Hartalega

UNPARALLELED VALUE

ANTIMICROBIAL GLOVES

An unprecedented innovation utilising bespoke molecular science-based technology to provide active protection.

2018
ANNUAL REPORT

THE COVER

The cover visual and theme of this year's report, 'Unparalleled Value', showcase Hartalega's latest revolutionary product: the non-leaching antimicrobial glove. Another world-first innovation for the Group, the antimicrobial glove has the potential to help save lives across the globe, with revolutionary molecular science-based technology that provides active protection, killing up to 99.999% of microbes. The visual illustrates Hartalega's spirit of innovation and commitment to setting new standards in the industry to deliver greater value.

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12TH ANNUAL GENERAL MEETING
24 AUGUST 2018

CORPORATE & MANAGEMENT OVERVIEW

RESPONSIBILITY & FINANCIALS

VISION & VALUES

OUR VISION

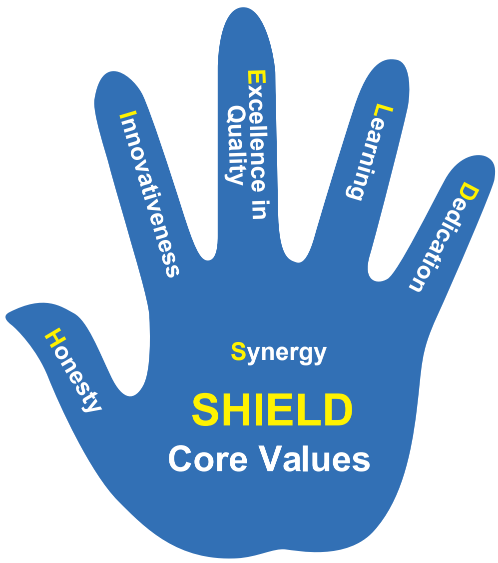
To be the Number One glove company that produces and delivers the best and most innovative gloves in the world; and to be recognised as a caring company to the community and environment.

OUR MISSION

To deliver the best possible protection to people who work with their hands in exposed and challenging environments by providing consistently superior, safer, and more convenient gloves in chosen product markets.

DRIVEN BY CORE VALUES

Our Core Values are embodied in the acronym, SHIELD, which stands for:



SYNERGY

HONESTY

INNOVATIVENESS

EXCELLENCE IN QUALITY

LEARNING

DEDICATION

These values represent the qualities that Hartalega incorporates in all that we do, in order to propel the Group forward and enable us to realise our Vision and Mission to deliver the best possible protection via our high quality gloves.

INDUSTRY FIRSTS

1

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

The Edge Billion Ringgit Club Corporate Awards – Most Profitable Company (Industrial Products Sector) 2013, 2014, 2015 and 2016

Malaysia's 100 Leading Graduate Employers Award - Chemical & Heavy Industries Category (2015 Winner - Overall Ranking 77, 2016 Runner Up - Overall Ranking 33)

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

ISO 14001 : 2015

OHSAS 18001 : 2007

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

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

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

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

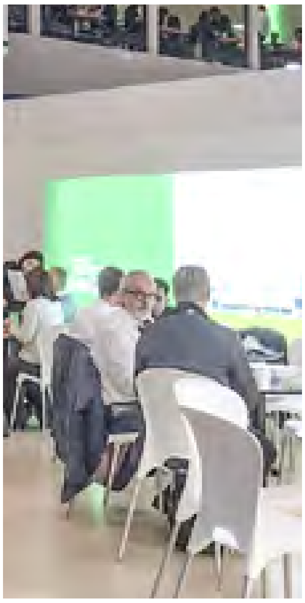
» Became the nation's largest and world's second largest nitrile glove producer

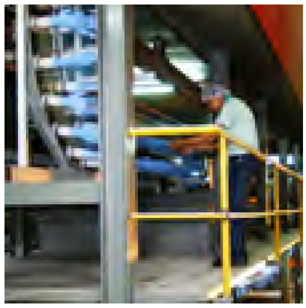
» Obtained 20% share of the US synthetic glove market

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

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

THE HARTALEGA NITRILE GLOVE STORY

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

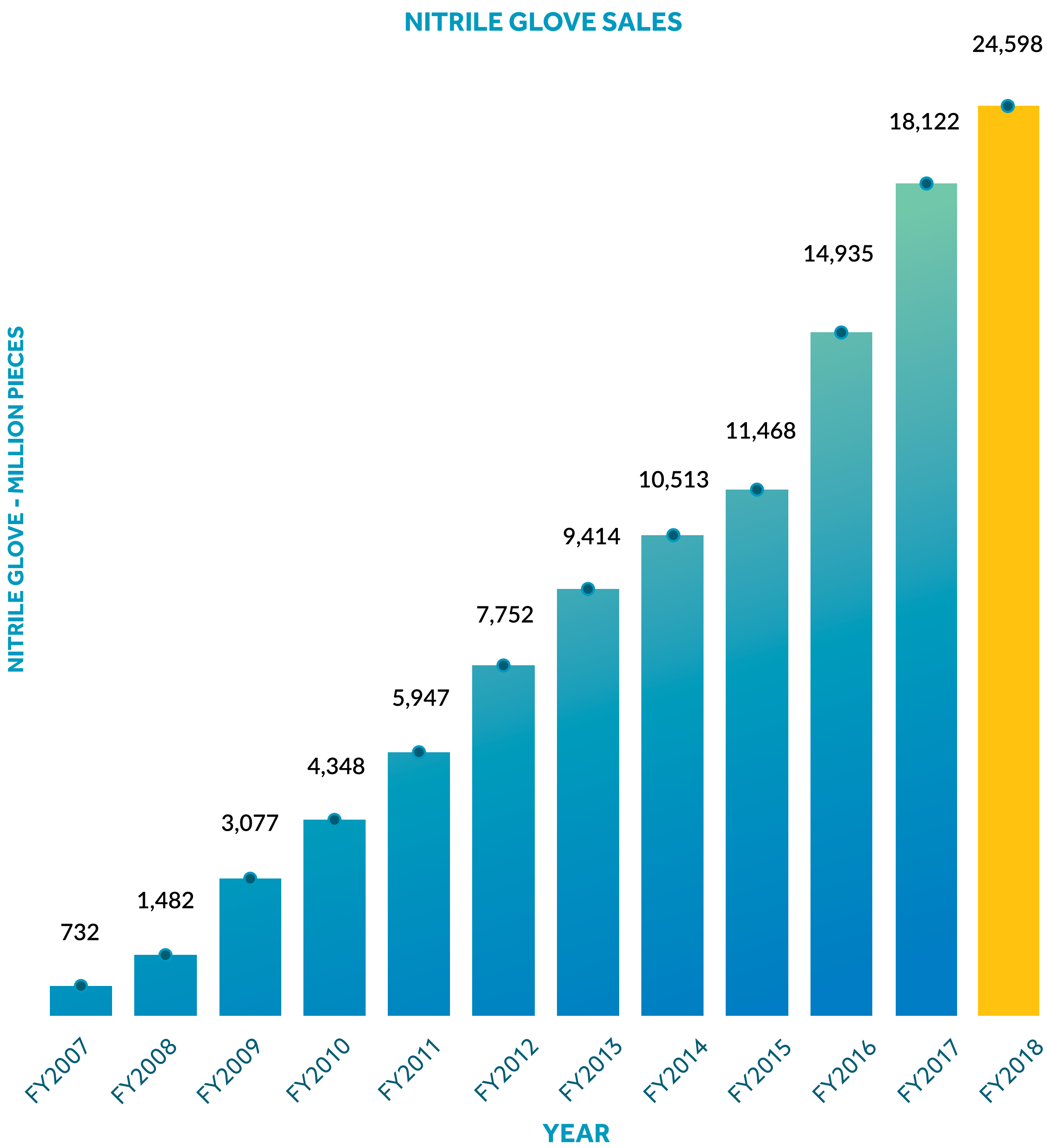
2016

- Commenced commissioning of Plant 3 of the NGC
- Launched patented Goodpac packing technology

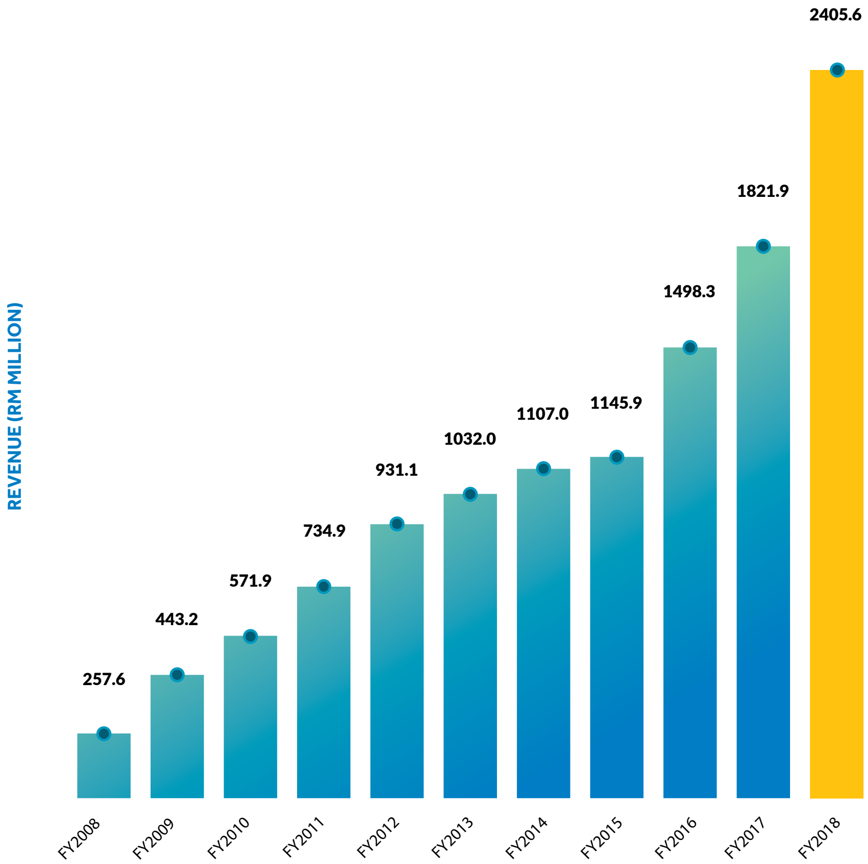
2017

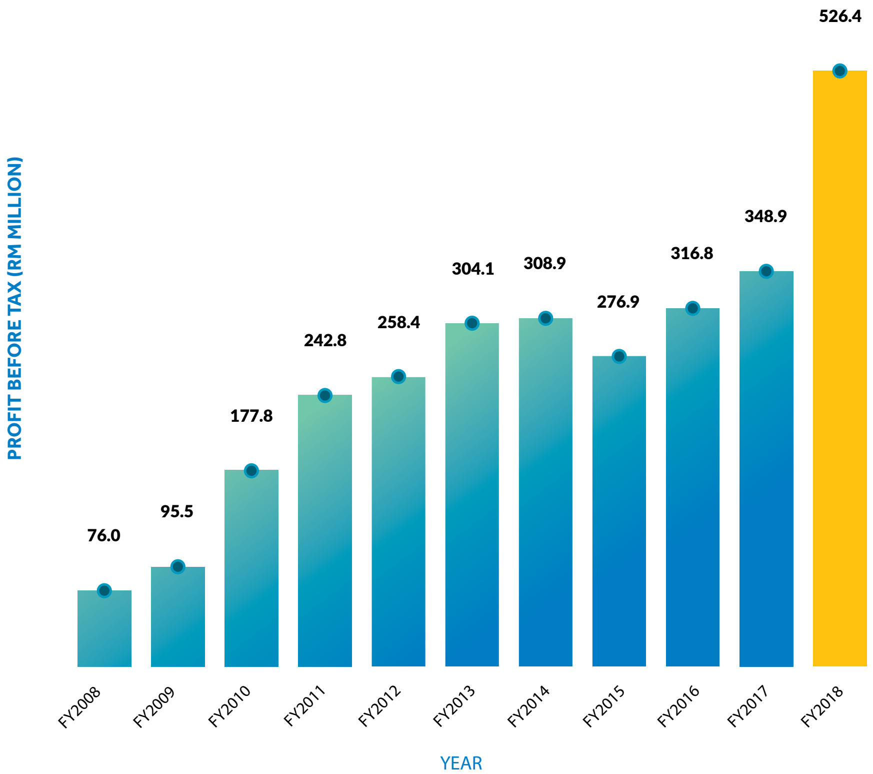
- Launched world's first non-leaching antimicrobial glove
- Completed commissioning of Plant 4 of the Next Generation Integrated Glove Manufacturing Complex

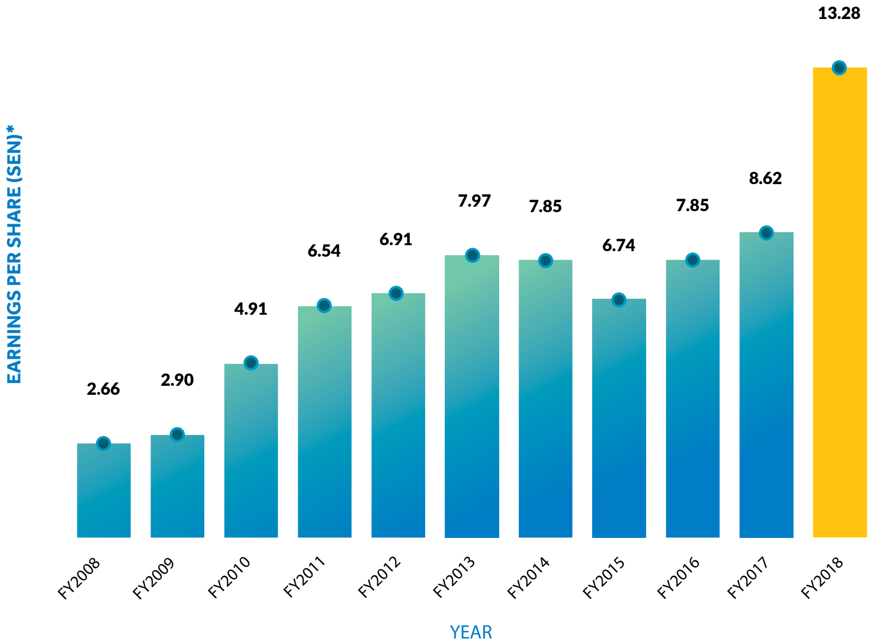
- Successfully remodelled company into a major nitrile glove producer with 95% of sales in nitrile gloves
- Nitrile glove sales (pieces) increased by 33.6 times in 11 years
- Pioneered switching momentum from natural rubber to nitrile gloves
- Largest nitrile glove producer in the world



FINANCIAL SUMMARY







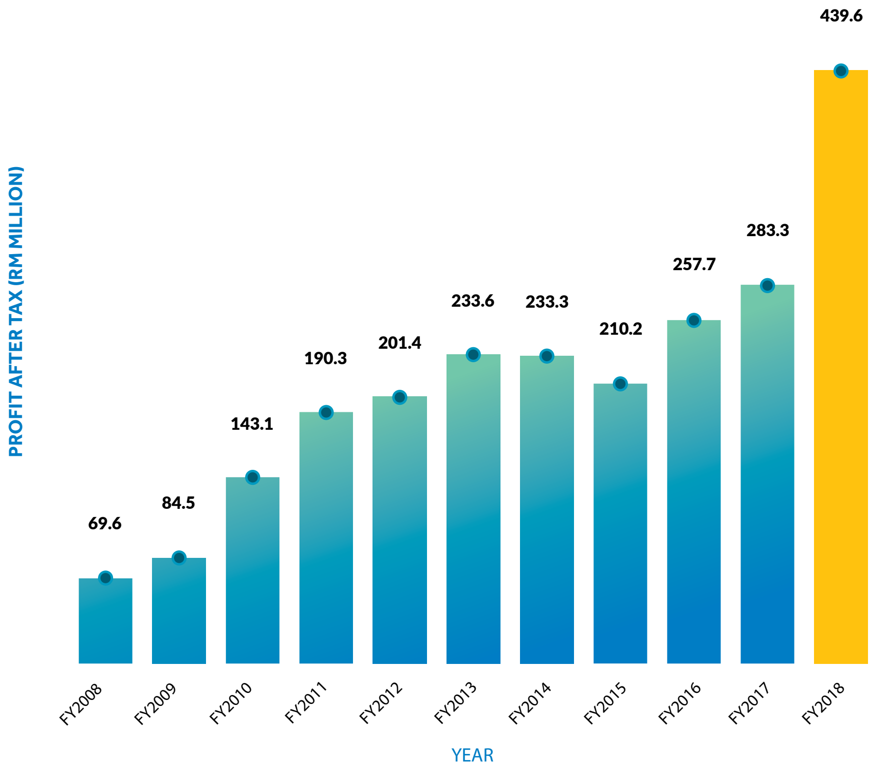
* Earnings Per Share for past years restated following bonus issuance completed on:

i. 7 September 2010 (one-for-two)

ii. 29 May 2012 (one-for-one)

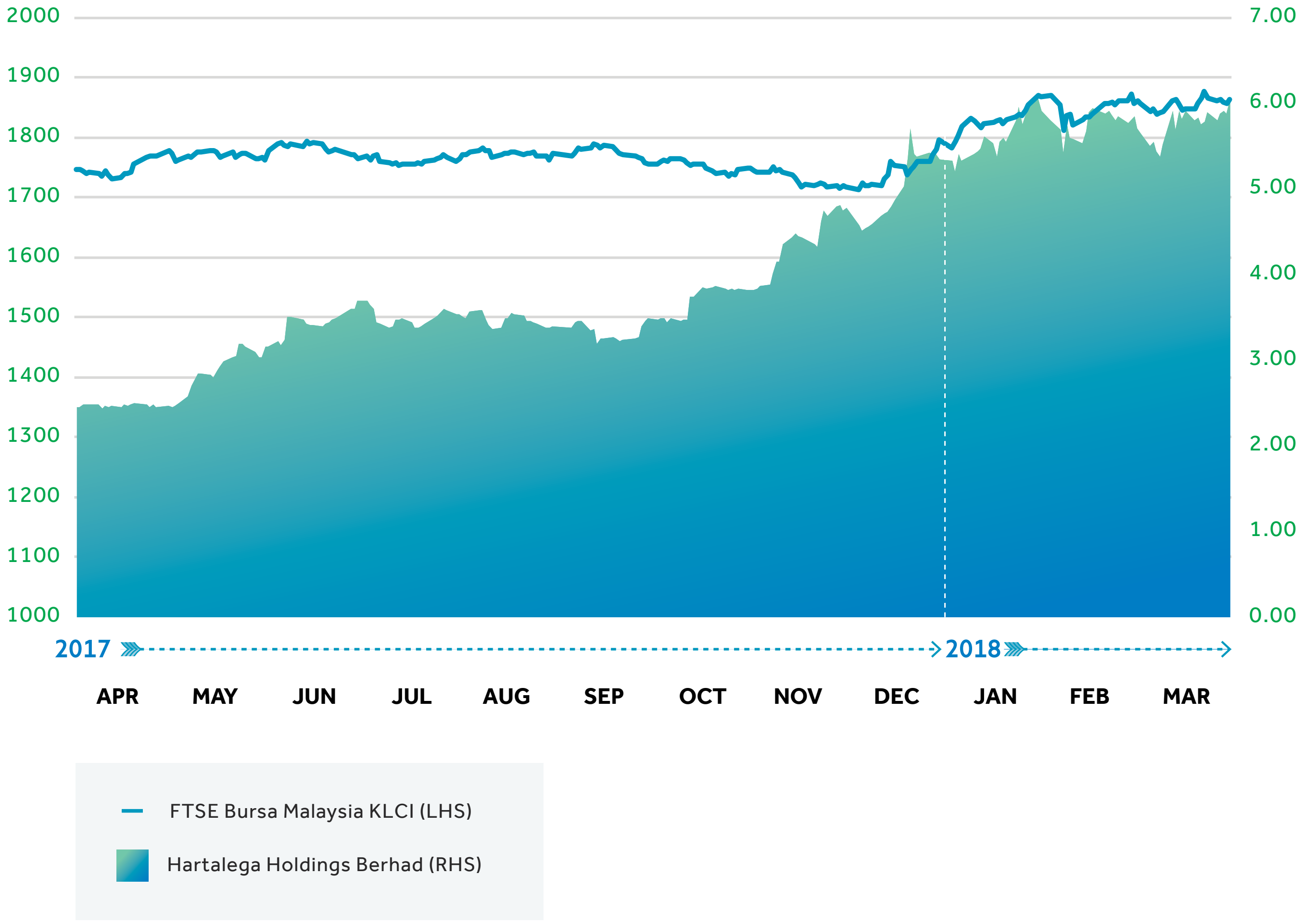
iii. 18 September 2015 (one-for-one)

iv. 28 March 2018 (one-for-one)



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' Tan Guan Cheong	Independent Non-Executive Director
Razman Hafidz bin Abu Zarim	Independent Non-Executive Director
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria	Senior Independent Non-Executive Director
Datuk Seri Nurmala binti Abd Rahim	Independent Non-Executive Director

AUDIT COMMITTEE

Dato' Tan Guan Cheong	Chairman
Razman Hafidz bin Abu Zarim	Member
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria	Member
Datuk Seri Nurmala binti Abd Rahim	Member

REMUNERATION COMMITTEE

Razman Hafidz bin Abu Zarim	Chairman
Dato' Tan Guan Cheong	Member
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria	Member
Datuk Seri Nurmala binti Abd Rahim	Member

NOMINATION COMMITTEE

Razman Hafidz bin Abu Zarim	Chairman
Dato' Tan Guan Cheong	Member
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria	Member

RISK MANAGEMENT COMMITTEE

Dato' Tan Guan Cheong	Chairman
Razman Hafidz bin Abu Zarim	Member
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria	Member
Datuk Seri Nurmala binti Abd Rahim	Member
Kuan Mun Leong	Member

ESOS COMMITTEE

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

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

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 7849-0777 Fax: 603 7841-8151
Email: ssr.helpdesk@symphony.com.my

INVESTOR RELATIONS

Jayden Liew
Email: liew.jk@hartalega.com.my
Tel: 603 6277-1733 ext 310

FACTORY Location 1

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

FACTORY Location 2

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
RHB Bank Berhad

AUDITORS

DELOITTE PLT (LLP0010145-LCA)(AF0080)
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr Ismail
60000 Kuala Lumpur

COMPANY SECRETARIES

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

CORPORATE OFFICE

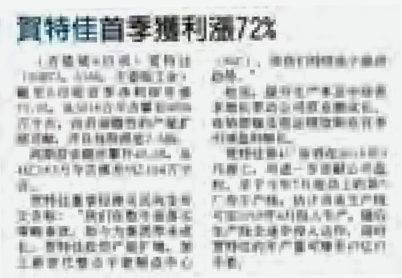
C-G-9, Jalan Dataran SD1
Dataran SD, PJU 9
Bandar Sri Damansara
52200 Kuala Lumpur
Tel: 603 6277-1733
Url: www.hartalega.com.my
Email: info@hartalega.com.my

STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad
Stock Name: Harta
Stock Code: 5168

MEDIA MILESTONES

CHINA PRESS
AUG 9, 2017



賀特佳首季獲利漲72%

THE STAR
AUG 9, 2017

Higher sales volume drives Hartalega earnings

KOSMO
AUG 9, 2017

Niaga

Hartalega catat untung RM96.4 juta

CHINA PRESS
AUG 23, 2017

賀特佳 未來3年 投資廠房9億

THE STAR
OCT 23, 2017

Biz

Higher capacity boost for Hartalega

ORIENTAL DAILY
NOV 8, 2017

贺特佳次季净利涨60%

BERITA HARIAN
NOV 11, 2017

Hartalega hasil sarung tangan antimikrob pertama dunia

NEW STRAITS TIMES
NOV 11, 2017

HARTALEGA STRENGTHENS MARKET GRIP

THE EDGE MALAYSIA
NOV 11, 2017

Another game changer for Hartalega

NEW STRAITS TIMES
NOV 13, 2017

STRONGER GRIP

BUSINESS

REVOLUTIONARY GLOVES SET TO LIFT HARTALEGA

'We don't need to become multi-product company'

THE EDGE FINANCIAL DAILY
FEB 7, 2018

FINANCIAL DAILY

Hartalega announces dividend, bonus issue as 3Q profit jumps

THE SUN
FEB 7, 2018

Q3 earnings surge on higher sales

BERITA HARIAN
MAR 13, 2018

Hartalega pasar sarung tangan antimikrob ke pasaran AS

THE MALAYSIAN RESERVE
MAR 13, 2018

Hartalega to boost capacity by 15% to 20% in 3 years

NANYANG SIANG PAU
FEB 7, 2018

派息 4 仙 净利飙 71%

贺特佳第三季大赚 1.13 亿

NANYANG SIANG PAU
MAR 13, 2018

贺特佳 NGC 增至 7 厂

总产能上看 446 亿只手套

PROFILE OF DIRECTORS

Dr. Danaraj A/L Nadarajah

Datuk Seri Nurmala binti Abd Rahim

Razman Hafidz bin Abu Zarim

Kuan Kam Hon @ Kwan Kam Onn


Kuan Mun Leong
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria
Kuan Mun Keng
Dato' Tan Guan Cheong

PROFILE OF DIRECTORS

KUAN KAM HON @ KWAN KAM ONN

EXECUTIVE CHAIRMAN

AGE: 71 GENDER: MALE MALAYSIAN

Kuan Kam Hon @ Kwan Kam Onn was appointed as Executive Chairman and Managing Director on 7 May 2007. He stepped down as Managing Director on 16 November 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.

