



LATITUDE TREE HOLDINGS BERHAD (302829-W)

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

	Individual quarter ended		Cumulative quarter ended	
	Current year quarter 30.06.2019 RM'000	Preceding year corresponding quarter 30.06.2018 RM'000	Current year quarter 30.06.2019 RM'000	Preceding year corresponding quarter 30.06.2018 RM'000
Revenue	158,855	174,715	729,568	752,829
Cost of sales	(148,452)	(158,752)	(646,910)	(668,074)
<b>Gross profit</b>	<b>10,403</b>	<b>15,963</b>	<b>82,658</b>	<b>84,755</b>
Other income	3,382	(418)	8,234	4,572
Selling and marketing expenses	(5,211)	(5,144)	(22,725)	(20,665)
Administrative expenses	(5,046)	(4,156)	(24,910)	(21,994)
Other expenses	(4,849)	(12,009)	(7,323)	(22,727)
<b>Operating (loss)/profit</b>	<b>(1,321)</b>	<b>(5,764)</b>	<b>35,934</b>	<b>23,941</b>
Finance costs	(1,026)	(840)	(3,905)	(3,164)
<b>(Loss)/profit before taxation</b>	<b>(2,347)</b>	<b>(6,604)</b>	<b>32,029</b>	<b>20,777</b>
Taxation	(6,314)	(6,810)	(12,761)	(8,700)
<b>(Loss)/profit for the period</b>	<b>(8,661)</b>	<b>(13,414)</b>	<b>19,268</b>	<b>12,077</b>
Attributable to :				
Owners of the parent	(8,661)	(13,414)	19,268	12,077
Non-controlling interest	-	-	-	-
<b>(Loss)/profit for the period</b>	<b>(8,661)</b>	<b>(13,414)</b>	<b>19,268</b>	<b>12,077</b>
<b>(Loss)/earnings per share (sen) :</b>				
(a) Basic	(8.93)	(13.80)	19.88	12.43
(b) Diluted	(8.93)	(13.80)	19.88	12.43
Weighted average number of ordinary shares ('000)	96,940.2	97,180.0	96,940.2	97,180.0
(Loss)/profit for the period	(8,661)	(13,414)	19,268	12,077
Other comprehensive income:				
Foreign currency translation	4,429	10,012	8,252	(14,363)
Net loss on available-for-sale financial assets				
- Loss on fair value changes	(257)	(236)	-	(77)
<b>Total comprehensive income/(loss) for the period</b>	<b>(4,489)</b>	<b>(3,638)</b>	<b>27,520</b>	<b>(2,363)</b>
Total comprehensive income/(loss) attributable to :				
Owners of the parent	(4,489)	(3,638)	27,520	(2,363)
Non-controlling interest	-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>	<b>(4,489)</b>	<b>(3,638)</b>	<b>27,520</b>	<b>(2,363)</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 JUNE 2019**

	<b>Unaudited 30.06.2019 RM'000</b>	<b>Audited 30.06.2018 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	247,603	229,707
Investment properties	21,490	21,239
Land use rights	26,224	16,015
Other investments	81	81
Derivatives	-	30
Investment securities	2,213	1,000
Deferred tax assets	1,349	1,811
	<u>298,960</u>	<u>269,883</u>
<b>Current assets</b>		
Inventories	210,165	172,136
Trade and other receivables	67,463	81,767
Prepayments	820	1,448
Tax recoverable	1,663	2,415
Derivatives	165	205
Cash and bank balances	159,567	169,882
Investment securities	52,522	53,297
	<u>492,365</u>	<u>481,150</u>
<b>TOTAL ASSETS</b>	<u><u>791,325</u></u>	<u><u>751,033</u></u>



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

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

	<b>Unaudited 30.06.2019 RM'000</b>	<b>Audited 30.06.2018 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	(870)	(851)
Retained earnings	397,764	387,188
Fair value adjustment reserve	-	32
Foreign currency translation reserve	69,021	60,769
	<u>564,348</u>	<u>545,571</u>
Non-controlling interest	-	-
<b>Total equity</b>	<u>564,348</u>	<u>545,571</u>
<b>Non-current liabilities</b>		
Bank borrowings	9,343	13,268
Provision for severance allowance	32	26
Retirement benefit obligation	194	148
Deferred tax liabilities	3,257	3,198
	<u>12,826</u>	<u>16,640</u>
<b>Current liabilities</b>		
Trade and other payables	91,707	90,768
Bank borrowings	104,248	78,006
Tax payable	18,196	20,048
	<u>214,151</u>	<u>188,822</u>
<b>Total liabilities</b>	<u>226,977</u>	<u>205,462</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>791,325</u>	<u>751,033</u>
Net assets per share attributable to owners of the parent (RM)	<u>5.82</u>	<u>5.63</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 JUNE 2019**

