



LATITUDE TREE HOLDINGS BERHAD (302829-W)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
(UNAUDITED) FOR THE PERIOD ENDED 31 MARCH 2020

	Individual quarter ended		Cumulative quarter ended	
	Current year quarter 31.03.2020 RM'000	Preceding year corresponding quarter 31.03.2019 RM'000	Current year quarter 31.03.2020 RM'000	Preceding year corresponding quarter 31.03.2019 RM'000
Revenue	142,226	152,035	546,179	570,713
Cost of sales	(127,397)	(137,915)	(486,721)	(498,458)
<b>Gross profit</b>	<b>14,829</b>	<b>14,120</b>	<b>59,458</b>	<b>72,255</b>
Other income	3,824	(10)	6,452	4,852
Selling and marketing expenses	(4,160)	(5,962)	(16,082)	(17,514)
Administrative expenses	(7,448)	(8,459)	(18,871)	(19,864)
Other expenses	(2,562)	(377)	(7,066)	(2,474)
<b>Operating profit/(loss)</b>	<b>4,483</b>	<b>(688)</b>	<b>23,891</b>	<b>37,255</b>
Finance costs	(973)	(1,034)	(3,127)	(2,879)
<b>Profit/(loss) before taxation</b>	<b>3,510</b>	<b>(1,722)</b>	<b>20,764</b>	<b>34,376</b>
Taxation	(902)	(344)	(4,382)	(6,447)
<b>Profit/(loss) for the period</b>	<b>2,608</b>	<b>(2,066)</b>	<b>16,382</b>	<b>27,929</b>
Attributable to :				
Owners of the parent	2,608	(2,066)	16,382	27,929
Non-controlling interest	-	-	-	-
<b>Profit/(loss) for the period</b>	<b>2,608</b>	<b>(2,066)</b>	<b>16,382</b>	<b>27,929</b>
<b>Earnings/(loss) per share (sen) :</b>				
(a) Basic	2.72	(2.13)	17.11	28.81
(b) Diluted	2.72	(2.13)	17.11	28.81
Weighted average number of ordinary shares ('000)	95,738.4	96,940.5	95,738.4	96,940.5
Profit/(loss) for the period	2,608	(2,066)	16,382	27,929
Other comprehensive income/(loss):				
Foreign currency translation	11,215	(2,837)	8,673	3,823
Net gain on available-for-sale financial assets				
- Gain on fair value changes	-	164	-	257
<b>Total comprehensive income/(loss) for the period</b>	<b>13,823</b>	<b>(4,739)</b>	<b>25,055</b>	<b>32,009</b>
Total comprehensive income/(loss) attributable to :				
Owners of the parent	13,823	(4,739)	25,055	32,009
Non-controlling interest	-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>	<b>13,823</b>	<b>(4,739)</b>	<b>25,055</b>	<b>32,009</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 31 MARCH 2020**

	<b>Unaudited 31.03.2020 RM'000</b>	<b>Audited 30.06.2019 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	263,888	247,603
Investment properties	51,841	21,491
Right of use assets	20,656	17,376
Other investments	81	81
Investment securities	2,213	2,213
Deferred tax assets	1,239	1,349
	<u>339,918</u>	<u>290,113</u>
<b>Current assets</b>		
Inventories	200,792	210,249
Trade and other receivables	72,327	76,261
Prepayments	1,623	870
Tax recoverable	1,364	1,663
Derivatives	11	165
Cash and bank balances	144,611	159,567
Investment securities	49,247	52,522
	<u>469,975</u>	<u>501,297</u>
<b>TOTAL ASSETS</b>	<u><u>809,893</u></u>	<u><u>791,410</u></u>



LATITUDE TREE HOLDINGS BERHAD (302829-W)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)  
AS AT 31 MARCH 2020 (CONT'D)

