



LATITUDE TREE HOLDINGS BERHAD (302829-W)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

	Individual quarter ended		Cumulative quarter ended	
	Current year quarter 30.9.2015 RM'000	Preceding year corresponding quarter 30.9.2014 RM'000	Current year quarter 30.9.2015 RM'000	Preceding year corresponding quarter 30.9.2014 RM'000
Revenue	217,973	175,744	217,973	175,744
Cost of sales	(182,399)	(149,530)	(182,399)	(149,530)
<b>Gross profit</b>	<b>35,574</b>	<b>26,214</b>	<b>35,574</b>	<b>26,214</b>
Other income	8,307	2,371	8,307	2,371
Selling and marketing expenses	(4,688)	(3,969)	(4,688)	(3,969)
Administrative expenses	(4,495)	(3,567)	(4,495)	(3,567)
Other expenses	(2,604)	(1,879)	(2,604)	(1,879)
<b>Operating profit</b>	<b>32,094</b>	<b>19,170</b>	<b>32,094</b>	<b>19,170</b>
Finance costs	(759)	(684)	(759)	(684)
<b>Profit before taxation</b>	<b>31,335</b>	<b>18,486</b>	<b>31,335</b>	<b>18,486</b>
Taxation	(3,071)	(1,692)	(3,071)	(1,692)
<b>Profit for the period</b>	<b>28,264</b>	<b>16,794</b>	<b>28,264</b>	<b>16,794</b>
Attributable to :				
Owners of the parent	28,144	16,648	28,144	16,648
Non-controlling interests	120	146	120	146
<b>Profit for the period</b>	<b>28,264</b>	<b>16,794</b>	<b>28,264</b>	<b>16,794</b>
<b>Earnings per share (sen) :</b>				
(a) Basic	28.95	17.13	28.95	17.13
(b) Diluted	28.95	17.13	28.95	17.13
Number of ordinary shares ('000)	97,207.5	97,207.5	97,207.5	97,207.5
Profit for the period	28,264	16,794	28,264	16,794
Other comprehensive income:				
Foreign currency translation	42,710	3,647	42,710	3,647
<b>Total comprehensive income for the period</b>	<b>70,974</b>	<b>20,441</b>	<b>70,974</b>	<b>20,441</b>
Total comprehensive income attributable to :				
Owners of the parent	70,794	20,381	70,794	20,381
Non-controlling interest	180	60	180	60
<b>Total comprehensive income for the period</b>	<b>70,974</b>	<b>20,441</b>	<b>70,974</b>	<b>20,441</b>

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.



**LATITUDE TREE HOLDINGS BERHAD (302829-W)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)  
AS AT 30 SEPTEMBER 2015**

	<b>Unaudited 30.9.2015 RM'000</b>	<b>Audited 30.6.2015 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	246,085	231,120
Land use rights	23,724	16,719
Other investments	81	81
Deferred tax assets	1,060	986
	<u>270,950</u>	<u>248,906</u>
<b>Current assets</b>		
Inventories	128,903	118,733
Trade and other receivables	79,815	50,580
Tax recoverable	662	784
Term deposit	78,429	77,556
Cash and bank balances	164,413	92,763
Investment securities	6,713	6,268
	<u>458,935</u>	<u>346,684</u>
<b>TOTAL ASSETS</b>	<u><u>729,885</u></u>	<u><u>595,590</u></u>



**LATITUDE TREE HOLDINGS BERHAD (302829-W)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2015 (CONT'D)**

	<b>Unaudited 30.9.2015 RM'000</b>	<b>Audited 30.6.2015 RM'000</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	97,208	97,208
Share premium	1,225	1,225
Retained earnings	297,664	269,520
Foreign currency translation reserve	83,268	40,618
	<u>479,365</u>	<u>408,571</u>
Non-controlling interest	1,375	1,195
<b>Total equity</b>	<u>480,740</u>	<u>409,766</u>
<b>Non-current liabilities</b>		
Bank borrowings	26,244	12,421
Provision for severance allowance	38	33
Retirement benefit obligation	96	88
Deferred tax liabilities	2,316	2,316
	<u>28,694</u>	<u>14,858</u>
<b>Current liabilities</b>		
Trade and other payables	110,521	91,623
Bank borrowings	105,308	76,800
Tax payable	4,063	2,428
Derivatives	559	115
	<u>220,451</u>	<u>170,966</u>
<b>Total liabilities</b>	<u>249,145</u>	<u>185,824</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>729,885</u>	<u>595,590</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>4.93</u>	<u>4.20</u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.



