



LATITUDE TREE HOLDINGS BERHAD (302829-W)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(UNAUDITED) FOR THE PERIOD ENDED 30 SEPTEMBER 2017

| | Individual quarter ended | | Cumulative quarter ended | |
|--|---|--|---|--|
| | Current year quarter 30.09.2017 RM'000 | Preceding year corresponding quarter 30.09.2016 RM'000 | Current year quarter 30.09.2017 RM'000 | Preceding year corresponding quarter 30.09.2016 RM'000 |
| Revenue | 216,778 | 205,403 | 216,778 | 205,403 |
| Cost of sales | (186,364) | (172,645) | (186,364) | (172,645) |
| Gross profit | 30,414 | 32,758 | 30,414 | 32,758 |
| Other income | 1,327 | 2,528 | 1,327 | 2,528 |
| Selling and marketing expenses | (5,441) | (4,724) | (5,441) | (4,724) |
| Administrative expenses | (5,753) | (5,321) | (5,753) | (5,321) |
| Other expenses | (2,265) | (593) | (2,265) | (593) |
| Operating profit | 18,282 | 24,648 | 18,282 | 24,648 |
| Finance costs | (708) | (588) | (708) | (588) |
| Profit before taxation | 17,574 | 24,060 | 17,574 | 24,060 |
| Taxation | (2,164) | (2,967) | (2,164) | (2,967) |
| Profit for the period | 15,410 | 21,093 | 15,410 | 21,093 |
| Attributable to : | | | | |
| Owners of the parent | 15,410 | 21,093 | 15,410 | 21,093 |
| Non-controlling interest | - | - | - | - |
| Profit for the period | 15,410 | 21,093 | 15,410 | 21,093 |
| Earnings per share (sen) : | | | | |
| (a) Basic | 15.85 | 21.70 | 15.85 | 21.70 |
| (b) Diluted | 15.85 | 21.70 | 15.85 | 21.70 |
| Number of ordinary shares ('000) | 97,207.5 | 97,207.5 | 97,207.5 | 97,207.5 |
| Profit for the period | 15,410 | 21,093 | 15,410 | 21,093 |
| Other comprehensive income: | | | | |
| Foreign currency translation | (3,966) | 8,787 | (3,966) | 8,787 |
| Net gain on available-for-sale financial assets | | | | |
| - Gain on fair value changes | 31 | - | 31 | - |
| Total comprehensive income for the period | 11,475 | 29,880 | 11,475 | 29,880 |
| Total comprehensive income attributable to : | | | | |
| Owners of the parent | 11,475 | 29,880 | 11,475 | 29,880 |
| Non-controlling interest | - | - | - | - |
| Total comprehensive income for the period | 11,475 | 29,880 | 11,475 | 29,880 |

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 2017**

| | Unaudited 30.09.2017 RM'000 | Audited 30.06.2017 RM'000 |
|-------------------------------|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 256,845 | 258,733 |
| Land use rights | 17,860 | 17,623 |
| Other investments | 81 | 81 |
| Derivatives | 18 | 18 |
| Deferred tax assets | 1,912 | 1,917 |
| | <u>276,716</u> | <u>278,372</u> |
| Current assets | | |
| Inventories | 157,098 | 163,514 |
| Trade and other receivables | 99,260 | 79,194 |
| Prepayments | 1,490 | 2,539 |
| Tax recoverable | 561 | 417 |
| Derivatives | 350 | 241 |
| Cash and bank balances | 217,489 | 208,095 |
| Investment securities | 51,778 | 37,895 |
| | <u>528,026</u> | <u>491,895</u> |
| TOTAL ASSETS | <u><u>804,742</u></u> | <u><u>770,267</u></u> |