KUAN MUN LEONG

MANAGING DIRECTOR

AGE: 42 GENDER: MALE MALAYSIAN

Kuan Mun Leong has a Bachelor's Degree in Mechanical Engineering from Monash University, Australia, and a Masters in Business Administration (MBA) from the University of Strathclyde, Scotland. Mun Leong began his career in the renewable energy sector as a project engineer overseeing EPCC (Engineering, Procurement, Construction and Commissioning) of renewable energy plants for two years before he joined Hartalega's engineering department in 2001. He moved up the ranks to be appointed as an Executive Director of the Group in 2007. He was also duly appointed as the Deputy Managing Director and subsequently as the Managing Director in 2012. Mun Leong is a member of the Risk Management and ESOS Committees. Mun Leong spearheaded the implementation of the sector's first oil palm empty fruit bunch fibre fuelled renewable energy plant in 2004 and was instrumental in leading its successful registration with the United Nations Framework Convention on Climate Change (UNFCCC) or Kyoto Protocol. He went on to undertake several glove production capacity expansion projects that were key to Hartalega's current leading position in manufacturing technology and efficiency. He currently leads the organisation's transformation efforts, taking it to the next level by creating a vision to guide the necessary change to ensure sustainable growth by having the right systems, processes and people in place. In his capacity as Managing Director, Hartalega's sales revenue has grown more than two-fold through many expansion projects, the most notable being the Next Generation Integrated Glove Manufacturing Complex. He continues to chart the organisation's strategy with the aim for Hartalega to attain global mobility in the near future.

KUAN MUN KENG

NON-INDEPENDENT EXECUTIVE DIRECTOR

AGE: 43 GENDER: MALE MALAYSIAN

Kuan Mun Keng was appointed as Executive Director on 4 July 2008. He was also promoted to the position of Sales and Marketing Director of Hartalega Holdings Berhad at the same time. Presently, Mun Keng sits on the ESOS Committee. He also sits on the Malaysian Rubber Export and Promotion Council (MREPC) Board of Trustees and was also elected and appointed as the Secretary of Malaysian Association of Rubber Glove Manufacturers (MARGMA). 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.

DR. DANARAJ A/L NADARAJAH

NON-INDEPENDENT EXECUTIVE DIRECTOR

AGE: 64 GENDER: MALE MALAYSIAN

Dr. Danaraj A/L Nadarajah (Dr. N Danaraj) was appointed as Non-Independent Executive Director/Corporate Advisor on 4 July 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.

PROFILE OF DIRECTORS

DATO' TAN GUAN CHEONG

INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE: 74 GENDER: MALE MALAYSIAN

Dato' Tan Guan Cheong was appointed as an Independent Non-Executive Director on 31 December 2011. Dato' Tan sits on the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee. He holds a Bachelor of Commerce degree from Otago University, New Zealand, majoring in economics, marketing management and accountancy. He is 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. He is also an Independent Non-Executive Director of YTL Cement Berhad and Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT.

RAZMAN HAFIDZ BIN ABU ZARIM

INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE: 63 GENDER: MALE MALAYSIAN

Razman Hafidz bin Abu Zarim was appointed as Independent Non-Executive Director on 2 March 2015. Razman sits on the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee. 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.

TAN SRI DATUK DR. REBECCA FATIMA STA. MARIA

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE: 60 GENDER: FEMALE MALAYSIAN

Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria was appointed to the Board as Independent Non-Executive Director on 23 August 2016 and redesignated as the Senior Independent Non-Executive Director with effect from 15 May 2018. She sits on the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee. Tan Sri Datuk Dr. Rebecca began her career in the Malaysian Administrative and Diplomatic Service in 1981 and served in various capacities in the then Ministry of Trade and Industry. She retired as the Secretary-General of the Ministry of International Trade and Industry on 2 July 2016. As MITI Sec-Gen, a post she held since December 2010, she provided oversight for the formulation and implementation of Malaysia's international trade policies and positions. This involved Malaysia's participation in bilateral, regional (ASEAN, APEC, OIC) and multilateral (World Trade Organisation) fora. She was the ASEAN Chair for the ASEAN-India Trade in Goods Agreement, Chief Negotiator for the bilateral free trade agreements with India and Turkey. She also provided oversight for the TPP negotiations and other bilateral and regional FTAs, including the Regional Comprehensive Economic Partnership between ASEAN and her six FTA partners. On the regional front, she had a key role in ASEAN economic integration and chaired the ASEAN Senior Economic Officials Meeting as well as the ASEAN High Level Task Force for Economic Integration. She is Senior Policy Fellow for the Economic Research Institute for ASEAN and East Asia (ERIA). She serves on the Board of Trustees of MyKasih, an NGO that focuses on alleviating urban poverty; and Chairs the Institute for Democracy and Economic Affairs (IDEAS). In the academic field, in April 2000 she was awarded the Malcolm Knowles Award for the best PhD dissertation in 2000 in the field of Human Resource Development by the American Academy of Human Resource Development. She was also awarded "Professional Achievement Awards by School of Education, University of Georgia (2013)". She also currently serves as Non-Executive Director on the Boards of RHB Bank Berhad, Lafarge Malaysia Berhad, Eco World International Berhad and Sunway Berhad.

PROFILE OF DIRECTORS

DATUK SERI NURMALA BINTI ABD RAHIM

INDEPENDENT
NON-EXECUTIVE DIRECTOR

AGE: 63 GENDER: FEMALE MALAYSIAN

Datuk Seri Nurmala binti Abd Rahim was appointed as Independent Non-Executive Director on 23 August 2016. Datuk Seri Nurmala is a member of the Audit Committee, Remuneration Committee and Risk Management Committee. She holds various qualifications, which are B.A. Hons. Social Science, Universiti Sains Malaysia (1977), Diploma in Public Administration, INTAN (1978), M.A. Public Administration, Pennsylvania State University, USA (1988), Women Directors On-Boarding Training Program, Nam Institute for the Empowerment of Women (2013) and Certificate for the Mandatory Accreditation Program for Directors of Public Listed Companies (May 2014). She has held various positions in the past, which include Assistant Secretary, International Division, Ministry of Agriculture; Assistant Secretary, Planning and Development Division, Ministry of Agriculture; Principal Private Secretary to the Hon. Minister of Agriculture (1978-1984); Senior Project Officer, National Institute Of Public Administration (INTAN) (1984-1986), Assistant Director/Principal Assistant Director, MAMPU, Prime Minister's Department (1988-2002); Director of ASEAN Division, Ministry of International Trade And Industry (MITI) (2002-2004); Minister Counsellor, MITI Office, Malaysian Embassy, Tokyo, Japan (2004-2006); Senior Director, Strategic Planning Division, MITI; Senior Director, Management Services, MITI (2006); Deputy Secretary General, Ministry of Plantation Industries and Commodities (2007) and Secretary General, Ministry of Plantation Industries and Commodities (2011-2014). She also currently holds non-executive directorship positions in Tabung Haji Plantations Berhad and DPI Holdings Berhad.

» **Family Relationship with Director and/or Major Shareholder**
Kuan Kam Hon @ Kwan Kam Onn 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 five (5) years.

PROFILE OF SENIOR MANAGEMENT TEAM

KUAN EU JIN

DIRECTOR OF
R&D AND TECHNICAL

AGE: 48 GENDER: MALE MALAYSIAN

DATE OF APPOINTMENT:
22 AUGUST 2008

Kuan Eu Jin is primarily responsible for Hartalega's product research and development, where he also oversees the quality assurance department and manages technical support to production. He is also the Quality Management Representative of Hartalega, responsible for all matters relating to the Company's Quality System. He possesses a Bachelor's Degree in Business (Manufacturing Management) from Monash University and an MBA qualification from the University of Strathclyde Business School, Scotland. Upon graduating in 1993, he joined Hartalega as a Management Trainee and was transferred to the QA Department and promoted to the position of QA Manager in the same year. In 1996, he was promoted to Deputy Operations Manager and assisted the Operations Manager to oversee Hartalega's manufacturing operations, as well as managing the R&D Department.

His uncle, Kuan Kam Hon @ Kwan Kam Onn and his cousins Kuan Mun Keng and Kuan Mun Leong are members of the Board. His father, Kuan Kam Peng is a major shareholder.

KUAN VIN SEUNG

DIRECTOR OF
HUMAN RESOURCES

AGE: 44 GENDER: MALE MALAYSIAN

DATE OF APPOINTMENT:
24 AUGUST 2009

Kuan Vin Seung is responsible for Hartalega's entire spectrum of human capital management as well as administration functions, including recruitment and selection, performance management, rewards and recognition, learning and development, industrial and employee relations. He also oversees Hartalega's Corporate Responsibility (CR) initiatives and is the Chairman of the ESOS Committee. He possesses a Bachelor's Degree in Commerce (Accounting & Finance) from Monash University, a CPA certification from CPA Australia and a MBA (Merit) from the Manchester Business School, UK. Having joined Hartalega in 2001, after working for three years in the Assurance and Advisory Business Services (AABS) Department of Ernst & Young, KL, he was exposed to operations and HR. He subsequently headed the HR department from 2004 where he initiated a HR Transformation program in 2010.

His uncle, Kuan Kam Hon @ Kwan Kam Onn and his cousins Kuan Mun Keng and Kuan Mun Leong are members of the Board. His father, Kuan Kam Peng is a major shareholder.

MUHAMMAD HAKIMI TAN BIN ABDULLAH

DIRECTOR OF MANUFACTURING

AGE: 55 GENDER: MALE MALAYSIAN

DATE OF APPOINTMENT:
22 JUNE 2012

Muhammad Hakimi Tan bin Abdullah is responsible for providing technical advisory to manufacturing operations, OJT development, former development as well as safety, health & environment. He possesses a Bachelor's Degree in Science majoring in Biology and Chemistry from Campbell University, USA and Certified in Production and Inventory Management (CPIM) certification from the APICS Association for Operations Management, USA. He began his career with Hartalega after graduating in 1988 as one of the pioneer production staff and worked his way up the ranks over the years due to his dedicated service and stellar contributions. Prior to his current role which he assumed from October 2016, he was overseeing the manufacturing operations of Hartalega.

NG SWEE ANG

DIRECTOR OF MANUFACTURING

AGE: 51 GENDER: MALE MALAYSIAN

DATE OF APPOINTMENT:
01 OCTOBER 2016

Ng Swee Ang is responsible for overseeing Hartalega's manufacturing operations covering production, engineering, planning, former management and warehouse & shipping. He possesses an MBA from Open University Malaysia. He has more than 30 years of experience in manufacturing environment with both local and multinational companies and was formerly the General Manager – Operations of GS Paper & Packaging. He joined Hartalega in February 2014 as General Manager – Manufacturing covering NGC and was promoted to his current position in 2016.

PROFILE OF SENIOR MANAGEMENT TEAM

WONG HOONG TON

GENERAL MANAGER
MANUFACTURING

AGE: 38 GENDER: MALE MALAYSIAN

DATE OF APPOINTMENT:
01 AUGUST 2016

Wong Hoong Ton is responsible for overseeing the company's manufacturing operations of the Bestari Jaya Plant as well as heading the Project & Technology team. He possesses a Bachelor's Degree in Mechanical Engineering from the University of Technology Tun Hussein Onn and obtained his MBA from the University of Strathclyde Business School, Scotland. He has more than 16 years of experience in Production & Manufacturing environment. He joined Hartalega in March 2011 as Engineering Manager and played a lead role in building Hartalega's Next Generation Integrated Glove Manufacturing Complex in Sepang. He was promoted to his current position in 2016.

LEANG WAH CHOON

GENERAL MANAGER
INFORMATION TECHNOLOGY

AGE: 43 GENDER: MALE MALAYSIAN

DATE OF APPOINTMENT:
13 JULY 2015

Leang Wah Choon is responsible for the Hartalega's Group IT requirement. He possesses a Bachelor's Degree (Hons), Electronics and Information Technology from Sheffield Hallam University, United Kingdom. He has more than 19 years of IT professional experience in the various industries such as IT, Oil and Gas, Pharmaceutical, Apparels, Properties, Banking, Shared Service Providers, Telecommunication, etc. He previously held various senior manager positions in the companies he served namely Motorola, Citigroup, CASSIS, and IBM. Prior to joining Hartalega, he was Shell Global Delivery ITSO Manager.

LOW TIAN CHAI

GENERAL MANAGER
QUALITY ASSURANCE

AGE: 49 GENDER: MALE MALAYSIAN

DATE OF APPOINTMENT:
26 MARCH 2018

Low Tian Chai is responsible for Hartalega's Group Quality Assurance System. He possesses a Bachelor's Degree in Science majoring in Biology and Chemistry from Campbell University, USA and obtained his MBA from the University of Strathclyde Business School, Scotland. He has more than 25 years of production and quality assurance experience in both the semiconductor and pharmaceutical industries. He joined Hartalega in March 2018 as General Manager - QAS. Prior to joining Hartalega, he was Quality Assurance Manager of Xepa-Soul Pattinson (M) Sdn Bhd.

NG KIM LUI

GENERAL MANAGER
SALES & MARKETING

AGE: 53 GENDER: MALE MALAYSIAN

DATE OF APPOINTMENT:
6 FEB 2017

Ng Kim Lui is a member of Chartered Management Accountant (CIMA), Chartered Global Management Accountant (CGMA), CPA Australia and obtained his MBA from Charles Sturt University, Australia. He held various senior sales and marketing capacities with 19 years of working experience serving multinational companies, namely Kereny Norman Pte Ltd, British Telecom Plc, Fuji Xerox Asia Pacific Pte Ltd and Greif Inc USA. He also spent more than 12 years managing his own company, Bito Group.

TAN TECK HENG

GENERAL MANAGER
FINANCE

AGE: 44 GENDER: MALE MALAYSIAN

DATE OF APPOINTMENT:
22 FEB 2016

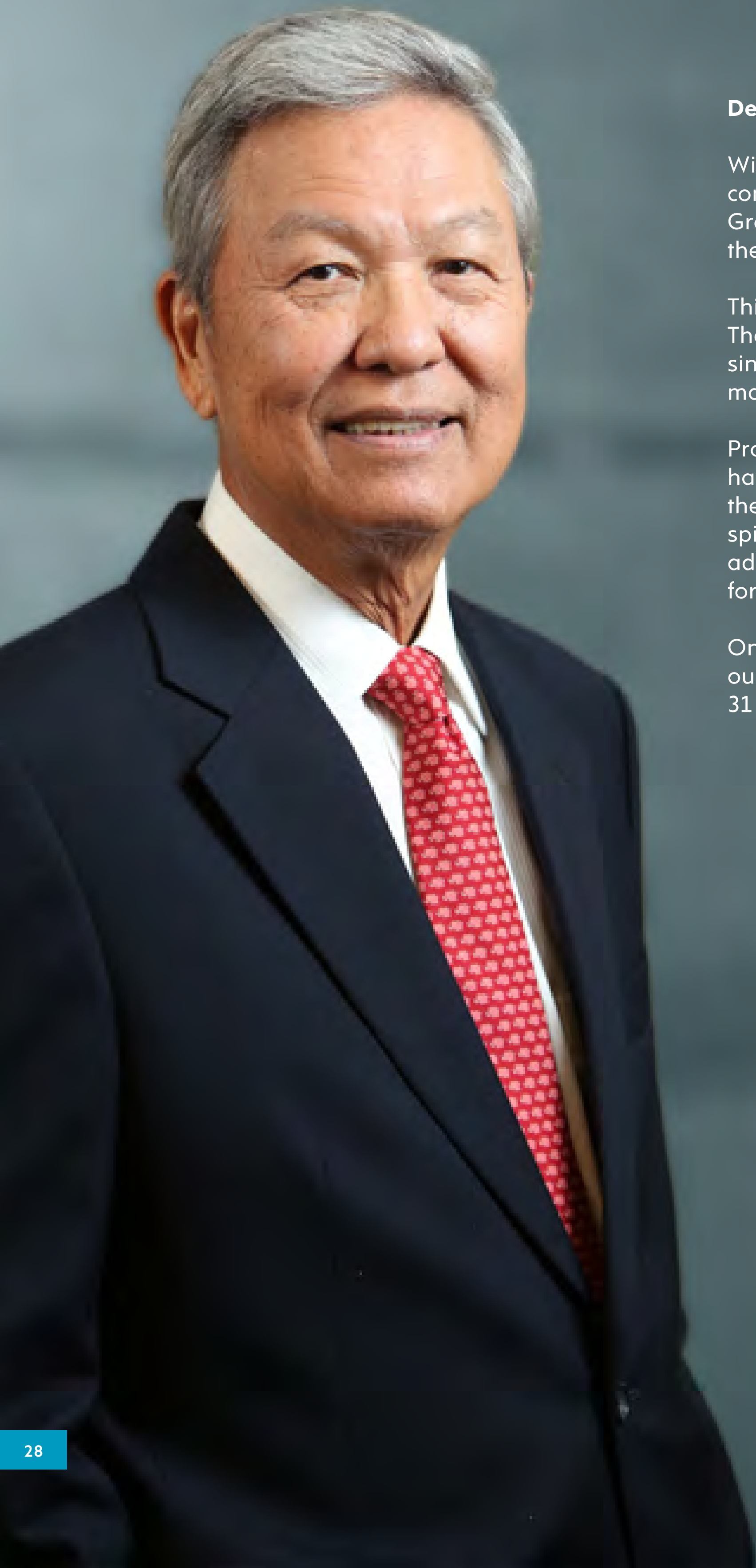
Tan Teck Heng is responsible for Hartalega's financial management function. He is a fellow member of the Association of Chartered Certified Accountants (UK) and Chartered Accountant of Malaysia Institute of Accountants. He has more than 23 years of experience in financial management, cost and budgetary control and treasury. He was formerly a Group Financial Controller of a local listed company where he worked for more than 11 years and prior to joining Hartalega, he was the Controller of Malaysia, Australia & India of a multinational specialty chemicals company.

Notes

Save as disclosed, none of the Key Senior Management have:

1. directorship in public companies and listed issuers;
2. any family relationship with any Directors and/or major shareholders of the Company;
3. any conflict of interest with the Company;
4. any conviction for offences within the past 5 years other than traffic offences; or
5. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CHAIRMAN'S REVIEW AND MANAGEMENT DISCUSSION & ANALYSIS



Dear Shareholder,

With the close of our 2018 financial year, we commemorate a significant milestone for the Group, clocking in 10 years since our listing on the Main Market of Bursa Malaysia.

This is indeed a noteworthy achievement. The Group has grown by leaps and bounds since then, becoming the world's largest glove manufacturer by market capitalisation.

Propelled by our passion for innovation, we have solidified our position as a frontrunner in the glove manufacturing industry. True to our spirit of invention and through technological advancements, we continue to pave the way forward for the sector.

On this note, I am pleased to present to you our annual report for the financial year ended 31 March 2018.

Kuan Kam Hon @
Kwan Kam Onn
Executive Chairman

ECONOMIC LANDSCAPE

It was a positive year for the glove manufacturing sector, which saw robust demand on the back of increasing hygiene awareness and healthcare regulations, particularly in emerging markets. Malaysian glove producers further benefitted from a supply deficit from China, as stricter environmental policies by the Chinese government impacted vinyl glove makers in the country.

Global exports of rubber gloves increased to approximately 228 billion pieces of gloves during the year compared with 211 billion pieces in 2016. Malaysia commanded the lion's share, as the world's largest supplier of rubber gloves with over 60% of the global market.

In fact, Malaysian rubber glove exports soared to a record-high of 71.7 billion pairs in 2017, from 61.9 billion in 2016, amounting to RM15.9 billion in value terms, a 23.2% jump from RM12.9 billion last year. This was driven by synthetic rubber gloves, which comprised 60% of total rubber glove exports in quantity terms. Synthetic rubber glove exports grew by 22.6% during the year to 43.4 billion pairs, from 35.4 billion pairs in the previous year.

In 2017, market demand saw a greater shift towards nitrile gloves, which accounted for 99.5% of total synthetic rubber glove exports. Nitrile glove exports increased by 22.7% in quantity terms and 29.8% in value terms during the year.

The US remained the chief export destination for Malaysian synthetic rubber gloves, comprising 47% of Malaysia's total export value. The European Union and Asia recorded higher exports as well, with key markets registering double digit growth.

Against this conducive backdrop and with our strategic business plans bearing fruit, Hartalega was able to leverage on the growing demand for high quality nitrile gloves.

FINANCIAL PERFORMANCE

The Group recorded another year of growth for the financial period ended 31 March 2018. Profit after tax grew by 55.2% to RM439.6 million, a significant increase from RM283.3 million in the previous financial year. Profit before tax increased to RM526.4 million compared with RM348.9 million last year, while revenue rose by 32% to RM2.4 billion.

This improved performance was driven by increased sales volume, supported by strong global demand. Hartalega was well-prepared to meet demand growth given our continuous expansion in production capacity via our Next Generation Integrated Glove Manufacturing Complex (NGC).

For the year under review, our total capital expenditure amounted to RM263.6 million. This was mainly utilised for capacity expansion via the NGC.

Reflecting our strong balance sheet, earnings before interest, tax, depreciation and amortisation (EBITDA) stood at RM622.7 million, while net cash for operating activities for the Group was RM403.9 million. Our gearing ratio to total equity also remained low at 0.16 times, while shareholders' funds increased to RM1.99 billion as at 31 March 2018.

The Group's earnings per share (EPS) for the financial year grew to 13.2 sen. Net assets per share attributable to owners of the company was RM0.60 as at 31 March 2018.

Given Hartalega's sterling track record and strong following in the capital market, during the financial year we embarked on a strategy to reward our shareholders, and in tandem, to enhance liquidity. This provided our existing shareholders with the opportunity to participate in the Group's ongoing success. This corporate exercise saw the issuance of one bonus share for every one existing share held by shareholders, with a total of 1.655 million bonus shares issued.

DIVIDENDS

Hartalega is dedicated to delivering value to our shareholders via strong dividend yields and payouts. Testament to this, effective from the financial year ended 31 March 2018, the Group revised our dividend policy to distribute a minimum of 60% of Hartalega's annual net profit to shareholders, from a minimum of 45% previously.

Accordingly, we are pleased to have paid out a total dividend of 5.75 sen per share to date (dividend per share was adjusted to reflect the one-for-one bonus issuance for comparative purposes). A proposed final dividend of 2.2 sen per share single tier will be recommended by the Board for shareholders' approval at the 12th Annual General Meeting. This will bring total dividend for the year to 7.95 sen per share, amounting to a total payout of RM263.3 million and a payment ratio of 60%.

