



LATITUDE TREE HOLDINGS BERHAD (302829-W)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(UNAUDITED) FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	Individual quarter ended		Cumulative quarter ended	
	Current year quarter 30.09.2016 RM'000	Preceding year corresponding quarter 30.09.2015 RM'000	Current year quarter 30.09.2016 RM'000	Preceding year corresponding quarter 30.09.2015 RM'000
Revenue	205,403	217,973	205,403	217,973
Cost of sales	(172,645)	(182,399)	(172,645)	(182,399)
Gross profit	32,758	35,574	32,758	35,574
Other income	2,528	8,307	2,528	8,307
Selling and marketing expenses	(4,724)	(4,688)	(4,724)	(4,688)
Administrative expenses	(5,321)	(4,495)	(5,321)	(4,495)
Other expenses	(593)	(2,604)	(593)	(2,604)
Operating profit	24,648	32,094	24,648	32,094
Finance costs	(588)	(759)	(588)	(759)
Profit before taxation	24,060	31,335	24,060	31,335
Taxation	(2,967)	(3,071)	(2,967)	(3,071)
Profit for the period	21,093	28,264	21,093	28,264
Attributable to :				
Owners of the parent	21,093	28,144	21,093	28,144
Non-controlling interests	-	120	-	120
Profit for the period	21,093	28,264	21,093	28,264
Earnings per share (sen) :				
(a) Basic	21.70	28.95	21.70	28.95
(b) Diluted	21.70	28.95	21.70	28.95
Number of ordinary shares ('000)	97,207.5	97,207.5	97,207.5	97,207.5
Profit for the period	21,093	28,264	21,093	28,264
Other comprehensive income:				
Foreign currency translation	8,787	42,710	8,787	42,710
Total comprehensive income for the period	29,880	70,974	29,880	70,974
Total comprehensive income attributable to :				
Owners of the parent	29,880	70,794	29,880	70,794
Non-controlling interest	-	180	-	180
Total comprehensive income for the period	29,880	70,974	29,880	70,974

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



LATITUDE TREE HOLDINGS BERHAD (302829-W)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 SEPTEMBER 2016**

	Unaudited 30.09.2016 RM'000	Audited 30.06.2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	237,405	236,098
Land use rights	17,438	17,060
Other investments	81	81
Deferred tax assets	1,152	1,151
	<u>256,076</u>	<u>254,390</u>
Current assets		
Inventories	123,436	132,909
Trade and other receivables	98,572	52,077
Prepayments	2,659	1,192
Tax recoverable	291	219
Derivatives	-	74
Cash and bank balances	181,516	183,050
Investment securities	46,478	41,964
	<u>452,952</u>	<u>411,485</u>
TOTAL ASSETS	<u><u>709,028</u></u>	<u><u>665,875</u></u>



LATITUDE TREE HOLDINGS BERHAD (302829-W)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016 (CONT'D)

	Unaudited 30.09.2016 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	350,469	329,376
Foreign currency translation reserve	65,783	56,996
	<u>514,685</u>	<u>484,805</u>
Non-controlling interest	-	-
Total equity	<u>514,685</u>	<u>484,805</u>
Non-current liabilities		
Bank borrowings	20,341	21,006
Provision for severance allowance	39	38
Retirement benefit obligation	114	109
Derivatives	119	119
Deferred tax liabilities	2,907	2,907
	<u>23,520</u>	<u>24,179</u>
Current liabilities		
Trade and other payables	98,308	87,919
Bank borrowings	67,797	59,487
Tax payable	4,531	9,352
Derivatives	187	133
	<u>170,823</u>	<u>156,891</u>
Total liabilities	<u>194,343</u>	<u>181,070</u>
TOTAL EQUITY AND LIABILITIES	<u>709,028</u>	<u>665,875</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>5.29</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 30 SEPTEMBER 2016

	Attributable to Equity Holders of the Company						Total <u>equity</u> RM'000
	Non-distributable		Distributable		Non-controlling		
	<u>Share capital</u> RM'000	<u>Share premium</u> RM'000	<u>Foreign currency translation reserve</u> RM'000	<u>Retained earnings</u> RM'000	<u>Total</u> RM'000	<u>interest</u> RM'000	
At 1 July 2015	97,208	1,225	40,618	269,520	408,571	1,195	409,766
Total comprehensive income for the period	-	-	42,650	28,144	70,794	180	70,974
At 30 September 2015	97,208	1,225	83,268	297,664	479,365	1,375	480,740
At 1 July 2016	97,208	1,225	56,996	329,376	484,805	-	484,805
Total comprehensive income for the period	-	-	8,787	21,093	29,880	-	29,880
At 30 September 2016	97,208	1,225	65,783	350,469	514,685	-	514,685

