



LATITUDE TREE HOLDINGS BERHAD (302829-W)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
(UNAUDITED) FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	Individual quarter ended		Cumulative quarter ended	
	Current year quarter 30.09.2019 RM'000	Preceding year corresponding quarter 30.09.2018 RM'000	Current year quarter 30.09.2019 RM'000	Preceding year corresponding quarter 30.09.2018 RM'000
Revenue	194,702	214,194	194,702	214,194
Cost of sales	(175,172)	(189,554)	(175,172)	(189,554)
<b>Gross profit</b>	<b>19,530</b>	<b>24,640</b>	<b>19,530</b>	<b>24,640</b>
Other income	1,404	3,311	1,404	3,311
Selling and marketing expenses	(5,174)	(5,266)	(5,174)	(5,266)
Administrative expenses	(6,253)	(5,728)	(6,253)	(5,728)
Other expenses	(615)	(1,021)	(615)	(1,021)
<b>Operating profit</b>	<b>8,892</b>	<b>15,936</b>	<b>8,892</b>	<b>15,936</b>
Finance costs	(988)	(843)	(988)	(843)
<b>Profit before taxation</b>	<b>7,904</b>	<b>15,093</b>	<b>7,904</b>	<b>15,093</b>
Taxation	(1,335)	(1,964)	(1,335)	(1,964)
<b>Profit for the period</b>	<b>6,569</b>	<b>13,129</b>	<b>6,569</b>	<b>13,129</b>
Attributable to :				
Owners of the parent	6,569	13,129	6,569	13,129
Non-controlling interest	-	-	-	-
<b>Profit for the period</b>	<b>6,569</b>	<b>13,129</b>	<b>6,569</b>	<b>13,129</b>
<b>Earnings per share (sen) :</b>				
(a) Basic	6.80	13.54	6.80	13.54
(b) Diluted	6.80	13.54	6.80	13.54
Weighted average number of ordinary shares ('000)	96,545.2	96,943.0	96,545.2	96,943.0
Profit for the period	6,569	13,129	6,569	13,129
Other comprehensive income:				
Foreign currency translation	3,132	6,852	3,132	6,852
Net loss on available-for-sale financial assets				
- Gain on fair value changes	-	157	-	157
<b>Total comprehensive income for the period</b>	<b>9,701</b>	<b>20,138</b>	<b>9,701</b>	<b>20,138</b>
Total comprehensive income attributable to :				
Owners of the parent	9,701	20,138	9,701	20,138
Non-controlling interest	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>9,701</b>	<b>20,138</b>	<b>9,701</b>	<b>20,138</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 30 SEPTEMBER 2019**

	<b>Unaudited 30.09.2019 RM'000</b>	<b>Audited 30.06.2019 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	248,299	247,603
Investment properties	21,427	21,491
Land use rights	17,413	17,376
Other investments	81	81
Investment securities	2,213	2,213
Deferred tax assets	1,236	1,349
	<u>290,669</u>	<u>290,113</u>
<b>Current assets</b>		
Inventories	207,250	210,249
Trade and other receivables	88,570	76,261
Prepayments	1,788	870
Tax recoverable	1,817	1,663
Derivatives	11	165
Cash and bank balances	173,898	159,567
Investment securities	46,105	52,522
	<u>519,439</u>	<u>501,297</u>
<b>TOTAL ASSETS</b>	<u><u>810,108</u></u>	<u><u>791,410</u></u>



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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)  
AS AT 30 SEPTEMBER 2019 (CONT'D)**

	<b>Unaudited 30.09.2019 RM'000</b>	<b>Audited 30.06.2019 RM'000</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	98,433	98,433
Treasury shares	(5,294)	(870)
Retained earnings	404,417	397,848
Foreign currency translation reserve	72,156	69,024
	<u>569,712</u>	<u>564,435</u>
Non-controlling interest	-	-
<b>Total equity</b>	<u>569,712</u>	<u>564,435</u>
<b>Non-current liabilities</b>		
Bank borrowings	9,253	9,344
Provision for severance allowance	33	32
Retirement benefit obligation	198	194
Deferred tax liabilities	3,403	3,257
	<u>12,887</u>	<u>12,827</u>
<b>Current liabilities</b>		
Trade and other payables	95,646	91,704
Bank borrowings	112,951	104,248
Tax payable	18,806	18,196
Derivatives	106	-
	<u>227,509</u>	<u>214,148</u>
<b>Total liabilities</b>	<u>240,396</u>	<u>226,975</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>810,108</u>	<u>791,410</u>
Net assets per share attributable to owners of the parent (RM)	<u>5.97</u>	<u>5.82</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 2019**

