



RHONG KHEN INTERNATIONAL BERHAD
(Formerly known as Latitude Tree Holdings Berhad)
 (Registration No.: 199401017151 (302829-W))

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED 31 MARCH 2023

	Individual quarter ended		Cumulative quarter ended	
	Current year quarter 31.03.2023 RM'000	Preceding year corresponding quarter 31.03.2022 RM'000	Current year quarter 31.03.2023 RM'000	Preceding year corresponding quarter 31.03.2022 RM'000
Revenue	97,911	194,779	518,451	516,130
Cost of sales	(94,723)	(167,572)	(459,822)	(455,411)
Gross profit	3,188	27,207	58,629	60,719
Other income	1,651	1,044	4,594	4,671
Selling and distribution expenses	(2,478)	(5,179)	(14,182)	(14,154)
Administrative expenses	(9,215)	(8,775)	(24,069)	(22,682)
Other expenses	(1,001)	(542)	(2,704)	(3,137)
Operating (loss)/profit	(7,855)	13,755	22,268	25,417
Finance costs	(926)	(548)	(2,647)	(1,783)
(Loss)/profit before taxation	(8,781)	13,207	19,621	23,634
Taxation	127	(2,366)	(6,614)	(5,563)
(Loss)/profit for the period	(8,654)	10,841	13,007	18,071
Attributable to :				
Owners of the parent	(8,278)	10,841	13,383	18,071
Non-controlling interest	(376)	-	(376)	-
(Loss)/profit for the period	(8,654)	10,841	13,007	18,071
(Loss)/earnings per share (sen) :				
(a) Basic	(4.26)	5.58	6.89	9.30
(b) Diluted	(4.26)	5.58	6.89	9.30
Weighted average number of ordinary shares ('000)	194,117.1	194,310.0	194,117.1	194,310.0
(Loss)/profit for the period	(8,654)	10,841	13,007	18,071
Other comprehensive income:				
Foreign currency translation	2,664	3,166	1,283	3,335
Total comprehensive (loss)/income for the period	(5,990)	14,007	14,290	21,406
Total comprehensive (loss)/income attributable to :				
Owners of the parent	(5,614)	14,007	14,666	21,406
Non-controlling interest	(376)	-	(376)	-
Total comprehensive (loss)/income for the period	(5,990)	14,007	14,290	21,406

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 MARCH 2023

	Unaudited	Audited
	31.03.2023	30.06.2022
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	255,332	255,520
Investment properties	52,799	51,233
Right-of-use assets	31,883	32,691
Intangible assets	50	-
Other investments	81	81
Deferred tax assets	1,060	1,057
	<u>341,205</u>	<u>340,582</u>
Current assets		
Inventories	162,429	253,411
Trade and other receivables	57,365	82,457
Prepayments	4,869	4,192
Tax recoverable	284	171
Cash and bank balances	194,426	182,374
Investment securities	71,928	85,012
Derivatives	3	-
	<u>491,304</u>	<u>607,617</u>
TOTAL ASSETS	<u><u>832,509</u></u>	<u><u>948,199</u></u>



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 MARCH 2023 (CONT'D)

	Unaudited	Audited
	31.03.2023	30.06.2022
	RM'000	RM'000
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	98,433	98,433
Treasury shares	(167)	(155)
Retained earnings	474,964	471,294
Foreign currency translation reserve	86,971	85,688
	<u>660,201</u>	<u>655,260</u>
Non-controlling interest	114	-
Total equity	<u>660,315</u>	<u>655,260</u>
Non-current liabilities		
Loans and borrowings	17,374	26,026
Lease liabilities	4,862	4,975
Provision for severance allowance	223	227
Retirement benefit obligation	297	287
Deferred tax liabilities	3,522	3,260
	<u>26,278</u>	<u>34,775</u>
Current liabilities		
Trade and other payables	58,328	117,089
Loans and borrowings	55,729	103,285
Lease liabilities	161	158
Tax payable	31,698	37,225
Derivatives	-	407
	<u>145,916</u>	<u>258,164</u>
Total liabilities	<u>172,194</u>	<u>292,939</u>
TOTAL EQUITY AND LIABILITIES	<u>832,509</u>	<u>948,199</u>
Net assets per share attributable to owners of the parent (RM)	<u>3.40</u>	<u>3.37</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.