**LATITUDE TREE HOLDINGS BERHAD**  
(302829-W)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

	Attributable to Equity Holders of the Company						Total <u>equity</u> RM'000
	<u>Share capital</u> RM'000	<u>Share premium</u> RM'000	Foreign currency <u>translation reserve</u> RM'000	Distributable <u>Retained earnings</u> RM'000	<u>Total</u> RM'000	Non- controlling <u>interest</u> RM'000	
At 1 July 2014	97,208	1,225	8,394	199,971	306,798	725	307,523
Total comprehensive income for the period	-	-	3,733	16,648	20,381	60	20,441
<b>At 30 September 2014</b>	<b>97,208</b>	<b>1,225</b>	<b>12,127</b>	<b>216,619</b>	<b>327,179</b>	<b>785</b>	<b>327,964</b>
At 1 July 2015	97,208	1,225	40,618	269,520	408,571	1,195	409,766
Total comprehensive income for the period	-	-	42,650	28,144	70,794	180	70,974
<b>At 30 September 2015</b>	<b>97,208</b>	<b>1,225</b>	<b>83,268</b>	<b>297,664</b>	<b>479,365</b>	<b>1,375</b>	<b>480,740</b>

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.



LATITUDE TREE HOLDINGS BERHAD (302829-W)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

	30.9.2015 RM'000	30.9.2014 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	31,335	18,486
<b>Adjustments for:</b>		
Depreciation and amortisation	3,842	4,409
Loss on derivatives	444	219
Unrealised foreign exchange gain	(5,513)	(1,087)
(Gain)/loss on disposal of property, plant and equipment	(16)	78
Non cash items	(14)	1
Net financing costs	509	453
<b>Operating profit before working capital changes</b>	<u>30,587</u>	<u>22,559</u>
<b>Changes in working capital</b>		
Net change in current assets	(39,405)	(20,833)
Net change in current liabilities	18,898	6,424
Net income taxes paid	(1,679)	(1,646)
Net financing costs paid	(509)	(453)
<b>Net cash generated from operating activities</b>	<u>7,892</u>	<u>6,051</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(3,985)	(1,105)
Proceeds from disposal of property, plant and equipment	278	16
Deposits placed with licensed banks	(7,004)	(7,730)
Purchase of investment securities	(445)	(1,635)
<b>Net cash used in investing activities</b>	<u>(11,156)</u>	<u>(10,454)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net drawdown/(repayment) of bank borrowings	28,844	(6,097)
Deposits placed as security for bank borrowings	(4,705)	(44)
<b>Net cash generated from/(used in) financing activities</b>	<u>24,139</u>	<u>(6,141)</u>
Exchange difference in translation of financial statements of foreign subsidiaries	13,071	(8,405)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	33,946	(18,949)
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	154,522	123,096
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	26,043	2,439
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>214,511</u>	<u>106,586</u>
Cash and cash equivalents included in the Consolidated Statement of Cash Flows comprise the following balance sheet amounts :		
<b>Cash and bank balances</b>	164,413	48,873
<b>Other comprehensive income:</b>	78,429	80,533
Foreign currency translation	(825)	(1,435)
	<u>242,017</u>	<u>127,971</u>
<b>Less:</b>		
Deposits pledged as securities for bank borrowings	(9,069)	(4,019)
Deposits with licensed banks for investment purposes	(18,437)	(17,366)
	<u>214,511</u>	<u>106,586</u>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.



# LATITUDE TREE HOLDINGS BERHAD

(302829-W)

## NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2015

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### **A1. BASIS OF PREPARATION**

The interim financial report is unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and Chapter 9 paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's audited financial statements for the year ended 30 June 2015.