	<u>Share capital</u> RM'000	<u>Treasury shares</u> RM'000	<b>Non-distributable</b>		<u>Distributable Retained earnings</u> RM'000	<u>Total</u> RM'000	<u>Non-controlling interest</u> RM'000	<u>Total equity</u> RM'000
			<u>Fair value adjustment reserve</u> RM'000	<u>Foreign currency translation reserve</u> RM'000				
<b>At 1 July 2018</b>	98,433	(851)	32	60,769	387,188	545,571	-	545,571
<b>Total comprehensive income for the period</b>	-	-	157	6,852	13,129	20,138	-	20,138
<b>Purchase of treasury shares</b>	-	(18)	-	-	-	(18)	-	(18)
<b>At 30 September 2018</b>	<b>98,433</b>	<b>(869)</b>	<b>189</b>	<b>67,621</b>	<b>400,317</b>	<b>565,691</b>	<b>-</b>	<b>565,691</b>
<b>At 1 July 2019</b>	98,433	(870)	-	69,024	397,848	564,435	-	564,435
<b>Total comprehensive income for the period</b>	-	-	-	3,132	6,569	9,701	-	9,701
<b>Purchase of treasury shares</b>	-	(4,424)	-	-	-	(4,424)	-	(4,424)
<b>At 30 September 2019</b>	<b>98,433</b>	<b>(5,294)</b>	<b>-</b>	<b>72,156</b>	<b>404,417</b>	<b>569,712</b>	<b>-</b>	<b>569,712</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 30 SEPTEMBER 2019**

	30.09.2019 RM'000	30.09.2018 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	7,904	15,093
<b>Adjustments for:</b>		
Depreciation and amortisation	4,652	4,590
Fair value loss on derivatives	260	185
Fair value gain on investment securities	(128)	-
Net unrealised foreign exchange gain	(269)	(1,393)
Gain on disposal of property, plant and equipment	-	(18)
Investment income from investment securities	(113)	(207)
Non cash items	-	(3)
Net financing costs	325	196
<b>Operating profit before working capital changes</b>	<b>12,631</b>	<b>18,443</b>
<b>Changes in working capital</b>		
Net change in current assets	(7,262)	(12,758)
Net change in current liabilities	3,108	726
Net income taxes paid	(820)	(1,398)
Net financing costs paid	(663)	(496)
<b>Net cash flows from operating activities</b>	<b>6,994</b>	<b>4,517</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income from investment securities	113	207
Purchase of property, plant and equipment	(3,336)	(6,461)
Proceeds from disposal of property, plant and equipment	-	65
Decrease/(increase) in deposits placed with licensed banks	1,767	(8,622)
Proceeds from/(purchase of) investment securities	6,560	(3,207)
<b>Net cash flows from/(used in) investing activities</b>	<b>5,104</b>	<b>(18,018)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net drawdown of bank borrowings	7,496	23,602
Movement of deposits placed as securities for bank borrowings and guarantees	(83)	(58)
Treasury shares acquired	(4,424)	(18)
<b>Net cash flows from financing activities</b>	<b>2,989</b>	<b>23,526</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>15,087</b>	<b>10,025</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>137,354</b>	<b>151,569</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>928</b>	<b>2,196</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>153,369</b>	<b>163,790</b>
Cash and cash equivalents included in the Consolidated Statement of Cash Flows comprise the following balance sheet amounts :		
Cash and bank balances	85,686	107,438
Term deposits	88,212	83,346
	<b>173,898</b>	<b>190,784</b>
Less:		
Deposits pledged as securities for bank borrowings and guarantees	(14,288)	(9,083)
Deposits with licensed banks with tenure more than three months	(6,241)	(17,911)
	<b>153,369</b>	<b>163,790</b>

**Reconciliation of liabilities arising from financing activities:**

	Carrying amount as at 1 July 2019 RM'000	Cash flows RM'000	Effects of foreign exchange RM'000	Carrying amount as at 30 September 2019 RM'000
Group				
Loans and borrowings	113,592	7,496	1,116	122,204

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 2019

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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 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 2019.

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 2019 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 2019.

