



LATITUDE TREE HOLDINGS BERHAD (302829-W)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2017

	Individual quarter ended		Cumulative quarter ended	
	Current year quarter 31.03.2017 RM'000	Preceding year corresponding quarter 31.03.2016 RM'000	Current year quarter 31.03.2017 RM'000	Preceding year corresponding quarter 31.03.2016 RM'000
Revenue	187,269	165,699	602,037	595,038
Cost of sales	(159,162)	(136,932)	(501,512)	(489,036)
Gross profit	28,107	28,767	100,525	106,002
Other income	378	2,023	10,512	8,629
Selling and marketing expenses	(4,690)	(4,093)	(14,719)	(13,631)
Administrative expenses	(7,561)	(6,166)	(18,230)	(15,651)
Other expenses	(931)	(8,219)	(2,391)	(9,730)
Operating profit	15,303	12,312	75,697	75,619
Finance costs	(657)	(831)	(1,916)	(2,611)
Profit before taxation	14,646	11,481	73,781	73,008
Taxation	(3,131)	(3,203)	(9,176)	(9,891)
Profit for the period	11,515	8,278	64,605	63,117
Attributable to :				
Owners of the parent	11,515	8,302	64,605	62,918
Non-controlling interest	-	(24)	-	199
Profit for the period	11,515	8,278	64,605	63,117
Earnings per share (sen) :				
(a) Basic	11.85	8.54	66.46	64.73
(b) Diluted	11.85	8.54	66.46	64.73
Number of ordinary shares ('000)	97,207.5	97,207.5	97,207.5	97,207.5
Profit for the period	11,515	8,278	64,605	63,117
Other comprehensive income:				
Foreign currency translation	(3,275)	(23,094)	27,339	9,104
Total comprehensive income for the period	8,240	(14,816)	91,944	72,221
Total comprehensive income attributable to :				
Owners of the parent	8,240	(14,740)	91,944	72,095
Non-controlling interest	-	(76)	-	126
Total comprehensive income for the period	8,240	(14,816)	91,944	72,221

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 MARCH 2017**

	Unaudited 31.03.2017 RM'000	Audited 30.06.2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	246,189	236,098
Land use rights	18,326	17,060
Other investments	81	81
Deferred tax assets	1,199	1,151
	<u>265,795</u>	<u>254,390</u>
Current assets		
Inventories	142,705	132,909
Trade and other receivables	97,881	52,077
Prepayments	2,820	1,192
Tax recoverable	337	219
Derivatives	34	74
Cash and bank balances	211,124	183,050
Investment securities	40,389	41,964
	<u>495,290</u>	<u>411,485</u>
TOTAL ASSETS	<u><u>761,085</u></u>	<u><u>665,875</u></u>



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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017 (CONT'D)**

	Unaudited 31.03.2017 RM'000	Audited 30.06.2016 RM'000
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	97,208	97,208
Share premium	1,225	1,225
Retained earnings	382,316	329,376
Foreign currency translation reserve	84,335	56,996
	<u>565,084</u>	<u>484,805</u>
Non-controlling interest	-	-
Total equity	<u>565,084</u>	<u>484,805</u>
Non-current liabilities		
Bank borrowings	18,902	21,006
Provision for severance allowance	39	38
Retirement benefit obligation	123	109
Derivatives	119	119
Deferred tax liabilities	2,524	2,907
	<u>21,707</u>	<u>24,179</u>
Current liabilities		
Trade and other payables	89,881	87,919
Bank borrowings	81,058	59,487
Tax payable	3,222	9,352
Derivatives	133	133
	<u>174,294</u>	<u>156,891</u>
Total liabilities	<u>196,001</u>	<u>181,070</u>
TOTAL EQUITY AND LIABILITIES	<u>761,085</u>	<u>665,875</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>5.81</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
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED 31 MARCH 2017

	Attributable to Equity Holders of the Company						Total equity RM'000
	Non-distributable		Foreign currency translation reserve	Distributable Retained earnings	Total	Non- controlling interest	
	<u>Share capital</u> RM'000	<u>Share premium</u> RM'000	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 July 2015	97,208	1,225	40,618	269,520	408,571	1,195	409,766
Total comprehensive income for the period	-	-	9,177	62,918	72,095	126	72,221
Dividend paid	-	-	-	(11,665)	(11,665)	-	(11,665)
At 31 March 2016	97,208	1,225	49,795	320,773	469,001	1,321	470,322
At 1 July 2016	97,208	1,225	56,996	329,376	484,805	-	484,805
Total comprehensive income for the period	-	-	27,339	64,605	91,944	-	91,944
Dividend paid	-	-	-	(11,665)	(11,665)	-	(11,665)
At 31 March 2017	97,208	1,225	84,335	382,316	565,084	-	565,084

