



LATITUDE TREE HOLDINGS BERHAD (302829-W)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED 31 MARCH 2016

	Individual quarter ended		Cumulative quarter ended	
	Current year quarter 31.03.2016 RM'000	Preceding year corresponding quarter 31.03.2015 RM'000	Current year quarter 31.03.2016 RM'000	Preceding year corresponding quarter 31.03.2015 RM'000
Revenue	165,699	165,630	595,038	530,451
Cost of sales	(136,932)	(138,110)	(489,036)	(442,345)
Gross profit	28,767	27,520	106,002	88,106
Other income	2,023	3,937	8,629	10,908
Selling and marketing expenses	(4,093)	(3,745)	(13,631)	(12,034)
Administrative expenses	(6,166)	(4,818)	(15,651)	(12,155)
Other expenses	(8,219)	(832)	(9,730)	(3,470)
Operating profit	12,312	22,062	75,619	71,355
Finance costs	(831)	(790)	(2,611)	(2,147)
Profit before taxation	11,481	21,272	73,008	69,208
Taxation	(3,203)	(1,591)	(9,891)	(5,230)
Profit for the period	8,278	19,681	63,117	63,978
Attributable to :				
Owners of the parent	8,302	19,512	62,918	63,558
Non-controlling interests	(24)	169	199	420
Profit for the period	8,278	19,681	63,117	63,978
Earnings per share (sen) :				
(a) Basic	8.54	20.07	64.73	65.38
(b) Diluted	8.54	20.07	64.73	65.38
Number of ordinary shares ('000)	97,207.5	97,207.5	97,207.5	97,207.5
Profit for the period	8,278	19,681	63,117	63,978
Other comprehensive income:				
Foreign currency translation	(23,094)	12,358	9,104	28,084
Total comprehensive income for the period	(14,816)	32,039	72,221	92,062
Total comprehensive income attributable to :				
Owners of the parent	(14,740)	31,775	72,095	91,580
Non-controlling interest	(76)	264	126	482
Total comprehensive income for the period	(14,816)	32,039	72,221	92,062

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 2016**

	Unaudited 31.03.2016 RM'000	Audited 30.6.2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	228,322	231,120
Land use rights	22,876	16,719
Other investments	81	81
Deferred tax assets	989	986
	<u>252,268</u>	<u>248,906</u>
Current assets		
Inventories	127,151	118,733
Trade and other receivables	73,178	50,580
Tax recoverable	670	784
Term deposit	81,060	77,556
Cash and bank balances	120,142	92,763
Investment securities	11,799	6,268
Derivatives	572	-
	<u>414,572</u>	<u>346,684</u>
TOTAL ASSETS	<u><u>666,840</u></u>	<u><u>595,590</u></u>



LATITUDE TREE HOLDINGS BERHAD (302829-W)

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

	Unaudited 31.03.2016 RM'000	Audited 30.6.2015 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	320,773	269,520
Foreign currency translation reserve	49,795	40,618
	<u>469,001</u>	<u>408,571</u>
Non-controlling interest	1,321	1,195
Total equity	<u>470,322</u>	<u>409,766</u>
Non-current liabilities		
Bank borrowings	21,678	12,421
Provision for severance allowance	36	33
Retirement benefit obligation	87	88
Deferred tax liabilities	2,316	2,316
	<u>24,117</u>	<u>14,858</u>
Current liabilities		
Trade and other payables	82,354	91,623
Bank borrowings	85,956	76,800
Tax payable	4,091	2,428
Derivatives	-	115
	<u>172,401</u>	<u>170,966</u>
Total liabilities	<u>196,518</u>	<u>185,824</u>
TOTAL EQUITY AND LIABILITIES	<u>666,840</u>	<u>595,590</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>4.82</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
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED 31 MARCH 2016

	Attributable to Equity Holders of the Company						Total equity 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 2014	97,208	1,225	8,394	199,971	306,798	725	307,523
Total comprehensive income for the period	-	-	28,022	63,558	91,580	482	92,062
Dividend paid	-	-	-	(8,263)	(8,263)	-	(8,263)
At 31 March 2015	97,208	1,225	36,416	255,266	390,115	1,207	391,322
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