	Share capital RM'000	Treasury shares RM'000	Non-distributable		Distributable Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
			Fair value adjustment reserve RM'000	Foreign currency translation reserve RM'000				
At 1 July 2017	98,433	-	109	75,132	386,776	560,450	-	560,450
Total comprehensive income for the period	-	-	(77)	(14,363)	12,077	(2,363)	-	(2,363)
Dividend paid	-	-	-	-	(11,665)	(11,665)	-	(11,665)
Purchase of treasury shares	-	(851)	-	-	-	(851)	-	(851)
<b>At 30 June 2018</b>	<b>98,433</b>	<b>(851)</b>	<b>32</b>	<b>60,769</b>	<b>387,188</b>	<b>545,571</b>	<b>-</b>	<b>545,571</b>
At 1 July 2018	98,433	(851)	32	60,769	387,188	545,571	-	545,571
Effect of adoption of MFRS 9	-	-	(32)	-	32	-	-	-
<b>At 1 July 2018 (Restated)</b>	<b>98,433</b>	<b>(851)</b>	<b>-</b>	<b>60,769</b>	<b>387,220</b>	<b>545,571</b>	<b>-</b>	<b>545,571</b>
Total comprehensive income for the period	-	-	-	8,252	19,268	27,520	-	27,520
Dividend paid	-	-	-	-	(8,724)	(8,724)	-	(8,724)
Purchase of treasury shares	-	(19)	-	-	-	(19)	-	(19)
<b>At 30 June 2019</b>	<b>98,433</b>	<b>(870)</b>	<b>-</b>	<b>69,021</b>	<b>397,764</b>	<b>564,348</b>	<b>-</b>	<b>564,348</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 JUNE 2019**

	30.06.2019 RM'000	30.06.2018 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	32,029	20,777
<b>Adjustments for:</b>		
Depreciation and amortisation	17,623	17,948
Inventories written off	-	10,818
Inventories written down	411	525
Property, plant and equipment written off	216	3,129
Impairment loss on trade receivables	1,258	5
Fair value loss on derivatives	70	5
Fair value gain on investment securities	(360)	(801)
Net unrealised foreign exchange (gain)/loss	(2,059)	3,573
(Gain)/loss on disposal of property, plant and equipment	(14)	89
Investment income from investment securities	(994)	(1,076)
Non cash items	(2)	81
Net financing costs	1,034	1,247
<b>Operating profit before working capital changes</b>	<b>49,212</b>	<b>56,320</b>
<b>Changes in working capital</b>		
Net change in current assets	(18,694)	(33,411)
Net change in current liabilities	(370)	(877)
Net income taxes paid	(7,006)	(7,609)
Net financing costs paid	(1,329)	(1,443)
<b>Net cash flows from operating activities</b>	<b>21,813</b>	<b>12,980</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income from investment securities	994	1,076
Purchase of property, plant and equipment	(30,575)	(20,575)
Proceeds from disposal of property, plant and equipment	78	168
Decrease/(increase) in deposits placed with licensed banks	1,280	(5,732)
Proceeds from/(purchase of) investment securities	155	(16,265)
<b>Net cash flows used in investing activities</b>	<b>(28,068)</b>	<b>(41,328)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net drawdown/(repayment) of bank borrowings	20,423	(945)
Dividends paid on ordinary shares	(8,724)	(11,665)
Movement of deposits placed as securities for bank borrowings and guarantees	(247)	(227)
Treasury shares acquired	(19)	(851)
<b>Net cash flows from/(used in) financing activities</b>	<b>11,433</b>	<b>(13,688)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>5,178</b>	<b>(42,036)</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>151,569</b>	<b>195,741</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>(14,460)</b>	<b>(2,136)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>142,287</b>	<b>151,569</b>
<b>Cash and cash equivalents included in the Consolidated Statement of Cash Flows comprise the following balance sheet amounts :</b>		
<b>Cash and bank balances</b>	<b>92,413</b>	<b>82,933</b>
<b>Term deposits</b>	<b>67,154</b>	<b>86,949</b>
	<b>159,567</b>	<b>169,882</b>
<b>Less:</b>		
<b>Deposits pledged as securities for bank borrowings and guarantees</b>	<b>(9,272)</b>	<b>(9,025)</b>
<b>Deposits with licensed banks with tenure more than three months</b>	<b>(8,008)</b>	<b>(9,288)</b>
	<b>142,287</b>	<b>151,569</b>

