



LATITUDE TREE HOLDINGS BERHAD (302829-W)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE PERIOD ENDED 31 DECEMBER 2015**

|  | Individual quarter ended                        |  | Cumulative quarter ended                        |  |
|--|---|--|---|--|
|  | Current year<br>quarter<br>31.12.2015<br>RM'000 | Preceding year<br>corresponding<br>quarter<br>31.12.2014<br>RM'000 | Current year<br>quarter<br>31.12.2015<br>RM'000 | Preceding year<br>corresponding<br>quarter<br>31.12.2014<br>RM'000 |
| Revenue  | 211,366   | 189,077  | 429,339   | 364,821  |
| Cost of sales                                    | (169,705)                                       | (154,705)  | (352,104)                                       | (304,235)  |
| <b>Gross profit</b>                              | <b>41,661</b>                                   | <b>34,372</b>  | <b>77,235</b>                                   | <b>60,586</b>  |
| Other income                                     | (1,198)   | 4,600  | 6,606   | 6,971  |
| Selling and marketing expenses                   | (4,850)   | (4,320)  | (9,538)   | (8,289)  |
| Administrative expenses                          | (4,990)   | (3,770)  | (9,485)   | (7,337)  |
| Other expenses                                   | 590   | (759)  | (1,511)   | (2,638)  |
| <b>Operating profit</b>                          | <b>31,213</b>                                   | <b>30,123</b>  | <b>63,307</b>                                   | <b>49,293</b>  |
| Finance costs                                    | (1,021)   | (673)  | (1,780)   | (1,357)  |
| <b>Profit before taxation</b>                    | <b>30,192</b>                                   | <b>29,450</b>  | <b>61,527</b>                                   | <b>47,936</b>  |
| Taxation   | (3,617)   | (1,947)  | (6,688)   | (3,639)  |
| <b>Profit for the period</b>                     | <b>26,575</b>                                   | <b>27,503</b>  | <b>54,839</b>                                   | <b>44,297</b>  |
| Attributable to :                                |   |  |   |  |
| Owners of the parent                             | 26,472  | 27,398   | 54,616  | 44,046   |
| Non-controlling interests                        | 103   | 105  | 223   | 251  |
| <b>Profit for the period</b>                     | <b>26,575</b>                                   | <b>27,503</b>  | <b>54,839</b>                                   | <b>44,297</b>  |
| <b>Earnings per share (sen) :</b>                |   |  |   |  |
| (a) Basic  | 27.23   | 28.19  | 56.18   | 45.31  |
| (b) Diluted                                      | 27.23   | 28.19  | 56.18   | 45.31  |
| Number of ordinary shares ('000)                 | 97,207.5  | 97,207.5   | 97,207.5  | 97,207.5   |
| Profit for the period                            | 26,575  | 27,503   | 54,839  | 44,297   |
| Other comprehensive income:                      |   |  |   |  |
| Foreign currency translation                     | (10,512)  | 12,079   | 32,198  | 15,726   |
| <b>Total comprehensive income for the period</b> | <b>16,063</b>                                   | <b>39,582</b>  | <b>87,037</b>                                   | <b>60,023</b>  |
| Total comprehensive income attributable to :     |   |  |   |  |
| Owners of the parent                             | 16,041  | 39,424   | 86,835  | 59,805   |
| Non-controlling interest                         | 22  | 158  | 202   | 218  |
| <b>Total comprehensive income for the period</b> | <b>16,063</b>                                   | <b>39,582</b>  | <b>87,037</b>                                   | <b>60,023</b>  |