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 2016**

	31.03.2016 RM'000	31.03.2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	73,008	69,208
Adjustments for:		
Depreciation and amortisation	15,588	13,973
Property, plant and equipment written off	-	4
(Gain)/loss on derivatives	(687)	372
Unrealised foreign exchange loss/(gain)	6,759	(8,198)
(Gain)/loss on disposal of property, plant and equipment	(30)	76
Non cash items	679	4
Net financing costs	1,214	1,477
Operating profit before working capital changes	96,531	76,916
Changes in working capital		
Net change in current assets	(31,016)	(42,848)
Net change in current liabilities	(9,269)	(4,168)
Net income taxes paid	(8,356)	(5,598)
Net financing costs paid	(1,214)	(1,477)
Net cash generated from operating activities	46,676	22,825
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(15,108)	(28,671)
Proceeds from disposal of property, plant and equipment	30	18
Decrease/(increase) in deposits placed with licensed banks	11,433	(1,230)
Purchase of investment securities	(5,531)	(6,136)
Net cash used in investing activities	(9,176)	(36,019)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of bank borrowings	18,413	12,219
Dividends paid on ordinary shares	(11,665)	(8,263)
Deposits placed as security for bank borrowings	(4,816)	(340)
Net cash generated from financing activities	1,932	3,616
Exchange difference in translation of financial statements of foreign subsidiaries	(1,082)	7,359
NET CHANGE IN CASH AND CASH EQUIVALENTS	38,350	(2,219)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	154,522	123,096
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(858)	10,335
CASH AND CASH EQUIVALENTS AT END OF PERIOD	192,014	131,212
Cash and cash equivalents included in the Consolidated Statement of Cash Flows comprise the following balance sheet amounts :		
Cash and bank balances	120,142	66,399
Term deposits	81,060	80,069
Bank overdrafts	(8)	(75)
	201,194	146,393
Less:		
Deposits pledged as securities for bank borrowings	(9,180)	(4,315)
Deposits with licensed banks for investment purposes	-	(10,866)
	192,014	131,212

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 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 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 March 2016.

A4. VALUATION OF PROPERTY, PLANT & EQUIPMENT

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



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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2016

A5. TAXATION

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

	Individual Quarter		Cumulative Quarter	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian	1,956	-	3,046	-
Overseas	1,247	1,591	6,845	5,230
Total	3,203	1,591	9,891	5,230
Deferred tax expense				
Malaysian	-	-	-	-
Overseas	-	-	-	-
Total	-	-	-	-
	3,203	1,591	9,891	5,230

A6. CHANGES IN THE COMPOSITION OF THE GROUP

There was no change to the composition of the Group in the quarter ended 31 March 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 except for the completion of acquisition of the remaining 15% equity interest in Grob Holz Company Limited ("GHCL") from Konsortium Kontrek Sdn Bhd for a cash consideration of RM2,525,000.00 on 1 April 2016. On even date, GHCL has become a wholly-owned subsidiary of the Group.

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 2016.



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NOTES TO THE QUARTERLY REPORT – 31 MARCH 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	25,412	14,101
Portion repayable within twelve months	(3,734)	(3,134)
Total Long Term Liabilities	21,678	10,967
Short Term Liabilities		
Unsecured :		
Current portion of long term loans	-	-
Short term loans	-	-
Secured :		
Current portion of long term loans	3,734	3,134
Short term loans	82,214	74,476
Bank overdrafts	8	-
Total Short Term Liabilities	85,956	77,610



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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2016

A10. REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained earnings of the Group as at 31 March 2016 and 30 June 2015 are as follows:

	As at end of current quarter 31.3.16 RM'000	As at end of preceding financial year 30.6.15 RM'000
Total retained earnings of Latitude Tree Holdings Berhad and its subsidiaries:		
- Realised	340,879	274,359
- Unrealised	(8,209)	5,431
	<u>332,670</u>	<u>279,790</u>
Less: Consolidation adjustments	(11,897)	(10,270)
Total group retained earnings	<u>320,773</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 March 2016, the outstanding derivative financial instrument, which have been entered into by the Group are as follows:

	Contract Value RM'000	Fair Value RM'000	Changes in Fair Value Gain/(Loss) RM'000
<u>Foreign Currency Contracts</u>			
US dollar - less than 1 year	6,251.9	5,679.7	572.2

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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NOTES TO THE QUARTERLY REPORT – 31 MARCH 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 24 May 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	184,762	469,616	21,975	4,984	681,337
INTER-SEGMENT REVENUE	(81,473)	(120)	(4,706)	-	(86,299)
EXTERNAL REVENUE	103,289	469,496	17,269	4,984	595,038
PROFIT BEFORE TAXATION	17,247	52,362	1,324	2,075	73,008



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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2016

A14. SIGNIFICANT RELATED PARTY TRANSACTIONS

Transacting Parties	Related Party	Nature of Interest	Nature of Transaction	Current Quarter ended 31.03.2016 RM'000	Current Year To Date 31.03.2016 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	1,574	4,706

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

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

RM Million	31.03.2016	31.12.2015	Variance
Revenue	165.7	211.4	-21.6%
Gross profit	28.8	41.7	-30.9%
Profit before taxation	11.5	30.2	-61.9%

Revenue

For the quarter under review, the Group's revenue diminished by 21.6% to RM165.7 million as compared to the preceding quarter of RM211.4million. 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.



