ANNUAL REPORT 2016

Driven

Hartalega

THE COVER

The cover visual and theme of this year's report, 'Driven', highlights how Hartalega's state-of-the-art Next Generation Integrated Glove Manufacturing Complex (NGC) is propelling the Group to greater heights. The theme also exemplifies Hartalega's forward-looking nature and single-minded focus on driving sustainable growth. The visual demonstrates the progress of the NGC which extends into the horizon, reflecting the wide scale of the Group's growth in the coming years.

CONTENTS

10TH ANNUAL GENERAL MEETING

23 AUGUST 2016

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

Malaysia's 100 Leading Graduate Employers Award 2015

The Edge Billion Ringgit Club Corporate Awards – Most Profitable Company (Industrial Products Sector) 2013, 2014 and 2015

Asiamoney Corporate Governance Award 2015

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

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

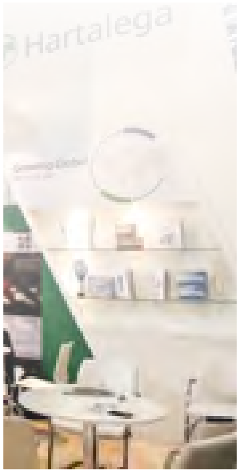
CE Marking

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

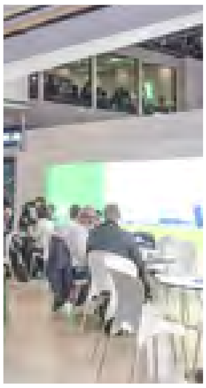
- Hartalega's nitrile glove production increased by 30-fold
- Became the nation's largest and world's second largest nitrile glove producer
- Obtained 20% share of the US synthetic glove market

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

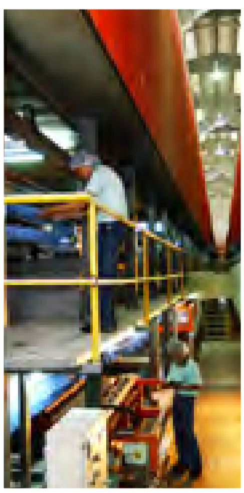
» Launched 3.2g soft nitrile gloves

» 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 (NGC)

» Launched 2.7g nitrile glove

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

2014

» Commissioned first production lines of the NGC

» Launched new global distribution arm, MUN

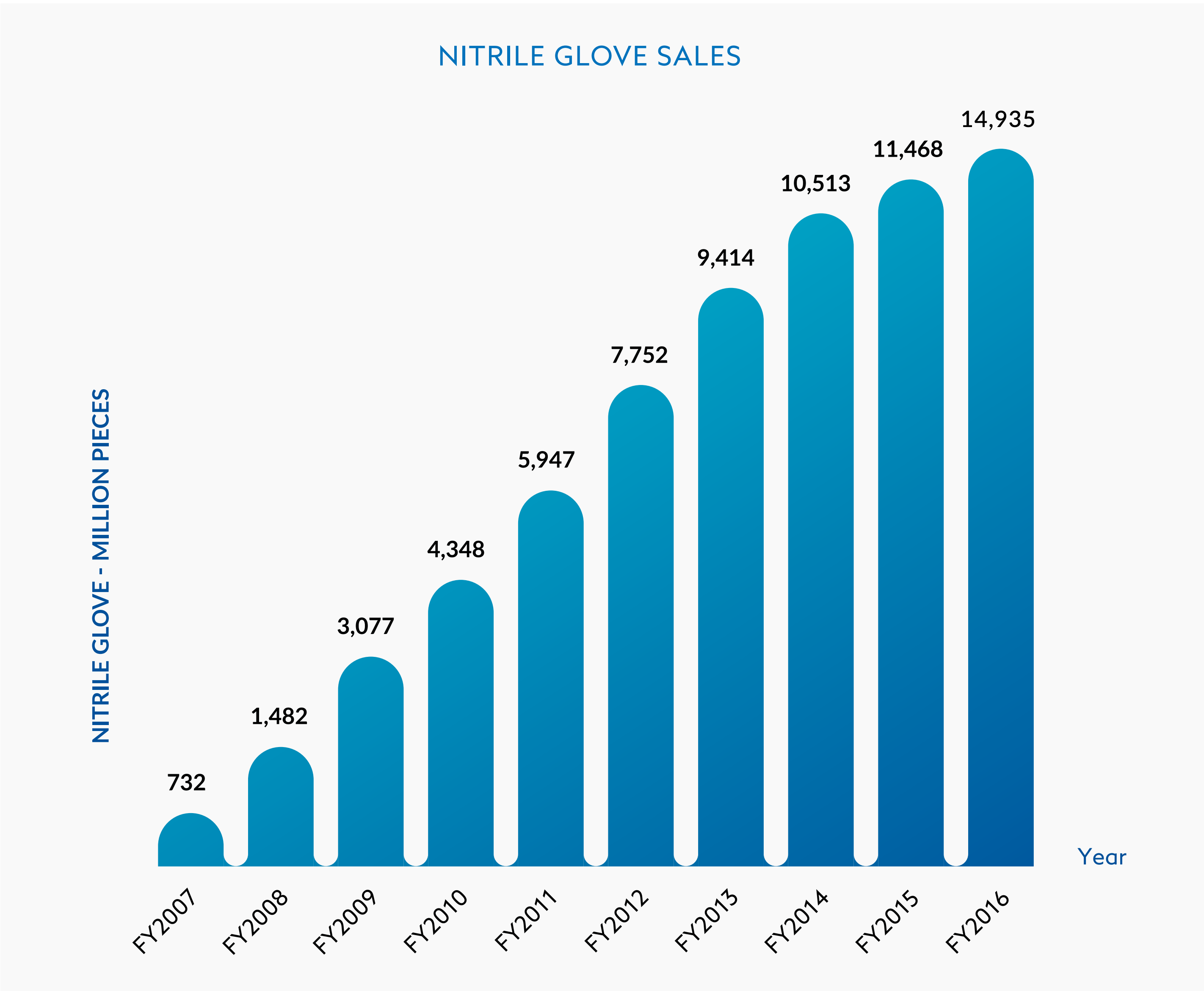
» Launched new umbrella brand, GloveOn

2015

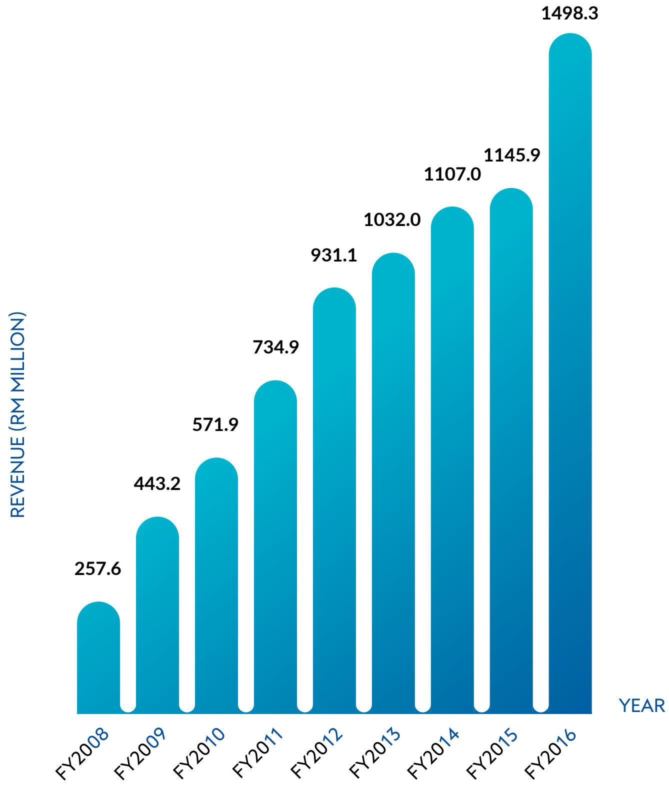
» Completed Plants 1 and 2 of the NGC

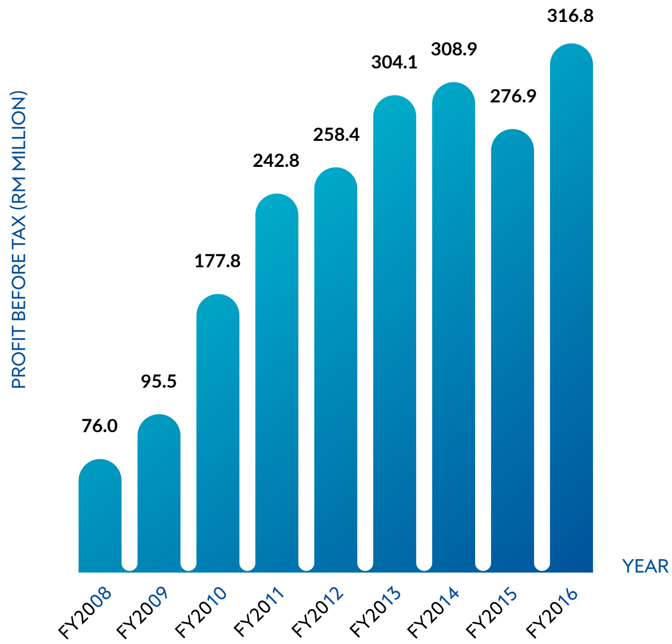
THE HARTALEGA NITRILE GLOVE STORY

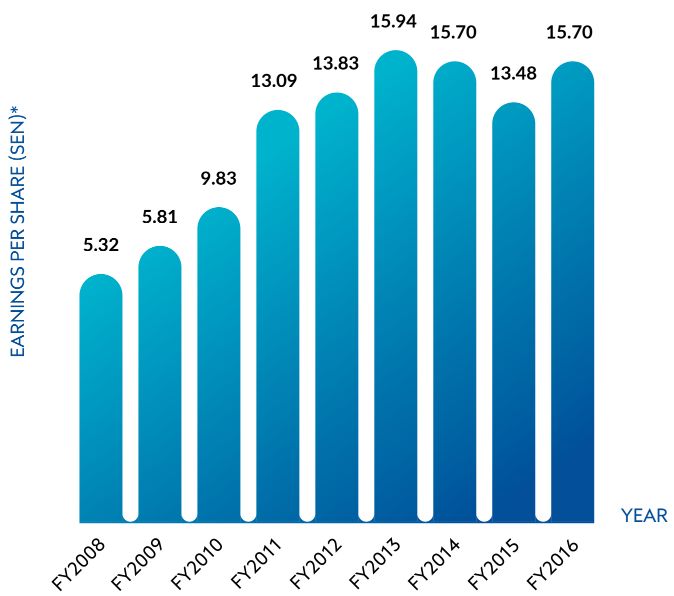
- Successfully remodelled company into a major nitrile glove producer with 90% of sales in nitrile gloves
- Nitrile glove sales (pieces) increased by 20 times in 9 years
- Pioneered switching momentum from natural rubber to nitrile gloves
- Largest nitrile glove producer in the world