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



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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)  
AS AT 31 DECEMBER 2015**

|                               | <b>Unaudited<br/>31.12.2015<br/>RM'000</b> | <b>Audited<br/>30.6.2015<br/>RM'000</b> |
|-------------------------------|--|---|
| <b>ASSETS</b>                 |  |   |
| <b>Non-current assets</b>     |  |   |
| Property, plant and equipment | 243,482                                    | 231,120                                 |
| Land use rights               | 23,633                                     | 16,719                                  |
| Other investments             | 81   | 81                                      |
| Deferred tax assets           | 1,040                                      | 986                                     |
|                               | <u>268,236</u>                             | <u>248,906</u>                          |
| <b>Current assets</b>         |  |   |
| Inventories                   | 121,533                                    | 118,733                                 |
| Trade and other receivables   | 88,161                                     | 50,580                                  |
| Tax recoverable               | 669  | 784                                     |
| Term deposit                  | 88,997                                     | 77,556                                  |
| Cash and bank balances        | 147,685                                    | 92,763                                  |
| Investment securities         | 9,490                                      | 6,268                                   |
| Derivatives                   | 31   | -                                       |
|                               | <u>456,566</u>                             | <u>346,684</u>                          |
| <b>TOTAL ASSETS</b>           | <u><u>724,802</u></u>                      | <u><u>595,590</u></u>                   |



LATITUDE TREE HOLDINGS BERHAD (302829-W)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015 (CONT'D)

|  | <b>Unaudited<br/>31.12.2015<br/>RM'000</b> | <b>Audited<br/>30.6.2015<br/>RM'000</b> |
|--|--|---|
| <b>EQUITY AND LIABILITIES</b>  |  |   |
| <b>Equity attributable to equity holders of the Company</b>                |  |   |
| Share capital  | 97,208                                     | 97,208                                  |
| Share premium  | 1,225                                      | 1,225                                   |
| Retained earnings  | 324,136                                    | 269,520                                 |
| Foreign currency translation reserve                                       | 72,837                                     | 40,618                                  |
|  | <u>495,406</u>                             | <u>408,571</u>                          |
| Non-controlling interest   | 1,397                                      | 1,195                                   |
| <b>Total equity</b>  | <u>496,803</u>                             | <u>409,766</u>                          |
| <b>Non-current liabilities</b>   |  |   |
| Bank borrowings  | 27,784                                     | 12,421                                  |
| Provision for severance allowance  | 37   | 33                                      |
| Retirement benefit obligation  | 94   | 88                                      |
| Deferred tax liabilities   | 2,316                                      | 2,316                                   |
|  | <u>30,231</u>                              | <u>14,858</u>                           |
| <b>Current liabilities</b>   |  |   |
| Trade and other payables   | 92,735                                     | 91,623                                  |
| Bank borrowings  | 99,535                                     | 76,800                                  |
| Tax payable  | 5,498                                      | 2,428                                   |
| Derivatives  | -  | 115                                     |
|  | <u>197,768</u>                             | <u>170,966</u>                          |
| <b>Total liabilities</b>   | <u>227,999</u>                             | <u>185,824</u>                          |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <u>724,802</u>                             | <u>595,590</u>                          |
| Net assets per share attributable to<br>equity holders of the Company (RM) | <u>5.10</u>                                | <u>4.20</u>                             |

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



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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE PERIOD ENDED 31 DECEMBER 2015**

