



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

Living with Style



ANNUAL REPORT 2015



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Dato' Haji Shaharuddin Bin Haji Haron**  
Chairman / Senior Independent Director

**Mdm Lin Chen, Jui-Fen**  
Deputy Executive Chairperson/  
Executive Director

**Mr Lin, Chin-Hung**  
Managing Director

**Mr Lin, Tzu-Lang (Resigned on 28 May 2015)**  
Executive Director

**Mr Toh Seng Thong**  
Independent Director

**Mr Yek Siew Liong**  
Non-Independent Non-Executive Director

**Mr Lin, Cheng-Hung (Appointed on 28 May 2015)**  
Non-Independent Non-Executive Director

## COMPANY SECRETARIES

**Ms Tai Yit Chan** (MAICSA 7009143)

**Ms Tan Ai Ning** (MAICSA 7015852)

**Mr Yeoh Joe Son** (MIA 9238)

## AUDIT COMMITTEE

**Mr Toh Seng Thong** (Chairman)  
Independent Director

**Dato' Haji Shaharuddin Bin Haji Haron**  
Senior Independent Director

**Mr Yek Siew Liong**  
Non-Independent Non-Executive Director

## NOMINATION COMMITTEE

**Dato' Haji Shaharuddin Bin Haji Haron** (Chairman)  
Senior Independent Director

**Mr Toh Seng Thong**  
Independent Director

**Mr Yek Siew Liong**  
Non-Independent Non-Executive Director

## REMUNERATION COMMITTEE

**Dato' Haji Shaharuddin Bin Haji Haron** (Chairman)  
Senior Independent Director

**Mr Toh Seng Thong**  
Independent Director

**Mr Yek Siew Liong**  
Non-Independent Non-Executive Director

## PLACE OF INCORPORATION AND DOMICILE

Malaysia

## STOCK EXCHANGE LISTING / STOCK NAME

Main Market of Bursa Malaysia Securities Berhad  
Stock Short Name : LATITUD  
Stock Code : 7006

## REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower  
8 First Avenue, Bandar Utama  
47800 Petaling Jaya, Selangor Darul Ehsan  
Telephone : 603-7720 1188  
Facsimile : 603-7720 1111  
Website : www.lattree.com

## SHARE REGISTRAR

Boardroom Corporate Services (KL) Sdn Bhd  
Lot 6.05, Level 6, KPMG Tower  
8 First Avenue, Bandar Utama  
47800 Petaling Jaya, Selangor Darul Ehsan  
Telephone : 603-7720 1188  
Facsimile : 603-7720 1111

## AUDITORS

Ernst & Young (AF 0039)  
Chartered Accountants  
Level 23A, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur

## PRINCIPAL BANKERS

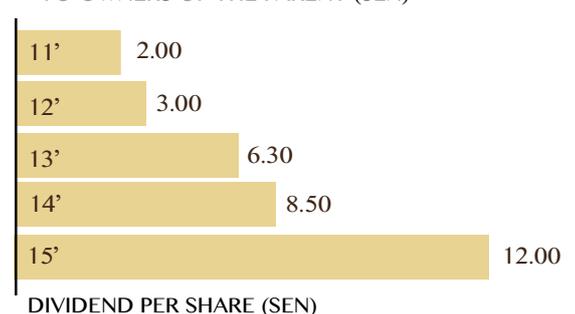
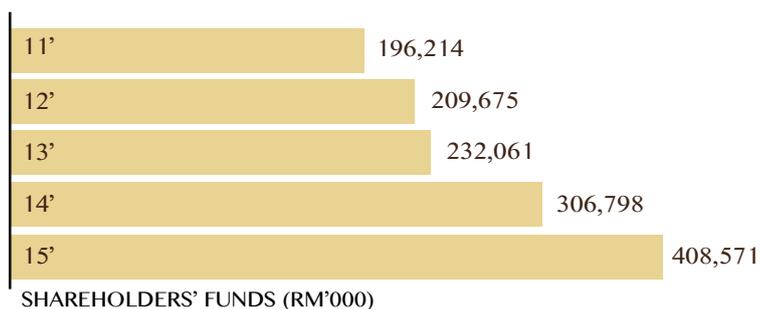
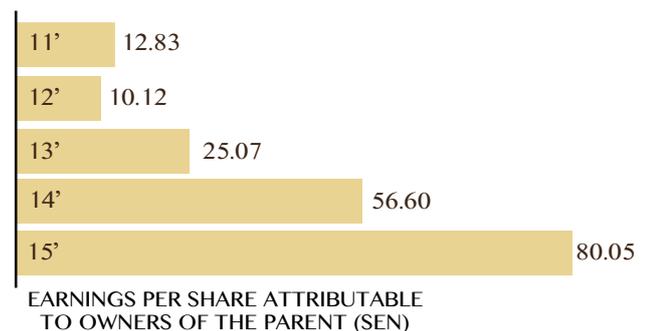
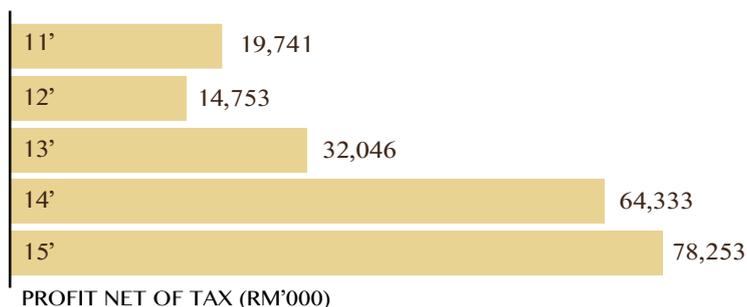
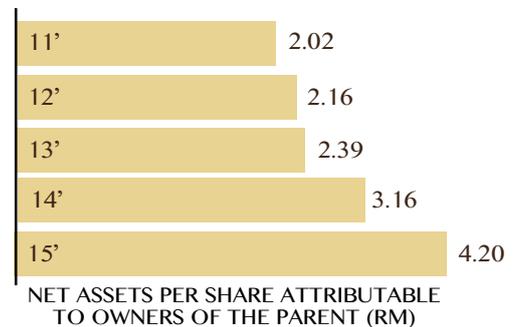
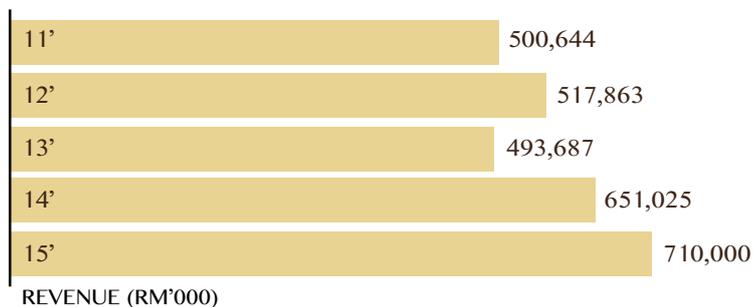
AmBank (M) Berhad  
HSBC Bank Malaysia Berhad  
Malayan Banking Berhad  
Alliance Bank Malaysia Berhad  
Chinatrust Commercial Bank  
Indovina Bank  
Far East National Bank



# FINANCIAL HIGHLIGHTS

Five Years Financial Highlights	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000
REVENUE	710,000	651,025	493,687	517,863	500,644
PROFIT NET OF TAX	78,253	64,333	32,046	14,753	19,741
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	77,812	55,016	24,366	9,840	12,471
SHAREHOLDERS' FUNDS	408,571	306,798	232,061	209,675	196,214
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT (RM)	4.20	3.16	2.39	2.16	2.02
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT (SEN)	80.05	56.60	25.07	10.12	12.83
DIVIDEND PER SHARE (SEN)	12.00	8.50	6.30	3.00	2.00
DIVIDEND AMOUNT (RM'000)	11,665*	8,263	6,124	2,916	1,944

\* This represents a final tax exempt dividend of 12.00 sen. The final tax exempt dividend was recommended by the Board of Directors and is subject to shareholders' approval at the forthcoming Annual General Meeting.





# CHAIRMAN AND MANAGING DIRECTOR'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors, we are pleased to present to you the Annual Report of Latitude Tree Holdings Berhad (the "Company" or the "Group") for the financial year ended 30 June 2015 ("FY 2015").

## Financial Performance

FY 2015 has been another strong year for the Group, building further on good performance of FY 2014. The Group's revenue increased 9.1% to RM710.0 million in FY 2015 compared to RM651.0 million in FY 2014. The increase in revenue of the Group was largely attributable to increase in demand for our products, higher production output and strengthening of US Dollar against Ringgit Malaysia. In tandem with growth of revenue, the Group's net profit attributable to shareholders surged 41.4% to RM77.8 million in FY 2015 compared to RM55.0 million in FY 2014. The substantial increase in net profit attributable to shareholders was mainly due to higher revenue from better margin products that was developed, improved productivity and performance of all factories and strengthening of US Dollar against Ringgit Malaysia.

In FY 2015, the Group further strengthened its financial position and balance sheet, with net assets attributable to shareholders increasing to RM408.6 million as at 30 June 2015, a growth of 33.2% from RM306.8 million in FY 2014. This represented a net asset value per share of RM4.20 at 30 June 2015 as compared to RM3.16 at end of the previous financial year. On a per share basis, the Group made basic earnings per share ("EPS") of 80.05 sen in FY 2015 versus 56.60 sen per share in FY 2014.

## Corporate and Business Developments

The Group had on 8 October 2014 entered into a Sale and Purchase Agreement ("SPA") with Hai Ming Industries Sdn. Bhd. and a Supplementary SPA with I'Kranji Industries Sdn. Bhd. to acquire a panel board lamination factory at Jalan Meru, Klang, Selangor together with all machinery in the factory for a total of cash consideration of RM22.0 million. The acquisition was completed on 7 January 2015 and commercial operation commenced in May 2015.

On 9 October 2014, PT Latitude Tree, a wholly-owned subsidiary of the Company has been successfully dissolved.

## Dividend

The Board is proposing a final tax exempt dividend of 12.0 sen per ordinary share amounting to RM11.66 million for FY 2015, compared to a 8.5 sen per share in FY 2014. The proposed dividend is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting to be convened on 10 December 2015.

## Business Strategy and Future Plans

The United States region remains the core market for the Group, accounted for approximately 92% of FY2015's revenue. The remaining revenue contributions were from other markets. In line with our expansion plans, the Group plans to increase and explore other export markets with high growth potential such as Australia, China, Russia, India and Indonesia.



# CHAIRMAN AND MANAGING DIRECTOR'S STATEMENT (CONT'D)

## **Business Strategy and Future Plans (cont'd)**

In order to manage quality and stability of supply of raw materials, the Group plans to expand its upstream operations especially Kiln Dry and Saw Mill facilities to meet the raw materials requirements of its existing furniture plants in Binh Duong, Vietnam and Selangor, Malaysia. The newly acquired panel board lamination factory will provide new varieties of raw materials and will help to mitigate reliance on solid woods. It also allowed the Group to diversify into new industry and new type of products.

As one of the industry leaders, we have to continue to focus on research and development ("R&D"). With this in view, the Group invests considerable resources into developing new, innovative and attractive designs which are market and customer driven. The R&D process is driven by teams of R&D employees geared towards producing a wider range of new, innovative and attractive design products. We have recently set up our first dedicated One-Stop R&D Centre at our Vietnam plant to help the Group to better meet the increasing customers' demand and expectation.

In order to reduce reliance of low-skilled labour and to improve production efficiency, the Group has allocated RM35.0 million to upgrade or automate existing production lines with advanced automation and state-of-the-art technology machinery.

As one of the leading manufacturers of household wooden furniture manufacturer in Malaysia and Vietnam, we will continue to develop new products to enhance the Group's current product offering. Notwithstanding that, we will look out for and explore new investment and business opportunities.

## **Acknowledgement and Appreciation**

On behalf of the Board, we wish to express our sincere appreciation to all our esteemed shareholders, customers, partners, business associates, bankers, stakeholders and regulatory bodies for your ongoing support and unwavering confidence in us.

To our fellow board members and management team, thank you for the wise counsel, untiring efforts and invaluable contributions to the continued growth and success of the Group. On a personal note, we would like to thank Mr Lin, Tzu-Lang, who has decided to retire from Board. Having been with us since our IPO, he has played a vital role on the Board and his contributions have been invaluable. We also take this opportunity to welcome to our newest Board member, Mr Lin, Cheng-Hung, who was appointed as Non-Independent Non-Executive Director on 28 May 2015.

We look forward to working closely together in many years to come.

**Dato' Haji Shaharuddin Bin Haji Haron**  
Chairman  
18 November 2015

**Lin, Chin-Hung**  
Managing Director



# CORPORATE PROFILE

## Mission

We aspire to become a world class integrated household furniture manufacturer co-existing in harmony with nature and the society it serves.

Our mission is to continually improve our products and services to meet or exceed the expectations of our customers. We emphasise employee teamwork and involvement in identifying and implementing programs to save time and lower production costs while maintaining the highest quality values. These strategies allow us to prosper as a business with high degree of integrity and to provide a reasonable return to our shareholders, the ultimate owners of our business.

## History

Latitude Tree Holdings Berhad was incorporated in Malaysia as an investment holding company. Through its subsidiary companies, the Group specialises in the manufacturing and sale of wooden furniture and components particularly rubber-wood furniture for both the domestic and export markets.

The Group has carved out a strong niche in the household furniture segment, specifically dining and bedroom sets. From its humble beginnings as a manufacturer of chairs for dining sets in 1988, the Group has grown into a complete high-and-medium-end dining and bedroom sets manufacturer. About 60% of its raw materials are rubber-wood-based with the remaining being oak, pine wood and other wood-based materials.

The Group has made great advances to position itself as one of the largest rubber-wood furniture manufacturers and exporters in Malaysia and Vietnam. Approximately 99% of the Group's products are exported overseas to the United States of America, Canada, Europe, South Africa, Australia and the Middle East countries.

## Manufacturing / Operating Activities

The Group's manufacturing activities are operated from its four factories in Malaysia, two factories in Vietnam and one factory in Thailand. The total floor area of the six manufacturing plants is approximately 7.9 million square feet. The total current workforce is about 8,000 workers.

## Products

The Group has developed an extensive range of products to cater for different customers' requirements and expectations.

The followings are the main products of the Group:

- Bedroom Collection Sets including Beds, Nightstands, Chests, Armoires and Wardrobes;
- Dining Collection Sets including Tables, Chairs, Buffets, Hutches, Curios, Sideboards and Servers; and
- Living Room Collection sets including Sofas, Sofa Tables, Occasional Tables, Coffee Tables and Cabinets (TV and Low Cabinets) and Small Office, Home Office (SoHo) sets.

From the traditional piece-meal furniture manufacturer, the Group has shifted strategically into the manufacture of whole set and collection set furniture as a response to the emerging demand trends for whole set and collection set furniture. The Group has a team of in-house designers, technicians and developers who are able to develop products that meet customers' requirements and tastes for different markets.





# PROFILE OF BOARD OF DIRECTORS

## **DATO' HAJI SHAHARUDDIN BIN HAJI HARON**

Chairman / Senior Independent Director

Dato' Haji Shaharuddin Bin Haji Haron, aged 77, a Malaysian, was appointed to the Board of Latitude Tree Holdings Berhad ("LTHB") on 21 June 2000. His last re-appointment as a director was on 10 December 2014. He is the Chairman of Remuneration Committee and Nomination Committee and a member of the Audit Committee.

He graduated with a Bachelor of Arts (Hons) from the University of Malaya and a Master of Economics from University of Pittsburgh, USA. He served in the Malaysian Administrative and Diplomatic Service. He was initially appointed and held various positions in the Economic Planning Unit of the Prime Minister's Department. He was the first Secretary of the Foreign Investment Committee (from 1974 to 1979). Subsequently, he was appointed the Director General of Insurance of Ministry of Finance ("MOF") (from 1979 to 1983), the Secretary of Finance, MOF (from 1983 to 1984), the Director General of the National Padi and Rice Board Malaysia (from 1984 to 1987). He was appointed the Secretary General of the Ministry of Public Enterprise (from 1987 to 1990), the Secretary General of the Ministry of International Trade and Industry (from 1990 to 1992) and the Secretary General of the Ministry of Domestic Trade and Consumers' Affairs (from 1992 to 1993). While in the Malaysian civil service, he served on the boards of a number of government companies/corporations at State and Federal Government levels, including the State Economic/Development Corporations, Petronas, Permodalan Nasional Berhad ("PNB"), EXIM, the Capital Issue Committee, Malaysian Investment Development Authority ("MIDA") and Malaysian Industrial Development Finance Berhad ("MIDF"). He retired from public service in September 1993.

Particulars of his other directorships in public companies:

- Malayan Flour Mills Berhad
- Gopeng Berhad

Currently, he also sits on the Board of a few private companies.

Dato' Haji Shaharuddin does not have any family relationship with any other Directors and/or substantial shareholder of the Company nor any conflict of interest in any business arrangement involving the Company.

## **MDM LIN CHEN, JUI-FEN**

Deputy Executive Chairperson / Executive Director

Mdm Lin Chen, Jui-Fen, aged 61, a Taiwanese, was appointed as Executive Director to the Board of LTHB on 28 April 1997. She is currently the Deputy Executive Chairperson and a substantial shareholder of the Company. Her last re-election as a director was on 18 December 2012.

Prior to her appointment as Deputy Executive Chairperson, Mdm Lin was the Managing Director of the Company from 2009 to 2012 and was involved in the overall management of the Sales, Marketing, Finance, Operation and Human Resource Department of LTHB Group. Mdm Lin was the Chief Executive Officer of Latitude Tree International Group Limited (now known as Brooke Asia Limited) from 2012 to 2014.

Mdm Lin together with the late Mr Lin, Tzu-Keng founded the Company and its subsidiaries with the setting up of Latitude Tree Furniture Sdn. Bhd. in 1988. She together with the late Mr Lin led LTHB Group to venture into Vietnam in 2000 with the setting up of Latitude Tree Vietnam Joint Stock Company and followed by RK Resources Co., Ltd. in 2002, which were both hived off to form part of LTHB Group.

Mdm Lin is the parent of Mr Lin, Chin-Hung and aunt to Mr Lin, Cheng-Hung. Mr Lin, Chin-Hung and Mr Lin, Cheng-Hung are both substantial shareholders of the Company.

Mdm Lin does not have any conflict of interest in any business arrangement involving the Company.



## PROFILE OF BOARD OF DIRECTORS (CONT'D)

### **MR LIN, CHIN-HUNG**

Managing Director

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Mr Lin, Chin-Hung, aged 36, a Taiwanese, was appointed to the Board of LTHB on 18 January 2012 as the Managing Director and a substantial shareholder of the Company. His last re-election as a director was on 18 December 2012.

Mr Lin attended the Hawaii Pacific University and graduated with a Master in Business Management from National University of Kaohsiung, Taiwan.

Mr Lin was an Assistant to the Managing Director of LTHB where he assisted in the Marketing, Production and Purchasing Activities of LTHB Group from July 2001 to August 2007. Mr Lin joined LTHB Group in January 2008 and assisted the Head of Operations of RK Resources Co., Ltd. in the procurement and purchase of all raw materials.

Mr Lin is the son of Mdm Lin Chen, Jui-Fen and cousin of Mr Lin, Cheng-Hung. Mdm Lin Chen, Jui-Fen and Mr Lin, Cheng-Hung are both substantial shareholders of the Company.

Mr Lin does not have any conflict of interest in any business arrangement involving the Company.

### **MR LIN, CHENG-HUNG**

Non-Independent Non-Executive Director

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Mr Lin, Cheng-Hung, aged 50, a Taiwanese, was appointed to the Board of LTHB on 28 May 2015 as Non-Independent Non-Executive Director and a substantial shareholder of the Company.

Mr Lin graduated with a Bachelor of Arts Degree in Business Administration from California States University. He has many years of experience in various fields such as information communication technology system, garment, sofa manufacturing and wooden furniture manufacturing.

Mr Lin is the cousin to Mr Lin, Chin-Hung and nephew to Mdm Lin Chen, Jui-Fen. Mr Lin, Chin-Hung and Mdm Lin Chen, Jui-Fen are both substantial shareholders of the Company.

Mr Lin does not have any conflict of interest in any business arrangement involving the Company.



# PROFILE OF BOARD OF DIRECTORS (CONT'D)

## **MR TOH SENG THONG, JP, PJK**

Independent Director

Mr Toh Seng Thong, aged 57, a Malaysian, was appointed to the Board of LTHB on 18 August 2003. His last re-election as a director was on 10 December 2014. He is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee.

Mr Toh graduated with a Bachelor of Commerce (Accounting) degree from the University of Canterbury, New Zealand in 1981. He is a Chartered Accountant by profession and a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, Institute of Chartered Accountants of Australia and New Zealand, a fellow member of the Chartered Tax Institute of Malaysia and an Associate member of the Harvard Business School Alumni Club of Malaysia. Mr Toh has over 27 years experience in auditing, taxation and corporate advisory and financial advisory as a practicing Chartered Accountant of Malaysia. He started his own practice under Messrs S T Toh & Co in 1997.

