSETS

Group	IT software RM	Patent rights RM	Golf club memberships RM	Total RM
Cost				
At 1 April 2014	-	7,078,797	175,000	7,253,797
Additions	234,720	-	-	234,720
Transfer from property, plant and equipment (Note 8)	1,992,678	-	-	1,992,678
Transfer from capital work-in-progress (Note 9)	12,308,826	-	-	12,308,826
At 31 March 2015	14,536,224	7,078,797	175,000	21,790,021
Accumulated amortisation				
At 1 April 2014	-	593,024	9,210	602,234
Amortisation during the financial year	151,482	458,944	4,606	615,032
At 31 March 2015	151,482	1,051,968	13,816	1,217,266
Net carrying amount				
At 31 March 2015	14,384,742	6,026,829	161,184	20,572,755
Cost				
At 1 April 2013	-	7,073,960	175,000	7,248,960
Additions	-	4,837	-	4,837
At 31 March 2014	-	7,078,797	175,000	7,253,797
Accumulated amortisation				
At 1 April 2013	-	132,211	4,605	136,816
Amortisation during the financial year	-	460,813	4,605	465,418
At 31 March 2014	-	593,024	9,210	602,234
Net carrying amount				
At 31 March 2014	-	6,485,773	165,790	6,651,563

11. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015 RM	2014 RM
Unquoted shares, at cost	558,000,000	282,664,600
ESOS granted to employees of subsidiaries	7,968,097	15,499,692
	565,968,097	298,164,292

11. INVESTMENTS IN SUBSIDIARIES (cont'd)

The particulars of subsidiaries are as follows:

Name of company	Country of incorporation	Principal activities	Proportion of ownership 2015	Proportion of ownership 2014
Hartalega Sdn. Bhd.	Malaysia	Manufacturing of latex gloves	100%	100%
Hartalega NGC Sdn. Bhd.	Malaysia	Manufacturing of latex gloves	100%	100%
Hartalega Research Sdn. Bhd.	Malaysia	Research and development	100%	100%
Subsidiaries of Hartalega Sdn. Bhd. * MUN (Australia) Pty Limited (formerly known as Pharmatex (Australia) Pty Limited)	Australia	Retail and wholesale of gloves	82%	82%
* MUN Global USA, Incorporated (formerly known as Pharmatex USA, Incorporated)	United States of America	Retail and wholesale of gloves	80%	80%
* Yancheng MUN Medical Equipment Co. Ltd. (formerly known as Yancheng Pharmatex Medical Equipment Co. Ltd.)	People's Republic of China	Retail and wholesale of gloves	70%	70%
* MUN Health Product (India) Pvt Ltd (formerly known as Pharmatex Healthcare Pvt Ltd)	India	Retail and wholesale of gloves	81%	81%
Derma Care Plus Products (M) Sdn. Bhd.	Malaysia	Sales and marketing of gloves	100%	100%
Sentinel Engineering (M) Sdn. Bhd.	Malaysia	Leasing of property, research and development of automation systems	100%	100%

* Audited by a firm of auditors other than Deloitte & Touche.

11. INVESTMENTS IN SUBSIDIARIES (cont'd)

Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activities	Country of incorporation	Number of wholly-owned subsidiaries 2015	2014
Manufacturing of latex gloves	Malaysia	2	2
Research and development	Malaysia	1	1
Sales and marketing of gloves	Malaysia	1	1
Leasing of property, research and development of automation systems	Malaysia	1	1
		5	5

Principal activities	Country of incorporation	Number of non wholly-owned subsidiaries 2015	2014
Retail and wholesale of gloves	Australia	1	1
Retail and wholesale of gloves	United States of America	1	1
Retail and wholesale of gloves	People's Republic of China	1	1
Retail and wholesale of gloves	India	1	1
		4	4

The table below shows details of non wholly-owned subsidiaries of the Group that have material non-controlling interests:

	Percentage of ownership interests held by NCI	Profit/(Loss) allocated to non- controlling interests RM	Accumulated non-controlling interests RM
2015			
MUN (Australia) Pty Limited	18%	503,055	1,660,212
Other individually immaterial subsidiaries		(28,713)	1,337
		474,342	1,661,549
2014			
MUN (Australia) Pty Limited	18%	529,556	1,249,396
Other individually immaterial subsidiaries		(49,907)	56,638
		479,649	1,306,034

11. INVESTMENTS IN SUBSIDIARIES (cont'd)

Composition of the Group (cont'd)

Summarised financial information in respect of each of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	MUN (Australia) Pty Limited	
	2015 RM	2014 RM
Non-current assets	578,481	338,795
Current assets	15,837,999	19,553,176
Non-current liabilities	(12,876)	(14,736)
Current liabilities	(6,921,561)	(12,936,148)
Net assets	9,482,043	6,941,087
Equity attributable to owners of the Company	7,821,831	5,691,691
Non-controlling interests	1,660,212	1,249,396
	9,482,043	6,941,087
Revenue	45,929,982	42,284,839
Profit for the year	2,794,751	2,941,979
Profit attributable to:		
Owners of the Company	2,291,696	2,412,423
Non-controlling interests	503,055	529,556
	2,794,751	2,941,979

12. DEFERRED TAX ASSETS AND LIABILITIES

	Group	
	2015 RM	2014 RM
Deferred tax assets		
At beginning of year	518,836	213,253
Recognised in profit or loss	3,687,583	326,104
Translation differences	(1,033)	(20,521)
At end of year	4,205,386	518,836
Deferred tax liabilities		
At beginning of year	57,003,097	48,696,677
Recognised in profit or loss	2,479,202	8,307,337
Translation differences	(868)	(917)
At end of year	59,481,431	57,003,097

12. DEFERRED TAX ASSETS AND LIABILITIES (cont'd)

Deferred tax assets/(liabilities) provided in the financial statements are in respect of the tax effects of the following:

	Group	
	2015 RM	2014 RM
Deferred tax assets		
Temporary differences in respect of deductible expenses	3,229,286	2,322,736
Unused tax losses	2,605,000	-
Unrealised profit on inventories	1,399,445	1,430,239
Fair value loss on derivative financial instruments	467,300	-
Unrealised foreign exchange losses	16,400	273,400
Unabsorbed capital allowances	20,147,300	-
	27,864,731	4,026,375
Offsetting	(23,659,345)	(3,507,539)
Deferred tax assets (after offsetting)	4,205,386	518,836
Deferred tax liabilities		
Temporary differences in respect of taxable income	12,876	14,736
Differences between the carrying amount of property, plant and equipment and its tax base	80,921,600	59,792,600
Fair value gain on derivative financial instruments	-	703,300
Unrealised foreign exchange gains	2,206,300	-
	83,140,776	60,510,636
Offsetting	(23,659,345)	(3,507,539)
Deferred tax liabilities (after offsetting)	59,481,431	57,003,097

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:

	Group	
	2015 RM	2014 RM
Unused tax losses	3,166,400	3,010,700

13. INVENTORIES

	Group	
	2015 RM	2014 RM
At cost		
Raw materials	21,543,429	19,821,034
Work-in-progress	15,593,947	11,853,382
Finished goods	54,448,435	45,441,798
Goods-in-transit	4,292,131	3,435,081
Formers	18,609,559	12,376,948
Spare parts and consumables	5,675,847	5,284,716
	120,163,348	98,212,959

The cost of inventories recognised as expense and included in cost of sales during the financial year amounted to RM804,559,578 (2014: RM739,241,658).

The Group's inventories of RM1,660,704 (2014: RM742,087) are expected to be recovered after more than twelve months.