|   | Attributable to Equity Holders of the Company |                                   |   |   |                        |  | Total<br><u>equity</u><br>RM'000 |
|---|---|-----------------------------------|---|---|------------------------|--|----------------------------------|
|   | Share<br><u>capital</u><br>RM'000             | Share<br><u>premium</u><br>RM'000 | Foreign<br>currency<br><u>translation</u><br><u>reserve</u><br>RM'000 | Distributable<br><u>Retained</u><br><u>earnings</u><br>RM'000 | <u>Total</u><br>RM'000 | Non-<br>controlling<br><u>interest</u><br>RM'000 |                                  |
| At 1 July 2014                            | 97,208  | 1,225                             | 8,394   | 199,971   | 306,798                | 725  | 307,523                          |
| Total comprehensive income for the period | -   | -                                 | 15,760  | 44,045  | 59,805                 | 218  | 60,023                           |
| At 31 December 2014                       | <b>97,208</b>                                 | <b>1,225</b>                      | <b>24,154</b>   | <b>244,016</b>  | <b>366,603</b>         | <b>943</b>                                       | <b>367,546</b>                   |
| At 1 July 2015                            | 97,208  | 1,225                             | 40,618  | 269,520   | 408,571                | 1,195  | 409,766                          |
| Total comprehensive income for the period | -   | -                                 | 32,219  | 54,616  | 86,835                 | 202  | 87,037                           |
| At 31 December 2015                       | <b>97,208</b>                                 | <b>1,225</b>                      | <b>72,837</b>   | <b>324,136</b>  | <b>495,406</b>         | <b>1,397</b>                                     | <b>496,803</b>                   |

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)  
FOR THE PERIOD ENDED 31 DECEMBER 2015**

|  | 31.12.2015<br>RM'000 | 31.12.2014<br>RM'000 |
|--|----------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                      |                      |
| <b>Profit before taxation</b>  | 61,527               | 47,936               |
| <b>Adjustments for:</b>  |                      |                      |
| Depreciation and amortisation  | 8,328                | 8,994                |
| (Gain)/loss on derivatives   | (146)                | 392                  |
| Unrealised foreign exchange gain   | (7,880)              | (5,280)              |
| (Gain)/loss on disposal of property, plant and equipment   | (25)                 | 78                   |
| Non cash items   | (21)                 | 6                    |
| Net financing costs  | 1,114                | 927                  |
| <b>Operating profit before working capital changes</b>   | <b>62,897</b>        | <b>53,053</b>        |
| <b>Changes in working capital</b>  |                      |                      |
| Net change in current assets   | (40,381)             | (37,172)             |
| Net change in current liabilities  | 1,112                | 10,730               |
| Net income taxes paid  | (3,825)              | (3,439)              |
| Net financing costs paid   | (1,114)              | (927)                |
| <b>Net cash generated from operating activities</b>  | <b>18,689</b>        | <b>22,245</b>        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                      |                      |
| Purchase of property, plant and equipment  | (10,717)             | (2,531)              |
| Proceeds from disposal of property, plant and equipment  | 26                   | 16                   |
| Decrease/(increase) in deposits placed with licensed banks   | 11,433               | (897)                |
| Purchase of investment securities  | (3,222)              | (5,016)              |
| <b>Net cash used in investing activities</b>   | <b>(2,480)</b>       | <b>(8,428)</b>       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                      |                      |
| Net drawdown/(repayment) of bank borrowings  | 25,123               | (2,211)              |
| Deposits placed as security for bank borrowings  | (4,758)              | (37)                 |
| <b>Net cash generated from/(used in) financing activities</b>  | <b>20,365</b>        | <b>(2,248)</b>       |
| Exchange difference in translation of financial statements of foreign subsidiaries   | 14,844               | (6,155)              |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>   | <b>51,418</b>        | <b>5,414</b>         |
| <b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>  | <b>154,522</b>       | <b>123,096</b>       |
| <b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>  | <b>21,541</b>        | <b>12,249</b>        |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>  | <b>227,481</b>       | <b>140,759</b>       |
| <b>Cash and cash equivalents included in the Consolidated Statement of Cash Flows comprise the following balance sheet amounts :</b> |                      |                      |
| <b>Cash and bank balances</b>  | 147,685              | 86,446               |
| <b>Term deposits</b>   | 88,997               | 69,451               |
| <b>Bank overdrafts</b>   | (79)                 | (431)                |
|  | <b>236,603</b>       | <b>155,466</b>       |
| <b>Less:</b>   |                      |                      |
| <b>Deposits pledged as securities for bank borrowings</b>  | (9,122)              | (4,174)              |
| <b>Deposits with licensed banks for investment purposes</b>  | -                    | (10,533)             |
|  | <b>227,481</b>       | <b>140,759</b>       |

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



# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2015

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

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

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

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

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

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

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

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence for the current quarter and financial period ended 31 December 2015.