	Unaudited 31.03.2020 RM'000	Audited 30.06.2019 RM'000
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	98,433	98,433
Treasury shares	(5,798)	(870)
Retained earnings	410,361	397,848
Foreign currency translation reserve	77,697	69,024
	<u>580,693</u>	<u>564,435</u>
Non-controlling interest	-	-
<b>Total equity</b>	<u>580,693</u>	<u>564,435</u>
<b>Non-current liabilities</b>		
Bank borrowings	9,832	9,344
Lease liabilities	4,085	-
Provision for severance allowance	35	32
Retirement benefit obligation	190	194
Deferred tax liabilities	3,439	3,257
	<u>17,581</u>	<u>12,827</u>
<b>Current liabilities</b>		
Trade and other payables	87,473	91,704
Bank borrowings	103,032	104,248
Lease liabilities	106	-
Tax payable	19,820	18,196
Derivatives	1,188	-
	<u>211,619</u>	<u>214,148</u>
<b>Total liabilities</b>	<u>229,200</u>	<u>226,975</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>809,893</u>	<u>791,410</u>
Net assets per share attributable to owners of the parent (RM)	<u>6.10</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 31 MARCH 2020**

	<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>	-	-	257	3,823	27,929	32,009	-	32,009
<b>Dividend paid</b>	-	-	-	-	(5,816)	(5,816)	-	(5,816)
<b>Purchase of treasury shares</b>	-	(19)	-	-	-	(19)	-	(19)
<b>At 31 March 2019</b>	<b>98,433</b>	<b>(870)</b>	<b>289</b>	<b>64,592</b>	<b>409,301</b>	<b>571,745</b>	<b>-</b>	<b>571,745</b>
<b>At 1 July 2019 (as previously stated)</b>	98,433	(870)	-	69,024	397,848	564,435	-	564,435
<b>Effect of adoption of MFRS 16</b>	-	-	-	-	(1,009)	(1,009)	-	(1,009)
<b>At 1 July 2019 (restated)</b>	98,433	(870)	-	69,024	396,839	563,426	-	563,426
<b>Total comprehensive income for the period</b>	-	-	-	8,673	16,382	25,055	-	25,055
<b>Dividend paid</b>	-	-	-	-	(2,860)	(2,860)	-	(2,860)
<b>Purchase of treasury shares</b>	-	(4,928)	-	-	-	(4,928)	-	(4,928)
<b>At 31 March 2020</b>	<b>98,433</b>	<b>(5,798)</b>	<b>-</b>	<b>77,697</b>	<b>410,361</b>	<b>580,693</b>	<b>-</b>	<b>580,693</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 31 MARCH 2020**

	31.03.2020 RM'000	31.03.2019 RM'000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before taxation</b>	20,764	34,376	
<b>Adjustments for:</b>			
Depreciation and amortisation	13,743	13,949	
Property, plant and equipment written off	-	5	
Impairment loss on trade receivables	2,511	663	
Fair value loss/(gain) on derivatives	1,342	(162)	
Fair value gain on investment securities	(12)	(301)	
Net unrealised foreign exchange gain	(149)	(167)	
Gain on disposal of property, plant and equipment	(8)	(24)	
Investment income from investment securities	(713)	(798)	
Non cash items	1	(3)	
Net financing costs	760	842	
<b>Operating profit before working capital changes</b>	<b>38,239</b>	<b>48,380</b>	
<b>Changes in working capital</b>			
Net change in current assets	14,065	(11,352)	
Net change in current liabilities	(3,364)	(22,035)	
Net income taxes paid	(2,871)	(4,191)	
Net financing costs paid	(776)	(984)	
<b>Net cash flows from operating activities</b>	<b>45,293</b>	<b>9,818</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income from investment securities	713	798	
Purchase of property, plant and equipment	(20,672)	(14,644)	
Purchase of investment properties	(30,585)	-	
Proceeds from disposal of property, plant and equipment	51	71	
(Increase)/decrease in deposits placed with licensed banks	(2,928)	7,452	
Proceeds from/(purchase) of investment securities	3,776	(20,479)	
<b>Net cash flows used in investing activities</b>	<b>(49,645)</b>	<b>(26,802)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net (repayment)/drawdown of bank borrowings	(4,174)	24,782	
Dividends paid on ordinary shares	(2,860)	(5,816)	
Movement of deposits placed as securities for bank borrowings and guarantees	(1,529)	(190)	
Treasury shares acquired	(4,928)	(19)	
<b>Net cash flows (used in)/from financing activities</b>	<b>(13,491)</b>	<b>18,757</b>	
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(17,843)</b>	<b>1,773</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>(1,570)</b>	<b>1,388</b>	
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>117,941</b>	<b>154,730</b>	
<b>Cash and cash equivalents included in the Consolidated Statement of Cash Flows comprise the following balance sheet amounts :</b>			
Cash and bank balances	75,634	88,696	
Term deposits	68,977	77,085	
	<b>144,611</b>	<b>165,781</b>	
<b>Less:</b>			
Deposits pledged as securities for bank borrowings and guarantees	(15,734)	(9,215)	
Deposits with licensed banks with tenure more than three months	(10,936)	(1,836)	
	<b>117,941</b>	<b>154,730</b>	
<b>Reconciliation of liabilities arising from financing activities:</b>			
	Carrying amount as at	Effects of	Carrying
	1 July 2019	Cash flows	amount as at
	RM'000	RM'000	31 March
<u>Group</u>			2020
Loans and borrowings	113,592	(4,174)	RM'000
		3,446	112,864