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

	Carrying amount as at 1 July 2018 RM'000	Cash flows RM'000	Effects of foreign exchange RM'000	Carrying amount as at 30 June 2019 RM'000
<u>Group</u>				
Loans and borrowings	91,274	20,423	1,894	113,591

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

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## NOTES TO THE QUARTERLY REPORT – 30 JUNE 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 2018.

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 2018 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 2018.

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, except as disclosed below:

#### MFRS 15 Revenue from Contracts with Customers

The Group has adopted the new standard on the required effective date using the modified retrospective method and applies all the practical expedients available for the modified retrospective approach. The adoption of this Standard results in changes in accounting policies for revenue recognition and has no significant impact other than the disclosures in the Group's financial statements.

#### MFRS 9 Financial Instruments

The Group has performed a detailed impact assessment of all three aspects of MFRS 9. Based on the assessment, there was no significant impact on the accounting for the Group's financial assets upon initial application of the new classification requirements.

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

The latest audited financial statements for the financial year ended 30 June 2018 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 June 2019.

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

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



# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 30 JUNE 2019

### A5. TAXATION

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

	Individual Quarter		Cumulative Quarter	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian	862	2,476	2,010	1,180
Overseas	5,410	3,964	10,179	6,388
<b>Total</b>	<b>6,272</b>	<b>6,440</b>	<b>12,189</b>	<b>7,568</b>
Deferred tax expense				
Malaysian	27	138	557	900
Overseas	15	232	15	232
<b>Total</b>	<b>42</b>	<b>370</b>	<b>572</b>	<b>1,132</b>
	<b>6,314</b>	<b>6,810</b>	<b>12,761</b>	<b>8,700</b>

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

There was no change to the composition of the Group in the quarter ended 30 June 2019 except for on 13 March 2019, L-Tree Resources Sdn. Bhd. ("LTR"), a wholly-owned subsidiary of the Company has incorporated a new wholly-owned subsidiary in Vietnam, namely RT Industries Co., Ltd. ("RTI") with a charter capital (authorised capital) of VND92,000,000,000.00 (approximately RM16,192,000.00). LTR had on 31 May 2019 fully paid charter capital of RTI.

### 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 June 2019.



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## NOTES TO THE QUARTERLY REPORT – 30 JUNE 2019

### A9. BORROWINGS AND DEBTS SECURITIES

Details of the Group's borrowings were as follows:

	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)	-	8,515	-	715	-	9,230
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	8,515	101,332	2,916	102,160	11,431

	As at 30 June 2018					
	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)	4,037	-	3,230	-	7,267	-
Term loan (RM)	-	9,231	-	652	-	9,883
Bankers' acceptances (RM)	-	-	-	5,127	-	5,127
<b>Unsecured</b>						
Trust receipts (USD)	-	-	68,997	-	68,997	-
<b>Total</b>	4,037	9,231	72,227	5,779	76,264	15,010





# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 30 JUNE 2019

### A10. FINANCIAL INSTRUMENTS - DERIVATIVES

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

	As at 30 June 2019			As at 30 June 2018		
	RM'000 Contract/ Notional amount	Assets	Liabilities	RM'000 Contract/ Notional amount	Assets	Liabilities
<b>Non-hedging derivatives:</b>						
<b>Current</b>						
Forward currency contracts	45,923	154	-	42,747	156	-
Interest rate swap	4,142	11	-	7,267	49	-
		<u>165</u>	<u>-</u>		<u>205</u>	<u>-</u>
<b>Non-current</b>						
Interest rate swap	4,142	-	-	7,267	30	-
Total non-hedging derivatives		<u>165</u>	<u>-</u>		<u>235</u>	<u>-</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 November 2019. During the financial period under review, the Group recognised a loss of RM70,111 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 30 August 2019.



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## NOTES TO THE QUARTERLY REPORT – 30 JUNE 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.