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 MARCH 2017**

	31.03.2017 RM'000	31.03.2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	73,781	73,008
Adjustments for:		
Depreciation and amortisation	15,027	15,588
Property, plant and equipment written off	19	-
Loss/(gain) on derivatives	40	(687)
Unrealised foreign exchange (gain)/loss	(2,603)	6,759
Gain on disposal of property, plant and equipment	(107)	(30)
Investment income	(959)	(200)
Non cash items	(171)	479
Net financing costs	519	1,214
Operating profit before working capital changes	85,546	96,131
Changes in working capital		
Net change in current assets	(57,228)	(31,016)
Net change in current liabilities	1,962	(9,269)
Net income taxes paid	(12,073)	(8,356)
Net financing costs paid	(519)	(1,214)
Net cash generated from operating activities	17,688	46,276
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	959	200
Purchase of property, plant and equipment	(13,611)	(15,108)
Proceeds from disposal of property, plant and equipment	135	30
Decrease in deposits placed with licensed banks	8,040	11,433
Proceeds from/(purchase of) investment securities	4,129	(5,331)
Net cash used in investing activities	(348)	(8,776)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of bank borrowings	12,193	18,413
Dividends paid on ordinary shares	(11,665)	(11,665)
Deposits placed as security for bank borrowings	(187)	(4,816)
Net cash generated from financing activities	341	1,932
Exchange difference in translation of financial statements of foreign subsidiaries	6,512	(1,082)
NET CHANGE IN CASH AND CASH EQUIVALENTS	24,193	38,350
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	165,758	154,522
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	11,734	(858)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	201,685	192,014
Cash and cash equivalents included in the Consolidated Statement of Cash Flows comprise the following balance sheet amounts :		
Cash and bank balances	144,378	120,142
Term deposits	66,746	81,060
Bank overdrafts	-	(8)
	211,124	201,194
Less:		
Deposits pledged as securities for bank borrowings and guarantees	(9,439)	(9,180)
	201,685	192,014

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



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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2017

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 March 2017.

A4. VALUATION OF PROPERTY, PLANT & EQUIPMENT

There was no revaluation of properties of the Group during the financial period ended 31 March 2017.



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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2017

A5. TAXATION

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

	Individual Quarter		Cumulative Quarter	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Current tax Expense				
Malaysian	1,255	1,956	2,800	3,046
Overseas	1,737	1,247	6,237	6,845
Total	2,992	3,203	9,037	9,891
Deferred tax expense				
Malaysian	139	-	139	-
Overseas	-	-	-	-
Total	139	-	139	-
	3,131	3,203	9,176	9,891

A6. CHANGES IN THE COMPOSITION OF THE GROUP

There was no change to the composition of the Group in the quarter ended 31 March 2017.

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 March 2017.



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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2017

A9. BORROWINGS AND DEBTS SECURITIES

Details of the Group's borrowings were as follows:

	Total (RM'000)	RM equivalents of amount denominated in foreign currency included in the borrowings (RM'000)
Long Term Liabilities		
Unsecured :		
Long term loans	-	-
Portion repayable within twelve months	-	-
Secured :		
Long term loans	23,092	12,394
Portion repayable within twelve months	(4,190)	(3,541)
Total Long Term Liabilities	18,902	8,853
Short Term Liabilities		
Unsecured :		
Current portion of long term loans	-	-
Short term loans	75,304	75,304
Secured :		
Current portion of long term loans	4,190	3,541
Short term loans	1,564	-
Total Short Term Liabilities	81,058	78,845



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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2017

A10. REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained earnings of the Group as at 31 March 2017 and 30 June 2016 are as follows:

	As at end of current quarter 31.03.17 RM'000	As at end of preceding financial year 30.06.16 RM'000
Total retained earnings of Latitude Tree Holdings Berhad and its subsidiaries:		
- Realised	380,341	334,496
- Unrealised	1,116	(5,957)
	<u>381,457</u>	<u>328,539</u>
Less: Consolidation adjustments	859	837
Total group retained earnings	<u>382,316</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.



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A11. FINANCIAL INSTRUMENTS - DERIVATIVES

As at 31 March 2017, 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
Non-hedging derivatives:						
Current						
Forward currency contracts	4,018	34	-	9,506	74	-
Interest rate swap	12,394	-	(133)	13,668	-	(133)
		34	(133)		74	(133)
Non-current						
Interest rate swap	12,394	-	(119)	13,668	-	(119)
Total non-hedging derivatives		34	(252)		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 July 2017. During the financial period under review, the Group recognised a loss of RM39,768 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.