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade				
Trade receivables	181,301,771	133,938,464	-	-
Less: Allowance for impairment	(204,813)	(127,072)	-	-
Trade receivables, net	181,096,958	133,811,392	-	-
Non-trade				
Other receivables	6,172,848	4,597,780	-	-
Deposits	6,425,895	1,209,778	4,500	4,500
Prepayments	3,883,696	9,800,668	-	-
	16,482,439	15,608,226	4,500	4,500
	197,579,397	149,419,618	4,500	4,500

a. Credit term of trade receivables

The Group's normal trade credit terms extended to customers range from 30 to 90 days (2014: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

14. TRADE AND OTHER RECEIVABLES (cont'd)

b. Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables at the reporting date are as follows:

	Group	
	2015 RM	2014 RM
Neither past due nor impaired	132,565,460	112,593,223
1 to 30 days past due not impaired	40,796,814	19,513,872
31 to 60 days past due not impaired	4,054,395	1,243,063
61 to 90 days past due not impaired	1,221,178	180,535
91 to 120 days past due not impaired	187,429	82,323
More than 121 days past due not impaired	2,271,682	198,376
	48,531,498	21,218,169
Impaired – More than 121 days past due	204,813	127,072
	181,301,771	133,938,464

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables of the Group amounting to RM48,531,498 (2014: RM21,218,169) which are past due but not impaired because there have been no significant changes in credit quality of the debtors and the amounts are still considered recoverable. An amount of RM26,015,500 (2014: RM19,611,000) included in trade receivables of the Group is secured by standby Letter of Credit from customers.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date is as follows:

	Group Individually Impaired	
	2015 RM	2014 RM
Trade receivables (nominal amounts)	204,813	127,072
Less: Allowance for impairment losses	(204,813)	(127,072)
	-	-

14. TRADE AND OTHER RECEIVABLES (cont'd)

b. Ageing analysis of trade receivables (cont'd)

The impaired debtors at the reporting date are in significant financial difficulties and had defaulted in payment. These receivables are not secured by any collateral or credit enhancements.

The movement of allowance account used to record the impairment is as follows:

	Group	
	2015 RM	2014 RM
At beginning of year	127,072	124,667
Charge for the financial year	152,991	1,767
Written off	(88,022)	-
Translation differences	12,772	638
At end of year	204,813	127,072

c. Foreign currency profile of trade receivables

	Group	
	2015 RM	2014 RM
United States Dollar	173,737,172	125,943,349

d. Prepayments

Included in prepayments of the Group is an amount of RM3,417,504 (2014: RM7,257,991) being advances to suppliers for purchase of raw materials and machinery.

15. TAX ASSETS

These are in respect of tax recoverable from the Inland Revenue Board.

16. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Group	
	2015 RM	2014 RM
Contract notional amount		
Non-hedging derivative:		
Forward currency contracts	181,428,800	217,322,500
At FVTPL		
Non-hedging derivative:		
Current (liabilities)/assets		
Forward currency contracts	(1,947,000)	1,945,000

16. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (cont'd)

The Group uses forward currency contracts to manage sales transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting. Forward currency contracts are used to hedge the Group's trade receivables and sales denominated in United States Dollar ("USD"), extending to September 2015.

During the financial year, the Group recognised a loss of RM3,892,000 (2014: gain of RM2,813,000) arising from fair value changes of derivative financial instruments. The method and assumption applied in determining the fair value of derivatives is disclosed in Note 29.

17. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Fixed income fund with licensed fund management companies (redeemable upon 1 day notice)	12,668,406	104,292,473	2,278,839	76,239,390
Deposit in Escrow Account	5,233,096	9,863,404	-	-
Deposits with licensed banks	16,075,000	3,100,000	7,900,000	600,000
Cash at banks and on hand	36,524,501	53,294,159	2,561,931	469,572
	70,501,003	170,550,036	12,740,770	77,308,962
Less: Deposit in Escrow Account	(5,233,096)	(9,863,404)	-	-
Cash and cash equivalents	65,267,907	160,686,632	12,740,770	77,308,962

Deposits with licensed banks of the Group and of the Company earn interest at effective interest rates ranging from 1.85% to 2.97% (2014: 1.60% to 2.85%) per annum with maturity period ranging from 1 day to 30 days (2014: 1 day to 30 days).

Deposit in Escrow Account of the Group earns interest at effective interest rate of 2.10% (2014: 2.10%) per annum.

Included in cash at banks of the Group and of the Company are amounts of RM28,938,980 (2014: RM47,062,035) and RM2,561,931 (2014: RM469,572) respectively which earn interest at effective interest rates ranging from 0.05% to 2.00% (2014: 0.05% to 2.00%) per annum.

The foreign currency profile of cash at banks and on hand of the Group is as follows:

	Group	
	2015 RM	2014 RM
United States Dollar	26,781,756	40,737,238

18. SHARE CAPITAL

	Group/Company			
	Number of shares		Amount	
	2015	2014	2015 RM	2014 RM
Ordinary shares of RM0.50 each				
Authorised:				
At beginning and end of year	1,500,000,000	1,500,000,000	750,000,000	750,000,000
Issued and fully paid:				
At beginning of year	747,032,366	733,308,300	373,516,183	366,654,150
Issued during the financial year				
- exercise of ESOS	8,845,100	5,464,400	4,422,550	2,732,200
- exercise of Warrants	45,680,567	8,259,666	22,840,284	4,129,833
At end of year	801,558,033	747,032,366	400,779,017	373,516,183

a. Ordinary shares

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

b. Ordinary shares issued pursuant to ESOS

During the financial year, the Company issued 8,845,100 (2014: 5,464,400) ordinary shares at issue prices of between RM2.20 to RM6.53 (2014: RM2.20 to RM5.75) per ordinary share for cash, pursuant to the Company's ESOS. The share premium of RM26,589,414 (2014: RM12,890,111) arising therefrom have been included in the share premium account. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

c. Warrants 2012/2015

During the financial year, the Company issued 45,680,567 ordinary shares at issue price of RM4.14 per ordinary share, pursuant to the exercise of Warrants.

On 30 May 2012, the Company issued free warrants ("the warrants 2012/2015") constituted under the Deed Poll dated 14 May 2012.

The salient features of the warrants 2012/2015 are as follows:

a. entitles its registered holders to subscribe for one (1) new ordinary share of RM0.50 each at the exercise price during the exercise period;

b. the exercise price is RM4.14 per share subject to adjustments in accordance with the provisions of the deed poll executed; and

18. SHARE CAPITAL (cont'd)

c. Warrants 2012/2015 (cont'd)

c. the warrants 2012/2015 may be exercised at any time for a period of two years commencing from 30 May 2013 until 29 May 2015 ("exercise period"). The warrants 2012/2015 that are not exercised during the exercise period will thereafter lapse and become void.

The movements in the Company's warrants 2012/2015 to subscribe for new ordinary shares of RM0.50 each during the financial year is as follows:

	Number of warrants			
	At 1.4.2014	Granted	Exercised	At 31.3.2015
Number of warrants 2012/2015	64,850,934	-	(45,680,567)	19,170,367

19. RESERVES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Distributable				
Retained earnings	614,423,049	509,391,562	40,581,678	26,061,626
Non-distributable				
Share premium	254,422,564	53,852,489	254,422,564	53,852,489
Translation reserve	(625,127)	(34,981)	-	-
Share-based payment reserve	-	5,528,864	-	5,528,864
	253,797,437	59,346,372	254,422,564	59,381,353
	868,220,486	568,737,934	295,004,242	85,442,979

a. Retained earnings

The retained earnings of the Company is available to be distributed as single tier dividend to the shareholders of the Company.

b. Share premium

The share premium arose from the issue of the Company's shares at a premium.

c. Translation reserve

The translation reserve comprises all foreign currency differences arising from translation of the financial statements of the entities within the Group with functional currencies other than RM.

19. RESERVES (cont'd)

d. Share-based payment reserve

The share-based payment reserve arose from the granting of Executive Share Option Scheme ("ESOS") and Employee Equity Scheme ("EES"), which expired on 31 March 2013, to selected executives.

At an Extraordinary General meeting held on 25 March 2010, shareholders approved the ESOS to subscribe for unissued new ordinary shares of RM0.50 each in the Company which were granted to eligible executive directors and executives of the Company and/or its subsidiaries (excluding subsidiaries that are dormant).

The salient features of the ESOS are:

a. The maximum number of new shares of the Company, which may be available under the ESOS shall not exceed in aggregate 15% of the total issued and paid-up capital of the Company at any one time during the existence of the ESOS.

b. The ESOS will be made available for participation by eligible executives of the Group who meet the following criteria on the Date of Offer:

   » has attained the age of at least 18 years old;
   » who is confirmed in service in a company within the Group;
   » who has at least 6 months of continuous service within the Group; and/or
   » be under such categories and criteria that the Option Committee may decide at its absolute discretion from time to time.