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 30 SEPTEMBER 2016**

	30.09.2016 RM'000	30.09.2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	24,060	31,335
Adjustments for:		
Depreciation and amortisation	4,819	3,842
Loss on derivatives	129	444
Unrealised foreign exchange gain	(1,384)	(5,513)
Gain on disposal of property, plant and equipment	(39)	(16)
Investment income	(244)	(51)
Non cash items	(20)	(14)
Net financing costs	274	509
Operating profit before working capital changes	<u>27,595</u>	<u>30,536</u>
Changes in working capital		
Net change in current assets	(38,489)	(39,405)
Net change in current liabilities	10,389	18,898
Net income taxes paid	(3,938)	(1,679)
Net financing costs paid	(274)	(509)
Net cash (used in)/generated from operating activities	<u>(4,717)</u>	<u>7,841</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	244	51
Purchase of property, plant and equipment	(2,034)	(3,985)
Proceeds from disposal of property, plant and equipment	39	278
Decrease/(increase) in deposits placed with licensed banks	8,040	(7,004)
Purchase of investment securities	(3,875)	(445)
Net cash generated from/(used in) investing activities	<u>2,414</u>	<u>(11,105)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of bank borrowings	6,232	28,844
Deposits uplifted/(placed) as security for bank borrowings	941	(4,705)
Net cash generated from financing activities	<u>7,173</u>	<u>24,139</u>
Exchange difference in translation of financial statements of foreign subsidiaries	(1,364)	13,071
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,506	33,946
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	165,758	154,522
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	3,941	26,043
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>173,205</u>	<u>214,511</u>
Cash and cash equivalents included in the Consolidated Statement of Cash Flows comprise the following balance sheet amounts :		
Cash and bank balances	150,304	164,413
Term deposits	31,212	78,429
Bank overdrafts	-	(825)
	<u>181,516</u>	<u>242,017</u>
Less:		
Deposits pledged as securities for bank borrowings and guarantees	(8,311)	(9,069)
Deposits with licensed banks with tenure more than three months	-	(18,437)
	<u>173,205</u>	<u>214,511</u>

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



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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2016

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 30 September 2016.

A4. VALUATION OF PROPERTY, PLANT & EQUIPMENT

There was no revaluation of properties of the Group during the financial period ended 30 September 2016.



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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2016

A5. TAXATION

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

	Individual Quarter		Cumulative Quarter	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Current tax Expense				
Malaysian	775	1,030	775	1,030
Overseas	2,192	2,041	2,192	2,041
Total	2,967	3,071	2,967	3,071
Deferred tax expense				
Malaysian	-	-	-	-
Overseas	-	-	-	-
Total	-	-	-	-
	2,967	3,071	2,967	3,071

A6. CHANGES IN THE COMPOSITION OF THE GROUP

There was no change to the composition of the Group in the quarter ended 30 September 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 30 September 2016.



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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2016

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	24,274	13,257
Portion repayable within twelve months	(3,933)	(3,314)
Total Long Term Liabilities	20,341	9,943
Short Term Liabilities		
Unsecured :		
Current portion of long term loans	-	-
Short term loans	62,646	62,646
Secured :		
Current portion of long term loans	3,933	3,314
Short term loans	1,218	-
Total Short Term Liabilities	67,797	65,960



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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2016

A10. REALISED AND UNREALISED PROFITS/LOSSES

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

	As at end of current quarter 30.09.16 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	350,301	334,496
- Unrealised	(524)	(5,957)
	<u>349,777</u>	<u>328,539</u>
Less: Consolidation adjustments	692	837
Total group retained earnings	<u>350,469</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.

A11. FINANCIAL INSTRUMENTS - DERIVATIVES

As at 30 September 2016, the outstanding derivative financial instrument, which have been entered into by the Group are as follows:

	Contract Value	Fair Value	Changes in Fair Value Gain/(Loss)
	RM'000	RM'000	RM'000
<u>Foreign Currency Contracts</u>			
US dollar - less than 1 year	7,403.0	7,457.4	(54.4)

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 profit or loss and other comprehensive income.