OPERATIONS REVIEW

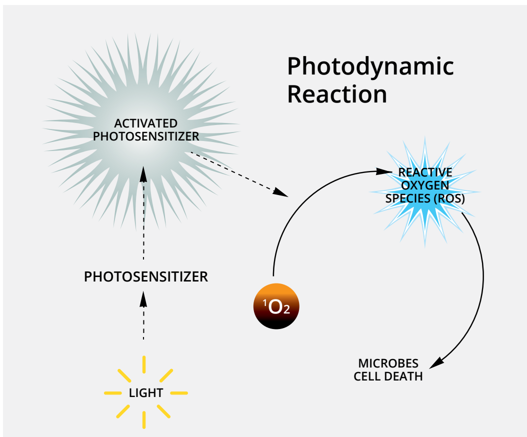
RESEARCH AND DEVELOPMENT

Our research and development drive has always been a mainstay for the Group. Over the years, Hartalega has thrived by pioneering innovative products and state-of-the-art proprietary technology. This has enabled us to successfully maintain our market leader position in the nitrile segment.

Building on our legacy of innovation, we are focused on meeting the evolving needs of the market with our ongoing R&D initiatives. Taking our next leap, we ventured beyond the conventional into molecular science-based technology. This led to the development of another world-first innovation for Hartalega: the non-leaching antimicrobial glove.

ANTIMICROBIAL GLOVES

The glove is the first ever to contain non-leaching antimicrobial technology with a pathogen-killing molecule. The active ingredient in the glove is a photosensitiser which generates singlet oxygen when exposed to light. This singlet oxygen oxidises proteins and lipids in bacteria, thus killing microbes that are transferred to the glove.



Photodynamic Reaction Leading to Cell Death

CHAIRMAN'S REVIEW AND MANAGEMENT DISCUSSION & ANALYSIS

This technological breakthrough was developed over the course of several years together with our technology partner, UK-based antimicrobial R&D company Chemical Intelligence, an organisation which shares our passion for innovation. We also collaborated with expert researchers, scientists and healthcare practitioners, who were closely involved in the development and testing of the antimicrobial glove.

As a result, we were able to develop this game-changing product, the first ever to contain a new active microorganism-killing molecule, which can drastically reduce the spread of bacteria. The glove is designed to rapidly kill microorganisms on the external side of the glove. Bacteria coming into contact will be exposed to the antimicrobial activity which, in independent testing, achieved up to a 5-log (99.999%) kill within five minutes of contact.

This also marks a world-first non-biocide medical examination glove. The technology is easily incorporated into the existing process, whereby the patented antimicrobial is bound to the outer surface of the glove during manufacturing. With the technology built into the glove, it does not need applications of further solutions or chemicals.

This unprecedented innovation provides active protection against healthcare-associated infections (HAIs). HAIs have become a major problem in healthcare settings as many are resistant to multiple antibiotics, which makes them difficult to treat. As such, this product is truly a game-changer for the industry, as the first in the world with this kind of efficacy and performance.

Along with pioneering new products, our strategic capacity expansion plans via the NGC are progressing well. The first four plants of the NGC are fully operational with a total of 48 lines commissioned and a current installed capacity of approximately 32 billion gloves per annum.

Further to this, the Group's technological prowess remains unparalleled in the industry. Equipped with advanced manufacturing processes, we operate the fastest and most efficient production lines in the world, producing over 45,000 pieces of gloves per hour.

MARKETING

Hartalega's leadership position and trusted reputation in the industry for our superior products has enabled us to achieve consistent revenue growth over the years. This is demonstrated by our compounded annual sales growth rate of 18.4% for the past five years.

For the year under review, we registered a sales volume growth of 31% to over 25 billion pieces, comprising 95% nitrile gloves. We maintained a strong client base, particularly in our key export markets of the US and Europe, accounting for 59% and 24% of our total exports respectively.

In addition, our overseas distribution arm, MUN, enabled us to further expand our distribution channels and extend our reach across other markets.

HUMAN CAPITAL

The success of a company is determined by the calibre of its people. As the Group pushes forward, a team of skilled and able professionals is crucial to ensure that we are able to realise our objectives.

With this in mind, we have put in place talent development programmes with two primary goals: to develop the capabilities of our people, and to expand our workforce with fresh talent. A key initiative implemented is our Competency Development Programme (CDP). The various components of the CDP enable us to equip employees with the necessary skills and knowledge. This also subsequently allows us to create a talent pipeline of potential future leaders for the Group.

SUSTAINABILITY COMMITMENT

Hartalega is resolute in our dedication towards sustainable growth. This extends beyond financial performance, as ensuring sustainability in a holistic manner is vital for the longevity of the organisation.

In line with this, the Group is steadfast in our aim to contribute towards the betterment of society and the preservation of our ecosystem through our Economic, Environmental and Social commitments. This is aptly encapsulated in our Sustainability Vision of caring, sharing and creating long-lasting benefits for the community, environment, marketplace and workplace.

Last year, we presented our inaugural Sustainability Report in our Annual Report, detailing the Group's numerous efforts. As a follow-through, we are pleased to provide an update of the Group's ongoing sustainability initiatives and tangible results achieved in this year's Sustainability Report.

OUTLOOK

Hartalega has never been one to rest on our laurels. We constantly strive to challenge the status quo in order to excel. This has led us to the high level of success we have achieved thus far and we will continue to raise the bar for ourselves and the industry.

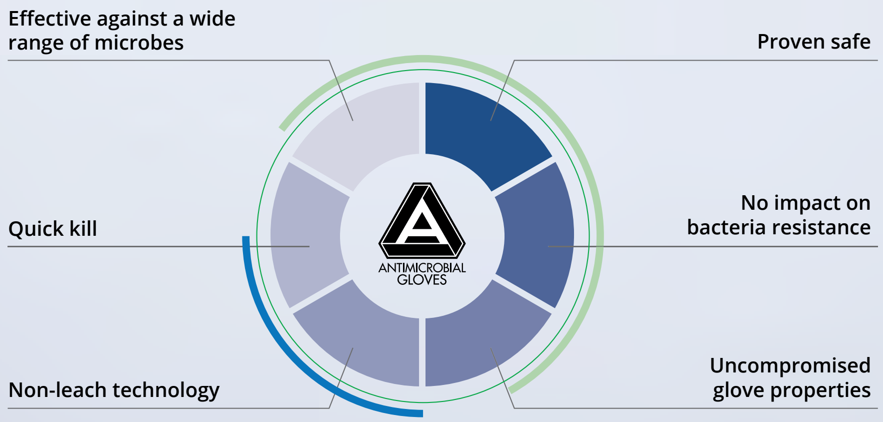
The year ahead will undoubtedly have its fair share of challenges for the glove sector. This includes heightening competition as well as rising costs as a result of higher natural gas tariffs and a potential increase in minimum wage. Nevertheless, the Group is confident that we have set the stage for our next wave of growth. Driven by the NGC and our passion for innovation, we are poised to tap on opportunities ahead.

A good case in point is our revolutionary antimicrobial glove, which we successfully launched in Europe in May 2018. The World Health Organisation reported that in the European Union alone, healthcare-associated infections affect 4.1 million patients per year, resulting in 37,000 deaths and additional costs of 7 billion euros. Addressing this widespread issue, we firmly believe that our antimicrobial glove is another game-changing disruption by Hartalega that will elevate the glove manufacturing industry and have potentially far-reaching effects the world over.

Compared with conventional gloves which serve as a passive barrier, the antimicrobial glove takes an active role towards preventing HAIs. The pathogen-killing molecule in the glove provides active protection against infectious diseases and has been designed to ensure that it does not leach and transfer to patients.

A battery of tests in accordance with international standards has proven that this innovative technology is effective in killing a wide range of microbes which have caused significant HAIs. The glove is also safe for use in different applications and industries, from medical settings to personal protective equipment and food handling.

THE BENEFITS OF AMG



The product is set to be available in hospitals around the world and is being produced at a low cost in order to reduce barriers to access. Following the launch in Europe, we are currently in the process of securing approval from the US Federal Drug Administration to introduce this product to the US market.

CHAIRMAN'S REVIEW AND MANAGEMENT DISCUSSION & ANALYSIS

In the coming years, it is our hope that this will become a new standard for the global healthcare sector in order to reduce the risk of infection and ultimately help to save lives across the world.

Meanwhile, as part of our growth plans in the year ahead, we have committed capital expenditure in the region of RM403.3 million. We will continue to expand our production capacity via the NGC. We commenced commissioning of Plant 5 in July 2018 and will soon be undertaking the construction of Plant 6. We have also increased the number of factories at the NGC from six to seven, with Plant 7 tailored towards small order and specialty products. Once the NGC is fully completed, Hartalega's total installed capacity will increase to over 44 billion pieces per annum.

In addition, as an integral part of our long-term growth plans, we are focused on capitalising on advanced technologies, in line with Industry 4.0 and the Internet of Things. As the industry becomes increasingly globalised, this will allow us to take the next step, bridging automation and data connectivity to develop sophisticated integrated manufacturing and business systems.

To this end, we are in the process of upgrading our Enterprise Resource Planning (ERP) system. This will enable us to reduce costs and wastage in our production process, as well as strengthen our operations and integrate automation across our supply chain. We target to launch this Group-wide ERP implementation project by end-2018, piloting at the NGC and subsequently rolling this out to our Bestari Jaya plants in 2019.

With our plans firmly underway, underpinned by our strengths in innovation and technology, Hartalega's growth momentum is set to remain strong.

ACKNOWLEDGEMENT

Marking a strong year of progress, our Board members have been instrumental in steering the Group forward. I would also like to convey my sincere appreciation to our management team and employees for their determination and commitment to delivering exceptional results.

As always, we are deeply thankful to our shareholders, financiers, business partners, consultants and relevant approving authorities, for their continued support and trust in Hartalega.

Kuan Kam Hon @
Kwan Kam Onn
Executive Chairman

SUSTAINABILITY REPORT

Sustainability has always been firmly entrenched at the core of Hartalega, as an integral part of the way we do business. By creating a sustainable organisational culture that benefits our company and stakeholders as well as society, we are able to ensure the long-term growth of the Group in a responsible manner.

As the Group moves forward, we are steadfast in embracing our core values and holding true to our vision to be recognised as a caring company to the community and environment.

To achieve this, we are focused on enhancing our sustainability performance through our Economic, Environmental and Social commitments. These are centred on four key pillars, namely safeguarding the environment, contributing to the wellbeing of local communities, caring for our employees and upholding the highest standards in our business practices and product quality.

GOVERNANCE STRUCTURE

As we strive to fulfil our sustainability commitments, the structure we have established allows for structured and effective management of our sustainability initiatives as well as material issues.

BOARD OF DIRECTORS

» Reviews and approves the Group's Sustainability Report

MANAGING DIRECTOR

» Reviews sustainability matters with the Sustainability Committee

» Reports to the Board on sustainability matters

SUSTAINABILITY COMMITTEE

» Comprises representatives from HSE, HR, CSR and Investor Relations departments

» Responsible for Materiality Assessment, Identification and Monitoring of Initiatives/ Actions, Execution of Initiatives/ Actions and Reporting

» Reports to the Managing Director on sustainability matters

MATERIALITY ASSESSMENT PROCESS

We have put in place a streamlined process for materiality assessment, with a clear strategy to define and allocate the necessary resources for sustainability matters. We review this process regularly to ensure that it remains effective.

STAKEHOLDER MAPPING

» Identify the Group's key stakeholders

DETERMINE SUSTAINABILITY ISSUES

» Stakeholder engagement

» Determine material sustainability concerns for each key stakeholder

CATEGORISATION & PRIORITISATION

» Categorise and prioritise key sustainability issues

» Action planning and reporting of key sustainability issues

PROCESS REVIEW

» Review materiality assessment process

COMMITMENT TO STAKEHOLDER ENGAGEMENT

By engaging with key stakeholders on a continuous basis, we are able to better understand their concerns and gain valuable insights into their needs. This allows us to prioritise our sustainability commitments in line with relevant material issues.

With this in mind, we consistently engage with our stakeholders through multiple platforms and channels throughout the year. This enables us to constructively communicate and proactively share pertinent updates, with a view towards strengthening alignment of our sustainability goals.

Based on our stakeholder engagement activities, we determined the following material sustainability issues for the year under review:

KEY STAKEHOLDER GROUP	ENGAGEMENT TYPE	MATERIAL SUSTAINABILITY ISSUES		
		ECONOMIC	ENVIRONMENTAL	SOCIAL
Customers	Periodic meetings, surveys and social compliance audits	Financial stability	Environmental protection	Human rights, employee welfare, occupational health & safety
Employees (Permanent & Contract Staff)	Yearly performance appraisals, induction programme, employee surveys, engagement sessions, campaigns, volunteer programmes, recreational events	Financial stability, economic contribution and jobs creation	Environmental protection	Occupational health & safety, employee welfare and corporate social responsibility
Government Agencies (Department of Occupational Health & Safety, Department of Environment, local councils, regulatory authorities)	Periodic meetings, on-site inspections, correspondences, social activities, industry group & local council meetings	Domestic investment & jobs creation, labour productivity, regulatory compliance	Environmental standards compliance	Occupational health & safety standards compliance
Local Communities (Communities surrounding Bestari Jaya & Sepang)	Corporate social responsibility programmes, community engagement activities, industry association & local council meetings	Economic contribution and jobs creation	Environmental protection	Corporate social responsibility
Shareholders & Investors	Annual general meeting, quarterly reporting, investment conferences & analyst briefings	Economic contribution	Environmental protection	Corporate social responsibility
Suppliers & Business Partners	Periodic meetings	Procurement practices and financial stability	Environmental protection	Corporate social responsibility

WE CARE FOR OUR ENVIRONMENT

Hartalega recognises the importance of safeguarding our environment for future generations. Testament to this, we are dedicated to ensuring that our manufacturing processes do not have adverse effects on our ecosystem.

During the year, we maintained our focus on the following environmental initiatives:

» Performing beyond compliance standards
» Effective energy management
» Waste management
» Environmental conservation activities

Beyond Compliance Standards

Environmental conservation is one of our top priorities and we do our utmost to minimise any impact from our operations. Demonstrating this, not only are we committed to the stringent regulations of the Malaysian Department of Environment (DOE), the practices we have implemented continue to surpass compliance standards.

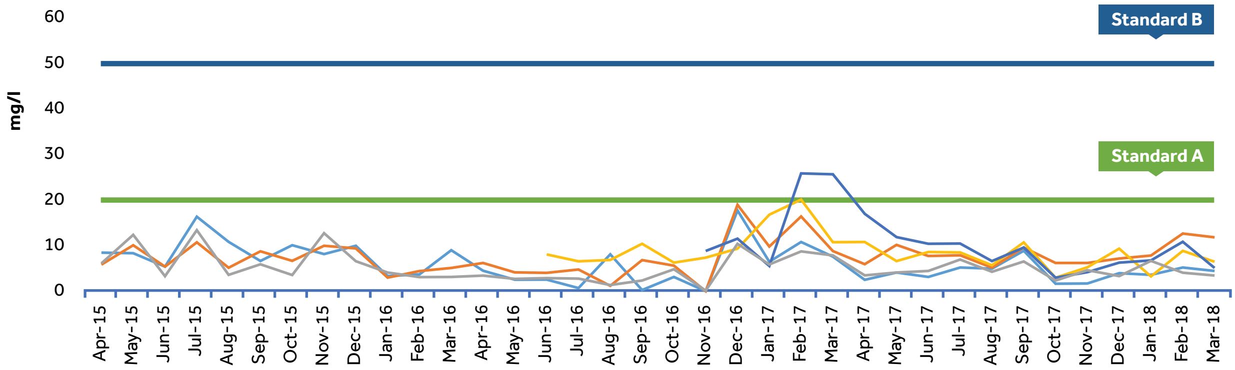
Due to our excellent environmental track record, in 2017 we successfully completed our transition to ISO 14001:2015, the latest version of the environmental management systems certification which we have held since 2013.

SUSTAINABILITY REPORT

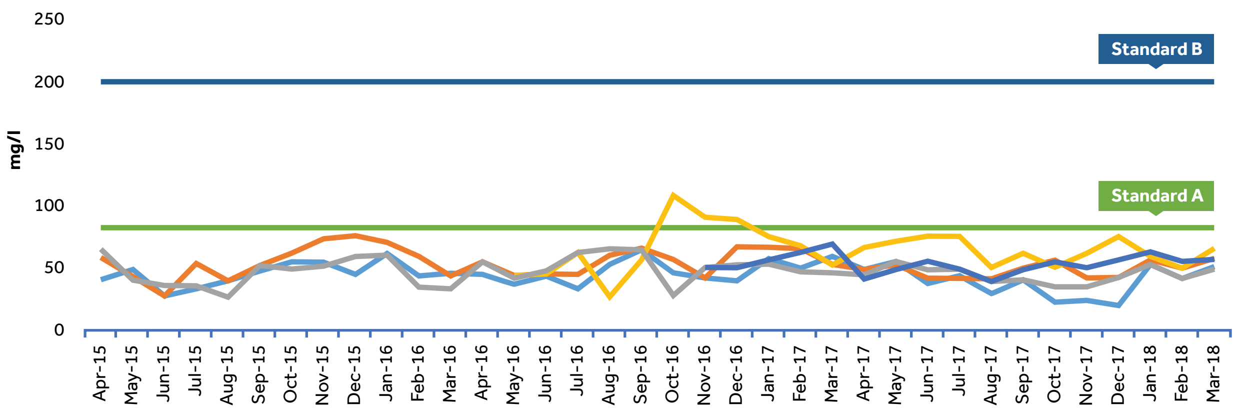
To help us meet our targets, our Key Performance Indicators keep us on track and allow us to scale up our efforts every year to reduce emission levels via our environmental control measures.

As a result of this, through our wastewater treatment plants we successfully maintained DOE's Standard A rating for effluent water discharge for all our manufacturing facilities. This is the top-most rating which Hartalega has consistently adhered to, going beyond the required Standard B rating.

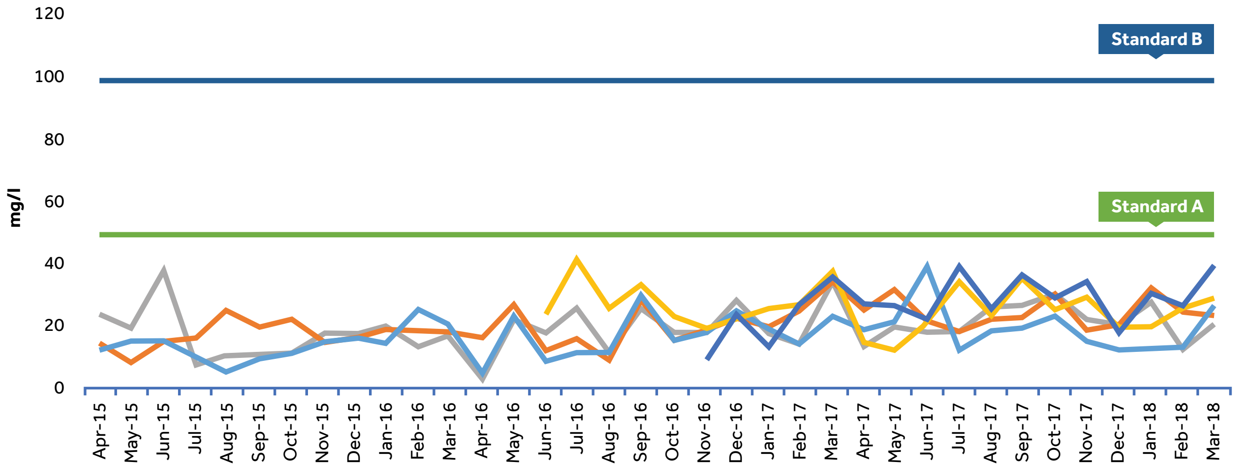
BIOCHEMICAL OXYGEN DEMAND (BOD)



CHEMICAL OXYGEN DEMAND (COD)



TOTAL SUSPENDED SOLIDS (TSS)



Bestari Jaya Plant 3 | Bestari Jaya Plant 4 | Bestari Jaya Plant 6
NGC PHASE 1 | NGC PHASE 2

Responsible Energy Management

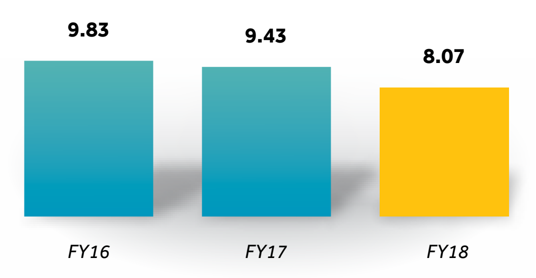
We are focused on energy efficiency throughout our operations. To meet the targets and objectives of ISO 14001:2015, we adopted the Plan-Do-Check-Act model to identify gaps, effectively implement changes and take action to improve our processes. This included installation of LED lighting at our Bestari Jaya and NGC hubs and close monitoring of all our premises to detect potential leakages.

Other ongoing initiatives such as the use of spiral heat exchangers, economiser installations for ovens and boilers and heat recovery systems were implemented at additional production lines, contributing to our energy-saving measures. We also accelerate the use of automation within our facilities and ensure that our production lines operate at optimal levels, as well as overall equipment effectiveness.

Along with this, we are in the midst of commissioning a cogeneration power plant at the NGC to further enhance energy efficiency and reduce carbon emissions.

All of these efforts have enabled us trim down the Group's energy consumption over the years, with a significant 14.4% decrease in FY2018.

Group Electricity Consumption Kwh/1000pcs



However, due to our capacity expansion with more production lines coming onstream and higher productivity, our natural gas consumption and water consumption increased during the year. We are committed to the responsible use of our resources and will continue to balance our growth in a sustainable manner.

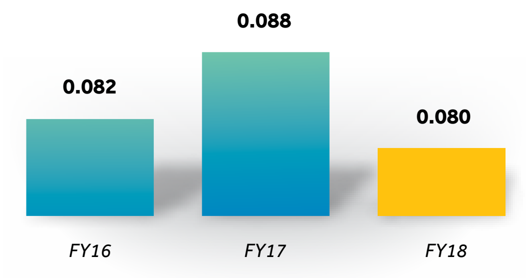
Minimising Waste

We are conscious that as the Group expands, the greater potential impact we can have on the environment. As such, it is increasingly vital to be proactive about our practices, one of which is effective waste management.

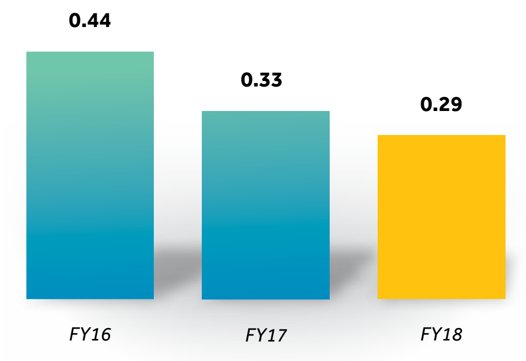
To this end, we are dedicated to reducing, reusing and recycling resources wherever possible throughout our manufacturing plants. This is supported by initiatives to raise awareness on recycling amongst our employees to encourage them to incorporate this practice into their daily lives.

These measures bore fruit in the year under review, as we recorded an 8.93% decline in scheduled waste and a 14.3% drop in non-scheduled waste.

Group Scheduled Waste Disposal kg/1000pcs



Group Non-Scheduled Waste Disposal kg/1000pcs



Nurturing Environmental Conservation

Hartalega maintains strong ties with the local community, non-profit organisations as well as the relevant authorities to join together to preserve our environment.

This year, we continued to collaborate with Inspirasi KAWA (previously known as Kelab Alami Kawa), a social enterprise that focuses on local youth empowerment through environmental education, organising a riparian tree replanting initiative along Sungai Selangor. More than 30 volunteers from all walks of life came together and successfully planted a total of 100 mangrove and palm trees within an hour.

To expand our environmental initiatives, we also signed a Memorandum of Understanding with the Department of Environment as a strategic partner. This will see the Group embarking on environmental awareness programmes.

WE CARE FOR OUR COMMUNITY

At Hartalega, we believe that it is essential to give back to our community, especially for those that are most in need. As responsible corporate citizens, our goal is to nurture sustainable communities.

We have been able to contribute to society through outreach activities, strategic partnerships, as well as the efforts of our employees who volunteer their time to effect change in society.

In the year under review, our people, known as Hartanians, devoted over 814 hours to participate in community initiatives, touching the lives of more than 7,000 individuals.