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

There was no revaluation of properties of the Group during the financial period ended 31 December 2015.



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## NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2015

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### A5. TAXATION

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

|                      | Individual Quarter |              | Cumulative Quarter |              |
|----------------------|--------------------|--------------|--------------------|--------------|
|                      | 31.12.2015         | 31.12.2014   | 31.12.2015         | 31.12.2014   |
|                      | RM'000             | RM'000       | RM'000             | RM'000       |
| Current tax expense  |                    |              |                    |              |
| Malaysian            | 60                 | -            | 1,090              | -            |
| Overseas             | 3,557              | 1,947        | 5,598              | 3,639        |
| <b>Total</b>         | <b>3,617</b>       | <b>1,947</b> | <b>6,688</b>       | <b>3,639</b> |
| Deferred tax expense |                    |              |                    |              |
| Malaysian            | -                  | -            | -                  | -            |
| Overseas             | -                  | -            | -                  | -            |
| <b>Total</b>         | <b>-</b>           | <b>-</b>     | <b>-</b>           | <b>-</b>     |
|                      | <b>3,617</b>       | <b>1,947</b> | <b>6,688</b>       | <b>3,639</b> |

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

There was no change to the composition of the Group in the quarter ended 31 December 2015.

### A7. SUBSEQUENT EVENTS

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

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

There were no changes in equity and long term debts for the current quarter ended 31 December 2015.



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**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2015**

**A9. BORROWINGS AND DEBTS SECURITIES**

Details of the Group's borrowings were as follows:

|   | <b>Total<br/>(RM'000)</b> | <b>RM equivalents of amount<br/>denominated in foreign<br/>currency included in the<br/>borrowings<br/>(RM'000)</b> |
|---|---------------------------|---|
| <b>Long Term Liabilities</b>              |                           |   |
| Unsecured :                               |                           |   |
| Long term loans                           | -                         | -   |
| Portion repayable within<br>twelve months | -                         | -   |
| Secured :                                 | -                         | -   |
| Long term loans                           | 32,362                    | 16,317  |
| Portion repayable within<br>twelve months | (4,578)                   | (3,435)   |
| <b>Total Long Term<br/>Liabilities</b>    | <b>27,784</b>             | <b>12,882</b>   |
| <b>Short Term Liabilities</b>             |                           |   |
| Unsecured :                               |                           |   |
| Current portion of long<br>term loans     | -                         | -   |
| Short term loans                          | -                         | -   |
| Secured :                                 |                           |   |
| Current portion of long<br>term loans     | 4,578                     | 3,435   |
| Short term loans                          | 94,878                    | 87,193  |
| Bank overdrafts                           | 79                        | -   |
| <b>Total Short Term<br/>Liabilities</b>   | <b>99,535</b>             | <b>90,628</b>   |





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## NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2015

### A10. REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained earnings of the Group as at 31 December 2015 and 30 June 2015 are as follows:

|  | <b>As at end<br/>of current<br/>quarter<br/>31.12.15<br/>RM'000</b> | <b>As at end of<br/>preceding<br/>financial year<br/>30.6.15<br/>RM'000</b> |
|--|---|---|
| Total retained earnings of Latitude Tree Holdings Berhad and its subsidiaries: |   |   |
| - Realised   | 329,583   | 274,359   |
| - Unrealised   | 6,473   | 5,431   |
|  | <u>336,056</u>  | <u>279,790</u>  |
| Less: Consolidation adjustments  | (11,920)  | (10,270)  |
| Total group retained earnings  | <u>324,136</u>  | <u>269,520</u>  |