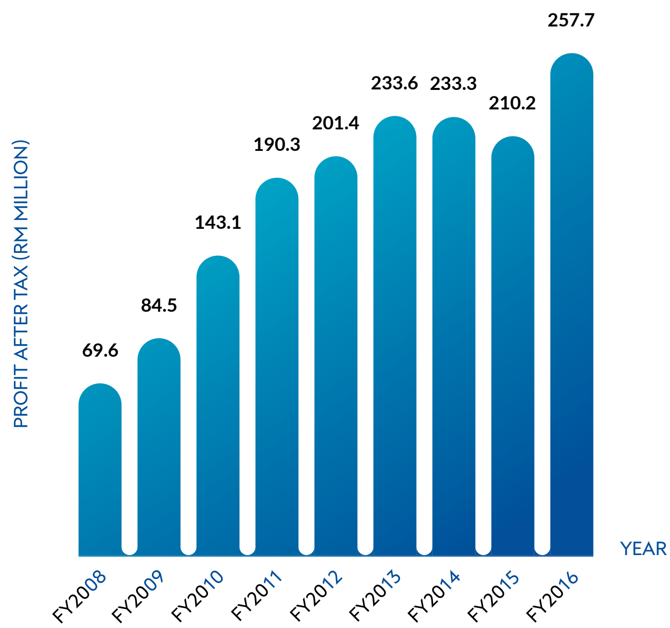


FINANCIAL SUMMARY





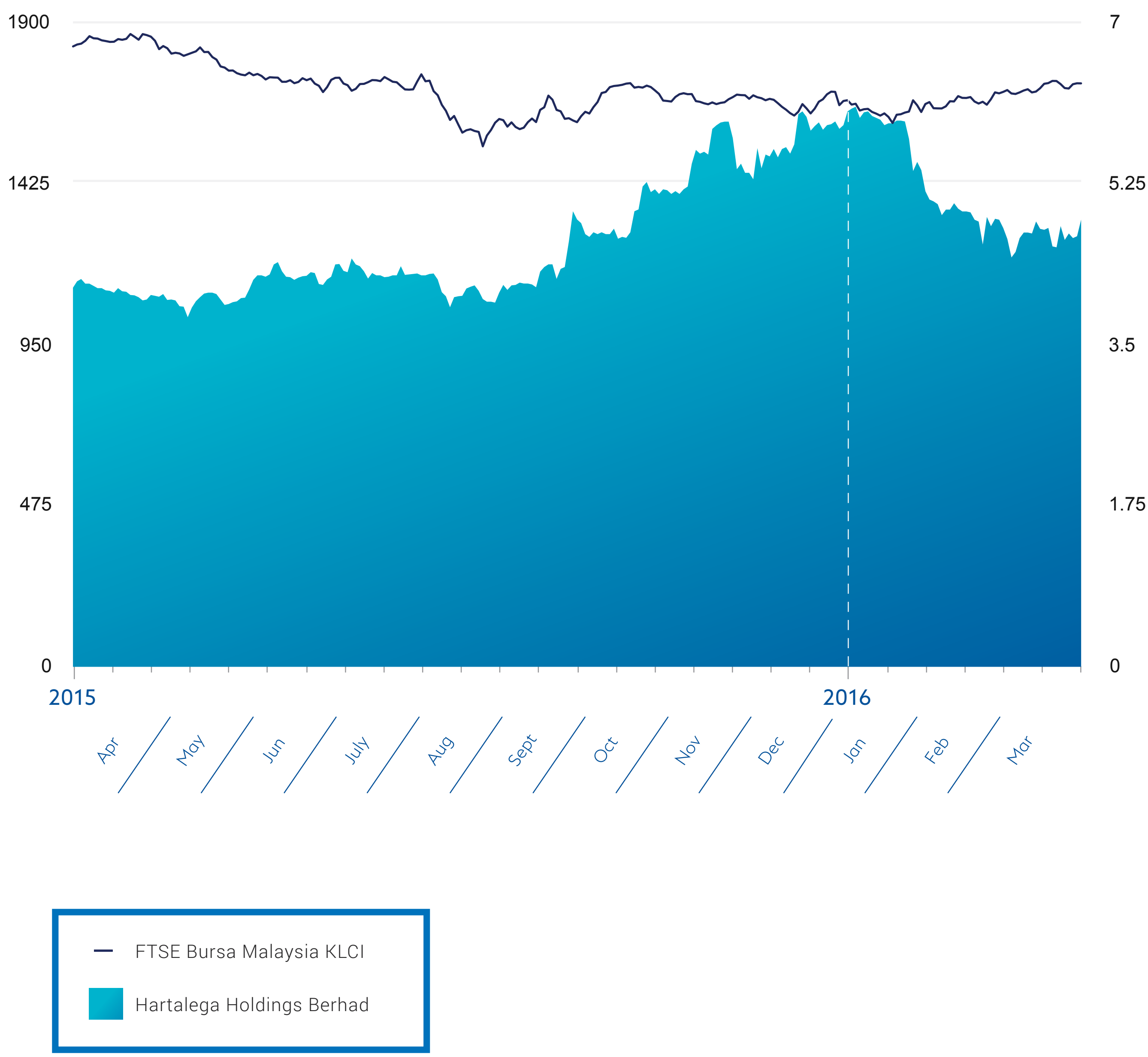




* Earnings Per Share figures for past years restated following one-for-one bonus issue on 17 September 2015

SHARE PRICE PERFORMANCE

PRICE MOVEMENT



CORPORATE INFORMATION

BOARD OF DIRECTORS

Kuan Kam Hon @ Kwan Kam Onn	Executive Chairman
Kuan Mun Leong	Managing Director
Kuan Mun Keng	Non-Independent Executive Director
Dr Danaraj A/L Nadarajah	Non-Independent Executive Director
Dato' Mohamed Zakri bin Abdul Rashid	Senior Independent Non-Executive Director
Dato' Tan Guan Cheong	Independent Non-Executive Director
Liew Ben Poh	Independent Non-Executive Director
Razman Hafidz bin Abu Zarim	Independent Non-Executive Director

AUDIT COMMITTEE

Dato' Tan Guan Cheong	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	Member

NOMINATION COMMITTEE

Dato' Mohamed Zakri bin Abdul Rashid	Chairman
Dato' Tan Guan Cheong	Member
Liew Ben Poh	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 (F) (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
Kawasan Perindustrian Tanjung
43900 Sepang
Selangor Darul Ehsan
Tel: 603 8707 3000

PRINCIPAL BANKERS

Hong Leong Bank Berhad
Standard Chartered Bank Malaysia Berhad
CIMB Bank Berhad
Ambank (M) Berhad
Sumitomo Mitsui Banking Corporation Malaysia 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

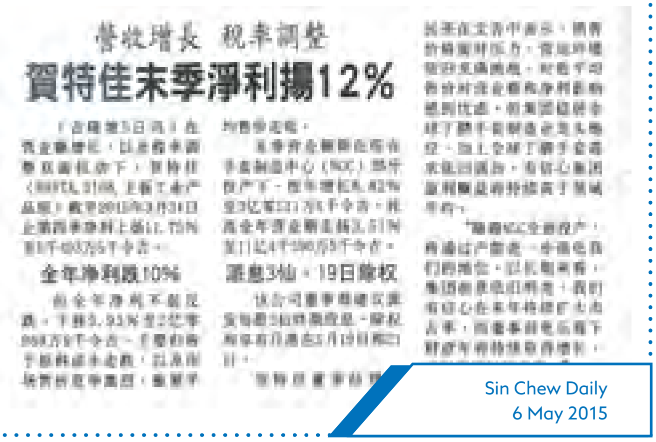
STOCK EXCHANGE

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

MEDIA
MILESTONES

Hartalega's Q4 net profit rises to RM54.93m

New Straits Times
6 May 2015



營收增長 稅率調整
賀特佳末季淨利揚12%

Sin Chew Daily
6 May 2015

更高銷量帶動
賀特佳首季淨利起10%

China Press
5 Aug 2015

Hartalega profit up 10%
Glove maker gains from weaker ringgit, cheaper raw materials

The Star
5 Aug 2015

Hartalega, Mercy bantu Orang Asli jaga kesihatan

Utusan Malaysia
4 Aug 2015

Hartalega glove output to hit 21 billion in 2016

The Malay Mail
25 Aug 2015

MEDIA MILESTONES


Kerja amal untuk Orang Asli

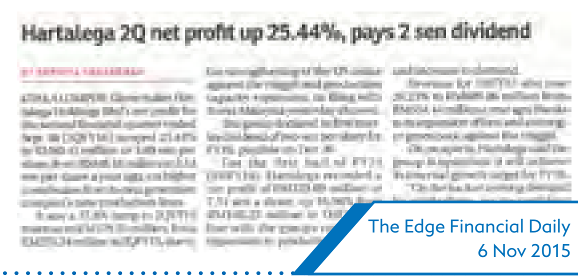
Berita Harian
8 Sept 2015


New Straits Times
5 Aug 2015

China Press
6 Nov 2015


Hartalega catat untung RM60.55 juta

Kosmo
6 Nov 2015


Hartalega 2Q net profit up 25.44%, pays 2 sen dividend

The Edge Financial Daily
6 Nov 2015


Hartalega catat keuntungan selepas cukai RM72.8 juta

Kosmo
17 Feb 2016


Hartalega catat keuntungan selepas cukai RM72.8j

Utusan Malaysia
17 Feb 2016


Hartalega's 3Q net profit surges by 47%

The Edge Financial Daily
17 Feb 2016

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 69, 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

Senior Independent
Non-Executive Director,
Malaysian

Dato' Mohamed Zakri bin Abdul Rashid, aged 73, 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.

DR DANARAJ A/L NADARAJAH

Non-Independent Executive Director, Malaysian

Dr Danaraj A/L Nadarajah (Dr N Danaraj) aged 62, 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. He holds a Doctorate and a Masters from Oxford University (UK), a Masters in Public Policy from Harvard University (US), and a BA and MA from University Malaya.

DATO' TAN GUAN CHEONG

Independent Non-Executive Director, Malaysian

Dato' Tan Guan Cheong, aged 72, 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.

RAZMAN HAFIDZ BIN ABU ZARIM

Independent
Non-Executive Director,
Malaysian

Razman Hafidz bin Abu Zarim, aged 61, 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 was Chairman until 31 March 2016. Over the years, he assumed positions as Managing Director and Chief Executive Officer of various public listed companies. He is currently the Group Chief Executive Officer of Tune Protect Group Berhad (formerly known as 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 67, 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.

KUAN MUN LEONG

Managing Director,
Malaysian

Kuan Mun Leong, aged 40, 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 41, 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,

It has certainly been a strong year for your Group, marked by growth in revenue and profit after tax. Despite global and domestic economic headwinds, Hartalega Holdings Berhad (Hartalega) successfully maintained our pole position in the nitrile glove sector as a result of our sound strategy to capitalise on growing demand during the financial year.

Kuan Kam Hon @
Kwan Kam Onn
Executive Chairman

Most notably, we completed the first two manufacturing plants of the Next Generation Integrated Glove Manufacturing Complex (NGC). This milestone is testament to your Group's dedication towards improving efficiency, enhancing productivity and unlocking our potential.

Going forward, your Group remains committed to setting high standards of excellence as the market leader. Our innovative spirit and focus continue to drive us to greater heights, as we seek to strengthen our global reach.

On this note, I am pleased to present to you our annual report for the year ended 31 March 2016.

ECONOMIC LANDSCAPE

Market conditions for the glove manufacturing sector were impacted by decelerating global growth in 2015. In particular, commodity prices were on a decline, mainly due to weakening demand in the face of oversupply. This in turn saw a decrease in average selling prices for gloves. In the same vein, fluctuating currencies also sparked market uncertainties in terms of price volatility.

Notwithstanding these challenges, Malaysia's exports of rubber gloves continued to be on an uptrend throughout the year, with a 16.3% increase to 57.1 billion pairs in 2015.

Demand once again shifted in favour of synthetic gloves, with exports achieving double-digit growth year-on-year in terms of both value and quantity. The export ratio for natural rubber gloves to synthetic gloves saw a significant change in 2015, in favour of synthetic gloves.

Against the 25 billion pairs exported in 2014, exports of synthetic rubber gloves climbed by 31.8% to 32.9 billion pairs in 2015, which was equivalent to a rise of 26% in value terms. By contrast, total exports of natural rubber gloves grew only 0.1% in terms of quantity, and saw a dip of 0.1% in value terms. In total, nitrile gloves captured 99.5% of total synthetic gloves exported during the year.

The US market remained the key importer of synthetic rubber gloves from Malaysia. Additionally, demand for synthetic rubber gloves from Germany, China, France, Japan, the UK and Canada recorded considerable growth as well.

The Group is confident that despite looming headwinds, resilient glove manufacturers will be able to weather market conditions. As a leader in the nitrile gloves segment, Hartalega is certainly poised to leverage on our existing capabilities to set new benchmarks across the industry.

FINANCIAL PERFORMANCE

The Group achieved sterling results for the financial year ended 31 March 2016, recording both top line and bottom line growth. Profit after tax rose by 22% to RM257.7 million, up from RM210.2 million in the previous year. Profit before tax was RM316.8 million, compared with RM276.8 million in the last financial year. In tandem, revenue registered a 30.7% leap to RM1.49 billion.

Our performance was propelled by increasing demand across the industry, particularly for nitrile gloves. The completion of Plant 1 and 2 of the NGC enhanced our manufacturing productivity and capacity, ensuring that we were well-positioned to capitalise on market opportunities.

Earnings before interest, tax, depreciation and amortisation (EBITDA) stood at RM387.8 million, while net cash from operating activities for the Group was RM239.5 million. This is a clear indication of your Group's commitment to ensuring a healthy balance sheet through cost-effective measures.

For the financial year under review, earnings per share was 15.7 sen. Net assets per share attributable to the owners of the company was 91.5 sen.

Our ability to achieve such strong results in the midst of a challenging economic landscape is a clear reflection of our holistic strategies, best practices and prudent management.

DIVIDENDS

As evidenced in our dividend policy, which targets a minimum payout of 45% of Hartalega's annual net profit, your Group is committed to delivering value to our shareholders.

In line with this, we are pleased to have successfully paid out a total dividend of 6 sen per share to date. A proposed final dividend of 2 sen per share single tier will be recommended by the Board for shareholders' approval at the 10th Annual General Meeting.

OPERATIONS REVIEW

Research and Development

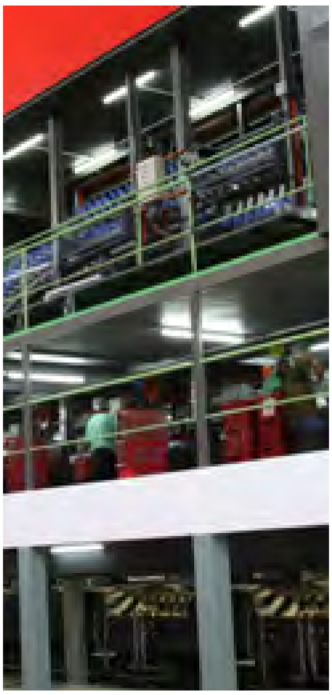
Our innovative spirit and drive to constantly evolve have long been rooted in Hartalega's DNA. Research and development (R&D) form a core part of the Group, spurring our efforts to attain greater heights of success within the industry.

Continuous efforts to stay ahead of the curve in terms of advanced manufacturing and automation processes have culminated in our iconic Next Generation Integrated Glove Manufacturing Complex (NGC). This state-of-the-art production complex is once again a demonstration of our ability to lead the sector in developing in-house technologies. Plant 1 and Plant 2 have certainly enhanced our productivity levels and have set the stage for us to raise the bar in terms of efficiency.

Indeed, the full completion of the NGC is expected to more than double our manufacturing output with production levels anticipated to reach approximately 28 billion pieces of gloves per year with an expected workforce of 5,000. In comparison, the current production rate of our Bestari Jaya plant is 13 billion pieces of gloves per annum with a workforce of 3,700. Clearly, the NGC's significant positive impact on efficiency and production capacity will ensure we maintain our competitive edge over our peers.

Our emphasis is on meeting the needs of the global healthcare sector as we pioneer new products. Towards this end, we are collaborating with local universities on product development technology. These joint efforts continue to progress well.

Your Group remains dedicated to raising the bar on product innovation. We are steadfast in our drive to sustain our R&D initiatives, in order to deliver results through revolutionary technologies and superior quality products.



Environmental Performance

Hartalega recognises our inherent responsibility to preserve and protect the environment as a conscientious corporate citizen. We believe it is incumbent upon us to proactively take measures to ensure a 'greener' approach in all our operations.

Having the right infrastructure in place is vital to achieve long-term sustainability. On this score, we have constructed our own water treatment plants and water reserves for our manufacturing plants, allowing us to conserve our water usage. This will have spillover benefits in terms of better control over the quality of water in the manufacturing process, which has a positive impact on the quality of our end-products.