   Notwithstanding the above, the eligibility and number of options to be offered to an eligible executive under the scheme shall be at the sole and absolute discretion of the Option Committee and the decision of the Option Committee shall be final and binding.

c. The maximum number of new shares of the Company that may be offered under the ESOS and allotted to an eligible executive shall be at the sole and absolute discretion of the Option Committee after taking into consideration, amongst others, the position and length of service of the eligible executive and such other factors that the Option Committee may deem relevant, subject to any adjustments under the provisions of the By-Laws and the conditions of not more than 50% of the proposed allocation of the options under the ESOS to be allocated to the Executive Directors and senior management of the Group; and not more than 10% of the proposed allocation of the options under the scheme to be allocated to any eligible executive either singly or collectively through persons connected, holds 20% or more of issued and paid-up capital of the Company, provided always that it is in accordance with any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time. There are no performance targets which are required to be met before the options granted under the ESOS can be exercised by the eligible executives, unless otherwise stated in the offer.

d. The ESOS shall be in force for a period of 5 years from 1 April 2010 and may be extended or renewed (as the case may be), at the sole and absolute discretion of the Board of Directors of the Company upon the recommendation by the Option Committee, provided always that the initial ESOS period stipulated above and such extension of the ESOS made pursuant to the By-Laws shall not in aggregate exceed a duration of 10 years from 1 April 2010.

19. RESERVES (cont'd)

d. Share-based payment reserve (cont'd)

e. The option price payable for each new share of the Company upon exercise of the options shall be the higher of the following:

   i. the 5-day weighted average market price of the Company's shares at the time the options are offered, with a discount of not more than 10%; or

   ii. the par value of the Company's shares.

   The price payable for each new share of the Company upon exercise of the options may however be subject to adjustments under the provisions of the By-Laws.

f. The options granted may be exercised in the following manner:

From 1.4.2010 to 31.3.2011	20%
From 1.4.2011 to 31.3.2012	20%
From 1.4.2012 to 31.3.2013	20%
From 1.4.2013 to 31.3.2014	20%
From 1.4.2014 to 31.3.2015	20%

   Options exercisable in a particular year but not exercised can be carried forward to the subsequent years provided that no options shall be exercised beyond the date of expiry of the ESOS.

The movement in the Company's unissued shares under options during the financial year are as follows:

			Number of options				
Grant date	Expiry date	Exercise price RM	At 1.4.2014 '000	Granted '000	Exercised '000	Expired '000	At 31.3.2015 '000
2015							
10.5.2010	31.3.2015	2.25	3,343.3	-	(3,293.0)	(50.3)	-
15.9.2010	31.3.2015	2.20	167.0	-	(167.0)	-	-
21.12.2010	31.3.2015	2.24	320.1	-	(318.5)	(1.6)	-
18.3.2011	31.3.2015	2.49	310.7	-	(310.7)	-	-
10.6.2011	31.3.2015	2.47	130.8	-	(130.3)	(0.5)	-
15.8.2011	31.3.2015	2.45	73.4	-	(28.0)	(45.4)	-
9.11.2011	31.3.2015	2.45	407.4	-	(399.4)	(8.0)	-
31.5.2012	31.3.2015	3.29	265.8	-	(265.6)	(0.2)	-
15.8.2012	31.3.2015	4.02	283.1	-	(283.1)	-	-
2.11.2012	31.3.2015	4.18	398.0	-	(397.6)	(0.4)	-
6.2.2013	31.3.2015	4.11	973.8	-	(973.8)	-	-
3.5.2013	31.3.2015	4.74	563.4	-	(507.7)	(55.7)	-
30.8.2013	31.3.2015	5.75	553.1	-	(488.6)	(64.5)	-
11.11.2013	31.3.2015	6.53	97.3	-	(97.3)	-	-
5.2.2014	31.3.2015	6.24	127.1	-	(127.1)	-	-
17.5.2014	31.3.2015	5.25	-	517.7	(517.7)	-	-
25.8.2014	31.3.2015	6.19	-	598.8	(539.7)	(59.1)	-
			8,014.3	1,116.5	(8,845.1)	(285.7)	-

19. RESERVES (cont'd)

d. Share-based payment reserve (cont'd)

The movement in the Company's unissued shares under options during the financial year are as follows: (cont'd)

			Number of options				
Grant date	Expiry date	Exercise price RM	At 1.4.2014 '000	Granted '000	Exercised '000	Lapsed '000	At 31.3.2015 '000
2014							
10.5.2010	31.3.2015	2.25	6,033.6	-	(2,618.3)	(72.0)	3,343.3
15.9.2010	31.3.2015	2.20	262.0	-	(95.0)	-	167.0
21.12.2010	31.3.2015	2.24	544.6	-	(202.0)	(22.5)	320.1
18.3.2011	31.3.2015	2.49	430.6	-	(119.9)	-	310.7
10.6.2011	31.3.2015	2.47	259.3	-	(128.5)	-	130.8
15.8.2011	31.3.2015	2.45	129.4	-	(56.0)	-	73.4
9.11.2011	31.3.2015	2.45	906.1	-	(498.7)	-	407.4
31.5.2012	31.3.2015	3.29	723.1	-	(433.8)	(23.5)	265.8
15.8.2012	31.3.2015	4.02	554.1	-	(271.0)	-	283.1
2.11.2012	31.3.2015	4.18	613.6	-	(215.6)	-	398.0
6.2.2013	31.3.2015	4.11	1,417.8	-	(414.0)	(30.0)	973.8
3.5.2013	31.3.2015	4.74	-	978.5	(387.5)	(27.6)	563.4
30.8.2013	31.3.2015	5.75	-	577.2	(24.1)	-	553.1
11.11.2013	31.3.2015	6.53	-	97.3	-	-	97.3
5.2.2014	31.3.2015	6.24	-	127.1	-	-	127.1
			11,874.2	1,780.1	(5,464.4)	(175.6)	8,014.3

As at 31 March 2015, the total number of exercisable options was nil (2014: 1,765,930). The weighted average remaining contractual life for these options is 0 year (2014: 1 year).

As disclosed in Note 18, options exercised during the financial year resulted in the issuance of 8,845,100 (2014: 5,464,400) ordinary shares at exercise prices ranging from RM2.20 to RM6.53 (2014: RM2.20 to RM5.75) each and the weighted average share price at the date of exercise was ranging from RM2.44 to RM7.25 (2014: RM5.25 to RM7.39) each.

19. RESERVES (cont'd)

d. Share-based payment reserve (cont'd)

The fair value of ESOS granted during the financial year was estimated using Trinomial model, taking into account the terms and conditions upon which the ESOS were granted. The fair value of ESOS measured at grant date and the assumptions used are as follows:

	2015	2014
Weighted average fair value of ESOS (RM)	0.85	1.15
Weighted average share price (RM)	6.35	6.46
Weighted average exercise price (RM)	5.72	5.82
Expected volatility (%)	21.69 – 24.48	21.75 – 24.12
Expected life (years)	0 – 1	0 – 2
Risk free rate (%)	3.54 – 3.66	3.27 – 3.50
Expected dividend yield (%)	2.65 – 3.01	2.19 – 2.67

The expected volatility was based on assumptions that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. No other features of the ESOS grant were incorporated into the measurement of fair value.

