



LATITUDE TREE HOLDINGS BERHAD (302829-W)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
(UNAUDITED) FOR THE PERIOD ENDED 31 DECEMBER 2016

	Individual quarter ended		Cumulative quarter ended	
	Current year quarter 31.12.2016 RM'000	Preceding year corresponding quarter 31.12.2015 RM'000	Current year quarter 31.12.2016 RM'000	Preceding year corresponding quarter 31.12.2015 RM'000
Revenue	209,365	211,366	414,768	429,339
Cost of sales	(169,705)	(169,705)	(342,350)	(352,104)
<b>Gross profit</b>	<b>39,660</b>	<b>41,661</b>	<b>72,418</b>	<b>77,235</b>
Other income	7,606	(1,198)	10,134	6,606
Selling and marketing expenses	(5,305)	(4,850)	(10,029)	(9,538)
Administrative expenses	(5,348)	(4,990)	(10,669)	(9,485)
Other expenses	(867)	590	(1,460)	(1,511)
<b>Operating profit</b>	<b>35,746</b>	<b>31,213</b>	<b>60,394</b>	<b>63,307</b>
Finance costs	(671)	(1,021)	(1,259)	(1,780)
<b>Profit before taxation</b>	<b>35,075</b>	<b>30,192</b>	<b>59,135</b>	<b>61,527</b>
Taxation	(3,078)	(3,617)	(6,045)	(6,688)
<b>Profit for the period</b>	<b>31,997</b>	<b>26,575</b>	<b>53,090</b>	<b>54,839</b>
Attributable to :				
Owners of the parent	31,997	26,472	53,090	54,616
Non-controlling interest	-	103	-	223
<b>Profit for the period</b>	<b>31,997</b>	<b>26,575</b>	<b>53,090</b>	<b>54,839</b>
<b>Earnings per share (sen) :</b>				
(a) Basic	32.92	27.23	54.62	56.18
(b) Diluted	32.92	27.23	54.62	56.18
Number of ordinary shares ('000)	97,207.5	97,207.5	97,207.5	97,207.5
Profit for the period	31,997	26,575	53,090	54,839
Other comprehensive income:				
Foreign currency translation	21,827	(10,512)	30,614	32,198
<b>Total comprehensive income for the period</b>	<b>53,824</b>	<b>16,063</b>	<b>83,704</b>	<b>87,037</b>
Total comprehensive income attributable to :				
Owners of the parent	53,824	16,041	83,704	86,835
Non-controlling interest	-	22	-	202
<b>Total comprehensive income for the period</b>	<b>53,824</b>	<b>16,063</b>	<b>83,704</b>	<b>87,037</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 2016**

	<b>Unaudited 31.12.2016 RM'000</b>	<b>Audited 30.06.2016 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	244,663	236,098
Land use rights	19,427	17,060
Other investments	81	81
Deferred tax assets	1,209	1,151
	<u>265,380</u>	<u>254,390</u>
<b>Current assets</b>		
Inventories	141,532	132,909
Trade and other receivables	87,781	52,077
Prepayments	1,190	1,192
Tax recoverable	362	219
Derivatives	-	74
Cash and bank balances	227,320	183,050
Investment securities	50,856	41,964
	<u>509,041</u>	<u>411,485</u>
<b>TOTAL ASSETS</b>	<u><u>774,421</u></u>	<u><u>665,875</u></u>



LATITUDE TREE HOLDINGS BERHAD (302829-W)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016 (CONT'D)

	Unaudited 31.12.2016 RM'000	Audited 30.06.2016 RM'000
<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	382,466	329,376
Foreign currency translation reserve	87,610	56,996
	<u>568,509</u>	<u>484,805</u>
Non-controlling interest	-	-
<b>Total equity</b>	<u>568,509</u>	<u>484,805</u>
<b>Non-current liabilities</b>		
Bank borrowings	20,090	21,006
Provision for severance allowance	41	38
Retirement benefit obligation	120	109
Derivatives	119	119
Deferred tax liabilities	2,451	2,907
	<u>22,821</u>	<u>24,179</u>
<b>Current liabilities</b>		
Trade and other payables	99,254	87,919
Bank borrowings	78,471	59,487
Tax payable	5,146	9,352
Derivatives	220	133
	<u>183,091</u>	<u>156,891</u>
<b>Total liabilities</b>	<u>205,912</u>	<u>181,070</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>774,421</u>	<u>665,875</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>5.85</u>	<u>4.99</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 2016**