LATITUDE TREE HOLDINGS BERHAD (302829-W)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017 (CONT'D)**

| | Unaudited 30.09.2017 RM'000 | Audited 30.06.2017 RM'000 |
|---|--|--|
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the Company | | |
| Share capital | 98,433 | 98,433 |
| Retained earnings | 402,186 | 386,776 |
| Fair value adjustment reserve | 140 | 109 |
| Foreign currency translation reserve | 71,166 | 75,132 |
| | <u>571,925</u> | <u>560,450</u> |
| Non-controlling interest | - | - |
| Total equity | <u>571,925</u> | <u>560,450</u> |
| Non-current liabilities | | |
| Bank borrowings | 16,480 | 17,610 |
| Provision for severance allowance | 33 | 37 |
| Retirement benefit obligation | 138 | 138 |
| Deferred tax liabilities | 2,606 | 2,606 |
| | <u>19,257</u> | <u>20,391</u> |
| Current liabilities | | |
| Trade and other payables | 107,658 | 96,342 |
| Bank borrowings | 104,437 | 78,907 |
| Tax payable | 1,446 | 14,158 |
| Derivatives | 19 | 19 |
| | <u>213,560</u> | <u>189,426</u> |
| Total liabilities | <u>232,817</u> | <u>209,817</u> |
| TOTAL EQUITY AND LIABILITIES | <u>804,742</u> | <u>770,267</u> |
| Net assets per share attributable to equity holders of the Company (RM) | <u>5.88</u> | <u>5.77</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 30 SEPTEMBER 2017

| | Attributable to Equity Holders of the Company | | | | | | | Total equity RM'000 |
|---|---|--------------|---|--|---|-----------------|------------------------------------|------------------------|
| | Non-distributable | | Fair value adjustment reserve RM'000 | Foreign currency translation reserve RM'000 | Distributable Retained earnings RM'000 | Total RM'000 | Non-controlling interest RM'000 | |
| Share capital RM'000 | Share premium RM'000 | | | | | | | |
| 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 |
| At 1 July 2017 | 98,433 | - | 109 | 75,132 | 386,776 | 560,450 | - | 560,450 |
| Total comprehensive income for the period | - | - | 31 | (3,966) | 15,410 | 11,475 | - | 11,475 |
| At 30 September 2017 | 98,433 | - | 140 | 71,166 | 402,186 | 571,925 | - | 571,925 |

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 2017**

| | 30.09.2017 RM'000 | 30.09.2016 RM'000 |
|--|-----------------------|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 17,574 | 24,060 |
| Adjustments for: | | |
| Depreciation and amortisation | 4,903 | 4,819 |
| Property, plant and equipment written off | 2 | - |
| (Gain)/loss on derivatives | (109) | 129 |
| Unrealised foreign exchange loss/(gain) | 960 | (1,384) |
| Gain on disposal of property, plant and equipment | - | (39) |
| Investment income | (309) | (244) |
| Non cash items | (26) | (20) |
| Net financing costs | 345 | 274 |
| Operating profit before working capital changes | <u>23,340</u> | <u>27,595</u> |
| Changes in working capital | | |
| Net change in current assets | (12,601) | (38,489) |
| Net change in current liabilities | 11,316 | 10,389 |
| Net income taxes paid | (3,083) | (3,938) |
| Net financing costs paid | (345) | (274) |
| Net cash flows from/(used in) operating activities | <u>18,627</u> | <u>(4,717)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investment income | 309 | 244 |
| Purchase of property, plant and equipment | (5,686) | (2,034) |
| Proceeds from disposal of property, plant and equipment | - | 39 |
| (Increase)/decrease in deposits placed with licensed banks | (33) | 8,040 |
| Purchase of investment securities | (13,489) | (3,875) |
| Net cash flows (used in)/from investing activities | <u>(18,899)</u> | <u>2,414</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net drawdown of bank borrowings | 25,632 | 6,232 |
| Movement of deposits placed as securities for bank borrowings and guarantees | (4,789) | 941 |
| Net cash flows from financing activities | <u>20,843</u> | <u>7,173</u> |
| Exchange difference in translation of financial statements of foreign subsidiaries | (13,262) | (1,364) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 7,309 | 3,506 |
| CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD | 195,741 | 165,758 |
| EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | (2,737) | 3,941 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | <u>200,313</u> | <u>173,205</u> |
| Cash and cash equivalents included in the Consolidated Statement of Cash Flows comprise the following balance sheet amounts : | | |
| Cash and bank balances | 160,157 | 150,304 |
| Term deposits | 57,332 | 31,212 |
| Bank overdrafts | - | - |
| | <u>217,489</u> | <u>181,516</u> |
| Less: | | |
| Deposits pledged as securities for bank borrowings and guarantees | (13,587) | (8,311) |
| Deposits with licensed banks with tenure more than three months | (3,589) | - |
| | <u>200,313</u> | <u>173,205</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.