20. LOANS AND BORROWINGS

			Long Term Borrowing						
Group	Effective interest rate per annum	Short-term borrowings within 1 year RM	1 to 2 years RM	2 to 3 years RM	3 to 4 years RM	4 to 5 years RM	After 5 years RM	Sub-total RM	Total RM
2015									
Unsecured									
Variable rate instruments									
Trade loans									
- United States Dollar	1.62%	4,375,321	-	-	-	-	-	-	4,375,321
Secured									
Fixed rate instruments									
Term loans									
- United States Dollar	2.08%	1,531,199	-	-	-	-	-	-	1,531,199
- Ringgit Malaysia	8.00%	147,575	159,823	103,053	-	-	-	262,876	410,451
Finance lease payables									
- United States Dollar	1.99%	28,014	28,576	28,757	5,309	-	-	62,642	90,656
		6,082,109	188,399	131,810	5,309	-	-	325,518	6,407,627
2014									
Secured									
Fixed rate instruments									
Term loans									
- United States Dollar	2.05%	2,823,984	1,346,622	-	-	-	-	1,346,622	4,170,606
- Ringgit Malaysia	8.00%	136,265	147,575	159,823	103,052	-	-	410,450	546,715
Finance lease payables									
- United States Dollar	1.99%	23,242	24,241	24,735	31,661	-	-	80,637	103,879
		2,983,491	1,518,438	184,558	134,713	-	-	1,837,709	4,821,200

20. LOANS AND BORROWINGS (cont'd)

Present value of finance lease payables is as follows:

	Group	
	2015 RM	2014 RM
Minimum lease payments	92,007	105,978
Less: Future finance charges	(1,351)	(2,099)
Present value of minimum lease payments	90,656	103,879
Current liabilities		
Payable within one year		
Minimum lease payments	28,757	24,152
Less: Future finance charges	(743)	(910)
Present value of minimum lease payments	28,014	23,242
Non-current liabilities		
Payable after one year but not later than five years		
Minimum lease payments	63,251	81,826
Less: Future finance charges	(609)	(1,189)
Present value of minimum lease payments	62,642	80,637
Total present value of minimum lease payments	90,656	103,879

The term loans of the Group are secured by:

i. legal charges over a subsidiary's certain freehold land and buildings (Note 8);

ii. specific debenture over a subsidiary's certain plant and machinery (Note 8); and

iii. corporate guarantee from the Company.

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade				
Trade payables	45,467,161	53,188,131	-	-
Non-trade				
Other payables	42,701,962	25,211,831	1,514,912	58,715
Accruals	20,088,410	16,032,798	318,000	318,000
	62,790,372	41,244,629	1,832,912	376,715
	108,257,533	94,432,760	1,832,912	376,715

Trade payables

The normal trade credit terms granted to the Group range from 30 to 60 days (2014: 30 to 60 days).

The foreign currency profile of trade payables is as follows:

	Group	
	2015 RM	2014 RM
United States Dollar	21,843,805	32,980,483

Other payables

Included in other payables of the Group is an amount of RM14,012,737 (2014: RM7,575,841) in respect of balances outstanding owing to contractors for the construction and set up of new production plant and machinery.

The foreign currency profile of other payables is as follows:

	Group	
	2015 RM	2014 RM
United States Dollar	4,509,375	1,481,210

22. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The Directors regard Hartalega Industries Sdn. Bhd., a private limited company incorporated in Malaysia, as the ultimate holding company of the Company.

Amount owing by subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand except for advances due from a subsidiary amounting to RM118,703,251 (2014: RM83,825,086) which bear interest at rates ranging from 2.65% to 4.00% (2014: 4.00%) per annum.

Identity of related parties

Parties are considered to be related to the Group and to the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. The Group and the Company have related party relationship with the holding company, subsidiaries, key management personnel and companies related to Directors.

Related party transactions

	Company	
	2015 RM	2014 RM
Received and receivable from subsidiaries:		
- Dividend income	117,458,158	108,676,239
- Interest income	1,815,408	4,846,844

Compensation of key management personnel

Key management personnel includes personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including Directors of the Company and subsidiaries.

The compensation of the key management personnel are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Directors' fees	480,000	480,000	288,000	288,000
Short term employee benefits	6,348,202	5,542,101	22,500	27,000
Post-employment benefits	543,148	459,843	-	-
Estimated monetary value of benefits-in-kind	1,025,665	852,397	-	-
	8,397,015	7,334,341	310,500	315,000

23. DIVIDENDS

	Group/Company	
	2015 RM	2014 RM
Third interim single tier exempt dividend of 3.5 sen per share in respect of the financial year ended 31 March 2014	26,155,733	-
Final single tier exempt dividend of 4 sen per share in respect of the financial year ended 31 March 2014	31,172,932	-
First interim single tier exempt dividend of 3 sen per share in respect of the financial year ended 31 March 2015	23,696,785	-
Second interim single tier exempt dividend of 3 sen per share in respect of the financial year ended 31 March 2015	23,969,768	-
Third interim single tier exempt dividend of 3.5 sen per share in respect of the financial year ended 31 March 2013	-	25,689,300
Final single tier exempt dividend of 4 sen per share in respect of the financial year ended 31 March 2013	-	29,697,101
First interim single tier exempt dividend of 3.5 sen per share in respect of the financial year ended 31 March 2014	-	26,072,949
Second interim single tier exempt dividend of 3.5 sen per share in respect of the financial year ended 31 March 2014	-	26,139,884
	104,995,218	107,599,234

On 5 May 2015, the Directors declared a third interim single tier exempt dividend in respect of the financial year ended 31 March 2015 of 3 sen per share amounting to RM24,457,102.

The Directors recommended a final single tier exempt dividend of 4 sen per share amounting to RM32,817,350 based on the number of outstanding ordinary shares in issue as at the date of this report, in respect of the current financial year, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect the third interim dividend declared and final dividend proposed. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2016.

24. CAPITAL COMMITMENT

In respect of acquisition of property, plant and equipment:

	Group	
	2015 RM	2014 RM
Approved and contracted for	157,017,153	168,550,880
Approved but not contracted for	1,585,007,017	1,942,512,846

25. SEGMENT INFORMATION

The Group's business mainly comprises the manufacturing and sale of latex gloves. The Group's manufacturing activities are operated solely in Malaysia whilst its revenue are mainly earned 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 as all information required has been disclosed in the financial statements.

Information about geographical areas

Revenue information based on the geographical location of customers is as follows:

	Group	
	2015 RM	2014 RM
North America	536,127,482	536,338,383
Europe	347,800,473	330,854,784
Asia (excluding Malaysia)	150,734,639	141,494,113
Australia	46,314,197	42,970,832
Malaysia	11,084,735	924,310
South America	53,898,896	54,496,943
	1,145,960,422	1,107,079,365

Non-current assets which do not include deferred tax assets analysed by geographical location of the assets are as follows:

	Group	
	2015 RM	2014 RM
Malaysia	1,064,422,328	691,193,795
North America	95,567	107,729
Australia	171,623	39,563
China	61,340	9,749
India	52,331	56,951
	1,064,803,189	691,407,787

25. SEGMENT INFORMATION (cont'd)

Information about major customers

The following are major customers with revenue equal or more than 10% of Group revenue:

	Group		
	2015 RM	2014 RM	Geographical location
Customer A	286,877,610	268,953,861	North America

26. CONTINGENT LIABILITIES

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 Plantiff 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 Defendants culminating in the share allotment on 4 April 2005. The Plaintiff states that 3rd, 4th and 5th Defendants 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.

26. CONTINGENT LIABILITIES (cont'd)

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.

Trial of the matter proceeded on 5, 6 and 7 December 2012, 29 and 30 January 2013 and 1 and 2 April 2013. 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 Plantiff filed a Notice of Appeal on 8 January 2015 against the entire Judgement of the Kuala Lumpur High Court dated 12 December 2014 in the High Court Suit. Parties are currently awaiting the learned Judge's Written Grounds of Judgment and presently no date has been fixed for the hearing of the Appeal. The matter has been fixed for case management on 11 August 2015.

The Directors of the Company, in consultation with the solicitors, are of the opinion that the Group has a valid defence against the Plaintiff's claim. Accordingly, the Group has not made any provision on the financial statements.

27. SIGNIFICANT EVENTS

a. During the financial year, the Company subscribed for additional 275,335,400 ordinary shares of RM1 each in its wholly-owned subsidiary, Hartalega NGC Sdn Bhd ("HNGC") by way of capitalisation of amount owing by HNGC to the Company and cash amounting to RM132,000,000 and RM143,035,400 respectively. There were no changes in the equity interest in HNGC.

b. At an Extraordinary General Meeting held on 26 August 2014, shareholders approved a new employees' share option scheme ("New ESOS") for the eligible persons of the Company and its subsidiaries (excluding subsidiaries that are dormant). The New ESOS shall be in force for a period of 5 years from 23 January 2015 to 22 January 2020.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Group's risk management seeks to minimise the potential adverse effects from the exposures to variety of risks in the normal course of business.

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are disclosed below.

a. Credit risk management

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's and the Company's exposure to credit risk arises mainly from its receivables and the maximum risk associated with the recognised financial assets is the carrying amounts as presented in the statements of financial position and corporate guarantee provided by the Company to banks on a subsidiary's term loans.