We are determined to reduce our carbon footprint, and have taken active steps towards this goal by redesigning our production lines with enhanced automation in order to improve cost efficiency. Our efforts also include studies into increasing the biodegradability of our nitrile gloves.

The Group continues to consistently and unequivocally prioritise compliance with the environmental regulations set by Jabatan Alam Sekitar (JAS). Given that the air emission and water discharge levels of our biomass and waste water treatment plants are well within the required parameters, Hartalega is once again taking the lead by upgrading ourselves to an even more stringent set of requirements.

Underscoring our focus towards environmental sustainability, we have successfully applied for the ISO 14001 environmental management systems certification. The Group also recently obtained OHSAS 18001:2007 certification, an internationally recognised standard which sets the requirements and best practices for occupational health and safety management systems in an organisation. In addition, Hartalega was listed in Bursa Malaysia's FTSE4Good Index as a demonstration of our strong and sustainable practices in upholding Environmental Protection, Social Responsibility and Corporate Governance in 2015.

Marketing

As the world's largest producer of nitrile gloves, the Group's marketing strategy is a key pillar of our success. Hartalega has a wide-ranging presence across global markets in the USA, Europe and Asia, where we are recognised as a leader in the industry with products of unparalleled quality. Today, with our current installed capacity of producing over 18 billion gloves per annum, we are able to meet a significant portion of global demand.

For the year under review, the Group recorded a total sales volume growth of 26% from the previous financial year. The bulk of our exports were to the US and Europe.

With our increased production capabilities via the NGC, we are primed to tap into growth opportunities. Coupled with our overseas distribution arm, MUN, we aim to extend our reach across more markets.

Human Capital

A motivated, capable and committed talent pool is the hallmark of a successful company. Human capital is one of Hartalega's five core pillars for growth and we strive to actively engage our workforce to create a corporate culture of excellence that is conducive to teamwork and self-accountability.

We are fully cognisant that our talent pool is our prime asset. Towards this end, we strive to develop our employees' skills-set via talent development programmes, workshops and on-the-job training initiatives. The Group makes every effort to cultivate an environment of continuous learning and improvement in our workforce.

Hartalega aims to infuse the company's core values in our talent pool, which are Synergy, Honesty, Innovativeness, Excellence in Quality, Learning and Dedication. Collectively known as SHIELD, we are confident that this will encourage a positive, ethical and performance-driven mindset in our employees on a Group-wide basis.

To support our recruitment and talent retention initiatives, we have implemented various workplace benefits to safeguard employee welfare. Additionally, we launched our second Employee Share Option Scheme with a view to boost productivity and strengthen team spirit. This is aligned with the Group's efforts to reinvest in our people, and instil a sense of belonging among our employees.

In recognition of Hartalega's commitment to cultivating a positive work environment, we were voted Most Popular Employer in the Malaysia's 100 Leading Graduate Employers Award 2015, under the Manufacturing – Chemicals & Heavy Industries category. This award, which is voted by final year university students and fresh graduates, is a clear indication of our standing as an employer of choice.

OUTLOOK

The financial year was not without its challenges, which are set to persist in the year ahead. The global economy remains moderate in its recovery, still facing weak commodity prices and unfavourable trade prospects.

Tough market conditions in the glove manufacturing industry are expected to persist. Factors such as the increase in natural gas prices, higher labour costs and competitive pricing continue to have an impact, putting pressure on margins.

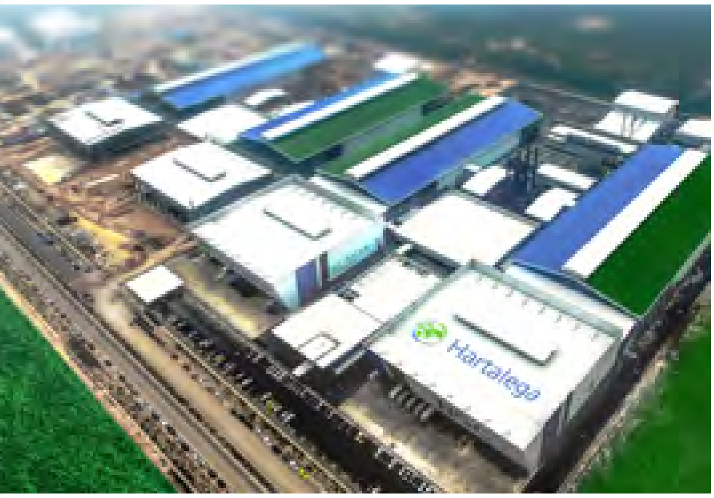
Despite these subdued circumstances, your Group's fundamentals remain strong. We continue to leverage on our first-mover advantage in innovation and technology. Our corporate culture of efficiency and productivity is a driving force. These attributes will enable us to remain resilient in the face of new challenges that await us.

We are of the opinion that there are clear opportunities particularly in Asian markets, as glove usage per capita remains relatively low. We are well-positioned to strengthen our presence within these markets, particularly as the NGC progresses.

To this end, we have taken a long-term view to plan our prospects in tandem with market demand. We have strategically mapped out the stages of our expansion plans via the NGC for the coming financial years, in order to meet global demand for high quality nitrile gloves.

Our focus areas comprising productivity, innovation, human resource, branding and information technology are the Group's core pillars of success, which permeate our operations on a company-wide basis. These key drivers underpin our business approach and form the foundation of Hartalega's competitive advantage in the industry.

Your Group is ever conscious of market trends and demand prospects. We are committed to leverage on our strengths and fundamentals, and no matter the challenges that may lie ahead, we are confident in our ability to remain resilient as a leader in the industry.



ACKNOWLEDGEMENT

Looking back on an eventful year, I would like to convey my deepest appreciation to our Board members and management team for their leadership and unwavering dedication in guiding Hartalega through our various challenges and successes.

Our employees have been the cornerstone of the Group, and I would like to thank them for their invaluable contributions. Your resilience and hard work have enabled Hartalega to continue to thrive.

Last but certainly not least, we are truly grateful to our shareholders, financiers, business partners, consultants and relevant approving authorities for their ongoing support and confidence in Hartalega.

Kuan Kam Hon @ Kwan Kam Onn
Executive Chairman

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Hartalega's commitment to corporate social responsibility (CSR) is at the heart of our operations. Every effort is made to ensure that our business decisions and policies are reflective of this commitment, whether it is giving back to the communities in which we live and work, caring for the wellbeing of our employees, or championing environmental sustainability.

HEALTH, SAFETY, AND ENVIRONMENT

As we conduct our business of manufacturing high quality products, in tandem with this, the Group is focused on ensuring the health and welfare of our employees and the protection of the environment.

To this end, our ongoing Health, Safety and Environment (HSE) campaign is centred on improving, adapting and monitoring all aspects of our operations for sustainable growth.

Multiple initiatives were undertaken as part of our overall HSE campaign. Aimed at raising awareness on the importance of embracing healthy lifestyles and prioritising safety in everyday life, our Health and Safety Fiesta saw Hartalega actively engaging with over 500 participants through a variety of talks, exhibitions and performances.

The Health and Safety Fiesta was held in collaboration with Majlis Daerah Kuala Selangor, Polis Diraja Malaysia (PDRM) of Kuala Selangor district, Jabatan Perpaduan Negara dan Integrasi Nasional Kuala Selangor, and the Malaysian Fire and Rescue Department of the Bestari Jaya district. Non-governmental organisations were also involved, such as Kelab Alami Kawa, a local students' environmental club, Komuniti Sihat Perkasa Negara, and the residents' committee of Taman Suria, Bestari Jaya.

Another initiative launched during the year was Hartalega's Safety and Health Awareness programme, themed 'Work Safely, Go Home Safely'. The programme was premised on instilling safety consciousness amongst our employees towards achieving a 'zero accidents' workplace, while highlighting the importance of road safety.

Not only were our employees able to participate and bond over fun and interactive safety-focused activities

organised by Hartalega, they were able to strengthen their knowledge of HSE practices through talks and activities organised by our esteemed collaborators. This included the Department of Occupational Safety and Health, the Department of Environment, the National Institute of Occupational Safety & Health, PERKESO (Pertubuhan Keselamatan Sosial), the Malaysian Fire and Rescue Department, PDRM, Agensi Anti Dadah Kebangsaan, Pejabat Kesihatan Kuala Selangor, DC Hygiene, National Kidney Foundation and 3M Malaysia Sdn Bhd.

With our Occupational Health and Safety Management System (OHSAS) 18001:2007 certification, Hartalega has a streamlined avenue to manage occupational health and safety risks. The OHSAS 18001:2007 certification was achieved through Hartalega's comprehensive range of health and safety measures, such as internal workplace audits, risk assessments, behaviour observations, accident and incident investigations, work permit issuances, training sessions for emergency preparedness, and environmental performance monitoring, amongst others.

In line with OHSAS, the Group also organised health checks, first aid and emergency response training, chemical safety and equipment safety training, and periodic air, noise and water quality checks. As a result of the initiatives undertaken during the year to inculcate a 'zero accidents' work culture, we were able to further strengthen our safety standards.

At Hartalega, we believe that nurturing a healthy workforce is about more than just preventing injuries. In recognition of this fact, we do our utmost to encourage healthy habits. The Group via its sports clubs organised various activities including sports carnivals and intra-company competitions. We also took part in the annual Kuala Lumpur Rat Race 2015, organised by The Edge Communications Sdn Bhd.

Furthermore, demonstrating our commitment to prioritising the health of our employees, our NGC will be home to a well-equipped sports complex.

We are dedicated to strengthening the sustainability of our business operations. Not only does it allow us to lessen our impact on the environment, it makes keen business sense. One of the Group's focus areas is the building of ample and sustainable utilities infrastructure.

Through the commissioning of our very own water treatment plants and water reserves, we are able to conserve water and reduce cost. Furthermore, we are able to regulate the quality of water required for our manufacturing plants at the NGC, which in turn has an impact on the quality of our products.

As the world's largest nitrile glove manufacturer, we are in the position to help influence our supply chain to incorporate environmental best practices. In doing so, we are then able to further our agenda to source sustainably. While we are cognisant of the time and energy that goes into fully implementing a supplier ethical code across the board, we are wholly committed to this effort.

In our drive to reduce our carbon footprint, the Group has undertaken the redesigning of our production lines to trim down energy consumption. Moreover, we have set the groundwork for long-term sustainable energy production through the installation of our biomass energy plants at the NGC.

Our research and development teams are hard at work developing innovative ways to enhance the biodegradability of our nitrile gloves, while maintaining the premium quality and functionality of our products.

Due to our rigorous monitoring of manufacturing processes and the resulting output, we can ensure that our operations adhere to stringent environmental compliance standards. This has allowed us to consistently surpass the guidelines of regulators, including JAS. Additionally, Hartalega's environmental management systems are ISO 14001 certified, reflecting our commitment to sustainable practices.

In line with our efforts to cultivate a 'greener' future and inspire environmental stewardship amongst our employees, the Group led clean-up efforts in the mangrove forest at Kuala Selangor Nature Park through our 'Mangrove Warriors' initiative. This successfully saw the removal of nearly 300 kilograms worth of litter.

COMMUNITY PROGRAMME

As our business grows, the Group is conscious of the need to share our success by giving back to the community. Through our contribution to various charitable efforts and our recognition of employees who volunteer their time and energy to worthy causes, Hartalega strives to make a positive difference wherever we do business.

Over the last 12 months, the Group worked with various charitable organisations to improve the quality of life of those in need. Our monthly contribution to Rumah Ozanam Batu Arang supports the home to shelter and provide women and children inflicted with HIV/AIDS with the necessary assistance, including medication.

In addition, our monthly contribution to Jashiera Old Folks Home in Bestari Jaya is utilised for the daily needs of its senior citizens. Over the years, our employees have showcased their dedication to social outreach, spending quality time at the homes that we contribute to.

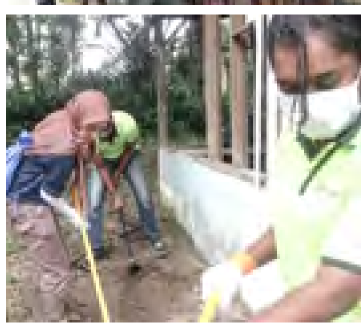
To spread the joy of the festive season, we held our annual charity drives in conjunction with Chinese New Year, Hari Raya and Deepavali. Amongst many others, the proceeds from the various charity drives benefited disadvantaged members of the community in Bestari Jaya and Salak Tinggi, Rumah Tunas Harapan Kuala Selangor, as well as PDK Rumah Payung Bandar Baru Salak Tinggi. Hartalega also organised a cycling event to raise funds for PDK Rumah Payung Sepang, which focuses on therapy for the physically challenged.

We actively supported the cultivation of a healthier Malaysia through our continued contribution to SMK Raja Muda Musa, Kuala Selangor for the refurbishment of their gym. Further to this, we subsidised medical treatment costs for residents of Taman Suria, Bestari Jaya.

During the year, we joined hands with MERCY Malaysia to embark on a Health Outreach Programme. This involved providing health screenings, distributing essential medicines and hygiene kits, organising dental clinics, as well as educational health and hygiene sessions for the benefit of the Orang Asli Kampung Bukit Baja community in Sepang.

To promote the usage of appropriate safety gear, we organised a road safety campaign for motorists in Kuala Selangor and Sepang in association with PDRM.

Hartalega is committed to responding to calls for humanitarian aid, both in Malaysia and in other parts of the world. During the year, we were deeply saddened by the news of the earthquake that hit Nepal. We set up a Nepal Earthquake Relief Fund with donation boxes throughout our manufacturing plants, and donated RM2 for every RM1 donated by our employees. The funds were distributed to the Nepal Prime Minister Disaster Relief Fund, MERCY Malaysia and the Malaysian Red Crescent Society. We also provided financial support to our foreign workers from Nepal in need of assistance.



