



LATITUDE TREE HOLDINGS BERHAD
(Registration No.: 199401017151 (302829-W))

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2020

	Individual quarter ended		Cumulative quarter ended	
	Current year quarter 31.12.2020 RM'000	Preceding year corresponding quarter 31.12.2019 RM'000	Current year quarter 31.12.2020 RM'000	Preceding year corresponding quarter 31.12.2019 RM'000
Revenue	244,284	209,251	479,260	403,953
Cost of sales	(206,185)	(184,152)	(410,892)	(359,324)
Gross profit	38,099	25,099	68,368	44,629
Other income	9,397	1,224	11,219	2,628
Selling and marketing expenses	(7,107)	(6,748)	(13,123)	(11,922)
Administrative expenses	(7,506)	(5,170)	(13,117)	(11,423)
Other expenses	(1,816)	(3,889)	(4,874)	(4,504)
Operating profit	31,067	10,516	48,473	19,408
Finance costs	(793)	(1,166)	(1,448)	(2,154)
Profit before taxation	30,274	9,350	47,025	17,254
Taxation	(3,704)	(2,145)	(7,362)	(3,480)
Profit for the period	26,570	7,205	39,663	13,774
Attributable to :				
Owners of the parent	26,570	7,205	39,663	13,774
Non-controlling interest	-	-	-	-
Profit for the period	26,570	7,205	39,663	13,774
Earnings per share (sen) :				
(a) Basic	27.90	7.51	41.64	14.36
(b) Diluted	27.90	7.51	41.64	14.36
Weighted average number of ordinary shares ('000)	95,250.0	95,946.1	95,250.0	95,946.1
Profit for the period	26,570	7,205	39,663	13,774
Other comprehensive income:				
Foreign currency translation	(8,660)	(5,674)	(16,968)	(2,542)
Total comprehensive income for the period	17,910	1,531	22,695	11,232
Total comprehensive income attributable to :				
Owners of the parent	17,910	1,531	22,695	11,232
Non-controlling interest	-	-	-	-
Total comprehensive income for the period	17,910	1,531	22,695	11,232

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 DECEMBER 2020

	Unaudited	Audited
	31.12.2020	30.06.2020
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	238,886	246,891
Investment properties	65,575	65,508
Right-of-use assets	34,695	37,661
Other investments	81	81
Investment securities	10,052	10,052
Deferred tax assets	1,134	1,332
	<u>350,423</u>	<u>361,525</u>
Current assets		
Inventories	205,162	194,867
Trade and other receivables	82,505	71,593
Prepayments	1,514	1,199
Tax recoverable	1,363	1,792
Derivatives	908	-
Cash and bank balances	188,333	126,206
Investment securities	36,083	42,974
	<u>515,868</u>	<u>438,631</u>
TOTAL ASSETS	<u><u>866,291</u></u>	<u><u>800,156</u></u>



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

	Unaudited 31.12.2020 RM'000	Audited 30.06.2020 RM'000
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	98,433	98,433
Treasury shares	(5,798)	(5,798)
Retained earnings	444,772	407,967
Foreign currency translation reserve	60,431	77,399
	<u>597,838</u>	<u>578,001</u>
Non-controlling interest	-	-
Total equity	<u>597,838</u>	<u>578,001</u>
Non-current liabilities		
Loans and borrowings	23,336	9,293
Lease liabilities	5,020	5,896
Provision for severance allowance	33	36
Retirement benefit obligation	196	202
Derivatives	762	762
Deferred tax liabilities	3,558	3,305
	<u>32,905</u>	<u>19,494</u>
Current liabilities		
Trade and other payables	110,802	78,398
Loans and borrowings	95,933	95,595
Lease liabilities	931	956
Tax payable	27,882	27,322
Derivatives	-	390
	<u>235,548</u>	<u>202,661</u>
Total liabilities	<u>268,453</u>	<u>222,155</u>
TOTAL EQUITY AND LIABILITIES	<u>866,291</u>	<u>800,156</u>
Net assets per share attributable to owners of the parent (RM)	<u>6.28</u>	<u>6.07</u>

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



LATITUDE TREE HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2020

	<u>Share capital</u>	<u>Treasury shares</u>	<u>Non-distributable Foreign currency translation reserve</u>	<u>Distributable Retained earnings</u>	<u>Total</u>	<u>Non- controlling interest</u>	<u>Total equity</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 July 2019 (as previously stated)	98,433	(870)	69,024	397,848	564,435	-	564,435
Effect of adoption of MFRS 16	-	-	-	(1,009)	(1,009)	-	(1,009)
At 1 July 2019 (restated)	98,433	(870)	69,024	396,839	563,426	-	563,426
Total comprehensive income for the period	-	-	(2,542)	13,774	11,232	-	11,232
Dividend paid	-	-	-	(2,860)	(2,860)	-	(2,860)
Purchase of treasury shares	-	(4,711)	-	-	(4,711)	-	(4,711)
At 31 December 2019	98,433	(5,581)	66,482	407,753	567,087	-	567,087
At 1 July 2020	98,433	(5,798)	77,399	407,967	578,001	-	578,001
Total comprehensive income for the period	-	-	(16,968)	39,663	22,695	-	22,695
Dividend paid	-	-	-	(2,858)	(2,858)	-	(2,858)
At 31 December 2020	98,433	(5,798)	60,431	444,772	597,838	-	597,838