#### Results for the Individual Quarter ended 30 June

	Malaysia		Vietnam		Thailand		Others		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Total revenue	35,047	34,305	123,026	137,143	5,941	7,749	1,147	1,340	165,161	180,537
Inter-segment revenue	(5,136)	(4,945)	(224)	(147)	(1,028)	(730)	82	-	(6,306)	(5,822)
External revenue	29,911	29,360	122,802	136,996	4,913	7,019	1,229	1,340	158,855	174,715
Profit/(loss) before taxation	1,285	(1,838)	(5,338)	(9,597)	442	590	1,264	4,241	(2,347)	(6,604)
Segment assets	227,882	255,795	427,368	396,381	35,600	28,712	547,087	348,514	1,237,937	1,029,402
Segment liabilities	26,639	179,218	197,334	168,212	13,932	11,618	216,765	96,605	454,670	455,653



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## NOTES TO THE QUARTERLY REPORT – 30 JUNE 2019

### Results for the Cumulative Quarter ended 30 June

RM'000	Malaysia		Vietnam		Thailand		Others		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Total revenue	157,634	158,257	565,742	582,557	27,023	36,284	42,494	79,923	792,893	857,021
Inter-segment revenue	(20,666)	(23,682)	(817)	(704)	(4,331)	(4,264)	(37,511)	(75,542)	(63,325)	(104,192)
External revenue	136,968	134,575	564,925	581,853	22,692	32,020	4,983	4,381	729,568	752,829
Profit/(loss) before taxation	6,995	3,929	18,506	17,120	2,454	2,189	4,074	(2,461)	32,029	20,777
Segment assets	227,882	255,795	427,368	396,381	35,600	28,712	547,087	348,514	1,237,937	1,029,402
Segment liabilities	26,639	179,218	197,334	168,212	13,932	11,618	216,765	96,605	454,670	455,653

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

	30.06.2019 RM'000	30.06.2018 RM'000
Inter-segment assets	<u>446,612</u>	<u>278,369</u>
Inter-segment liabilities	<u>227,693</u>	<u>250,191</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 (%)
	30.06.2019	31.03.2019	
Revenue	158.9	152.0	+4.5%
Gross profit	10.4	14.1	-26.2%
Loss before taxation	(2.3)	(1.7)	+35.3%
Loss after taxation	(8.7)	(2.1)	>-100.0%



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## NOTES TO THE QUARTERLY REPORT – 30 JUNE 2019

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### Revenue

For the quarter under review, the Group's revenue increased 4.5% to RM158.9 million as compared to the preceding quarter of RM152.0 million. The increase was mainly attributable to higher sales recorded by furniture plants amounting to USD1.2 million in the quarter under review.

### Gross profit

The Group has recorded lower gross profit from RM14.1 million in preceding quarter compared to RM10.4 million in current quarter, representing a decrease of 26.2%. The substantial decrease in gross profit was mainly attributable to the followings:

- furniture plants recorded higher sales of lower margin products during the quarter; and
- sawmill plants and panel board lamination plant achieved lower sales during the quarter.

### Loss before taxation ("LBT")

The Group has recorded an increase in LBT from RM1.7 million in preceding quarter to RM2.3 million in current quarter, representing an increase of 35.3%. The increase in LBT was in line with the decrease in gross profit but offset with foreign exchange gain of RM0.01 million in current quarter compared to foreign exchange loss of RM1.7 million in preceding quarter.

### Loss after taxation ("LAT")

The Group recorded LAT of RM8.7 million in current quarter, representing an increase of more than 100.0% from RM2.1 million in preceding quarter. The increase in LAT was mainly due to provision of tax expense for current financial year.

## B2. REVIEW OF PERFORMANCE

RM' Million	Cumulative quarter		Changes (%)
	30.06.2019	30.06.2018	
Revenue	729.6	752.8	-3.1%
Gross profit	82.7	84.8	-2.5%
Profit before taxation	32.0	20.8	+53.8%
Profit after taxation	19.3	12.1	+59.5%

### Revenue

The Group recorded revenue of RM729.6 million for the financial year ended 30 June 2019 ("FY2019"), representing a decrease of 3.1% as compared to the financial year ended 30 June 2018 ("FY2018") of RM752.8 million. The decrease was mainly attributable to the followings:

- lower orders received by furniture plants amounting to USD4.7 million;



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- lower orders received by sawmill plants amounting to RM11.8 million; offset with
- strengthening of US Dollar (“USD”) against Ringgit Malaysia (“RM”) by 1.2%.

### **Gross profit**

Gross profit of the Group amounted to RM82.7 million in FY2019, representing a decrease of 2.5% from RM84.8 million in FY2018. 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;
- lower profit margin of new products especially new upholstery products;
- higher sales of lower margin products; and
- higher labour costs in Vietnam and Malaysia plants due to increase in minimum wages.