EDUCATION

Education is the engine of economic growth. Investing in the education of our youth ensures that the nation's future workforce is well equipped to succeed. Moreover, it is our firm belief that education has the power to transform not just the lives of individuals, but their families and communities as well.

During the year, Hartalega provided scholarships to underprivileged students in recognition of their academic excellence. More importantly, this ensures that they are able to pursue their interests regardless of their economic background.

The Group also sponsored students to attend private tuition classes. The students comprised children from low income communities in Taman Suria, Bestari Jaya and Kampung Sungai Darah, Bestari Jaya. Along with this, we provided educational aid to the children of our employees.

Recognising that our success hinges upon the quality and ability of our people, the Group also offers financial support to employees who wish to pursue their education further.

As a reflection of Hartalega's dedication to the development of young Malaysians, we adopted SMK Sultan Sulaiman Shah in Bestari Jaya as part of our School Adoption Programme. We aim to introduce a variety of educational programmes and extra-curricular activities to the students in order to enhance their learning experience. Furthermore, the School Adoption Programme will provide opportunities for students to participate in the Young Enterprise Program of Junior Achievement Malaysia by the American Malaysian Chambers of Commerce.

We believe that mastery of the English language is a crucial tool to better one's quality of life, as it opens up global opportunities. Students from 17 schools in the Kuala Selangor and Sepang districts were given the opportunity to learn English in an interactive and fun manner as well as expand their general knowledge through Hartalega's sponsorship of The Star's Newspaper in Education programme.

In line with our passion for innovation, we are also collaborating with local universities in the areas of product development technology and sustainability efforts. With these partnerships, the Group hopes to help propel our local universities further.

CALENDAR OF EVENTS

2015

MANGROVE CLEAN-UP

KUALA LUMPUR RAT RACE

MERCY MALAYSIA MOU

MERCY MALAYSIA
GOTONG ROYONG

SENAMROBIK
WITH UNISEL

MALAYSIA'S 100
LEADING GRADUATE
EMPLOYERS AWARD

SCHOOL ADOPTION
PROGRAMME

HEALTH & SAFETY FIESTA

2016

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 programs:

Training Attended	Date
Budget 2015 Update by Deloitte & Touche	5 November 2015
YTL Leadership Conference 2015	16 – 18 December 2015
New Auditor Reporting: Why it Matters to You by Deloitte & Touche	7 January 2016

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	4/5
Dato’ Mohamed Zakri bin Abdul Rashid	5/5
Kuan Mun Keng	5/5
Kuan Mun Leong	5/5
Liew Ben Poh	4/5
Dato’ Tan Guan Cheong	4/5
Razman Hafidz bin Abu Zarim	5/5

During the financial year ended 31 March 2016, five (5) Board meetings were convened on 05/05/2015, 01/07/2015, 04/08/2015, 05/11/2015 and 16/02/2016 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 include but 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	324,000	3,653,546	93,300
Non-Executive Director	276,000	23,500	0

Directors' remuneration is broadly categorised into the following bands:

Range of Remuneration	Number of Executive Directors	Number of Non-Executive Directors
RM50,001 to RM100,000	0	4
RM550,001 to RM600,000	1	0
RM600,001 to RM650,000	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 via 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 5 July 2016.

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 5 July 2016.

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 2016 are as follows:

Composition of the Committee	Attendance
Dato' Tan Guan Cheong (Chairman / Independent Non-Executive Director)	4/5
Dato' Mohamed Zakri bin Abdul Rashid (Senior Independent Non-Executive Director)	5/5
Razman Hafidz bin Abu Zarim (Independent Non-Executive Director)	5/5

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 Employees Share Option Scheme ("ESOS") in compliance with criteria as stipulated in the by-laws of 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 2016 was RM69,000 (2015: 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 ("the Board") 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.

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 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 2016, 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 noncritical 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 2016 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 2016

CONTENTS

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 2016.

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	257,759,991	215,181,160
Attributable to:		
Owners of the Company	257,427,543	215,181,160
Non-controlling interests	332,448	-
	257,759,991	215,181,160

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 sen per share amounting to RM24,457,102 in respect of financial year ended 31 March 2015 as reported in the directors' report of that financial year, declared on 5 May 2015 and paid on 18 June 2015;

ii. final single tier exempt dividend of 4 sen per share amounting to RM32,817,350 in respect of financial year ended 31 March 2015 as reported in the directors' report of that financial year, approved by shareholders at the last Annual General Meeting on 25 August 2015 and paid on 30 September 2015;

iii. first interim single tier exempt dividend of 2 sen per share amounting to RM32,817,350 in respect of the current financial year, declared on 5 November 2015 and paid on 30 December 2015; and

iv. second interim single tier exempt dividend of 2 sen per share amounting to RM32,820,420 in respect of the current financial year, declared on 16 February 2016 and paid on 30 March 2016; and

v. third interim single tier exempt dividend of 2 sen per share amounting to RM32,820,752 in respect of the current financial year, declared on 3 May 2016 and paid on 23 June 2016.

The directors recommended a final single tier exempt dividend of 2 sen per share amounting to RM32,821,586 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 2017.

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 there were no known bad debts to be 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 require the writing off of bad debts or render 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:

i. authorised ordinary share capital from RM750,000,000 to RM3,000,000,000 by the creation of 4,500,000,000 ordinary shares of RM0.50 each; and

ii. issued and paid-up ordinary share capital from RM400,779,017 to RM820,514,607 by way of:

   a. bonus issue of 820,433,756 new ordinary shares of RM0.50 each through firstly the capitalisation of the entire share premium on the date when bonus issue is allotted whilst the remaining through the capitalisation from retained earnings on the basis of one (1) new ordinary share for every one (1) existing ordinary share held;

   b. issuance of 161,700 ordinary shares of RM0.50 each for cash pursuant to the exercise of Employees Share Option Scheme at exercise prices ranging between RM3.78 and RM4.49 per ordinary share; and

   c. issuance of 18,875,724 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 1.4.2015	Exercised	Lapsed	At 31.3.2016
Number of warrants 2012/2015	19,170,367	(18,875,724)	(294,643)	-

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 Employees Share Option Scheme.

EMPLOYEES SHARE OPTION SCHEME ("ESOS")

At an Extraordinary General Meeting held on 26 August 2014, shareholders approved the ESOS to subscribe for unissued new ordinary shares of RM0.50 each in the Company which were granted to eligible persons 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 65,736,600 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 2016 are as follows:

Grant date	Expiry date	Exercise price RM	Number of options
18.5.2015	22.7.2020	3.78	55,638,000
2.7.2015	22.7.2020	4.03	2,915,600
19.10.2015	22.7.2020	4.49	3,682,400
1.2.2016	22.7.2020	5.39	3,500,600
			65,736,600

The Company has been granted exemption by the Companies Commission of Malaysia vide its letter dated 25 May 2016 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 380,600 options and above.

The list of option holders granted 380,600 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 31.3.2016 '000
Kuan Kam Peng	18.5.2015	22.7.2020	3.78	2,462.6	-	2,462.6
Kuan Vin Seung	18.5.2015	22.7.2020	3.78	2,462.6	-	2,462.6
Kuan Eu Jin	18.5.2015	22.7.2020	3.78	2,462.6	-	2,462.6
Muhammad Hakimi Tan bin Abdullah	18.5.2015	22.7.2020	3.78	423.6	-	423.6
Ng Swee Ang	18.5.2015	22.7.2020	3.78	423.6	-	423.6
Chai Yin Chong	19.10.2015	22.7.2020	4.49	380.6	(14.0)	366.6
				8,615.6	(14.0)	8,601.6

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
RAZMAN HAFIDZ BIN ABU ZARIM

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 2016 are as follows:

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

	Number of preference shares of RM1.00 each			
	At 1.4.2015	Bought	Sold	At 31.3.2016
Direct interests				
Kuan Kam Hon @ Kwan Kam Onn	45,933	-	-	45,933

	Number of ordinary shares of RM1.00 each			
	At 1.4.2015	Bought	Sold	At 31.3.2016
Direct interests				
Kuan Kam Hon @ Kwan Kam Onn [(1)]	45,983	-	-	45,983

b. Shareholdings in the Company

	Number of ordinary shares of RM0.50 each				
	At 1.4.2015	Bonus Issue*	Bought	Sold	At 31.3.2016
Direct interests					
Kuan Kam Hon @ Kwan Kam Onn	-	-	5,123,340	-	5,123,340
Dato' Mohamed Zakri bin Abdul Rashid	1,004,900	1,004,900	-	(90,000)	1,919,800
Dato' Tan Guan Cheong	40,000	44,000	4,000	(20,000)	68,000
Dr. Danaraj A/L Nadarajah	145,100	100,000	-	(45,100)	200,000
Kuan Mun Keng	1,374,000	1,511,400	137,400	-	3,022,800
Kuan Mun Leong	1,377,000	1,514,700	137,700	-	3,029,400
Liew Ben Poh	900,000	860,000	90,000	(350,000)	1,500,000
Deemed interests					
Dato' Mohamed Zakri bin Abdul Rashid [(3)]	51,000	51,000	-	-	102,000
Kuan Kam Hon @ Kwan Kam Onn [(2)(3)]	428,477,704	429,882,374	1,085,430 [(4)]	-	859,445,508
Liew Ben Poh [(3)]	14,000	15,200	1,200	-	30,400

* The Bonus Issue was completed on 17 September 2015.

(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
Employees Share Option Scheme ("ESOS")

	Number of ESOS over ordinary shares of RM0.50 each			
	At 1.4.2015	Granted	Exercised	At 31.3.2016
Kuan Kam Hon @ Kwan Kam Onn	-	2,462,600	-	2,462,600
Kuan Mun Keng	-	2,462,600	-	2,462,600
Kuan Mun Leong	-	2,462,600	-	2,462,600
Dr. Danaraj A/L Nadarajah	-	423,600	-	423,600

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

Messrs. Deloitte have indicated their willingness to accept appointment as auditors of the Company in place of the retiring auditors, Messrs. Deloitte & Touche.

Signed on behalf of the Board in accordance with a resolution of the directors dated 5 July 2016.

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 2016 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 5 July 2016.

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 5 July 2016

KUAN KAM HON @ KWAN KAM ONN

Before me

KAPT. (B) JASNI BIN YUSOFF (W465)
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 2016 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 about 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 the auditors' judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors 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.

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 2016 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 - 2846/01/18(J)
Chartered Accountant

Kuala Lumpur
5 July 2016

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Revenue	4	1,498,336,638	1,145,960,422	210,609,220	117,458,158
Cost of sales		(1,096,644,577)	(804,559,578)	-	-
Gross profit		401,692,061	341,400,844	210,609,220	117,458,158
Other income		32,917,664	16,692,225	8,035,854	3,905,310
Distribution expenses		(18,228,218)	(13,399,722)	-	-
Administrative expenses		(67,534,851)	(51,256,709)	(1,714,013)	(1,652,826)
Other operating expenses		(31,592,091)	(16,446,569)	-	-
		(117,355,160)	(81,103,000)	(1,714,013)	(1,652,826)
Profit from operations		317,254,565	276,990,069	216,931,061	119,710,642
Finance costs		(376,585)	(108,544)	-	-
Profit before tax	5	316,877,980	276,881,525	216,931,061	119,710,642
Tax expense	6	(59,117,989)	(66,674,350)	(1,749,901)	(489,244)
Profit for the financial year		257,759,991	210,207,175	215,181,160	119,221,398
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation, representing other comprehensive gain/(loss) for the financial year, net of tax		499,402	(708,973)	-	-
Total comprehensive income for the financial year		258,259,393	209,498,202	215,181,160	119,221,398
Profit attributable to:					
Owners of the Company		257,427,543	209,732,833	215,181,160	119,221,398
Non-controlling interests		332,448	474,342	-	-
		257,759,991	210,207,175	215,181,160	119,221,398
Total comprehensive income attributable to:					
Owners of the Company		257,837,883	209,142,687	215,181,160	119,221,398
Non-controlling interests		421,510	355,515	-	-
		258,259,393	209,498,202	215,181,160	119,221,398
Earnings per ordinary share attributable to owners of the Company:					
Basic earnings per ordinary share (sen)	7	15.70	13.48		
Diluted earnings per ordinary share (sen)	7	15.58	13.41		

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 2016

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	8	1,133,687,859	821,580,979	-	-
Capital work-in-progress	9	267,852,294	222,649,455	-	-
Intangible assets	10	19,483,421	20,572,755	-	-
Investments in subsidiaries	11	-	-	581,615,604	565,968,097
Deferred tax assets	12	1,015,703	4,205,386	-	-
Amount owing by subsidiary	22	-	-	297,935,711	118,200,000
Total Non-Current Assets		1,422,039,277	1,069,008,575	879,551,315	684,168,097
Current Assets					
Inventories	13	201,536,795	120,163,348	-	-
Trade and other receivables	14	239,044,258	197,579,397	32,476	4,500
Tax assets	15	99,890	199,553	-	199,553
Amount owing by subsidiary	22	-	-	673,793	503,251
Derivative financial assets	16	13,998,000	-	-	-
Cash and cash equivalents	17	84,381,327	70,501,003	6,223,708	12,740,770
Total Current Assets		539,060,270	388,443,301	6,929,977	13,448,074
TOTAL ASSETS		1,961,099,547	1,457,451,876	886,481,292	697,616,171
EQUITY AND LIABILITIES					
Equity Attributable to Owners of the Company					
Share capital	18	820,514,607	400,779,017	820,514,607	400,779,017
Reserves	19	681,427,666	868,220,486	65,554,699	295,004,242
		1,501,942,273	1,268,999,503	886,069,306	695,783,259
Non-controlling interests		2,083,059	1,661,549	-	-
Total Equity		1,504,025,332	1,270,661,052	886,069,306	695,783,259
Non-Current Liabilities					
Loans and borrowings	20	205,609,301	325,518	-	-
Deferred tax liabilities	12	60,810,812	59,481,431	-	-
Total Non-Current Liabilities		266,420,113	59,806,949	-	-
Current Liabilities					
Trade and other payables	21	147,387,988	108,257,533	80,216	1,832,912
Loans and borrowings	20	42,441,387	6,082,109	-	-
Derivatives financial liabilities	16	-	1,947,000	-	-
Tax liabilities	15	824,727	10,697,233	331,770	-
Total Current Liabilities		190,654,102	126,983,875	411,986	1,832,912
Total Liabilities		457,074,215	186,790,824	411,986	1,832,912
TOTAL EQUITY AND LIABILITIES		1,961,099,547	1,457,451,876	886,481,292	697,616,171