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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2017

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 30 May 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 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	178,196	481,757	24,007	4,065	688,025
INTER-SEGMENT REVENUE	(81,976)	(191)	(3,821)	-	(85,988)
EXTERNAL REVENUE	96,220	481,566	20,186	4,065	602,037
PROFIT BEFORE TAXATION	19,094	50,489	2,332	1,866	73,781



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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2017

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

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

RM Million	31.03.2017	31.12.2016	Variance
Revenue	187.3	209.4	-10.6%
Gross profit	28.1	39.7	-29.2%
Profit before taxation	14.6	35.1	-58.4%

Revenue

For the quarter under review, the Group's revenue diminished by 10.6% to RM187.3 million as compared to the preceding quarter of RM209.4 million. The substantial decrease was mainly attributable to the followings:

- lower orders received in the quarter under review; and
- lesser production days as the quarter under review is a low season due to festive holidays.

Gross profit

The Group has recorded lower gross profit from RM39.7 million in the preceding quarter to RM 28.1 million in current quarter, representing a decrease of 29.2%. The decrease was mainly due to the followings:

- in line with the decrease in revenue;
- hike in prices of raw materials; and
- increase in minimum wages by approximately 12.5% per worker in Vietnam effective 1 January 2017.

Profit before taxation ("PBT")

The Group has recorded a decrease in PBT from RM35.1 million in preceding quarter to RM14.6 million in current quarter, representing a decrease of 58.4%. The substantial decrease in PBT was mainly attributable to the followings:

- in line with the substantial decrease in gross profit; and
- exceptional high other income in preceding quarter as a result of high forex gain registered in preceding quarter.



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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2017

B2. REVIEW OF PERFORMANCE

RM Million	31.03.2017	31.03.2016	Variance
Revenue	602.0	595.0	+1.2%
Gross profit	100.5	106.0	-5.2%
Profit before taxation	73.8	73.0	+1.1%

Revenue

The Group recorded revenue of RM602.0 million for the nine months financial period ended 31 March 2017 ("Q3 FY2017"), representing an increase of 1.2% as compared to the nine months financial period ended 31 March 2016 ("Q3 FY2016") of RM595.0 million. The increase was mainly due to strengthening of US Dollar against Ringgit Malaysia by 2.3%. However, the Group's revenue in the USD term decreased USD1.3 million or approximately 1.0% mainly due to drop in orders.

Gross profit

Gross profit of the Group amounted to RM100.5 million in Q3 FY2017, representing a decrease of 5.2% from RM106.0 million in Q3 FY2016. Despite marginal increase in revenue, decrease in gross profit was mainly due to the higher labour costs and hike in prices of raw materials.

Profit before taxation ("PBT")

PBT of the Group amounted to RM73.8 million in Q3 FY2017, representing a marginal increase of 1.1% from RM73.0 million in Q3 FY2016 was mainly due to lower interest expense, lower depreciation expense and unrealised forex gain of RM2.6 million.

B3. PROFIT FOR THE PERIOD

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

	Individual quarter ended		Cumulative quarter ended	
	31.03.17	31.03.16	31.03.17	31.03.16
	RM'000	RM'000	RM'000	RM'000
Interest income	(553)	(731)	(1,397)	(1,397)
Interest expense	657	831	1,916	2,611
Investment income	(340)	(82)	(959)	(200)
Depreciation and amortization	5,203	7,260	15,027	15,588
Gain on disposal of property, plant and equipment	(52)	(5)	(107)	(30)
Property, plant and				



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equipment written off	19	-	19	-
Unrealised foreign exchange loss/(gain)	1,897	14,639	(2,603)	6,759
Realised foreign exchange gain	(676)	(1,322)	(4,223)	(4,556)
(Gain)/loss on derivatives	(121)	(541)	40	(687)

B4. CORPORATE PROPOSAL

There were no other corporate proposals announced during the quarter ended 31 March 2017.

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, the Group will continue to address the rising material costs, 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 will also continue to explore new markets to expand its revenue base.

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 March 2017.

B8. DIVIDEND

The Board of Directors did not recommend any interim dividend for the current quarter ended 31 March 2017.



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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2017

B9. EARNINGS PER SHARE

	Individual Quarter		Cumulative Quarter	
	31.03.17	31.03.16	31.03.17	31.03.16
Basic EPS				
Net profit attributable to equity holders of the Company (RM'000)	11,515	8,302	64,605	62,918
Weighted average no. of shares ('000)	97,207.5	97,207.5	97,207.5	97,207.5
Basic EPS (sen)	11.85	8.54	66.46	64.73

B10. CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment not provided for in the financial statements as at 31 March 2017 were as follows:

	RM'000
Authorised by Directors and contracted	11,567
Authorised by Directors and not contracted	-
	11,567