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2015 except for the changes in accounting policies and presentation resulting from the adoption of relevant MFRSs, Amendment to MFRSs and IC Interpretations that are effective for the financial periods beginning on 1 July 2015.

The adoption of relevant MFRSs, Amendment to MFRSs and IC Interpretations are not expected to have any significant financial impact on the financial statements of the Group.

### **A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The latest audited financial statements for the financial year ended 30 June 2015 were not subject to any qualification.

### **A3. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS**

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence for the current quarter and financial period ended 30 September 2015.

### **A4. VALUATION OF PROPERTY, PLANT & EQUIPMENT**

There was no revaluation of properties of the Group during the financial period ended 30 September 2015.



# LATITUDE TREE HOLDINGS BERHAD

(302829-W)

## NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2015

### A5. TAXATION

The taxation of the Group for the financial period under review was as follows:-

	Individual Quarter		Cumulative Quarter	
	30.9.2015	30.9.2014	30.9.2015	30.9.2014
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian	1,030	-	1,030	-
Overseas	2,041	1,692	2,041	1,692
<b>Total</b>	<b>3,071</b>	<b>1,692</b>	<b>3,071</b>	<b>1,692</b>
Deferred tax expense				
Malaysian	-	-	-	-
Overseas	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>3,071</b>	<b>1,692</b>	<b>3,071</b>	<b>1,692</b>

### A6. CHANGES IN THE COMPOSITION OF THE GROUP

There was no change to the composition of the Group in the quarter ended 30 September 2015.

### A7. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the current quarter that would have impact on the result that had been reflected in the quarter under review.

### A8. CHANGES IN EQUITY AND LONG TERM DEBTS

There were no changes in equity and long term debts for the current quarter ended 30 September 2015.



# LATITUDE TREE HOLDINGS BERHAD

(302829-W)

## NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2015

### A9. BORROWINGS AND DEBTS SECURITIES

Details of the Group's borrowings were as follows:

	<b>Total (RM'000)</b>	<b>RM equivalents of amount denominated in foreign currency included in the borrowings (RM'000)</b>
<b>Long Term Liabilities</b>		
Unsecured :		
Long term loans	-	-
Portion repayable within twelve months	-	-
Secured :	-	-
Long term loans	36,190	17,772
Portion repayable within twelve months	(9,946)	(3,554)
<b>Total Long Term Liabilities</b>	<b>26,244</b>	<b>14,218</b>
<b>Short Term Liabilities</b>		
Unsecured :		
Current portion of long term loans	-	-
Short term loans	-	-
Secured :		
Current portion of long term loans	9,946	3,554
Short term loans	94,537	90,580
Bank overdrafts	825	-
<b>Total Short Term Liabilities</b>	<b>105,308</b>	<b>94,134</b>





# LATITUDE TREE HOLDINGS BERHAD

(302829-W)

## NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2015

### A10. REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained earnings of the Group as at 30 September 2015 and 30 June 2015 are as follows:

	<b>As at end of current quarter 30.9.15 RM'000</b>	<b>As at end of preceding financial year 30.6.15 RM'000</b>
Total retained earnings of Latitude Tree Holdings Berhad and its subsidiaries:		
- Realised	303,926	274,359
- Unrealised	4,123	5,431
	<u>308,049</u>	<u>279,790</u>
Less: Consolidation adjustments	(10,385)	(10,270)
Total group retained earnings	<u>297,664</u>	<u>269,520</u>

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for the purposes of complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

### A11. FINANCIAL INSTRUMENTS - DERIVATIVES

As at 30 September 2015, the outstanding derivative financial instrument, which have been entered into by the Group are as follows:

	<b>Contract Value</b>	<b>Fair Value</b>	<b>Changes in Fair Value Gain/(Loss)</b>
<u>Foreign Currency Contracts</u>	RM'000	RM'000	RM'000
US dollar - less than 1 year	<b>5,439.1</b>	<b>5,998.0</b>	<b>558.9</b>

The Group's derivatives are principally in respect of forward foreign currency contracts used to hedge its foreign currency sales.