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 – 31 MARCH 2020

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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 except as disclosed below:

#### MFRS 16 Leases

The Group has adopted the new standard on the required effective date using the modified retrospective transition approach, which measures the lease liabilities based on the present value of future lease payments calculated using the incremental borrowing rate and exchange rate at date of transition. Lease payments would be split into principal and interest payments, using the effective interest method.

Correspondingly, the right-of-use ("ROU") assets are based on the present value of the liability at the commencement date of the lease, adding any directly attributable costs. The ROU assets will be depreciated on a straight-line basis over the shorter of the lease term and the useful life of the leased assets.

On the date of initial application, the Group applied the simplified transition approach and did not restate comparative amounts for the period prior to first adoption.

The adoption of MFRS 16 has the following impact:

#### To the opening balances as at 1 July 2019:

	<b>Audited 30.06.2019 RM'000</b>	<b>Adjustments RM'000</b>	<b>After MFRS 16 Adoption RM'000</b>
Right of use assets	17,376	3,256	20,632
Lease liabilities	-	(4,265)	(4,265)
Retained earnings	397,848	(1,009)	396.839

### 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.



# LATITUDE TREE HOLDINGS BERHAD

(302829-W)

## NOTES TO THE QUARTERLY REPORT – 31 MARCH 2020

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### 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 2020.

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

There was no revaluation of properties of the Group during the financial period ended 31 March 2020.

### A5. TAXATION

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

	Individual Quarter		Cumulative Quarter	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian	694	(2)	1,996	1,148
Overseas	361	(143)	2066	4,769
<b>Total</b>	<b>1,055</b>	<b>(145)</b>	<b>4,062</b>	<b>5,917</b>
Deferred tax expense				
Malaysian	(153)	489	320	530
Overseas	-	-	-	-
<b>Total</b>	<b>(153)</b>	<b>489</b>	<b>320</b>	<b>530</b>
	<b>902</b>	<b>344</b>	<b>4,382</b>	<b>6,447</b>

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

There was no change to the composition of the Group in the quarter ended 31 March 2020.

### 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.



# LATITUDE TREE HOLDINGS BERHAD

(302829-W)

## NOTES TO THE QUARTERLY REPORT – 31 MARCH 2020

### 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 2020, 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
March 2020	87,300	2.41	2.50	2.49	217,695.22

### A9. BORROWINGS AND DEBTS SECURITIES

Details of the Group's borrowings were as follows:

	As at 31 March 2020					
	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)	-	-	2,008	-	2,008	-
Term loan (RM)	-	7,954	-	744	-	8,698
Term loan (THB)	1,878	-	-	-	1,878	-
Bankers' acceptances (RM)	-	-	-	834	-	834
Revolving credit (USD)	-	-	8,605	-	8,605	-
<b>Unsecured</b>						
Trust receipts (USD)	-	-	90,841	-	90,841	-
<b>Total</b>	1,878	7,954	101,454	1,578	103,332	9,532





# LATITUDE TREE HOLDINGS BERHAD

(302829-W)