The adoption of relevant MFRSs, Amendment to MFRSs and IC Interpretations did not have any material effect on the financial performance or position of the Group.

### **A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The latest audited financial statements for the financial year ended 30 June 2019 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 2019.

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

There was no revaluation of properties of the Group during the financial period ended 30 September 2019.



# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2019

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### A5. TAXATION

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

	Individual Quarter		Cumulative Quarter	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian	513	76	513	76
Overseas	556	1,868	556	1,868
<b>Total</b>	<b>1,069</b>	<b>1,944</b>	<b>1,069</b>	<b>1,944</b>
Deferred tax expense				
Malaysian	266	20	266	20
Overseas	-	-	-	-
<b>Total</b>	<b>266</b>	<b>20</b>	<b>266</b>	<b>20</b>
	<b>1,335</b>	<b>1,964</b>	<b>1,335</b>	<b>1,964</b>

### A6. CHANGES IN THE COMPOSITION OF THE GROUP

There was no change to the composition of the Group in the quarter ended 30 September 2019.

### 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 on 22 November 2019, Uptown Promenade Sdn. Bhd., a wholly-owned subsidiary of the Company has executed a Sales and Purchase Agreement ("SPA") with Goodroad Construction Sdn. Bhd., a company incorporated in Malaysia to acquire a freehold industrial land situated at Lot 6102, Mukim Kapar, Daerah Klang, Selangor measuring in approximately 40,469 square meters for total cash consideration of RM29,380,000.



# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2019

### 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 2019, other than the following repurchase of shares by the Company:

Month	Number of shares purchased and retained as treasury shares	Lowest price paid RM	Highest price paid RM	Average price paid RM	Total consideration paid RM
August 2019	61,800	3.36	3.40	3.39	209,228.01
September 2019	1,435,400	2.88	3.35	2.94	4,215,104.34

### A9. BORROWINGS AND DEBTS SECURITIES

Details of the Group's borrowings were as follows:

	As at 30 September 2019					
	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
<b>Secured</b>						
Term loan (USD)	921	-	2,431	-	3,352	-
Term loan (RM)	-	8,332	-	723	-	9,055
Bankers' acceptances (RM)	-	-	-	1,250	-	1,250
Revolving credit (USD)	-	-	6,283	-	6,283	-
<b>Unsecured</b>						
Trust receipts (USD)	-	-	102,264	-	102,264	-
<b>Total</b>	921	8,332	110,978	1,973	111,899	10,305





# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2019

	As at 30 June 2019					
	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
<b>Secured</b>						
Term loan (USD)	828	-	3,314	-	4,142	-
Term loan (RM)	-	8,516	-	715	-	9,231
Bankers' acceptances (RM)	-	-	-	2,201	-	2,201
Revolving credit (USD)	-	-	2,071	-	2,071	-
<b>Unsecured</b>						
Trust receipts (USD)	-	-	95,947	-	95,947	-
<b>Total</b>	828	8,516	101,332	2,916	102,160	11,432

### A10. FINANCIAL INSTRUMENTS - DERIVATIVES

Details of the Group's outstanding derivative financial instruments were as follows:

	As at 30 September 2019			As at 30 June 2019		
	Contract/ Notional amount	Assets	Liabilities	Contract/ Notional amount	Assets	Liabilities
<b>Non-hedging derivatives:</b>						
<b>Current</b>						
Forward currency contracts	51,796	-	(106)	45,923	154	-
Interest rate swap	3,352	11	-	4,142	11	-
		11	(106)		165	-
<b>Non-current</b>						
Interest rate swap		-	-		-	-
<b>Total non-hedging derivatives</b>		11	(106)		165	-



# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2019

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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 November 2019 and February 2022. During the financial period under review, the Group recognised a loss of RM259,735 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.