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's net trade receivables at the reporting date are as follows:

	Group			
	2015		2014	
	RM	% of total	RM	% of total
By country:				
United States of America	121,200,033	66.93	55,876,083	41.76
Germany	34,110,655	18.84	44,491,531	33.25
Australia	5,491,833	3.03	5,709,468	4.27
Canada	2,051,982	1.13	3,592,773	2.68
Japan	2,210,873	1.22	2,931,547	2.19
Brazil	10,145,776	5.60	13,511,099	10.10
Others	5,885,806	3.25	7,698,891	5.75
	181,096,958	100.00	133,811,392	100.00

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

a. Credit risk management (cont'd)

At the reporting date, approximately 47.82% (2014: 49.50%) of the Group's trade receivables was due from two (2014: three) major customers. Trade receivable balances from those major customers amounted to RM86,598,478 (2014: RM66,238,850) of which RM26,015,500 (2014: RM19,611,000) are secured by standby Letter of Credit from customers.

Financial guarantee

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary.

The Company monitors on an ongoing basis the repayments made by the subsidiary and its financial performance.

The maximum exposure to credit risk amounts to RM6,316,971 (2014: RM4,717,321) representing the outstanding borrowings of subsidiaries guaranteed by the Company at the reporting date. At the reporting date, there was no indication that these subsidiaries would default on their repayments.

The financial guarantee has not been recognised at fair value on initial recognition as the amount was immaterial since the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiary's borrowings in view of the security pledged by the subsidiary and it is unlikely the subsidiary will default in repayment within the guarantee period.

b. Liquidity risk management

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

b. Liquidity risk management (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment of obligations.

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM	Total RM
2015							
Group							
Financial liabilities:							
Derivative financial liabilities	1,947,000	1,947,000	1,947,000	-	-	-	1,947,000
Trade and other payables	108,257,533	108,257,533	108,257,533	-	-	-	108,257,533
Loans and borrowings	6,407,627	6,586,699	6,242,177	204,082	140,440	-	6,586,699
	116,612,160	116,791,232	116,446,710	204,082	140,440	-	116,791,232
Company							
Financial liabilities:							
Trade and other payables	1,832,912	1,832,912	1,832,912	-	-	-	1,832,912
2014							
Group							
Financial liabilities:							
Trade and other payables	94,432,760	94,432,760	94,432,760	-	-	-	94,432,760
Loans and borrowings	4,821,200	4,976,053	3,083,617	1,554,302	338,134	-	4,976,053
	99,253,960	99,408,813	97,516,377	1,554,302	338,134	-	99,408,813
Company							
Financial liabilities:							
Trade and other payables	376,715	376,715	376,715	-	-	-	376,715

The table below summarises the maturity profile of the Group's derivative financial liabilities at the reporting date based on contractual undiscounted repayment obligations. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis.

	Group			
	Carrying amount RM	Contractual cash flows RM	1 month RM	1-4 months RM
2015				
Financial liabilities				
Forward foreign currency contracts	1,947,000	1,947,000	183,900	1,763,100

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

c. Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from deposits placed with licensed banks, fixed income fund and borrowings. The deposits placed with licensed banks at fixed rate expose the Group to fair value interest rate risk whilst fixed income fund at variable rate expose the Group to cash flow interest rate risk.

Borrowings and finance lease payables amounting to RM6,407,627 (2014: RM4,821,200) expose the Group to interest rate risk.

The Group manages its interest rate risk exposure by reviewing its debts portfolio to ensure favourable rates are obtained.

The Group does not have any fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore, a change in the interest rates at the reporting date would not affect profit or loss.

Sensitivity analysis for interest rate risk

The Group believes that no reasonably possible changes in the risk variable could affect the results of the Group materially as the Group's external borrowings interest rates are fixed at inception.

d. Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily Ringgit Malaysia ("RM"), United States Dollar ("USD") and Australian Dollar ("AUD"). The foreign currency in which these transactions are denominated is mainly USD.

The Group also holds cash and cash equivalents denominated in USD for working capital purposes and have term loans denominated in USD.

Forward foreign currency contracts are used by the Group to reduce exposure to fluctuations in foreign currency risk. In addition, the Group holds cash and cash equivalents denominated in USD to pay its foreign purchases as a natural hedge against fluctuations in foreign currency risk.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

d. Foreign currency risk management (cont'd)

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investment in United States of America, Australia, People's Republic of China and India are not hedged as currency positions in USD, AUD, RMB and Rs are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit for the financial year to a reasonably possible change in the USD exchange rate against RM, with all other variables held constant.

	Group	
	2015 RM	2014 RM
USD/RM - strengthened 5%	6,233,309	4,870,853
- weakened 5%	(6,233,309)	(4,870,853)

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

The methods and assumptions used to estimate the fair value of the following classes of financial assets and liabilities are as follows:

i. **Cash and cash equivalents, trade and other receivables and payables, and amount owing by subsidiaries**

The carrying amounts are reasonable approximation of fair values due to the short term nature of these financial instruments.

ii. **Derivative financial instruments**

Forward currency contracts are valued using a valuation technique with market observation inputs. The fair value of the forward foreign currency contracts is determined by reference to discounting the difference between the contracted rate and the current forward price at the reporting date for the residual maturity of the contracts using risk-free interest rate (based on government bonds).

29. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

iii. Borrowings

The fair values of fixed rate loans and borrowings and finance lease payables, which are estimated using discounted cash flow analysis, based on current lending rate for similar types of borrowing arrangements, are as follows:

	Group	
	Carrying amount RM	Fair value RM
2015		
Financial Liabilities		
Loans and borrowings	6,316,971	6,378,175
Finance lease payables	90,656	90,482
2014		
Financial Liabilities		
Loans and borrowings	4,717,321	4,708,296
Finance lease payables	103,879	103,680

30. FAIR VALUE HIERARCHY

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

i. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

ii. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

iii. Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30. FAIR VALUE HIERARCHY (cont'd)

Fair value of financial instruments that are measured at fair value in the statements of financial position at the end of the reporting date

			Group	
	Fair value RM	Level 1 RM	Level 2 RM	Level 3 RM
2015				
Derivative financial instruments				
- foreign currency forward contracts	(1,947,000)	-	(1,947,000)	-
2014				
Derivative financial instruments				
- foreign currency forward contracts	1,945,000	-	1,945,000	-

During the financial years ended 31 March 2015 and 2014, there was no transfer between fair value measurement hierarchy.

Fair value of financial instruments that are not measured at fair value in the statements of financial position at the end of the reporting date (but fair value disclosures are required)

			Group	
	Fair value RM	Level 1 RM	Level 2 RM	Level 3 RM
2015				
Financial Liabilities				
Loans and borrowings	6,378,175	-	-	6,378,175
Finance lease payables	90,482	-	-	90,482
2014				
Financial Liabilities				
Loans and borrowings	4,708,296	-	-	4,708,296
Finance lease payables	103,680	-	-	103,680

31. CATEGORY OF FINANCIAL INSTRUMENTS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Financial assets				
FVTPL:				
Derivative financial assets	-	1,945,000	-	-
Loans and receivables:				
Trade receivables and other receivables	193,695,701	139,618,950	4,500	4,500
Amount owing by subsidiaries	-	-	118,703,251	83,895,086
Deposits, cash and bank balances	70,501,003	170,550,036	12,740,770	77,308,962
Financial liabilities				
FVTPL:				
Derivative financial liabilities	1,947,000	-	-	-
Other financial liabilities:				
Trade and other payables	108,257,533	94,432,760	1,832,912	376,715
Loans and borrowings	6,407,627	4,821,200	-	-

32. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value.

The Group's capital includes its shareholders' funds and interest-bearing borrowings. The Group manages its capital structure and makes adjustments to it, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. On 18 August 2011, the Board of Directors has announced a policy to distribute a minimum of 45% of the Group annual net profit to its shareholders effective from the financial year ended 31 March 2012.

No changes were made in the objectives, policies and processes since the financial year ended 31 March 2014.

As at 31 March 2015, the total capital managed by the Group which comprises shareholders' equity, amounted to RM1,268,999,503 (2014: RM942,254,117).