LATITUDE TREE HOLDINGS BERHAD

(302829-W)

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 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 Main Market 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 2017.

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 2017 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 2017.

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 2017 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 2017.

A4. VALUATION OF PROPERTY, PLANT & EQUIPMENT

There was no revaluation of properties of the Group during the financial period ended 30 September 2017.



LATITUDE TREE HOLDINGS BERHAD

(302829-W)

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2017

A5. TAXATION

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

| | Individual Quarter | | Cumulative Quarter | |
|----------------------|--------------------|--------------|--------------------|--------------|
| | 30.09.2017 | 30.09.2016 | 30.09.2017 | 30.09.2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current tax Expense | | | | |
| Malaysian | 956 | 775 | 956 | 775 |
| Overseas | 1,208 | 2,192 | 1,208 | 2,192 |
| Total | 2,164 | 2,967 | 2,164 | 2,967 |
| Deferred tax expense | | | | |
| Malaysian | - | - | - | - |
| Overseas | - | - | - | - |
| Total | - | - | - | - |
| | 2,164 | 2,967 | 2,164 | 2,967 |

A6. CHANGES IN THE COMPOSITION OF THE GROUP

There was no change to the composition of the Group in the quarter ended 30 September 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 30 September 2017.



LATITUDE TREE HOLDINGS BERHAD

(302829-W)

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2017

A9. BORROWINGS AND DEBTS SECURITIES

Details of the Group's borrowings were as follows:

| | As at 30 September 2017 | | | | | |
|---------------------------|---|--------|---|--------|---|--------|
| | Long term | | Short term | | Total borrowings | |
| | RM equivalents of amount denominated in foreign currency (RM'000) | RM'000 | RM equivalents of amount denominated in foreign currency (RM'000) | RM'000 | RM equivalents of amount denominated in foreign currency (RM'000) | RM'000 |
| Secured | | | | | | |
| Term loan (USD) | 6,764 | - | 3,382 | - | 10,146 | - |
| Term loan (RM) | - | 9,716 | - | 663 | - | 10,379 |
| Revolving credit (USD) | - | - | 8,455 | - | 8,455 | - |
| Bankers' acceptances (RM) | - | - | - | 4,668 | - | 4,668 |
| Unsecured | | | | | | |
| Trust receipts (USD) | - | - | 87,269 | - | 87,269 | - |
| Total | 6,764 | 9,716 | 99,106 | 5,331 | 105,870 | 15,047 |

A10. REALISED AND UNREALISED PROFITS/LOSSES

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

| | As at end of current quarter 30.09.17 RM'000 | As at end of preceding financial year 30.06.17 RM'000 |
|--|--|---|
| Total retained earnings of Latitude Tree Holdings Berhad and its subsidiaries: | | |
| - Realised | 401,428 | 384,369 |
| - Unrealised | (1,825) | (864) |
| | 399,603 | 383,505 |
| Less: Consolidation adjustments | 2,583 | 3,271 |
| Total group retained earnings | 402,186 | 386,776 |



LATITUDE TREE HOLDINGS BERHAD

(302829-W)

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2017

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 2017, the outstanding derivative financial instruments, which have been entered into by the Group are as follows:

| | ← 2018 | | Group | | → 2017 | |
|--------------------------------------|---|------------|-------------|---|------------|-------------|
| | RM'000 Contract/ Notional amount | Assets | Liabilities | RM'000 Contract/ Notional amount | Assets | Liabilities |
| Non-hedging derivatives: | | | | | | |
| Current | | | | | | |
| Forward currency contracts | 26,381 | 350 | - | 31,362 | 241 | - |
| Interest rate swap | 10,146 | - | (19) | 11,160 | - | (19) |
| Non-current | | | | | | |
| Interest rate swap | 10,146 | 18 | - | 11,160 | 18 | - |
| Total non-hedging derivatives | | <u>368</u> | <u>(19)</u> | | <u>259</u> | <u>(19)</u> |

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 August 2018. During the financial period under review, the Group recognised a gain of RM109,119 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

(302829-W)

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 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 28 November 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 liabilities were based on the geographical location of assets.