RHONG KHEN INTERNATIONAL BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED 31 MARCH 2023

	Non-distributable						
		Foreign	Distributable		Non-		Total
	Share	currency	Retained	Total	controlling		equity
	capital	translation	earnings		interest		
	RM'000	reserve		RM'000	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 July 2021	98,433	(155)	68,420	443,542	610,240	-	610,240
Total comprehensive income for the period	-	-	3,335	18,071	21,406	-	21,406
Dividend paid	-	-	-	(5,829)	(5,829)	-	(5,829)
As at 31 March 2022	98,433	(155)	71,755	455,784	625,817	-	625,817
As at 1 July 2022	98,433	(155)	85,688	471,294	655,260	-	655,260
Total comprehensive income for the period	-	-	1,283	13,383	14,666	(376)	14,290
Dividend paid	-	-	-	(9,713)	(9,713)	-	(9,713)
Purchase of treasury shares	-	(874)	-	-	(874)	-	(874)
Transfer to Employees' Share Scheme	-	862	-	-	862	-	862
Incorporation of a subsidiary	-	-	-	-	-	490	490
As at 31 March 2023	98,433	(167)	86,971	474,964	660,201	114	660,315

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 2023

	31.03.2023 RM'000	31.03.2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	19,621	23,634
Adjustments for:		
Reversal of allowance for expected credit losses on trade receivables	-	(15)
Depreciation and amortisation	14,310	14,443
Net fair value gain on derivatives	(410)	(248)
Net fair value (gain)/loss on investment securities	(351)	479
Net unrealised loss on foreign exchange	465	522
Loss/(gain) on disposal of property, plant and equipment	102	(14)
Gain on termination of right-of-use assets	-	(631)
Distribution from investment securities	(1,086)	(817)
Non cash items	963	73
Net financing costs	617	294
Operating profit before working capital changes	34,231	37,720
Changes in working capital		
Net change in current assets	118,268	(21,252)
Net change in current liabilities	(59,594)	(13,794)
Net taxes paid	(12,138)	(6,849)
Interest paid	(2,573)	(1,763)
Net cash flows generated from/(used in) operating activities	78,194	(5,938)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received		
Interest received	1,996	1,451
Purchase of property, plant and equipment	(12,213)	(4,692)
Purchase of investment properties	(1,800)	(15)
Purchase of intangible assets	(50)	-
Proceeds from disposal of property, plant and equipment	130	260
Proceeds from termination of right-of-use assets	-	2,351
(Placement)/withdrawal of deposits with licensed banks	(4,017)	717
Net proceed from/(purchase of) investment securities	14,523	(26,251)
Net cash flows used in investing activities	(1,431)	(26,179)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayments of loans and borrowings	(57,468)	(15,732)
Repayments for principal portion of lease liabilities	(120)	(780)
Dividends paid on ordinary shares	(9,713)	(5,829)
Placement of deposits placed as securities for bank borrowings and guarantees	(862)	(48)
Treasury shares acquired	(874)	-
Net cash flows used in financing activities	(69,037)	(22,389)
NET CHANGES IN CASH AND CASH EQUIVALENTS	7,726	(54,506)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	170,466	184,960
EFFECTS OF EXCHANGE RATE CHANGES	(553)	1,984
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	177,639	132,438
Cash and cash equivalents included in the Consolidated Statement of Cash Flows comprise the following balance sheet amounts :		
Cash and bank balances	112,271	104,136
Term deposits	82,155	39,275
	194,426	143,411
Less:		
Deposits pledged as securities for bank borrowings and guarantees	(12,095)	(7,433)
Deposits with licensed banks with tenure more than three months	(4,692)	(3,540)
	177,639	132,438

Reconciliation of liabilities arising from financing activities:

	Carrying amount as at 1 July 2022 RM'000	Cash flows RM'000	Effects of foreign exchange RM'000	Carrying amount as at 31 March 2023 RM'000
<u>Group</u>				
Loans and borrowings	129,311	(57,468)	1,260	73,103
Lease liabilities	5,133	(120)	10	5,023
Total	134,444	(57,588)	1,270	78,126

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 2023

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 2022.

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 2022 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 2022.

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 2022 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 2023.

A4. VALUATION OF PROPERTY, PLANT & EQUIPMENT

There was no revaluation of properties of the Group during the financial period ended 31 March 2023.