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

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

### A11. FINANCIAL INSTRUMENTS - DERIVATIVES

As at 31 December 2015, the outstanding derivative financial instrument, which have been entered into by the Group are as follows:

|  | <b>Contract<br/>Value<br/>RM'000</b> | <b>Fair<br/>Value<br/>RM'000</b> | <b>Changes in<br/>Fair Value<br/>Gain/(Loss)<br/>RM'000</b> |
|--|--------------------------------------|----------------------------------|---|
| <b><u>Foreign Currency Contracts</u></b> |                                      |                                  |   |
| US dollar - less than 1 year             | <b>3,895.7</b>                       | <b>3,864.6</b>                   | <b>31.1</b>   |

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

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



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### Credit Risk

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

### Cash requirements

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

## A12. CHANGES IN MATERIAL LITIGATION

There was no material litigation or any pending material litigation since the date of the last annual statement of financial position until 23 February 2016.

## A13. SEGMENTAL INFORMATION

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

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

### ***Geographical segments***

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

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

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

| RM'000                 | MALAYSIA | VIETNAM | THAILAND | OTHERS | GROUP    |
|------------------------|----------|---------|----------|--------|----------|
| TOTAL REVENUE          | 133,975  | 341,335 | 14,711   | 3,663  | 493,684  |
| INTER-SEGMENT REVENUE  | (61,213) | -       | (3,132)  | -      | (64,345) |
| EXTERNAL REVENUE       | 72,762   | 341,335 | 11,579   | 3,663  | 429,339  |
| PROFIT BEFORE TAXATION | 18,049   | 39,847  | 1,485    | 2,146  | 61,527   |



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## NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2015

### A14. SIGNIFICANT RELATED PARTY TRANSACTIONS

| Transacting Parties     | Related Party                                     | Nature of Interest  | Nature of Transaction  | Current Quarter ended 31.12.2015 RM'000 | Current Year To Date 31.12.2015 RM'000 |
|-------------------------|---|---|--|---|--|
| GHCL and the LTHB Group | Mr. Yek Siew Liong and Konsortium Kontrek Sdn Bhd | GHCL is a 85% owned subsidiary of LTHB. Mr. Yek Siew Liong, a director and substantial shareholder of LTHB holds 15% equity interest in GHCL via Konsortium Kontrek Sdn Bhd | Purchases of raw materials and supplies, laminated boards and furniture components by the LTHB Group from GHCL | 1,472                                   | 3,132                                  |

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

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

| RM Million             | 31.12.2015 | 30.9.2015 | Variance |
|------------------------|------------|-----------|----------|
| Revenue                | 211.4      | 218.0     | -3.0%    |
| Gross profit           | 41.7       | 35.6      | +17.1%   |
| Profit before taxation | 30.2       | 31.3      | -3.5%    |

#### Revenue

For the quarter under review, the Group's revenue decreased by 3.0% to RM211.4 million as compared to the preceding quarter of RM218.0 million. The decrease was mainly attributable to lower orders received in the quarter under review.

#### Gross profit

The Group has recorded higher gross profit from RM35.6 million in the preceding quarter to RM41.7 million in current quarter, representing an increase of 17.1%. The increase was mainly due to the followings:



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## NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2015

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- lower material costs and improved productivity;
- higher orders received of better margin products; and
- strengthening of US Dollar against Ringgit Malaysia by 3.0%.

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

The Group has recorded a decrease in PBT from RM31.3 million in preceding quarter to RM30.2 million in current quarter. The decrease in PBT was mainly due to lower realised and unrealised foreign exchange gain and higher finance costs.