814 VOLUNTEER HOURS

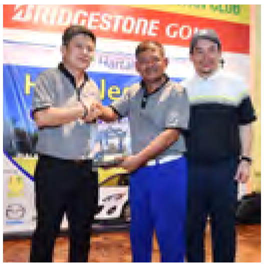
APPROX **7,000+** PEOPLE POSITIVELY IMPACTED

Investing in Our Communities

When a community prospers, this benefits companies and businesses as well. Hartalega has always been mindful of our role in supporting the development of the communities in which we operate.

One of the ways we accomplish this is by providing career opportunities for local applicants. This allows us to help elevate the quality of life for those in surrounding communities.

In addition, we carry out various initiatives within these communities, working with local councils and community leaders. Activities for the year included our annual charity drives during festive seasons, Majlis Berbuka Puasa and Raya Open Houses, and a charity golf tournament to raise funds for Jashiera Old Folks Home and Kelab Golf Di Raja Kampung Kuantan.



We also donate essential supplies on a regular basis to those in need, such as groceries for Jashiera Old Folks Home, medical supplies for Ozanam House and tuition subsidies for children in Taman Suria and Kampung Sungai Darah in Bestari Jaya.

Cultivating a Brighter Tomorrow

Education is a vital pillar in improving the socioeconomic status of communities. To this end, Hartalega is involved in a number of initiatives towards the betterment of youth.

The Group realises that a strong grasp of the English language is vital to be able to excel, particularly in this increasingly globalised market. Accordingly, we support several platforms aimed at improving English literacy among students.

This includes The Star's Newspaper-in-Education and Step Up educational pull-outs, which saw the Group sponsoring a total of 20,000 newspapers for six schools in the Kuala Selangor and Sepang districts for the year. Along with this, the Group once again partnered up with Sunway University and Lancaster University for an English Language Camp, which aids primary school students with improving their reading and language skills.

We also teamed up with the Forest Reserve Institute of Malaysia to launch a storybook titled 'Pyro the Elephant Whisperer'. Not only did this encourage English reading skills amongst students, it also engaged children on environmental awareness.

In tandem with this, it is crucial to ensure that youth are equipped with the necessary skills for the workplace. Hartalega's Graduate Readiness Internship Programme (GRIP) takes classroom learning into the field, providing students with the opportunity for practical experience in the fast-growing glove sector.

GRIP welcomes diploma and degree students from various fields of study to apply for this 12-week internship. Selected interns are placed under a supervisor or mentor to share their knowledge and skills, guiding them through assigned projects and tasks. During the year, 13 students were able to gain valuable exposure to the workplace environment through GRIP.

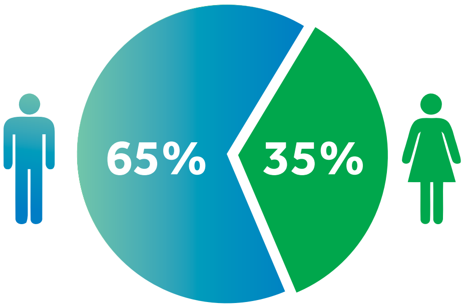
The programme is beneficial for young Malaysians and allows Hartalega to build a future talent pipeline. After the completion of their studies, students with strong potential have the opportunity to be evaluated to embark on a career at Hartalega.

Looking to the future, we aim to deepen our community outreach. To this end, in April 2018 we established Yayasan Hartalega.

Through this foundation, we plan to implement more impactful programmes centred on health, education, environment and other areas in line with our vision, to enrich the quality of life for individuals and communities. We are confident that Yayasan Hartalega will enable us to amplify our efforts in the years ahead.

WE CARE FOR OUR PEOPLE

With a staff-strength of close to 7,500, we are proud of the skilled and diverse talent pool that we have cultivated.



We are fully cognisant that our people form the bedrock of our success. To this end, we go to great lengths to foster a progressive organisational culture and conducive work environment to allow our employees to thrive.

Investing in Our People

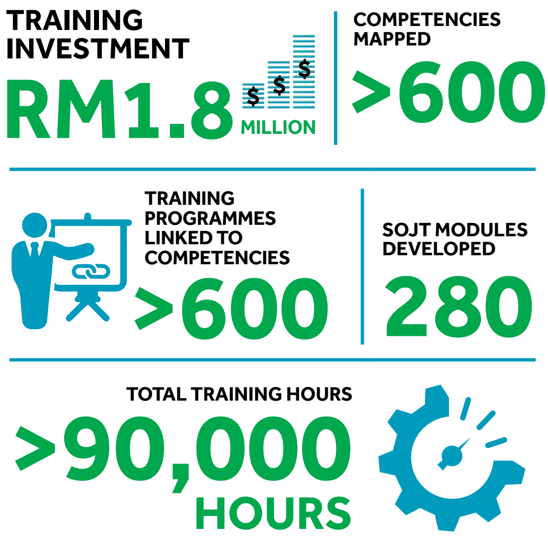
It is crucial to equip our employees with the necessary skills and knowledge to excel. To this end, we empower our employees via the numerous initiatives we have in place, such as our Human Resource Transformation Programme which we introduced in 2010. This programme aims to strengthen our talent pool every step of the way, from recruitment to skills development and talent retention.

Supporting this are various training and development programmes. These are implemented by our in-house training department for the ease of employees as well as external training programmes. Our people are able to participate in a variety of these programmes, depending on their interests and fields of expertise.

New employees undergo a two-day induction programme as part of the onboarding process. This helps new staff gain a better understanding of their job scope and adjust to the corporate culture. They also learn about relevant policies and safety regulations. From the next financial year onwards, we will be extending this to a four-day programme to accommodate additional training materials.

Our Competency Development Programme entails a clear framework to train staff in core, leadership and functional competencies. An important component of this is Structured On-the-Job Training (SOJT), a systematic training methodology which fosters an environment of communication and learning.

Competency Development Programme



We have a comprehensive database of over 200 SOJT modules to equip employees with the right functional skills and knowledge to heighten productivity. New staff go through the pertinent training modules for their respective functions and departments, which helps them acclimate to their roles and gain a sense of confidence in their abilities. Best practices across departments are also documented in SOJT modules and are integrated in our blueprint for future expansion.

We place great emphasis on our core values which are articulated by the acronym 'SHIELD', representing Synergy, Honesty, Innovativeness, Excellence in Quality, Learning and Dedication. Employees at all levels are appraised with these values as a benchmark and we constantly promote SHIELD throughout the organisation.

Our Leadership Development Programme is part of our succession planning, involving employees at the leadership level and those who have been earmarked to take on leadership roles. For this programme, we work with established external human resources consultants to impart good leadership practices.

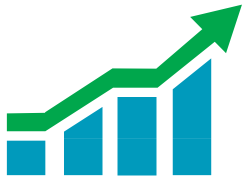
With these initiatives in place, we are able to develop a talent pool with the right values, experience and knowledge to drive the Group forward.

We strongly believe in the betterment of our talent in order to adapt to the evolving industry. For high-performing employees who wish to further their education, we provide support via educational and financial assistance.

To further incentivise our workforce and instil a sense of ownership, we provide an employee stock option scheme (ESOS) in addition to competitive remuneration and benefits packages. This allows our employees to share in the success of the Group.

2nd ESOS Scheme

FOR TECHNICIAN/CLERICAL-LEVEL AND ABOVE



SHARE PRICE APPRECIATION
220%
TO DATE

ESTIMATED PROFIT GENERATION (INCLUDING UNVESTED)
>RM400 MILLION

Apart from this, employee engagement is important to ensure our workforce is fully aligned with the objectives of the Group. We conduct employee engagement surveys and carry out regular activities such as townhalls and briefings with the management team or focus groups by the Human Resources Department. This allows us to keep our staff apprised of pertinent developments and address any questions or concerns they may have. We also have 'Tahu Tak' sessions, where informative posters are set up with fun activities and quizzes to draw interest from employees.

In addition, we are able to share Group-wide updates using digital platforms. This includes our Hartanet intranet network which was established in 2014 as well as email blasts.

SUSTAINABILITY REPORT

Creating a Safe and Healthy Workplace Environment

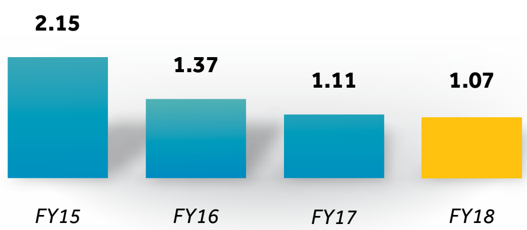
Hartalega cares about the welfare and safety of our people. Through our annual Health, Safety and Environment (HSE) Campaign, we strive to strengthen awareness and educate employees on appropriate HSE measures.

The HSE campaign prepares our employees through training programmes covering relevant topics. This comprises emergency response, first aid, evacuation drills, chemical handling and equipment safety training, amongst other safety related issues.

Other programmes include our toolbox programme, an induction and safety video, hazard identification training, foreign worker training and accident prevention briefings. These measures allow us to instil a safety-first culture. We also encourage safety awareness through competitions where employees are rewarded for their safety knowledge.

As a result of these concentrated efforts, our Group Lost Time Injury rate continued to decrease with a 3.5% reduction and we successfully maintained our Zero Fatality Rate during the year.

Group Lost Time Injury Rate



Data calculated based on number of incidents per million man hours worked

Group fatality rate:	
FY15	0
FY16	0
FY17	0
FY18	0

Demonstrating our strong safety culture, Hartalega is fully compliant with the Occupational Health and Safety Management System (OHSAS) 18001:2007 certification. This ensures that our employees are in a safe and conducive working environment.

Championing Employee Welfare

We are conscious of the importance of prioritising the holistic wellbeing of our employees and have taken steps towards this end.

During the year we established Hartagize, a programme run by our Human Resources and CSR departments as well as the Sports Club. Hartagize promotes health, employee engagement and volunteerism among our staff by organising a wide range of activities.

To encourage employees to adopt more active lifestyles, health activities included the Hartalega Colour Run, subsidised fees for marathons such as the Standard Chartered Marathon 2018, and weekly sports and fitness events. We also issued a 10,000 Steps Challenge, providing a subsidised fitness tracker to employees with a monthly cash prize up for grabs.

In addition, we collaborated with Pejabat Kesihatan Daerah Kuala Selangor and Sepang to organise a programme called Komuniti Sihat Perkasa Negara. This initiative offered health screenings at our offices in Bestari Jaya, Sepang and Sri Damansara, benefitting over 300 Hartanians.

Hartalega also believes that stronger bonds result in a happier workplace environment and motivated employees. To this end, we organised fun events such as a Hartalega Treasure Hunt and movie nights to build up a sense of camaraderie and teamwork.

Volunteerism focuses on contributions to the local community as well as the environment. In line with this, we invite our employees to participate in our many initiatives towards the betterment of society and the environment.

Prioritising Social Compliance

As a leader in the glove industry, we are strong proponents of just and fair treatment of all our employees. We are dedicated to equality, diversity and inclusion within our recruitment and talent development practices, which are founded on merit and guided by a strict ethical standard. We provide advancement opportunities for qualified personnel from all walks of life.

In line with our strong corporate governance, we have a Code of Conduct in place which all employees must uphold, conforming to the highest levels of integrity and professionalism. This encompasses anti-bribery and anti-corruption policies. To ensure full accountability, we have established a whistleblowing mechanism and grievance handling procedure to allow for reporting of any misconduct or non-compliance without fear of reprisal. This also enables the Group to take appropriate action where necessary.

Hartalega's social compliance policy is in line with international social compliance policies against child labour and young workers, workplace discrimination and forced labour. Further to this, we strictly adhere to the standards of the Foreign Trade Association's Business Social Compliance Initiative (BSCI), a leading supply chain management system that guides companies on social compliance standards.

Our commitment to social compliance is exemplified by our spotless track record of human rights and labour standards.

Human Rights and Labour Standards	FY2015	FY2016	FY2017	FY2018
No. of discrimination incidents	0	0	0	0
No. of child labour incidents	0	0	0	0
No. of grievances about human rights issues	0	0	0	0
No. of forced/compulsory labour incidents	0	0	0	0

WE CARE FOR OUR CONSUMERS & MARKETPLACE

Since our inception, the Group has been geared towards fulfilling the evolving healthcare needs of consumers and the marketplace.

This is the underlying principle at the crux of our business strategy, driving our development of innovative products of the utmost quality to better serve the market.

Meeting the Highest Standards of Quality and Safety Control

Hartalega's products are synonymous with high quality standards. Reflecting this, our products undergo stringent tests by third party laboratories and global certification bodies.

Furthermore, our products adhere to international quality standards, including ISO 2859 Acceptable Quality Level Standards, the American Society of Testing and Materials, the European Committee for Standardisation, the Japanese Institute of Standards and the Australia and New Zealand AS/NZS standard.

Additionally, we have held our ISO (International Organisation for Standardisation) certification since 1996. Other certifications accorded to Hartalega include ISO 9001:2008 by TUV Management Service GmbH, ISO 14001:2015 by TUV SUD Asia Pacific TUV SUD Group, ISO 13485:2003 (CMDCAS) by TUV America, EN ISO 13485:2012 by TUV Product Service GmbH, EC Certificate by TUV Product Service GmbH and OHSAS 18001.

As a result of our commitment towards sound environmental, social and corporate governance practices, Hartalega continues to be a part of the FTSE4Good Bursa Malaysia Index.

Sustainability in Product Innovation

Our passion for innovation has never wavered and has seen us grow from strength to strength over the years. Through our tireless efforts to go against the grain, the Group has blazed a trail in the industry, making our mark with many disruptive innovations.

This innovative spirit continues to this day, exemplified in our newest product: the world's first non-leaching antimicrobial glove.

ANTIMICROBIAL GLOVES

Every year, healthcare-associated infections (HAIs) affect millions of people and families around the world, causing unnecessary suffering and deaths, along with great cost to the healthcare system. Given this mounting issue, we realised early on the urgent need for a solution.

After years of intense research and development with a technology partner along with experts in the field, we introduced the antimicrobial glove to the market in May 2018. Featuring breakthrough technology, our latest product can actively prevent HAIs, killing various forms of common bacteria quickly upon contact and reducing the risk of contamination and transmission.

Given the efficacy of the glove in eliminating antibiotic-resistant bacteria, this product can save lives across the world. The glove is also considered environmentally-friendly as it does not release any biocidal or toxic materials to the ecosystem.

We firmly believe that this game-changing product has the potential to change the entire landscape, not only for the glove manufacturing industry but also the global healthcare sector.

As we strive to set new standards via disruptive innovations, we will continue to deliver products that meet the needs of the market and contribute to the sustainable growth of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

This Corporate Governance Overview Statement is presented pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The objective of this statement is to provide an overview of the application of the corporate governance practices of the Group during the financial year ended 31 March 2018 with reference to Board Leadership and Effectiveness, Effective Audit and Risk Management and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders as set out in the latest Malaysian Code on Corporate Governance ("MCCG").

The Board has also provided specific disclosures on the application of each of the Practices in its Corporate Governance Report ("CG Report"). This CG Report was announced together with the Annual Report of the Company on 31 July 2018. Shareholders may obtain this CG Report by accessing the Company's website under the Corporate Governance segment at https://harta.irplc.com/investor-relations.html. For further details, shareholders are advised to read this overview statement together with the CG Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Board Charter and Board Committees

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.

The Board is mindful of the importance of the establishment of clear roles and responsibilities in discharging its fiduciary and leadership functions including those reserved for the Board's approval. The Board has defined its Board Charter and Schedule of Matter setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed as well as the key matters reserved for the Board's approval. These Board Charter and Schedule of Matter were reviewed and published in the Company's website under the Corporate Governance segment at https://harta.irplc.com/investor-relations.html.

The Chairman is responsible for instilling good governance practices, leadership and effectiveness of the Board. 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. Their role is to challenge the management and the Board in an effective and constructive manner and provide justified and sound opinions to the Board of Directors. The Executive Chairman also encourages healthy debates on important issues and promotes active participation by Board members.

The Board has established four (4) Board Committees, namely the Audit Committee, Risk Management Committee, Nomination Committee and Remuneration Committee that are delegated specific responsibilities and the authority to assist the Board in carrying out its duties. The delegation of authority to the Committees enables the Board to achieve operational efficiency, by empowering each Committee to review, report and make recommendations to the Board on matters relevant to their roles and responsibilities. The terms of reference of each Board Committee are set out in the Board Charter and published in the Company's website under the Corporate Governance segment at https://harta.irplc.com/investor-relations.html. 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.

Code of Conduct and Ethics

Good governance at all levels is essential for sustainable development. The Board is committed to embrace the highest standards of corporate governance practices and ethical standards throughout the Group.

In this respect, the Group has established a Code of Conduct and Ethics to provide direction and guidance to all Directors, Senior Management and employees in the discharge of their duties and responsibilities that will be in the best interest of the Group. The Code of Conduct and Ethics is uploaded on the Company's website under the Corporate Governance segment at https://harta.irplc.com/investor-relations.html.

Whistleblowing Policy

The Board is committed to achieve and maintain high standards of corporate governance practices across the Group. A Whistleblowing Policy has been implemented to provide a channel to enable Directors, employees, shareholders, vendors or any parties with a business relationship with the Group with an avenue to report suspected wrongdoings that may adversely impact the Group. The Company treats all reports in a confidential manner and at the same time provides protection to anyone who reports such concerns in good faith. The Whistleblowing Policy is published on the Company's website under the Corporate Governance segment at https://harta.irplc.com/investor-relations.html.

Company Secretaries

The Board is supported by qualified and competent Company Secretaries who advise the Board, particularly with regards to compliance with regulatory requirements, guidelines, legislations and the principles of best corporate governance practices. All Directors have unrestricted access to the advice and services of the Company Secretaries. The appointment and removal of Company Secretaries or Secretaries of the Board Committees can only be made by the Board.

The Board understands that the supply, timeliness and quality of the information affect the effectiveness of the Board to oversee the conduct of business and to evaluate the Management's performance of the Group. The Board ensures that each Director is provided with timely notices. Board papers are issued prior to the Board meetings to enable the Directors to review and consider the agenda items to be discussed and where necessary, to obtain further explanations in order to be fully briefed before the meeting.

All Board members have unrestricted access to timely and accurate information in furtherance of their duties and subject to Board's approval may seek independent professional advice when necessary in discharging its various duties, at the Company's expense.

The Company Secretaries ensure that all Board and Board Committees' meetings are properly convened. The Company Secretaries will ensure that accurate and proper records of the proceedings and resolutions passed are recorded and the minutes are circulated to the Board members as soon as possible before the next meetings.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

Information and Support for Directors

The underlying factors of Directors' commitment to the Company are devotion of time and continuous improvement of knowledge and skill sets.

The Board meets at least once every quarter and additional meetings are convened as and when necessary. During the Financial Year, five (5) Board meetings were held. The record of attendance is as follows:

Director	Number of Meetings Attended
Kuan Kam Hon @ Kwan Kam Onn	5/5
Kuan Mun Leong	5/5
Kuan Mun Keng	5/5
Dr. Danaraj A/L Nadarajah	5/5
Dato' Tan Guan Cheong	5/5
Razman Hafidz bin Abu Zarim	4/5
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria	5/5
Datuk Seri Nurmala binti Abd Rahim	5/5

The Directors are 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.

During the financial year ended 31 March 2018, the external training programmes and seminars attended by the Directors are as follows:

Conferences / Trainings / Seminars	Date	Attendees
Business & Leadership		
Asia Insurtech Summit	26-27 April 2017	Razman Hafidz bin Abu Zarim
Economist's Briefing: Growing Affluence	23 May 2017	Razman Hafidz bin Abu Zarim
YTL Leadership Conference 2017	6 November 2017	Dato' Tan Guan Cheong
Asean Forum, National University of Singapore - AEC: Challenges and Opportunities	1 February 2018	Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria
Sweden-South East Asia Business Summit	6 February 2018	Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria
Asean-EU Business Summit	2 March 2018	Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria
Briefing by Dr Mark Zandi on Global Economic & Markets Outlook – RHB	29 March 2018	Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria
Innovation & Technology		
Amazon Web Services Summit	18 April 2017	Razman Hafidz bin Abu Zarim
Big Data Innovation Summit	19-20 April 2017	Razman Hafidz bin Abu Zarim
FinTech Talk by Bank Negara Malaysia	27 October 2017	Razman Hafidz bin Abu Zarim
Roundtable on Connectivity and Innovation	30 January 2018	Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria
Cyber Risk Management for Industry 4.0 - EUMCCI	19 March 2018	Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria
Beyond Compliance: Achieving Cyber Resiliency - Bursa Malaysia/PwC	27 March 2018	Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria
Governance		
Assessment of the Board, Board Committees and Individual Directors – Taking Stock of Performance	11 April 2017	Datuk Seri Nurmala binti Abd Rahim
New Malaysian Code of Corporate Governance 2017 – A Comprehensive and Actionable Work Plan	10 November 2017	Dato' Tan Guan Cheong
Briefing on Guidelines of the Malaysian Code of Corporate Governance	28 February 2018	Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

Conferences / Trainings / Seminars	Date	Attendees
Finance & Investor Relations		
Comprehending Financial Statements for Directors and Senior Management	14 July 2017	Datuk Seri Nurmala binti Abd Rahim
Invest Malaysia 2017	25-26 July 2017	Kuan Kam Hon @ Kwan Kam Onn Kuan Mun Leong Kuan Mun Keng
MFRS 9 Financial Instruments: Gearing Up for First-Time Adoption	19 September 2017	Dato' Tan Guan Cheong
UOB Kay Hian's Investment Gems Conference	10-11 October 2017	Razman Hafidz bin Abu Zarim
CLSA ASEAN Forum, Bangkok	7-9 March 2018	Kuan Kam Hon @ Kwan Kam Onn Kuan Mun Leong Kuan Mun Keng
Regulatory		
The Companies Act 2016 – Key Changes and Implications to Directors and Management	11 April 2017	Datuk Seri Nurmala binti Abd Rahim
Research Institute Network Meeting, Jakarta – Presentation on "Non-Tariff Measures in Asean and the Reduction of Unnecessary Regulatory Burden"	29 January 2018	Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria

II. Board Composition

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 16 to 23 of this Annual Report.

The Board currently has eight (8) members comprising one (1) Senior Independent Non-Executive Director, three (3) Independent Non-Executive Directors and four (4) Non-Independent Executive Directors.

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.

Annually, the Nominating Committee would review the independence of the Independent Directors. Criteria for assessment of independence is based on the requirements and definition of "independent director" as set out in the MMLR. Independent Directors are required to confirm their independence by giving the Board a written confirmation of their independence. In addition, consideration would also be given to assess whether the independent directors are able to meet the minimum criteria of "fit and proper" test of independence, which is part of an annual assessment test, as enumerated in the Policy on appointment and continuous assessment of Directors and the suitability and ability of the Independent Non-Executive Director to perform his/her duties and responsibilities effectively shall be based on his/her calibre, qualifications, experience, expertise, personal qualities and knowledge of the Company and industry.

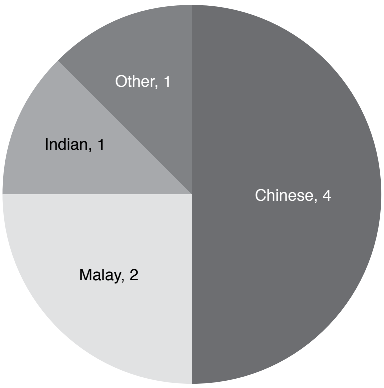
In accordance to the Board Charter, the maximum tenure of an Independent Non-Executive Director shall not exceed the cumulative term of nine years from the date of first appointment as Director or upon the expiry of the ongoing term of appointment as Director, whichever is later. Any extension beyond nine years will require Board justification and shareholder approval unless the said Director wishes to be re-designated as Non-Independent Non-Executive Director which shall be a consideration for the Board to decide.