The Group is not subject to any externally imposed capital requirements.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised retained earnings of the Group and of the Company is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants.

The retained earnings of the Group and of the Company as at the reporting date is analysed as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total retained earnings of the Company and its subsidiaries				
- realised	760,122,396	664,561,374	40,581,678	26,061,626
- unrealised	(48,162,818)	(57,028,962)	-	-
	711,959,578	607,532,412	40,581,678	26,061,626
Less: Consolidation adjustments	(97,536,529)	(98,140,850)	-	-
Total retained earnings	614,423,049	509,391,562	40,581,678	26,061,626

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purpose.

ADDITIONAL COMPLIANCE INFORMATION

A. Related Party Transactions

A list of the significant related party transactions between the Company and its subsidiaries, and between the Group and other related parties including relevant Key Management personnel for the financial year ended 31 March 2015 is set out on page 113 of the Annual Report.

B. Share Buy-back

During the financial year, the Company had not purchased any of its own shares.

C. Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by any relevant regulatory bodies during the financial year.

D. Non Audit Fees Paid/Payable

The amount of non-audit fees paid/payable to the external auditor in respect of the financial year amount to RM2,000 (2014 : RM6,200).

E. Variation In Result

There was no profit forecast announced by the Group for the financial year.

F. Profit Guarantees

There was no profit guarantee given by the Group for the financial year.

G. Revaluation of Landed Properties

The Company does not have a revaluation policy on its landed properties.

H. Options, Warrants or Convertible Derivatives

During the current financial year ended 31 March 2015, a total of 8,845,100 new ordinary shares of RM0.50 each were issued and allotted pursuant to the exercise of the ESOS and a total of 45,680,567 new ordinary shares of RM0.50 each were issued and allotted pursuant to the exercise of the Warrants. The details of the issued and paid-up share capital of the Company as at 31 March 2015 are as follows:

	No. of Shares	RM
As at 1 April 2014	747,032,366	373,516,183
Ordinary shares of RM0.50 each issued pursuant to the ESOS	8,845,100	4,422,550
Ordinary shares of RM0.50 each issued pursuant to the Warrants	45,680,567	22,840,284
As at 31 March 2015	**801,558,033**	**400,779,017**

Other than the above, there was no issuance of convertible securities during the financial year.

I. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")

During the financial year 2013, the Company was involved in a Sponsored Level-1 American Depository Receipt ("ADR") Programme which is a programme to facilitate the trading of Hartalega shares by investors in the United States of America. The programme was registered to the Securities and Exchange Commission of the United States of America since 27 June 2012 and the first trade started on 3 July 2012.

The Bank of New York Mellon has been appointed as the depository bank for the ADR programme with Malayan Banking Berhad as the custodian of Hartalega's shares in Malaysia for the ADR. Under the Depository Receipt Programme, the total number of shares that can be purchased shall not exceed 5% of the total issued and paid-up capital of Hartalega at any point in time and the shares were listed on a 10 to 1 bundled ratio.

The ADR programme is expected to enhance the visibility of the Company in the United States of America and to increase the awareness of the Company among US brokers, analysts and investors as the ADR programme provides an avenue for the US investing community to access Hartalega shares, thereby enabling the Company to broaden its foreign shareholders' base in addition to increasing its shareholder diversity.

As at 31 March 2015, the number of Hartalega ordinary shares held under the ADR programme by the custodian Malayan Banking Berhad was 11,610 only.

J. Material Contracts

During the year, there were no material contracts entered into by the Company and its subsidiaries which involved Directors' and major shareholders' interests.

K. Contracts Relating Loan

There were no contracts relating to loan by the Company and its subsidiaries in respect of item J.

LIST OF PROPERTIES

Location Address	Existing Use	Approximate Age of Building	Tenure	Date of Acquisition	Area (m²)	NBV (RM)
GRN 193487, Lot 4864 Pekan Bestari Jaya Daerah Kuala Selangor Selangor Darul Ehsan	Factory and office building	Between 9 - 21 years	Freehold	1995 - 2007	30,641 (build-up area)	23,833,979
H.S.(D) 276179, P.T. No. 7320 Pekan Bestari Jaya Daerah Kuala Selangor Selangor Darul Ehsan	Factory and office building	Between 5 - 7 years	Freehold	2006 - 2011	41,736 (build-up area)	52,730,053
H.S.(D) 279954, P.T. No. 7321 Seksyen 4, Pekan Bestari Jaya Daerah Kuala Selangor Selangor Darul Ehsan	Factory and office building	3 years	Freehold	2013	31,948 (build-up area)	55,325,758
H.S.(D) 36055, P.T. No. 5785 Mukim of Labu Daerah Sepang Selangor Darul Ehsan	Factory and office building	1 year	Leasehold expiring on 9 Oct 2110	2015	47,301 (build-up area)	86,121,369
GRN 193487, Lot 4864 Pekan Bestari Jaya Daerah Kuala Selangor Selangor Darul Ehsan	Industrial land	N/A	Freehold	1993 - 2001	43,158	4,901,383
H.S.(D) 276179, P.T. No. 7320 Pekan Bestari Jaya Daerah Kuala Selangor Selangor Darul Ehsan	Industrial land	N/A	Freehold	2006 - 2007	57,987	10,031,396
H.S.(D) 279954, P.T. No. 7321 Seksyen 4, Pekan Bestari Jaya Daerah Kuala Selangor Selangor Darul Ehsan	Industrial land	N/A	Freehold	2010 - 2011	45,220	11,671,112
H.S.(D) 36055, P.T. No. 5785 Mukim of Labu Daerah Sepang Selangor Darul Ehsan	Industrial land	N/A	Leasehold expiring on 9 Oct 2110	2013	384,449	91,161,930
H.S.(D) 36056, P.T. No. 5786 Mukim of Labu Daerah Sepang Selangor Darul Ehsan	Agriculture land	N/A	Leasehold expiring on 9 Oct 2110	2013	68,800	3,651,280
H.S.(D) 36057, P.T. No. 5787 Mukim of Labu Daerah Sepang Selangor Darul Ehsan	Industrial land	N/A	Leasehold expiring on 9 Oct 2110	2014	650	167,856

LIST OF PROPERTIES

Location Address	Existing Use	Approximate Age of Building	Tenure	Date of Acquisition	Area (m^2)	NBV (RM)
H.S.(D) 1742, P.T. No. 2965 Mukim of Batang Berjuntai Daerah Kuala Selangor Selangor Darul Ehsan	Vacant land	N/A	Leasehold expiring on 14 Mar 2090	1998	3,237	139,211
C-G-9, Jalan Dataran SD1 Dataran SD, PJU 9 Bandar Sri Damansara 52200 Kuala Lumpur	4-storey office building	9 years	Leasehold expiring on 27 Aug 2102	2007	410 (build-up area)	1,566,035
No. 2A, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single-storey house-hostel	11 years	Freehold	2009	143	159,922
No. 6, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single-storey house-hostel	11 years	Freehold	2009	144	160,055
No. 8, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single-storey house-hostel	11 years	Freehold	2009	145	160,200
No. 10, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single-storey house-hostel	11 years	Freehold	2009	146	160,344
No. 12, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single-storey house-hostel	11 years	Freehold	2010	147	164,503

ANALYSIS OF SHAREHOLDINGS AS AT 23 JUNE 2015

Authorised Share Capital	:	RM750,000,000/-
Issued and Paid Up Share Capital	:	RM410,216,878.50 comprising 820,433,757 ordinary shares
Class of Shares	:	Ordinary Share of RM0.50 each
Voting Rights	:	One vote per ordinary share
Number of Shareholders	:	3,167

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	No. of Shares	%
Less than 100	74	741	0.00
100 - 1,000	673	448,813	0.05
1,001 - 10,000	1,367	5,895,015	0.72
10,001 to 100,000	784	27,121,272	3.31
100,001 to 41,021,686 (*)	267	328,193,782	40.00
41,021,687 and above (**)	2	458,774,134	55.92
	3,167	820,433,757	100.00

Remark: * Less than 5% of issued holdings
** 5% and above of issued holdings

SUBSTANTIAL SHAREHOLDERS

The following are the substantial shareholders of the Company according to the Register of Substantial Shareholders.