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

PBT of the Group amounted to RM32.0 million in FY2019, representing a significant increase of 53.8% from RM20.8 million in FY2018 was mainly due lower inventories and PPE written off in FY2019 compared to FY2018. Inventories and PPE written off in FY2018 were related to a fire incident occurred at one factory building of a furniture plant at Vietnam.

### **Profit after taxation (“PAT”)**

PAT of the Group amounted to RM19.3 million in FY2019, representing a significant increase of 59.5% from RM12.1 million in FY2018 was in line with increase in PBT.

## **B3. PROFIT FOR THE PERIOD**

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

	Individual quarter ended		Cumulative quarter ended	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
Interest income	(834)	(635)	(2,871)	(1,917)
Interest expense	1,026	840	3,905	3,164
Investment income from investment securities	(196)	(11)	(994)	(1,076)
Depreciation and amortization	3,674	4,337	17,623	17,948
Loss/(gain) on disposal of property, plant and equipment	10	95	(14)	89
Property, plant and equipment written off	211	3,121	216	3,129



# LATITUDE TREE HOLDINGS BERHAD

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Impairment loss on trade receivables	595	5	1,258	5
Unrealised foreign exchange (gain)/loss	(1,892)	(3,632)	(2,059)	3,573
Realised foreign exchange loss/(gain)	1,836	(149)	1,627	1,493
Fair value loss on derivatives	232	1,867	70	5
Fair value gain on investment securities	(59)	(801)	(360)	(801)
Inventories written off	-	10,818	-	10,818
Inventories written down	411	525	411	525

### B4. TRADE AND OTHER RECEIVABLES

	<b>30.06.2019</b> <b>RM'000</b>	<b>30.06.2018</b> <b>RM'000</b>
<b>Trade receivables</b>		
Third parties	51,985	52,600
Less: Allowance for impairment	(1,509)	(227)
Trade receivables, net	<u>50,476</u>	<u>52,373</u>
<b>Other receivables</b>		
Deposits	1,394	2,514
Staff loans	119	118
Goods and services tax receivable	907	2,138
Sundry receivables	14,856	24,886
	<u>17,276</u>	<u>29,656</u>
Less: Allowance for impairment-sundry receivables	(289)	(262)
Other receivables, net	<u>16,987</u>	<u>29,394</u>
Total trade and other receivables	<u>67,463</u>	<u>81,767</u>

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

	<b>30.06.2019</b> <b>RM'000</b>	<b>30.06.2018</b> <b>RM'000</b>
Neither past due nor impaired	36,768	37,939
Past due not impaired:		
1 - 30 days	12,717	12,463
31 - 60 days	569	1,008
61 - 90 days	422	406
> 91 days	-	557
Impaired	1,509	227
Gross trade receivables	<u>51,985</u>	<u>52,600</u>



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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 RM8,350,000 (30.06.2018: RM11,263,000); and
- ii) Advance to suppliers of RM2,312,000 (30.06.2018: RM10,965,000) that mainly relates to payment in advance for raw materials and machinery.

## **B5. CORPORATE PROPOSAL**

There were no corporate proposals announced but not completed as at 30 August 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 2019 was a better year as strategies have been developed to grow its upholstery products as well as its market segments. It will maximize the Group's gross margin through a more refined marketing strategy. At the same time, the Group will also step up efforts to enhance its upstream activities and to grow its panel board lamination plant.

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 June 2019.

## **B9. DIVIDEND**

The Company had on 15 May 2019 paid a first interim single tier dividend of 3.0 sen per ordinary share for the financial year ended 30 June 2019.

The Directors have recommended 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



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forthcoming Annual General Meeting of the Company. The dividend entitlement and payment date for the proposed dividend will be determined, and thereafter announced at a later date.

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

Basic (LPS)/ EPS	Individual Quarter		Cumulative Quarter	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
Net (loss)/profit attributable to owners the parent (RM'000)	(8,661)	(13,414)	19,268	12,077
Weighted average number of shares ('000)	96,940.2	97,180.0	96,940.2	97,180.0
Basic (LPS)/EPS (sen)	(8.93)	(13.80)	19.88	12.43

### B11. CAPITAL COMMITMENTS

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

	RM'000
Authorised by Directors and contracted	17,045
Authorised by Directors and not contracted	-
	<b>17,045</b>