### A11. 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 25 November 2019.

### A12. 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.



# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2019

### Results for the Individual Quarter ended 30 September

	Malaysia		Vietnam		Thailand		Others		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Total revenue	44,233	44,159	149,753	167,223	6,405	7,837	1,294	1,160	201,685	220,379
Inter-segment revenue	(5,426)	(5,065)	(86)	(96)	(1,471)	(1,024)	-	-	(6,983)	(6,185)
External revenue	38,807	39,094	149,667	167,127	4,934	6,813	1,294	1,160	194,702	214,194
Profit/(loss) before taxation	2,838	1,888	3,708	9,338	315	1,096	1,043	2,771	7,904	15,093
Segment assets	236,937	259,078	442,815	437,004	35,952	32,306	544,571	351,454	1,260,275	1,079,842
Segment liabilities	33,430	180,654	207,002	195,565	13,554	12,821	217,465	96,459	471,451	485,499

### Results for the Cumulative Quarter ended 30 September

	Malaysia		Vietnam		Thailand		Others		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Total revenue	44,233	44,159	149,753	167,223	6,405	7,837	1,294	1,160	201,685	220,379
Inter-segment revenue	(5,426)	(5,065)	(86)	(96)	(1,471)	(1,024)	-	-	(6,983)	(6,185)
External revenue	38,807	39,094	149,667	167,127	4,934	6,813	1,294	1,160	194,702	214,194
Profit/(loss) before taxation	2,838	1,888	3,708	9,338	315	1,096	1,043	2,771	7,904	15,093
Segment assets	236,937	259,078	442,815	437,004	35,952	32,306	544,571	351,454	1,260,275	1,079,842
Segment liabilities	33,430	180,654	207,002	195,565	13,554	12,821	217,465	96,459	471,451	485,499



# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2019

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

	<b>30.09.2019</b>	<b>30.09.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Inter-segment assets	<u>450,167</u>	<u>279,599</u>
Inter-segment liabilities	<u>231,055</u>	<u>250,947</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 (%)
	30.09.2019	30.06.2019	
Revenue	194.7	158.9	+22.5%
Gross profit	19.5	10.9	+78.9%
Profit/(loss) before taxation	7.9	(2.3)	>100.0%
Profit/(loss) after taxation	6.6	(8.6)	>100.0%

#### **Revenue**

For the quarter under review, the Group's revenue surged 22.5% to RM194.7 million as compared to the preceding quarter of RM158.9 million. The substantial increase was mainly attributable to the followings:

- higher sales recorded by furniture plants amounting to RM32.9 million in the quarter under review;
- higher orders received by panel board lamination plant amounting to RM1.5 million; and
- strengthening of US Dollar ("USD") against Ringgit Malaysia ("RM") by 1.0%.

#### **Gross profit**

The Group has recorded higher gross profit from RM10.9 million in preceding quarter compared to RM19.5 million in current quarter, representing an increase of 78.9%. The substantial increase in gross profit was mainly attributable to the followings:

- in line with the increase in revenue; and
- furniture plants recorded higher sales of better margin products during the quarter.



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## NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2019

### **Profit/(loss) before taxation (“PBT/(LBT)”)**

The Group has recorded a significant increase in PBT from a loss of RM2.3 million in preceding quarter to a profit of RM7.9 million in current quarter, representing an increase of more than 100.0%. The substantial increase in PBT was in line with the significant increase in gross profit.

### **Profit/(loss) after taxation (“PAT/(LAT)”)**

The Group recorded PAT of RM6.6 million in current quarter, representing an increase of more than 100.0% from LAT of RM8.6 million in preceding quarter was mainly due to lower provision of tax expense in current quarter amounting to RM1.3 million compared to RM6.3 million in preceding quarter.

## **B2. REVIEW OF PERFORMANCE**

RM' Million	Cumulative quarter		Changes (%)
	30.09.2019	30.09.2018	
Revenue	194.7	214.2	-9.1%
Gross profit	19.5	24.6	-20.7%
Profit before taxation	7.9	15.1	-47.7%
Profit after taxation	6.6	13.1	-49.6%

### **Revenue**

The Group recorded revenue of RM194.7 million for the three months financial period ended 30 September 2019 (“Q1FY2020”), representing a decrease of 9.1% as compared to the three months financial period ended 30 September 2018 (“Q1FY2019”) of RM214.2 million. The decrease was mainly attributable to the followings:

- lower sales recorded by furniture plants in Vietnam amounting to RM20.7 million as shipments were delayed at the request of our customers;
- lower orders received by sawmill plants amounting to RM2.2 million;
- lower orders received by panel board lamination plant amounting to RM3.5 million; and
- were offset by strengthening of US Dollar (“USD”) against Ringgit Malaysia (“RM”) by 1.9%.