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 2016

		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 2016

		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 2015		400,779,017	254,422,564	(625,127)	-	614,423,049	1,268,999,503	1,661,549	1,270,661,052
Comprehensive income									
Profit for the financial year		-	-	-	-	257,427,543	257,427,543	332,448	257,759,991
Other comprehensive income									
Foreign currency translation		-	-	410,340	-	-	410,340	89,062	499,402
Total comprehensive income for the financial year		-	-	410,340	-	257,427,543	257,837,883	421,510	258,259,393
Transactions with owners									
Dividends	23	-	-	-	-	(122,912,222)	(122,912,222)	-	(122,912,222)
Share-based payment granted under ESOS		-	-	-	19,247,503	-	19,247,503	-	19,247,503
Issuance of ordinary shares pursuant to Warrants		9,437,862	68,707,635	-	-	-	78,145,497	-	78,145,497
Issuance of ordinary shares pursuant to Bonus Issue		410,216,878	(323,130,199)	-	-	(87,086,679)	-	-	-
Issuance of ordinary shares pursuant to ESOS		80,850	543,259	-	-	-	624,109	-	624,109
Transfer from share-based payment reserve upon exercise of ESOS		-	154,733	-	(154,733)	-	-	-	-
Total transactions with owners		419,735,590	(253,724,572)	-	19,092,770	(209,998,901)	(24,895,113)	-	(24,895,113)
At 31 March 2016		820,514,607	697,992	(214,787)	19,092,770	661,851,691	1,501,942,273	2,083,059	1,504,025,332

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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 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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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 2015		400,779,017	254,422,564	-	40,581,678	695,783,259
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	215,181,160	215,181,160
Transactions with owners						
Dividends	23	-	-	-	(122,912,222)	(122,912,222)
Share-based payment granted under ESOS		-	-	19,247,503	-	19,247,503
Issuance of ordinary shares pursuant to Warrants		9,437,862	68,707,635	-	-	78,145,497
Issuance of ordinary shares pursuant to Bonus Issue		410,216,878	(323,130,199)	-	(87,086,679)	-
Issuance of ordinary shares pursuant to ESOS		80,850	543,259	-	-	624,109
Transfer from share-based payment upon exercise of ESOS		-	154,733	(154,733)	-	-
Total transactions with owners		419,735,590	(253,724,572)	19,092,770	(209,998,901)	(24,895,113)
At 31 March 2016		820,514,607	697,992	19,092,770	45,763,937	886,069,306

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 2016

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit before tax	316,877,980	276,881,525	216,931,061	119,710,642
Adjustments for:				
Depreciation of property, plant and equipment	68,305,093	45,264,500	-	-
Fair value (gain)/loss on derivative financial instruments	(15,945,000)	3,892,000	-	-
Property, plant and equipment written off	-	3,108,588	-	-
Share-based payment expense	19,247,503	2,468,405	-	-
Amortisation of intangible assets	2,327,326	615,032	-	-
Impairment loss on trade receivables	-	152,991	-	-
Interest expenses	376,585	108,544	-	-
Loss on disposal of property, plant and equipment	23,194	40,108	-	-
Unrealised gain on foreign exchange	(4,940,777)	(9,060,226)	-	-
Income from fixed income fund	(1,336,020)	(3,053,091)	(169,077)	(1,961,059)
Interest income	(1,256,243)	(1,252,882)	(7,304,002)	(1,944,223)
Dividend income from a subsidiary	-	-	(210,609,220)	(117,458,158)
Operating Profit/(Loss) Before Working Capital Changes	383,679,641	319,165,494	(1,151,238)	(1,652,798)
Increase in inventories	(81,373,447)	(21,950,389)	-	-
Increase in receivables	(48,688,332)	(39,188,062)	(27,976)	-
Increase/(Decrease) in payables	50,227,001	13,824,773	(1,752,696)	1,456,197
Cash Generated From/(Used In) Operations	303,844,863	271,851,816	(2,931,910)	(196,601)
Tax refunded	319,012	67,923	199,012	67,923
Tax paid	(64,667,340)	(69,690,002)	(1,417,590)	(793,683)
Net Cash From/(Used In) Operating Activities	239,496,535	202,229,737	(4,150,488)	(922,361)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
(Increase)/Decrease in deposit in Escrow Account	(97,108)	4,630,308	-	-
Proceeds from disposal of property, plant and equipment	27,000	484,993	-	-
Additions to:				
Property, plant and equipment	(45,461,225)	(38,570,473)	-	-
Intangible assets	(1,237,992)	(234,720)	-	-
Capital work-in-progress	(379,252,168)	(384,085,942)	-	-
Income received from fixed income fund	1,336,020	3,053,091	169,077	1,961,059
Interest received	1,256,243	1,252,882	137,513	128,815
Dividends received from a subsidiary	-	-	210,609,220	117,458,158
Equity contributions received from a subsidiary	-	-	3,600,000	10,000,000
Advances to subsidiary	-	-	(172,739,766)	(165,292,757)
Subscription of shares in a subsidiary	-	-	(2)	(143,035,400)
Net Cash (Used In)/From Investing Activities	(423,429,230)	(413,469,861)	41,776,042	(178,780,125)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Proceeds from issuance of shares pursuant to:				
Exercise of Warrants	78,145,497	189,117,548	78,145,497	189,117,548
Exercise of ESOS	624,109	31,011,964	624,109	31,011,964
Drawdown of term loans	244,326,661	4,375,321	-	-
Dividends paid	(122,912,222)	(104,995,218)	(122,912,222)	(104,995,218)
Repayments of term loans	(1,678,886)	(2,775,671)	-	-
Interest paid	(1,321,479)	(108,544)	-	-
Payments to finance lease payables	(24,466)	(13,223)	-	-
Net Cash From/(Used In) Financing Activities	197,159,214	116,612,177	(44,142,616)	115,134,294
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	13,226,519	(94,627,947)	(6,517,062)	(64,568,192)
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS	556,697	(790,778)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	65,267,907	160,686,632	12,740,770	77,308,962
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR (Note 17)	79,051,123	65,267,907	6,223,708	12,740,770

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 2016

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 5 July 2016.

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 amendments to MFRSs issued by MASB that are effective for annual financial periods beginning on or after 1 April 2015.

Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010 – 2012 cycle	
Annual Improvements to MFRSs 2011 – 2013 cycle	

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

2. BASIS OF PREPARATION (cont'd)

a. Statement of compliance (cont'd)

ii. Standards in issue but not yet effective

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

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)[2]
MFRS 14	Regulatory Deferral Accounts[1]
MFRS 15	Revenue from Contracts with Customers[2]
MFRS 16	Leases[5]
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception[1]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture[4]
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to MFRS 101	Disclosure Initiative[1]
Amendments to MFRS 107	Disclosure Initiative[3]
Amendments to MFRS 112	Recognition of Deferred Tax Assets Under Unrealised Losses[3]
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants[1]
Amendments to MFRS 127	Equity Method in Separate Financial Statements[1]
Annual Improvements to MFRSs 2012 – 2014 cycle[1]	

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

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

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

[4] Effective date deferred to a date to be determined and announced, with earlier application still permitted.

[5] Effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted provided MFRS 15 is also applied.

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 or 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 where 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 and deferred tax liabilities and assets and liabilities 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 Employees Share Option Scheme ("ESOS"), an equity-settled share-based compensation plan which allows the Group's eligible employees 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 IT software, 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 IT software, 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 and goods-in-transit 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 is recognised 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

The Group and Company adopt the indirect method in the preparation of the statements of cash flows. 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	
	2016 RM	2015 RM	2016 RM	2015 RM
Sales of goods	1,498,336,638	1,145,960,422	-	-
Dividend income from a subsidiary	-	-	210,609,220	117,458,158
	1,498,336,638	1,145,960,422	210,609,220	117,458,158

5. PROFIT BEFORE TAX

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

a. Other items

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Auditors' remuneration:				
- Audit services	244,326	205,775	30,000	30,000
- Other services by auditors of the Company	2,155	2,000	2,155	2,000
Amortisation of intangible assets	2,327,326	615,032	-	-
Depreciation of property, plant and equipment	68,305,093	45,264,500	-	-
Fair value (gain)/loss on derivative financial instruments	(15,945,000)	3,892,000	-	-
Impairment loss on trade receivables	-	152,991	-	-
Interest expense in respect of:				
- term loans	36,345	99,707	-	-
- finance lease payables	1,593	1,974	-	-
- other borrowings	338,647	6,863	-	-
Non-Executive Directors' remuneration:				
- Fees				
- directors of the Company	252,000	144,000	252,000	144,000
- director of subsidiary	24,000	24,000	-	-
- Other emoluments				
- directors of the Company	23,500	22,500	23,500	22,500
Property, plant and equipment written off	-	3,108,588	-	-
Rental of:				
- Land	204,000	204,000	-	-
- Machinery	24,414	177,739	-	-
- Premises	3,521,219	2,359,202	-	-
- Motor vehicle	22,100	-	-	-
Loss on disposal of property, plant and equipment	23,194	40,108	-	-
Loss/(Gain) on foreign exchange:				
- realised	23,180,229	8,887,399	1,255	5
- unrealised	(4,940,777)	(9,060,226)	-	-
Compensation claims	-	(1,100,000)	-	-
Income from fixed income fund	(1,336,020)	(3,053,091)	(169,077)	(1,961,059)
Interest income in respect of:				
- Deposits with licensed banks	(1,256,243)	(1,252,882)	(137,513)	(128,815)
- Advances to subsidiaries	-	-	(7,166,489)	(1,815,408)

5. PROFIT BEFORE TAX (cont'd)

b. Staff costs

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Staff costs	172,793,978	126,368,387	252,000	144,000
Included in staff costs are:				
Share-based payment expense	19,247,503	2,468,405	-	-
Contributions to defined contribution plan	5,496,978	4,310,623	-	-

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	
	2016 RM	2015 RM	2016 RM	2015 RM
Fees:				
- directors of the Company	324,000	216,000	252,000	144,000
- directors of the subsidiaries	96,000	96,000	-	-
Other emoluments:				
- directors of the Company	3,653,546	3,636,202	-	-
- directors of the subsidiaries	3,461,240	3,232,648	-	-
	7,534,786	7,180,850	252,000	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 RM93,300 (2015: RM479,185) and RM482,137 (2015: RM546,480) respectively.

6. TAX EXPENSE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Current tax				
Malaysia income tax				
Current year	52,373,520	65,983,633	1,749,360	489,319
Under/(Over)provision in prior years	1,272,593	481,683	541	(75)
Overseas income tax				
Overseas - current year	929,372	1,417,415	-	-
	54,575,485	67,882,731	1,749,901	489,244
Deferred tax				
Origination and reversal of temporary differences	3,584,565	(941,911)	-	-
Under/(Over)provision in prior years	957,939	(266,470)	-	-
	4,542,504	(1,208,381)	-	-
Tax expense	59,117,989	66,674,350	1,749,901	489,244

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	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit before tax	316,877,980	276,881,525	216,931,061	119,710,642
Tax at the Malaysian statutory income tax rate of 24% (2015:25%)	76,050,715	69,220,381	52,063,455	29,927,661
Effect of different tax rate of foreign subsidiaries	150,861	201,465	-	-
Tax effect of:				
Non-deductible expenses	3,181,148	2,729,461	232,659	410,987
Non-taxable income	(2,349,226)	(4,714,293)	(50,546,754)	(29,849,329)
Deferred tax assets not recognised	14,703	38,925	-	-
Utilisation of allowance for increased exports	(19,474,668)	(1,016,802)	-	-
Utilisation of reinvestment allowances	(686,076)	-	-	-
Under/(Over)provision in prior years:				
Current tax	1,272,593	481,683	541	(75)
Deferred tax	957,939	(266,470)	-	-
Tax expense	59,117,989	66,674,350	1,749,901	489,244

6. TAX EXPENSE (cont'd)

The Malaysian income tax is calculated at the statutory tax rate of 24% (2015:25%) of the estimated taxable profits for the year of assessment 2016. The computation of deferred tax as at 31 March 2016 has reflected these changes.

7. EARNINGS PER ORDINARY SHARE

	Group	
	2016 RM	2015 RM
Basic earnings per ordinary share		
Net profit attributable to owners of the Company (RM)	257,427,543	209,732,833
Number of shares in issue as at beginning of the financial year	801,558,033	747,032,366
Effect of exercise of ESOS	36,225	2,890,525
Effect of exercise of Warrants	17,840,874	26,577,481
	819,435,132	776,500,372
Effect of Bonus Issue	820,433,757	779,333,133
Weighted average number of ordinary shares in issue	1,639,868,889	1,555,833,505
Basic earnings per ordinary share of RM0.50 (sen)	15.70	27.01
Basic earnings per ordinary share of RM0.50 (sen) - Restated	N/A	13.48
Diluted earnings per ordinary share		
Net profit attributable to owners of the Company (RM)	257,427,543	209,732,833
Weighted average number of ordinary shares in issue	1,639,868,889	1,555,833,505
Effect of dilutive potential ordinary shares – ESOS	12,237,363	-
Effect of dilutive potential ordinary shares – Warrants	-	7,890,208
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share	1,652,106,252	1,563,723,713
Diluted earnings per ordinary share of RM0.50 (sen)	15.58	26.74
Diluted earnings per ordinary share of RM0.50 (sen) - Restated	N/A	13.41

Since the end of the financial year:

i. eligible executives have exercised the options to acquire 50,100 (2015: Nil) ordinary shares; and

ii. conversion of free warrant to acquire Nil (2015: 18,875,724) 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.