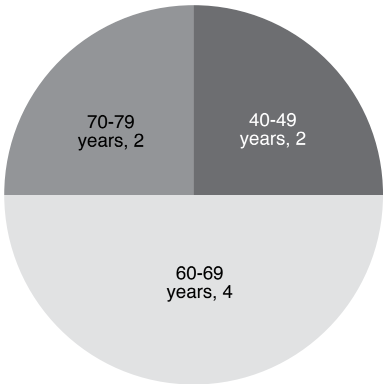
CORPORATE GOVERNANCE OVERVIEW STATEMENT

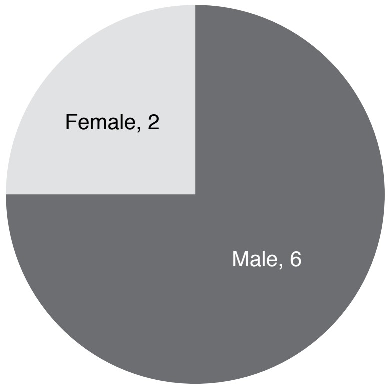
Diversity on Board and Senior Management

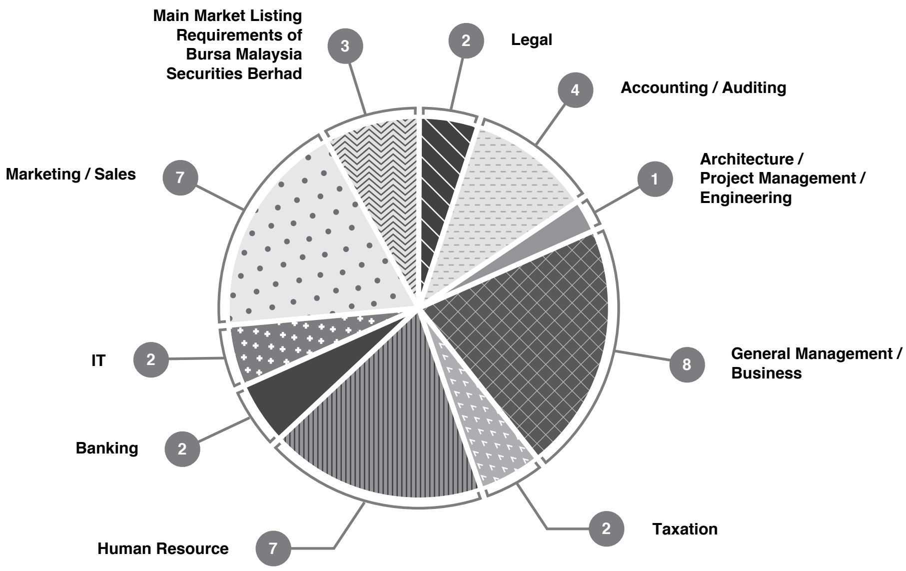
The appointment of Board and senior management is based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

The current diversity in the ethnicity, age distribution, gender and skillsets of the existing Board is as follows:









Nomination Committee

The Nomination Committee comprises the following members:

Name of Director	Designation	Directorship
Razman Hafidz Bin Abu Zarim	Chairman	Independent Non-Executive
Dato' Tan Guan Cheong	Member	Independent Non-Executive
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria	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 ongoing basis.

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

Evaluation of Board, Board Committees and Individual Directors

The Nomination Committee annually performs Board self-evaluation to evaluate the performance of the Board, Board Committees and individual Directors, in order to verify that the Board is operating effectively and efficiently as a whole. Each Director completed a detailed questionnaire on the Directors' Performance Evaluation which covered matters relevant to the Board performance, among other things, contribution to interaction, quality of input, understanding of role and personal developments. An evaluation of each Board Committee was done by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as Committee's performance against its Terms of Reference. The assessment was internally facilitated, whereby results of the assessments were compiled, documented and reported to the Board accordingly, as part of the Company's ongoing corporate governance practices.

Based on the assessment carried out during the financial year, the Nomination Committee concluded the following:

a. The Board was found to be competent and had a dynamic and balanced mix of skills and experience wherein the Directors were able to contribute effectively to the Board's decision-making process.

b. The current structure, size and composition of the Board, which comprises people who possess a wide range of expertise and experience in various fields with diverse backgrounds and specialisations, would enable the Board to lead and manage the Company effectively.

c. The Directors discharged their responsibilities in a commendable manner, acted competently, contributed effectively to the Board and demonstrated full commitment to their duties as Directors.

d. The Board and Board Committees contributed positively to the Company and its subsidiaries and were operating in an effective manner.

e. The Board Chairman provided leadership as well as contributed to the Board.

f. The performances of the Board Committees were found to be effective.

Re-Election of Directors

In accordance with the Company's Constitution, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Restriction on Directorships

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

III. Remuneration

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.

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 and payable or otherwise made available to all Directors of the Company during the financial year was as follows:

	Group			Company		
Category	**Fees (RM)**	**Salaries & Other Emoluments (RM)**	**Benefit in Kind (RM)**	**Fees (RM)**	**Salaries & Other Emoluments (RM)**	**Benefit in Kind (RM)**
Executive Director	360,000	5,266,957	159,943	288,000	-	-
Non-Executive Director	288,000	29,000	-	288,000	29,000	-
Total	648,000	5,295,957	159,943	576,000	29,000	-

Directors' remuneration is broadly categorised into the following bands:

Range of Remuneration	**Number of Executive Directors**	**Number of Non-Executive Directors**
RM 50,001 to RM 100,000	0	4
RM 950,001 to RM 1,000,000	1	0
RM 1,000,001 to RM 1,150,000	1	0
RM 1,800,001 to RM 1,850,000	1	0
RM 1,900,001 to RM 1,950,000	1	0

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Audit Committee consists of the following members:

1) Dato' Tan Guan Cheong (Chairman)

2) Razman Hafidz bin Abu Zarim (Member)

3) Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria (Member)

4) Datuk Seri Nurmala binti Abd Rahim (Member)

The Chairman of the Audit Committee is not the Chairman of the Board. In addition, the Audit Committee comprises wholly of Independent Non-Executive Directors. The Audit Committee Report is set out separately in this Annual Report. Full details of the Audit Committee's duties and responsibilities are stated in its Terms of Reference which is available on the Company's website.

Relationship with Auditors

The Board has a formal and transparent relationship with its auditor Messrs. Deloitte PLT. 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.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

II. Risk Management and Internal Control Framework

The Risk Management Committee consists of the following members:

1) Dato' Tan Guan Cheong (Chairman)

2) Razman Hafidz bin Abu Zarim (Member)

3) Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria (Member)

4) Datuk Seri Nurmala binti Abd Rahim (Member)

5) Kuan Mun Leong (Member)

The Risk Management Committee comprises a majority of Independent Non-Executive Directors. The Risk Management Committee Report is set out separately in this Annual Report. Full details of the Risk Management Committee's duties and responsibilities are stated in its Terms of Reference which is available on the Company's website under the Corporate Governance segment at https://harta.irplc.com/investor-relations.html.

The Board is committed to maintain 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 70 of this report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

The Group recognises the importance of communication with its stakeholders 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 an investor relations team to facilitate two-way communication with its shareholders. 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.

II. Conduct of General Meetings

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 (21) days prior to the meeting. The Board will change the present AGM's notice period to twenty-eight (28) Days in the Company's Constitution next year. Thereafter, the Board will provide notice of Annual General Meeting together with the Annual Report to shareholders twenty-eight (28) 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.

In the event that shareholders are unable to attend the AGM in person, they are encouraged to appoint one (1) or up to two (2) proxies to attend and vote in his/her stead. The outcome of the meeting is announced to Bursa Securities on the same day, which is also accessible on the Company's website.

The Company conducts poll voting on each resolution tabled during the general meetings to support shareholder participation. With the electronic poll voting, each shareholder present in person or represented by proxy at the general meeting will be entitled to vote on a one-share, one-vote basis. At least one (1) scrutineer is appointed to validate the votes cast at the meeting.

ADDITIONAL COMPLIANCE INFORMATION:

Statement of Directors' Responsibilities in respect of the Financial Statements

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.

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 2016 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.

Compliance Statement

The Board is satisfied that the Group has substantially complied with the majority of the practices of the Malaysian Code on Corporate Governance ("MCCG") throughout the financial year. In pursuit of safeguarding the interest of the shareholders and other stakeholders, the Board is committed and will continue to strengthen its application of the best practices in corporate governance.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 3 July 2018.

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 2018 are as follows:

Composition of the Committee	Attendance
Dato' Tan Guan Cheong (Chairman / Independent Non-Executive Director)	5/5
Razman Hafidz bin Abu Zarim (Independent Non-Executive Director)	4/5
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria (Senior Independent Non-Executive Director)	5/5
Datuk Seri Nurmala binti Abd Rahim (Independent Non-Executive Director)	5/5

B. Composition Compliance

The Audit Committee consists of four (4) members all of whom are independent non-executive directors fulfilling the requirements of paragraph 15.09(1)(a) and (b) of Bursa Malaysia Securities Berhad's Main Market Listing Requirement ("MMLR") and Malaysian Code on Corporate Governance 2017 ("MCCG 2017"). None of the appointed Audit Committee members are alternate directors in compliance with requirements of paragraph 15.09(1)(c) of the MMLR.

The Audit Committee is chaired by Dato' Tan Guan Cheong. He is a member of the Malaysian Institute of Accountants since 1983, which accordingly complies with paragraph 15.09(1)(c)(i) of the MMLR.

C. Terms of Reference

The written Terms of Reference of the Audit Committee are consistent with requirements of the MMLR and MCCG 2017.

The written Terms of Reference of the Audit Committee which are accessible to the public for reference on Hartalega's corporate website clearly set out the following:

i. Composition

ii. Chairman

iii. Meetings

iv. Objectives

v. Authority & Responsibilities

vi. Appointment Process

D. Meetings

The Audit Committee held five (5) meetings during the financial year ended 31 March 2018, attended by the Audit Committee members. The Audit Committee meetings held were also attended by the appointed secretary, representatives from external and internal auditors, with the presence of senior management by invitation of the Audit Committee to facilitate direct communications and to provide clarifications on audit issues.

Details of attendance of each Audit Committee member are outlined in paragraph A above.

E. 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 financial statements of the Group before submission to the Board for approval, 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;

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

v. Reviewed the external audit nature and scope of the audit and audit planning memorandum covering the main activities of the external audit approach, including evaluation of external auditors' responsibilities, client service team, materiality level, audit risk assessment, significant risks and areas of audit focus, consideration of fraud, the internal control system, involvement of internal auditors and internal specialists, involvement of component auditors, timing of audit, engagement quality control, independence policies and procedures and financial reporting updates with the external auditors;

vi. Reviewed the financial year end statements with the external auditors including audit issues and findings noted during the course of audit of the Group's financial statements and Management's response thereto;

vii. Reviewed, assessed and monitored the performance, suitability and independence of the external auditors;

viii. Reviewed any related party transactions and recurring related party transactions that arose within the Group for ratification by the Board;

ix. Reviewed any material provision or allowance and writing off of bad debts in the quarterly financial statements and annual financial statements for Board approval; and

x. Reviewed the Audit Committee Report and its recommendation to the Board for inclusion in the Annual Report.

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

AUDIT COMMITTEE REPORT

F. Internal Audit Function

The Group outsourced its internal audit function to an external consultant. The cost incurred for the internal audit function in discharging its functions and responsibilities for the financial year ended 31 March 2018 was RM101,092 (2017: RM84,000).

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 audit was carried out in accordance with the Institute of Internal Auditors' guidance on risk based internal auditing. The internal audit approaches are as follows:

» Meeting with key staff to gain an understanding of the risks along with the processes reviewed, and the controls put in place;

» Reviewing key documents that support the processes and controls in place;

» Performing walkthrough test and test of control, and in particular management oversight controls, in order to provide assurance as to the design and operational effectiveness of the internal control; and

» Comparing existing processes with established best practices.

The internal audit activities are carried out based on a risk-based audit plan, which include both assurance and consulting activities approved by the Audit Committee, in order to achieve the following objectives:

» Compliance with legislation, regulations, policies and procedures;

» Economy and efficiency of operations;

» Safeguarding of assets;

» Reliability and integrity of financial and operational information; and

» Achievement of operational objectives.

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.

G. Review of the Audit Committee

The Audit Committee is satisfied that matters reported by it to the Board have been satisfactorily resolved and did not see any matter in breach of the MMLR that warrant reporting to Bursa Malaysia Securities Berhad.

H. Evaluation of the Audit Committee

The Nomination Committee reviews the term of office and performance of the Audit Committee and each of its members through an annual effectiveness evaluation. The Nominating Committee is satisfied that the Audit Committee and members have carried out their duties in accordance with their terms of reference.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Statement on Risk Management and Internal Control (the "Statement") is prepared pursuant to paragraph 15.26(b) of 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 maintain 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. Thus, the Board, through the Risk Management Committee ("RMC"), maintains overall responsibility for risk oversight within the Group. Pursuant to Malaysian Code on Corporate Governance ("MCCG") requirements for large organisations, the RMC is made up of a majority of Independent Non-Executive Directors.

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, 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 COMMITTEE

The RMC is to assist the Board to oversee the management of all identified material risks including inter-alia reviewing risk management policies and frameworks, reviewing and approving risk management limits, reviewing risk exposures and portfolio composition, and ensuring that infrastructure, resources and systems are put in place for effective risk management oversight. The RMC also ensures that the Risk Management Working Group (RMWG) provides regular reporting and update to the Board on key risk management issues.

In discharging its responsibilities, the RMC will ensure the corporate objectives are supported by sound risk management strategy and an effective risk management framework that is appropriate to the nature, scale and complexity of the Group's activities and to provide effective oversight to ensure business activities are aligned to the risk strategy, risk appetite and policies approved by the Board of Directors. In addition, the RMC exercises oversight over the Group and subsidiaries' risk management and ensures that appropriate processes are established to monitor the subsidiaries' compliance with the Group's risk management policies.

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 on key risks to RMC and to address 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 risk owners have the overall responsibility to report the key risks to the attention of the RMWG. The Managing Director is responsible to report to the RMC and 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 day-to-day management processes and is explicitly applied in decision-making and strategic planning.

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT AND ISO AUDIT FUNCTION

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

i. Internal Audit; and

ii. ISO Audit

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

The Internal Audit Function ("IAF") is carried out in accordance with the International Professional Practice Framework ("IPPF") by an independent professional firm, namely BDO Governance Advisory Sdn Bhd. The IAF team is headed by an Executive Director who possesses the relevant qualifications and experience and is assisted by three (3) staff including a Manager.

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 the requirements of the ISO 9001, ISO 13485, ISO 14001 and OHSAS 18001 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 9001:2015, ISO 13485:2016, ISO 14001:2015 and OHSAS 18001:2007 management systems and are reviewed annually for their effectiveness;

» Whistleblowing policy to provide an avenue for whistleblowing report and promote good corporate governance;

» 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 2018, 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 non-critical 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 inclusion in the annual report of the Group for the year ended 31 March 2018 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 2018

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 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding.

The information on the name, place of incorporation, principal activities and percentage of issued share capital held by the holding company in each subsidiaries is as disclosed in Note 11 to the financial statements.

RESULTS

	Group RM	Company RM
Profit for the financial year	439,632,331	626,224,189
Attributable to:		
Owners of the Company	438,919,102	626,224,189
Non-controlling interests	713,229	-
	439,632,331	626,224,189

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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 2.0 sen per share amounting to RM32,879,294 in respect of the financial year ended 31 March 2017, declared on 9 May 2017 and paid on 23 June 2017.

ii. final single tier exempt dividend of 2.5 sen per share amounting to RM41,255,035 in respect of the financial year ended 31 March 2017 as reported in the directors' report of that financial year approved by shareholders at the last Annual General Meeting on 22 August 2017 and paid on 27 September 2017;

iii. first single tier exempt dividend of 3.5 sen per share amounting to RM57,824,652 in respect of the current financial year, declared on 7 November 2017 and paid on 28 December 2017;

iv. second interim single tier exempt dividend of 4.0 sen per share amounting to RM66,219,657 in respect of the current financial year, declared on 6 February 2018 and paid on 28 March 2018; and

v. third interim single tier exempt dividend of 2.0 sen per share amounting to RM66,260,035 in respect of the current financial year, declared on 15 May 2018 and paid on 27 June 2018.

DIRECTOR'S REPORT

The directors recommended a final single tier exempt dividend of 2.2 sen per share amounting to RM72,962,583 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 2019.

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors:

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

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM830,315,586 to RM1,312,308,547, by way of:

i. issuance of 12,973,000 ordinary shares for cash pursuant to the exercise of options under the Employees Share Option Scheme at exercise prices ranging between RM3.78 and RM7.27 per ordinary share; and

ii. bonus issue of 1,655,982,614 ordinary shares through the capitalisation from retained earnings on the basis of one (1) new ordinary share for every one (1) existing ordinary share held;

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

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

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 Employees Share Option Scheme.

DIRECTOR'S REPORT

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 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(c) to the financial statements.

During the financial year, the Company granted a total of 8,116,600 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 are as follows:

Grant date	Expiry date	Exercise price RM	Number of options
21.04.2017	22.07.2020	4.70	1,604,300
21.07.2017	22.07.2020	6.47	2,872,200
23.10.2017	22.07.2020	7.27	2,058,900
22.01.2018	22.07.2020	10.46	1,581,200
			8,116,600

The Company has been granted exemption by the Companies Commission of Malaysia vide its letter dated 28 June 2018 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 255(1) of the Companies Act 2016 in Malaysia except for information of employees who were granted 95,700 options and above.

The list of option holders granted 95,700 options and above during the financial year is as follows:

					Number of share options				
Name	Grant date	Expiry date	Exercise price prior to bonus issue RM	Exercise price after bonus issue RM	Granted '000	Exercised '000	Balance prior to adjustment for bonus issue '000	Adjustment for bonus issue '000	At 31.3.2018 '000
Ng Kim Lui	23.10.2017	22.07.2020	7.27	3.64	208.6	-	208.6	208.6	417.2
Lee Pei Luan	21.07.2017	22.07.2020	6.47	3.24	117.7	(6.6)	111.1	111.1	222.2
Chan Chin Pei	21.07.2017	22.07.2020	6.47	3.24	117.7	(4.0)	113.7	113.7	227.4
Yeong Ching Yee	21.07.2017	22.07.2020	6.47	3.24	117.7	-	117.7	117.7	235.4
Zaaba Bin Mohamed Salleh	23.10.2017	22.07.2020	7.27	3.64	106.7	-	106.7	106.7	213.4
Sri Ruben A/L Krishnan	23.10.2017	22.07.2020	7.27	3.64	106.7	(3.3)	103.4	103.4	206.8
Yap Ee Ghee	23.10.2017	22.07.2020	7.27	3.64	106.7	-	106.7	106.7	213.4
Ng May Theng	21.04.2017	22.07.2020	4.70	2.35	99.5	(7.7)	91.8	91.8	183.6
Chow Khar Leong	21.04.2017	22.07.2020	4.70	2.35	99.5	(7.0)	92.5	92.5	185.0
Kong Mei Chuen	22.01.2018	22.07.2020	10.46	5.23	95.7	-	95.7	95.7	191.4
Wong Chi Kee	22.01.2018	22.07.2020	10.46	5.23	95.7	-	95.7	95.7	191.4
					1,272.2	(28.6)	1,243.6	1,243.6	2,487.2

The exercise price was subsequently adjusted pursuant to the bonus issue on 28 March 2018.

Directors' options are disclosed under the directors' interests as follows.

DIRECTORS OF THE COMPANY

The directors of the Company in office during the financial year and during the period from the end of the financial year to date of this report are:

KUAN KAM HON @ KWAN KAM ONN
KUAN MUN KENG
KUAN MUN LEONG
DR. DANARAJ A/L NADARAJAH
DATO' TAN GUAN CHEONG
RAZMAN HAFIDZ BIN ABU ZARIM
TAN SRI DATUK DR. REBECCA FATIMA STA MARIA
DATUK SERI NURMALA BINTI ABDUL RAHIM

The name of directors of subsidiaries are set out in the respective subsidiary's statutory accounts and the said information is deemed incorporated herein by such reference and made a part hereof.

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 2018 are as follows:

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

	Number of preference shares			
	At 1.4.2017	**Bought**	**Sold**	**At 31.3.2018**
Direct interests				
Kuan Kam Hon @ Kwan Kam Onn	45,933	2,268	-	48,201

	Number of ordinary shares			
	At 1.4.2017	**Bought**	**Sold**	**At 31.3.2018**
Direct interests				
Kuan Kam Hon @ Kwan Kam Onn[(1)]	45,983	2,268	-	48,251

DIRECTOR'S REPORT

b. Shareholdings in the Company

	Number of ordinary shares				
	At 1.4.2017	Adjustment for bonus issue*	Bought	Sold	At 31.3.2018
Direct interests					
Kuan Kam Hon @ Kwan Kam Onn	7,550,340	5,300,340	200,000	(2,450,000)	10,600,680
Dato' Tan Guan Cheong	58,000	120,000	62,000	-	240,000
Dr. Danaraj A/L Nadarajah	75,000	25,000	-	(50,000)	50,000
Kuan Mun Keng	3,022,800	3,022,800	-	-	6,045,600
Kuan Mun Leong	3,029,400	5,479,400	2,450,000	-	10,958,800
Deemed interests					
Kuan Kam Hon @ Kwan Kam Onn [(1)]	859,126,268	839,026,268	-	(20,100,000)	1,678,052,536
Dato' Tan Guan Cheong[(2)]	-	30,000	30,000	-	60,000

* The Bonus Issue was completed on 28 March 2018.

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

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

c. Share Options in the Company

Employees Share Option Scheme ("ESOS")

	Number of Share Options				
	At 1.4.2017	Adjustment for bonus issue*	Granted	Exercised	At 31.3.2018
Kuan Kam Hon @ Kwan Kam Onn	2,462,600	2,462,600	-	-	4,925,200
Kuan Mun Keng	2,462,600	2,462,600	-	-	4,925,200
Kuan Mun Leong	2,462,600	2,462,600	-	-	4,925,200
Dr. Danaraj A/L Nadarajah	423,600	423,600	-	-	847,200

* The Bonus Issue was completed on 28 March 2018.

By virtue of his substantial interests in the shares of the Company, 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 Note 22 to 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.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains directors' and officers' liability insurance for purposes of Section 289 of the Companies Act 2016, throughout the year, which provides appropriate insurance coverage for the Directors and Officers of the Company. The amount of insurance premium paid during the year amounted to RM66,010.

There was no indemnity given to or insurance affected for the auditors of the Company in accordance with Section 284 of the Companies Act 2016.

HOLDING COMPANY

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

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors for the financial year ended 31 March 2018 is as disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENT

Details of significant event are disclosed in Note 27 to the financial statements.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 3 July 2018.

KUAN KAM HON @ KWAN KAM ONN

KUAN MUN LEONG

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

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 88 to 149, are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 3 July 2018.

KUAN KAM HON @ KWAN KAM ONN

KUAN MUN LEONG

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

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 88 to 149 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 3 July 2018

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 Audit of the Financial Statements

Opinion

We have audited the financial statements of Hartalega Holdings Berhad, which comprise the statements of financial position as at 31 March 2018 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 88 to 149.