	Attributable to Equity Holders of the Company						Total equity RM'000
	Share capital RM'000	Share premium RM'000	Foreign currency translation reserve RM'000	Distributable Retained earnings RM'000	Total RM'000	Non- controlling interest RM'000	
<b>At 1 July 2015</b>	97,208	1,225	40,618	269,520	408,571	1,195	409,766
<b>Total comprehensive income for the period</b>	-	-	32,219	54,616	86,835	202	87,037
<b>At 31 December 2015</b>	<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>
<b>At 1 July 2016</b>	97,208	1,225	56,996	329,376	484,805	-	484,805
<b>Total comprehensive income for the period</b>	-	-	30,614	53,090	83,704	-	83,704
<b>At 31 December 2016</b>	<b>97,208</b>	<b>1,225</b>	<b>87,610</b>	<b>382,466</b>	<b>568,509</b>	<b>-</b>	<b>568,509</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 2016**

	31.12.2016 RM'000	31.12.2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	59,135	61,527
<b>Adjustments for:</b>		
Depreciation and amortisation	9,824	8,328
Loss/(gain) on derivatives	161	(146)
Unrealised foreign exchange gain	(4,500)	(7,880)
Gain on disposal of property, plant and equipment	(55)	(25)
Investment income	(619)	(118)
Non cash items	71	(21)
Net financing costs	415	1,114
<b>Operating profit before working capital changes</b>	<b>64,432</b>	<b>62,779</b>
<b>Changes in working capital</b>		
Net change in current assets	(44,325)	(40,381)
Net change in current liabilities	11,335	1,112
Net income taxes paid	(7,143)	(3,825)
Net financing costs paid	(415)	(1,114)
<b>Net cash generated from operating activities</b>	<b>23,884</b>	<b>18,571</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	619	118
Purchase of property, plant and equipment	(5,574)	(10,717)
Proceeds from disposal of property, plant and equipment	55	26
Decrease in deposits placed with licensed banks	8,040	11,433
Purchase of investment securities	(6,167)	(3,222)
<b>Net cash used in investing activities</b>	<b>(3,027)</b>	<b>(2,362)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net drawdown of bank borrowings	10,878	25,123
Deposits placed as security for bank borrowings	(130)	(4,758)
<b>Net cash generated from financing activities</b>	<b>10,748</b>	<b>20,365</b>
Exchange difference in translation of financial statements of foreign subsidiaries	7,409	14,844
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>39,014</b>	<b>51,418</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>165,758</b>	<b>154,522</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>13,166</b>	<b>21,541</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>217,938</b>	<b>227,481</b>
Cash and cash equivalents included in the Consolidated Statement of Cash Flows comprise the following balance sheet amounts :		
<b>Cash and bank balances</b>	169,121	147,685
<b>Term deposits</b>	58,199	88,997
<b>Bank overdrafts</b>	-	(79)
	<b>227,320</b>	<b>236,603</b>
<b>Less:</b>		
<b>Deposits pledged as securities for bank borrowings and guarantees</b>	<b>(9,382)</b>	<b>(9,122)</b>
	<b>217,938</b>	<b>227,481</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

(302829-W)

## NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2016

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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 2016.

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 2016 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 2016.

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 2016 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 2016.

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

There was no revaluation of properties of the Group during the financial period ended 31 December 2016.



# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2016

### A5. TAXATION

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

	Individual Quarter		Cumulative Quarter	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Current tax Expense				
Malaysian	770	60	1,545	1,090
Overseas	2,308	3,557	4,500	5,598
<b>Total</b>	<b>3,078</b>	<b>3,617</b>	<b>6,045</b>	<b>6,688</b>
Deferred tax expense				
Malaysian	-	-	-	-
Overseas	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>3,078</b>	<b>3,617</b>	<b>6,045</b>	<b>6,688</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 2016.

### 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 2016.



# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2016

### A9. BORROWINGS AND DEBTS SECURITIES

Details of the Group's borrowings were as follows:

	<b>Total (RM'000)</b>	<b>RM equivalents of amount denominated in foreign currency included in the borrowings (RM'000)</b>
<b>Long Term Liabilities</b>		
Unsecured :		
Long term loans	-	-
Portion repayable within twelve months	-	-
Secured :		
Long term loans	24,315	13,458
Portion repayable within twelve months	(4,225)	(3,589)
<b>Total Long Term Liabilities</b>	<b>20,090</b>	<b>9,869</b>
<b>Short Term Liabilities</b>		
Unsecured :		
Current portion of long term loans	-	-
Short term loans	74,246	74,246
Secured :		
Current portion of long term loans	4,225	3,589
Short term loans	-	-
<b>Total Short Term Liabilities</b>	<b>78,471</b>	<b>77,835</b>





# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2016

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### A10. REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained earnings of the Group as at 31 December 2016 and 30 June 2016 are as follows:

	<b>As at end of current quarter 31.12.16 RM'000</b>	<b>As at end of preceding financial year 30.06.16 RM'000</b>
Total retained earnings of Latitude Tree Holdings Berhad and its subsidiaries:		
- Realised	379,588	334,496
- Unrealised	3,097	(5,957)
	<u>382,685</u>	<u>328,539</u>
Less: Consolidation adjustments	(219)	837
Total group retained earnings	<u>382,466</u>	<u>329,376</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.



# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2016

### A11. FINANCIAL INSTRUMENTS - DERIVATIVES

As at 31 December 2016, the outstanding derivative financial instruments, which have been entered into by the Group are as follows:

	← Group →					
	2017			2016		
	RM'000 Contract/ Notional amount	Assets	Liabilities	RM'000 Contract/ Notional amount	Assets	Liabilities
<b>Non-hedging derivatives:</b>						
<b>Current</b>						
Forward currency contracts	8,523	-	(87)	9,506	74	-
Interest rate swap	13,458	-	(133)	13,668	-	(133)
		-	(220)		74	(133)
<b>Non-current</b>						
Interest rate swap	13,458	-	(119)	13,668	-	(119)
<b>Total non-hedging derivatives</b>		-	(339)		74	(252)

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 balance denominated in United States Dollar ("USD") for which Group's commitments existed at the reporting date, extending to April 2017. During the financial period under review, the Group recognised a loss of RM 86,600 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 Group has an interest rate swap agreement in place which is used to hedge cash flow interest rate risk arising from a floating rate bank loan. This interest rate swap receives floating interest equal to USD loan at Effective Cost Of Funds + 1.75% per annum, pays a fixed rate of interest of 3.31% p.a. and has the same maturity terms as the bank loan.



# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2016

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### 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 21 February 2017.

### 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 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	122,726	336,968	15,716	2,588	477,998
INTER-SEGMENT REVENUE	(60,614)	(170)	(2,446)	-	(63,230)
EXTERNAL REVENUE	62,112	336,798	13,270	2,588	414,768
PROFIT BEFORE TAXATION	16,430	38,977	1,915	1,813	59,135



# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2016

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

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

<b>RM Million</b>	<b>31.12.2016</b>	<b>30.09.2016</b>	<b>Variance</b>
Revenue	209.4	205.4	+1.9%
Gross profit	39.7	32.8	+21.0%
Profit before taxation	35.1	24.1	+45.6%

#### **Revenue**

For the quarter under review, the Group's revenue surged marginally by 1.9% to RM209.4 million as compared to the preceding quarter of RM205.4 million. The marginal increase was mainly due to strengthening of US Dollar against Ringgit Malaysia by 3.4%. However, the Group's revenue in the USD term decreased due to drop in orders.