## NOTES TO THE QUARTERLY REPORT – 31 MARCH 2020

	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 31 March 2020			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	59,047	-	(1,188)	45,923	154	-
Interest rate swap	2,008	11	-	4,142	11	-
		11	(1,188)		165	-
<b>Non-current</b>						
Interest rate swap		-	-		-	-
<b>Total non-hedging derivatives</b>		11	(1,188)		165	-



# LATITUDE TREE HOLDINGS BERHAD

(302829-W)

## NOTES TO THE QUARTERLY REPORT – 31 MARCH 2020

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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 February 2022 and March 2022. During the financial period under review, the Group recognised a loss of RM1,341,655 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 June 2020.

### 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

(302829-W)

## NOTES TO THE QUARTERLY REPORT – 31 MARCH 2020

### Results for the Individual Quarter ended 31 March

RM'000	Malaysia		Vietnam		Thailand		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Total revenue	34,050	38,498	107,986	112,215	5,753	6,780	4,742	13,183	152,531	170,676
Inter-segment revenue	(5,070)	(5,381)	(149)	(307)	(984)	(1,139)	(4,102)	(11,814)	(10,305)	(18,641)
External revenue	28,980	33,117	107,837	111,908	4,769	5,641	640	1,369	142,226	152,035
Profit/(loss) before taxation	1,734	(468)	2,585	(713)	(390)	439	(419)	(980)	3,510	(1,722)
Segment assets	235,789	266,976	431,516	412,885	35,983	33,156	584,796	395,029	1,288,084	1,108,046
Segment liabilities	29,906	186,308	189,096	175,572	15,278	12,643	251,886	116,163	486,166	490,686

### Results for the Cumulative Quarter ended 31 March

RM'000	Malaysia		Vietnam		Thailand		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Total revenue	118,131	122,587	427,444	442,716	17,052	21,082	26,868	41,347	589,495	627,732
Inter-segment revenue	(15,932)	(15,530)	(385)	(593)	(3,409)	(3,303)	(23,590)	(37,593)	(43,316)	(57,019)
External revenue	102,199	107,057	427,059	442,123	13,643	17,779	3,278	3,754	546,179	570,713
Profit/(loss) before taxation	6,608	5,710	13,774	23,844	(516)	2,012	898	2,810	20,764	34,376
Segment assets	235,789	266,976	431,516	412,885	35,983	33,156	584,796	395,029	1,288,084	1,108,046
Segment liabilities	29,906	186,308	189,096	175,572	15,278	12,643	251,886	116,163	486,166	490,686



# LATITUDE TREE HOLDINGS BERHAD

(302829-W)

## NOTES TO THE QUARTERLY REPORT – 31 MARCH 2020

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

	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Inter-segment assets	<u>478,191</u>	<u>324,823</u>
Inter-segment liabilities	<u>256,966</u>	<u>279,208</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 (%)
	31.03.2020	31.12.2019	
Revenue	142.2	209.3	-32.1%
Gross profit	14.8	25.1	-41.0%
Profit before taxation	3.5	9.4	-62.8%
Profit after taxation	2.6	7.2	-63.9%

#### **Revenue**

For the quarter under review, the Group's revenue declined 32.1% to RM142.2 million as compared to the preceding quarter of RM209.3 million. The substantial change was mainly attributable to the followings:

- lower sales recorded by furniture plants amounting to RM68.0 million in the quarter under review as shipments of goods to buyers in United States ("US") were on hold or delayed due to Covid-Wuhan ("Covid-19") pandemic; and
- lesser production days as the quarter under review is a low season due to festive holidays and lockdown during Movement Control Order ("MCO") in Malaysia.

#### **Gross profit**

The Group has recorded lower gross profit from RM25.1 million in preceding quarter compared to RM14.8 million in current quarter, representing a decrease of 41.0%. The substantial change in gross profit was mainly attributable to the followings:

- in line with the decrease in revenue;
- operation losses registered by all plants of the Group in Malaysia during the MCO period; and
- impact of increase in minimum wages in Vietnam effective 1 January 2020.