In our opinion, the accompanying financial statements of the Group and of the Company give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARTALEGA HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA)

Key Audit Matters

Key audit matters presented below are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company of the current period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	*How the scope of our audit responded to the key audit matter*
Review of Costing of Inventories Inventories are stated at the lower of cost and net realisable value and cost is determined on the weighted average basis. The cost of inventories comprises the cost of purchase plus the cost incurred in bringing the inventories to their present location and condition. Management's judgment is required to estimate the costs of finished goods and work-in-progress which comprise the costs of raw materials, direct labour, other direct costs, and the appropriate allocation of overheads based on normal operating capacity. The key bases and assumptions used in the estimation of the cost of inventories is disclosed in Note 2 (d) (iv).	We have performed the following audit procedures in relation to review of inventory costing: » Obtained an understanding of the inventories valuation policy and processes implemented by the management. We have evaluated the valuation made by management based on the policy; » Performed testing on relevant controls surrounding inventory valuation and costing of inventories; » Reviewed the basis of inventory costing which includes costs of raw material and labour, production overheads and other incidental costs incurred in bringing the inventories to their present location and condition. Discussed and based on our understanding and observations, determined appropriateness of the basis used by management for the allocation of production costs and overheads for the purpose of inventory valuation based on normal operating capacity; and » Reviewed management assessments of the net realisable value of work-in-progress and finished goods.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to be communicated in our auditors' report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report of the Group but does not include the financial statements of the Group and of the Company and our auditor's report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

Other Information (cont' d)

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors of the Company is responsible for the preparation of 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 2016 in Malaysia. The Board of Directors is also responsible for such internal control as the Board of Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Board of Directors is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

» Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

» Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

» Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARTALEGA HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA)

Auditors' Responsibilities for the Audit of the Financial Statements (cont' d)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Company to express an opinion on the financial statements of the Group and of the Company. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 11 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF0080)

TEO SWEE CHUA
Partner - 02846/01/2020 (J)
Chartered Accountant

3 July 2018
Kuala Lumpur

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

		Group		Company	
	Note	**2018 RM**	**2017 RM**	**2018 RM**	**2017 RM**
Revenue	4	2,405,638,106	1,821,873,353	620,520,859	130,160,575
Cost of sales		(1,790,876,242)	(1,331,301,353)	-	-
Gross profit		614,761,864	490,572,000	620,520,859	130,160,575
Other income		62,963,190	13,848,838	10,018,700	8,251,922
Distribution expenses		(26,952,306)	(21,152,967)	-	-
Administrative expenses		(99,935,400)	(82,784,751)	(2,219,074)	(1,408,858)
Other operating expenses		(16,484,775)	(50,487,096)	(779)	-
		(143,372,481)	(154,424,814)	(2,219,853)	(1,408,858)
Profit from operations		534,352,573	349,996,024	628,319,706	137,003,639
Finance costs		(7,923,725)	(1,018,219)	-	-
Profit before tax	5	526,428,848	348,977,805	628,319,706	137,003,639
Tax expense	6	(86,796,517)	(65,660,394)	(2,095,517)	(1,904,104)
Profit for the financial year		439,632,331	283,317,411	626,224,189	135,099,535
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation, representing other comprehensive (loss)/gain for the financial year, net of tax		(1,687,434)	1,245,964	-	-
Total comprehensive income for the financial year		437,944,897	284,563,375	626,224,189	135,099,535
Profit attributable to:					
Owners of the Company		438,919,102	283,001,350	626,224,189	135,099,535
Non-controlling interests		713,229	316,061	-	-
		439,632,331	283,317,411	626,224,189	135,099,535
Total comprehensive income attributable to:					
Owners of the Company		437,406,669	284,021,301	626,224,189	135,099,535
Non-controlling interests		538,228	542,074	-	-
		437,944,897	284,563,375	626,224,189	135,099,535
Earnings per ordinary share attributable to owners of the Company:					
Basic earnings per ordinary share (sen)	7	13.28	8.62		
Diluted earnings per ordinary share (sen)	7	13.06	8.57		

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 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	8	1,589,455,722	1,393,169,746	-	-
Capital work-in-progress	9	155,142,964	177,216,079	-	-
Intangible assets	10	20,245,190	19,798,640	-	-
Investments in subsidiaries	11	-	-	622,176,785	601,632,827
Deferred tax assets	12	776,119	4,875,999	-	-
Amount owing by subsidiaries	22	-	-	788,451,024	298,609,505
Total Non-Current Assets		1,765,619,995	1,595,060,464	1,410,627,809	900,242,332
Current Assets					
Inventories	13	291,273,696	270,434,418	-	-
Trade and other receivables	14	405,895,209	300,115,771	167,431	77,044
Tax assets	15	3,330,452	154,536	-	-
Amount owing by subsidiaries	22	-	-	324,409	6,290
Derivative financial assets	16	9,298,716	-	-	-
Cash, bank balances and short-term investments	17	156,561,084	121,008,566	7,655,006	17,308,362
Total Current Assets		866,359,157	691,713,291	8,146,846	17,391,696
TOTAL ASSETS		2,631,979,152	2,286,773,755	1,418,774,655	917,634,028
EQUITY AND LIABILITIES					
Equity Attributable to Owners of the Company					
Share capital	18	1,312,308,547	830,315,586	1,312,308,547	830,315,586
Reserves	19	681,919,346	851,845,366	105,942,133	87,050,633
		1,994,227,893	1,682,160,952	1,418,250,680	917,366,219
Non-controlling interests		3,163,361	2,625,133	-	-
Total Equity		1,997,391,254	1,684,786,085	1,418,250,680	917,366,219
Non-Current Liabilities					
Loans and borrowings	20	122,272,830	162,549,914	-	-
Deferred tax liabilities	12	98,762,525	76,421,486	-	-
Total Non-Current Liabilities		221,035,355	238,971,400	-	-
Current Liabilities					
Trade and other payables	21	218,669,781	206,971,407	86,341	48,677
Loans and borrowings	20	194,371,214	147,492,056	-	-
Derivatives financial liabilities	16	-	1,728,000	-	-
Tax liabilities	15	511,548	6,824,807	437,634	219,132
Total Current Liabilities		413,552,543	363,016,270	523,975	267,809
Total Liabilities		634,587,898	601,987,670	523,975	267,809
TOTAL EQUITY AND LIABILITIES		2,631,979,152	2,286,773,755	1,418,774,655	917,634,028

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 2018

		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 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
Comprehensive income									
Profit for the financial year		-	-	-	-	283,001,350	283,001,350	316,061	283,317,411
Other comprehensive income									
Foreign currency translation		-	-	1,019,951	-	-	1,019,951	226,013	1,245,964
Total comprehensive income for the financial year		-	-	1,019,951	-	283,001,350	284,021,301	542,074	284,563,375
Transactions with owners									
Dividends	23	-	-	-	-	(131,320,933)	(131,320,933)	-	(131,320,933)
Share-based payment relating to ESOS		-	-	-	20,017,224	-	20,017,224	-	20,017,224
Issuance of ordinary shares pursuant to ESOS		5,619,866	1,881,221	-	-	-	7,501,087	-	7,501,087
Transfer from share-based payment reserve upon exercise/lapse of ESOS		1,142,800	459,100	-	(1,601,900)	-	-	-	-
Transfer arising from 'no par value' regime	18	3,038,313	(3,038,313)	-	-	-	-	-	-
Total transactions with owners		9,800,979	(697,992)	-	18,415,324	(131,320,933)	(103,802,622)	-	(103,802,622)
At 31 March 2017		830,315,586	-	805,164	37,508,094	813,532,108	1,682,160,952	2,625,133	1,684,786,085

		← 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 2017		830,315,586	-	805,164	37,508,094	813,532,108	1,682,160,952	2,625,133	1,684,786,085
Comprehensive income									
Profit for the financial year		-	-	-	-	438,919,102	438,919,102	713,229	439,632,331
Other comprehensive income									
Foreign currency translation		-	-	(1,512,433)	-	-	(1,512,433)	(175,001)	(1,687,434)
Total comprehensive income for the financial year		-	-	(1,512,433)	-	438,919,102	437,406,669	538,228	437,944,897
Transactions with owners									
Dividends	23	-	-	-	-	(198,178,638)	(198,178,638)	-	(198,178,638)
Share-based payment relating to ESOS		-	-	-	20,543,958	-	20,543,958	-	20,543,958
Issuance of ordinary shares pursuant to ESOS		52,294,952	-	-	-	-	52,294,952	-	52,294,952
Transfer from share-based payment reserve upon exercise/lapse of ESOS		15,702,355	-	-	(15,702,355)	-	-	-	-
Issuance of bonus shares		413,995,654	-	-	-	(413,995,654)	-	-	-
Total transactions with owners		481,992,961	-	-	4,841,603	(612,174,292)	(125,339,728)	-	(125,339,728)
At 31 March 2018		1,312,308,547	-	(707,269)	42,349,697	640,276,918	1,994,227,893	3,163,361	1,997,391,254

STATEMENTS OF CHANGES IN EQUITY

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 2016		820,514,607	697,992	19,092,770	45,763,937	886,069,306
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	135,099,535	135,099,535
Transactions with owners						
Dividends	23	-	-	-	(131,320,933)	(131,320,933)
Share-based payment relating to ESOS		-	-	20,017,224	-	20,017,224
Issuance of ordinary shares pursuant to ESOS		5,619,866	1,881,221	-	-	7,501,087
Transfer from share-based payment upon exercise of ESOS		1,142,800	459,100	(1,601,900)	-	-
Transfer arising from 'no par value' regime	18	3,038,313	(3,038,313)	-	-	-
Total transactions with owners		9,800,979	(697,992)	18,415,324	(131,320,933)	(103,802,622)
At 31 March 2017		830,315,586	-	37,508,094	49,542,539	917,366,219

Company	Note	Share capital RM	Share premium RM	Share-based payment reserve RM	Retained earnings RM	Total equity RM
			← Non-Distributable	→	Distributable	
At 1 April 2017		830,315,586	-	37,508,094	49,542,539	917,366,219
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	626,224,189	626,224,189
Transactions with owners						
Dividends	23	-	-	-	(198,178,638)	(198,178,638)
Share-based payment relating to ESOS		-	-	20,543,958	-	20,543,958
Issuance of ordinary shares pursuant to ESOS		52,294,952	-	-	-	52,294,952
Transfer from share-based payment upon exercise of ESOS		15,702,355	-	(15,702,355)	-	-
Issuance of bonus shares		413,995,654	-	-	(413,995,654)	-
Total transactions with owners		481,992,961	-	4,841,603	(612,174,292)	(125,339,728)
At 31 March 2018		1,312,308,547	-	42,349,697	63,592,436	1,418,250,680

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 2018

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit before tax	526,428,848	348,977,805	628,319,706	137,003,639
Adjustments for:				
Depreciation of property, plant and equipment	85,218,119	67,826,824	-	-
Fair value (gain)/loss on derivative financial instruments	(11,026,716)	15,726,000	-	-
Property, plant and equipment written off	-	544	-	-
Intangible asset written off	4,952	-	-	-
Share-based payment expense	20,543,958	20,017,224	-	-
Amortisation of intangible assets	3,203,250	2,835,093	-	-
Impairment loss on trade receivables	21,860	112,783	-	-
Interest expenses	7,923,725	1,018,219	-	-
Loss/(gain) on disposal of property, plant and equipment	234,745	(57,882)	-	-
Unrealised (gain)/loss on foreign exchange	(15,578,216)	10,694,023	(779)	-
Income from fixed income fund	(1,756,876)	(814,972)	(1,231,682)	(278,365)
Interest income	(1,320,369)	(561,736)	(8,730,545)	(7,973,488)
Dividend income from subsidiaries	-	-	(620,520,859)	(130,160,575)
Operating Profit/(Loss) Before Working Capital Changes	613,897,280	465,773,925	(2,164,159)	(1,408,789)
Increase in inventories	(20,839,278)	(68,897,623)	-	-
Increase in receivables	(130,841,334)	(61,184,296)	(90,387)	(44,568)
Increase/(Decrease) in payables	11,698,374	48,889,396	37,664	(31,539)
Cash Generated From/(Used In) Operations	473,915,042	384,581,402	(2,216,882)	(1,484,896)
Tax refund	102,847	-	-	-
Tax paid	(70,068,559)	(47,828,033)	(1,877,015)	(2,016,742)
Net Cash From/(Used In) Operating Activities	403,949,330	336,753,369	(4,093,897)	(3,501,638)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Decrease in deposit in Escrow Account	-	5,330,204	-	-
Proceeds from disposal of property, plant and equipment	168,930	268,760	-	-
Additions to:				
Property, plant and equipment	(36,733,462)	(48,313,733)	-	-
Intangible assets	(494,482)	(371,597)	-	-
Capital work-in-progress	(226,368,069)	(191,321,785)	-	-
Income received from fixed income fund	1,756,876	814,972	1,231,682	278,365
Interest received	1,320,369	561,736	8,337,970	7,973,488
Dividends received from subsidiaries	-	-	130,680,310	130,160,575
Advances from/(to) subsidiaries	-	-	73,486	(6,290)
Net Cash (Used In)/From Investing Activities	(260,349,838)	(233,031,443)	140,323,448	138,406,138

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Proceeds from issuance of shares pursuant to exercise of ESOS	52,294,952	7,501,087	52,294,952	7,501,087
Drawdown of term loans	79,587,300	240,852,116	-	-
Dividends paid	(198,178,638)	(131,320,933)	(198,178,638)	(131,320,933)
Repayments of term loan	(32,326,378)	(178,835,240)	-	-
Interest paid	(7,923,725)	(1,018,219)	-	-
Payments to finance lease payables	(40,596)	(25,594)	-	-
Net Cash Used In Financing Activities	(106,587,085)	(62,846,783)	(145,883,686)	(123,819,846)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	37,012,407	40,875,143	(9,654,135)	11,084,654
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS	(1,459,889)	1,082,300	779	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	121,008,566	79,051,123	17,308,362	6,223,708
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (NOTE 17)	156,561,084	121,008,566	7,655,006	17,308,362

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

a. Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statements of cash flows as cash flows from financing activities.

Group

	As at 1 April 2017 RM	Net changes from financing cash flows (i) RM	Non-cash changes (ii) RM	As at 31 March 2018 RM
Loans and borrowings (Note 20)	310,001,374	47,260,922	(40,618,252)	316,644,044
Finance lease payables (Note 20)	40,596	(40,596)	-	-

i. The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statements of cash flows.

ii. Non-cash changes consist of unrealised foreign exchange gains arise from revaluation of term and trade loans.

In accordance with the transitional provision of Disclosure Initiative (Amendment to MFRS 107) for the reconciliation of movement of liabilities to cash flows arising from financing activities, comparative information is not required for preceding periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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 information on the name, place of incorporation, principal activities and percentage of issued share capital held by the holding company in each subsidiary is as disclosed in Note 11.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 3 July 2018.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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 ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

Adoption of new and amended Malaysian Financial Reporting Standards

In the current financial year, the Group and the Company adopted all the amendments to MFRSs issued by MASB that are effective for annual financial periods beginning on or after 1 April 2017.

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRSs 2014 - 2016 Cycle	

The adoption of these amended 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 OF THE FINANCIAL STATEMENTS (cont'd)

a. Statement of compliance (cont'd)

Standards, Amendments and IC Interpretations in Issue But Not Yet Effective

At the date of authorisation for issue of these financial statements, the new and revised MFRS, amendments to MFRS and Issue Committee Interpretations ("IC Interpretations") which were in issue but not yet effective and not early adopted by the Company are as listed below:

MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)[1]
MFRS 15	Revenue from Contracts with Customers[1]
MFRS 16	Leases[2]
MFRS 17	Insurance contracts[3]
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to MFRS 4	Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*[1]
Amendments to MFRS 9	Prepayment Features with Negative Compensation[2]
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 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures[2]
Amendments to MFRS 140	Transfers of Investment Property[1]
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration[1]
IC Interpretation 23	Uncertainty over Income Tax Payments[2]
Annual Improvements to MFRS 2014 - 2016 Cycle[1]	
Annual Improvements to MFRS 2015 - 2017 Cycle[2]	

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

[2] Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

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

[4] Effective date deferred to a date to be determined and announced.

The Directors anticipate that abovementioned MFRSs, amendments to MFRSs and IC Interpretations will be adopted in the annual financial statements 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 OF THE FINANCIAL STATEMENTS (cont'd)

a. Statement of compliance (cont'd)

MFRS 9 Financial Instruments

MFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. MFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of MFRS 9 was issued in July 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of MFRS 9:

» all recognised financial assets that are within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or at fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at fair values at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of equity instruments (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

» with regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

» in relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred loss model under MFRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

» the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139. Under MFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

a. Statement of compliance (cont'd)

Based on an analysis of the Group's financial assets and financial liabilities as at 31 March 2018 on the basis of the facts and circumstances that exist at that date, the Directors of the Company have assessed the impact of MFRS 9 to the financial statements of the Group and of the Company as follows:

Classification and measurement

» Fixed income fund is classified as loans and receivables and measured at amortised cost as disclosed in Note 31; these are held within a business model whose objective is held to collect and sell that satisfy the solely payments of principal and interest test. Accordingly, these financial assets will be measured at fair value through profit or loss upon the application of MFRS 9;

» All other financial assets and financial liabilities will continue to be measured on the same basis as is currently adopted under MFRS 139.

Impairment

MFRS 9 requires the Group and the Company to record expected credit losses on all of trade and other receivables either on a 12-month or lifetime basis. The Group and the Company expect to apply the simplified approach and record lifetime expected losses on all receivables. Upon application of the expected credit loss model, the Group and the Company expect that based on the credit profile of the receivables, the loss allowance will not be significantly different from the loss allowance under the current basis of impairment.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks. Further details of derivative financial instruments are disclosed in Note 16.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. 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.

The Directors do not anticipate that the application of the MFRS 9 requirements for derivative financial instruments will have a material impact on the financial statements of the Group and of the Company.

Hedge accounting

The new hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Group's and the Company's risk management activities have also been introduced.

The Directors do not anticipate that the application of the MFRS 9 hedge accounting requirements will have a material impact on the financial statements of the Group and of the Company.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

a. Statement of compliance (cont'd)

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretation when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition.

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

In June 2016, the MASB issued Clarifications to MFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

Apart from providing more extensive disclosures on the Group's and the Company's revenue transactions, the Directors do not anticipate that the application of MFRS 15 will have a significant impact on the financial position and or financial performance of the Group and of the Company.

MFRS 16 Leases

MFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. MFRS 16 will supersede the current lease guidance including MFRS 17 Leases and the related interpretations when it becomes effective.

MFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance lease are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees except for short-term leases and leases of low value assets.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

a. Statement of compliance (cont'd)

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows; whereas under MFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

The Directors anticipate that the application of MFRS 16 may have an impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. However, it is not practical to provide a reasonable estimate of the effect of the MFRS 16 until the Group and the Company perform a detailed review.

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 value or at amortised cost 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.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

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.

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 straight line 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 of 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.

iv. Inventories (Note 13) - In determining the costing of inventories, management's judgment is required in determining the basis of finished goods and work-in-progress valuation which comprise costs of raw materials, direct labour, other direct costs, and the appropriate allocation of overheads based on normal operating capacity.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

a. Basis of consolidation (cont'd)

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.

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 a 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 interests 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 end of the reporting period 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 Employee 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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e. Employee benefits (cont'd)

iii. Share-based payment (cont'd)

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 share capital.

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.

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 lease 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 end of the reporting period.

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. Deferred tax assets are reviewed at the end of each reporting period 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.

Freehold land is not depreciated.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

i. Property, plant and equipment (cont'd)

The principal annual rates used for this purpose are:

Long term leasehold land	92 to 96 years
Buildings	2%
Plant and machinery	5%
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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

l. Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are reviewed at the end of each reporting period 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.

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, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

n. Financial assets (cont'd)

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

» 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 end of the reporting period 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

n. Financial assets (cont'd)

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 to 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

s. Derivative financial instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

s. Derivative financial instruments (cont'd)

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	
	2018 **RM**	**2017** **RM**	**2018** **RM**	**2017** **RM**
Sales of goods	2,405,638,106	1,821,873,353	-	-
Dividend income from a subsidiary	-	-	620,520,859	130,160,575
	2,405,638,106	1,821,873,353	620,520,859	130,160,575

NOTES TO THE FINANCIAL STATEMENTS

5. PROFIT BEFORE TAX

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

a. Other items

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Auditors' remuneration:				
- Audit services	364,517	310,700	45,000	40,000
- Other services by auditors of the Company	25,000	-	-	-
Amortisation of intangible assets	3,203,250	2,835,093	-	-
Depreciation of property, plant and equipment	85,218,119	67,826,824	-	-
Fair value (gain)/loss on derivative financial instruments	(11,026,716)	15,726,000	-	-
Impairment loss on trade receivables	21,860	112,783	-	-
Interest expense in respect of:				
- term loans	5,928,109	15,366	-	-
- finance lease payables	307	1,109	-	-
- other borrowings	1,995,309	1,001,744	-	-
Non-Executive Directors' remuneration:				
- Fees				
- directors of the Company	288,000	288,000	288,000	288,000
- director of subsidiary	24,000	24,000	-	-
- Other emoluments				
- directors of the Company	29,000	21,750	29,000	21,750
Property, plant and equipment written off	-	544	-	-
Intangible asset written off	4,952	-	-	-
Rental of:				
- Land	298,080	329,440	-	-
- Machinery	175,512	55,629	-	-
- Premises	2,979,519	2,992,793	-	-
- Motor vehicle	-	14,560	-	-
- Facilities	27,265	-	-	-
Loss/(Gain) on disposal of property, plant and equipment	234,745	(57,882)	-	-
(Gain)/Loss on foreign exchange:				
- realised	(13,350,750)	14,150,631	-	309
- unrealised	(15,578,216)	10,694,023	(779)	-
Income from fixed income fund	(1,756,876)	(814,972)	(1,231,682)	(278,365)
Interest income in respect of:				
- Deposits with licensed banks	(1,320,369)	(561,736)	(79,062)	(20,639)
- Advances to subsidiaries	-	-	(8,651,483)	(7,952,849)

b. Staff costs

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Staff costs	243,662,680	200,689,964	288,000	288,000
Included in staff costs are:				
Share-based payment expense	20,543,958	20,017,224	-	-
Contributions to defined contribution plan	10,108,376	7,417,605	-	-

5. PROFIT BEFORE TAX (cont'd)

b. Staff costs (cont'd)

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	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Fees:				
- directors of the Company	360,000	360,000	288,000	288,000
- directors of the subsidiaries	96,000	96,000	-	-
Other emoluments:				
- directors of the Company	5,266,957	3,827,536	-	-
- directors of the subsidiaries	4,821,754	3,863,844	-	-
	10,544,711	8,147,380	288,000	288,000

The estimated monetary value of benefits-in-kind of the Group received by the directors of the Company and of the subsidiaries are RM159,943 (2017: RM159,943) and RM218,854 (2017: RM64,629) respectively.

6. TAX EXPENSE

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Current tax				
Malaysia income tax				
Current year	59,721,162	53,838,114	2,094,300	1,904,000
(Over)/Underprovision in prior years	(476,590)	(1,196,251)	1,217	104
Overseas income tax				
Overseas - current year	1,231,965	1,131,604	-	-
	60,476,537	53,773,467	2,095,517	1,904,104
Deferred tax				
Origination and reversal of temporary differences	25,900,401	4,021,836	-	-
Underprovision in prior years	419,579	7,865,091	-	-
	26,319,980	11,886,927	-	-
Tax expense	86,796,517	65,660,394	2,095,517	1,904,104

NOTES TO THE FINANCIAL STATEMENTS

6. TAX EXPENSE (cont'd)

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	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit before tax	526,428,848	348,977,805	628,319,706	137,003,639
Tax at the Malaysian statutory income tax rate of 24% (2017: 24%)	126,342,924	83,754,673	150,796,729	32,880,873
Effect of different tax rate of foreign subsidiaries	35,121	175,063	-	-
Tax effect of:				
Non-deductible expenses	6,704,468	4,945,043	517,293	328,296
Non-taxable income	(2,896,141)	(1,269,096)	(149,219,722)	(31,305,169)
Utilisation of allowance for increased exports	(43,332,844)	(28,418,463)	-	-
Utilisation of reinvestment allowances	-	(195,666)	-	-
(Over)/Underprovision in prior years:				
Current tax	(476,590)	(1,196,251)	1,217	104
Deferred tax	419,579	7,865,091	-	-
Tax expense	86,796,517	65,660,394	2,095,517	1,904,104

7. EARNINGS PER ORDINARY SHARE

	Group	
	2018 RM	2017 (Restated) RM
Basic earnings per ordinary share		
Net profit attributable to owners of the Company (RM)	438,919,102	283,001,350
Number of shares in issue as at beginning of the financial year	1,643,009,613	1,641,029,213
Effect of exercise of ESOS	7,254,483	472,667
	1,650,264,096	1,641,501,880
Effect of Bonus Issue*	1,655,982,614	1,641,501,880
Weighted average number of ordinary shares in issue	3,306,246,710	3,283,003,760
Basic earnings per ordinary share (sen)	13.28	8.62
Diluted earnings per ordinary share		
Net profit attributable to owners of the Company (RM)	438,919,102	283,001,350
Weighted average number of ordinary shares in issue	3,306,246,710	3,283,003,760
Effect of dilutive potential ordinary shares – ESOS	54,756,231	18,841,820
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share	3,361,002,941	3,301,845,580
Diluted earnings per ordinary share (sen)	13.06	8.57

Since the end of the financial year, eligible employees have exercised the options to acquire 12,973,000 (2017: 955,100) ordinary shares.