The restated basic and diluted EPS for the previous financial year was arrived at after reflecting the retrospective adjustments as required by MFRS 133: *Earnings per Share* arising from the Company's bonus issue of 820,433,757 ordinary shares which was completed during the financial year.

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 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
Additions	-	-	3,367,437	35,217,334	5,382,269	1,494,185	-	45,461,225
Disposals	-	-	-	(151,305)	-	-	-	(151,305)
Transfer from capital work-in-progress (Note 9)	-	-	77,340,865	221,161,205	36,492,153	-	-	334,994,223
Translation differences	-	-	-	1,477	24,996	13,505	-	39,978
At 31 March 2016	26,720,978	95,221,752	317,181,355	848,687,505	141,836,714	8,207,004	2,583,870	1,440,439,178
Accumulated depreciation								
At 1 April 2015	-	101,474	16,090,833	190,821,207	27,541,828	2,733,215	1,225,521	238,514,078
Charge for the financial year	-	993,853	4,954,496	51,349,493	9,891,364	979,330	136,557	68,305,093
Disposals	-	-	-	(101,111)	-	-	-	(101,111)
Translation differences	-	-	-	183	22,511	10,565	-	33,259
At 31 March 2016	-	1,095,327	21,045,329	242,069,772	37,455,703	3,723,110	1,362,078	306,751,319
Net carrying amount								
At 31 March 2016	26,720,978	94,126,425	296,136,026	606,617,733	104,381,011	4,483,894	1,221,792	1,133,687,859

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)

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 RM47,817,963 (2015: RM47,427,463) 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 RM57,869 (2015: RM82,142).

9. CAPITAL WORK-IN-PROGRESS

	Group	
	2016 RM	2015 RM
At beginning of year	222,649,455	50,262,213
Additions	380,197,062	384,085,942
Transfer to property, plant and equipment (Note 8)	(334,994,223)	(199,389,874)
Transfer to intangible assets (Note 10)	-	(12,308,826)
At end of year	267,852,294	222,649,455

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

Included in the capital work-in-progress are interest expense capitalised during the financial year amounting to RM944,894 (2015: RM Nil).

10. INTANGIBLE ASSETS

Group	IT software RM	Patent rights RM	Golf club memberships RM	Total RM
Cost				
At 1 April 2015	14,536,224	7,078,797	175,000	21,790,021
Additions	1,225,616	12,376	-	1,237,992
At 31 March 2016	15,761,840	7,091,173	175,000	23,028,013
Accumulated amortisation				
At 1 April 2015	151,482	1,051,968	13,816	1,217,266
Amortisation during the financial year	1,863,569	459,152	4,605	2,327,326
At 31 March 2016	2,015,051	1,511,120	18,421	3,544,592
Net carrying amount				
At 31 March 2016	13,746,789	5,580,053	156,579	19,483,421
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

11. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016 RM	2015 RM
Unquoted shares, at cost	558,000,002	558,000,000
ESOS granted to employees of subsidiaries	23,615,602	7,968,097
	581,615,604	565,968,097

11. INVESTMENTS IN SUBSIDIARIES (cont'd)

The particulars of subsidiaries are as follows:

Name of company	Country of incorporation	Principal activities	Proportion of ownership 2016	Proportion of ownership 2015
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%
MUN Global Sdn. Bhd.	Malaysia	Sales and marketing of gloves	100%	-
Subsidiaries of Hartalega Sdn. Bhd. * MUN (Australia) Pty Limited	Australia	Retail and wholesale of gloves	82%	82%
* MUN Global USA, Incorporated	United States of America	Retail and wholesale of gloves	80%	80%
* Yancheng MUN Medical Equipment Co. Ltd.	People's Republic of China	Retail and wholesale of gloves	70%	70%
* MUN Health Product (India) 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.

On 26 January 2016, the Company acquired the entire issued and paid up capital of MUN Global Sdn. Bhd., a private limited company incorporated in Malaysia, with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up, for a cash consideration of RM2.

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 2016	2015
Manufacturing of latex gloves	Malaysia	2	2
Research and development	Malaysia	1	1
Sales and marketing of gloves	Malaysia	2	1
Leasing of property, research and development of automation systems	Malaysia	1	1
		6	5

Principal activities	Country of incorporation	Number of non wholly-owned subsidiaries 2016	2015
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
2016			
MUN (Australia) Pty Limited	18%	323,947	2,097,852
Other individually immaterial subsidiaries		8,501	(14,793)
		332,448	2,083,059
2015			
MUN (Australia) Pty Limited	18%	503,055	1,660,212
Other individually immaterial subsidiaries		(28,713)	1,337
		474,342	1,661,549

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	
	2016 RM	2015 RM
Non-current assets	556,496	578,481
Current assets	29,412,418	15,837,999
Non-current liabilities	(14,487)	(12,876)
Current liabilities	(18,041,034)	(6,921,561)
Net assets	11,913,393	9,482,043
Equity attributable to owners of the Company	9,815,541	7,821,831
Non-controlling interests	2,097,852	1,660,212
	11,913,393	9,482,043
Revenue	50,365,798	45,929,982
Profit for the year	1,799,704	2,794,751
Profit attributable to:		
Owners of the Company	1,475,757	2,291,696
Non-controlling interests	323,947	503,055
	1,799,704	2,794,751

12. DEFERRED TAX ASSETS AND LIABILITIES

	Group	
	2016 RM	2015 RM
Deferred tax assets		
At beginning of year	4,205,386	518,836
Recognised in profit or loss	(3,213,967)	3,687,583
Translation differences	24,284	(1,033)
At end of year	1,015,703	4,205,386
Deferred tax liabilities		
At beginning of year	59,481,431	57,003,097
Recognised in profit or loss	1,328,537	2,479,202
Translation differences	844	(868)
At end of year	60,810,812	59,481,431

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	
	2016 RM	2015 RM
Deferred tax assets		
Temporary differences in respect of deductible expenses	4,077,998	3,229,286
Unused tax losses	638,088	2,605,000
Unrealised profit on inventories	1,819,581	1,399,445
Fair value loss on derivative financial instruments	-	467,300
Unrealised foreign exchange losses	721,919	16,400
Allowance for increase in export sales	19,474,668	-
Unabsorbed capital allowances	11,707,657	20,147,300
	38,439,911	27,864,731
Offsetting	(37,424,208)	(23,659,345)
Deferred tax assets (after offsetting)	1,015,703	4,205,386
Deferred tax liabilities		
Temporary differences in respect of taxable income	14,487	12,876
Differences between the carrying amount of property, plant and equipment and its tax base	92,858,729	80,921,600
Fair value gain on derivative financial instruments	3,359,520	-
Unrealised foreign exchange gains	2,002,284	2,206,300
	98,235,020	83,140,776
Offsetting	(37,424,208)	(23,659,345)
Deferred tax liabilities (after offsetting)	60,810,812	59,481,431

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

	Group	
	2016 RM	2015 RM
Unused tax losses	3,769,036	3,707,774

13. INVENTORIES

	Group	
	2016 RM	2015 RM
At cost		
Raw materials	36,868,273	21,543,429
Work-in-progress	34,810,297	15,593,947
Finished goods	97,265,376	54,448,435
Goods-in-transit	4,115,343	4,292,131
Formers	18,744,350	18,609,559
Spare parts and consumables	9,733,156	5,675,847
	201,536,795	120,163,348

The cost of inventories recognised as expense and included in cost of sales during the financial year amounted to RM1,092,168,454 (2015: RM804,559,578).

The Group's inventories of RM1,963,948 (2015: RM1,660,704) are expected to be recovered after more than twelve months.

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade				
Trade receivables	204,862,945	181,301,771	-	-
Less: Allowance for impairment	(205,337)	(204,813)	-	-
Trade receivables, net	204,657,608	181,096,958	-	-
Non-trade				
Other receivables	19,349,483	6,172,848	27,976	-
Deposits	9,677,385	6,425,895	4,500	4,500
Prepayments	5,359,782	3,883,696	-	-
	34,386,650	16,482,439	32,476	4,500
	239,044,258	197,579,397	32,476	4,500

a. Credit term of trade receivables

The Group's normal trade credit terms extended to customers range from 30 to 90 days (2015: 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 is as follows:

	Group	
	2016 RM	2015 RM
Neither past due nor impaired	136,977,300	132,565,460
1 to 30 days past due not impaired	30,304,533	40,796,814
31 to 60 days past due not impaired	3,466,041	4,054,395
61 to 90 days past due not impaired	5,907,905	1,221,178
91 to 120 days past due not impaired	12,680,037	187,429
More than 121 days past due not impaired	15,321,792	2,271,682
	67,680,308	48,531,498
Impaired – More than 121 days past due	205,337	204,813
	204,862,945	181,301,771

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 RM67,680,308 (2015: RM48,531,498) 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 RM29,236,515 (2015: RM26,015,500) 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	
	2016 RM	2015 RM
Trade receivables (nominal amounts)	205,337	204,813
Less: Allowance for impairment losses	(205,337)	(204,813)
	-	-

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	
	2016 RM	2015 RM
At beginning of year	204,813	127,072
Charge for the financial year	-	152,991
Written off	-	(88,022)
Translation differences	524	12,772
At end of year	205,337	204,813

c. Trade receivables denominated in foreign currency are as follows:

	Group	
	2016 RM	2015 RM
United States Dollar	193,478,162	173,737,172

d. Other receivables and prepayments

Included in other receivables and prepayments of the Group amounting to RM7,500,634 (2015: RM3,417,504) which consists of advances to suppliers for purchase of raw materials and machinery.

15. TAX ASSETS AND LIABILITIES

These are in respect of tax recoverable and payable from/to the Inland Revenue Board.

16. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Group	
	2016 RM	2015 RM
Contract notional amount		
Non-hedging derivative:		
Forward currency contracts	423,090,000	181,428,800
At FVTPL		
Non-hedging derivative:		
Current assets/(liabilities)		
Forward currency contracts	13,998,000	(1,947,000)

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 2016.

During the financial year, the Group recognised a gain of RM15,945,000 (2015: loss of RM3,892,000) 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. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Fixed income fund with licensed fund management companies (redeemable upon 1 day notice)	6,636,446	12,668,406	5,805,185	2,278,839
Deposit in Escrow Account	5,330,204	5,233,096	-	-
Deposits with licensed banks	5,440,000	16,075,000	350,000	7,900,000
Cash at banks and on hand	66,974,677	36,524,501	68,523	2,561,931
	84,381,327	70,501,003	6,223,708	12,740,770
Less: Deposit in Escrow Account	(5,330,204)	(5,233,096)	-	-
Cash and cash equivalents	79,051,123	65,267,907	6,223,708	12,740,770

Deposits with licensed banks of the Group and of the Company earn interest at effective interest rates ranging from 1.85% to 2.95% (2015: 1.85% to 2.97%) per annum with maturity period ranging from 1 day to 30 days (2015: 1 day to 30 days).

Deposit in Escrow Account of the Group earns interest at effective interest rate of 2.10% (2015: 2.10%) per annum.

Included in cash at banks of the Group and of the Company are amounts of RM45,098,663 (2015: RM28,938,980) and RM68,523 (2015: RM2,561,931) respectively which earn interest at effective interest rates ranging from 0.05% to 2.00% (2015: 0.05% to 2.00%) per annum.

Cash and cash equivalents of the Group denominated in foreign currency are as follows:

	Group	
	2016 RM	2015 RM
United States Dollar	54,707,857	26,781,756

18. SHARE CAPITAL

	Group/Company			
	Number of shares		Amount	
	2016	2015	2016 RM	2015 RM
Ordinary shares of RM0.50 each				
Authorised:				
At beginning of year	1,500,000,000	1,500,000,000	750,000,000	750,000,000
Created during the year	4,500,000,000	-	2,250,000,000	-
At end of year	6,000,000,000	1,500,000,000	3,000,000,000	750,000,000
Issued and fully paid:				
At beginning of year	801,558,033	747,032,366	400,779,017	373,516,183
Issued during the financial year				
- bonus issue	820,433,756	-	410,216,878	-
- exercise of ESOS	161,700	8,845,100	80,850	4,422,550
- exercise of Warrants	18,875,724	45,680,567	9,437,862	22,840,284
At end of year	1,641,029,213	801,558,033	820,514,607	400,779,017

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

During the financial year, the Company increased its:

i. authorised ordinary share capital from RM750,000,000 to RM3,000,000,000 by the creation of 4,500,000,000 ordinary shares of RM0.50 each; and

ii. issued and paid-up ordinary share capital from RM400,779,017 to RM820,514,607 by way of:

a. bonus issue of 820,433,756 new ordinary shares of RM0.50 each through firstly the capitalisation of the entire share premium on the date when bonus issue is allotted whilst the remaining through the capitalisation from retained earnings on the basis of one (1) new ordinary share for every one (1) existing ordinary share held;

b. issuance of 161,700 ordinary shares of RM0.50 each for cash pursuant to the exercise of Employees Share Option Scheme at exercise prices ranging between RM3.78 and RM4.49 per ordinary share; and

c. issuance of 18,875,724 ordinary shares of RM0.50 each for cash pursuant to the exercise of Warrants at an exercise price of RM4.14 per ordinary share.