Results for 3 months ended 30 September

| RM'000 | Malaysia | | Vietnam | | Thailand | | Others | | Total | |
|------------------------|----------|---------|---------|---------|----------|---------|--------|-------|-----------|---------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Total revenue | 49,269 | 33,779 | 171,848 | 168,488 | 9,144 | 7,603 | 1,392 | 1,052 | 231,653 | 210,922 |
| Inter-segment revenue | (12,910) | (4,427) | (255) | (64) | (1,710) | (1,028) | - | - | (14,875) | (5,519) |
| External revenue | 36,359 | 29,352 | 171,593 | 168,424 | 7,434 | 6,575 | 1,392 | 1,052 | 216,778 | 205,403 |
| Profit before taxation | 2,198 | 5,397 | 14,092 | 16,835 | 302 | 1,156 | 982 | 672 | 17,574 | 24,060 |
| Segment assets | 558,036 | 484,293 | 485,720 | 456,945 | 26,845 | 26,297 | 7,715 | 4,493 | 1,078,316 | 972,028 |
| Segment liabilities | 222,321 | 200,708 | 193,947 | 162,580 | 10,949 | 13,777 | 134 | 151 | 427,351 | 377,216 |



LATITUDE TREE HOLDINGS BERHAD

(302829-W)

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2017

The following items are deducted from segment assets/liabilities to arrive at total assets/liabilities reported in the consolidated statement of financial position:

| | 30.09.2017 | 30.09.2016 |
|---------------------------|-------------------|-------------------|
| | RM'000 | RM'000 |
| Inter-segment assets | <u>273,592</u> | <u>263,000</u> |
| Inter-segment liabilities | <u>194,552</u> | <u>182,873</u> |

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

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

| RM' Million | Individual quarter | | Changes (%) |
|---|--------------------|------------|-------------|
| | 30.09.2017 | 30.06.2017 | |
| Revenue | 216.8 | 184.0 | +17.8% |
| Gross profit | 30.4 | 31.3 | -2.9% |
| Profit before taxation | 17.6 | 14.6 | +20.5% |
| Profit after taxation | 15.4 | 4.5 | >+100.0% |
| Profit attributable to equity holders of the parent | 15.4 | 4.5 | >+100.0% |

Revenue

For the quarter under review, the Group's revenue surged 17.8% to RM216.8 million as compared to the preceding quarter of RM184.0 million. The substantial increase was mainly due to higher orders received by USD7.8 million in the quarter under review compared to preceding quarter.

Gross profit

The Group has recorded lower gross profit from RM31.3 million in the preceding quarter to RM30.4 million in current quarter, representing a decrease of 2.9%. Despite substantial increase in revenue, decrease in gross profit was mainly attributable to the followings:

- discount given to a major customer to secure large orders;
- higher labour costs in Vietnam plants due to increase in minimum wages;
- hike in prices of raw materials; and
- lower productivity due to production of new models.



LATITUDE TREE HOLDINGS BERHAD

(302829-W)

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2017

Profit before taxation (“PBT”)

The Group has recorded an increase in PBT from RM14.6 million in preceding quarter to RM17.6 million in current quarter, representing an increase of 20.5%. Despite lower gross profit, substantial increase in PBT was mainly due to lower foreign exchange losses by RM2.9 million in current quarter compared to preceding quarter.

Profit after taxation (“PAT”)

PAT of the Group amounted to RM15.4 million in current quarter, representing an increase of more than 100% from RM4.5 million in preceding quarter was mainly due to higher PBT and lower tax expense.

B2. REVIEW OF PERFORMANCE

| RM' Million | Cumulative quarter | | Changes (%) |
|---|--------------------|------------|-------------|
| | 30.09.2017 | 30.09.2016 | |
| Revenue | 216.8 | 205.4 | +5.6% |
| Gross profit | 30.4 | 32.8 | -7.3% |
| Profit before taxation | 17.6 | 24.1 | -27.0% |
| Profit after taxation | 15.4 | 21.1 | -27.0% |
| Profit attributable to equity holders of the parent | 15.4 | 21.1 | -27.0% |

Revenue

The Group recorded revenue of RM216.8 million for the quarter ended 30 September 2017 (“Q1FY2018”), representing a marginal increase of 5.6% as compared to the corresponding quarter ended 30 September 2016 (“Q1FY2017”) of RM205.4 million. The increase was mainly due to strengthening of US Dollar against Ringgit Malaysia by 5.3%.