Derivative financial assets and liabilities are initially recognised, and subsequently measured at fair value. The fair value of the foreign currency contracts is determined using a forward market rate at the end of report period and changes in the fair value are recognised in statement of comprehensive income.



# LATITUDE TREE HOLDINGS BERHAD

(302829-W)

## NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2015

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### Credit Risk

The above financial instruments were executed with creditworthy financial institutions in line with the Group's policy.

### Cash requirements

The Group will fund the cash requirements of these derivatives from its net cash flow from operating activities when the payments fall due.

## A12. CHANGES IN MATERIAL LITIGATION

There was no material litigation or any pending material litigation since the date of the last annual statement of financial position until 26 November 2015.

## A13. SEGMENTAL INFORMATION

The Group's primary business segment, including its overseas subsidiaries is that of the manufacture and sale of wooden furniture and components.

Business segmental information has not been prepared as the Group's revenue, operating profit, assets and liabilities, capital expenditure, depreciation and amortisation and non-cash expenses are mainly confined to one business segment.

### ***Geographical segments***

The Group's business segment operates principally in Malaysia, Vietnam, Singapore and Thailand.

In presenting information on the basis of geographical segments, segment revenue and (loss)/profit before taxation, segment assets and capital expenditure were based on the geographical location of assets.

The segment information for the current year-to-date was as follows:

RM'000	MALAYSIA	VIETNAM	THAILAND	OTHERS	GROUP
TOTAL REVENUE	38,582	176,430	7,183	2,064	224,259
INTER-SEGMENT REVENUE	(4,626)	-	(1,660)	-	(6,286)
EXTERNAL REVENUE	33,956	176,430	5,523	2,064	217,973
PROFIT BEFORE TAXATION	10,663	18,913	801	958	31,335



# LATITUDE TREE HOLDINGS BERHAD

(302829-W)

## NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2015

### A14. SIGNIFICANT RELATED PARTY TRANSACTIONS

Transacting Parties	Related Party	Nature of Interest	Nature of Transaction	Current Quarter ended 30.9.2015 RM'000	Current Year To Date 30.9.2015 RM'000
GHCL and the LTHB Group	Mr. Yek Siew Liong and Konsortium Kontrek Sdn Bhd	GHCL is a 85% owned subsidiary of LTHB. Mr. Yek Siew Liong, a director and substantial shareholder of LTHB holds 15% equity interest in GHCL via Konsortium Kontrek Sdn Bhd	Purchases of raw materials and supplies, laminated boards and furniture components by the LTHB Group from GHCL	1,660	1,660

### ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENT (APPENDIX 9B)

#### B1. MATERIAL CHANGE IN PROFIT BEFORE TAXATION COMPARED TO IMMEDIATE PRECEDING QUARTER

RM Million	30.9.2015	30.6.2015	Variance
Revenue	217.9	179.6	+21.3%
Gross profit	35.6	29.4	+21.1%
Profit before taxation	31.3	21.2	+47.6%

#### Revenue

For the quarter under review, the Group's revenue surged by 21.3% to RM217.9 million as compared to the preceding quarter of RM179.6 million. The substantial increase was mainly attributable to the followings:

- higher orders received in the quarter under review;
- strengthening of US Dollar against Ringgit Malaysia by 17.0%; and
- higher production output by the Group in current quarter as compared to preceding quarter.



# LATITUDE TREE HOLDINGS BERHAD

(302829-W)

## NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2015

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### **Gross profit**

The Group has recorded higher gross profit from RM29.4 million in the preceding quarter to RM35.6 million in current quarter, representing an increase of 21.1%. The significant increase was in line with the increase in revenue.

### **Profit before taxation (“PBT”)**

The Group has recorded an increase in PBT from RM21.2 million in preceding quarter to RM31.3 million in current quarter. The substantial increase in PBT was mainly attributable to the followings:

- in line with the substantial increase in gross profit;
- strengthening of US Dollar against Ringgit Malaysia; and
- increase in realised and unrealised foreign exchange gains.