#### **Gross profit**

The Group has recorded higher gross profit from RM32.8 million in the preceding quarter to RM39.7 million in current quarter, representing an increase of 21.0%. The increase was mainly due to the followings:

- in line with the increase in revenue; and
- better results achieved by upstream operations.

#### **Profit before taxation ("PBT")**

The Group has recorded an increase in PBT from RM24.1 million in preceding quarter to RM35.1 million in current quarter, representing an increase of 45.6%. The substantial increase was in line with the increase in gross profit and higher other income as a result of higher realised and unrealised foreign exchange gain.

#### **B2. REVIEW OF PERFORMANCE**

<b>RM Million</b>	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>Variance</b>
Revenue	414.8	429.3	-3.4%
Gross profit	72.4	77.2	-6.2%
Profit before taxation	59.1	61.5	-3.9%



# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2016

### Revenue

The Group recorded revenue of RM414.8 million for the six months financial period ended 31 December 2016 (“HY2017”), representing a decrease of 3.4% as compared to the six months financial period ended 31 December 2015 (“HY2016”) of RM429.3 million. The decrease was mainly due to the Group’s revenue in the USD term decreased by USD3.9 million or approximately 4% as a result of lower orders received.

### Gross profit

Gross profit of the Group amounted to RM72.4 million in HY2017, representing a decrease of 6.2% from RM77.2 million in HY2016. The decrease was in line with the decrease in revenue and higher labour costs and increase in prices of certain raw materials.

### Profit before taxation (“PBT”)

PBT of the Group amounted to RM59.1 million in HY2017, representing a decrease of 3.9% from RM61.5 million in HY2016. The decrease in PBT was in line with the decrease of gross profit. However, this is cushioned with the increase in other income as a result of higher investment and interest income.

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

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

	Individual quarter ended		Cumulative quarter ended	
	31.12.16	31.12.15	31.12.16	31.12.15
	RM'000	RM'000	RM'000	RM'000
Interest income	(530)	(416)	(844)	(666)
Interest expense	671	1,021	1,259	1,780
Investment income	(375)	(67)	(619)	(118)
Depreciation and amortization	5,005	4,486	9,824	8,328
Gain on disposal of property, plant and equipment	(16)	(9)	(55)	(25)
Unrealised foreign exchange gain	(3,116)	(2,367)	(4,500)	(7,880)
Realised foreign exchange gain	(3,360)	(918)	(3,547)	(3,234)
Loss/(gain) on derivatives	32	(590)	161	(146)



# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2016

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### **B4. CORPORATE PROPOSAL**

There were no other corporate proposals announced during the quarter ended 31 December 2016.

### **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.

### **B6. CURRENT YEAR PROSPECT**

In view of the uncertainty of the global economy resulted by the change of United States ruling government, the Group will focus more attention on orders from United States and 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 2017.

### **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 2016.

### **B8. DIVIDEND**

The Company had on 13 January 2017 paid a final tax exempt dividend of 12.0 sen per share for the financial year ended 30 June 2016.

The Board of Directors did not recommend any interim dividend for the current quarter ended 31 December 2016.



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

**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2016**

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**B9. EARNINGS PER SHARE**

	Individual Quarter		Cumulative Quarter	
	31.12.16	31.12.15	31.12.16	31.12.15
<b>Basic EPS</b>				
Net profit attributable to equity holders of the Company (RM'000)	31,997	26,472	53,090	54,616
Weighted average no. of shares ('000)	97,207.5	97,207.5	97,207.5	97,207.5
Basic EPS (sen)	32.92	27.23	54.62	56.18

**B10. CAPITAL COMMITMENTS**

Capital commitments for property, plant and equipment not provided for in the financial statements as at 31 December 2016 were as follows:

	RM'000
Authorised by Directors and contracted	11,399
Authorised by Directors and not contracted	-
	<b>11,399</b>