Particulars of his other directorships in public companies:

- Adventa Berhad
- Malaysian Genomics Resource Centre Berhad

Mr Toh does not have any family relationship with any other Directors and/or substantial shareholder of the Company nor any conflict of interest in any business arrangement involving the Company.

## **MR YEK SIEW LIONG**

Non-Independent Non-Executive Director

Mr Yek Siew Liong, aged 56, a Malaysian, was appointed to the Board of LTHB on 18 May 2007. His last re-election as a director was on 23 December 2013. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee.

Mr Yek graduated with a Bachelor of Arts (Hons) in Architecture and Environmental Design degree from University of Nottingham, United Kingdom in 1983, Bachelor of Architecture (Hons) from University of Nottingham, United Kingdom in 1986 and Master of Business Administration from Aston University in Birmingham, United Kingdom in 1988. He is currently a member of the Malaysian Institute of Chartered Secretaries and Administrators and the Institute of Approved Company Secretaries.

Mr Yek has many years of experience in various fields such as timber trading, logging, saw-milling, kiln-drying, laminated truck flooring, oil palm plantations, shipping, petrol station, hospitality, cable manufacturing, township and property development. He is currently the Group Managing Director and Chief Executive Officer of Hock Lee Holdings Sdn Bhd and its group of companies.

Particulars of his other directorships in public companies:

- Sarawak Cable Berhad
- Hock Lee Asia Berhad
- Cinacom Bintulu Berhad

Mr Yek does not have any family relationship with any other Directors and/or substantial shareholder of the Company nor any conflict of interest in any business arrangement involving the Company, other than those stated in item 9.11 in the Corporate Governance Statement contained in this Annual Report.

None of the Directors have conviction of any offences within the past ten (10) years.



# CORPORATE GOVERNANCE STATEMENT

## INTRODUCTION

The Board of Directors (“the Board”) remains fully committed to achieve and maintain high standards of corporate governance within the Latitude Tree Holdings Berhad (“LTHB”) Group.

The Board is guided by the principles and recommendations as promulgated by the Malaysian Code on Corporate Governance 2012 (the “MCCG 2012”) and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) wherever applicable in the best interest of the shareholders of the Company.

This Statement sets out the key aspects of how the Company has applied the principles and recommendations of the MCCG 2012 during the financial year which includes commitment to excellence in governance standards. Save for limited exceptions as explained within this statement, the Board considers that throughout the financial year of 30 June 2015, the Company complied with the principles and recommendations of the MCCG 2012.

## ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

### 1.1 Clear functions of the Board and Management

The LTHB Group acknowledges the pivotal role played by the Board in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholders’ value. To fulfill this role, the Board is responsible for the overall corporate governance of the LTHB Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board has delegated the authority to achieve the corporate objectives to the Managing Director. The Managing Director remains accountable to the Board for the authority that is delegated to him, and for the performance of the Group.

The Board monitors the decisions and actions of the Managing Director and the performance of the Group to gain assurance that progress is being made towards the corporate objectives.

### 1.2 Duties and responsibilities

The Board has primary responsibility for the governance and management of the Group and fiduciary responsibility for the financial health of the Company. The Group acknowledges the importance of having an effective Board to lead and control the Group. The Board’s responsibilities include:

- a) Reviewing and adopting a strategic plan for the Company;
- b) Overseeing the conduct of the Company’s business to evaluate whether the business is being properly managed;
- c) Identifying principal risks and ensure the implementation of appropriate systems to manage these risks;
- d) Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Executive Directors and Senior Management;
- e) Developing and implementing an investor relations programme or shareholder communications policy for the Company;
- f) Reviewing the adequacy and the integrity of the Company’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- g) Determining the remuneration of Non-Executive Directors, with the individuals concerned abstaining from discussions of their own remuneration; and
- h) Ensuring that the Company adheres to high standards of ethics and corporate behaviour.



# CORPORATE GOVERNANCE STATEMENT (CONT'D)

## ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (CONT'D)

### 1.2 Duties and responsibilities (cont'd)

To ensure the effective discharge of its functions and responsibilities, the Board has established and delegated certain responsibilities to the Board Committees which have been set up, namely the Audit Committee, Nomination Committee and Remuneration Committee.

The Board Committees are entrusted with specific responsibilities to oversee the Company's affairs, in accordance with their respective Terms of References and operating procedures and the Board receives reports of their proceedings and deliberations. The Chairman of the respective committees will report to the Board the outcome of these meetings and such reports are incorporated into the Board papers. These committees were formed in order to enhance business and operational efficiency as well as efficacy. The Board remains fully responsible for the direction and control of the Company and of the Group.

### 1.3 Directors' Code of Business Conducts and Ethics

#### Code of Ethics

The Board has adopted a Code of Business Conducts and Ethics for Directors. The Code of Business Conducts and Ethics for Directors is intended to focus the Board and each Director on areas of ethical risk, provide guidance to Directors to help them recognise and deal with ethical issues, provide mechanisms to report unethical conduct and help foster a culture of integrity, honesty and accountability.

#### Whistle Blowing Policy

As part of the Company's continuous efforts to ensure that good corporate governance practices are being adopted, the Company has an established Whistle Blowing Policy to provide a clear line of communication and reporting of concerns for employees at all levels.

### 1.4 Strategies promoting sustainability

The Group recognises the importance of sustainability and its increasing impact to the business. The Group is committed to understanding and implementing sustainable practices and exploring the benefits to the business whilst attempting to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders and economic success. The Board has adopted a Sustainability/Environmental, Social and Corporate Governance (ESG) Policy for the Group.

The Group is committed to create a working environment in which all individuals are treated fairly and respectfully and have equal access to opportunities. Decisions related to recruitment selection, development or promotion are based on merit, irrespective of gender, age or ethnicity.

The Company is involved in various activities as part of its Corporate Social Responsibility efforts:

- a) **Occupational Safety and Health**  
The Company is committed to maintain high safety and health standards at work place. A committee has been set up to monitor the compliance of the safety and health standards. A series of in-house programmes on safety and health are regularly conducted with the assistance of external experts and committee members. This includes training on handling of machinery, chemical and flammable materials at work place.
- b) **Contribution to charitable causes**  
The Group has been contributing regularly to schools with an objective to assist in the development of education of the less fortunate as well as donations to charitable organisations.

During the financial year, the Group had contributed approximately RM100,000 to City of Hope, United States (a leading research and treatment center for cancer, diabetes and other life-threatening diseases) and donated 120 sets of classroom tables and chairs, manufactured by a Malaysia subsidiary of the Company, to a primary school in Kuala Terengganu, Terengganu.



# CORPORATE GOVERNANCE STATEMENT (CONT'D)

## ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (CONT'D)

### 1.5 Access to information and advice

All Directors have access to all information concerning the Company and the Group from the Management and Board Committees as well as the advice and services of the Company Secretaries for the performance of their duties. Where necessary, the Director(s) may engage independent professionals at the Group's expense on specialised issues to enable the Director(s) to discharge his/their duties with adequate knowledge on the matters being deliberated.

### 1.6 Qualified and competent Company Secretaries

The Board has access to information with regard to the activities within the Group and to the advice and services of the Company Secretaries, who are responsible for ensuring the Board meeting procedures are adhered to. All matters discussed and resolutions passed at each Board Meeting are recorded in the minutes of the Board meeting.

The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and competent on new statutory and regulatory requirements, and the resultant implications to the Company and Directors in relation to their duties and responsibilities. The Company Secretaries brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries attend all Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

The removal of Company Secretaries, if any, is a matter for the Board, as a whole, to decide. Every Director has unhindered access to the advice and services of the Company Secretaries.

### 1.7 Board Charter

The Board Charter was established by the Board to achieve the objectives of transparency, accountability and effective performance for the Group and the enhancement of corporate governance standards with the aim of enshrining the concepts of good governance as promulgated in the MCCG 2012.

The Board Charter promotes high standards of corporate governance and is designed to provide guidance and clarity for Directors and management with regard to the roles of the Board and its committees. The Board Charter is available in the Company's website, [www.lattree.com](http://www.lattree.com).

## STRENGTHEN COMPOSITION OF THE BOARD

### 2.1 Nomination Committee

The members of the Nomination Committee consist of three (3) Non-Executive Directors and meet as and when required. The composition, terms of reference, duties and responsibilities and other information of the Nomination Committee are set out on pages 30 and 31 of this Annual Report.

### 2.2 Develop, maintain and review criteria for recruitment processes and annual assessment of Directors

#### Appointment Process

The Board, through the Nomination Committee's annual appraisal, believes that the current composition of the Board brings the required mix of skills and core competencies required for the Board to discharge its duties effectively.



# CORPORATE GOVERNANCE STATEMENT (CONT'D)

## STRENGTHEN COMPOSITION OF THE BOARD (CONT'D)

### 2.2 Develop, maintain and review criteria for recruitment processes and annual assessment of Directors (cont'd)

#### **Appointment Process (cont'd)**

The Nomination Committee is also responsible for making recommendations to the Board on the suitability of candidates nominated for appointment to the Board and Board Committees. A formal and transparent procedures for appointment of directors was set out in the Terms of Reference of Nomination Committee.

The decision as to who should be appointed is the responsibility of the full Board after considering the recommendations of the Committee. The Company Secretaries will ensure that all appointments are properly made; all the necessary information is obtained as well as all legal and regulatory obligations are met.

#### **Re-election of Directors**

In accordance with the Company's Articles of Association ("Articles"), any Director appointed during the year is required to retire and seek re-election by shareholders at the following Annual General Meeting ("AGM") immediately after their appointment and that one third of the Board members are required to retire at every AGM and be subject to re-election by shareholders. All Directors, including the Managing Director shall retire from office at least once in every three years but shall be eligible for re-election.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

#### **Board Evaluation**

The Board regularly evaluates its performance and the governance processes that support the Board's work with the aim of improving individual contributions, effectiveness of the Board and its committees and LTHB's performance.

During the financial year under review, the Nomination Committee had reviewed and assessed the mix of skills and experience and size of the Board, contribution of each Director and effectiveness of the Board and Board Committees and also reviewed the retirement of Directors by rotation and eligibility for re-election.

#### **Gender Diversity**

The Board is presently of the view that there is no necessity yet to fix a specific gender diversity policy as the Board has a female director. The appointment of any Director(s) should be based on their merit, qualification and working experience and the Board is supportive of gender equality.



# CORPORATE GOVERNANCE STATEMENT (CONT'D)

## STRENGTHEN COMPOSITION OF THE BOARD (CONT'D)

### 2.3 Remuneration policies and procedures

#### Remuneration Committee

The members of the Remuneration Committee consist of three (3) Non-Executive Directors and meet as and when required. The composition, terms of reference, duties and responsibilities and other information of the Remuneration Committee are set out on pages 32 and 33 of this Annual Report.

#### Directors' Remuneration

The details of aggregate remuneration of Directors of the Company during the financial year are as follows:

Remuneration	Executive Directors (RM'000)	Non-Executive Directors (RM'000)	Total (RM'000)
Salaries and other emoluments	12	43	55
Fees	72	288	360
Total	84	331	415

The number of directors of the Company whose total remunerations during the year fall within the respective bands are as follows:

Range of remuneration	Number of Executive Directors	Number of Non-Executive Directors
Below RM50,000	1	-
RM50,001 – RM100,000	1	4
Total	2	4

## REINFORCE INDEPENDENCE

### 3.1 Annual Assessment of Independence

The Board recognises the importance of independence and objectivity in the decision-making process. The Independent Directors bring their respective knowledge and experience and provide independent judgement to the Board. The Board is committed in ensuring that Independent Directors are capable and willing to make decisions in the best interests of the Company and the shareholders free from interest or influence and are independent of the Management.

The Independent Directors namely, Dato' Haji Shaharuddin Bin Haji Haron and Mr Toh Seng Thong fulfilled the criteria of "Independence" as prescribed under the Listing Requirements. The key criteria for the appointment of an Independent Director is one who is not a member of the management (a Non-Executive Director) and who is free of any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company. The Board composition complies with the Listing Requirements which requires that at least two (2) Directors or one-third (1/3) of the Board of the Company, whichever is the higher, to be Independent Directors.



# CORPORATE GOVERNANCE STATEMENT (CONT'D)

## REINFORCE INDEPENDENCE (CONT'D)

### 3.2 Tenure of Independent Directors

In line with the MCCG 2012, the tenure of an Independent Director should not exceed a cumulative term of nine years. However, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. In exceptional cases and subject to assessment by the Nomination Committee, the Board may recommend for an Independent Director who has served a consecutive or cumulative term of nine years to remain as an Independent Director subject to shareholders' approval.

### 3.3 Separation of position of the Chairman and Managing Director

There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The Chairman leads the Board and facilitates its work. He engages directly with the Managing Director to understand and oversee the strategy implementation and performance delivery. He is responsible for ensuring the processes of the Board are effective in carrying out its duties and responsibilities, including the timely provision of sufficient relevant information on financial and non-financial matters. The Chairman, in conjunction with the Managing Director and Company Secretaries, sets agendas for the meetings of the Board that focus on strategic direction and performance of the Group.

The Managing Director is responsible for the day-to-day management of the Group's operations and business as well as implementation of the Board's policies and decisions.

### 3.4 Board composition and balance

The Board consists of six (6) members; comprising one (1) Senior Independent Director, one (1) Independent Director, two (2) Non-Independent Non-Executive Directors and two (2) Executive Directors of which one (1) is the Managing Director. The composition of the Board reflects a balance of Executive and Non-Executive Directors to ensure that the interest of not only the Group, but also stakeholders and the public in general are represented in all business strategies formulation and adoption.

The qualification and experience of the Directors are set in the Profile of Board of Directors on pages 8 to 10 of this Annual Report. The Board is satisfied with its current composition which comprises the balanced mix of operational skills of the Executive Directors in the wooden furniture manufacturing industry with the professional expertise of the Non-Executive Directors in the fields of manufacturing, auditing and accounting.



# CORPORATE GOVERNANCE STATEMENT (CONT'D)

## FOSTERING COMMITMENT

### 4.1 Time Commitment

The Board meets on a quarterly basis and additionally as required. The general agenda of the meetings includes discussion over minutes of previous meetings, quarterly financial results of the Group and any other issues requiring the Board's deliberation and approval. The agenda for each Board meeting is circulated to all the Directors for their perusal prior to the convening of each meeting to enable Directors to obtain further clarifications/explanations prior to the meeting to ensure smooth proceeding of each meeting. The proceedings and resolutions reached at each Board meeting are minuted and signed by Chairman of the meeting.

Besides Board meetings, the Board exercises control on matters that require Board's deliberation and approval through circulation of Directors' Resolutions.

The Board held five (5) meetings during the financial year.

Record of each Director's meeting attendance during the financial year under review is set out below:

Name	Attendance
Dato' Haji Shaharuddin Bin Haji Haron #	5/5
Mdm Lin Chen, Jui-Fen	5/5
Mr Lin, Chin-Hung	5/5
Mr Lin, Tzu-Lang (Resigned on 28 May 2015)	3/5
Mr Toh Seng Thong #	5/5
Mr Yek Siew Liong # #	5/5
Mr Lin, Cheng-Hung # # (Appointed on 28 May 2015)	N/A

# Denotes Independent Director

# # Denotes Non-Independent Non-Executive Director

Procedures are in place for Directors to seek both independent professional advice at the Company's expense and have access to the Company Secretaries in order to fulfill their duties and specific responsibilities as enumerated in the Board Charter.

The Board members are required to notify the Company prior to their acceptance of new directorships in other companies.

### 4.2 Directors' Training

All the Directors have completed the Mandatory Accreditation Programme ("MAP") conducted by Bursa Malaysia Securities Berhad ("Bursa Securities"). Directors are also advised of developments or changes to relevant laws and regulatory requirements and suitable training and education programmes are identified for their participation from time to time.

Management briefings during Board and Audit Committee meetings on various operational, technical, financial and corporate matters are also aimed at ensuring that Directors are well versed with the knowledge of the Group's business and affairs in enabling them to make meaningful decisions.



# CORPORATE GOVERNANCE STATEMENT (CONT'D)

## FOSTERING COMMITMENT (CONT'D)

### 4.2 Directors' Training (cont'd)

During the financial year under review, the Directors have attended and participated in various training programme which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors. The training seminars attended by the Directors during the financial year include:

- Corporate Governance Statement Reporting Workshop;
- National Tax Conference 2014;
- Audit Committee Conference 2015;
- ESG Seminar for FTSE4 Good Bursa Malaysia Index;
- CG Breakfast Series with Directors: "Bringing the Best Out in Boardrooms";
- Corporate Governance Breakfast Series - How to Maximise Internal Audit; and
- Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers.

The Company Secretaries circulated the relevant guidelines on regulatory requirements from time to time for the Board's reference and briefed the Board quarterly on these updates at the Board meetings.

New directors, if any, upon joining the Board, would be briefed on the Company's business and governance matters, amongst others in respect of the duties and responsibilities of Directors, to introduce new Directors to the Group's business, its operations and its governance arrangements.

## UPHOLD INTEGRITY IN FINANCIAL REPORTING

### 5.1 Compliance with applicable financial reporting standards

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial position and prospects via the quarterly announcements of results and the publishing of audited financial statements via the annual report distributed to shareholders yearly.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting with particular emphasis on the application of accounting standards, policies and the making of reasonable and prudent estimates and assumptions.

A statement by the Board of its responsibilities for preparing the financial statements is set out on page 34 of this Annual Report.

### 5.2 Assessment of suitability and independence of external auditors

The Board maintains an active, transparent and professional relationship with its external auditors through Audit Committee, which has been conferred with the authority to interface directly with the external auditors of the Group.

The external auditors provide mainly audit-related services to the Company. Due to the strong knowledge of the Company, the external auditors also undertake certain non-audit services such as regulatory reviews and reporting and other services.

A summary of the activities of the Audit Committee during the year is set out in the Audit Committee Report on pages 28 and 29 of this Annual Report.



# CORPORATE GOVERNANCE STATEMENT (CONT'D)

## RECOGNISE AND MANAGE RISKS

### 6.1 Sound framework to manage risks

The Board has ultimate responsibility for reviewing the Company's risks, approving the risk management framework and policy and overseeing the Company's strategic risk management and internal control framework.

The Company has in place an on-going process for identifying, evaluating and managing significant risks that may affect the achievement of the business objectives of the Group. The Board through the Audit Committee and Risk Management Committee reviews the key risks identified on a regular basis to ensure proper management of risks and that measures are taken to mitigate any weaknesses in the control environment.

The key features of the Risk Management Framework are set out in the Statement on Risk Management and Internal Control of the Company on page 23 of this Annual Report.

### 6.2 Internal audit function

The Board has established an internal audit function within the Company, which is led by the out-sourced Internal Auditor, Columbus Advisory Sdn. Bhd. who reports directly to the Audit Committee.

Details of the Company's internal control system and framework as set out in the Statement on Risk Management and Internal Control together with Audit Committee Report of this annual report.

## ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

### 7.1 Corporate Disclosure Policy

#### Information Disclosure

The Board has in place a policy to ensure disclosure of information is in accordance with the disclosure requirements under the Listing Requirements and other applicable laws.

### 7.2 Leverage on information technology for effective dissemination of information

The Company's website incorporates an Investor Relations section which provide all relevant information on the Company and is accessible by the public. This Investor Relations section enhances the Investor Relations function by including Financial Reports, Company's announcements as well as the corporate and governance structure of the Company.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is also be wary of the legal and regulatory framework governing the release of material and price-sensitive information. The Company takes into account the prevailing legislative restrictions and requirements as well as the investors' needs for timely release of price sensitive information such as financial performance results and statements, material acquisitions, significant corporate proposals as well as other significant corporate events when releasing such information.

Shareholders and other interested parties may contact the Managing Director, to address any concerns by writing or via telephone or facsimile as follows:-

**Address** : Latitude Tree Holdings Berhad  
Lot 3356, Batu 7<sup>3</sup>/<sub>4</sub>, Jalan Kapar,  
42200 Kapar, Selangor Darul Ehsan, Malaysia  
**Tel** : 603-3291 5401  
**Fax** : 603-3291 0048  
**Website** : [www.lattree.com](http://www.lattree.com)



# CORPORATE GOVERNANCE STATEMENT (CONT'D)

## STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

### 8.1 Encourage shareholder participation at general meetings

The Board fully recognises the rights of shareholders and encourages them to exercise of their rights at the Company's Annual General Meeting ("AGM").

It has also been the Company's practice to send the Notice of the AGM and related papers to shareholders at least twenty-one (21) clear days before the meeting. The date, venue and time of these meetings are determined to provide the maximum opportunity for as many shareholders as possible to attend and participate either in person, by corporate representative or by proxy.

### 8.2 Encourage poll voting

All resolutions put forth for shareholders' approval at the 20th AGM held on 10 December 2014 were voted by a show of hands.

The Company will give due consideration on the mode of voting on any resolutions at the AGM and/or EGM, including voting by way of a poll, where required.

### 8.3 Communication with Shareholders and Investors

The AGM is the main forum where dialogue with shareholders can be effectively conducted. Shareholders are given reasonable time to ask questions pertaining to issues in the Annual Report, corporate developments on the business of the Group and resolutions proposed and to vote on all resolutions proposed. Those unable to attend are allowed to appoint proxies to attend and vote on their behalf. During the meeting, the Managing Director and the Executive Directors are prepared to provide responses to queries and to receive feedback from the shareholders.