## **B2. REVIEW OF PERFORMANCE**

| <b>RM Million</b>      | <b>31.12.2015</b> | <b>31.12.2014</b> | <b>Variance</b> |
|------------------------|-------------------|-------------------|-----------------|
| Revenue                | 429.3             | 364.8             | +17.7%          |
| Gross profit           | 77.2              | 60.6              | +27.4%          |
| Profit before taxation | 61.5              | 47.9              | +28.4%          |

### **Revenue**

The Group recorded revenue of RM429.3million for the six months financial period ended 31 December 2015 (“HY2016”), representing an increase of 17.7% as compared to the six months financial period ended 31 December 2014 (“HY2015”) of RM364.8 million. The substantial increase was mainly due to strengthening of US Dollar against Ringgit Malaysia by 27.1%. However, the Group’s revenue in the USD term decreased USD9.9 million or approximately 9.4% mainly due to drop in orders.

### **Gross profit**

Gross profit of the Group amounted to RM77.2 million in HY2016, representing an increase of 27.4% from RM60.6 million in HY2015. The substantial increase was mainly attributable to the followings:

- decrease in orders of low margin products;
- strengthening of US Dollar against Ringgit Malaysia by 27.1%; and
- better results achieved by upstream operations.

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

PBT of the Group amounted to RM61.5 million in HY2016, representing an increase of 28.4% from RM47.9 million in Q2FY2015. The substantial increase in PBT was mainly attributable to the followings:

- in line with the substantial increase in gross profit; and
- increase in realised and unrealised foreign exchange gains.



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## NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2015

### B3. PROFIT FOR THE PERIOD

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

|  | Individual quarter ended |          | Cumulative quarter ended |          |
|--|--------------------------|----------|--------------------------|----------|
|  | 31.12.15                 | 31.12.14 | 31.12.15                 | 31.12.14 |
|  | RM'000                   | RM'000   | RM'000                   | RM'000   |
| Interest income  | (416)                    | (199)    | (666)                    | (430)    |
| Interest expense   | 1,021                    | 673      | 1,780                    | 1,357    |
| Depreciation and amortization                            | 4,486                    | 4,585    | 8,328                    | 8,994    |
| (Gain)/loss on disposal of property, plant and equipment | (9)                      | -        | (25)                     | 78       |
| Unrealised foreign exchange gain                         | (2,367)                  | (4,193)  | (7,880)                  | (5,280)  |
| Realised foreign exchange (gain)/loss                    | (918)                    | 19       | (3,234)                  | 79       |
| (Gain)/loss on derivatives                               | (590)                    | 173      | (146)                    | 392      |

### B4. CORPORATE PROPOSAL

There were no other corporate proposals announced during the quarter ended 31 December 2015.

### B5. SEASONAL OR CYCLICAL FACTORS

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



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### B6. CURRENT YEAR PROSPECT

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

Continuous efforts will also be taken to strengthen its operations in order to enhance productivity, new products development and maximise its profit margin. The Group is also exploring new markets to expand its revenue base.

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

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

The Group did not issue any profit forecast or profit guarantee for the quarter ended 31 December 2015.

### B8. DIVIDEND

The Company has on 29 January 2016 paid a final tax exempt dividend of 12.0 sen per share for the financial year ended 30 June 2015.

The Board of Directors did not recommend any interim dividend for the current quarter ended 31 December 2015.

### B9. EARNINGS PER SHARE

| Basic EPS   | Individual Quarter |          | Cumulative Quarter |          |
|---|--------------------|----------|--------------------|----------|
|   | 31.12.15           | 31.12.14 | 31.12.15           | 31.12.14 |
| Net profit attributable to equity holders of the Company (RM'000) | 26,472             | 27,398   | 54,616             | 44,046   |
| Weighted average no. of shares ('000)                             | 97,207.5           | 97,207.5 | 97,207.5           | 97,207.5 |
| Basic EPS (sen)   | 27.23              | 28.19    | 56.18              | 45.31    |



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### B10. CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment not provided for in the financial statements as at 31 December 2015 were as follows:

|  | RM'000     |
|--|------------|
| Authorised by Directors and contracted     | 687        |
| Authorised by Directors and not contracted | -          |
|  | <b>687</b> |