Gross profit

Gross profit of the Group amounted to RM30.4 million in Q1FY2018, representing a decrease of 7.3% from RM32.8 million in Q1FY2017. Despite the marginal increase in revenue, the decrease in gross profit was mainly attributable to the followings:

- higher sales of lower margin products;
- higher labour costs in Vietnam plants due to increase in minimum wages; and
- hike in prices of raw materials.



LATITUDE TREE HOLDINGS BERHAD

(302829-W)

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2017

Profit before taxation (“PBT”)

PBT of the Group amounted to RM17.6 million in Q1FY2018, representing a decrease of 27.0% from RM24.1 million in Q1FY2017 was mainly due to the followings:

- in line with decrease in gross profit;
- registered foreign exchange loss of RM0.7 million in Q1FY2018 as compared to foreign exchange gain of RM1.6 million in Q1FY2017;
- higher selling and marketing expenses; and
- higher finance expenses.

Profit after taxation (“PAT”)

PAT of the Group amounted to RM15.4 million in Q1FY2018, representing a decrease of 27.0% from RM21.1 million in Q1FY2017 was in line with decrease in PBT.

B3. PROFIT FOR THE PERIOD

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

| | Individual quarter ended | | Cumulative quarter ended | |
|---|--------------------------|----------|--------------------------|----------|
| | 30.09.17 | 30.09.16 | 30.09.17 | 30.09.16 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest income | (363) | (314) | (363) | (314) |
| Interest expense | 708 | 588 | 708 | 588 |
| Investment income | (309) | (244) | (309) | (244) |
| Depreciation and amortization | 4,903 | 4,819 | 4,903 | 4,819 |
| Gain on disposal of property, plant and equipment | - | (39) | - | (39) |
| Property, plant and equipment written off | 2 | - | 2 | - |
| Unrealised foreign exchange loss/(gain) | 960 | (1,384) | 960 | (1,384) |
| Realised foreign exchange gain | (255) | (187) | (255) | (187) |
| (Gain)/loss on derivatives | (109) | 129 | (109) | 129 |

B4. CORPORATE PROPOSAL

There were no other corporate proposals announced during the quarter ended 30 September 2017 except for on 3 July 2017, Linkage Creation International Co. Ltd. (“Linkage Creation”) had entered into a Share Purchase Agreement with L-Tree Resources Sdn. Bhd. (“L-Tree”), both are wholly-owned subsidiaries of the Company, for



LATITUDE TREE HOLDINGS BERHAD

(302829-W)

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2017

disposal of 2 ordinary shares, representing 0.000015% of the total registered capital of Latitude Tree Vietnam Joint Stock Company (“Latitude Tree Vietnam”) from Linkage Creation to L-Tree at a total consideration of USD 0.51 (equivalent to approximately RM 2.18) (“Internal Re-organisation”). Upon the completion of the Internal Re-organisation, L-Tree will hold 0.000015% in Latitude Tree Vietnam.

The Internal Re-organisation will not have any material effect on the earnings per share, net assets per share, gearing, share capital and substantial shareholders’ shareholding of the Company for the quarter ended 30 September 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.

Barring unforeseen circumstances, the Board is confident that the Group will continue to remain profitable for the financial year ending 30 June 2018.

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 2017.

B8. DIVIDEND

The Company has declared a final tax exempt dividend of 12.0 sen per share for the financial year ended 30 June 2017 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 2017.



LATITUDE TREE HOLDINGS BERHAD

(302829-W)

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2017

B9. EARNINGS PER SHARE

| | Individual Quarter | | Cumulative Quarter | |
|---|--------------------|----------|--------------------|----------|
| | 30.09.17 | 30.09.16 | 30.06.17 | 30.09.16 |
| Basic EPS | | | | |
| Net profit attributable to equity holders of the Company (RM'000) | 15,410 | 21,093 | 15,410 | 21,093 |
| Weighted average no. of shares ('000) | 97,207.5 | 97,207.5 | 97,207.5 | 97,207.5 |
| Basic EPS (sen) | 15.85 | 21.70 | 15.85 | 21.70 |

B10. CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment not provided for in the financial statements as at 30 September 2017 were as follows:

| | RM'000 |
|--|--------------|
| Authorised by Directors and contracted | 4,898 |
| Authorised by Directors and not contracted | - |
| | 4,898 |