A5. TAXATION

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

	Individual Quarter		Cumulative Quarter	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian	11	1,055	1,844	2,134
Overseas	(42)	1,304	4,508	3,006
Total	(31)	2,359	6,352	5,140



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	Individual Quarter		Cumulative Quarter	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
Deferred tax expense				
Malaysian	(96)	4	262	402
Overseas	-	3	-	21
Total	(96)	7	262	423
	(127)	2,366	6,614	5,563

A6. CHANGES IN THE COMPOSITION OF THE GROUP

There was no change to the composition of the Group in the quarter ended 31 March 2023 except for on 18 January 2023, Rhong Khen Industries Sdn. Bhd. ("RKI"), a wholly-owned subsidiary of the Company entered into a joint venture agreement ("JVA") with Ng Yang Peng and Chong Ching Fen for the manufacture and sales of furniture, panel board furniture and components in and from Malaysia through the medium of Excite Group Sdn. Bhd. ("the JVC"). The JVC had on 31 January 2023 increased its issued and paid-up capital from RM1.00 to RM1,000,000.00 in accordance with the terms of the JVA. On the even date, RKI has subscribed 510,000 shares in the JVC and the JVC becomes a 51%-owned subsidiary of RKI.

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 31 March 2023.

A9. BORROWINGS AND DEBTS SECURITIES

Details of the Group's borrowings were as follows:



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	As at 31 March 2023					
	Long term		Short term		Total borrowings	
	RM equivalents of amount denominated in foreign currency (RM'000)	RM'000	RM equivalents of amount denominated in foreign currency (RM'000)	RM'000	RM equivalents of amount denominated in foreign currency (RM'000)	RM'000
Secured						
Term loan (USD)	11,797	-	1,966	-	13,763	-
Term loan (RM)	-	5,577	-	827	-	6,404
Bankers' acceptances (RM)	-	-	-	944	-	944
Unsecured						
Trust receipts (USD)	-	-	45,124	-	45,124	-
Debentures (USD)	-	-	6,868	-	6,868	-
Total	11,797	5,577	53,958	1,771	65,755	7,348

	As at 30 June 2022					
	Long term		Short term		Total borrowings	
	RM equivalents of amount denominated in foreign currency (RM'000)	RM'000	RM equivalents of amount denominated in foreign currency (RM'000)	RM'000	RM equivalents of amount denominated in foreign currency (RM'000)	RM'000
Secured						
Term loan (USD)	13,199	-	1,922	-	15,121	-
Term loan (RM)	-	6,184	-	824	-	7,008
Bankers' acceptances (RM)	-	-	-	2,397	-	2,397
Unsecured						
Trust receipts (USD)	-	-	98,142	-	98,142	-
Debentures (USD)	6,643	-	-	-	6,643	-
Total	19,842	6,184	100,064	3,221	119,906	9,405



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A10. FINANCIAL INSTRUMENTS - DERIVATIVES

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

	As at 31 March 2023			As at 30 June 2022		
	Contract/ Notional amount RM'000	Assets RM'000	Fair value gain RM'000	Contract/ Notional amount RM'000	Liabilities RM'000	Fair value loss RM'000
Non-hedging derivatives:						
Forward currency contracts	1,150	3	410	15,872	(407)	(280)

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 June 2023. During the financial period under review, the Group recognised a gain of RM409,574 arising from fair value changes of forward currency contracts. The fair value changes are attributable to changes in foreign exchange closing and forward rate.

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 May 2023.

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.



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Results for the Individual Quarter ended 31 March

RM'000	Malaysia		Vietnam		Thailand		Others		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Total revenue	27,356	54,547	68,909	138,888	3,891	6,627	8,584	877	108,740	200,939
Inter-segment revenue	(2,633)	(4,605)	-	-	(96)	(1,555)	(8,100)	-	(10,829)	(6,160)
External revenue	24,723	49,942	68,909	138,888	3,795	5,072	484	877	97,911	194,779
Profit/(loss) before taxation	(4,209)	4,259	(2,639)	10,729	(344)	(126)	(1,589)	(1,655)	(8,781)	13,207
Segment assets	261,476	258,096	442,456	488,655	33,955	33,637	598,822	592,873	1,336,709	1,373,261
Segment liabilities	54,928	49,011	123,242	204,451	17,646	16,352	82,509	82,524	278,325	352,338