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 DECEMBER 2020**

	31.12.2020 RM'000	31.12.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	47,025	17,254
Adjustments for:		
Depreciation and amortisation	9,838	9,364
Property, plant and equipment written off	9	-
Allowance for expected credit losses on trade receivables	-	1,253
Fair value gain on derivatives	(1,298)	(152)
Fair value gain on investment securities	(231)	(242)
Net unrealised foreign exchange loss	1,936	1,051
Gain on disposal of property, plant and equipment	-	(8)
Investment income from investment securities	(455)	(371)
Non cash items	10	1
Net financing costs	217	696
Operating profit before working capital changes	57,051	28,846
Changes in working capital		
Net change in current assets	(35,272)	1,214
Net change in current liabilities	37,692	15,251
Net income taxes paid	(4,214)	(1,439)
Net financing costs paid	(343)	(751)
Net cash flows from operating activities	54,914	43,121
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income from investment securities	455	371
Purchase of property, plant and equipment	(9,786)	(13,590)
Purchase of investment properties	(316)	-
Proceeds from disposal of property, plant and equipment	8	50
Decrease/(increase) in deposits placed with licensed banks	4,871	(3,736)
Proceeds from/(purchase of) investment securities	6,378	(8,881)
Net cash flows from/(used in) investing activities	1,610	(25,786)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of bank borrowings	20,047	6,317
Repayments for principal portion of lease liabilities	(575)	-
Dividends paid on ordinary shares	(2,858)	(2,860)
Movement of deposits placed as securities for bank borrowings and guarantees	360	(181)
Treasury shares acquired	-	(4,711)
Net cash flows from/(used in) financing activities	16,974	(1,435)
NET CHANGE IN CASH AND CASH EQUIVALENTS	73,498	15,900
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	101,426	137,354
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(6,139)	(3,072)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	168,785	150,182
Cash and cash equivalents included in the Consolidated Statement of Cash Flows comprise the following balance sheet amounts :		
Cash and bank balances	123,141	91,788
Term deposits	65,192	84,524
	188,333	176,312
Less:		
Deposits pledged as securities for bank borrowings and guarantees	(15,456)	(14,386)
Deposits with licensed banks with tenure more than three months	(4,092)	(11,744)
	168,785	150,182

Reconciliation of liabilities arising from financing activities:

	Carrying amount as at 1 July 2020 RM'000	Cash flows RM'000	Effects of foreign exchange RM'000	Carrying amount as at 31 December 2020 RM'000
<u>Group</u>				
Loans and borrowings	104,888	20,047	(5,666)	119,269
Lease liabilities	6,852	(575)	(326)	5,951
Total	111,740	19,472	(5,992)	125,220

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 DECEMBER 2020

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 2020.

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 2020 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 2020.

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 2020 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 December 2020.

A4. VALUATION OF PROPERTY, PLANT & EQUIPMENT

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



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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2020

A5. TAXATION

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

	Individual Quarter		Cumulative Quarter	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian	1,096	789	1,486	1,302
Overseas	2,807	1,149	5,472	1,705
Total	3,903	1,938	6,958	3,007
Deferred tax expense				
Malaysian	(204)	207	392	473
Overseas	5	-	12	-
Total	(199)	207	404	473
	3,704	2,145	7,362	3,480

A6. CHANGES IN THE COMPOSITION OF THE GROUP

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

A8. CHANGES IN EQUITY AND LONG TERM DEBTS

There were no changes in equity and long term debts for the current quarter ended 31 December 2020.