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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2016

Gross profit

The Group has recorded lower gross profit from RM41.7 million in the preceding quarter to RM28.8 million in current quarter, representing a decrease of 30.9%. The substantial decrease was mainly due to significant decrease in revenue and increase in direct wages costs.

Profit before taxation (“PBT”)

The Group has recorded a decrease in PBT from RM30.2 million in preceding quarter to RM11.5 million in current quarter, representing a decrease of 61.9%. The substantial decrease in PBT was mainly attributable to the followings:

- in line with the substantial decrease in gross profit;
- an increase in administrative expenses; and
- weakening of US Dollar against Ringgit Malaysia in the quarter under review resulting in significant spike in unrealised forex loss.

B2. REVIEW OF PERFORMANCE

RM Million	31.03.2016	31.03.2015	Variance
Revenue	595.0	530.5	+12.2%
Gross profit	106.0	88.1	+20.3%
Profit before taxation	73.0	69.2	+5.5%

Revenue

The Group recorded revenue of RM595.0 million for nine months financial period ended 31 March 2016 (“Q3FY2016”), representing an increase of 12.2% as compared to corresponding quarter ended 31 March 2015 (“Q3FY2015”) of RM530.5 million. The increase was mainly due to strengthening of US Dollar against Ringgit Malaysia by 23.2%. However, the Group’s revenue in the USD term decreased USD15.8 million or approximately 10.6% mainly due to decline in orders.

Gross profit

Gross profit of the Group amounted to RM106.0 million in Q3FY2016, representing an increase of 20.3% from RM88.1 million in Q3FY2015. The substantial increase was in line with the increase in revenue and decrease in orders of low margin products.

Profit before taxation (“PBT”)

Despite the increase in gross profit by 20.3%, PBT of the Group increased by 5.5% only from RM69.2 million in Q3FY2015 to RM73.0 million in Q3FY2016. The marginal increase in PBT was mainly due to higher finance costs, administrative expenses and foreign exchange loss.



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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2016

B3. PROFIT FOR THE PERIOD

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

	Individual quarter ended		Cumulative quarter ended	
	31.03.16	31.03.15	31.03.16	31.03.15
	RM'000	RM'000	RM'000	RM'000
Interest income	(731)	(240)	(1,397)	(670)
Interest expense	831	790	2,611	2,147
Depreciation and amortization	7,260	4,979	15,588	13,973
(Gain)/loss on disposal of property, plant and equipment	(5)	(2)	(30)	76
Property, plant and equipment written off	-	4	-	4
Unrealised foreign exchange loss/(gain)	14,639	(2,918)	6,759	(8,198)
Realised foreign exchange (gain)/loss	(1,322)	(25)	(4,556)	54
(Gain)/loss on derivatives	(541)	(20)	(687)	372

B4. CORPORATE PROPOSAL

On 23 February 2016, the Group had entered into a conditional sale and purchase agreement with Konsortium Kontrek Sdn Bhd to acquire the remaining 15% of the equity interest that it does not currently own in Grob Holz Company Limited ("GHCL") for a cash consideration of RM2,525,000.00. The proposal has been completed on 1 April 2016, in which, GHCL has become a wholly-owned subsidiary of the Group.

There were no other corporate proposals announced during the quarter ended 31 March 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 – 31 MARCH 2016

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 March 2016.

B8. DIVIDEND

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

B9. EARNINGS PER SHARE

Basic EPS	Individual Quarter		Cumulative Quarter	
	31.03.16	31.03.15	31.03.16	31.03.15
Net profit attributable to equity holders of the Company (RM'000)	8,302	19,512	62,918	63,558
Weighted average no. of shares ('000)	97,207.5	97,207.5	97,207.5	97,207.5
Basic EPS (sen)	8.54	20.07	64.73	65.38



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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2016

B10. CAPITAL COMMITMENTS

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

	RM'000
Authorised by Directors and contracted	4,661
Authorised by Directors and not contracted	-
	4,661