Name of Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Hartalega Industries Sdn Bhd	404,639,734	49.32	0	0.00
Kuan Kam Hon @ Kwan Kam Onn	0	0.00	429,563,134*	52.36
Kuan Kam Peng	15,050,000	1.83	404,639,734**	49.32
Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	63,473,800	7.74	-	-

* Deemed interest through his shareholding in Hartalega Industries Sdn Bhd and Budi Tenggara Sdn Bhd by virtue of Section 6A of the Companies Act 1965.

** Deemed interest through his shareholding in Hartalega Industries Sdn Bhd by virtue of Section 6A of the Companies Act 1965.

DIRECTORS' SHAREHOLDINGS

Name of Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Kuan Kam Hon @ Kwan Kam Onn	0	0.00	429,563,134*	52.36
Kuan Mun Leong	1,514,700	0.18	0	0.00
Kuan Mun Keng	1,511,400	0.18	0	0.00
Liew Ben Poh	900,000	0.11	15,200#	0.00
Dato' Mohamed Zakri bin Abdul Rashid	1,004,900	0.12	51,000#	0.01
Chuah Phaik Sim (Resigned w.e.f. 2/3/2015)	1,550,000	0.19	4,736,720**	0.58
Danaraj A/L Nadarajah	100,000	0.01	0	0.00
Dato' Tan Guan Cheong	44,000	0.01	0	0.00
Razman Hafidz bin Abu Zarim (Appointed w.e.f. 2/3/2015)	0	0.00	0	0.00

* Deemed interest through his shareholding in Hartalega Industries Sdn Bhd and Budi Tenggara Sdn Bhd by virtue of Section 6A of the Companies Act 1965.

** Deemed interest through her shareholding in Kinetic Region Sdn Bhd by virtue of Section 6A of the Companies Act 1965.

Shares held through spouse/children of the Director who herself/himself is not Director of the Company.

ANALYSIS OF SHAREHOLDINGS AS AT 23 JUNE 2015

LIST OF 30 LARGEST SHAREHOLDERS AS AT 23 JUNE 2015

No.	Name of Shareholders	No. of Shares	%
1	HARTALEGA INDUSTRIES SDN BHD	404,639,734	49.32
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	54,134,400	6.60
3	BUDI TENGGARA SDN BHD	24,923,400	3.04
4	AFFIN HWANG NOMINEES (ASING) SDN BHD DBS VICKERS SECS (S) PTE LTD FOR EXCEL HARVEST VENTURE LTD	22,434,819	2.73
5	DB (MALAYSIA) NOMINEE (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS WEALTH MANAGEMENT SINGAPORE BRANCH (FOREIGN)	19,790,836	2.41
6	KUAN KAM PENG	15,050,000	1.83
7	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	9,446,000	1.15
8	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK NATIONAL ASSOCIATION (USA)	7,782,068	0.95
9	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR SEOW HOON HIN (MY2208)	7,345,900	0.90
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SEOW HOON HIN (472187)	7,000,000	0.85
11	RHB NOMINEES (ASING) SDN BHD MEDLINE INDUSTRIES INC	6,620,300	0.81
12	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE BANK OF NEW YORK MELLON (MELLON ACCT)	6,142,460	0.75
13	HSBC NOMINEES (ASING) SDN BHD TNTC FOR MONDRIAN EMERGING MARKETS SMALL CAP EQUITY FUND, L.P.	6,087,960	0.74
14	CARTABAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR EASTSPRING INVESTMENTS BERHAD	6,041,400	0.74
15	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC EQUITY FUND	5,281,440	0.64

LIST OF 30 LARGEST SHAREHOLDERS AS AT 23 JUNE 2015 (CONT'D)

No.	Name of Shareholders	No. of Shares	%
16	KEVIN TEN	5,230,109	0.64
17	ANDY TEN	5,170,109	0.63
18	JASON TEN JHIA SEENG	5,170,108	0.63
19	PACIFIC VENUE SDN BHD	4,446,400	0.54
20	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	4,313,400	0.53
21	KINETIC REGION SDN BHD	4,076,720	0.50
22	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	3,934,700	0.48
23	KUAN EU JIN	3,773,550	0.46
24	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 9)	3,710,900	0.45
25	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	3,506,000	0.43
26	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	3,194,300	0.39
27	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	3,115,500	0.38
28	TAN BOOI CHARN	3,010,000	0.37
29	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR J.P. MORGAN BANK LUXEMBOURG S.A.	2,737,000	0.33
30	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (F TEMPLETON)	2,731,800	0.33

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Ninth (9th) Annual General Meeting of the Company will be held at Sime Darby Convention Centre, Banyan, Casuarina & Dillenia, Ground Floor, No. 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 25 August 2015, at 9.30 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESSES

1. To table the Audited Financial Statements for the year ended **31 March 2015** together with the Reports of the Directors and Auditors thereon.

(Please refer to Note A)

2. To approve the payment of a final dividend of 4 sen per share single tier for the financial year ended **31 March 2015**.

(Resolution 1)

3. To approve the payment of Directors' Fees totalling RM288,000.00 for the financial year ended **31 March 2015**.

(Resolution 2)

4. To approve the increase of Directors' fees for the financial year ending **31 March 2016.**

(Resolution 3)

5. i. To re-elect the following Directors retiring in accordance with Article 91 of the Articles of Association of the Company:

a. Mr. Kuan Kam Hon @ Kwan Kam Onn **(Resolution 4)**
b. Mr. Liew Ben Poh **(Resolution 5)**

ii. To re-elect Razman Hafidz bin Abu Zarim retiring in accordance with Article 96 of the Articles of Association of the Company.

(Resolution 6)

6. To re-appoint the following Directors who retire pursuant to Section 129(6) of the Companies Act 1965 and being eligible, offer themselves for re-appointment:

a. Dato' Mohamed Zakri bin Abdul Rashid **(Resolution 7)**
b. Dato' Tan Guan Cheong **(Resolution 8)**

AS SPECIAL BUSINESSES

To consider and if thought fit, to pass with or without any modifications, the following as Ordinary Resolutions:

7. To re-appoint Messrs Deloitte & Touche (AF 0834) as Auditors of the Company and to authorise the Directors to fix their remuneration.

(Resolution 9)

8. ORDINARY RESOLUTION - AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT 1965

"THAT subject to the Companies Act 1965, the Articles of Association of the Company and the approvals of the Securities Commission, Bursa Malaysia Securities Berhad and other relevant governmental and/or regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised and empowered pursuant to Section 132D of the Companies Act 1965 to allot and issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued share capital of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval for the listing and quotation of the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

(Resolution 10)

9. ORDINARY RESOLUTION - PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY

"THAT subject always to the provisions of the Companies Act 1965 ("Act"), the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant statutory and/or regulatory requirements, the Company be authorised, to the fullest extent permitted by law, to buy-back such amount of Shares in the Company as may be determined by the Directors of the Company from time to time, through Bursa Securities, upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company, provided that:

i. the aggregate number of Shares bought-back does not exceed 10% of the total issued and paid-up ordinary share capital of the Company at any time;

ii. the maximum amount of funds to be allocated for the shares buy-back shall not exceed the Company's audited retained earnings and/or share premium account at any point in time;

iii. the Shares purchased shall be treated in the following manner:

   a. the purchased Shares shall be cancelled; or
   b. the purchased Shares shall be retained as treasury shares for distribution as dividend to the shareholders and/or resale on Bursa Securities in accordance with the relevant rules of Bursa Securities and/or cancellation subsequently; or
   c. part of the purchased Shares shall be retained as treasury shares and the remainder shall be cancelled; or
   d. in such other manner as Bursa Securities and other relevant authorities may allow from time to time.
   e. any combination of (a), (b), (c) and (d) above.

AND THAT the authority conferred by this resolution shall commence upon the passing of this resolution until:

i. the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution was passed, at which time the authority will lapse unless renewed by ordinary resolution, either unconditionally or subject to conditions; or

ii. the expiration of the period within which the next AGM after that date is required by law to be held; or

iii. revoked or varied by resolution passed by the Company in general meeting;

whichever occurs first.

AND FURTHER THAT authority be and is hereby given to the Directors of the Company to take all such steps as may be necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities (Central Depository) Industry Act 1991, and the entering into and execution of all agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the Shares bought-back) in accordance with the provisions of the Act, the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Securities and all other relevant statutory and/or regulatory requirements."