18. SHARE CAPITAL (cont'd)

b. Ordinary shares issued (cont'd)

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

c. 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 1.4.2015	Exercised	Lapsed	At 31.3.2016
Number of warrants 2012/2015	19,170,367	(18,875,724)	(294,643)	-

19. RESERVES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Distributable				
Retained earnings	661,851,691	614,423,049	45,763,937	40,581,678
Non-distributable				
Share premium	697,992	254,422,564	697,992	254,422,564
Translation reserve	(214,787)	(625,127)	-	-
Share-based payment reserve	19,092,770	-	19,092,770	-
	19,575,975	253,797,437	19,790,762	254,422,564
	681,427,666	868,220,486	65,554,699	295,004,242

19. RESERVES (cont'd)

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.

d. Share-based payment reserve

The share-based payment reserve arose from the granting of options under the Employees Share Option Scheme ("ESOS") to eligible employees.

At an Extraordinary General meeting held on 26 August 2014, shareholders approved the ESOS to subscribe for unissued new ordinary shares of RM0.50 each in the Company which were granted to eligible persons 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 10% 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 persons 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 person 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.

19. RESERVES (cont'd)

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

c. The maximum number of new shares of the Company that may be offered under the ESOS and allotted to an eligible person 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 person and such other factors that the Option Committee may deem relevant, and not more than 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant regulatory authorities from time to time) of the number of new Company shares to be issued pursuant to the ESOS shall be allocated to any eligible person who, 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.

d. The ESOS shall be in force for a period of 5 years and 6 months from 23 January 2015 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 23 January 2015.

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 5%; 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 comprises a fixed component of 30% and a variable component of 70% and expires on 22 July 2020. For the variable component, the quantity of options exercisable in each year of the scheme will depend on performance appraisal rating at the end of each financial year.

   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.

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:

Grant date	Expiry date	Exercise price RM	At 1.4.2015 '000	Granted '000	Exercised '000	Expired '000	At 31.3.2016 '000
			Number of options				
2016							
18.5.2015	22.7.2020	3.78	-	55,638.0	(142.0)	-	55,496.0
2.7.2015	22.7.2020	4.03	-	2,915.6	(2.4)	-	2,913.2
19.10.2015	22.7.2020	4.49	-	3,682.4	(17.3)	-	3,665.1
1.2.2016	22.7.2020	5.39	-	3,500.6	-	-	3,500.6
			-	65,736.6	(161.7)	-	65,574.9

Grant date	Expiry date	Exercise price RM	At 1.4.2014 '000	Granted '000	Exercised '000	Expired '000	At 31.3.2015 '000
			Number of options				
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)	-

As at 31 March 2016, the total number of exercisable options was 65,574,900 (2015: Nil). The weighted average remaining contractual life for these options is 4.87 years (2015: 0 year).

As disclosed in Note 18, options exercised during the financial year resulted in the issuance of 161,700 (2015: 8,845,100) ordinary shares at exercise prices ranging from RM3.78 to RM4.49 (2015: RM2.20 to RM6.53) each and the weighted average share price at the date of exercise was ranging from RM3.97 to RM5.67 (2015: RM2.44 to RM7.25) 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:

	2016	2015
Weighted average fair value of ESOS (RM)	1.67	0.85
Weighted average share price (RM)	4.65	6.35
Weighted average exercise price (RM)	4.42	5.72
Expected volatility (%)	17.59 – 57.97	21.69 – 24.48
Expected life (years)	4 – 5	0 – 1
Risk free rate (%)	3.79 – 4.10	3.54 – 3.66
Expected dividend yield (%)	1.44 – 1.96	2.65 – 3.01

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
2016									
Unsecured									
Variable rate instruments									
Trade loans									
- United States Dollar	1.51% - 1.67%	40,768,834	-	-	-	-	-	-	40,768,834
Secured									
Fixed rate instruments									
Term loans									
- United States Dollar	1.93% - 2.19%	1,482,643	61,349,573	61,349,573	61,349,573	21,421,538	-	205,470,257	206,952,900
- Ringgit Malaysia Finance	8.00%	159,715	103,049	-	-	-	-	103,049	262,764
lease payables									
- United States Dollar	1.99%	30,195	35,995	-	-	-	-	35,995	66,190
		42,441,387	61,488,617	61,349,573	61,349,573	21,421,538	-	205,609,301	248,050,688

20. LOANS AND BORROWINGS (cont'd)

Group	Effective interest rate per annum	Short-term borrowings within 1 year RM	Long Term Borrowing: 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 Finance lease payables	8.00%	147,575	159,823	103,053	-	-	-	262,876	410,451
- 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

Present value of finance lease payables is as follows:

	Group 2016 RM	Group 2015 RM
Minimum lease payments	66,833	92,007
Less: Future finance charges	(643)	(1,351)
Present value of minimum lease payments	66,190	90,656
Current liabilities		
Payable within one year		
Minimum lease payments	30,671	28,757
Less: Future finance charges	(476)	(743)
Present value of minimum lease payments	30,195	28,014
Non-current liabilities		
Payable after one year but not later than five years		
Minimum lease payments	36,162	63,251
Less: Future finance charges	(167)	(609)
Present value of minimum lease payments	35,995	62,642
Total present value of minimum lease payments	66,190	90,656

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.

20. LOANS AND BORROWINGS (cont'd)

At the reporting date, the Group has credit facilities totalling RM257,650,000 (2015: RM178,000,000) obtained from local licensed bank. The credit facilities are secured by corporate guarantee by the Company.

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade				
Trade payables	91,022,056	45,467,161	-	-
Non-trade				
Other payables	31,826,597	42,701,962	50,214	1,514,912
Accruals	24,539,335	20,088,410	30,002	318,000
	56,365,932	62,790,372	80,216	1,832,912
	147,387,988	108,257,533	80,216	1,832,912

Trade payables

The normal trade credit terms granted to the Group range from 30 to 90 days (2015: 30 to 90 days).

Trade payables denominated in foreign currency are as follows:

	Group	
	2016 RM	2015 RM
United States Dollar	35,860,476	21,843,805

Other payables

Included in other payables of the Group is an amount of RM13,119,206 (2015: RM14,012,737) in respect of balances outstanding owing to contractors for the construction and set up of new production plant and machinery.

Other payables denominated in foreign currency are as follows:

	Group	
	2016 RM	2015 RM
United States Dollar	7,484,377	4,509,375

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.

The non-current portion of amount owing by subsidiary arose from advances amounting to RM297,935,711 (2015: RM118,200,000) which bear interest at 2.65% (2015: 2.65% to 4.00%) per annum and is not expected to be repaid within the next 12 months.

The current portion of amount owing by subsidiary are non-trade in nature, unsecured, interest free and repayable on demand except for advances amounting to RM673,793 (2015: RM503,251) which bear interest at 2.65% (2015: 2.65% to 4.00%) per annum.

Identity of related parties

Parties are considered to be related to the Group and 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	
	2016 RM	2015 RM
Received and receivable from subsidiaries:		
- Dividend income	210,609,220	117,458,158
- Interest income	7,166,489	1,815,408

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. The key management personnel of the Group and of the Company include directors of the Company and subsidiaries.

The compensation of the key management personnel are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Directors' fees	696,000	480,000	504,000	288,000
Short term employee benefits	6,573,618	6,348,202	23,500	22,500
Post-employment benefits	564,668	543,148	-	-
Estimated monetary value of benefits-in-kind	575,437	1,025,665	-	-
	8,409,723	8,397,015	527,500	310,500

23. DIVIDENDS

	Group/Company	
	2016 RM	2015 RM
Third interim single tier exempt dividend of 3 sen per share in respect of the financial year ended 31 March 2015	24,457,102	-
Final single tier exempt dividend of 4 sen per share in respect of the financial year ended 31 March 2015	32,817,350	-
First interim single tier exempt dividend of 2 sen per share in respect of the financial year ended 31 March 2016	32,817,350	-
Second interim single tier exempt dividend of 2 sen per share in respect of financial year ended 31 March 2016	32,820,420	-
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
	122,912,222	104,995,218

On 3 May 2016, the directors declared a third interim single tier exempt dividend of 2 sen per share amounting to RM32,820,752 in respect of the financial year ended 31 March 2016.

The directors recommended a final single tier exempt dividend of 2 sen per share amounting to RM32,821,586 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 2017.

24. CAPITAL COMMITMENT

In respect of acquisition of property, plant and equipment:

	Group	
	2016 RM	2015 RM
Approved and contracted for	478,626,129	157,017,153
Approved but not contracted for	888,380,683	1,585,007,017

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	
	2016 RM	2015 RM
North America	749,125,014	536,127,482
Europe	451,927,977	347,800,473
Asia (excluding Malaysia)	154,588,451	150,734,639
Australia	51,360,852	46,314,197
Malaysia	68,190,068	11,084,735
South America	23,144,276	53,898,896
	1,498,336,638	1,145,960,422

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

	Group	
	2016 RM	2015 RM
Malaysia	1,420,709,760	1,064,422,328
North America	83,565	95,567
Australia	114,367	171,623
China	59,664	61,340
India	56,218	52,331
	1,421,023,574	1,064,803,189

25. SEGMENT INFORMATION (cont'd)

Information about major customers

The following is major customer with revenue equal or more than 10% of Group revenue:

	Group		
	2016 RM	2015 RM	Geographical location
Customer A	374,697,012	286,877,610	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.

The matter has since gone for trial on 5, 6 and 7 December 2012, 29 and 30 January 2013 and 1 and 2 April 2013 in which the trial has been concluded. The Judge heard parties' oral submissions on 19 March 2014, 2 May 2014, 5 May 2014, and 9, 10, 11 and 13 June 2014. Decision was pronounced on 12 December 2014, wherein the learned Judge held the following:

i. That the Plaintiff has failed in all claims against the Defendants, as prayed for in the Statement of Claim; and

ii. That the Plaintiff's action be dismissed with costs of RM150,000 to the 1st to 3rd Defendants and RM50,000 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 which dismissed the Plaintiff's claims. The hearing is fixed on 15 September 2016 before the Court of Appeal.

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 in respect of the Plaintiff's claims in the financial statements.

27. SIGNIFICANT EVENTS

During the financial year, the Company completed the following:

a. The increase in authorised share capital from RM750,000,000 to RM3,000,000,000 by the creation of 4,500,000,000 ordinary shares of RM0.50 each; and

b. Bonus issue of 820,433,756 new ordinary shares of RM0.50 each through firstly capitalisation of the entire share premium on the date when bonus issue is allotted whilst the remaining through the capitalisation from retained earnings on the basis of one (1) new ordinary share for every one (1) existing ordinary share held.

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 is as follows:

	Group			
	2016		2015	
	RM	% of total	RM	% of total
By country:				
United States of America	119,056,009	58.17	121,200,033	66.93
Germany	33,047,077	16.15	34,110,655	18.84
Australia	7,280,376	3.56	5,491,833	3.03
Canada	732,042	0.36	2,051,982	1.13
Japan	1,371,155	0.67	2,210,873	1.22
Brazil	14,914,393	7.29	10,145,776	5.60
Others	28,256,556	13.80	5,885,806	3.25
	204,657,608	100.00	181,096,958	100.00

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

a. Credit risk management (cont'd)

At the reporting date, approximately 43.98% (2015: 47.82%) of the Group's trade receivables was due from two (2015: two) major customers. Trade receivable balances from those major customers amounted to RM90,007,190 (2015: RM86,598,478) of which RM27,489,000 (2015: RM26,015,500) 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 RM247,984,498 (2015: RM6,316,971) 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 the 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
2016						
Group						
Financial liabilities:						
Trade and other payables	147,387,988	147,387,988	147,387,988	-	-	-
Loans and borrowings	248,050,688	259,773,984	47,262,520	64,946,577	147,564,887	-
	395,438,676	407,161,972	194,650,508	64,946,577	147,564,887	-
Company						
Financial liabilities:						
Trade and other payables	80,216	80,216	80,216	-	-	-
2015						
Group						
Financial liabilities:						
Derivative financial liabilities	1,947,000	1,947,000	1,947,000	-	-	-
Trade and other payables	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	-
	116,612,160	116,791,232	116,446,710	204,082	140,440	-
Company						
Financial liabilities:						
Trade and other payables	1,832,912	1,832,912	1,832,912	-	-	-

The table below summarises the maturity profile of the Group's derivative financial liabilities as of 31 December 2015 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 RM248,050,688 (2015: RM6,407,627) 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

At the reporting date, a change of 50 (2015: 50) basis points in interest rates, with all other variables held constant, would decrease/increase the equity and profit/(loss) after tax of the Group by approximately RM942,593 (2015: RM24,369), arising mainly as a result of higher/lower interest expense on floating rate financial liabilities.

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	
	2016 RM	2015 RM
USD/RM - strengthened 5%	(1,036,574)	6,233,309
- weakened 5%	1,036,574	(6,233,309)

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 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 variable, 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
2016		
Financial Liabilities		
Loans and borrowings	247,984,498	259,707,151
Finance lease payables	66,190	66,833
2015		
Financial Liabilities		
Loans and borrowings	6,316,971	6,378,175
Finance lease payables	90,656	90,482

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
2016				
Derivative financial instruments				
- foreign currency forward contracts	13,998,000	-	13,998,000	-
2015				
Derivative financial instruments				
- foreign currency forward contracts	(1,947,000)	-	(1,947,000)	-

During the financial years ended 31 March 2016 and 2015, 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
2016				
Financial Liabilities				
Loans and borrowings	259,707,151	-	-	259,707,151
Finance lease payables	66,833	-	-	66,833
2015				
Financial Liabilities				
Loans and borrowings	6,378,175	-	-	6,378,175
Finance lease payables	90,482	-	-	90,482

31. CATEGORY OF FINANCIAL INSTRUMENTS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Financial assets				
FVTPL:				
Derivative financial assets	13,998,000	-	-	-
Loans and receivables:				
Trade receivables and other receivables	233,684,476	193,695,701	32,476	4,500
Amount owing by subsidiary	-	-	298,609,504	118,703,251
Cash and cash equivalents	84,381,327	70,501,003	6,223,708	12,740,770
Financial liabilities				
FVTPL:				
Derivative financial liabilities	-	1,947,000	-	-
Other financial liabilities:				
Trade and other payables	147,387,988	108,257,533	80,216	1,832,912
Loans and borrowings	248,050,688	6,407,627	-	-

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 shareholders' 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 2015.