# LATITUDE TREE HOLDINGS BERHAD

(302829-W)

## NOTES TO THE QUARTERLY REPORT – 31 MARCH 2020

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

The Group has recorded a decrease in PBT from RM9.4 million in preceding quarter to RM3.5 million in current quarter, representing a decrease of 62.8%. The substantial change in PBT was mainly attributable to the followings:

- in line with the decrease in gross profit;
- fair value loss on derivatives of RM1.5 million in current quarter compared to fair value gain on derivatives of RM0.4 million in preceding quarter; offset with
- foreign exchange gain of RM1.3 million in current quarter compared to foreign exchange loss of RM1.7 million in preceding quarter; and
- interim insurance compensation of RM2.7 million received by a furniture plant in Vietnam in current quarter for a fire incident occurred in FY2018.

### **Profit after taxation (“PAT”)**

The Group recorded PAT of RM2.6 million in current quarter, representing a decrease of 63.9% from RM7.2 million in preceding quarter was in line with decrease in PBT.

## **B2. REVIEW OF PERFORMANCE**

RM' Million	Cumulative quarter		Changes (%)
	31.03.2020	31.03.2019	
Revenue	546.2	570.7	-4.3%
Gross profit	59.5	72.3	-17.7%
Profit before taxation	20.8	34.4	-39.5%
Profit after taxation	16.4	27.9	-41.2%

### **Revenue**

The Group recorded revenue of RM546.2 million for the nine months financial period ended 31 March 2020 (“Q3FY2020”), representing a decrease of 4.3% as compared to the nine months financial period ended 31 March 2019 (“Q3FY2019”) of RM570.7 million. The decrease was mainly attributable to lower sales recorded by all divisions of the Group generally due to overall slowing down in demand impacted by the US China trade war and Covid-19 outbreak. However, the decrease was offset by strengthening of US Dollar (“USD”) against Ringgit Malaysia (“RM”) by 1.3%.

### **Gross profit**

Gross profit of the Group amounted to RM59.5 million in Q3FY2020, representing a decrease of 17.7% from RM72.3 million in Q3FY2019. The decrease in gross profit was mainly attributable to the followings:

- in line with the decrease in revenue;



# LATITUDE TREE HOLDINGS BERHAD

(302829-W)

## NOTES TO THE QUARTERLY REPORT – 31 MARCH 2020

- higher production costs due to lesser production output across all divisions; and
- higher labour costs in Vietnam plants due to increase in minimum wages effective 1 January 2020.

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

PBT of the Group amounted to RM20.8 million in Q3FY2020, representing a significant decrease of 39.5% from RM34.4 million in Q3FY2019 was mainly attributable to the followings:

- in line with decrease in gross profit;
- registered foreign exchange loss of RM0.3 million in Q3FY2020 compared to foreign exchange gain of RM0.4 million in Q3FY2019;
- impairment loss on trade receivables amounting to RM2.5 million in Q3FY2020 compared to RM0.7 million in Q3FY2019;
- fair value loss on derivatives of RM1.3 million in Q3FY2020 compared to fair value gain on derivatives of RM0.2 million in Q3FY2019; offset with
- interim insurance compensation of RM2.7 million received by a furniture plant in Vietnam in current quarter for a fire incident occurred in FY2018.

### **Profit after taxation (“PAT”)**

PAT of the Group amounted to RM16.4 million in Q3FY2020, representing a significant decrease of 41.2% from RM27.9 million in Q3FY2019 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	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Interest income	(909)	(658)	(2,367)	(2,037)
Interest expense	973	1,034	3,127	2,879
Investment income from investment securities	(342)	(316)	(713)	(798)
Depreciation and amortization	4,379	4,622	13,743	13,949
Gain on disposal of property, plant and equipment	-	-	(8)	(24)
Property, plant and equipment written off	-	-	-	5
Impairment loss on trade receivables	1,258	663	2,511	663



# LATITUDE TREE HOLDINGS BERHAD

(302829-W)