External auditors are also present to provide their professional and independent clarification on issues of concern raised by the shareholders, if any.

The importance of keeping shareholders informed of developments concerning the Group is high on the agenda.

The shareholders are kept abreast of all important developments concerning the Group through regular and timely dissemination of information via quarterly financial announcements through Bursa Securities' website, distribution of annual report and various other announcements made during the year. These will enable the shareholders, investors and members of public to have an overview of the Group's performance and hence, will enable them to make any informed investment decision in relation to the Group.

The Company's website, [www.lattree.com](http://www.lattree.com), provides an avenue for information, such as dedicated sections on corporate information, including financial information and announcements. The website is continuously updated to ensure that the information contained within is correct.

## OTHER INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF THE BURSA SECURITIES

The information set out below is disclosed in compliance with the Listing Requirements of Bursa Securities.

### 9.1 Utilisation of Proceeds

There was no corporate exercise carried out during the financial year ended 30 June 2015 to raise funds.



# CORPORATE GOVERNANCE STATEMENT (CONT'D)

## OTHER INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF THE BURSA SECURITIES (CONT'D)

### 9.2 Share Buy-Back

The Company had obtained its shareholders' authority at the Company's Annual General Meeting held on 10 December 2014 in respect of the share buy-back of up to 10% of the issued and paid up share capital of the Company.

The Company has not purchased or cancelled any of its own ordinary shares during the financial year ended 30 June 2015.

As at 30 June 2015, there are no shares held as treasury shares.

### 9.3 Options, Warrants or Convertible Securities

There were no other options, warrants or convertible securities exercised in respect of the financial year ended 30 June 2015.

### 9.4 Depository Receipt Programme

The Company had not sponsored Deposit Receipt programme for the financial year ended 30 June 2015.

### 9.5 Sanctions and/or Penalties

The Company and its subsidiaries, Directors and Management had not been imposed with any sanctions and/or penalties.

### 9.6 Non-Audit Fees

The amount of non-audit fees paid and payable to external auditors by the Company and its subsidiaries for the financial year ended 30 June 2015 amounted to RM36,000.

### 9.7 Variation of Results

There were no material variances between the actual results for the financial year ended 30 June 2015 and the unaudited results previously announced by the Company.

### 9.8 Profit Forecast and Guarantee

The Company did not issue any profit forecast and guarantee for the financial year ended 30 June 2015.

### 9.9 Revaluation Policy

There was no revaluation of properties of the Group during the financial year ended 30 June 2015.

### 9.10 Material Contracts Involving Directors and Major Shareholders

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by LTHB and/or its subsidiaries which involve Directors' and major shareholders' interests during the financial year ended 30 June 2015.



# CORPORATE GOVERNANCE STATEMENT (CONT'D)

## OTHER INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF THE BURSA SECURITIES (CONT'D)

### 9.11 Recurrent Related Party Transactions of Revenue Nature

The details of the Recurrent Related Party Transactions ("RRPT") of a revenue and trading nature carried out by the Group during the financial year ended 30 June 2015 are as follows:

<b>Nature of Transaction</b>	<b>Transacting Parties</b>	<b>Interested Parties</b>	<b>Nature of Relationship</b>	<b>Amount Transacted During The Financial Year RM'000</b>
Purchases of raw materials and supplies, laminated boards and furniture components by the LTHB Group from Grob Holz Company Limited ("GHCL")	GHCL and the LTHB Group	Mr. Yek Siew Liong and Konsortium Kontrek Sdn. Bhd. ("KKSB")	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 KKSB.	8,186

## CONCLUSION

The Board is supportive of all the Recommendations of the Code and will take reasonable steps and also review the existing policies and procedures in place from time to time to ensure full compliance thereof.

The Board is satisfied that the Company has substantially complied with the Principles and Recommendations of the Code.

This Statement is made in accordance with a resolution of the Board dated 27 October 2015.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## 1. INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) and the Principles and Best Practices provisions relating to internal control provided in the Malaysian Code on Corporate Governance 2012 (the “MCCG 2012”), the Board of Directors (“Board”) of listed issuers are required to include in their Annual Report a “statement on the state of its risk management and internal controls”. The following Statement on Risk Management and Internal Control has also been prepared in accordance with the “Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers”.

## 2. RESPONSIBILITY

The Board acknowledges its overall responsibility to establish a sound system of internal control and risk management and for reviewing the effectiveness of the system in order for the Group to safeguard shareholders’ investment and the Group’s assets. Notwithstanding that, in view of the inherent limitations in any system of internal control, the Board recognises that reviewing the Group’s systems of internal control is a concerted and continuing process, designed to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, the system can only provide reasonable and not absolute assurance against material misstatement of management, loss or fraud and failure to achieve business objectives.

The Board has received assurance from the Managing Director and the management team of the Group that the Group’s risk management and internal control systems have been operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement.

The Board has extended the responsibilities of the Audit Committee to include the role of reviewing and monitoring the effectiveness of the Group’s internal control system. The Audit Committee review and deliberate reports from the internal auditors on findings from audits carried out at operating units, and the external auditors on areas for improvement identified during the course of statutory audit. The Reports of the Audit Committee is set out on pages 25 to 29 of this Annual Report.

## 3. RISK MANAGEMENT FRAMEWORK

The oversight of the Group’s risk management process is the responsibility of the Managing Director who is assisted by the Heads of Department of the respective operating companies. The Company has established a Risk Management Committee (“RMC”) whom together with the Audit Committee, are entrusted to ensure more effective and efficient identification, evaluation, management and reporting of Group’s risks. Its functions include, inter alia:

- developing Risk Management Framework;
- coordinate the updating of the risk profile;
- monitor the implementation of action plans; and
- review and assess the feasibility of action plans and the overall of the control environment in mitigating risk.

The Company has in place an Enterprise-Wide Risk Management (“ERM”) framework.

Within the ERM framework, risks and control measures are documented and compiled by the RMC to represent the risk profile of the operating companies which in turn are consolidated to form the risk profile of the Group. Risk profiles are reviewed and updated on a yearly basis. Meetings are held at least once a year in which the updated risk profile will be deliberated by Audit Committee before reporting to the Board.

During the financial year under review, the Group has continued with its ERM efforts. The risk profile of the Group was reviewed and updated to reflect the current conditions.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

## 4. INTERNAL AUDIT FUNCTION

The internal audit function adopts a risk-based approach and prepares its audit strategies and plans for Audit Committee's approval prior to execution of internal audit assessments.

The internal audit function is outsourced to an independent consulting firm who assesses the adequacy and effectiveness of the internal control system and report to the Audit Committee on findings and recommendations for improvement. Internal audit also reviews the extent to which its recommendations have been implemented by the Management. Audit Committee reviews internal audit reports and management responses thereto and ensures significant findings especially control deficiencies are adequately addressed and rectified by Management of the operating units concern.

The Audit Committee reviews internal control matters and update the Board on significant issues for the Board's attention and action.

During the financial year ended 30 June 2015, the Audit Committee with the assistance of the external professional consulting firm, Columbus Advisory Sdn. Bhd. have reviewed the adequacy and integrity of the Group's internal control systems relating to Strategic Management, Sales and Marketing, Procurement, Manufacturing Operation Management, Inventory Management, Quality Controls, Plant and Machinery Maintenance, Human Resource, Treasury Management and Property, Plant and Equipment Management of:

- Latitude Tree Vietnam Joint Stock Company; and
- Rhong Khen Timbers Sdn. Bhd.

## 5. OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from risk management and internal audit, the Group's system of internal controls comprises the following key elements:

- a well defined organisational structure with clear reporting lines and accountabilities;
- a clearly defined operating procedures for key processes to ensure full compliance by all operating units;
- a close monthly monitoring and review of financial results and forecasts for all operating units by the Group's Management Steering Committee ("MSC"), headed by the Managing Director; and
- a standardised formulation of action plans at the Group level through discussions carried out by the MSC, to focus on areas of concern.

## 6. CONCLUSION

In accordance with the Guidance, the Group has in place an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives and this process has operated during the financial year under review and up to the date of approval of the Annual Report.

There were no control deficiencies noted during the financial year under review which has a material impact on the Group's performance or operations.

This statement is made in accordance with a resolution of the Board of Directors dated 27 October 2015 and has been duly reviewed by the external auditors, pursuant to paragraph 15.23 of the Listing Requirements.



# AUDIT COMMITTEE REPORT

The Board of Directors (“Board”) of the Company is pleased to present the Audit Committee Report for the financial year ended 30 June 2015.

## A. MEMBERSHIP

The current members of the Audit Committee are:

**Chairman:**

**Mr Toh Seng Thong**

*Independent Director*

**Members:**

**Dato’ Haji Shaharuddin Bin Haji Haron**

*Senior Independent Director*

**Mr Yek Siew Liong**

*Non-Independent Non-Executive Director*

## B. TERMS OF REFERENCE

The terms of reference of the Committee are as follows:

### 1. Composition

The Audit Committee shall be appointed by the Directors from among their members (pursuant to a resolution of the Board of Directors) which fulfil the following requirements:-

- a) The Audit Committee must be composed of no fewer than 3 members;
- b) A majority of the Audit Committee must be Independent Directors;
- c) All members of the Audit Committee must be Non-Executive Directors;
- d) All members of the Audit Committee must be financially literate; and
- e) At least one member of the Audit Committee:-
  - i) must be a member of the Malaysian Institute of Accountants; or
  - ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years’ working experience and:-
    - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
    - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
  - iii) fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.



# AUDIT COMMITTEE REPORT (CONT'D)

## B. TERMS OF REFERENCE (CONT'D)

### 1. Composition (cont'd)

The members of the Audit Committee shall elect a Chairman from among their members who shall be an Independent Director.

In the event of any vacancy in the Audit Committee resulting in the non-compliance of (a) to (c) above, the vacancy must be filled within 3 months of that event.

No Alternate Director shall be appointed as a member of the Audit Committee.

The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every 3 years to determine whether the Audit Committee and members have carried out their duties in accordance with the terms of reference.

### 2. Functions

The functions of the Audit Committee are as follows:

- a) Review the following and report the same to the Board of Directors:
  - i) with the external auditors, the audit plan;
  - ii) with the external auditors, his evaluation of the system of internal controls;
  - iii) with the external auditors, his audit report;
  - iv) the assistance given by the Company's employees to the external auditors; and
  - v) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity.
- b) To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal;
- c) To discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- d) To review the quarterly and year-end financial statements of the Company, focusing particularly on:
  - any changes in accounting policies and practices;
  - significant adjustments arising from the audit;
  - the going concern assumption; and
  - compliance with accounting standards and other legal requirements.
- e) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);
- f) To review the external auditors' management letter and management's response;



# AUDIT COMMITTEE REPORT (CONT'D)

## B. TERMS OF REFERENCE (CONT'D)

### 2. Functions (cont'd)

- g) To assist the Board in establishing an internal audit function which is independent of the activities it audits and to do the following:
- review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
  - review any appraisal or assessment of the performance of members of the internal audit function;
  - approve any appointments or termination of senior staff members of the internal audit function;
  - take cognisance of resignations of internal audit staff members (for in-house internal audit function) or the internal audit service provider (for out-sourced internal audit) and provide the resigning staff member or the internal audit service provider an opportunity to submit his reasons for resigning; and
  - include in the Audit Committee report, a summary of the activities of the internal audit function or activity.
- h) To consider the major findings of internal investigations and management's response; and
- i) To consider other areas as defined by the Board.

### 3. Rights of the Audit Committee

The Audit Committee shall, wherever necessary and reasonable for the Company to perform of its duties, in accordance with a procedure to be determined by the Board and at the cost of the Company:

- a) Have authority to investigate any matter within its terms of reference;
- b) Have the resources which are required to perform its duties;
- c) Have full and unrestricted access to any information pertaining to the Company;
- d) Have direct communication channels with employees of the Company, the external auditors and person(s) carrying out the internal audit function or activity (if any);
- e) Be able to obtain independent professional or other advice; and
- f) Be able to convene meetings with the external auditors, internal auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.

### 4. Meetings

The Audit Committee shall meet at least 4 times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties. However, at least twice a year the Audit Committee shall meet with the external auditors, internal auditors or both, without executive Board members and employees present.

In addition, the Chairman may call a meeting of the Audit Committee if a request is made by any committee member, the Company's Chief Executive, or the internal or external auditors.

The Company Secretary or other appropriate senior official shall act as secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to committee members prior to each meeting.



# AUDIT COMMITTEE REPORT (CONT'D)

## B. TERMS OF REFERENCE (CONT'D)

### 4. Meetings (cont'd)

The Secretary shall also be responsible for keeping the minutes of meetings of the Audit Committee, and circulating them to committee members and to the other members of the Board.

A quorum shall consist of a majority of Independent Directors.

By invitation of the Audit Committee, the Company must ensure that other Directors and employees attend any particular Audit Committee Meeting specific to the relevant meeting.

The Chairman of the Committee shall engage on a continuous basis with Senior Management, such as the Managing Director, Financial Controller, the Head of Internal Audit and the external auditors in order to be kept informed of matters affecting the Group.

The Board should appoint internal auditors who will report functionally to the Audit Committee directly and the Audit Committee is to review their performance. The Head of Internal Audit shall be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control, and governance processes within the Company.

## C. ATTENDANCE OF MEETINGS

The Audit Committee meetings held during the financial year under review and details of attendance of each Committee member is as follows:

	No. of Audit Committee Meeting Held	Attended
Mr Toh Seng Thong	5	5
Dato' Haji Shaharuddin Bin Haji Haron	5	5
Mr Yek Siew Liong	5	5

## D. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

Activities undertaken during the financial year under review are as follows:

- Reviewed and evaluated the scope of works and audit plans of the internal and external auditors;
- Reviewed the quarterly and year-to date unaudited financial statements, prior to deliberation and approval by Board;
- Reviewed the Audited Financial Statements of the Group and of the Company and recommended for Board's approval;
- Reviewed and discussed the external auditors' audit report and areas of concern;
- Reviewed and discussed the external auditors' management letter and management's response;
- Reviewed and assessed the risk management activities of the Group;
- Reviewed the internal auditors' reports pertaining to the state of internal control operating units within the Group and appraised the adequacy and effectiveness of Management's response in resolving the audit issues reported;



# AUDIT COMMITTEE REPORT (CONT'D)

## D. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

- Reviewed the proposed audit fees for the internal and external auditors in respect of their audit of the Group and of the Company for the financial year;
- Met with external auditors twice during the financial year without the presence of any executive Board members and employees of the Group;
- Met with internal auditors twice during the financial year without the presence of any executive Board members and employees of the Group;
- Reviewed the draft Circular to Shareholders on Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature and Statement to Shareholders in relation to the proposed renewal of authority for Share Buy-Back and recommended for Board's approval;
- Reviewed related party transactions and the adequacy of the group's procedures and processes in identifying, monitoring, reporting and reviewing related party transactions in a timely and orderly manner; and
- Noted emerging financial reporting issues pursuant to the introduction of new accounting standards and additional statutory and regulatory disclosure requirements.

## E. SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

During the financial year under review, the Group has out-sourced the provision of internal audit and management system assurance to an independent professional consulting firm, Columbus Advisory Sdn. Bhd.. The Head of Internal Audit reports directly to the Audit Committee and administratively to the Managing Director.

The Audit Committee is assisted by the internal auditors in discharging its duties and responsibilities with respect to the adequacy and integrity of the system of internal controls within the Group. The internal audits were performed based on risk based approach by focusing on:

- Reviewing identified high risk areas for compliance with control policies and procedures;
- Identifying business risk which have not been appropriately addressed; and
- Evaluating the adequacy and integrity of controls.

The internal auditors carry out audit assignments based on an audit plan that is reviewed and approved by the Audit Committee. The reports of the audits undertaken were forwarded to the management for attention and necessary action then presented to the Audit Committee for deliberation and approval.

During the financial year under review, the internal auditors undertook the following activities:

- Reviewed the adequacy and integrity of the Group's internal control systems relating to Strategic Management, Sales and Marketing, Procurement, Manufacturing Operation Management, Inventory Management, Quality Controls, Plant and Machinery Maintenance, Human Resource, Treasury Management and Property, Plant and Equipment Management of a Malaysian subsidiary company and a Vietnam subsidiary company.
- Reported to the Audit Committee its internal audit findings and response and rectification undertaken by the Management.

The professional fees incurred for the internal audit function in respect of financial year ended 30 June 2015 amounted to approximately RM34,000.

This Statement is made in accordance with a resolution of the Board dated 27 October 2015.



# NOMINATION COMMITTEE REPORT

The Board of Directors (“Board”) of the Company is pleased to present the Nomination Committee Report for the financial year ended 30 June 2015.

## A. MEMBERSHIP

The current members of the Nomination Committee are:

**Chairman:**

**Dato’ Haji Shaharuddin Bin Haji Haron**

*Senior Independent Director*

**Members:**

**Mr Toh Seng Thong**

*Independent Director*

**Mr Yek Siew Liong**

*Non-Independent Non-Executive Director*

## B. TERMS OF REFERENCE

The terms of reference of the Committee are as follows:

### 1. Composition

The members of the Committee shall comprise exclusively of Non-Executive Directors, a majority of whom are independent and number at least 2 in total. The majority of the members of the Committee shall comprise Independent Directors.

### 2. Chairman

The Chairman of the Committee shall be a Non-Executive Director appointed by the Board.

### 3. Quorum

The quorum of the committee shall be at least two members.

### 4. Term of Office

The term of office for the members shall be one year and members may be re-appointed for additional terms.

### 5. Secretary

The Secretary of the Company shall be the Secretary of the Committee.

### 6. Meetings

The Committee will normally meet as required and/or in advance of regularly scheduled meetings. Such meetings are at the call of the Chairman and/or as appointments are needed.

### 7. Adviser

The Committee is authorised by the Board to seek appropriate professional advice inside and outside the Group as and when it considers necessary.



# NOMINATION COMMITTEE REPORT (CONT'D)

## B. TERMS OF REFERENCE (CONT'D)

### 8. Duties

The duties and responsibilities of the Committee are as follows:-

- a) To consider and make recommendations to the Board on the suitability of candidates nominated based on the following consideration:
  - i) skills, knowledge, expertise and experience;
  - ii) professionalism;
  - iii) integrity; and
  - iv) in the case of candidates for the position of Independent Non-Executive Directors, the Committee shall also evaluate the candidates' ability to discharge such responsibilities/ functions as are expected from Independent Non-Executive Directors.
- b) To recommend candidates to fill seats on board committee;
- c) To review and make recommendations to the Board on an annual basis, the required mix of expertise and experience, including core competencies of the Non-Executive Directors; and
- d) To assess on an annual basis the effectiveness of Board, the Committees of the Board and for continuously assessing the role of each individual Director towards the accomplishment of the Board's duties/responsibilities. All assessments and evaluations carried out by the Committee in the discharge of all its functions shall be properly documented.

## C. ATTENDANCE OF MEETINGS

The Nomination Committee meeting held during the financial year ended 30 June 2015 and details of attendance of each Committee member is as follows:

	No. of Nomination Committee Meeting Held	Attended
Dato' Haji Shaharuddin Bin Haji Haron	1	1
Mr Toh Seng Thong	1	1
Mr Yek Siew Liong	1	1

## D. SUMMARY OF ACTIVITIES OF THE NOMINATION COMMITTEE

Activities undertaken during the financial year under review are as follows:

- Reviewed and evaluated the required mix of expertise and experience including core competencies of the Board as a whole, the Committees of the Board and role of each individual Director towards the accomplishment of the Board's duties/responsibilities;
- Reviewed and recommended to the Board the candidate for appointment as Non-Independent Non-Executive Director during the year; and
- Assessed, considered and recommended to the Board, the Directors for re-election/re-appointment at forthcoming Annual General Meeting.

This Statement is made in accordance with a resolution of the Board dated 27 October 2015.



# REMUNERATION COMMITTEE REPORT

The Board of Directors (“Board”) of the Company is pleased to present the Remuneration Committee Report for the financial year ended 30 June 2015.

## A. MEMBERSHIP

The current members of the Remuneration Committee are:

**Chairman:**

**Dato’ Haji Shaharuddin Bin Haji Haron**

*Senior Independent Director*

**Members:**

**Mr Toh Seng Thong**

*Independent Director*

**Mr Yek Siew Liong**

*Non-Independent Non-Executive Director*

## B. TERMS OF REFERENCE

The terms of reference of the Committee are as follows:

### 1. Composition

The members of the Committee shall comprise wholly or mainly of Non-Executive Directors and number at least 3 in total.

### 2. Chairman

The Chairman of the Committee shall be an Independent and Non-Executive Director duly approved by the Board.

### 3. Quorum

The quorum of the committee shall be at least two members.

### 4. Secretary

The Secretary of the Company shall be the Secretary of the Committee.

### 5. Attendance

The Managing Director may be invited to attend meetings to discuss the performance of Executive Directors and make proposals as necessary.

### 6. Meetings

The Committee will normally meet as required and/or in advance of regularly scheduled meetings. Such meetings are at the call of the Chairman.