As at 31 March 2016, the total capital managed by the Group which comprises shareholders' equity, amounted to RM1,501,942,273 (2015: RM1,268,999,503).

The Group is not subject to any externally imposed capital requirements.

The Group and the Company monitor capital using a group gearing ratio, which is net debts divided by total capital. Net debts comprise borrowings (including finance lease payables) less cash and cash equivalents whilst total capital is the total equity of the Group. The gearing ratio as at 31 March 2016 and 2015, which are within the Group's and the Company's objectives of capital management are as follows:

32. CAPITAL MANAGEMENT (cont'd)

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total interest bearing borrowings	248,050,688	6,407,627	-	-
Less: Cash and cash equivalents	(79,051,123)	(65,267,907)	(6,223,708)	(12,740,770)
Total (net cash)/net debts	168,999,565	(58,860,280)	(6,223,708)	(12,740,770)
Total equity	1,504,025,332	1,270,661,052	886,069,306	695,783,259
Gearing ratio (%)	11%	N/A	N/A	N/A

33. COMPARATIVE FIGURES

Certain comparative figures of the Group and of the Company have been reclassified to conform with the current year's presentation as follows:

	As previously reported RM	Reclassifications RM	As reclassified RM
The Group			
Statement of cash flows:			
Cash flow from operating activities			
Interest received from fixed income fund	3,053,091	(3,053,091)	-
Interest received	1,252,882	(1,252,882)	-
Cash flow from investing activities			
Interest received from fixed income fund	-	3,053,091	3,053,091
Interest received	-	1,252,882	1,252,882
The Company			
Statement of cash flows:			
Cash flow from operating activities			
Interest received from fixed income fund	1,961,059	(1,961,059)	-
Interest received	128,815	(128,815)	-
Cash flow from investing activities			
Interest received from fixed income fund	-	1,961,059	1,961,059
Interest received	-	128,815	128,815

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	
	2016 RM	2015 RM	2016 RM	2015 RM
Total retained earnings of the Company and its subsidiaries				
- realised	809,218,661	760,122,396	45,763,937	40,581,678
- unrealised	(40,856,332)	(48,162,818)	-	-
	768,362,329	711,959,578	45,763,937	40,581,678
Less: Consolidation adjustments	(106,510,638)	(97,536,529)	-	-
Total retained earnings	661,851,691	614,423,049	45,763,937	40,581,678

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 2016 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 RM2,155 (2015:RM2,000).

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 2016, a total of 161,700 new ordinary shares of RM0.50 each were issued and allotted pursuant to the exercise of the ESOS, a total of 18,875,724 new ordinary shares of RM0.50 each were issued and allotted pursuant to the exercise of the Warrants and a total of 820,433,756 new ordinary shares of RM0.50 each were issued pursuant to the Company's bonus issue exercise. The details of the issued and paid-up share capital of the Company as at 31 March 2016 are as follows:

	No. of Shares	RM
As at 1 April 2015	801,588,033	400,779,017
Ordinary shares of RM0.50 each issued pursuant to the ESOS	161,700	80,850
Ordinary shares of RM0.50 each issued pursuant to the Warrants	18,875,724	9,437,862
Ordinary shares of RM0.50 each issued of the Bonus Issue	820,433,756	410,216,878
As at 31 March 2016	**1,641,029,213**	**820,514,607**

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 2016, the number of Hartalega ordinary shares held under the ADR programme by the custodian Malayan Banking Berhad was 15,020 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 (m^2)	NBV (RM)
GRN 193487, Lot 4864 Pekan Bestari Jaya Daerah Kuala Selangor Selangor Darul Ehsan	Factory and office building	Between 10 to 22 years	Freehold	1995 - 2007	30,641 (build-up area)	25,235,417
H.S.(D) 276179, P.T. No. 7320 Pekan Bestari Jaya Daerah Kuala Selangor Selangor Darul Ehsan	Factory and office building	Between 6 to 8 years	Freehold	2006 - 2011	41,736 (build-up area)	52,167,490
H.S.(D) 279954, P.T. No. 7321 Seksyen 4, Pekan Bestari Jaya Daerah Kuala Selangor Selangor Darul Ehsan	Factory and office building	4 years	Freehold	2013	31,948 (build-up area)	55,409,706
H.S.(D) 36055, P.T. No. 5785 Mukim of Labu Daerah Sepang Selangor Darul Ehsan	Factory and office building	2 years	Leasehold expiring on 9 Oct 2110	2015	65,655 (build-up area)	137,475,851
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	90,209,367
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	3,613,605
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	166,124

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	137,330
C-G-9, Jalan Dataran SD1 Dataran SD, PJU 9 Bandar Sri Damansara 52200 Kuala Lumpur	4-storey office building	8 years	Leasehold expiring on 27 Aug 2102	2007	410 (build-up area)	1,534,714
No. 2A, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single-storey house-hostel	12 years	Freehold	2009	143	156,723
No. 6, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single-storey house-hostel	12 years	Freehold	2009	144	156,854
No. 8, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single-storey house-hostel	12 years	Freehold	2009	145	156,996
No. 10, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single-storey house-hostel	12 years	Freehold	2009	146	157,137
No. 12, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single-storey house-hostel	12 years	Freehold	2010	147	161,213

ANALYSIS OF SHAREHOLDINGS
AS AT 23 JUNE 2016

Authorised Share Capital	:	RM3,000,000,000/-
Issued and Paid Up Share Capital	:	RM820,539,657.00 comprising 1,641,079,314 ordinary shares
Class of Shares	:	Ordinary Share of RM0.50 each
Voting Rights	:	One vote per ordinary share
Number of Shareholders	:	6,432

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	No. of Shares	%
Less than 100	92	1,476	0.00
100 - 1,000	1,324	1,001,666	0.06
1,001 - 10,000	3,244	13,837,299	0.84
10,001 - 100,000	1,341	44,569,020	2.72
100,001 - 82,053,964 (*)	429	651,720,685	39.71
82,053,965 and above (**)	2	929,949,168	56.67
	6,432	**1,641,079,314**	**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	809,279,468	49.31	0	0.00
Kuan Kam Hon @ Kwan Kam Onn	5,123,340	0.31	859,445,508*#	52.37
Kuan Kam Peng	34,100,000	2.08	809,279,468**	49.31
Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	120,669,700	7.35	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.

Shares held through spouse/children of the director who herself/himself is not director of the Company.

** 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	5,123,340	0.31	859,445,508*#	52.37
Kuan Mun Leong	3,029,400	0.18	0	0.00
Kuan Mun Keng	3,022,800	0.18	0	0.00
Liew Ben Poh	1,500,000	0.09	30,400#	0.00
Dato' Mohamed Zakri bin Abdul Rashid	1,919,800	0.12	102,000#	0.01
Danaraj A/L Nadarajah	200,000	0.01	0	0.00
Dato' Tan Guan Cheong	68,000	0.00	0	0.00
Razman Hafidz bin Abu Zarim	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.

Shares held through spouse/children of the director who herself/himself is not director of the Company.

LIST OF 30 LARGEST SHAREHOLDERS AS AT 23 JUNE 2016

No.	Name of Shareholders	No. of Shares	%
1	HARTALEGA INDUSTRIES SDN BHD	809,279,468	49.31
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	120,669,700	7.35
3	BUDI TENGGARA SDN BHD	49,846,800	3.04
4	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS WEALTH MANAGEMENT SINGAPORE BRANCH (A/C CLIENTS-FGN)	39,605,706	2.41
5	DB (MALAYSIA) NOMINEE (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS WEALTH MANAGEMENT SINGAPORE BRANCH (FOREIGN)	39,581,672	2.41
6	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	34,884,900	2.13
7	KUAN KAM PENG	34,100,000	2.08
8	HSBC NOMINEES (ASING) SDN BHD TNTC FOR MONDRIAN EMERGING MARKETS SMALL CAP EQUITY FUND, L.P.	16,743,020	1.02
9	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	14,881,200	0.91
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SEOW HOON HIN (472187)	14,000,000	0.85
11	RHB NOMINEES (ASING) SDN BHD MEDLINE INDUSTRIES INC	13,240,600	0.81
12	SEOW HOON HIN	12,784,100	0.78
13	CARTABAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR EASTSPRING INVESTMENTS BERHAD	10,641,600	0.65
14	KEVIN TEN	10,437,018	0.64
15	HSBC NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR SEAFARER OVERSEAS GROWTH AND INCOME FUND	10,356,800	0.63

LIST OF 30 LARGEST SHAREHOLDERS AS AT 23 JUNE 2016 (CONT'D)

No.	Name of Shareholders	No. of Shares	%
16	ANDY TEN	10,340,218	0.63
17	JASON TEN JHIA SEENG	10,340,216	0.63
18	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE BANK OF NEW YORK MELLON (MELLON ACCT)	9,652,820	0.59
19	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.S.A.)	9,477,880	0.58
20	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC EQUITY FUND	8,932,780	0.54
21	PACIFIC VENUE SDN BHD	8,892,800	0.54
22	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT ENTERPRISES FUND	8,697,700	0.53
23	KINETIC REGION SDN BHD	8,153,440	0.50
24	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC DIVIDEND FUND	7,931,000	0.48
25	HSBC NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	7,668,500	0.47
26	KUAN EU JIN	7,547,100	0.46
27	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOO CHEW SHENG	7,160,900	0.44
28	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR J.P. MORGAN BANK LUXEMBOURG S.A. (2)	6,423,620	0.39
29	TAN BOOI CHARN	6,020,500	0.37
30	CARTABAN NOMINEES (ASING) SDN BHD GIC PRIVATE LIMITED FOR GOVERNMENT OF SINGAPORE (C)	5,522,200	0.34

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Tenth (10th) Annual General Meeting of the Company will be held at the Banyan Room, Ground Floor, Sime Darby Convention Centre, No. 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 23 August 2016, at 9.30 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To table the Audited Financial Statements for the year ended **31 March 2016** 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 2 sen per share single tier for the financial year ended **31 March 2016**.

   (Resolution 1)

3. To approve the payment of Directors' Fees totalling RM504,000 for the financial year ended **31 March 2016.**

   (Resolution 2)

4. i. To re-elect the following Directors retiring in accordance with Article 91 of the Articles of Association of the Company:

   a. Mr. Kuan Mun Leong **(Resolution 3)**
   b. Mr. Kuan Mun Keng **(Resolution 4)**
   c. Dr. Danaraj A/L Nadarajah **(Resolution 5)**

5. 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 6)**
   b. Dato' Tan Guan Cheong **(Resolution 7)**

6. To appoint Messrs. Deloitte who have indicated their willingness, as Auditors of the Company in place of the retiring Messrs. Deloitte & Touche, and to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration.

   (Resolution 8)

AS SPECIAL BUSINESS

To consider and if thought fit, to pass with or without any modifications, the following as Ordinary Resolutions:

7. 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 9)

8. 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; or
   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 10)

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a final dividend of 2 sen per share single tier for the financial year ended 31 March 2016, if approved, will be paid on 28 September 2016 to depositors registered in the Record of Depositors at the close of business on 15 September 2016.

A depositor shall qualify for the dividend in respect of:

a. Shares transferred into the Depositor's Securities Account before 5.00 p.m. on 15 September 2016 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
29 July 2016

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 (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 17 August 2016 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 9

Ordinary Resolution - Authority to allot and issue shares pursuant to Section 132D of the Companies Act 1965

The proposed Ordinary Resolution 9 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 25 August 2015 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 10

Ordinary Resolution – Proposed renewal of authority for purchase of own shares by the Company

The proposed Ordinary Resolution 10 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 Mun Leong (Article 91) **(Resolution 3)**
   b. Mr. Kuan Mun Keng (Article 91) **(Resolution 4)**
   c. Dr. Danaraj A/L Nadarajah (Article 91) **(Resolution 5)**

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 6)**
   b. Dato' Tan Guan Cheong **(Resolution 7)**

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 2016.

   There were Five (5) Board Meetings held during the financial year ended 31 March 2016. Details of the attendance of the Directors are as follows:

Directors	Attendance
Mr. Kuan Kam Hon @ Kwan Kam Onn	5/5
Dr. Danaraj A/L Nadarajah	4/5
Dato' Mohamed Zakri bin Abdul Rashid	5/5
Mr. Kuan Mun Keng	5/5
Mr. Kuan Mun Leong	5/5
Mr. Liew Ben Poh	4/5
Dato' Tan Guan Cheong	4/5
Mr. Razman Hafidz bin Abu Zarim	5/5

5. Place, Date and Time of Meeting

The Tenth (10th) Annual General Meeting of the Company will be held at the Banyan Room, Ground Floor, Sime Darby Convention Centre, No. 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 23 August 2016, 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 **Tenth (10th) Annual General Meeting** of **Hartalega Holdings Berhad** to be held at the Banyan Room, Ground Floor, Sime Darby Convention Centre, No. 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 23 August 2016, 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 2 sen per share single tier		
2	To approve the payment of Directors' fees		
3	To re-elect Mr. Kuan Mun Leong as Director		
4	To re-elect Mr. Kuan Mun Keng as Director		
5	To re-elect Dr. Danaraj A/L Nadarajah as Director		
6	To re-elect Dato' Mohamed Zakri bin Abdul Rashid as Director		
7	To re-elect Dato' Tan Guan Cheong as Director		
8	To appoint Messrs. Deloitte who have indicated their willingness, as Auditors of the Company in place of the retiring Messrs. Deloitte & Touche, and to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration.		
9	**Special Business** - To approve the Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act 1965		
10	**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 ___________ 2016

[*Delete if not applicable]

____

Signature(s)/Seal of Shareholder(s)

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 (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, 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 17 August 2016 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.

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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

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Hartalega

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