(Resolution 11)

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a final dividend of 4 sen per share single tier for the financial year ended 31 March 2015, if approved, will be paid on 30 September 2015 to depositors registered in the Record of Depositors at the close of business on 15 September 2015.

A depositor shall qualify for the dividend in respect of:

a. Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 15 September 2015 in respect of ordinary transfers; and

b. Shares bought on the Bursa Malaysia on a cum entitlement basis according to the Rules of Bursa Malaysia.

By Order of the Board

WONG MAW CHUAN (MIA 7413)
WONG YOUN KIM (F) (MAICSA 7018778)
Company Secretaries

Kuala Lumpur
3 August 2015

Notes:

A. The Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this agenda item is not put forward for voting.

1. A member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies (or being a corporate member, a corporate representative) to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act 1965 shall not apply to the Company.

2. Subject to Note A (3) below, where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.

3. The instrument appointing a proxy in the case of an individual shall be signed by the appointor or his attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney duly authorised.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. Where the Form of Proxy is executed by a corporation, it must be executed under its seal or under the hand of its attorney.

6. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must, to be valid, be deposited at the office of the Company's Registrars, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time set for the meeting or at any adjournment thereof.

7. Only a depositor whose name appears on the Record of Depositors as at 19 August 2015 shall be entitled to attend the said meeting and to appoint a proxy or proxies to attend, speak and/or vote on his/her behalf.

Explanatory notes on Special Business:

8. Resolution 10

Ordinary Resolution - Authority to allot and issue shares pursuant to Section 132D of the Companies Act 1965

The proposed Ordinary Resolution 10 is a renewable mandate for the issue of shares under Section 132D of the Companies Act 1965. If passed, will give flexibility to the Directors of the Company to issue shares up to a maximum of ten per centum (10%) of the issued share capital of the Company at the time of such issuance of shares (other than bonus or rights issue) and for such purposes as they consider would be in the best interests of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

No shares have been issued and allotted by the Company since obtaining the said authority from its shareholders at the last Annual General Meeting held on 26 August 2014 pursuant to this authority.

The general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to the placing of shares, funding future investment(s), acquisition(s) and working capital and thereby reducing administrative time and cost associated with the convening of such meeting(s).

9. Resolution 11

Ordinary Resolution – Proposed renewal of authority for purchase of own shares by the Company

The proposed Ordinary Resolution 11 if passed, will empower the Company to purchase and/or hold up to ten per centum (10%) of the issued and paid-up share of the Company. This authority unless revoked or varied by the Company at a General Meeting will expire at the next Annual General Meeting,

Further information on the Proposed Renewal of Authority for Purchase of Own Shares by the Company is set out in the Share Buy-Back Statements to Shareholders of the Company which is dispatched together with this Annual Report.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

1. The Directors who are standing for re-election at the Annual General Meeting of the Company are as follows:

   a. Mr. Kuan Kam Hon @ Kwan Kam Onn (Article 91) **(Resolution 4)**

   b. Mr. Liew Ben Poh (Article 91) **(Resolution 5)**

   c. Razman Hafidz bin Abu Zarim (Article 96) **(Resolution 6)**

2. The Directors who are standing for re-election at the Annual General Meeting of the Company pursuant to Section 129(6) of the Companies Act 1965 are as follows:

   a. Dato' Mohamed Zakri bin Abdul Rashid **(Resolution 7)**

   b. Dato' Tan Guan Cheong **(Resolution 8)**

3. The detailed profiles of the above Directors who are standing for re-election are set out in the Directors' Profiles set out on pages 12 to 17 of the Annual Report and their securities holdings in the Company are set out in the Analysis of Shareholdings on page 132 to 135.

4. Board Meetings held in the financial year ended 31 March 2015.

   There were Five (5) Board Meetings held during the financial year ended 31 March 2015. Details of the attendance of the Directors are as follows:

Directors	Attendance
Kuan Kam Hon @ Kwan Kam Onn	5/5
Dr Danaraj A/L Nadarajah	5/5
Chuah Phaik Sim (Resigned w.e.f. 2/3/2015)	5/5
Dato' Mohamed Zakri bin Abdul Rashid	5/5
Kuan Mun Keng	4/5
Kuan Mun Leong	5/5
Liew Ben Poh	5/5
Dato' Tan Guan Cheong	5/5
Razman Hafidz bin Abu Zarim (Appointed w.e.f. 2/3/2015)	-

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

5. Place, Date and Time of Meeting

   The Ninth (9th) Annual General Meeting of the Company will be held at Sime Darby Convention Centre, Banyan, Casuarina & Dillenia, Ground Floor, No. 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 25 August 2015, at 9.30 a.m.

PROXY FORM

Hartalega

HARTALEGA HOLDINGS BERHAD (741883-X)
(Incorporated in Malaysia)

*I/We ....
(Full Name in Block Capitals)

of ....
(Address)

being a *member/members of Hartalega Holdings Berhad, hereby appoint ....
(Full Name in Block Capitals)

.... of .... or failing *him/her, ...

.................................or, *the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the **Ninth (9th) Annual General Meeting of Hartalega Holdings Berhad** to be held at Sime Darby Convention Centre, Banyan, Casuarina & Dillenia, Ground Floor, No. 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 25 August 2015, at 9.30 a.m. or at any adjournment thereof.

*My/Our Proxy(ies) *is/are to vote as indicated below :

No.	RESOLUTIONS	FOR*	AGAINST*
1	To approve the payment of a final dividend of 4 sen per share single tier		
2	To approve the payment of Directors' fees for year ended 31 March 2015		
3	To approve the payment of Directors' fees for year ending 31 March 2016		
4	To re-elect Mr. Kuan Kam Hon @ Kwan Kam Onn as Director		
5	To re-elect Mr. Liew Ben Poh as Director		
6	To re-elect Razman Hafidz bin Abu Zarim as Director		
7	To re-elect Dato' Mohamed Zakri bin Abdul Rashid as Director		
8	To re-elect Dato' Tan Guan Cheong as Director		
9	To re-appoint Messrs Deloitte & Touche (AF 0834) as Auditors of the Company and to authorise the Directors to determine their remuneration		
10	**Special Business** - To approve the Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act 1965		
11	**Special Business** - To approve the Proposed Renewal of Authority for Purchase of Own Shares by the Company		

*(Please indicate with an "X" in the appropriate space above how you wish your votes to be cast. If you do not do so, the Proxy will vote or abstain from voting at *his/her discretion.)*

Number of shares held:	

Dated this ______ day of ____________ 2015

____
*Signature(s)/Common Seal of Shareholder(s)

[*Delete if not applicable]

Notes:

(A) The Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this agenda item is not put forward for voting.

(1) A member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies (or being a corporate member, a corporate representative) to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act 1965 shall not apply to the Company.

(2) Subject to Note A (3) below, where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.

(3) The instrument appointing a proxy in the case of an individual shall be signed by the appointor or his attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney duly authorised.

(4) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(5) Where the Form of Proxy is executed by a corporation, it must be executed under its seal or under the hand of its attorney.

(6) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must, to be valid, be deposited at the office of the Company's Registrars, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time set for the meeting or at any adjournment thereof.

(7) Only a depositor whose name appears on the Record of Depositors as at 19 August 2015 shall be entitled to attend the said meeting and to appoint a proxy or proxies to attend, speak and/or vote on his/her behalf.

fold here

Stamp

HARTALEGA HOLDINGS BERHAD (741883-X)

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

fold here

Hartalega

Corporate Office

C-G-9, Jalan Dataran SD1, Dataran SD PJU9, Bandar Sri Damansara
52200 Kuala Lumpur, Malaysia

Tel : +603 6277 1733
Fax : +603 6280 2533
Email : info@hartalega.com.my

Factory

No. 7, Kawasan Perusahaan Suria, 45600 Bestari Jaya
Selangor Darul Ehsan, Malaysia

Tel : +603 3280 3888
Fax : +603 3271 0135

No. 1, Persiaran Tanjung, Lot PT 4330
Kawasan Perindustrian Tanjung, Jalan B20
64000 Sepang, Selangor Darul Ehsan
Malaysia

www.hartalega.com.my