### **Gross profit**

Gross profit of the Group amounted to RM19.5 million in Q1FY2020, representing a decrease of 20.7% from RM24.6 million in Q1FY2019. The decrease in gross profit was mainly attributable to the followings:

- in line with the decrease in revenue;
- higher production costs due to shortage of workers in Vietnam;



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## NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2019

- higher labour costs in Vietnam and Malaysia plants due to increase in minimum wages; and
- lower profit margin of new products especially new upholstery products.

### **Profit before taxation (“PBT”)**

PBT of the Group amounted to RM7.9 million in Q1FY2020, representing a significant decrease of 47.7% from RM15.1 million in Q1FY2019 was in line with decrease in gross profit and lower foreign exchange gain of RM1.9 million in Q1FY2020 compared to Q1FY2019.

### **Profit after taxation (“PAT”)**

PAT of the Group amounted to RM6.6 million in Q1FY2020, representing a significant decrease of 49.6% from RM13.1 million in Q1FY2019 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	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Interest income	(663)	(647)	(663)	(647)
Interest expense	988	843	988	843
Investment income from investment securities	(113)	(207)	(113)	(207)
Depreciation and amortization	4,652	4,590	4,652	4,590
Gain on disposal of property, plant and equipment	-	(18)	-	(18)
Unrealised foreign exchange gain	(269)	(1,393)	(269)	(1,393)
Realised foreign exchange loss/(gain)	136	(680)	136	(680)
Fair value loss on derivatives	260	185	260	185
Fair value gain on investment securities	(128)	-	(128)	-



# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2019

### B4. TRADE AND OTHER RECEIVABLES

	30.09.2019 RM'000	30.06.2019 RM'000
<b>Trade receivables</b>		
Third parties	53,841	51,985
Less: Allowance for impairment	(1,527)	(1,509)
Trade receivables, net	52,314	50,476
<b>Other receivables</b>		
Deposits	1,182	1,394
Staff loans	113	119
Goods and services tax receivable	907	907
Sundry receivables	34,349	23,654
	36,551	26,074
Less: Allowance for impairment-sundry receivables	(295)	(289)
Other receivables, net	36,256	25,785
Total trade and other receivables	88,570	76,261

The ageing analysis of the Group's trade receivables is as follows:

	30.09.2019 RM'000	30.06.2019 RM'000
Neither past due nor impaired	35,520	36,621
Past due not impaired:		
1 - 30 days	12,353	12,716
31 - 60 days	1,137	568
61 - 90 days	3,132	472
> 91 days	172	99
Impaired	1,527	1,509
Gross trade receivables	53,841	51,985

#### **Trade receivables**

Trade receivables are non-interest bearing and are generally on 7 to 90 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

#### **Other receivables**

Included in sundry receivables of the Group are:

- i) Import duty and other direct taxes receivable in foreign subsidiaries of RM11,578,000 (30.06.2019: RM8,350,000); and
- ii) Advance to suppliers of RM6,667,000 (30.06.2019: RM2,312,000) that mainly relates to payment in advance for raw materials and machinery.
- iii) Advance payment of RM11,415,000 (30.06.2019: RM8,848,000) for leasing a parcel of land.



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## NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2019

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### **B5. CORPORATE PROPOSAL**

There were no corporate proposals announced but not completed as at 25 November 2019.

### **B6. 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.

### **B7. CURRENT YEAR PROSPECT**

Financial year 2020 is going to be another challenging year and the Group will continue with its strategies to diversify product range to include more upholstery products and innovative products as it will enable the Group to enjoy better-pricing and higher margins. At the same time, the Group will also step up efforts to enhance its upstream activities and to grow its panel board operations.

Barring unforeseen circumstances, the Group is of the opinion that its financial performance will improve for the financial year ending 30 June 2020.

### **B8. 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 2019.

### **B9. DIVIDEND**

The Company has declared a final single tier dividend of 3.0 sen per ordinary share for the financial year ended 30 June 2019 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 2019.





# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2019

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### B10. EARNINGS PER SHARE (“EPS”)

Basic EPS	Individual Quarter		Cumulative Quarter	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
Net profit attributable to owners the parent (RM'000)	6,569	13,129	6,569	13,129
Weighted average number of shares ('000)	96,545.2	96,943.0	96,545.2	96,943.0
Basic EPS (sen)	6.80	13.54	6.80	13.54

### B11. CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment not provided for in the financial statements as at 30 September 2019 were as follows:

	RM'000
Authorised by Directors and contracted	10,308
Authorised by Directors and not contracted	-
	<b>10,308</b>