# REMUNERATION COMMITTEE REPORT (CONT'D)

## B. TERMS OF REFERENCE ( CONT'D)

### 7. Advisers

The Committee is authorised by the Board to seek appropriate professional advice inside and outside the Group as and when necessary in the discharge of its duties.

### 8. Duties

The duties of the Committee shall be to recommend to the Board the remuneration of the Executive Directors in all its forms. Executive directors should play no part in decisions on their own remuneration. The determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman should be a matter for the Board as a whole. The individuals concerned should abstain from discussion of their own remuneration.

The fees paid to the Non-Executive Directors are determined by the Board.

## C. ATTENDANCE OF MEETINGS

The Remuneration Committee meeting held during the financial year under review and details of attendance of each Committee member is as follows:

	No. of Remuneration Committee Meeting Held	Attended
Dato' Haji Shaharuddin Bin Haji Haron	1	1
Mr Toh Seng Thong	1	1
Mr Yek Siew Liong	1	1

## D. SUMMARY OF ACTIVITIES OF THE REMUNERATION COMMITTEE

During the financial year under review, the Remuneration Committee has reviewed and evaluated the remuneration packages of Executive Directors and put forward the recommendation to the Board for approval.

This Statement is made in accordance with a resolution of the Board dated 27 October 2015.



# STATEMENT OF BOARD OF DIRECTORS' RESPONSIBILITIES

The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cashflows of the Group and of the Company for that year.

The Directors consider that, in preparing the financial statements for the financial year ended 30 June 2015 as set out on pages 35 to 120 of this Annual Report, the Group has used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. The Directors also consider that all applicable approved accounting standards have been followed and confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

The auditors' responsibilities are stated in their Report to the Members of the Company.

This Statement is made in accordance with a resolution of the Board of Directors dated 27 October 2015.



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# DIRECTORS' REPORT

## Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2015.

## Principal activities

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries are described in Note 14 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

## Results

	Group RM'000	Company RM'000
Profit net of tax	78,253	14,777
Profit attributable to:		
Owners of the parent	77,812	14,777
Non-controlling interest	441	-
	78,253	14,777

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

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

## Dividends

The amount of dividend paid by the Company since 30 June 2014 was as follows:

	RM'000
In respect of the financial year ended 30 June 2014 as reported in the directors' report of that year:	
Final tax exempt dividend of 8.5 sen, on 97,207,500 ordinary shares, declared on 17 November 2014 and paid on 29 January 2015	8,263

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 30 June 2015, of 12.0 sen on 97,207,500 ordinary shares, amounting to a dividend payable of RM11,664,900 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2016.



# DIRECTORS' REPORT (CONT'D)

## Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Haji Shaharuddin Bin Haji Haron

Lin Chen, Jui-Fen

Lin, Chin-Hung

Toh Seng Thong

Yek Siew Liong

Lin, Cheng-Hung

Lin, Tzu-Lang

(Appointed on 28 May 2015)

(Resigned on 28 May 2015)

## Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 9 to the financial statements or the fixed salary of a full time employee of the Company and its related corporations) by reason of a contract made by the Company or a related corporation with any 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.

## Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares of the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM1 each			
	At 1.7.2014	Acquired	Sold	At 30.6.2015
<b>The Company</b>				
<b>Direct interest:</b>				
Lin Chen, Jui-Fen	11,016,201	-	-	11,016,201
Lin, Chin-Hung	820,000	-	-	820,000
Lin, Cheng-Hung	-	5,000,000	-	5,000,000
<b>Deemed interest:</b>				
Lin Chen, Jui-Fen *	18,903,777	-	-	18,903,777
Yek Siew Liong #	14,610,000	-	-	14,610,000



# DIRECTORS' REPORT (CONT'D)

## Directors' interests (cont'd)

	Number of ordinary shares of THB100 each			
	At 1.7.2014	Acquired	Sold	At 30.6.2015
<b>Subsidiary-Grob Holz Company Limited</b>				
<b>Deemed interest:</b>				
Yek Siew Liong #	352,500	-	-	352,500

\* Deemed interested by virtue of her late spouse's shareholding

# Deemed interest in shares held by Konsortium Kontrek Sdn. Bhd., a company in which the director has an interest

Lin Chen, Jui-Fen, Lin, Chin-Hung and Lin, Cheng-Hung by virtue of their interests in shares in the Company, are also deemed interested in the shares of all the Company's subsidiaries to the extent the Company has an interest.

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 the financial year.

## Issue of shares and debentures

The Company did not issue any new shares or debentures during the financial year.

## Other statutory information

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts in the financial statements of the Group and of the Company; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts (i) or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) 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.



# DIRECTORS' REPORT (CONT'D)

## Other statutory information (cont'd)

(e) As 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 liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

## Significant events

The details of the significant events are disclosed in Notes 14 (a) and 36 to the financial statements.

## Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 October 2015.

Dato' Haji Shaharuddin Bin Haji Haron

Lin, Chin-Hung



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

We, Dato' Haji Shaharuddin Bin Haji Haron and Lin, Chin-Hung, being two of the directors of Latitude Tree Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 43 to 119 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of their financial performance and cash flows for the year then ended.

The information set out in Note 38 to the financial statements have been prepared in accordance with the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 October 2015.

Dato' Haji Shaharuddin Bin Haji Haron

Lin, Chin-Hung

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

I, Fong Toh Wai, being the officer primarily responsible for the financial management of Latitude Tree Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 43 to 120 are in my opinion 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 by the  
abovenamed Fong Toh Wai at Petaling Jaya  
in Selangor Darul Ehsan on 27 October 2015

Fong Toh Wai

Before me,



# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF LATITUDE TREE HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

### Report on the financial statements

We have audited the financial statements of Latitude Tree Holdings Berhad, which comprise the statements of financial position as at 30 June 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 43 to 119.

#### *Directors' responsibility for the financial statements*

The directors of the Company are 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 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' responsibility*

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

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

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

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of their financial performance and 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 1965 in Malaysia.



# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF LATITUDE TREE HOLDINGS BERHAD (CONT'D)

### (INCORPORATED IN MALAYSIA)

#### Report on other legal and regulatory requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 14 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

#### Other reporting responsibilities

The supplementary information set out in Note 38 on page 120 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

#### Other matters

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

Ernst & Young  
AF: 0039  
Chartered Accountants

Sandra Segaran a/l Muniandy@Krishnan  
No. 2882/01/17 (J)  
Chartered Accountant

Kuala Lumpur, Malaysia  
27 October 2015



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Revenue</b>	4	710,000	651,025	19,110	19,320
Cost of sales		(592,110)	(541,182)	-	-
<b>Gross profit</b>		117,890	109,843	19,110	19,320
<b>Other items of income</b>					
Interest income from deposits		768	903	129	5
Other income	5	11,458	2,628	1,284	1
<b>Other items of expense</b>					
Selling and distribution expenses		(16,333)	(15,221)	-	-
Administrative expenses		(18,655)	(17,213)	(587)	(683)
Other expenses		(3,648)	(5,433)	(5,159)	(19)
Finance costs	6	(3,027)	(3,673)	-	-
<b>Profit before tax</b>	7	88,453	71,834	14,777	18,624
Income tax expense	10	(10,200)	(7,501)	-	-
<b>Profit net of tax</b>		78,253	64,333	14,777	18,624
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Foreign currency translation		32,253	4,725	-	-
<b>Other comprehensive income for the year, net of tax</b>		32,253	4,725	-	-
<b>Total comprehensive income for the year</b>		110,506	69,058	14,777	18,624
<b>Profit attributable to:</b>					
Owners of the parent		77,812	55,016	14,777	18,624
Non-controlling interest		441	9,317	-	-
		78,253	64,333	14,777	18,624



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		110,036	58,117	14,777	18,624
Non-controlling interest		470	10,941	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		110,506	69,058	14,777	18,624
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Earnings per share attributable to owners of the parent (sen per share)</b>					
- Basic/diluted	11	80.05	56.60		
		<hr/>	<hr/>		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.



# STATEMENTS OF FINANCIAL POSITION

## AS AT 30 JUNE 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	231,120	199,200	-	-
Investment in subsidiaries	14	-	-	41,041	36,041
Other investments	15	81	81	-	-
Intangible asset	16	-	-	-	-
Land use rights	17	16,719	14,530	-	-
Deferred tax assets	18	986	956	-	-
		248,906	214,767	41,041	36,041
<b>Current assets</b>					
Inventories	19	118,733	93,471	-	-
Trade and other receivables	20	49,945	35,000	105,207	103,460
Prepayments		635	1,687	-	3
Tax recoverable		784	881	151	159
Investment securities	21	6,268	153	4,689	100
Derivatives	22	-	229	-	-
Cash and bank balances	23	170,319	129,138	1,683	6,506
		346,684	260,559	111,730	110,228
<b>Total assets</b>		<b>595,590</b>	<b>475,326</b>	<b>152,771</b>	<b>146,269</b>
<b>Equity and liabilities</b>					
<b>Current liabilities</b>					
Tax payable		2,428	1,671	-	-
Derivatives	22	115	-	-	-
Loans and borrowings	24	76,800	78,854	-	-
Trade and other payables	25	91,623	79,122	106	118
		170,966	159,647	106	118
<b>Net current assets</b>		<b>175,718</b>	<b>100,912</b>	<b>111,624</b>	<b>110,110</b>
<b>Non-current liabilities</b>					
Loans and borrowings	24	12,421	7,863	-	-
Provision for severance allowance	26	33	227	-	-
Retirement benefit obligation		88	66	-	-
Deferred tax liabilities	18	2,316	-	-	-
		14,858	8,156	-	-
<b>Total liabilities</b>		<b>185,824</b>	<b>167,803</b>	<b>106</b>	<b>118</b>
<b>Net assets</b>		<b>409,766</b>	<b>307,523</b>	<b>152,665</b>	<b>146,151</b>



# STATEMENTS OF FINANCIAL POSITION

## AS AT 30 JUNE 2015 (CONT'D)

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Equity attributable to owners of the parent</b>					
Share capital	27	97,208	97,208	97,208	97,208
Share premium	27	1,225	1,225	1,225	1,225
Retained earnings	28	269,520	199,971	54,232	47,718
Foreign currency translation reserve	29	40,618	8,394	-	-
		408,571	306,798	152,665	146,151
Non-controlling interest		1,195	725	-	-
<b>Total equity</b>		409,766	307,523	152,665	146,151
<b>Total equity and liabilities</b>		595,590	475,326	152,771	146,269

The accompanying accounting policies and explanatory information form an integral part of the financial statements.



# STATEMENTS OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 JUNE 2015

	← Attributable to owners of the parent →		Non-distributable → Distributable		Non-distributable → Distributable		← Attributable to owners of the parent →	
	Share capital (Note 27) RM'000	Share premium (Note 27) RM'000	Retained earnings (Note 28) RM'000	Foreign currency translation reserve (Note 29) RM'000	Total equity attributable to owners of the parent RM'000	Non-controlling interest RM'000	Total equity RM'000	
<b>2015 Group</b>								
<b>Opening balance at 1 July 2014</b>	97,208	1,225	199,971	8,394	306,798	725	307,523	
Profit for the year	-	-	77,812	-	77,812	441	78,253	
Other comprehensive income	-	-	-	32,224	32,224	29	32,253	
Total comprehensive income	-	-	77,812	32,224	110,036	470	110,506	
<b>Transaction with owners</b>								
Dividends on ordinary shares, representing total transaction with owners	-	-	(8,263)	-	(8,263)	-	(8,263)	
<b>Closing balance at 30 June 2015</b>	97,208	1,225	269,520	40,618	408,571	1,195	409,766	



# STATEMENTS OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 JUNE 2015 (CONT'D)

	← Attributable to owners of the parent →		Non-distributable → Distributable		Non-distributable		Attributable to owners of the parent →		Non-distributable		Non-distributable						
	Share capital (Note 27) RM'000	Share premium (Note 27) RM'000	Retained earnings (Note 28) RM'000	Foreign currency translation reserve (Note 29) RM'000	Total equity attributable to owners of the parent RM'000	Share capital (Note 27) RM'000	Share premium (Note 27) RM'000	Retained earnings (Note 28) RM'000	Foreign currency translation reserve (Note 29) RM'000	Total equity attributable to owners of the parent RM'000	Share capital (Note 27) RM'000	Share premium (Note 27) RM'000	Retained earnings (Note 28) RM'000	Foreign currency translation reserve (Note 29) RM'000	Total equity attributable to owners of the parent RM'000	Non-controlling interest RM'000	Total equity RM'000
<b>2014 Group</b>																	
<b>Opening balance at 1 July 2013</b>	97,208	1,225	128,335	5,293	232,061										44,297	276,358	
Profit for the year	-	-	55,016	-	55,016										9,317	64,333	
Other comprehensive income	-	-	-	3,101	3,101										1,624	4,725	
Total comprehensive income	-	-	55,016	3,101	58,117										10,941	69,058	
<b>Transactions with owners</b>																	
Dividends on ordinary shares	-	-	(6,124)	-	(6,124)										-	(6,124)	
Effects from group restructuring	-	-	22,744	-	22,744										(54,513)	(31,769)	
Total transactions with owners	-	-	16,620	-	16,620										(54,513)	(37,893)	
<b>Closing balance at 30 June 2014</b>	97,208	1,225	199,971	8,394	306,798										725	307,523	

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The accompanying accounting policies and explanatory information form an integral part of the financial statements.



# STATEMENTS OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 JUNE 2015 (CONT'D)

	← Non-distributable →	Share	Share	Distributable	
	Share	premium	Retained	Total	
Note	capital (Note 27) RM'000	(Note 27) RM'000	earnings (Note 28) RM'000	equity	RM'000
<b>2015</b>					
<b>Company</b>					
<b>Opening balance at 1 July 2014</b>	97,208	1,225	47,718		146,151
Total comprehensive income	-	-	14,777		14,777
<b>Transaction with owners</b>					
Dividends on ordinary shares, representing total transaction with owners	12	-	(8,263)		(8,263)
<b>Closing balance at 30 June 2015</b>	97,208	1,225	54,232		152,665
<b>2014</b>					
<b>Company</b>					
<b>Opening balance at 1 July 2013</b>	97,208	1,225	35,218		133,651
Total comprehensive income	-	-	18,624		18,624
<b>Transaction with owners</b>					
Dividends on ordinary shares, representing total transaction with owners	12	-	(6,124)		(6,124)
<b>Closing balance at 30 June 2014</b>	97,208	1,225	47,718		146,151

The accompanying accounting policies and explanatory information form an integral part of the financial statements.



# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000 Restated	2015 RM'000	2014 RM'000
<b>Operating activities</b>					
Profit before tax		88,453	71,834	14,777	18,624
<u>Adjustments for:</u>					
Reversal of impairment loss of trade receivables	5	(26)	-	-	-
Reversal of impairment loss of other receivables	5	-	-	(1,069)	-
Fair value loss/(gain) on derivatives	5, 7	344	(359)	-	-
Loss/(gain) on disposal of property, plant and equipment	5, 7	76	(252)	-	-
Net unrealised foreign exchange (gain)/loss	5, 7	(6,882)	1,382	(169)	-
Finance costs	6	3,027	3,673	-	-
Amortisation of land use rights	7	1,103	556	-	-
Depreciation of property, plant and equipment	7	17,958	17,198	-	-
Impairment loss on other receivables	7	-	-	5,157	-
Impairment loss on trade receivables	7	-	31	-	-
Property, plant and equipment written off	7	81	74	-	-
Provision for severance allowance	7	77	91	-	-
Retirement benefit expense	8	13	11	-	-
Interest income on deposits		(768)	(903)	(129)	(5)
Total adjustments		15,003	21,502	3,790	(5)
<b>Operating cash flows before changes in working capital</b>		<b>103,456</b>	<b>93,336</b>	<b>18,567</b>	<b>18,619</b>



# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

	Note	Group		Company	
		2015 RM'000	2014 RM'000 Restated	2015 RM'000	2014 RM'000
<b>Operating activities (cont'd)</b>					
<u>Changes in working capital</u>					
Increase in inventories		(25,262)	(3,818)	-	-
(Increase)/decrease in trade and other receivables		(14,919)	(1,581)	(5,712)	9,764
Decrease/(increase) in prepayments		1,052	(762)	3	2
Increase/(decrease) in trade and other payables		12,501	5,695	(12)	(15,677)
Decrease in provision for severance allowance	26	(276)	(347)	-	-
Increase/(decrease) in retirement benefit obligation		9	(2)	-	-
Total changes in working capital		(26,895)	(815)	(5,721)	(5,911)
<b>Cash flows from operations</b>		76,561	92,521	12,846	12,708
Interest paid	6	(3,027)	(3,673)	-	-
Interest received		768	903	129	5
Taxes refunded		13	62	13	34
Taxes paid		(7,248)	(7,201)	(5)	(13)
<b>Net cash flows from operating activities</b>		67,067	82,612	12,983	12,734
<b>Investing activities</b>					
Investment income from investment securities	5	(115)	(26)	-	-
Purchase of property, plant and equipment	13	(32,026)	(9,527)	-	-
Proceeds from disposal of property, plant and equipment		18	313	-	-
Purchase of land use rights	17	(1,005)	(441)	-	-
Additional investment in a subsidiary	14 (a)	-	-	(5,000)	(54)
Net cash outflow on group restructuring exercise	14 (b)	-	(33,955)	-	-
Proceeds from investment securities		1,000	-	-	-
Purchase of investment securities		(7,000)	(100)	(4,589)	(100)
Increase in deposits with licensed banks		(1,797)	(9,636)	-	-
<b>Net cash flows used in investing activities</b>		(40,925)	(53,372)	(9,589)	(154)



# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

	Note	Group		Company	
		2015 RM'000	2014 RM'000 Restated	2015 RM'000	2014 RM'000
<b>Financing activities</b>					
Repayments of obligations under finance leases		-	(6)	-	-
Repayments of loans and borrowings		(230,155)	(232,873)	-	-
Drawdown of loans and borrowings		225,043	221,246	-	-
Deposits (uplifted from)/placed for security for bank borrowings		(389)	1,042	-	-
Dividends paid on ordinary shares	12	(8,263)	(6,124)	(8,263)	(6,124)
<b>Net cash flows used in financing activities</b>		<b>(13,764)</b>	<b>(16,715)</b>	<b>(8,263)</b>	<b>(6,124)</b>
Exchange differences in translation of financial statements of foreign subsidiaries		6,193	4,278	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>18,571</b>	<b>16,803</b>	<b>(4,869)</b>	<b>6,456</b>
Effect of exchange rate changes on cash and cash equivalents		22,491	566	46	-
Cash and cash equivalents at 1 July		113,460	96,091	6,506	50
Cash and cash equivalents at 30 June	23	154,522	113,460	1,683	6,506

The accompanying accounting policies and explanatory information form an integral part of the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

### 1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at Lot 3356, Batu 7¾, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 14. There have been no significant changes in the nature of the principal activities during the financial year.

### 2. Summary of significant accounting policies

#### 2.1 Basis of preparation

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

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

#### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 July 2014, the Group and the Company adopted the following new and amended MFRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 July 2014.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 132: <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: <i>Investment Entities</i>	1 January 2014
Amendments to MFRS 136: <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to MFRS 139: <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Amendments to MFRS 119: <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Annual Improvements to MFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011–2013 Cycle	1 July 2014

Adoption of the above IC Interpretations and Amendments did not have any effect on the financial performance or position of the Group and of the Company.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 2. Summary of significant accounting policies (cont'd)

#### 2.3 Standards and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards and interpretations, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 116 and MFRS 141: <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
Amendments to MFRS 11: <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 127: <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRS 101: <i>Disclosure Initiatives</i>	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
MFRS 14: <i>Regulatory Deferral Accounts</i>	1 January 2016
MFRS 15: <i>Revenue from Contracts with Customers</i>	1 January 2018
MFRS 9: <i>Financial Instruments</i>	1 January 2018

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements of the Group and of the Company in the period of initial application except as discussed below:

#### Amendments to MFRS 101: *Disclosure Initiatives*

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 2. Summary of significant accounting policies (cont'd)

#### 2.3 Standards and interpretations issued but not yet effective (cont'd)

##### Amendments to MFRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any material impact on the Company's financial statements.

##### MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFR 118: *Revenue*, MFRS 111: *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which 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.

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.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Directors anticipate that the application of MFRS 15 will have a material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. The Group and the Company are currently assessing the impact of MFRS 15 and plan to adopt the new standard on the required effective date.

##### MFRS 9: Financial Instruments

In November 2014, MASB issued the final version of MFRS 9: *Financial Instruments* which reflects all phases of the financial instruments project and replaces MFRS 139: *Financial Instruments: Recognition and Measurement* and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's and the Company's financial assets, but no impact on the classification and measurement of the Group's and the Company's financial liabilities.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 2. Summary of significant accounting policies (cont'd)

#### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) 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.

Subsidiaries are consolidated when the Company obtains control over the subsidiaries and ceases when the Company loses control of the subsidiaries. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries is accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss 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 and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 2. Summary of significant accounting policies (cont'd)

#### 2.5 Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values and the amount of any non-controlling interest in the acquiree at the acquisition date. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interest in the acquiree (if any) either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses in the period in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139: *Financial Instruments: Recognition and Measurement* ("MFRS 139") either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 2. Summary of significant accounting policies (cont'd)

#### 2.6 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investment in subsidiaries are accounted for 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.