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

* The restated basic and diluted Earnings Per Share 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 1,655,982,614 ordinary shares which was completed during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

8. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Long term leasehold land RM	Buildings RM	Plant and machinery RM	Furniture, fittings and equipment RM	Motor vehicles RM	Renovation RM	Total RM
Cost								
At 1 April 2017	26,720,978	100,061,196	438,495,179	998,528,112	192,041,088	8,221,244	2,744,710	1,766,812,507
Additions	-	19,801	3,166,382	21,746,436	10,805,176	945,496	50,171	36,733,462
Disposals	-	-	-	(547,647)	(174,828)	(250,361)	-	(972,836)
Transfer from capital work-in-progress (Note 9)	-	-	30,994,426	188,133,260	26,153,228	-	-	245,280,914
Reclassification	-	-	-	(122,385)	122,385	-	-	-
Translation differences	-	-	-	(4,687)	(223,704)	(36,248)	-	(264,639)
At 31 March 2018	26,720,978	100,080,997	472,655,987	1,207,733,089	228,723,345	8,880,131	2,794,881	2,047,589,408
Accumulated depreciation								
At 1 April 2017	-	2,141,971	27,493,767	282,841,278	54,852,300	4,663,451	1,649,994	373,642,761
Charge for the financial year	-	1,046,644	8,821,305	50,542,300	22,818,438	1,694,193	295,239	85,218,119
Disposals	-	-	-	(246,671)	(72,129)	(250,361)	-	(569,161)
Translation differences	-	-	-	(4,688)	(108,513)	(44,832)	-	(158,033)
At 31 March 2018	-	3,188,615	36,315,072	333,132,219	77,490,096	6,062,451	1,945,233	458,133,686
Net carrying amount								
At 31 March 2018	26,720,978	96,892,382	436,340,915	874,600,870	151,233,249	2,817,680	849,648	1,589,455,722

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 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
Additions	-	6,748,688	3,254,387	24,936,204	12,123,639	1,089,975	160,840	48,313,733
Disposals	-	-	-	-	(30,569)	(1,107,942)	-	(1,138,511)
Transfer from capital work-in-progress (Note 9)	-	-	116,150,193	133,492,864	32,314,943	-	-	281,958,000
Reclassification	-	(1,909,244)	1,909,244	(8,592,625)	8,592,625	-	-	-
Transfer to intangible assets (Note 10)	-	-	-	-	(2,878,551)	-	-	(2,878,551)
Written off	-	-	-	-	(560)	-	-	(560)
Translation differences	-	-	-	4,164	82,847	32,207	-	119,218
At 31 March 2017	26,720,978	100,061,196	438,495,179	998,528,112	192,041,088	8,221,244	2,744,710	1,766,812,507
Accumulated depreciation								
At 1 April 2016	-	1,095,327	21,045,329	242,069,772	37,455,703	3,723,110	1,362,078	306,751,319
Charge for the financial year	-	1,046,644	6,448,438	41,011,443	17,192,517	1,839,866	287,916	67,826,824
Disposals	-	-	-	-	(1,448)	(926,185)	-	(927,633)
Reclassification	-	-	-	(244,100)	244,100	-	-	-
Transfer to intangible assets (Note 10)	-	-	-	-	(99,836)	-	-	(99,836)
Written off	-	-	-	-	(16)	-	-	(16)
Translation differences	-	-	-	4,163	61,280	26,660	-	92,103
At 31 March 2017	-	2,141,971	27,493,767	282,841,278	54,852,300	4,663,451	1,649,994	373,642,761
Net carrying amount								
At 31 March 2017	26,720,978	97,919,225	411,001,412	715,686,834	137,188,788	3,557,793	1,094,716	1,393,169,746

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 RM221,766,415 (2017: RM228,057,608) 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 RMNil (2017: RM32,624).

9. CAPITAL WORK-IN-PROGRESS

	Group	
	2018 RM	**2017 RM**
At beginning of year	177,216,079	267,852,294
Additions	226,368,069	191,321,785
Transfer to property, plant and equipment (Note 8)	(245,280,914)	(281,958,000)
Transfer to intangible assets (Note 10)	(3,160,270)	-
At end of year	155,142,964	177,216,079

This is mainly 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 RMNil (2017: RM4,864,980).

NOTES TO THE FINANCIAL STATEMENTS

10. INTANGIBLE ASSETS

Group	IT software RM	Patent rights RM	Golf club memberships RM	Total RM
Cost				
At 1 April 2017	18,912,152	7,091,173	175,000	26,178,325
Additions	489,913	4,569	-	494,482
Transfer from capital work-in-progress - net (Note 9)	3,160,270	-	-	3,160,270
Written off	(4,952)	-	-	(4,952)
At 31 March 2018	22,557,383	7,095,742	175,000	29,828,125
Accumulated amortisation				
At 1 April 2017	4,385,769	1,970,890	23,026	6,379,685
Amortisation during the financial year	2,744,537	454,109	4,604	3,203,250
At 31 March 2018	7,130,306	2,424,999	27,630	9,582,935
Net carrying amount				
At 31 March 2018	15,427,077	4,670,743	147,370	20,245,190
Cost				
At 1 April 2016	15,761,840	7,091,173	175,000	23,028,013
Additions	371,597	-	-	371,597
Transfer from property, plant and equipment - net (Note 8)	2,778,715	-	-	2,778,715
At 31 March 2017	18,912,152	7,091,173	175,000	26,178,325
Accumulated amortisation				
At 1 April 2016	2,015,051	1,511,120	18,421	3,544,592
Amortisation during the financial year	2,370,718	459,770	4,605	2,835,093
At 31 March 2017	4,385,769	1,970,890	23,026	6,379,685
Net carrying amount				
At 31 March 2017	14,526,383	5,120,283	151,974	19,798,640

11. INVESTMENTS IN SUBSIDIARIES

	Company	
	2018 RM	**2017 RM**
Unquoted shares, at cost	558,000,002	558,000,002
ESOS granted to employees of subsidiaries	64,176,783	43,632,825
	622,176,785	601,632,827

11. INVESTMENTS IN SUBSIDIARIES (cont'd)

The particulars of subsidiaries are as follows:

Name of company	Country of incorporation	Principal activities	Proportion of ownership 2018	2017
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%	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%
* Foshan Dynamic Limited	People's Republic of China	Export and trading of medical products	70%	-
Subsidiary of MUN (Australia) Pty Limited * MUN (New Zealand) Limited	New Zealand	Retail and wholesale of gloves	100%	100%

* Audited by a firm of auditors other than Deloitte PLT.

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:

		Number of wholly-owned subsidiaries	
Principal activities	**Country of incorporation**	**2018**	**2017**
Manufacturing of latex gloves	Malaysia	2	2
Research and development	Malaysia	1	1
Sales and marketing of gloves	Malaysia	2	2
Leasing of property, research and development of automation systems	Malaysia	1	1
		6	6

		Number of non wholly-owned subsidiaries	
Principal activities	**Country of incorporation**	**2018**	**2017**
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
Retail and wholesale of gloves	New Zealand	1	1
Export and trading of medical products	People's Republic of China	1	-
		6	5

Acquisition of new subsidiary company

During the financial year, Hartalega Sdn Bhd, a 100% owned subsidiary of the Company, acquired 70% equity of Foshan Dynamic Limited, a private limited company incorporated in the People's Republic of China for a cash consideration of RM438,400.

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**
2018			
MUN (Australia) Pty Limited	18%	248,397	2,628,001
Other individually immaterial subsidiaries	19% - 30%	464,832	535,360
		713,229	3,163,361
2017			
MUN (Australia) Pty Limited	18%	349,286	2,739,246
Other individually immaterial subsidiaries	19% - 30%	(33,225)	(114,113)
		316,061	2,625,133

11. INVESTMENTS IN SUBSIDIARIES (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	
	2018 RM	2017 RM
Non-current assets	949,354	957,568
Current assets	41,523,869	38,713,187
Non-current liabilities	(37,198)	(21,091)
Current liabilities	(27,571,437)	(24,172,978)
Net assets	14,864,588	15,476,686
Equity attributable to owners of the Company	12,236,587	12,737,440
Non-controlling interests	2,628,001	2,739,246
	14,864,588	15,476,686
Revenue	86,598,239	70,649,454
Profit for the year	1,379,985	1,940,477
Profit attributable to:		
Owners of the Company	1,131,588	1,591,191
Non-controlling interests	248,397	349,286
	1,379,985	1,940,477

12. DEFERRED TAX ASSETS AND LIABILITIES

	Group	
	2018 RM	2017 RM
Deferred tax assets		
At beginning of year	4,875,999	1,015,703
Recognised in profit or loss	(3,975,028)	3,721,647
Translation differences	(124,852)	138,649
At end of year	776,119	4,875,999
Deferred tax liabilities		
At beginning of year	76,421,486	60,810,812
Recognised in profit or loss	22,344,952	15,608,574
Translation differences	(3,913)	2,100
At end of year	98,762,525	76,421,486

NOTES TO THE FINANCIAL STATEMENTS

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	
	2018 RM	**2017 RM**
Deferred tax assets		
Temporary differences in respect of deductible expenses	5,688,998	4,533,570
Unused tax losses	-	727,243
Unrealised profit on inventories	-	1,187,827
Fair value loss on derivative financial instruments	-	3,774,240
Unrealised foreign exchange losses	2,599,500	4,733,395
Allowance for increase in export sales	47,699,444	38,129,687
	55,987,942	53,085,962
Offsetting	(55,211,823)	(48,209,963)
Deferred tax assets (after offsetting)	776,119	4,875,999
Deferred tax liabilities		
Temporary differences in respect of taxable income	37,198	21,091
Differences between the carrying amount of property, plant and equipment and its tax base	144,873,145	123,206,499
Fair value gain on derivative financial instruments	2,664,720	-
Unrealised foreign exchange gains	6,399,285	1,403,859
	153,974,348	124,631,449
Offsetting	(55,211,823)	(48,209,963)
Deferred tax liabilities (after offsetting)	98,762,525	76,421,486

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

	Group	
	2018 RM	**2017 RM**
Unused tax losses	3,769,036	3,769,036

13. INVENTORIES

	Group	
	2018 RM	**2017 RM**
Raw materials	60,263,384	53,945,867
Work-in-progress	23,444,211	22,958,352
Finished goods	147,472,376	150,221,327
Goods-in-transit	6,759,460	5,508,697
Formers	35,384,124	23,882,100
Spare parts and consumables	17,950,141	13,918,075
	291,273,696	270,434,418

13. INVENTORIES (cont'd)

The cost of inventories recognised as expense and included in cost of sales during the financial year amounted to RM1,784,742,078 (2017: RM1,327,348,709).

The Group's inventories of RM2,636,097 (2017: RM2,402,820) are expected to be recovered after more than twelve months.

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Trade				
Trade receivables	324,075,970	255,028,854	-	-
Less: Allowance for impairment	(302,998)	(329,876)	-	-
Trade receivables, net	323,772,972	254,698,978	-	-
Non-trade				
Other receivables	46,490,369	34,735,150	162,931	72,544
Deposits	3,436,213	3,539,464	4,500	4,500
Prepayments	32,195,655	7,142,179	-	-
	82,122,237	45,416,793	167,431	77,044
	405,895,209	300,115,771	167,431	77,044

a. Credit term of trade receivables

The Group's normal trade credit terms extended to customers range from 30 to 90 days (2017: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

b. Ageing analysis of trade receivables

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

	Group	
	2018 RM	2017 RM
Neither past due nor impaired	282,012,293	215,498,166
1 to 30 days past due not impaired	33,217,287	30,522,693
31 to 60 days past due not impaired	2,325,078	4,325,090
61 to 90 days past due not impaired	4,958,696	258,599
91 to 120 days past due not impaired	698,997	311,531
More than 121 days past due not impaired	560,621	3,782,899
	41,760,679	39,200,812
Impaired – More than 121 days past due	302,998	329,876
	324,075,970	255,028,854

NOTES TO THE FINANCIAL STATEMENTS

14. TRADE AND OTHER RECEIVABLES (cont'd)

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

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 RM41,760,679 (2017: RM39,200,812) 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.

Receivables that are impaired

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

	Group Individually Impaired	
	2018 RM	**2017 RM**
Trade receivables (nominal amounts)	302,998	329,876
Less: Allowance for impairment losses	(302,998)	(329,876)
	-	-

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	
	2018 RM	**2017 RM**
At beginning of year	329,876	205,337
Charge for the financial year	21,860	112,783
Translation differences	(48,738)	11,756
At end of year	302,998	329,876

14. TRADE AND OTHER RECEIVABLES (cont'd)

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

	Group	
	2018 RM	**2017 RM**
United States Dollar	279,543,852	239,006,151

d. Other receivables and prepayments

Included in other receivables and prepayments of the Group are GST recoverable from respective authorities and advances to creditors for foreign workers' expense amounting to RM32,270,761 and RM5,943,469 (2017: RM24,088,061 and RM5,997,489) respectively.

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	
	2018 RM	**2017 RM**
Contract notional amount		
Non-hedging derivative:		
Forward currency contracts		
- USD denominated	1,334,317,900	320,899,020
- AUD denominated	15,312,000	-
	1,349,629,900	320,899,020
At FVTPL		
Non-hedging derivative:		
Current assets/(liabilities)		
Forward currency contracts		
- USD denominated	8,921,716	(1,728,000)
- AUD denominated	377,000	-
	9,298,716	(1,728,000)

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") and Australian Dollar ("AUD"), extending to December 2018.

During the financial year, the Group recognised a gain of RM11,026,716 (2017: loss of RM15,726,000) 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, BANK BALANCES AND SHORT-TERM INVESTMENTS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Fixed income fund with licensed fund management companies (redeemable upon 1 day notice)	12,296,234	40,088,288	5,377,844	16,950,711
Deposits with licensed banks	-	350,000	-	-
Cash at banks and on hand	144,264,850	80,570,278	2,277,162	357,651
Cash and cash equivalents	156,561,084	121,008,566	7,655,006	17,308,362

Deposits with licensed banks of the Group and of the Company earn interest at effective interest rates ranging from 2.30% to 3.00% (2017: 2.20% to 2.95%) per annum with maturity period ranging from 1 day to 30 days (2017: 1 day to 30 days).

Included in cash at banks of the Group and of the Company are amounts of RM96,967,571 (2017: RM64,539,456) and RM2,277,162 (2017: RM357,651) respectively which earn interest at effective interest rates ranging from 0.05% to 2.00% (2017: 0.05% to 2.00%) per annum.

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

	Group	
	2018 RM	2017 RM
United States Dollar	93,541,147	49,175,091

18. SHARE CAPITAL

	Group/Company			
	Number of shares		Amount	
	2018	2017	2018 RM	2017 RM
Ordinary shares				
Authorised:				
At beginning of year	-	6,000,000,000	-	3,000,000,000
Arising from “no par value” regime	-	(6,000,000,000)	-	(3,000,000,000)
At end of year	-	-	-	-
Issued and fully paid:				
At beginning of year	1,643,009,613	1,641,029,213	830,315,586	820,514,607
Issued during the financial year				
- bonus issue	1,655,982,614	-	413,995,654	-
- exercise of options under ESOS	12,973,000	1,980,400	67,997,307	6,762,666
Transfer of share premium to share capital	-	-	-	3,038,313
At end of year	3,311,965,227	1,643,009,613	1,312,308,547	830,315,586

18. SHARE CAPITAL (cont'd)

a. Companies Act 2016

The Company's authorised and issued and fully paid-up share capital in 2016 comprises ordinary shares with a par value of RM0.50 each. The Companies Act 2016 ("Act"), which came into effect on 31 January 2017, introduces the "no par value" regime. Accordingly, the concepts of "authorised share capital" and "par value" have been abolished.

In accordance with the transitional provision of the Act, the amount standing to the credit of the Company's share premium account has become part of the Company's share capital. These changes do not have an impact on the number of shares in issue or the relative entitlement of the shareholders.

However, the Company has a period of 24 months from the effective date of the Act to use the existing balance in the share premium account in manner as specified by the Act.

b. 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.

c. Ordinary shares issued

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM830,315,586 to RM1,312,308,547, by way of:

i. issuance of 12,973,000 ordinary shares for cash pursuant to the exercise of options under the Employees Share Option Scheme at exercise prices ranging between RM3.78 and RM7.27 per ordinary share; and

ii. bonus issue of 1,655,982,614 ordinary shares through the capitalisation from retained earnings on the basis of one (1) new ordinary share for every one (1) existing ordinary share held;

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

NOTES TO THE FINANCIAL STATEMENTS

19. RESERVES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Distributable				
Retained earnings	640,276,918	813,532,108	63,592,436	49,542,539
Non-distributable				
Translation reserve	(707,269)	805,164	-	-
Share-based payment reserve	42,349,697	37,508,094	42,349,697	37,508,094
	41,642,428	38,313,258	42,349,697	37,508,094
	681,919,346	851,845,366	105,942,133	87,050,633

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. 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.

c. 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 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)

c. 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

i. 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.

NOTES TO THE FINANCIAL STATEMENTS

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 prior to bonus issue RM	Exercise price after bonus issue RM	At 1.4.2017 '000	Granted '000	Exercised '000	Expired '000	Balance prior to adjustment for bonus issue '000	Adjustment for bonus issue '000	At 31.3.2018 '000
				Number of options						
2018										
18.05.2015	22.07.2020	3.78	1.89	47,191.6	-	(8,554.5)	(4,510.8)	34,126.3	34,126.3	68,252.6
02.07.2015	22.07.2020	4.03	2.01	2,326.2	-	(696.8)	(427.0)	1,202.4	1,202.4	2,404.8
19.10.2015	22.07.2020	4.49	2.25	2,336.4	-	(622.3)	(173.8)	1,540.3	1,540.3	3,080.6
01.02.2016	22.07.2020	5.39	2.70	3,191.1	-	(734.4)	(458.3)	1,998.4	1,998.4	3,996.8
29.04.2016	22.07.2020	4.28	2.14	3,708.0	-	(748.4)	(483.5)	2,476.1	2,476.1	4,952.2
21.07.2016	22.07.2020	4.11	2.06	4,363.4	-	(721.4)	(627.0)	3,015.0	3,015.0	6,030.0
21.10.2016	22.07.2020	4.64	2.32	3,328.9	-	(465.4)	(455.6)	2,407.9	2,407.9	4,815.8
23.01.2017	22.07.2020	4.39	2.20	3,251.6	-	(284.6)	(504.6)	2,462.4	2,462.4	4,924.8
21.04.2017	22.07.2020	4.70	2.35	-	1,604.3	(71.2)	(205.0)	1,328.1	1,328.1	2,656.2
21.07.2017	22.07.2020	6.47	3.24	-	2,872.2	(64.1)	(176.0)	2,632.1	2,632.1	5,264.2
23.10.2017	22.07.2020	7.27	3.64	-	2,058.9	(9.9)	(53.5)	1,995.5	1,995.5	3,991.0
22.01.2018	22.07.2020	10.46	5.23	-	1,581.2	-	(69.7)	1,511.5	1,511.5	3,023.0
				69,697.2	8,116.6	(12,973)	(8,144.8)	56,696	56,696	113,392

Grant date	Expiry date	Exercise price RM	At 1.4.2016 '000	Granted '000	Exercised '000	Expired '000	At 31.3.2017 '000
			Number of options				
2017							
18.05.2015	22.07.2020	3.78	55,496.0	-	(1,929.6)	(6,374.8)	47,191.6
07.02.2015	22.07.2020	4.03	2,913.2	-	(40.9)	(546.1)	2,326.2
19.10.2015	22.07.2020	4.49	3,665.1	-	-	(1,328.7)	2,336.4
01.02.2016	22.07.2020	5.39	3,500.6	-	-	(309.5)	3,191.1
29.04.2016	22.07.2020	4.28	-	4,753.5	(9.9)	(1,035.6)	3,708.0
21.07.2016	22.07.2020	4.11	-	4,973.2	-	(609.8)	4,363.4
21.10.2016	22.07.2020	4.64	-	3,596.2	-	(267.3)	3,328.9
23.01.2017	22.07.2020	4.39	-	3,493.1	-	(241.5)	3,251.6
			65,574.9	16,816.0	(1,980.4)	(10,713.3)	69,697.2

As at 31 March 2018, the total number of outstanding options was 113,392,000 (2017: 69,697,200). The weighted average remaining contractual life for these options is 2.50 years (2017: 3.75 years).

As disclosed in Note 18, options exercised during the financial year resulted in the issuance of 12,973,000 (2017: 1,980,400) ordinary shares at exercise prices ranging from RM3.78 to RM7.27 (2017: RM3.78 to RM4.28) each and the weighted average share price at the date of exercise was ranging from RM4.93 to RM11.72 (2017: RM4.32 to RM4.88) 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:

	2018	2017
Weighted average fair value of ESOS (RM)	1.95	2.06
Weighted average share price (RM)	7.60	4.58
Weighted average exercise price (RM)	7.23	4.36
Expected volatility (%)	27.01- 60.14	59.01 - 60.44
Expected life (years)	2 - 3	3 - 4
Risk free rate (%)	3.64 - 3.78	3.46 - 3.70
Expected dividend yield (%)	1.40 - 1.94	1.99 - 2.29

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

Group	Effective interest rate per annum	Short-term borrowings within 1 year RM	← Long Term Borrowings → 1 to 2 years RM	2 to 3 years RM	3 to 4 years RM	4 to 5 years RM	Sub-total RM	Total RM
2018								
Variable rate instruments								
Unsecured								
Trade loans								
- United States Dollar	1.80% - 2.93%	100,676,382	-	-	-	-	-	100,676,382
Secured								
Term loans								
- United States Dollar	2.36% - 3.41%	93,694,832	93,694,832	28,577,998	-	-	122,272,830	215,967,662
		194,371,214	93,694,832	28,577,998	-	-	122,272,830	316,644,044
2017								
Variable rate instruments								
Unsecured								
Trade loans								
- United States Dollar	1.70% - 2.65%	78,162,197	-	-	-	-	-	78,162,197
Secured								
Term loans								
- United States Dollar	1.09% - 2.20%	69,192,072	69,192,071	69,192,071	24,159,914	-	162,544,056	231,736,128
Fixed rate instruments								
Secured								
Term loans								
- Ringgit Malaysia	8.00%	103,049	-	-	-	-	-	103,049
Finance lease payables								
- United States Dollar	1.99%	34,738	5,858	-	-	-	5,858	40,596
		147,492,056	69,197,929	69,192,071	24,159,914	-	162,549,914	310,041,970

NOTES TO THE FINANCIAL STATEMENTS

20. LOANS AND BORROWINGS (cont'd)

Present value of finance lease payables is as follows:

	Group	
	2018 RM	2017 RM
Minimum lease payments	-	40,785
Less: Future finance charges	-	(189)
Present value of minimum lease payments	-	40,596
Current liabilities		
Payable within one year		
Minimum lease payments	-	34,895
Less: Future finance charges	-	(157)
Present value of minimum lease payments	-	34,738
Non-current liabilities		
Payable after one year but not later than five years		
Minimum lease payments	-	5,890
Less: Future finance charges	-	(32)
Present value of minimum lease payments	-	5,858
Total present value of minimum lease payments	-	40,596

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.

At the reporting date, the Group has credit facilities totalling RM455,217,847 (2017: RM420,330,000) obtained from local licensed bank. The credit facilities are secured by corporate guarantee by the Company.

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Trade				
Trade payables	104,474,608	113,155,352	-	-
Non-trade				
Other payables	61,910,909	56,579,553	28,155	8,676
Accruals	52,284,264	37,236,502	58,186	40,001
	114,195,173	93,816,055	86,341	48,677
	218,669,781	206,971,407	86,341	48,677

21. TRADE AND OTHER PAYABLES (cont'd)

Trade payables

The normal trade credit terms granted to the Group range from 30 to 90 days (2017: 30 to 90 days).

Trade payables denominated in foreign currency are as follows:

	Group	
	2018 RM	2017 RM
United States Dollar	41,134,448	77,453,514

Other payables

Included in other payables of the Group is an amount of RM15,332,704 (2017: RM19,914,784) in respect of balances 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	
	2018 RM	2017 RM
United States Dollar	15,989,767	8,559,711

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 subsidiaries arose from advances amounting to RM788,451,024 (2017: RM298,609,505) which bear interest at 2.65% (2017: 2.65%) per annum and is not expected to be repaid within the next 12 months.