Results for the Cumulative Quarter ended 31 March

RM'000	Malaysia		Vietnam		Thailand		Others		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Total revenue	118,327	125,311	397,025	388,108	15,768	17,544	24,130	10,591	555,250	541,554
Inter-segment revenue	(11,393)	(12,615)	(71)	(114)	(3,562)	(4,281)	(21,773)	(8,414)	(36,799)	(25,424)
External revenue	106,934	112,696	396,954	387,994	12,206	13,263	2,357	2,177	518,451	516,130
Profit/(loss) before taxation	2,066	10,756	20,770	15,837	(553)	(1,605)	(2,662)	(1,354)	19,621	23,634
Segment assets	261,476	258,096	442,456	488,655	33,955	33,637	598,822	592,873	1,336,709	1,373,261
Segment liabilities	54,928	49,011	123,242	204,451	17,646	16,352	82,509	82,524	278,325	352,338

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



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	31.03.2023	31.03.2022
	RM'000	RM'000
Inter-segment assets	<u>504,200</u>	<u>493,304</u>
Inter-segment liabilities	<u>106,131</u>	<u>98,198</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 (%)
	31.03.2023	31.12.2022	
Revenue	97.9	186.3	-47.5%
Gross profit	3.2	26.9	-88.1%
(Loss)/profit before taxation	(8.8)	14.0	>-100.0%
(Loss)/profit after taxation	(8.7)	11.3	>-100.0%

Revenue

For the quarter under review, the Group's revenue dipped 47.5% to RM97.9 million as compared to the preceding quarter of RM186.3 million. The decrease was mainly attributable to the followings:

- lower sales recorded by furniture plants due to continuous slowdown in shipment in current quarter as no sign of easing of over-inventoried situation in United States ("US");
- lower sales recorded by sawmill plants and panel board lamination plant due to prolonged softer demand from local and export markets in current quarter; and
- weakening of US Dollar ("USD") against Ringgit Malaysia ("RM") by 0.9%.

Gross profit

The Group has recorded lower gross profit from RM26.9 million in preceding quarter compared to RM3.2 million in current quarter, representing a decline of 88.1%. The substantial decline in gross profit was mainly attributable to the followings:

- continuous discounts program extended to our customers to boost shipments during the quarter;
- higher operating costs incurred by Vietnam furniture plants as a result of 3 weeks planned shutdown in January 2023 in conjunction with Chinese Lunar New Year break due to lower orders received during the quarter;
- higher labour costs due to lesser working hours per week and higher hiring costs of foreign workers incurred by Malaysia plants; and



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- rising material costs due to inflation especially hardware, coating and packing materials.

(Loss)/profit before taxation (“(LBT)/PBT”)

The Group has recorded a decline in PBT from a profit of RM14.0 million in preceding quarter to a loss of RM8.8 million in current quarter, representing a decrease of more than 100.0%. The losses were mainly due to substantial decrease in gross profit and higher foreign exchange losses of RM0.6 million recorded in current quarter compared to preceding quarter.

(Loss)/profit after taxation (“(LAT)/PAT”)

The Group recorded LAT of RM8.7 million in current quarter, representing a significant decrease of more than 100.0% from PAT of RM11.3 million in preceding quarter was in line with the decrease in (LBT)/PBT offset with reversal of over provision of tax expense.

B2. REVIEW OF PERFORMANCE

RM' Million	Cumulative quarter		Changes (%)
	31.03.2023	31.03.2022	
Revenue	518.5	516.1	+0.5%
Gross profit	58.6	60.7	-3.5%
Profit before taxation	19.6	23.6	-16.9%
Profit after taxation	13.0	18.1	-28.2%

Revenue

The Group recorded revenue of RM518.5 million for the nine months financial period ended 31 March 2023 (“FP2023”), representing a slight increase of 0.5% as compared to the nine months financial period ended 31 March 2022 (“FP2022”) of RM516.1 million. The slight increase was mainly due to strengthening of United States Dollar (“USD”) against Ringgit Malaysia (“RM”) by 6.9% offset with lower sales recorded by all divisions of the Group due to slowdown in shipment and lower orders received.

Gross profit

Gross profit of the Group amounted to RM58.6 million in FP2023, representing a decrease of 3.5% from RM60.7 million in FP2022. The decrease in gross profit was mainly due to margin compression as discounts were given to our customers to boost shipments in FP2023 and higher operating and labour costs.