#### 2.7 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the parent and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Statements of profit or loss and other comprehensive income within a subsidiary is attributable to the non-controlling interest even if it results in a deficit balance.

#### 2.8 Foreign currency

##### a) 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 consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

##### b) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 2. Summary of significant accounting policies (cont'd)

#### 2.8 Foreign currency (cont'd)

##### b) Foreign currency transactions (cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss for the year except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

##### c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations 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.

#### 2.9 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 2. Summary of significant accounting policies (cont'd)

#### 2.9 Property, plant and equipment and depreciation (cont'd)

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, at the following annual rates:

Leasehold land	60 to 68 years
Buildings	10 to 50 years
Plant and machinery	10 to 20 years
Electrical installation	10 years
Furniture and fittings	5 to 10 years
Motor vehicles	5 to 8 years
Office equipment	5 to 10 years
Renovation	10 years

Buildings under construction are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

#### 2.10 Intangible asset

##### Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 2. Summary of significant accounting policies (cont'd)

#### 2.10 Intangible asset (cont'd)

##### Goodwill (cont'd)

Goodwill and fair value adjustments arising on the acquisition of foreign operation 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 in accordance with the accounting policy set out in Note 2.8.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

#### 2.11 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over the lease terms ranging from 20 to 50 years.

#### 2.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 2. Summary of significant accounting policies (cont'd)

#### 2.13 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 the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

##### a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

##### b) Loans and receivables

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 2. Summary of significant accounting policies (cont'd)

#### 2.13 Financial assets (cont'd)

##### c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

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

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

The Group and the Company have not designated any financial assets as held-to-maturity investments.

##### d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

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

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 2. Summary of significant accounting policies (cont'd)

#### 2.14 Impairment of financial assets

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

##### a) Trade and other receivables and other financial assets carried at amortised cost

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.

##### b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 2. Summary of significant accounting policies (cont'd)

#### 2.14 Impairment of financial assets (cont'd)

##### c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

#### 2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

#### 2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on weighted average basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.

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

#### 2.17 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 2. Summary of significant accounting policies (cont'd)

#### 2.18 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 and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

##### a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss 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 and the Company 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 include exchange differences.

The Group and the Company have not designated any financial liabilities at fair value through profit or loss.

##### b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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.

#### 2.19 Financial guarantee contracts

A financial 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, 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.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 2. Summary of significant accounting policies (cont'd)

#### 2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

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

#### 2.21 Employee benefit

##### a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees.

##### b) Defined contribution plans

The Group and the Company participate in the national pension scheme as defined by the law of the country in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

##### c) Retirement benefit obligation - defined benefit plans

The Group estimates and recognises the obligation of employee retirement benefits for which a foreign subsidiary shall have to pay in accordance with the labour law of Thailand by using the current salary of employees and the probability that employees will work until retirement ages.

##### d) Provision for severance allowance

The severance pay to employees of foreign subsidiary is accrued at the end of each reporting period for all employees who have more than 12 months in service up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code, the Law on Social Insurance and related implementing guidance in Vietnam. Commencing 1 January 2009, the average monthly salary used in this calculation will be revised at the end of each reporting period following the average monthly salary of the 6-month period up to the reporting date. Any changes to the accrued amount will be recognised in profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 2. Summary of significant accounting policies (cont'd)

#### 2.22 Leases

##### a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

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

##### b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.23(e).

#### 2.23 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

##### a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

##### b) Interest income

Interest income is recognised using the effective interest method.

##### c) Management fees

Management fees are recognised when services are rendered.

##### d) Dividend income

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

##### e) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 2. Summary of significant accounting policies (cont'd)

#### 2.24 Income taxes

##### a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

##### b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. 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 allow the deferred tax assets to be utilised.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 2. Summary of significant accounting policies (cont'd)

#### 2.24 Income taxes (cont'd)

##### b) Deferred tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

##### c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- i) where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- ii) Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

##### d) Goods and Services Tax ("GST")

The net amount of GST being the difference between output and input of GST, payable to or receivable from the respective authorities at the reporting date, is included in trade and other payables or trade and other receivables in the statements of financial position.

#### 2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

#### 2.26 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its 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.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 2. Summary of significant accounting policies (cont'd)

#### 2.27 Fair value measurement

The Group and the Company measure financial instruments and non-financial assets at fair value at each reporting date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each financial period.

External valuers are involved for valuation of significant assets, such as properties and financial assets, and significant liabilities, such as contingent consideration and retirement benefit.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 2. Summary of significant accounting policies (cont'd)

#### 2.28 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.

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

#### 2.29 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### 2.30 Related parties

A related party is defined as follows:

- a) A person or a close member of that person's family is related to the Group and Company if that person:
  - i) has control or joint control over the Company;
  - ii) has significant influence over the Company; or
  - iii) is a member of the key management personnel of the Group or the Company or of a parent of the Company.
- b) An entity is related to the Group and the Company if any of the following conditions applies:
  - i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - iii) both entities are joint ventures of the same third party;
  - iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
  - vi) the entity is controlled or jointly controlled by a person identified in (a); or
  - vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 3. Significant accounting judgements and estimates

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### 3.1 Judgements made in applying accounting policies

There were no significant judgements made in applying the accounting policies of the Group which may have significant effects on the amounts recognised in the financial statements.

#### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### a) Apportionment cost of land and building

During the financial year, a subsidiary, Uptown Promenade Sdn. Bhd. ("UPSB") recognised the initial measurement of a freehold land and building at cost, which is equivalent to fair value. Included in the purchase cost is directly attributable expenditure such as legal fees and property transfer taxes.

Significant judgement is required in determining the costs of the freehold land and building. Management estimates the cost of freehold land and building at RM7,360,879 and RM13,023,094 respectively. In making the judgement, the Company relies on the work of specialists and industry practice.

UPSB classified the land and building as investment property in accordance with MFRS 140: *Investment Properties*. However, the property is classified as property, plant and equipment in the Group's financial statements as the property is owner-occupied from the perspective of the Group.

##### b) Useful lives of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these assets to be within 10 to 20 years. These are common life expectancies applied in the furniture industry. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amounts of the Group's plant and machinery at 30 June 2015 were RM63,087,000 (2014: RM61,706,000) (Note 13). A 5% difference in the expected useful lives of these assets from management's estimates would result in RM556,000 (2014: RM567,000) variance in the Group's profit for the year.

##### c) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that financial asset is impaired. To determine whether there is objective evidence of impairment, 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.

When there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's and the Company's loans and receivables at the reporting date is disclosed in Note 20.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

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

#### 3.2 Key sources of estimation uncertainty (cont'd)

##### d) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's income tax recoverable and tax payable as at 30 June 2015 was RM784,000 (2014: RM881,000) and RM2,428,000 (2014: RM1,671,000) respectively. The carrying amounts of the Company's income tax recoverable as at 30 June 2015 was RM151,000 (2014: RM159,000).

##### e) Deferred tax assets

Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This involves judgement regarding the future financial performance of the particular entity in which the deferred tax assets has been recognised based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of the Group's deferred tax assets as at 30 June 2015 was RM986,000 (2014: RM956,000). The total carrying value of unrecognised capital allowances, reinvestment allowances and tax losses of the Group was RM40,038,000 (2014: RM39,040,000). Further details of unrecognised capital allowances, reinvestment allowances and tax losses are disclosed in Note 10.

##### f) Impairment of investment in subsidiaries

The Group assesses at each reporting date whether there is any objective evidence that the investment in subsidiaries are impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the subsidiaries.

### 4. Revenue

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sale of goods	710,000	651,025	-	-
Dividend income from subsidiaries	-	-	19,050	19,200
Management fees from subsidiaries	-	-	60	120
	710,000	651,025	19,110	19,320



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 5. Other income

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Discount received	98	469	-	-
Fair value gain on derivatives (Note 22)	-	359	-	-
Gain on disposal of property, plant and equipment	-	252	-	-
Insurance compensation	72	82	-	-
Net realised foreign exchange gain	1,409	356	46	-
Net unrealised foreign exchange gain	6,882	-	169	-
Rental income	1,311	409	-	-
Reversal of impairment loss of other receivables (Note 20)	-	-	1,069	-
Reversal of impairment loss of trade receivables (Note 20)	26	-	-	-
Investment income from investment securities	115	26	-	-
Scrap sales	1,062	450	-	-
Miscellaneous	483	225	-	1
	11,458	2,628	1,284	1

### 6. Finance costs

	Group	
	2015 RM'000	2014 RM'000
Interest expense on:		
Bank overdrafts	25	166
Bankers' acceptances	241	267
Term loans	1,959	718
Trust receipts	802	2,522
	3,027	3,673



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 7. Profit before tax

The following items have been included in arriving at profit before tax:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Auditors' remuneration:				
- current year	436	354	38	35
- underprovision in prior year	2	16	-	-
Amortisation of land use rights (Note 17)	1,103	556	-	-
Depreciation of property, plant and equipment (Note 13)	17,958	17,198	-	-
Employee benefits expense (Note 8)	126,643	111,693	84	84
Fair value loss on derivatives (Note 22)	344	-	-	-
Impairment loss on:				
- other receivables (Note 20)	-	-	5,157	-
- trade receivables (Note 20)	-	31	-	-
Loss on disposal of property, plant and equipment	76	-	-	-
Net realised foreign exchange loss	-	-	-	18
Net unrealised foreign exchange loss	-	1,382	-	-
Non-executive directors' remuneration (Note 9)	422	1,542	331	332
Property, plant and equipment written off	81	74	-	-
Provision for severance allowance (Note 26)	77	91	-	-

### 8. Employee benefits expense

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Wages and salaries	115,676	95,974	-	-
Social security contributions	6,569	6,717	-	-
Contributions to defined contribution plan	1,429	1,559	-	-
Retirement benefit expense	13	11	-	-
Other benefits	2,956	7,432	84	84
	126,643	111,693	84	84

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM1,624,000 (2014: RM415,000) and RM84,000 (2014: RM84,000) respectively as further disclosed in Note 9.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 9. Directors' remuneration

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Executive:				
Salaries and other emoluments	907	215	6	6
Fees	72	72	72	72
Bonus	554	30	6	6
Defined contribution plan	91	98	-	-
Total executive directors' remuneration	1,624	415	84	84
Non-executive:				
Salaries and other emoluments	88	675	19	20
Fees	288	378	288	288
Bonus	46	489	24	24
Total non-executive directors' remuneration	422	1,542	331	332
Total directors' remuneration (Note 30)	2,046	1,957	415	416

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2015	2014
Executive directors:		
RM50,000 and below	1	1
RM50,001 - RM100,000	1	1
Non-executive directors:		
RM50,001 - RM100,000	4	4



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 10. Income tax expense

#### Major components of income tax expense

The major components of income tax expense for the years ended 30 June 2015 and 2014 are:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Statements of comprehensive income:</b>				
Current income tax:				
- Malaysian income tax	1,012	-	-	-
- Foreign tax	6,675	7,332	-	-
- Underprovision in respect of previous years	130	233	-	-
	7,817	7,565	-	-
Deferred tax (Note 18):				
- Origination and reversal of temporary differences	2,383	(64)	-	-
Income tax expense recognised in profit or loss	10,200	7,501	-	-

#### Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 June 2015 and 2014 are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before tax	88,453	71,834	14,777	18,624
Tax at Malaysian statutory tax rate of 25% (2014: 25%)	22,113	17,959	3,694	4,656
Different tax rates in other countries	(12,572)	(9,315)	-	-
Adjustments:				
Income not subject to taxation	-	-	(5,052)	(4,800)
Non-deductible expenses	347	564	1,319	60
Utilisation of group relief	(58)	-	-	-
Utilisation of previously unrecognised unused reinvestment allowances	(226)	(2,461)	-	-
Underprovision of income tax in respect of previous years	130	233	-	-
Deferred tax assets not recognised in respect of unused capital allowances, unused reinvestment allowances and unused tax losses	466	521	39	84
Income tax expense recognised in profit or loss	10,200	7,501	-	-



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 10. Income tax expense (cont'd)

#### Reconciliation between tax expense and accounting profit (cont'd)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. The statutory tax rate will be reduced to 24% from the current year's rate of 25%, effective year of assessment 2016. The computation of deferred tax as at 30 June 2015 has reflected these changes.

The foreign subsidiaries in Vietnam are entitled to corporate income tax exemption for the first four years from the first profit-making year and a 50% tax reduction for the following four years and subsequently are subject to pay corporate income tax at the rate of 10%.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unused capital allowances	17,984	18,538	-	-
Unused reinvestment allowances	9,564	9,751	-	-
Unused tax losses	12,490	10,751	756	592
	40,038	39,040	756	592

No deferred tax assets recognised in respect of the above as it is not probable that future taxable profits will be available against which the items can be utilised.

The availability of the unused capital allowances, reinvestment allowances and tax losses for offsetting against future taxable profits of the respective entities within the Group are subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

### 11. Earnings per share

#### Basic/diluted

Basic earnings per share amounts are calculated by dividing profit net of tax attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing profit net of tax attributable to owners of the parent by the adjusted weighted average number of ordinary shares in issue and issuable during the financial year.

There are no potential dilution effects on ordinary shares of the Company for the current financial year as there is no convertible instrument issued. Accordingly, the diluted earning per share for the current year is equal to basic earning per share.

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 11. Earnings per share (cont'd)

#### Basic/diluted (cont'd)

	Group	
	2015 RM'000	2014 RM'000
Profit net of tax attributable to owners of the parent used in the computation of basic/diluted earnings per share	77,812	55,016

	Group	
	2015 Number of shares '000	2014 Number of shares '000
Weighted average number of ordinary shares for basic/diluted earnings per share computation	97,208	97,208

	Group	
	Sen	Sen
Basic/diluted earnings per share	80.05	56.60

### 12. Dividends

	Group and Company	
	2015 RM'000	2014 RM'000
<b>Recognised during the financial year:</b>		
Final tax exempt dividend paid for 2015: 8.5 sen (2014: 6.3 sen) per share on 97,207,500 ordinary shares	8,263	6,124

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 30 June 2015, of 12.0 sen on 97,207,500 ordinary shares, amounting to a dividend payable of RM11,664,900 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2016.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 13. Property, plant and equipment

Group	Freehold land RM'000	Leasehold land* RM'000	Buildings RM'000	Plant and machinery RM'000	Electrical installation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Buildings under construction RM'000	Total RM'000
<b>At 1 July 2013</b>	21,701	3,973	136,555	184,657	4,587	977	3,124	3,933	1,506	361	361,374
Additions	-	-	1,232	7,234	70	-	578	85	-	328	9,527
Disposals	-	-	(74)	(113)	-	-	(539)	(3)	-	-	(729)
Write offs	-	-	-	(807)	-	-	-	(181)	-	-	(988)
Transfers	-	-	-	662	-	-	-	-	-	(662)	-
Exchange differences	(50)	-	358	484	(73)	(11)	4	83	(37)	8	766
<b>At 30 June 2014</b>	21,651	3,973	138,071	192,117	4,584	966	3,167	3,917	1,469	35	369,950
<b>At 1 July 2014</b>	21,651	3,973	138,071	192,117	4,584	966	3,167	3,917	1,469	35	369,950
Additions	7,361	730	14,753	7,414	-	17	471	215	720	345	32,026
Disposals	-	-	-	(189)	-	-	(10)	-	-	-	(199)
Write offs	-	-	-	(1,356)	-	(59)	-	(648)	-	-	(2,063)
Reclassification	-	-	-	383	-	-	-	-	-	(383)	-
Exchange differences	219	-	14,528	17,453	320	49	282	(435)	161	3	32,580
<b>At 30 June 2015</b>	29,231	4,703	167,352	215,822	4,904	973	3,910	3,049	2,350	-	432,294



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 13. Property, plant and equipment (cont'd)

Group	Freehold land	Leasehold land	Buildings land*	Plant and machinery	Electrical installation	Furniture and fittings	Motor vehicles	Office equipment	Renovation	Buildings under construction	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 July 2013</b>	-	888	24,829	118,950	3,613	955	1,746	2,845	1,065	-	154,891
Depreciation charge for the year (Note 7)	-	66	3,892	12,152	318	7	347	278	138	-	17,198
Disposals	-	-	(74)	(52)	-	-	(539)	(3)	-	-	(668)
Write offs	-	-	-	(760)	-	-	-	(154)	-	-	(914)
Exchange differences	-	-	43	121	(57)	(10)	(2)	176	(28)	-	243
<b>At 30 June 2014</b>	-	954	28,690	130,411	3,874	952	1,552	3,142	1,175	-	170,750
<b>At 1 July 2014</b>	-	954	28,690	130,411	3,874	952	1,552	3,142	1,175	-	170,750
Depreciation charge for the year (Note 7)	-	75	4,202	12,501	323	7	444	251	155	-	17,958
Disposals	-	-	-	(95)	-	-	(10)	-	-	-	(105)
Write offs	-	-	-	(1,275)	-	(59)	-	(648)	-	-	(1,982)
Exchange differences	-	-	3,064	11,193	275	46	134	(294)	135	-	14,553
<b>At 30 June 2015</b>	-	1,029	35,956	152,735	4,472	946	2,120	2,451	1,465	-	201,174



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 13. Property, plant and equipment (cont'd)

Group	Freehold land RM'000	Leasehold land* RM'000	Buildings RM'000	Plant and machinery RM'000	Electrical installation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Buildings under construction RM'000	Total RM'000
<b>At 30 June 2014</b>	21,651	3,019	109,381	61,706	710	14	1,615	775	294	35	199,200
<b>At 30 June 2015</b>	29,231	3,674	131,396	63,087	432	27	1,790	598	885	-	231,120

The Group's office equipment included computer software with carrying amount of RM172,875 (2014: RM192,016).

\* The remaining lease term of leasehold land is 43 to 56 years (2014: 44 to 57 years).



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 13. Property, plant and equipment (cont'd)

#### Assets pledged as security

The net carrying amounts of property, plant and equipment pledged as securities for loans and borrowings (Note 24) are as follows:

	Group	
	2015 RM'000	2014 RM'000
Freehold land	15,289	15,071
Freehold buildings	17,269	16,193
Plant and machinery	2,274	2,708
	<hr/>	<hr/>
	34,832	33,972

### 14. Investment in subsidiaries

	Company	
	2014 RM'000	2013 RM'000
Unquoted shares, at cost	53,929	48,929
Accumulated impairment losses	(12,888)	(12,888)
	<hr/>	<hr/>
	41,041	36,041

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion ownership interest	
			%	%
<b><i>Held by the Company:</i></b>				
Latitude Tree Furniture Sdn. Bhd. *	Malaysia	Manufacture and sale of wooden furniture and components	100	100
Rhong Khen Industries Sdn. Bhd. *	Malaysia	Manufacture and sale of decorative wood panels and papers	100	100
Rhong Khen Timbers Sdn. Bhd. *	Malaysia	Manufacture and sale of wooden furniture parts and components	100	100
Latitude Tree Sdn. Bhd. *	Malaysia	Investment holding	100	100
L-Tree Resources Sdn. Bhd. *	Malaysia	Investment holding	100	100



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 14. Investment in subsidiaries (cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion ownership interest	
			2015 %	2014 %
<b><i>Held by the Company (cont'd):</i></b>				
Grob Holz Sdn. Bhd.*	Malaysia	Investment holding	100	100
Uptown Promenade Sdn. Bhd.*	Malaysia	Investment holding	100	100
Linkage Creation International Co. Ltd. ^	Brunei Darussalam	Investment holding	100	100
Latitude Tree International Limited ^	British Virgin Islands	Investment holding	100	100
Great Paddy Pte. Ltd. ^	British Virgin Islands	Investment holding and general trading	100	100
<b><i>Held through L-Tree Resources Sdn. Bhd.:</i></b>				
P.T.Latitude Tree #	Indonesia	Dissolved	-	100
<b><i>Held through Latitude Tree Sdn. Bhd.:</i></b>				
Latitude Tree Vietnam Joint Stock Company **	Vietnam	Manufacture and sale of wooden furniture and components	100	100
<b><i>Held through Grob Holz Sdn. Bhd.:</i></b>				
Grob Holz Company Limited #	Thailand	Manufacture and sale of wooden furniture parts and components	85	85
<b><i>Held through Latitude Tree Vietnam Joint Stock Company:</i></b>				
RK Resources Co., Ltd. **	Vietnam	Manufacture and sale of wooden furniture and components	100	100

\* Audited by Ernst & Young, Malaysia

\*\* Audited by member firms of Ernst & Young Global in the respective countries

# Audited by a firm of auditors other than Ernst & Young

^ As these companies are dormant, limited review has been performed for consolidation purposes only



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 14. Investment in subsidiaries (cont'd)

- (a) On 20 November 2014, a wholly-owned subsidiary, Uptown Promenade Sdn. Bhd. ("UPSB") increased its authorised share capital from RM100,000 to RM5,100,000 comprising 5,000,000 ordinary shares of RM1.00 each by the creation of 5,000,000 additional shares of RM1.00 each. The issued and paid-up share capital of UPSB was also increased from RM2 to RM5,000,002 by the allotment of 5,000,000 ordinary shares of RM1.00 each to the Company.
- (b) Group restructuring exercise in year 2014 is disclosed as follows:

On 5 February 2013, the Board of Directors of the Company ("LTHB") announced that the Company proposed to acquire all the subsidiaries of Latitude Tree International Group Ltd. ("LTIGL"), a 77.62% owned subsidiary of the Company, for an aggregate consideration of SGD46,770,000 ("Purchase Consideration") ("Proposed Acquisitions"). A letter of offer was issued by the Company to the Board of Directors of LTIGL on even date to notify them of the Company's intention to undertake the Proposed Acquisitions ("Offer Letter").