## NOTES TO THE QUARTERLY REPORT – 31 MARCH 2020

	Individual quarter ended		Cumulative quarter ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Unrealised foreign exchange (gain)/loss	(1,200)	1,366	(149)	(167)
Realised foreign exchange (gain)/loss	(68)	302	441	(209)
Fair value loss/(gain) on derivatives	1,494	(253)	1,342	(162)
Fair value loss/(gain) on investment securities	230	(99)	(12)	(301)
Insurance compensation	(2,687)	-	(2,687)	-

### B4. TRADE AND OTHER RECEIVABLES

	31.03.2020 RM'000	30.06.2019 RM'000
<b>Trade receivables</b>		
Third parties	48,033	51,985
Less: Allowance for impairment	<u>(4,140)</u>	<u>(1,509)</u>
Trade receivables, net	<u>43,893</u>	<u>50,476</u>
<b>Other receivables</b>		
Deposits	1,174	1,394
Staff loans	101	119
Goods and services tax receivable	513	907
Sundry receivables	<u>26,929</u>	<u>23,654</u>
	28,717	26,074
Less: Allowance for impairment-sundry receivables	<u>(283)</u>	<u>(289)</u>
Other receivables, net	<u>28,434</u>	<u>25,785</u>
Total trade and other receivables	<u>72,327</u>	<u>76,261</u>

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

	31.03.2020 RM'000	30.06.2019 RM'000
Neither past due nor impaired	40,118	36,621
Past due not impaired:		
1 - 30 days	2,958	12,716
31 - 60 days	794	568
61 - 90 days	9	472
> 91 days	14	99
Impaired	<u>4,140</u>	<u>1,509</u>
Gross trade receivables	<u>48,033</u>	<u>51,985</u>



# LATITUDE TREE HOLDINGS BERHAD

(302829-W)

## NOTES TO THE QUARTERLY REPORT – 31 MARCH 2020

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### **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 RM7,191,000 (30.06.2019: RM8,350,000); and
- ii) Advance to suppliers of RM5,995,000 (30.06.2019: RM2,312,000) that mainly relates to payment in advance for raw materials.
- iii) Advance payment of RM11,541,000 (30.06.2019: RM8,848,000) for leasing a parcel of land.

## **B5. CORPORATE PROPOSAL**

There were no corporate proposals announced but not completed as at 25 June 2020.

## **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 ("FY2020") is a very challenging year due to the outbreak of Covid-19 global pandemic. Lockdown and movement restriction measures taken by the countries where our production plants are located namely Malaysia, Vietnam and Thailand have significant impact on our financial performance. Sales orders from US and Europe markets are also affected due to movement restrictions of goods and people.

On a positive note, the governments in the above countries have responded with various monetary, fiscal and economic stimulus packages to mitigate the impact of the severe slowdown of the economy. However, the effects of the Covid-19 global pandemic are still unfolding and we are unable to predict its full impact. We foresee the furniture industry to be adversely affected as is all other industries. Production operations will not be operating at optimum capacity as before due to disruptions to supply chain and restrictive labour movements coupled with overall dropped in customer orders.

We will endeavor to address the supply chain constraints and disruptions, labour matters, drop in market demands in certain segments, re-look into the marketing strategies and various mitigating initiatives to ensure that the Group remains profitable.





# LATITUDE TREE HOLDINGS BERHAD

(302829-W)

## NOTES TO THE QUARTERLY REPORT – 31 MARCH 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 31 March 2020.

### B9. DIVIDEND

The Company had on 15 May 2020 paid a first interim single tier dividend of 3.0 sen per ordinary share for the financial year ending 30 June 2020.

The Board of Directors did not recommend any interim dividend for the current quarter ended 31 March 2020.

### B10. EARNINGS/(LOSS) PER SHARE (“EPS”/ (“LPS”))

Basic EPS	Individual Quarter		Cumulative Quarter	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Net profit/(loss) attributable to owners the parent (RM'000)	2,608	(2,066)	16,382	27,929
Weighted average number of shares ('000)	95,738.4	96,940.5	95,738.4	96,940.5
Basic EPS/(LPS) (sen)	2.72	(2.13)	17.11	28.81

### B11. CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment not provided for in the financial statements as at 31 March 2020 were as follows:

	RM'000
Authorised by Directors and contracted	5,504
Authorised by Directors and not contracted	-
	<b>5,504</b>