## **B2. REVIEW OF PERFORMANCE**

<b>RM Million</b>	<b>30.9.2015</b>	<b>30.9.2014</b>	<b>Variance</b>
Revenue	217.9	175.7	+24.0%
Gross profit	35.6	26.2	+35.9%
Profit before taxation	31.3	18.5	+69.2%

### **Revenue**

The Group recorded revenue of RM217.9 million for the quarter ended 30 September 2015 (“Q1FY2016”), representing an increase of 24.0% as compared the corresponding quarter ended 30 September 2014 (“Q1FY2015”) of RM175.7 million. The substantial increase was mainly due to strengthening of US Dollar against Ringgit Malaysia.

### **Gross profit**

Gross profit of the Group amounted to RM35.6 million in Q1FY2016, representing an increase of 35.9% from RM26.2 million in Q1FY2015. The increase was mainly attributable to the followings:

- higher orders received of better margin products; and
- strengthening of US Dollar against Ringgit Malaysia by 26.8%.



# LATITUDE TREE HOLDINGS BERHAD

(302829-W)

## NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2015

### **Profit before taxation (“PBT”)**

PBT of the Group amounted to RM31.3 million in Q1FY2016, representing an increase of 69.2% from RM18.5 million in Q1FY2015. The substantial increase in PBT was mainly attributable to the followings:

- in line with the substantial increase in gross profit;
- strengthening of US Dollar against Ringgit Malaysia; and
- increase in realised and unrealised foreign exchange gains..

### **B3. PROFIT FOR THE PERIOD**

**Profit for the period is arrived at after crediting/(charging) :-**

	Individual quarter ended		Cumulative quarter ended	
	30.9.15	30.9.14	30.9.15	30.9.14
	RM'000	RM'000	RM'000	RM'000
Interest income	(250)	(231)	(250)	(231)
Interest expense	759	684	759	684
Depreciation and amortization	3,842	4,409	3,842	4,409
(Gain)/loss on disposal of property, plant and equipment	(16)	78	(16)	78
Unrealised foreign exchange gain	(5,513)	(1,087)	(5,513)	(1,087)
Realised foreign exchange (gain)/loss	(2,316)	60	(2,316)	60
Loss on derivatives	444	219	444	219

### **B4. CORPORATE PROPOSAL**

There were no other corporate proposals announced during the quarter ended 30 September 2015.

### **B5. SEASONAL OR CYCLICAL FACTORS**

The Group operation is seasonal in nature whereby the turnover for the first three months of a calendar year is slightly lower due to long festive holidays which fall on the first quarter of the calendar year and also the lower demand in the United States which normally slows down after Christmas and New Year.



# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2015

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### B6. CURRENT YEAR PROSPECT

In view of the uncertainty of the global economy, the Group will continue to address the rising material and labour costs and increasing competition from manufacturers in Vietnam.

Continuous efforts will also be taken to strengthen its operations in order to enhance productivity, new products development and maximise its profit margin.

Barring unforeseen circumstances, the Board is confident that the Group will continue to remain profitable for the financial year ending 30 June 2016.

### B7. VARIANCE BETWEEN ACTUAL RESULT AND FORECAST PROFIT OR PROFIT GUARANTEE

The Group did not issue any profit forecast or profit guarantee for the quarter ended 30 September 2015.

### B8. DIVIDEND

The Company has declared a final tax exempt dividend of 12.0 sen per share for the financial year ended 30 June 2015 subject to shareholders' approval at the forthcoming Annual General Meeting.

The Board of Directors did not recommend any interim dividend for the current quarter ended 30 September 2015.

### B9. EARNINGS PER SHARE

Basic EPS	Individual Quarter		Cumulative Quarter	
	30.9.15	30.9.14	30.9.15	30.9.14
Net profit attributable to equity holders of the Company (RM'000)	28,144	16,648	28,144	16,648
Weighted average no. of shares ('000)	97,207.5	97,207.5	97,207.5	97,207.5
Basic EPS (sen)	28.95	17.13	28.95	17.13



# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2015

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### B10. CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment not provided for in the financial statements as at 30 September 2015 were as follows:

	RM'000
Authorised by Directors and contracted	1,758
Authorised by Directors and not contracted	-
	<b>1,758</b>