On 28 March 2013, the Board of Directors of the Company announced that LTIGL had agreed on even date to accept the revised Offer made by the Company whereby the aggregate consideration for the Proposed Acquisitions was increased from SGD46,770,000 to SGD48,750,000. The Proposed Acquisitions are subject to, amongst others, the Share Sale Agreement comprising the terms and conditions of the Proposed Acquisitions, to be agreed upon by the Company and LTIGL, the approvals of the shareholders of the Company and LTIGL and relevant regulatory authorities.

On 9 May 2013, the Company entered into a conditional Sale and Purchase Agreement ("SPA") with LTIGL to undertake the Proposed Acquisitions.

The Proposed Acquisitions entail the acquisition by LTHB of all the subsidiaries of LTIGL as follows:

- (i) 13,523,396 ordinary shares, representing 99.99% of the share capital in Latitude Tree Vietnam Joint Stock Company ("LTVJS");
- (ii) 1,997,500 ordinary shares, representing 85.00% of the share capital in Grob Holz Company Limited ("GHCL");
- (iii) 50,000 ordinary shares, representing 100% of the share capital in Latitude Tree International Limited ("LTIL"); and
- (iv) 1 ordinary share, representing 100% of the share capital in Linkage Creation International Co. Limited. ("LCICL").

The Purchase Consideration was satisfied via the following manner:-

- (i) By way of set-off against the capital due to be returned to LTHB amounting to SGD46,444,200 following the cancellation of 186,000,000 ordinary shares in LTIGL held by LTHB pursuant to a selective capital reduction exercise proposed to be carried out by LTIGL after satisfaction of all the conditions precedent as stipulated in the Offer Letter and SPA; and
- (ii) The balance of the Purchase Consideration of SGD2,305,800 to be paid in cash on the Completion Date.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 14. Investment in subsidiaries (cont'd)

(b) Group restructuring exercise in year 2014 is disclosed as follows: (cont'd)

The Group is restructuring exercise in year 2014 was as follows:

	<b>2014</b> <b>RM'000</b>
Cash outflows from Group restructuring:	
Balance of cash Purchase Consideration paid	5,991
Cash and cash equivalents following derecognition of a subsidiary, LTIGL	27,964
	<hr/>
Net cash outflows on Group restructuring exercise	33,955
	<hr/>

The Proposed Acquisitions of all of the subsidiaries of LTIGL for an aggregate consideration of SGD48,750,000 was completed on 23 January 2014. Following the completion of the Proposed Acquisition, LTIL and LCICL are held directly by LTHB whereas LTVJSC and GHCL are held indirectly by LTHB through Latitude Tree Sdn. Bhd. and Grob Holz Sdn. Bhd. respectively, both of which are wholly-owned subsidiaries of LTHB.

The effects arising from the Group restructuring exercise on the retained earnings of the Group are as follows:

	<b>2014</b> <b>RM'000</b>
Derecognition of a subsidiary, LTIGL	(31,769)
Accretion of interest in subsidiaries	54,513
	<hr/>
	22,744
	<hr/>

#### Impairment assessment

The management of the Company carried out a review of the recoverable amount of its investments in subsidiaries when there is an indication of impairment. An impairment loss of RM12,888,000 was recognised in profit or loss in prior years. The recoverable amount was based on the value in use and was determined at the cash generating unit ("CGU") which consists of the assets of the investments in subsidiaries. In determining value in use for the CGU, the discount rate applied to cash flow projections is the Group's weighted average cost of capital.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 15. Other investments

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Subordinated bonds, at cost	3,500	3,500	3,500	3,500
Impairment losses	(3,500)	(3,500)	(3,500)	(3,500)
	-	-	-	-
Transferable golf club membership, at cost	81	81	-	-
	81	81	-	-

### 16. Intangible asset

	Group Goodwill	
	2015 RM'000	2014 RM'000
<b>Cost:</b> At 1 July and 30 June	2,114	2,114
<b>Accumulated impairment losses:</b> At 1 July and 30 June	2,114	2,114
<b>Net carrying amount:</b> At 1 July and 30 June	-	-



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 17. Land use rights

	Group	
	2015 RM'000	2014 RM'000
<b>Cost:</b>		
At 1 July	19,340	18,720
Additions	1,005	441
Exchange differences	680	179
At 30 June	21,025	19,340
<b>Accumulated amortisation:</b>		
At 1 July	4,810	4,315
Amortisation charged for the year (Note 7)	1,103	556
Exchange differences	(1,607)	(61)
At 30 June	4,306	4,810
<b>Net carrying amount</b>	16,719	14,530
Amount to be amortised:		
- Not later than one year	1,103	556
- Later than one year but not later than five years	5,516	2,777
- Later than five years	10,100	11,197
	16,719	14,530

The Group has land use rights over state-owned land at Song Than 2 Industrial Zone where the Group's Vietnam manufacturing and storage facilities reside. The land use rights are not transferable and have a remaining tenure of 16 to 42 years (2014: 17 to 43 years).



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 18. Deferred tax (assets)/liabilities

**Group**

	As at 1 July 2013 RM'000	Recognised in profit or loss RM'000 (Note 10)	Exchange differences RM'000	As at 30 June 2014 RM'000	Recognised in profit or loss RM'000 (Note 10)	Exchange differences RM'000	As at 30 June 2015 RM'000
<b>Deferred tax liabilities</b>							
Property, plant and equipment	-	-	-	-	(4,162)	-	(4,162)
<b>Deferred tax assets</b>							
Unused tax losses, unused reinvestment allowances and unused capital allowances	-	-	-	-	4,162	-	4,162
Provisions	(889)	(64)	(3)	(956)	2,383	(97)	1,330
	(889)	(64)	(3)	(956)	6,545	(97)	5,492
	(889)	(64)	(3)	(956)	2,383	(97)	1,330

**Group**

**2015**  
**RM'000**

**2014**  
**RM'000**

Presented after appropriate offsetting as follows:

Deferred tax liabilities	2,316	-
Deferred tax assets	(986)	(956)
	1,330	(956)



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 19. Inventories

	Group	
	2015 RM'000	2014 RM'000
<b>Cost</b>		
Raw materials	58,829	44,764
Work-in-progress	31,529	24,020
Finished goods	28,375	24,687
	<hr/>	<hr/>
	118,733	93,471
	<hr/>	<hr/>

The cost of inventories recognised as an expense in cost of sales of the Group was RM507,434,000 (2014: RM538,320,000).

### 20. Trade and other receivables

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Trade receivables</b>				
Third parties	32,006	21,235	-	-
Less: Allowance for impairment	(220)	(231)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Trade receivables, net	31,786	21,004	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Other receivables</b>				
Amounts due from subsidiaries	-	-	125,227	112,992
Deposits	486	233	-	-
Staff loans	80	82	-	-
Dividend receivable from a subsidiary	-	-	-	6,400
Goods and services tax receivable	951	-	-	-
Sundry receivables	16,840	13,845	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	18,357	14,160	125,227	119,392
	<hr/>	<hr/>	<hr/>	<hr/>
Less: Allowance for impairment				
Amounts due from subsidiaries	-	-	(20,020)	(15,932)
Sundry receivables	(198)	(164)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Other receivables, net	18,159	13,996	105,207	103,460
	<hr/>	<hr/>	<hr/>	<hr/>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 20. Trade and other receivables (cont'd)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total trade and other receivables	49,945	35,000	105,207	103,460
Less: Included within other receivables:				
Import duty and other direct taxes receivables	(9,227)	(10,912)	-	-
Goods and services tax receivable	(951)	-	-	-
Advance to suppliers	(5,454)	(1,823)	-	-
Add: Cash and bank balances (Note 23)	170,319	129,138	1,683	6,506
Total loans and receivables	204,632	151,403	106,890	109,966

#### a) Trade receivables

Trade receivables are non-interest bearing and are generally on 7 to 30 day (2014: 7 to 30 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

#### Ageing analysis of trade receivables

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

	Group	
	2015 RM'000	2014 RM'000
Neither past due nor impaired	31,719	20,231
1 to 30 days past due not impaired	10	773
More than 91 days past due not impaired	57	-
Impaired	67 220	773 231
	32,006	21,235

#### Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 20. Trade and other receivables (cont'd)

#### a) Trade receivables (cont'd)

##### Receivables that are past due but not impaired

The Group has trade receivables amounting to RM67,000 (2014: RM773,000) that are past due at the reporting date but not impaired. These receivables are not secured by any collateral or credit enhancement.

Trade receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience and no adverse information to date, the directors of the Group are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

##### Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables - nominal amounts	220	231
Less: Allowance for impairment	(220)	(231)
	-	-

Movement in allowance accounts:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 July	231	206
Charge for the year (Note 7)	-	31
Reversal of impairment loss of trade receivables (Note 5)	(26)	-
Exchange differences	15	(6)
At 30 June	220	231



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 20. Trade and other receivables (cont'd)

#### a) Trade receivables (cont'd)

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Management conducts periodic assessment on its trade receivable balance on account-by-account basis. Hence, all impairment losses are provided for specific trade receivable balances. Management is of the opinion that there are no further factors that warrants the consideration of additional impairment losses on a collective basis.

#### b) Other receivables

Amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

Further details on related party transactions are disclosed in Note 30.

Included in sundry receivables of the Group are:

- i) Import duty and other direct taxes receivable in foreign subsidiaries of RM9,227,000 (2014: RM10,912,000).
- ii) Goods and services tax receivable in Malaysia subsidiaries of RM951,000 (2014: RMNil).
- iii) Advance to suppliers of RM5,454,000 (2014: RM1,823,000) that mainly relates to payment in advance for raw materials purchased.

#### Other receivables that are impaired

The Group's and the Company's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	Individually impaired 2015 RM'000	Individually impaired 2014 RM'000	Individually impaired 2015 RM'000	Individually impaired 2014 RM'000
Other receivables - nominal amounts	198	164	50,789	51,787
Less: Allowance for impairment	(198)	(164)	(20,020)	(15,932)
	-	-	30,769	35,855



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 20. Trade and other receivables (cont'd)

#### b) Other receivables (cont'd)

##### Other receivables that are impaired (cont'd)

Movement in allowance accounts:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 July	164	169	15,932	15,932
Charge for the year (Note 7)	-	-	5,157	-
Reversal of allowance for impairment (Note 5)	-	-	(1,069)	-
Exchange differences	34	(5)	-	-
At 30 June	198	164	20,020	15,932

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Other financial information on financial risks of trade and other receivables are disclosed in Note 33 (a).

The currency profiles of the Group's and of the Company's trade and other receivables as at 30 June are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Ringgit Malaysia	3,142	705	103,773	103,383
United States Dollars	29,904	20,155	1,434	77
Vietnam Dong	15,622	13,239	-	-
Thai Baht	1,277	901	-	-
	49,945	35,000	105,207	103,460



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 21. Investment securities

	Group			
	2015 RM'000		2014 RM'000	
	Carrying amount	Market value of unquoted investments	Carrying amount	Market value of unquoted investments
<b>Current</b>				
<i>Held for trading investments</i>				
- Equity instruments (unquoted in Malaysia)	6,268	6,268	153	153
	<hr/>			
	Company			
	2015 RM'000		2014 RM'000	
	Carrying amount	Market value of unquoted investments	Carrying amount	Market value of unquoted investments
<b>Current</b>				
<i>Held for trading investments</i>				
- Equity instruments (unquoted in Malaysia)	4,689	4,689	100	100

Other financial information of financial risks of other investments are disclosed in Note 33.

### 22. Derivatives

	Group					
	Contract/ Notional amount	2015 RM'000		Contract/ Notional amount	2014 RM'000	
Assets		Liabilities	Assets		Liabilities	
<b>Non-hedging derivatives:</b>						
<b>Current</b>						
Forward currency contracts	5,940	-	(115)	6,969	229	-
Add: Held for trading investment (Note 21)		6,268	-		153	-
		<hr/>			<hr/>	
Total held for trading financial assets/ (liabilities)		6,268	(115)		382	-



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 22. Derivatives (cont'd)

The Group uses forward currency contracts to manage some of the 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 bank balances denominated in United States Dollars for which Group's commitments existed at the reporting date, extending to September 2015 (2014: November 2014)(Note 33(d)).

During the financial year, the Group recognised a loss of RM344,000 (2014: gain of RM359,000) arising from fair value changes of forward currency contracts. The fair value changes are attributable to changes in foreign exchange closing and forward rate. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 32.

### 23. Cash and bank balances

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash at banks and in hand	92,763	56,389	73	106
Deposits with licensed banks	77,556	72,749	1,610	6,400
Cash and bank balances	170,319	129,138	1,683	6,506

Cash at banks earns interest at floating rates based on daily bank deposit rates. Deposits with licensed banks are made for varying periods of between 1 day and 365 days (2014: 1 day and 365 days) depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 30 June 2015 for the Group and the Company were 3.63% (2014: 3.63%) and 3.81% (2014: 2.35%) per annum respectively.

Deposits with licensed banks of the Group of RM4,364,000 (2014: RM3,975,000) are pledged as securities for loans and borrowings (Note 24).



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 23. Cash and bank balances (cont'd)

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	Group		Company	
	2015 RM'000	2014 RM'000 Restated	2015 RM'000	2014 RM'000
Cash and bank balances	170,319	129,138	1,683	6,506
Bank overdrafts (Note 24)	-	(2,067)	-	-
	170,319	127,071	1,683	6,506
Deposits pledged as securities for bank borrowings	(4,364)	(3,975)	-	-
Deposits with licensed banks with maturity more than three months	(11,433)	(9,636)	-	-
Total cash and cash equivalents	154,522	113,460	1,683	6,506

The currency profiles of the Group's and of the Company's cash and bank balances as at 30 June are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Ringgit Malaysia	22,452	11,538	1,667	6,504
United States Dollars	133,979	103,628	16	2
Singapore Dollars	1,732	43	-	-
Vietnam Dong	9,757	13,790	-	-
Thai Baht	2,397	137	-	-
Others	2	2	-	-
	170,319	129,138	1,683	6,506

### 24. Loans and borrowings

	Maturity	Group	
		2015 RM'000	2014 RM'000
<b>Current</b>			
Secured:			
Bank overdrafts	On demand	-	2,067
Bankers' acceptances	2016	4,568	6,277
Term loans	2016	7,501	5,282
Trust receipts	2016	64,731	65,228
		76,800	78,854



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 24. Loans and borrowings (cont'd)

	Maturity	Group	
		2015 RM'000	2014 RM'000
<b>Non-current</b>			
Secured:			
Term loans	2017 - 2026	12,421	7,863
Total loans and borrowings		89,221	86,717

The remaining maturities of the loans and borrowings as at 30 June are as follows:

	Group	
	2015 RM'000	2014 RM'000
On demand or within one year	76,800	78,854
More than 1 year and less than 2 years	1,751	2,389
More than 2 years and less than 5 years	2,112	2,034
5 years or more	8,558	3,440
	89,221	86,717

#### Bank overdrafts

The weighted average effective interest rate of bank overdrafts as at the reporting date was 7.85% (2014: 7.79%) per annum. Bank overdrafts of the Group are secured by deposits of the Group (Note 23), negative pledges over the assets of certain subsidiaries and a corporate guarantee from the Company.

#### Bankers' acceptances

The weighted average effective interest rate of bankers' acceptances as at the reporting date was 3.88% (2014: 3.98%) per annum. The bankers' acceptances are secured by the deposits of the Group (Note 23), certain freehold land and buildings of the Group (Note 13), negative pledges over the assets of certain subsidiaries and a corporate guarantee from the Company.

#### Term loans

The term loans are secured by the following:

- Deposits with licensed banks of a subsidiary (Note 23);
- Fixed charges over freehold land and buildings and plant and machinery of certain subsidiaries (Note 13); and
- A corporate guarantee from the Company and a subsidiary.

Term loans bear interest at respective term loans rates. The term loans bear interest rates of 2.73% to 7.10% (2014: 2.73% to 7.10%) per annum.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 24. Loans and borrowings (cont'd)

#### Trust receipts

The weighted average effective interest rate of trust receipts as at the reporting date was 2.59% (2014: 3.34%) per annum. Trust receipts of the Group are secured by corporate guarantees from the Company and a subsidiary.

The currency profiles of the Group's loans and borrowings as at 30 June are as follows:

	Group	
	2015 RM'000	2014 RM'000
Ringgit Malaysia	19,689	15,141
United States Dollars	69,532	70,028
Thai Baht	-	1,548
	<hr/>	<hr/>
	89,221	86,717

### 25. Trade and other payables

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Trade payables</b>				
Third parties	58,570	48,954	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Other payables</b>				
Accruals	8,434	7,900	68	80
Sundry payables	24,619	22,268	38	38
	<hr/>	<hr/>	<hr/>	<hr/>
	33,053	30,168	106	118
	<hr/>	<hr/>	<hr/>	<hr/>
Total trade and other payables	91,623	79,122	106	118
Less: Included within other payables:				
Non-contractual payroll costs	(36)	(36)	(18)	(36)
Import and export duties and other direct taxes payable	(5,053)	(4,049)	-	-
Goods and services tax payable	(91)	-	-	-
Add: Loans and borrowings (Note 24)	89,221	86,717	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial liabilities carried at amortised cost	175,664	161,754	88	82



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 25. Trade and other payables (cont'd)

#### a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 15 to 90 day (2014: 15 to 90 day) terms.

#### b) Other payables

Sundry payables are non-interest bearing and are normally settled on an average term of one month (2014: average term of one month).

Included in accruals of the Group and the Company are:

- (i) RM36,000 (2014: RM36,000) due to directors in relation to directors' remuneration. This amount is unsecured, interest free and is repayable on demand.
- (ii) RM7,637,000 (2014: RM6,552,000) due to a director of a subsidiary for advances to the subsidiary. This amount is unsecured, interest free and is repayable on demand.
- (iii) RM5,053,000 (2014: RM4,049,000) accrued for import and export duties and other direct taxes payable by the foreign subsidiaries.
- (iv) RM91,000 (2014: RMNil) accrued for goods and services tax payable by the Malaysia subsidiaries.

The currency profiles of the Group's and of the Company's trade and other payables as at 30 June are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Ringgit Malaysia	9,440	9,500	106	118
United States Dollars	24,805	24,021	-	-
Vietnam Dong	48,682	36,631	-	-
Thai Baht	8,696	7,743	-	-
Others	-	1,227	-	-
	91,623	79,122	106	118

Further details of related party transactions are disclosed in Note 30.

Other financial information on financial risks of trade and other payables are disclosed in Note 33.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 26. Provision for severance allowance

	Group	
	2015 RM'000	2014 RM'000
At 1 July	227	474
Arose during the year (Note 7)	77	91
Utilised	(276)	(347)
Exchange differences	5	9
At 30 June	33	227

Provision for severance allowance is for employees in a foreign subsidiary who have served more than one year up to 31 December 2008 at the rate of half of the average monthly salary for each year of service up to 31 December 2008.

### 27. Share capital and share premium

	Group and Company			
	Number of ordinary shares of RM1 each	Share capital (Issued and fully paid) '000	Share capital (Issued and fully paid) RM'000	Amount
			Share premium RM'000	Total RM'000
At 1 July 2014/2013 and 30 June 2015/2014	97,208	97,208	1,225	98,433
<b>Authorised</b>				
At 1 July and 30 June	200,000	200,000	200,000	200,000

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 28. Retained earnings

As at 30 June 2015, the Company has tax exempt profits available for distribution of approximately RM124,287,000 (2014: RM94,766,000) of its retained earnings, subject to the agreement of the Inland Revenue Board.

The Company may distribute dividends out of its entire retained earnings as at 30 June 2015 and 30 June 2014 under the single tier system.

### 29. Foreign currency translation reserve

	Group	
	2015 RM'000	2014 RM'000
<b>At 1 July</b>	8,394	5,293
Other comprehensive income:		
Foreign currency translation	32,224	3,101
<b>At 30 June</b>	40,618	8,394

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

### 30. Related party disclosures

#### a) Sale and purchase of services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company and the related parties took place at terms agreed between the parties during the financial year:

	Company	
	2015 RM'000	2014 RM'000
Management fees received/receivable from a subsidiary	60	120
Dividend income received/receivable from subsidiaries	19,050	19,200

Management fees were arrived at in accordance with prices negotiated between the parties.