The current portion of amount owing by subsidiaries are non-trade in nature, unsecured and are repayable on demand except for advances amounting to RM324,409 (2017: RM6,290) which bear interest at 2.65% (2017: 2.65%) 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	
	2018 RM	2017 RM
Received and receivable from subsidiaries:		
- Dividend income	620,520,859	130,160,575
- Interest income	8,651,483	7,952,849

NOTES TO THE FINANCIAL STATEMENTS

22. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (cont'd)

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	
	2018 RM	2017 RM	2018 RM	2017 RM
Directors' fees	768,000	768,000	576,000	576,000
Short term employee benefits	9,351,603	7,080,811	29,000	21,750
Post-employment benefits	766,108	632,319	-	-
Estimated monetary value of benefits-in-kind*	378,796	224,571	-	-
	11,264,507	8,705,701	605,000	597,750

* Not recognised in the consolidated financial statements

23. DIVIDENDS

	Group/Company	
	2018 RM	2017 RM
Third interim single tier exempt dividend of 2 sen per share in respect of the financial year ended 31 March 2016	-	32,820,753
Final single tier exempt dividend of 2 sen per share in respect of the financial year ended 31 March 2016	-	32,822,190
First interim single tier exempt dividend of 2 sen per share in respect of the financial year ended 31 March 2017	-	32,828,590
Second interim single tier exempt dividend of 2 sen per share in respect of the financial year ended 31 March 2017	-	32,849,400
Third interim single tier exempt dividend of 2 sen per share in respect of the financial year ended 31 March 2017	32,879,294	-
Final single tier exempt dividend of 2.5 sen per share in respect of the financial year ended 31 March 2017	41,255,035	-
First interim single tier exempt dividend of 3.5 sen per share in respect of the financial year ended 31 March 2018	57,824,652	-
Second interim single tier exempt dividend of 4 sen per share in respect of the financial year ended 31 March 2018	66,219,657	-
	198,178,638	131,320,933

23. DIVIDENDS (cont'd)

On 15 May 2018, the directors declared a third interim single tier exempt dividend of 2.0 sen per share amounting to RM66,260,035 in respect of the financial year ended 31 March 2018. The said dividend was paid on 27 June 2018.

The directors recommended a final single tier exempt dividend of 2.2 sen per share amounting to RM72,962,583 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 2019.

24. CAPITAL COMMITMENT

In respect of acquisition of property, plant and equipment:

	Group	
	2018 RM	**2017 RM**
Approved and contracted for	403,351,534	155,725,164
Approved but not contracted for	656,557,525	1,012,637,266

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	
	2018 RM	**2017 RM**
North America	1,419,432,878	1,045,010,189
Europe	559,641,987	453,602,804
Asia (excluding Malaysia)	249,687,691	178,568,441
Australia	86,921,722	71,309,920
Malaysia	4,261,400	3,212,774
South America	50,764,598	70,169,225
Middle East	33,054,019	-
Russia	1,873,811	-
	2,405,638,106	1,821,873,353

25. SEGMENT INFORMATION (cont'd)

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

	Group	
	2018 RM	2017 RM
Malaysia	1,763,278,000	1,589,017,462
North America	16,342	51,536
Australia	274,435	301,327
China	461,049	37,351
India	814,050	776,789
	1,764,843,876	1,590,184,465

Information about major customers

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

	Group		
	2018 RM	2017 RM	Geographical location
Customer A	515,649,920	436,099,293	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;

26. CONTINGENT LIABILITIES (cont'd)

iii. the Plaintiff further claims that there was a conspiracy to injure the Plaintiff by the 3rd, 4th and 5th Defendant culminating in the share allotment on 4 April 2005. The Plaintiff states that 3rd, 4th and 5th Defendant had agreed to use the said allotment of shares for the predominant purpose of injuring the Plaintiff and that the said allotment was done pursuant to a purported agreement between the 3rd, 4th and 5th Defendants to injure the Plaintiff resulting in damage and loss to him;

iv. that the 2nd Defendant is a trustee for the unpaid dividends amounting to RM488,765.25 due and owing to the Plaintiff; and

v. that the Company is guilty of negligent misstatement or alternatively in breach of statutory duty pursuant to Section 357 of the Capital Markets and Services Act 2007 ("CMSA") read together with, inter alia, Section 214 of the CMSA and/or tort of breach of statutory duty pursuant to Section 177 and/or Section 179 of the CMSA.

The Plaintiff claims against the Company for the following:

i. damages for negligent misstatement or alternatively of breach of statutory duty pursuant to Section 357 of the CMSA read together with, inter alia, Section 214 of the CMSA and/or tort of breach of statutory duty pursuant to Section 177 and/or Section 179 of the CMSA;

ii. interest on the said damages at the rate of 8% per annum or any other rate deemed appropriate from 7 April 2008 or such other date deemed appropriate until full satisfaction thereof;

iii. such further or other relief the Court deems fit; and

iv. costs.

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

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

ii. That the Plaintiff's action be dismissed with costs of RM150,000 to the 1st to 3rd Defendants and RM50,000 each to the 4th and 5th Defendants.

The Plaintiff filed a Notice of Appeal on 8 January 2015 against the entire Judgement of the Kuala Lumpur High Court dated 12 December 2014 which dismissed the plaintiff's claims. The hearing before the Court of Appeal which was initially fixed on 15 September 2016 had been adjourned to 5 December 2016 and 6 December 2016. However, the hearing did not proceed on 5 December 2017 and 6 December 2017 but was subsequently adjourned to 29 March 2017. Further, the hearing did not proceed on 29 March 2017 and was adjourned to 20 July 2017. On 20 July 2017 and 18 August 2017, the appeal was heard in part. The continued hearing initially scheduled on 31 October 2017 has been rescheduled to 20 December 2017 and 22 December 2017. The hearing of the appeal was completed on 20 December 2017 and 22 December 2017. However, the Court has reserved its decision and will deliver the decision on another date to be informed.

The directors of the Company, in consultation with the solicitors, are of the opinion that there is no real merit in the Appellant's appeal. Accordingly, the Group has not made any provision on the financial statements.

27. SIGNIFICANT EVENT

During the financial year, the Company completed the bonus issue exercise of 1,655,982,614 new ordinary shares 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			
	2018		2017	
	RM	% of total	RM	% of total
By country:				
United States of America	144,199,287	44.54	148,907,814	58.46
Germany	51,631,340	15.95	42,227,390	16.58
Australia	11,355,773	3.51	10,685,795	4.20
Canada	4,713,475	1.46	5,212,659	2.05
Japan	7,302,864	2.26	5,672,268	2.23
Brazil	8,885,843	2.75	15,541,091	6.10
Ireland	53,156,045	16.42	1,181,677	0.45
Spain	7,981,129	2.46	611,348	0.24
Hong Kong	3,521,385	1.09	8,621,604	3.39
Others	30,962,787	9.56	16,037,332	6.30
	323,709,928	100.00	254,698,978	100.00

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

a. Credit risk management (cont'd)

At the reporting date, approximately 45.69% (2017: 41.55%) of the Group's trade receivables was due from three (2017: two) major customers. Trade receivable balances from those major customers amounted to RM147,914,215 (2017: RM105,827,847) of which RMNil (2017: RM26,574,000) is 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 RM316,644,044 (2017: RM310,001,374) 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.

NOTES TO THE FINANCIAL STATEMENTS

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
2018					
Group					
Financial liabilities:					
Trade and other payables	218,669,781	218,669,781	218,669,781	-	-
Loans and borrowings	316,644,044	324,384,865	200,179,806	95,367,435	28,837,624
	535,313,825	543,054,646	418,849,587	95,367,435	28,837,624
Company					
Financial liabilities:					
Trade and other payables	86,341	86,341	86,341	-	-
2017					
Group					
Financial liabilities:					
Trade and other payables	206,971,407	206,971,407	206,971,407	-	-
Loans and borrowings	310,041,970	319,536,829	152,540,548	72,097,379	94,898,902
	517,013,377	526,508,236	359,511,955	72,097,379	94,898,902
Company					
Financial liabilities:					
Trade and other payables	48,677	48,677	48,677	-	-

The table below summarises the maturity profile of the Group's derivative financial liabilities as at 31 March 2017 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	1-7 months RM
2017				
Financial liabilities				
Forward foreign currency contracts	1,728,000	1,728,000	1,445,000	283,000

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 payable amounting to RM316,644,044 (2017: RM310,041,970) 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 (2017: 50) basis points in interest rates, with all other variables held constant, would decrease/increase the equity and profit after tax of the Group by approximately RM1,203,247 (2017: RM1,178,159), 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.

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.

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

d. Foreign currency risk management (cont'd)

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	
	2018 RM	**2017 RM**
USD/RM - strengthened 5%	(313,061)	(6,386,641)
- weakened 5%	313,061	6,386,641

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 of these financial assets and financial liabilities carried at amortised cost in the financial statements approximate their fair values due to the short maturities 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).

iii. Borrowings

The fair values of variable 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**
2018		
Financial Liabilities		
Loans and borrowings	316,644,044	320,908,260
2017		
Financial Liabilities		
Loans and borrowings	310,001,374	319,496,312
Finance lease payables	40,596	40,517

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).

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**
2018				
Derivative financial instruments				
- foreign currency forward contracts	9,298,716	-	9,298,716	-
2017				
Derivative financial instruments				
- foreign currency forward contracts	(1,728,000)	-	(1,728,000)	-

During the financial years ended 31 March 2018 and 2017, 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**
2018				
Financial Liabilities				
Loans and borrowings	320,908,260	-	-	320,908,260
2017				
Financial Liabilities				
Loans and borrowings	319,496,312	-	-	319,496,312
Finance lease payables	40,517	-	-	40,517

NOTES TO THE FINANCIAL STATEMENTS

31. CATEGORY OF FINANCIAL INSTRUMENTS

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Financial assets				
FVTPL:				
Derivative financial assets	9,298,716	-	-	-
Loans and receivables:				
Trade receivables and other receivables	341,428,793	268,885,531	167,431	77,044
Amount owing by subsidiaries	-	-	788,775,433	298,615,795
Cash, bank balances and short-term investments	156,561,084	121,008,566	7,655,006	17,308,362
Financial liabilities				
FVTPL:				
Derivative financial liabilities	-	1,728,000	-	-
Other financial liabilities:				
Trade and other payables	218,669,781	206,971,407	86,431	48,677
Loans and borrowings	316,644,044	310,041,970	-	-

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. The Board of Directors has announced a policy to distribute a minimum of 60% of the Group annual net profit to its shareholders effective from the financial year ended 31 March 2018.

No changes were made in the objectives, policies and processes since the financial year ended 31 March 2017.

As at 31 March 2018, the total capital managed by the Group which comprises shareholders' equity, amounted to RM1,994,227,893 (2017: RM1,682,160,952).

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

32. CAPITAL MANAGEMENT (cont'd)

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, bank balances and short-term investments whilst total capital is the total equity of the Group. The gearing ratio as at 31 March 2018 and 2017, which are within the Group's and the Company's objectives of capital management are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Total interest bearing borrowings	316,644,044	310,041,970	-	-
Less: Cash, bank balances and short-term investments	(156,561,084)	(121,008,566)	(7,655,006)	(17,308,362)
Total net debts/(net cash)	160,082,960	189,033,404	(7,655,006)	(17,308,362)
Total equity	1,997,391,254	1,684,786,085	1,418,250,680	917,366,219
Gearing ratio (%)	8%	11%	N/A	N/A

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 2018 is set out on page 137 of the Annual Report.

B. 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.

C. 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 RM25,000 (2017:RM Nil).

D. Variation In Result

There was no profit forecast announced by the Group for the financial year.

E. Profit Guarantees

There was no profit guarantee given by the Group for the financial year.

F. Revaluation of Landed Properties

The Company does not have a revaluation policy on its landed properties.

G. 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.

H. Contracts Relating to 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 12 to 24 years	Freehold	1995 - 2007	30,641 (build-up area)	25,161,710
H.S.(D) 276179, P.T. No. 7320 Pekan Bestari Jaya Daerah Kuala Selangor Selangor Darul Ehsan	Factory and office building	Between 8 to 10 years	Freehold	2006 - 2011	41,736 (build-up area)	49,866,388
H.S.(D) 279954, P.T. No. 7321 Seksyen 4, Pekan Bestari Jaya Daerah Kuala Selangor Selangor Darul Ehsan	Factory and office building	6 years	Freehold	2013	31,948 (build-up area)	53,485,677
H.S.(D) 36055, P.T. No. 5785 Mukim of Labu Daerah Sepang Selangor Darul Ehsan	Factory and office building	Between 2 to 4 years	Leasehold expiring on 9 Oct 2110	2015 - 2018	120,913 (build-up area)	254,265,176
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	93,862,267
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	3,716,809

LIST OF PROPERTIES

Location Address	Existing Use	Approximate Age of Building	Tenure	Date of Acquisition	Area (m²)	NBV (RM)
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	162,679
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	133,809
C-G-9, Jalan Dataran SD1 Dataran SD, PJU 9 Bandar Sri Damansara 52200 Kuala Lumpur	4-storey office building	11 years	Leasehold expiring on 27 Aug 2102	2007	410 (build-up area)	1,464,954
No. 2A, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single-storey house-hostel	14 years	Freehold	2009	143	149,600
No. 6, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single-storey house-hostel	14 years	Freehold	2009	144	149,725
No. 8, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single-storey house-hostel	14 years	Freehold	2009	145	149,859
No. 10, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single-storey house-hostel	14 years	Freehold	2009	146	154,048
No. 12, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single-storey house-hostel	14 years	Freehold	2010	147	149,994
H.S.(D) 36055, P.T. No. 5785 Mukim of Labu Daerah Sepang Selangor Darul Ehsan	Hostel building	Between 1 to 3 years	Leasehold expiring on 9 Oct 2110	2015 - 2018	25,839 (build-up area)	51,343,797

ANALYSIS OF SHAREHOLDINGS AS AT 20 JUNE 2018

Number of Total Issued and Paid Up Share Capital	:	3,313,001,728 ordinary shares
Class of Shares	:	Ordinary Share
Voting Rights	:	One vote per ordinary share
Number of Shareholders	:	8,595

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	No. of Shares	%
Less than 100	110	2,202	0.00
100 - 1,000	2,071	1,406,092	0.04
1,001 - 10,000	3,813	16,518,776	0.50
10,001 - 100,000	1,780	62,098,459	1.87
100,001 to 165,650,085 (*)	819	1,382,534,063	41.73
165,650,085 and above(**)	2	1,850,442,136	55.85
	8,595	**3,313,001,728**	**100.00**

Remark: * Less than 5% of issued holdings
** 5% and above of issued holdings

ANALYSIS OF SHAREHOLDINGS

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	1,618,558,936	48.85	0	0.00
Kuan Kam Hon @ Kwan Kam Onn	9,100,680	0.27	1,672,052,536*	50.47
Kuan Kam Peng	91,672,000	2.77	1,618,558,936**	48.85
Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	231,883,200	7.00	0	0.00

* Deemed interest through his shareholding in Hartalega Industries Sdn Bhd and Budi Tenggara Sdn Bhd by virtue of Section 8 of the Companies Act 2016.

** Deemed interest through his shareholding in Hartalega Industries Sdn Bhd by virtue of Section 8 of the Companies Act 2016.

DIRECTORS' SHAREHOLDINGS

Name of Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	**%**	**No. of Shares**	**%**
Kuan Kam Hon @ Kwan Kam Onn	9,100,680	0.27	1,672,052,536*	50.47
Kuan Mun Leong	10,958,800	0.33	0	0.00
Kuan Mun Keng	6,045,600	0.18	0	0.00
Dr. Danaraj A/L Nadarajah	50,000	0.00	0	0.00
Dato' Tan Guan Cheong	240,000	0.01	160,000	0.00
Razman Hafidz bin Abu Zarim	0	0.00	0	0.00
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria	0	0.00	0	0.00
Datuk Seri Nurmala binti Abd Rahim	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 8 of the Companies Act 2016.

LIST OF 30 LARGEST SHAREHOLDERS AS AT 20 JUNE 2018

No.	Name of Shareholders	No. of Shares	%
1	HARTALEGA INDUSTRIES SDN BHD	1,618,558,936	48.85
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	231,883,200	7.00
3	KUAN KAM PENG	91,672,000	2.77
4	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	79,435,980	2.40
5	SEOW HOON HIN	58,480,300	1.77
6	BUDI TENGGARA SDN BHD	53,493,600	1.61
7	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	51,589,280	1.56
8	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	39,408,300	1.19
9	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC DIVIDEND FUND	31,261,300	0.94
10	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LSF)	24,300,000	0.73
11	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	23,688,400	0.72
12	RHB NOMINEES (ASING) SDN BHD MEDLINE INDUSTRIES INC.	23,465,600	0.71
13	KEVIN TEN	21,248,036	0.64
14	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC EQUITY FUND	20,690,260	0.62
15	ANDY TEN	20,680,436	0.62

ANALYSIS OF SHAREHOLDINGS

LIST OF 30 LARGEST SHAREHOLDERS AS AT 20 JUNE 2018

No.	Name of Shareholders	No. of Shares	%
16	JASON TEN JHIA SEENG	20,680,432	0.62
17	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	20,300,260	0.61
18	KINETIC REGION SDN BHD	16,306,880	0.49
19	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	16,204,358	0.49
20	PACIFIC VENUE SDN BHD	15,243,600	0.46
21	KUAN EU JIN	15,094,200	0.46
22	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	14,459,400	0.44
23	HSBC NOMINEES (ASING) SDN BHD JPMBL SA FOR AVIVA INVESTORS	13,384,440	0.40
24	TAN BOOI CHARN	12,041,600	0.36
25	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SECTOR SELECT FUND	11,800,000	0.36
26	CARTABAN NOMINEES (ASING) SDN BHD GIC PRIVATE LIMITED FOR GOVERNMENT OF SINGAPORE (C)	11,600,100	0.35
27	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	11,210,000	0.34
28	KUAN MUN LEONG	10,958,800	0.33
29	LIM BOON KIONG	10,480,000	0.32
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC ITTIKAL FUND (N14011970240)	10,000,000	0.30

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twelfth (12th) Annual General Meeting of the Company will be held at Ballroom 1, 1st Floor, Sime Darby Convention Centre, No. 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Friday, 24 August 2018, at 9.30 a.m. for the following purposes:

A G E N D A

AS ORDINARY BUSINESS

1. To table the Audited Financial Statements for the year ended **31 March 2018** 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 2.2 sen per share single tier for the financial year ended **31 March 2018.**

(Resolution 1)

3. To approve the payment of Directors' Fees of RM576,000 and benefits of RM29,000 for the financial year ended **31 March 2018**.

(Resolution 2)

4. To approve the payment of Directors' Fees of RM960,000 and benefits of up to RM31,000 in respect of the financial year ending 3**1 March 2019**.

(Resolution 3)

5. i. To re-elect the following Directors retiring in accordance with Article 91 of the Constitution of the Company:

a. Mr. Kuan Mun Leong **(Resolution 4)**

b. Mr. Kuan Mun Keng **(Resolution 5)**

c. Mr. Razman Hafidz bin Abu Zarim **(Resolution 6)**

6. To re-appoint Messrs DELOITTE PLT (LLP0010145-LCA) (AF0080) as Auditors of the Company and to authorise the Directors to fix their remuneration.

(Resolution 7)

NOTICE OF ANNUAL GENERAL MEETING

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 75 & 76 OF THE COMPANIES ACT 2016

"THAT subject to the Companies Act 2016, 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 75 & 76 of the Companies Act 2016 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 8)

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 2016 ("Act"), the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant statutory and/or regulatory requirements, the Company be authorised, to the fullest extent permitted by law, to buy-back such amount of Shares in the Company as may be determined by the Directors of the Company from time to time, through Bursa Securities, upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company, provided that:

i. the aggregate number of Shares bought-back does not exceed 10% of the total issued and paid-up ordinary share capital of the Company at any time;

ii. the maximum amount of funds to be allocated for the shares buy-back shall not exceed the Company's audited retained earnings and/or share premium account at any point in time;

iii. the Shares purchased shall be treated in the following manner:

- **a.** the purchased Shares shall be cancelled; or
- **b.** the purchased Shares shall be retained as treasury shares for distribution as dividend to the shareholders and/or resale on Bursa Securities in accordance with the relevant rules of Bursa Securities and/or cancellation subsequently; or
- **c.** part of the purchased Shares shall be retained as treasury shares and the remainder shall be cancelled; or
- **d.** in such other manner as Bursa Securities and other relevant authorities may allow from time to time.
- **e.** any combination of (a), (b), (c) and (d) above.

AND THAT the authority conferred by this resolution shall commence upon the passing of this resolution until:

i. the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution was passed, at which time the authority will lapse unless renewed by ordinary resolution, either unconditionally or subject to conditions; or

ii. the expiration of the period within which the next AGM after that date is required by law to be held; or

iii. revoked or varied by resolution passed by the Company in general meeting;

whichever occurs first.

AND FURTHER THAT authority be and is hereby given to the Directors of the Company to take all such steps as may be necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities (Central Depository) Industry Act 1991, and the entering into and execution of all agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the Shares bought-back) in accordance with the provisions of the Act, the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Securities and all other relevant statutory and/or regulatory requirements."

(Resolution 9)

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a final dividend of 2.2 sen per share single tier for the financial year ended 31 March 2018, if approved, will be paid on 28 September 2018 to depositors registered in the Record of Depositors at the close of business on 14 September 2018.

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 14 September 2018 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

31 July 2018

NOTICE OF ANNUAL GENERAL MEETING

Notes:

A. The Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 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 334(1) of the Companies Act 2016 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 16 August 2018 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 8

Ordinary Resolution - Authority to allot and issue shares pursuant to Section 75 & 76 of the Companies Act 2016

The proposed Ordinary Resolution 8 is a renewable mandate for the issue of shares under Section 75 & 76 of the Companies Act 2016. 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 22 August 2017 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 9

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

The proposed Ordinary Resolution 9 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 **(Resolution 4)**

b. Mr. Kuan Mun Keng **(Resolution 5)**

c. Mr. Razman Hafidz bin Abu Zarim **(Resolution 6)**

2. The detailed profiles of the above Directors who are standing for re-election are set out in the Directors' Profile set out on pages 16 to 23 of the Annual Report and their securities holdings in the Company are set out in the Analysis of Shareholdings on page 153 to 156.

3. Board Meetings held in the financial year ended 31 March 2018

There were Five (5) Board Meetings held during the financial year ended 31 March 2018. Details of the attendance of the Directors are as follows:

Directors	Attendance
KUAN KAM HON @ KWAN KAM ONN	5/5
KUAN MUN LEONG	5/5
KUAN MUN KENG	5/5
DR. DANARAJ A/L NADARAJAH	5/5
DATO' TAN GUAN CHEONG	5/5
RAZMAN HAFIDZ BIN ABU ZARIM	4/5
TAN SRI DATUK DR. REBECCA FATIMA STA. MARIA	5/5
DATUK SERI NURMALA BINTI ABD RAHIM	5/5

4. Place, Date and Time of Meeting

The Twelfth (12th) Annual General Meeting of the Company will be held at Ballroom 1, 1st Floor, Sime Darby Convention Centre, No. 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Friday, 24 August 2018, 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/him/her, ...

.... or, *the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the **Twelfth (12th) Annual General Meeting** of **Hartalega Holdings Berhad** to be held at Ballroom 1, 1st Floor, Sime Darby Convention Centre, No. 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Friday, 24 August 2018, 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 2.2 sen per share single tier		
2	To approve the payment of Directors' fees and benefits for the financial year ended 31 March 2018		
3	To approve the payment of Directors' fees and benefits for the financial year ending 31 March 2019		
4	To re-elect Mr. Kuan Mun Leong as Director		
5	To re-elect Mr. Kuan Mun Keng as Director		
6	To re-elect Mr. Razman Hafidz bin Abu Zarim as Director		
7	To re-appoint Messrs DELOITTE PLT (LLP0010145-LCA) (AF0080) as Auditors of the Company and to authorise the Directors to determine their remuneration		
8	**Special Business** - To approve the Authority to Directors to allot and issue shares pursuant to Section 75 & 76 of the Companies Act 2016		
9	**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 _____________ 2018

____
Signature(s)/Seal of Shareholder(s)
[*Delete if not applicable]

Notes:

(A) The Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 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 334(1) of the Companies Act 2016 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 16 August 2018 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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HARTALEGA HOLDINGS BERHAD (741883-X)

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
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