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Profit before taxation (“PBT”)

PBT of the Group amounted to RM19.6 million in FP2023, representing a decrease of 16.9% from RM23.6 million in FP2022 was in line with the decrease in gross profit and higher finance costs.

Profit after taxation (“PAT”)

PAT of the Group amounted to RM13.0 million in FP2023, representing a decrease of 28.2% from RM18.1 million in FP2022 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	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
Interest income	(991)	(429)	(2,030)	(1,488)
Interest expense	926	547	2,647	1,782
Distribution from investment securities	(345)	(285)	(1,086)	(817)
Depreciation and amortisation	4,750	4,495	14,310	14,443
(Gain)/Loss on disposal of property, plant and equipment	-	(14)	102	(14)
Gain on termination of right-of-use assets	-	(631)	-	(631)
Reversal of allowance for expected credit losses on trade receivables	-	(15)	-	(15)
Net unrealised (gain)/ loss on foreign exchange	(552)	(39)	465	522
Net realised loss on foreign exchange	1,667	456	1,680	2,057
Net fair value (gain)/loss on derivatives	(73)	175	(410)	(248)
Net fair value (gain)/loss on investment securities	(67)	308	(351)	479
Insurance compensation	-	(43)	-	(585)



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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2023

B4. TRADE AND OTHER RECEIVABLES

	31.03.2023	30.06.2022
	RM'000	RM'000
Trade receivables		
Third parties	44,937	63,118
Less: Allowance for expected credit losses	<u>(5,797)</u>	<u>(5,780)</u>
Trade receivables, net	<u>39,140</u>	<u>57,338</u>
Other receivables		
Import duty and other indirect taxes	9,331	18,688
Sundry receivables	8,483	6,105
Deposits	<u>689</u>	<u>594</u>
	18,503	25,387
Less: Allowance for expected credit losses-sundry receivables	<u>(278)</u>	<u>(268)</u>
Other receivables, net	<u>18,225</u>	<u>25,119</u>
Total trade and other receivables	<u>57,365</u>	<u>82,457</u>

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

	31.03.2023	30.06.2022
	RM'000	RM'000
Neither past due nor impaired	33,740	43,890
Past due not impaired:		
1 - 30 days	3,300	11,746
31 - 60 days	289	957
61 - 90 days	217	104
> 91 days	1,594	641
Impaired	<u>5,797</u>	<u>5,780</u>
Gross trade receivables	<u>44,937</u>	<u>63,118</u>

Trade receivables

Trade receivables are non-interest bearing. The Group's normal trade credit terms range from 7 to 90 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

B5. CORPORATE PROPOSAL

There were no corporate proposals announced but not completed as at 25 May 2023.



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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

The global market remains weak as a result of the prolonged ongoing war between Russia and Ukraine and the rapid and aggressive rise in interest rates in US. High interest rates in US affecting furniture sales in US as most of our customers had reduced orders by between 30% to 50%. The furniture industry also has to manage the over-inventoried situation in US and rising labour costs in Malaysia and Vietnam.

In view of this trying time especially the risk of global recession and geopolitical uncertainties, the Group will remain resilient and vigilant in addressing these uncertainties in all levels of decision making. The Group will align its strategies of cost controlling, enhancing production efficiency, development of new products and new designs with the prevailing market situation.

Barring any unforeseen circumstances, the Board believes that the Group is able to manage the challenges of the current market environment and will remain profitable for the financial year ending 30 June 2023.

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 2023.

B9. DIVIDEND

The Company had on 12 May 2023 paid a first interim single-tier dividend of 1.0 sen per ordinary share for the financial year ending 30 June 2023.

The Board of Directors did not recommend any interim dividend for the current quarter ended 31 March 2023.



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

Basic EPS	Individual Quarter		Cumulative Quarter	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Net (loss)/profit attributable to owners the parent (RM'000)	(8,278)	10,841	13,383	18,071
Weighted average number of shares ('000)	194,117.1	194,310.0	194,117.1	194,310.0
Basic (LPS)/EPS (sen)	(4.26)	5.58	6.89	9.30

B11. CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment not provided for in the financial statements as at 31 March 2023 were as follows:

	RM'000
Authorised by Directors and contracted	6,377
Authorised by Directors and not contracted	-
	6,377