Information regarding outstanding balances arising from related party transactions as at 30 June 2015 and 2014 are disclosed in Note 20 and Note 25.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 30. Related party disclosures (cont'd)

#### b) Compensation of key management personnel

The remuneration of key management personnel during the year were as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short-term employee benefits	4,870	4,206	415	416
Defined contribution plan	168	273	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	5,038	4,479	415	416

Included in the total key management personnel is:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors' remuneration (Note 9)	2,046	1,957	415	416

### 31. Commitments

#### a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group	
	2015 RM'000	2014 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	733	246



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 31. Commitments (cont'd)

#### b) Operating lease commitments - as lessee

The future aggregate minimum lease payments under non-cancellable operating leases contracted for but not recognised as liabilities at the reporting date are as follows:

	Group	
	2015	2014
	RM'000	RM'000
Operating lease commitments payable:		
Not later than 1 year	628	535
Later than 1 year but not later than 5 years	2,514	2,483
Later than 5 years	19,046	16,255
	22,188	19,273

Operating lease payments represent rental payable by the Group for use of land in Vietnam. These leases have tenure ranging from 34 to 45 (2014: 35 to 46) years with renewal option which is subject to the approval from the Vietnam government and there is no contingent rent provision included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

### 32. Fair value of financial instruments

#### A. Determination of fair value

**Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value**

	Note	Carrying amount RM'000	Fair value RM'000
<b>Financial liabilities</b>			
<b>At 30 June 2015</b>			
Borrowings (non-current):			
- Term loans	24	12,421	10,195
<b>At 30 June 2014</b>			
Borrowings (non-current):			
- Term loans	24	7,863	5,923



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 32. Fair value of financial instruments (cont'd)

#### B. Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	<b>Note</b>
Other investments	15
Trade and other receivables	20
Loans and borrowings (current)	24
Trade and other payables	25

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The fair values of current borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

#### Amounts due from/to subsidiaries and related parties, staff loans and fixed rate bank loans

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

#### Derivatives

The fair value of forward currency contracts are valued by using a valuation technique with market observable inputs. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

#### C. Fair value of financial instruments that are carried at fair value

##### Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a) Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- b) Level 2: Input 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).
- c) Level 3: Input for the asset or liability that are not based on observable market data (unobservable input).



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 32. Fair value of financial instruments (cont'd)

#### C. Fair value of financial instruments that are carried at fair value (cont'd)

##### Fair value of assets and liabilities that are carried at fair value

The following table shows an analysis of the assets and liabilities carried at fair value by level of fair value hierarchy:

	Note	Group Significant observable inputs Level 2 RM'000
<b>Financial assets:</b>		
Held for trading investments		
- Equity instruments (unquoted)	21	6,268
<b>Financial assets as at 30 June 2015</b>		6,268
<b>Financial liability:</b>		
Derivative financial liability		
- Forward currency contracts	22	115
<b>Financial liability as at 30 June 2015</b>		115
<b>Financial assets:</b>		
Held for trading investments		
- Equity instruments (unquoted)	21	153
Derivatives	22	229
<b>Financial assets as at 30 June 2014</b>		382

The Group does not have any financial instruments classified as Level 1 and Level 3 as at 30 June 2015.

### 33. 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 Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Managing Director and management. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's and the Company's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 33. Financial risk management objectives and policies (cont'd)

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

#### a) Credit risk

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 primarily from trade and other receivables. For other financial assets (including investment securities, derivatives, cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. Trade receivables are monitored on an ongoing basis via the Group's management reports.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

#### Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.
- A nominal amount of RM155,339,000 (2014: RM160,925,000) relating to corporate guarantees provided by the Company to financial institutions for credit facilities granted to subsidiaries as disclosed in Note 24.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 20.

#### Credit risk concentration profile

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

	Group			
	2015	2015	2014	2014
	RM'000	% of total	RM'000	% of total
<b>By country:</b>				
Malaysia	878	3%	362	2%
United States	29,909	94%	19,900	95%
Thailand	999	3%	742	3%
	31,786	100%	21,004	100%

At the reporting date, approximately 52% (2014: 55%) of the Group's trade receivables were due from 3 major overseas customers (2014: 3 major overseas customers).



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 33. Financial risk management objectives and policies (cont'd)

#### a) Credit risk (cont'd)

##### Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 20. Deposits with licensed banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

##### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

#### b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met.

The Group's and the Company's overall liquidity risk management are to maintain sufficient levels of cash or cash convertible investments to meet the working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Company are able to raise fundings from shareholders, capital markets and financial institutions and balance their portfolios with some short and long term fundings so as to achieve overall cost effectiveness.

#### **Analysis of financial instruments by remaining contractual maturities**

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

	2015			Total
	RM'000			
	On demand or within one year	One to five years	Over five years	
<b>Group</b>				
<b>Financial assets:</b>				
Trade and other receivables	34,313	-	-	34,313
Investment securities	6,268	-	-	6,268
Cash and bank balances	170,319	-	-	170,319
<b>Total undiscounted financial assets</b>	<b>210,900</b>	<b>-</b>	<b>-</b>	<b>210,900</b>
<b>Financial liabilities:</b>				
Trade and other payables	86,443	-	-	86,443
Loans and borrowings	79,124	5,769	10,633	95,526
Derivatives	115	-	-	115
<b>Total undiscounted financial liabilities</b>	<b>165,682</b>	<b>5,769</b>	<b>10,633</b>	<b>182,084</b>
<b>Total net undiscounted financial assets/(liabilities)</b>	<b>45,218</b>	<b>(5,769)</b>	<b>(10,633)</b>	<b>28,816</b>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 33. Financial risk management objectives and policies (cont'd)

#### b) Liquidity risk (cont'd)

##### Analysis of financial instruments by remaining contractual maturities (cont'd)

	<b>2015</b>			
	<b>RM'000</b>			
	On demand or within one year	One to five years	Over five years	Total
<b>Company</b>				
<b>Financial assets:</b>				
Trade and other receivables	105,207	-	-	105,207
Investment securities	4,689	-	-	4,689
Cash and bank balances	1,683	-	-	1,683
<b>Total undiscounted financial assets</b>	<b>111,579</b>	<b>-</b>	<b>-</b>	<b>111,579</b>
<b>Financial liabilities:</b>				
Trade and other payables, representing total undiscounted financial liabilities	88	-	-	88
<b>Total net undiscounted financial assets</b>	<b>111,491</b>	<b>-</b>	<b>-</b>	<b>111,491</b>
<b>2014</b>				
<b>RM'000</b>				
	On demand or within one year	One to five years	Over five years	Total
<b>Group</b>				
<b>Financial assets:</b>				
Trade and other receivables	22,265	-	-	22,265
Investment securities	153	-	-	153
Derivatives	229	-	-	229
Cash and bank balances	129,138	-	-	129,138
<b>Total undiscounted financial assets</b>	<b>151,785</b>	<b>-</b>	<b>-</b>	<b>151,785</b>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 33. Financial risk management objectives and policies (cont'd)

#### b) Liquidity risk (cont'd)

##### Analysis of financial instruments by remaining contractual maturities (cont'd)

	2014			Total
	RM'000			
	On demand or within one year	One to five years	Over five years	
<b>Group (cont'd)</b>				
<b>Financial liabilities:</b>				
Trade and other payables	75,037	-	-	75,037
Loans and borrowings	79,381	5,505	4,525	89,411
Total undiscounted financial liabilities	154,418	5,505	4,525	164,448
Total net undiscounted financial liabilities	(2,633)	(5,505)	(4,525)	(12,663)
<b>Company</b>				
<b>Financial assets:</b>				
Trade and other receivables	103,460	-	-	103,460
Investment securities	100	-	-	100
Cash and bank balances	6,506	-	-	6,506
Total undiscounted financial assets	110,066	-	-	110,066
<b>Financial liabilities:</b>				
Trade and other payables, representing total undiscounted financial liabilities	82	-	-	82
Total net undiscounted financial assets	109,984	-	-	109,984



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 33. Financial risk management objectives and policies (cont'd)

#### c) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from its loans and borrowings. Loans and borrowings at floating rates expose the Group and the Company to cash flow interest rate risk.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

#### Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10% lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM292,000 (2014: RM327,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

#### d) Foreign currency risk

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 has transactional currency exposure arising from sales or purchases that are denominated in a currency other than the functional currency of the Group, i.e. Ringgit Malaysia ("RM"). The foreign currencies in which these transactions are denominated are mainly Vietnam Dong ("VND"), United States Dollars ("USD"), Thai Baht ("THB"), and Singapore Dollars ("SGD").

Approximately 99% (2014: 99%) and 86% (2014: 84%) of the Group's sales and costs are denominated in foreign currencies. The Group's trade receivable and trade payable balances at the reporting date have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD) amounted to RM147,867,000 (2014: RM117,600,000) and RM16,000 (2014: RM2,000) for the Group and the Company respectively.

The Group uses forward currency contracts to eliminate the currency exposures on its bank balances. At 30 June 2015, the Group entered into forward currency contracts with notional amount of RM5,940,000 (2014: RM6,969,000).

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in VND, USD, THB and SGD exchange rates against the functional currency of the Group entities with all other variables held constant.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 33. Financial risk management objectives and policies (cont'd)

#### d) Foreign currency risk (cont'd)

##### Sensitivity analysis for foreign currency risk

	Group	
	Profit net of tax	
	2015	2014
	RM'000	RM'000
VND/RM - strengthened 10% (2014: 10%)	(2,330)	(960)
- weakened 10% (2014: 10%)	2,330	960
USD/RM - strengthened 10% (2014: 10%)	11,023	4,134
- weakened 10% (2014: 10%)	(11,023)	(4,134)
THB/RM - strengthened 10% (2014: 10%)	(574)	(823)
- weakened 10% (2014: 10%)	574	823
SGD/RM - strengthened 10% (2014: 10%)	161	(118)
- weakened 10% (2014: 10%)	(161)	118

### 34. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic 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. No changes were made in the objectives, policies or processes during the years ended 30 June 2015 and 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio at a reasonable level. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 34. Capital management (cont'd)

	Note	Group	
		2015 RM'000	2014 RM'000
Loans and borrowings	24	89,221	86,717
Trade and other payables	25	91,623	79,122
Less: Cash and bank balances	23	(170,319)	(129,138)
Net debt		10,525	36,701
Equity attributable to owners of the parent, represents total capital		408,571	306,798
<b>Capital and net debt</b>		<b>419,096</b>	<b>343,499</b>
<b>Gearing ratio</b>		<b>3%</b>	<b>11%</b>

### 35. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

- I. Manufacturing
- II. Rental of property, plant and equipment
- III. Investment holding

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 35. Segment information (cont'd)

	Manufacturing RM'000	Rental of property, plant and equipment RM'000	Investment holding RM'000	Eliminations RM'000	Note	Per consolidated financial statements RM'000
<b>30 June 2015</b>						
<b>Revenue:</b>						
External customers	702,274	-	7,726	-		710,000
Inter segment	27,653	-	45,110	(72,763)	A	-
Total revenue	729,927	-	52,836	(72,763)		710,000
<b>Results:</b>						
Interest income from deposits	633	-	135	-		768
Depreciation and amortisation	19,141	-	139	(219)		19,061
Other non-cash net expenses	1,089	-	5,942	(13,348)	B	(6,317)
Segment profit before tax	92,445	-	50,587	(54,579)	C	88,453
<b>Assets:</b>						
Additions to property, plant and equipment	19,281	-	21,114	(8,369)	D	32,026
Additions to land use rights	1,005	-	-	-	D	1,005
Segment assets	599,126	31,951	262,022	(297,509)		595,590
<b>Liabilities:</b>						
Segment liabilities	283,621	41,545	68,046	(207,388)		185,824



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 35. Segment information (cont'd)

	Manufacturing RM'000	Rental of property, plant and equipment RM'000	Investment holding RM'000	Eliminations RM'000	Notes	Per consolidated financial statements RM'000
<b>30 June 2014</b>						
<b>Revenue:</b>						
External customers	651,025	-	-	-		651,025
Inter segment	26,935	-	58,465	(85,400)	A	-
Total revenue	677,960	-	58,465	(85,400)		651,025
<b>Results:</b>						
Interest income from deposits	853	2	48	-		903
Depreciation and amortisation	16,215	1,702	-	(163)		17,754
Other non-cash net expenses/(income)	358	(25)	359	286	B	978
Segment profit/(loss) before tax	85,735	(1,275)	55,521	(68,147)	C	71,834
<b>Assets:</b>						
Additions to property, plant and equipment	8,742	785	-	-	D	9,527
Additions to land use rights	441	-	-	-	D	441
Segment assets	456,358	32,964	229,362	(243,358)	E	475,326
<b>Liabilities:</b>						
Segment liabilities	219,204	41,459	63,734	(156,594)	F	167,803



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 35. Segment information (cont'd)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash (income)/expense consist of the following items as presented in the respective notes to the financial statements:

	Note	2015 RM'000	2014 RM'000
Reversal of impairment loss on trade receivables	5	(26)	-
Net unrealised foreign exchange (gain)/ loss	5, 7	(6,882)	1,382
Fair value loss/(gain) on derivatives	5, 7	344	(359)
Loss/(gain) on disposal of property, plant and equipment	5, 7	76	(252)
Impairment loss on trade receivables	7	-	31
Property, plant and equipment written off	7	81	74
Provision for severance allowance	7	77	91
Retirement benefit expense	8	13	11
		(6,317)	978

C The following items are added to/(deducted from) segment profit to arrive at "profit before tax" presented in the consolidated statement of comprehensive income:

	2015 RM'000	2014 RM'000
Revenue from inter-segment	(72,763)	(85,400)
Cost of sales from inter-segment	29,552	29,073
Other income from inter-segment	(16,585)	(11,940)
Administrative expenses from inter-segment	60	120
Other expenses from inter-segment	5,157	-
	(54,579)	(68,147)

D Additions to non-current assets consist of:

	2015 RM'000	2014 RM'000
Property, plant and equipment	32,026	9,527
Land use rights	1,005	441
	33,031	9,968



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 35. Segment information (cont'd)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

E The following item is deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	<b>2015</b> <b>RM'000</b>	<b>2014</b> <b>RM'000</b>
Inter-segment assets	297,509	243,358

F The following item is deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	<b>2015</b> <b>RM'000</b>	<b>2014</b> <b>RM'000</b>
Inter-segment liabilities	207,388	156,594

#### Geographical information

Revenue and non-current assets information based on the geographical location of the operations of the Group are as follows:

	<b>Revenue</b>		<b>Non-current assets</b>	
	<b>2015</b> <b>RM'000</b>	<b>2014</b> <b>RM'000</b>	<b>2015</b> <b>RM'000</b>	<b>2014</b> <b>RM'000</b>
Malaysia	126,437	116,178	109,793	88,034
Vietnam	560,746	512,352	123,251	111,430
Thailand	22,817	22,495	15,862	15,303
	<b>710,000</b>	<b>651,025</b>	<b>248,906</b>	<b>214,767</b>

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position.

	<b>2015</b> <b>RM'000</b>	<b>2014</b> <b>RM'000</b>
Property, plant and equipment	231,120	199,200
Other investments	81	81
Land use rights	16,719	14,530
	<b>247,920</b>	<b>213,811</b>

#### Information about major customers

Revenue from major customers amounting to RM702,274,000 (2014:RM651,025,000), arising from sales by the manufacturing segment derived from Vietnam, Malaysia and Thailand which accounted for 99% of the total revenue of the Group.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 36. Significant events

- (a) On 8 October 2014, Uptown Promenade Sdn. Bhd. and Rhong Khen Industries Sdn. Bhd., both wholly-owned subsidiaries of the Company have executed a Sale and Purchase Agreement (“SPA”) with Hai Ming Industries Sdn. Bhd. and a Supplementary SPA with I’Kranji Industries Sdn. Bhd., being companies incorporated in Malaysia, respectively to acquire a freehold industrial land held under Lot 765, Jalan Haji Sirat, Off Jalan Meru, 42100 Klang, Selangor comprising a 3-storey office building, a single factory building and ancillary buildings erected thereon (“Property”) and all machinery and parts excluding forklifts and lorries in the Property (“Machinery”) for a total cash consideration of RM19,000,000 and RM3,000,000 respectively. The acquisition was completed on 7 January 2015.
- (b) On 9 October 2014, the Company obtained the official revocation of a subsidiary, P. T. Latitude Tree’s tax identification from Tax Office of Republic of Indonesia. On even date, the winding up process of PT Latitude Tree has been completed.

### 37. Authorisation of financial statements for issue

The financial statements for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on 27 October 2015.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

### 38. Supplementary information – breakdown of retained earnings into realised and unrealised

The breakdown of the retained earnings of the Group and of the Company as at 30 June 2015 into realised and unrealised profits or losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained earnings of the Company and its subsidiaries				
- Realised	274,359	216,526	54,232	47,718
- Unrealised	5,431	(719)	-	-
	279,790	215,807	54,232	47,718
Less: Consolidation adjustments	(10,270)	(15,836)	-	-
Retained earnings as per financial statements	269,520	199,971	54,232	47,718



# PROPERTIES HELD BY THE COMPANY AND ITS SUBSIDIARIES

AS AT 30 JUNE 2015

Location	Description	Tenure	Year Lease Expiring	Age of Building (years)	Site Area (sq.ft.)	Net Book Value (RM'000)	Date of Revaluation (R)/ Acquisition (A)
Lot 3356, Batu 7 3/4, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan	Industrial land with 2 blocks of factory building and 1 two-storey office building	Freehold	N/A	22	167,433	7,169	25 September 2002 (R)
Lot 3358, Batu 7 3/4, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan	Industrial land with a 3 storey office building and 1 block of factory building	Freehold	N/A	15	168,800	9,693	27 January 2010 (A)
Lot 3360, Batu 7 3/4, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan	Industrial land with 1 building of factory building	Freehold	N/A	17	171,518	8,306	19 March 2003 (A)
Lot 6147, Kawasan Perindustrian Ajil, Fasa 2, Batu 21, Jalan Ajil, Kuala Berang, 21800 Ulu Terengganu Terengganu Darul Iman	Industrial land with 9 blocks of factory building and 1 single-storey office building	Leasehold	2059	17	674,879	9,429	3 August 1999 (A)
Lot 5803, Kawasan Perindustrian Ajil, Fasa 2, Batu 21, Jalan Ajil, Kuala Berang, 21800 Ulu Terengganu, Terengganu Darul Iman	Industrial land with 4 blocks of factory building	Leasehold	2058	15	671,345	7,358	30 May 2000 (A)
Lot 6686, Kawasan Perindustrian Ajil, Mukim Tanggul, 21800 Hulu Terengganu, Terengganu Darul Iman	Vacant industrial land	Leasehold	2064	N/A	143,784	162	15 October 2003 (A)
PT 64526, Batu 8, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan	Industrial land with 3 block of factory building and 1 two-storey office building	Freehold	N/A	13/23	332,939	19,824	2 May 2001 (R)
H.S 270, PT No.5920, Batu 8 1/2, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan	Agricultural land with 4 blocks of workers' quarter	Leasehold	2071	21	103,727	445	14 April 2003 (A)
H.S.(M) 35437, PT 56964, Batu 8, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan	Workers' quarters	Freehold	N/A	8	59,890	1,690	18 December 2006 (A)



# PROPERTIES HELD BY THE COMPANY AND ITS SUBSIDIARIES

AS AT 30 JUNE 2015 (CONT'D)

Location	Description	Tenure	Year Lease Expiring	Age of Building (years)	Site Area (sq.ft.)	Net Book Value (RM'000)	Date of Revaluation (R)/ Acquisition (A)
Title Deed No. 18571, 18572, 19359, 19942 and 19943, Moo 1, Tung Mo Subdistrict, Sadao District, Songkhla Province, Thailand	Industrial land with 3 blocks of factory buildings and 4 blocks of workers' quarters	Freehold	N/A	9	869,024	11,289	21 January 2005 (A)
Title Deed No. 18604, Moo 1, Tung Mo Subdistrict, Sadao District Songkhla Province, Thailand	Vacant Land	Freehold	N/A	N/A	333,860	457	21 January 2005 (A)
No. 29, Road DT 743 Song Than Industrial Zone II, Di An District, Binh Duong Province, Vietnam	Industrial land with 5 blocks of factory building, 1 office building and 2 blocks of workers' quarters	Leasehold	2045	14	637,869	16,151	February 2001 (A)
Lot L, Road 27, Song Than Industrial Zone II, Di An District, Binh Duong Province, Vietnam	Industrial land with 1 block of warehouse building	Leasehold	2045	9	140,243	4,358	March 2006 (A)
Lot N, Road 26, Song Than Industrial Zone II, Di An District, Binh Duong Province, Vietnam	Industrial land with 3 blocks of factory building and 1 block of office building	Leasehold	2030	14	111,008	7,322	September 2010 (A)
Lot 241, 242, 249, 250 and 251, Lai Uyen Commune, Ben Cat District, Binh Duong Province, Vietnam	Industrial land with 3 blocks of factory building and 1 block of warehouse building	Leasehold	2052	10	780,082	12,035	May 2002 (A)
Lot 231 and 240, Lai Uyen Commune, Ben Cat District, Binh Duong Province, Vietnam	Industrial land with 2 blocks of factory building and 2 blocks of warehouse building	Leasehold	2052	8	1,011,043	15,184	May 2002 (A)
Lot 77, 232, 243 and 244, Lai Uyen Commune, Ben Cat District, Binh Duong Province, Vietnam	Industrial land with 3 blocks of factory building and 1 block of office building	Leasehold	2052	7	1,035,962	22,176	May 2002 (A)
Lot 299 Lai Uyen Commune, Ben Cat District, Binh Duong Province, Vietnam	Industrial land with 2 blocks of workers' quarter	Leasehold	2052	8	1,116,670	4,281	November 2006 (A)