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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2016

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 29 November 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	33,779	168,488	7,603	1,052	210,922
INTER-SEGMENT REVENUE	(4,427)	(64)	(1,028)	-	(5,519)
EXTERNAL REVENUE	29,352	168,424	6,575	1,052	205,403
PROFIT BEFORE TAXATION	5,397	16,835	1,156	672	24,060



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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2016

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

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

RM Million	30.09.2016	30.06.2016	Variance
Revenue	205.4	175.6	+17.0%
Gross profit	32.8	30.7	+6.8%
Profit before taxation	24.1	19.2	+25.5%

Revenue

For the quarter under review, the Group's revenue surged by 17.0% to RM205.4 million as compared to the preceding quarter of RM175.6 million. The substantial increase was mainly attributable to the followings:

- improved in orders received in the quarter under review; and
- higher production output by the Group in current quarter as compared to preceding quarter.

Gross profit

The Group has recorded higher gross profit from RM30.7 million in the preceding quarter to RM32.8 million in current quarter, representing an increase of 6.8%. The increase was in line with the increase in revenue. However, this is offset by the increase in the prices of certain raw materials and higher labour costs and weakening of US Dollar against Ringgit Malaysia by 2.0% in current quarter as compared to preceding quarter.

Profit before taxation ("PBT")

The Group has recorded an increase in PBT from RM19.2 million in preceding quarter to RM28.1 million in current quarter, representing an increase of 25.5%. The substantial increase in PBT was mainly attributable to the followings:

- increase in other income as a result of higher realised foreign exchange gain;
- lower finance costs; and
- lower loss on derivatives.



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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2016

B2. REVIEW OF PERFORMANCE

RM Million	30.09.2016	30.09.2015	Variance
Revenue	205.4	218.0	-5.8%
Gross profit	32.8	35.6	-7.9%
Profit before taxation	24.1	31.3	-23.0%

Revenue

The Group recorded revenue of RM205.4 million for the quarter ended 30 September 2016 ("Q1FY2017"), representing a decrease of 5.8% as compared the corresponding quarter ended 30 September 2015 ("Q1FY2016") of RM217.9 million. The decrease was mainly due to lower orders received in Q1FY2017 as compared to Q1FY2016.

Gross profit

Gross profit of the Group amounted to RM32.8 million in Q1FY2017, representing a decrease of 7.9% from RM35.6 million in Q1FY2016. 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 RM24.1million in Q1FY2017, representing a decrease of 23.0% from RM31.3 million in Q1FY2016. The significant decrease in PBT was mainly due to the followings:

- substantial decrease in other income as a result of lower realised and unrealised foreign exchange gains; and
- higher operating costs.



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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2016

B3. PROFIT FOR THE PERIOD

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

	Individual quarter ended		Cumulative quarter ended	
	30.09.16	30.09.15	30.09.16	30.09.15
	RM'000	RM'000	RM'000	RM'000
Interest income	(314)	(250)	(314)	(250)
Interest expense	588	759	588	759
Depreciation and amortization	4,819	3,842	4,819	3,842
Gain on disposal of property, plant and equipment	(39)	(16)	(39)	(16)
Unrealised foreign exchange gain	(1,384)	(5,513)	(1,384)	(5,513)
Realised foreign exchange gain	(187)	(2,316)	(187)	(2,316)
Loss on derivatives	129	444	129	444

B4. CORPORATE PROPOSAL

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



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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2016

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 30 September 2016.

B8. DIVIDEND

The Company has declared a final tax exempt dividend of 12.0 sen per share for the financial year ended 30 June 2016 subject to shareholders' approval at the forthcoming Annual General Meeting.

The Board of Directors did not recommend any interim dividend for the current quarter ended 30 September 2016.

B9. EARNINGS PER SHARE

Basic EPS	Individual Quarter		Cumulative Quarter	
	30.09.16	30.09.15	30.09.16	30.09.15
Net profit attributable to equity holders of the Company (RM'000)	21,093	28,144	21,093	28,144
Weighted average no. of shares ('000)	97,207.5	97,207.5	97,207.5	97,207.5
Basic EPS (sen)	21.70	28.95	21.70	28.95



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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2016

B10. CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment not provided for in the financial statements as at 30 September 2016 were as follows:

	RM'000
Authorised by Directors and contracted	11,069
Authorised by Directors and not contracted	-
	11,069