# PROPERTIES HELD BY THE COMPANY AND ITS SUBSIDIARIES

AS AT 30 JUNE 2015 (CONT'D)

Location	Description	Tenure	Year Lease Expiring	Age of Building (years)	Site Area (sq.ft.)	Net Book Value (RM'000)	Date of Revaluation (R)/ Acquisition (A)
Lot 765, Jalan Haji Sirat off Jalan Meru, 42100 Klang, Selangor Darul Ehsan	Industrial land with a 3 storey office building and 1 block of factory building	Freehold	N/A	21	190,757	20,254	8 October 2014 (A)
PT 10549, Kawasan Perindustrian Ajil, Mukim Tanggul, 21800 Hulu Terengganu, Terengganu Darul Iman	Vacant industrial land	Leasehold	2074	N/A	175,226	254	13 July 2014 (A)
PT 10550, Kawasan Perindustrian Ajil, Mukim Tanggul, 21800 Hulu Terengganu, Terengganu Darul Iman	Vacant industrial land	Leasehold	2074	N/A	199,100	276	13 July 2014 (A)
PT 10551, Kawasan Perindustrian Ajil, Mukim Tanggul, 21800 Hulu Terengganu, Terengganu Darul Iman	Vacant industrial land	Leasehold	2074	N/A	137,014	290	13 July 2014 (A)



# ANALYSIS OF SHAREHOLDINGS

AS AT 30 OCTOBER 2015

Authorised share capital	: RM200,000,000
Issued and paid-up share capital	: RM97,207,500
Class of shares	: Ordinary Shares of RM1.00 each
Voting rights	: One vote per share

Size of Holdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares Held	% of Issued Capital
1 - 99	160	9.65	8,106	0.01
100 - 1,000	337	20.33	233,809	0.24
1,001 - 10,000	906	54.64	3,326,689	3.42
10,001 - 100,000	207	12.49	5,638,875	5.80
100,001 - 4,860,374	42	2.53	37,940,918	39.03
4,860,375 (5% of Issued Capital) and above	6	0.36	50,059,103	51.50
<b>TOTAL</b>	<b>1,658</b>	<b>100.00</b>	<b>97,207,500</b>	<b>100.00</b>

## THIRTY LARGEST SHAREHOLDERS/DEPOSITORS AS AT 30 OCTOBER 2015

Name of Shareholders/Depositors	No. of Shares	% of Issued Capital
1. LIN CHEN, JUI-FEN	15,172,902	15.61
2. RHB NOMINEES (TEMPATAN) SDN. BHD. MAYBANK KIM ENG SECURITIES PTE. LTD. FOR KONSORTIUM KONTREK SDN. BHD.	10,110,000	10.40
3. LIN CHEN, JUI-FEN	9,041,826	9.30
4. LIN, CHIN-HUNG	5,700,000	5.86
5. LIN, TZU-LANG	5,034,375	5.18
6. LIN, CHENG-HUNG	5,000,000	5.14
7. AFFIN HWANG NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LI, YI-PING (LIY0003C)	4,787,000	4.93
8. KONSORTIUM KONTREK SDN. BHD.	4,500,000	4.63
9. AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR EONPLUS INDUSTRY SDN. BHD. (EON0003C)	3,492,150	3.59
10. CHEN, CHIU-CHIN	2,737,800	2.82
11. MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN KIT PHENG	2,501,800	2.57
12. HLIB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN KIT PHENG (M)	1,782,400	1.83
13. HLIB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KOON YEW YIN (M)	1,587,500	1.63
14. KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KOON YEW YIN (002)	1,534,200	1.58
15. RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KOON YEW YIN	1,414,000	1.46
16. TA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KOON YEW YIN	1,351,700	1.39
17. HO SUE BIA	1,157,472	1.19
18. MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YAP SUNG PANG (MARGIN)	920,600	0.95
19. MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KOON YEW YIN	874,100	0.90
20. HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (FINLAND)	845,446	0.87



# ANALYSIS OF SHAREHOLDINGS

## AS AT 30 OCTOBER 2015 (CONT'D)

### THIRTY LARGEST SHAREHOLDERS/DEPOSITORS AS AT 30 OCTOBER 2015 (CONT'D)

Name of Shareholders/Depositors	No. of Shares	% of Issued Capital
21. AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	840,700	0.87
22. AFFIN HWANG NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIN, CHIN-HUNG (LIN0238C)	820,000	0.84
23. PRB NOMINEES (TEMPATAN) SDN. BHD. RUBBER INDUSTRY SMALLHOLDERS DEVELOPMENT AUTHORITY	614,700	0.63
24. CIMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHIEW CHIENG SIEW (KUCHING-CL)	603,100	0.62
25. RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR FONG SILING (CEB)	600,000	0.62
26. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR RONIE TAN CHOO SENG (8058147)	500,000	0.51
27. MAYBANK NOMINEES (ASING) SDN. BHD. NOMURA SINGAPORE LIMITED FOR YONG HENG CHOE (290556)	444,400	0.46
28. TEE KIAM HENG	365,000	0.38
29. MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR RONIE TAN CHOO SENG (MARGIN)	322,800	0.33
30. TA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN KIT YEW	293,000	0.30
<b>TOTAL</b>	<b>84,948,971</b>	<b>87.39</b>

### SUBSTANTIAL SHAREHOLDERS AS AT 30 OCTOBER 2015

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
Lin Chen, Jui-Fen	24,219,978	24.92	-	-
Konsortium Kontrek Sdn. Bhd.	14,610,000	15.03	-	-
Lin, Chin-Hung	6,520,000	6.71	-	-
Koon Yew Yin	6,322,800	6.50	-	-
Lin, Tzu-Lang	5,034,375	5.18	-	-
Lin, Cheng-Hung	5,000,000	5.14	-	-
Yek Siew Liong	-	-	14,610,000 <sup>(1)</sup>	15.03

**Notes:**

<sup>(1)</sup> Deemed interest by virtue of Section 6A(4)(c) of the Companies Act, 1965, held through Konsortium Kontrek Sdn. Bhd.

### DIRECTORS' SHAREHOLDINGS AS AT 30 OCTOBER 2015

Name of Directors	Direct		Indirect	
	No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
Lin Chen, Jui-Fen <sup>(1)</sup>	24,219,978	24.92	-	-
Lin, Chin-Hung <sup>(1)</sup>	6,520,000	6.71	-	-
Lin, Cheng- Hung <sup>(1)</sup>	5,000,000	5.14	-	-
Yek Siew Liong <sup>(1)</sup>	-	-	14,610,000 <sup>(2)</sup>	15.03
Dato' Haji Shaharuddin Bin Haji Haron	-	-	-	-
Toh Seng Thong	-	-	-	-

**Notes:**

<sup>(1)</sup> By virtue of their interests in shares of the Company, the Directors are also deemed to have an interest in the shares of all the subsidiaries of the Company to the extent the Company has an interest

<sup>(2)</sup> Deemed interest by virtue of Section 6A(4)(c) of the Companies Act, 1965, held through Konsortium Kontrek Sdn. Bhd.



# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-First Annual General Meeting of the shareholders of LATITUDE TREE HOLDINGS BERHAD will be held at Putra Room, Kelab Golf Sultan Abdul Aziz Shah, No. 1, Rumah Kelab, Jalan Kelab Golf 13/6, 40100 Shah Alam, Selangor Darul Ehsan on Thursday, 10 December 2015 at 3.00 p.m. for the following purposes:-

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2015 together with Reports of the Directors' and the Auditors' thereon. **Please refer to Note 7**
2. To approve a final tax exempt dividend of 12.0 sen per share for the financial year ended 30 June 2015. **Ordinary Resolution 1**
3. To approve payment of Directors' fees totalling RM360,000 for the financial year ending 30 June 2016 to be paid quarterly in arrears. **Ordinary Resolution 2**
4. To re-elect the following Directors retiring under Articles 85 and 113 of the Articles of Association of the Company:-
  - (i) Madam Lin Chen, Jui-Fen **Ordinary Resolution 3**
  - (ii) Mr Lin, Chin-Hung **Ordinary Resolution 4**
5. To re-elect Mr Lin, Cheng-Hung who is retiring pursuant to Article 89 of the Articles of Association of the Company. **Ordinary Resolution 5**
6. To consider and, if thought fit, pass the following resolutions pursuant to Section 129(6) of the Companies Act, 1965:-

"That pursuant to Section 129(6) of the Companies Act, 1965, Dato' Haji Shaharuddin Bin Haji Haron be re-appointed as Director to hold office until the conclusion of the next Annual General Meeting of the Company."

**Ordinary Resolution 6**
7. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 7**

## As Special Business

To consider and, if thought fit, to pass the following resolutions:-

### 8. **AUTHORITY UNDER SECTION 132D OF THE COMPANIES ACT, 1965 FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES**

"THAT, pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting 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 to be issued does not exceed ten per centum (10%) of the issued share capital of the Company for the time being, subject always to the approval of all relevant Regulatory Authorities being obtained for such allotment and issuance."

**Ordinary Resolution 8**



# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## 9. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR LATITUDE TREE HOLDINGS BERHAD AND ITS SUBSIDIARIES TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")

"THAT, the mandate granted by the shareholders of the Company at the Annual General Meeting held on 10 December 2014 pursuant to paragraph 10.09 of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR"), authorising the Company and its subsidiaries ("LTHB Group") to enter into the recurrent transactions of a revenue or trading nature as set out in Section 2.3 of the Circular to Shareholders dated 18 November 2015 ("Circular") with the related parties mentioned therein which are necessary for the LTHB Group's day-to-day operations, be and is hereby renewed.

That approval be and is hereby given for the LTHB Group to enter into recurrent related party transactions of a revenue or trading nature set out in Section 2.3 of the Circular, which are necessary for the LTHB's Group day-to-day operations.

THAT the LTHB Group is hereby authorised to enter into the Proposed Shareholders' Mandate provided that:

- a) the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- b) the disclosure will be made in the Annual Report of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year on the type of Recurrent Related Transactions made, the names of the related parties involved in each type of Recurrent Related Party Transactions and their relationships with the Company.

THAT the authority conferred shall continue to be in force until:

- i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the Twenty-First AGM at which the Proposed Shareholders' Mandate is approved, at which time it will lapse, unless by a resolution passed at the AGM, the mandate is again renewed;
- ii) the expiration of the period within which the next AGM of the Company after the Twenty First AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate.

**Ordinary Resolution 9**



## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### 10. PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES

“THAT subject to the Companies Act, 1965 (“Act”), the Memorandum and Articles of Association of the Company, the Bursa Securities MMLR and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to utilise the maximum amount of funds available in the Company which shall not exceed the Company’s aggregate retained earnings and/or share premium account to purchase such amount of ordinary shares of RM1.00 each in the Company (“Proposed Renewal of Share Buy-Back Authority”) 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 interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company;

THAT an amount not exceeding the Company’s share premium account and retained earnings account be allocated by the Company for the Proposed Renewal of Share Buy-Back Authority;

THAT authority be and is hereby given to the Directors of the Company to decide at their absolute discretion to either retain the shares so purchased as treasury shares (as defined in Section 67A of the Act) and/or to cancel the shares so purchased and if retained as treasury shares, may resell the treasury shares and/or to distribute them as share dividend and/or subsequently cancel them;

THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will expire at:-

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the Twenty-First AGM, at which such resolution was passed, at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first,

but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any);

AND THAT the Directors of the Company be authorised to take all steps necessary to implement, complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Share Buy-Back Authority as may be agreed or allowed by any relevant governmental and/or regulatory authority.”

**Ordinary Resolution 10**



# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## 11. AUTHORITY FOR DATO' HAJI SHAHARUDDIN BIN HAJI HARON TO CONTINUE IN OFFICE AS SENIOR INDEPENDENT DIRECTOR

THAT authority be and is hereby given to Dato' Haji Shaharuddin Bin Haji Haron who has served as Senior Independent Director of the Company for a cumulative term of more than nine years, to continue to act as a Senior Independent Director of the Company until the conclusion of the next Annual General Meeting in accordance with Malaysian Code of Corporate Governance 2012.

**Ordinary Resolution 11**

## 12. AUTHORITY FOR MR TOH SENG THONG TO CONTINUE IN OFFICE AS INDEPENDENT DIRECTOR

THAT authority be and is hereby given to Mr Toh Seng Thong who has served as Independent Director of the Company for a cumulative term of more than nine years, to continue to act as Independent Director of the Company until the conclusion of the next Annual General Meeting in accordance with Malaysian Code of Corporate Governance 2012.

**Ordinary Resolution 12**

## NOTICE OF DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the final tax exempt dividend of 12.0 sen per share for the financial year ended 30 June 2015, if approved, will be paid on 29 January 2016 to shareholders whose names appear on the Record of Depositors as at 31 December 2015.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

- a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 31 December 2015 in respect of transfers; and
- b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD  
TAI YIT CHAN (MAICSA 7009143)  
TAN AI NING (MAICSA 7015852)  
YEOH JOE SON (MIA 9238)  
Company Secretaries

Selangor Darul Ehsan  
Date : 18 November 2015



# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1) (b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two (2) proxies to attend at the same meeting, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee which holds 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.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation either under the common seal or under the hand of an officer or attorney so authorised.
5. The original 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 such power or authority, shall be deposited at the registered office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting.
6. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available a Record of Depositors as at 4 December 2015 and only Members whose names appear on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.
7. Agenda 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval from shareholders of the Company and hence, Agenda 1 is not put forward for voting.

## EXPLANATORY NOTES ON SPECIAL BUSINESS

### Ordinary Resolution 8

#### - Resolution pursuant to Section 132D of the Companies Act, 1965

The Company had, during its Twentieth Annual General Meeting held on 10 December 2014, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965 (“the Act”). The Company did not issue any shares pursuant to this mandate obtained.

The Ordinary Resolution 8 proposed under item 8 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total ten per centum (10%) of the issued share capital (excluding treasury shares, if any) of the Company for such purpose as the Directors consider would be in the interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding investment project(s) and/or working capital.



# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## Ordinary Resolution 9

- **Proposed Renewal of Shareholders' Mandate for Latitude Tree Holdings Berhad ("LTHB") and its subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature**

Ordinary Resolution 9, if passed, will allow LTHB Group to enter into recurrent related party transactions in the ordinary course of business and the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur would not arise. This would reduce the expenses associated therewith, improve administrative efficiency and allow human resources and time to be channelled towards attaining corporate objectives. The shareholders' mandate is subject to renewal on an annual basis.

For further information, please refer to the Circular to Shareholders dated 18 November 2015 accompanying the Annual Report of the Company for the financial year ended 30 June 2015.

## Ordinary Resolution 10

- **Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares**

Ordinary Resolution 10, if passed, will give the Directors of the Company authority to take all such steps as are necessary or expedient to implement, finalise, complete and/or to effect the purchase(s) of ordinary shares by the Company as the Directors may deem fit and expedient in the best interest of the Company. The authority will, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting of the Company following the Twenty-First Annual General Meeting is required by law to be held.

For further information, please refer to the Statement to Shareholders dated 18 November 2015 accompanying the Annual Report of the Company for the financial year ended 30 June 2015.

## Ordinary Resolution 11

- **Authority for Dato' Haji Shaharuddin Bin Haji Haron to continue in office as Senior Independent Director**

The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Dato' Haji Shaharuddin Bin Haji Haron who has served as Senior Independent Director of the Company for a cumulative term of more than nine years and recommend him to continue to act as Senior Independent Director of the Company based on the following justifications:-

- a. He has fulfilled the criteria under the definition on Independent Directors as stated in the MMLR of Bursa Securities, and therefore is able to bring independent and objective judgement to the Board;
- b. His experience in the manufacturing industry enables him to provide the Board with a diverse set of experience, expertise, skills and competence;
- c. He has been with the Company for more than nine years and therefore understand the Company's business operations which enable him to participate actively and contribute during deliberations or discussions at Audit Committee, Nomination Committee, Remuneration Committee and Board meetings;
- d. He has contributed sufficient time and efforts and attended all the Audit Committee, Nomination Committee, Remuneration Committee and Board meetings for informed and balanced decision making; and
- e. He has exercised due care during his tenure as Senior Independent Director of the Company and carried out his professional duty in the interest of the Company and shareholders.



# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## Ordinary Resolution 12

### - Authority for Mr Toh Seng Thong to continue in office as Independent Director

The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Mr Toh Seng Thong who has served as Independent Director of the Company for a cumulative term of more than nine years and recommend him to continue to act as Independent Director of the Company based on the following justifications:-

- a. He has fulfilled the criteria under the definition on Independent Directors as stated in the MMLR of Bursa Securities, and therefore is able to bring independent and objective judgement to the Board;
- b. His experience in the audit and accounting industries enables him to provide the Board with a diverse set of experience, expertise, skills and competence;
- c. He has been with the Company for more than nine years and therefore understand the Company's business operations which enable him to participate actively and contribute during deliberations or discussions at Audit Committee, Nomination Committee, Remuneration Committee and Board meetings;
- d. He has contributed sufficient time and efforts and attended all the Audit Committee, Nomination Committee, Remuneration Committee and Board meetings for informed and balanced decision making; and
- e. He has exercised due care during his tenure as Independent Director of the Company and carried out his professional duty in the interest of the Company and shareholders.

### **Personal data privacy:**

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*



CDS account no. of authorised nominee	No. of shares held

I/We, \_\_\_\_\_ IC No./ID No./Company No. \_\_\_\_\_  
of \_\_\_\_\_

being a member of LATITUDE TREE HOLDINGS BERHAD hereby appoint \_\_\_\_\_  
\_\_\_\_\_ IC No./ID No. \_\_\_\_\_ of \_\_\_\_\_

or failing him/her, \_\_\_\_\_ IC No./ID No. \_\_\_\_\_  
of \_\_\_\_\_

or failing him/her, \*the Chairman of the Meeting as my/our proxy to vote and act for me/us, and on my/our behalf at the Twenty-First Annual General Meeting of the Company to be held at Putra Room, Kelab Golf Sultan Abdul Aziz Shah, No. 1, Rumah Kelab, Jalan Kelab Golf 13/6, 40100 Shah Alam, Selangor Darul Ehsan on Thursday, 10 December 2015 at 3.00 p.m. and at any adjournment thereof.

*\* Please delete the words "the Chairman of the Meeting" if you wish to appoint some other person to be your proxy.*

My/our proxy is to vote as indicated below :

Item	Agenda			
1.	To receive the Audited Financial Statements for the financial year ended 30 June 2015 together with the Reports of the Directors and Auditors thereon.			
<b>Ordinary Resolution</b>		<b>Resolution</b>	<b>For</b>	<b>Against</b>
2.	To approve declared a final tax exempt dividend of 12.0 sen per share for the financial year ended 30 June 2015.	1		
3.	To approve payment of Directors' fees totalling RM360,000 for the financial year ending 30 June 2016 to be paid quarterly in arrears.	2		
4 (i)	To re-elect Madam Lin Chen, Jui-Fen who is retiring pursuant to Articles 85 and 113 of the Articles of Association of the Company.	3		
4 (ii)	To re-elect Mr Lin, Chin-Hung who is retiring pursuant to Articles 85 and 113 of the Articles of Association of the Company.	4		
5.	To re-elect Mr Lin, Cheng-Hung who is retiring pursuant to Article 89 of the Articles of Association of the company.	5		
6.	To re-appoint Dato' Haji Shaharuddin Bin Haji Haron as Director in accordance with Section 129(6) of the Companies Act, 1965	6		
7.	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.	7		
8.	Authority for the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.	8		
9.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	9		
10.	Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares.	10		
11.	Authority for Dato' Haji Shaharuddin Bin Haji Haron to continue in office as Senior Independent Director.	11		
12.	Authority for Mr Toh Seng Thong to continue in office as Independent Director.	12		

Please indicate with an "X" in the spaces provided, how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.

**For appointment of two proxies, percentage of shareholdings to be represented by the proxies:**

**Percentage**

\_\_\_\_\_  
Signature/Common Seal

Proxy 1 \_\_\_\_\_ %  
Proxy 2 \_\_\_\_\_ %

Date: \_\_\_\_\_

Total \_\_\_\_\_ 100%

**NOTES :**

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1) (b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two (2) proxies to attend at the same meeting, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee which holds 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.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation either under the common seal or under the hand of an officer or attorney so authorised.
5. 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 such power or authority, shall be deposited at the registered office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting.
6. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available a Record of Depositors as at 4 December 2015 and only Members whose names appear on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.
7. Agenda 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval from shareholders of the Company and hence, Agenda 1 is not put forward for voting.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 18 November 2015.

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Affix Stamp

**LATITUDE TREE HOLDINGS BERHAD**

Lot 6.05, Level 6, KPMG Tower,  
8 First Avenue, Bandar Utama,  
47800 Petaling Jaya,  
Selangor Darul Ehsan

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Latitude Tree Holdings Berhad  
Lot 3356, Batu 7¼, Jalan Kapar, 42200 Kapar, Selangor  
Tel: 603-3291 5401 Fax: 603-3291 0048

**[www.lattree.com](http://www.lattree.com)**