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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2020

A9. BORROWINGS AND DEBTS SECURITIES

Details of the Group's borrowings were as follows:

	As at 31 December 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
Secured						
Term loan (USD)	14,627	-	1,745	-	16,372	-
Term loan (RM)	-	7,394	-	757	-	8,151
Term loan (THB)	1,315	-	448	-	1,763	-
Bankers' acceptances (RM)	-	-	-	1,742	-	1,742
Bankers' acceptances (USD)	-	-	1,055	-	1,055	-
Unsecured						
Trust receipts (USD)	-	-	90,186	-	90,186	-
Total	15,942	7,394	93,434	2,499	109,376	9,893

	As at 30 June 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
Secured						
Term loan (USD)	-	-	856	-	856	-
Term loan (RM)	-	7,780	-	809	-	8,589
Term loan (THB)	1,513	-	463	-	1,976	-
Bankers' acceptances (RM)	-	-	-	1,243	-	1,243



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	As at 30 June 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
Revolving credit (USD)	-	-	4,280	-	4,280	-
Unsecured						
Trust receipts (USD)	-	-	87,944	-	87,944	-
Total	1,513	7,780	93,543	2,052	95,056	9,832

A10. FINANCIAL INSTRUMENTS - DERIVATIVES

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

	As at 31 December 2020			As at 30 June 2020		
	Contract/Notional amount	Assets	Liabilities	Contract/Notional amount	Assets	Liabilities
Non-hedging derivatives:						
Current						
Forward currency contracts	36,600	908	-	31,423	-	(388)
Interest rate swap		-	-	856	-	(2)
		908	-		-	(390)
Non-current						
Forward currency contracts	8,094	-	(762)	16,790	-	(762)
		-	(762)		-	(762)
Total non-hedging derivatives		908	(762)		-	(1,152)

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 gain of RM1,298,151 arising from fair value changes of forward



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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2020

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 26 February 2021.

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 31 December

	Malaysia		Vietnam		Thailand		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Total revenue	46,863	39,848	199,057	169,705	6,370	4,894	12,329	20,832	264,619	235,279
Inter-segment revenue	(6,244)	(5,436)	(168)	(150)	(2,776)	(954)	(11,147)	(19,488)	(20,335)	(26,028)
External revenue	40,619	34,412	198,889	169,555	3,594	3,940	1,182	1,344	244,284	209,251
Profit/(loss) before taxation	2,829	2,036	26,675	7,481	412	(441)	358	274	30,274	9,350
Segment assets	249,927	232,068	473,768	449,946	35,482	34,897	603,568	540,459	1,362,745	1,257,370
Segment liabilities	46,958	27,446	218,750	218,448	14,196	12,990	256,655	212,722	536,559	471,606



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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2020

Results for the Cumulative Quarter ended 31 December

RM'000	Malaysia		Vietnam		Thailand		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Total revenue	92,090	84,081	390,381	319,458	12,410	11,299	13,217	22,126	508,098	436,964
Inter-segment revenue	(12,306)	(10,862)	(273)	(236)	(5,112)	(2,425)	(11,147)	(19,488)	(28,838)	(33,011)
External revenue	79,784	73,219	390,108	319,222	7,298	8,874	2,070	2,638	479,260	403,953
Profit/(loss) before taxation	6,105	4,874	40,211	11,189	263	(126)	446	1,317	47,025	17,254
Segment assets	249,927	232,068	473,768	449,946	35,482	34,897	603,568	540,459	1,362,745	1,257,370
Segment liabilities	46,958	27,446	218,750	218,448	14,196	12,990	256,655	212,722	536,559	471,606

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

	31.12.2020	31.12.2019
	RM'000	RM'000
Inter-segment assets	<u>496,454</u>	<u>442,816</u>
Inter-segment liabilities	<u>268,106</u>	<u>224,139</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 (%)
	31.12.2020	30.09.2020	
Revenue	244.3	235.0	+4.0%
Gross profit	38.1	30.3	+25.7%
Profit before taxation	30.3	16.8	+80.4%
Profit after taxation	26.6	13.1	>+100.0%



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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2020

Revenue

For the quarter under review, the Group's revenue surged 4.0% to RM244.3 million as compared to the preceding quarter of RM235.0 million. The increase was mainly attributable to the followings:

- higher sales recorded by furniture plants due to higher shipment in current quarter;
- higher local sales recorded by panel board lamination plant; offset with
- weakening of US Dollar ("USD") against Ringgit Malaysia ("RM") by 1.2%.

Gross profit

The Group has recorded higher gross profit from RM30.3 million in preceding quarter compared to RM38.1 million in current quarter, representing an increase of 25.7%. The increase in gross profit was mainly attributable to the followings:

- in line with the increase in revenue; and
- higher sales of better margin products.

Profit before taxation ("PBT")

The Group has recorded a significant increase in PBT from RM16.8 million in preceding quarter to RM30.3 million in current quarter, representing an increase of 80.4%. The substantial increase in PBT was mainly attributable to the followings:

- in line with the increase in gross profit;
- lower foreign exchange loss of RM1.1 million recorded in current quarter compared to preceding quarter; and
- final insurance compensation of RM7.8 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 RM26.6 million in current quarter, representing a significant increase of more than 100.0% from RM13.1 million in preceding quarter was in line with the significant increase in PBT.

B2. REVIEW OF PERFORMANCE

RM' Million	Cumulative quarter		Changes (%)
	31.12.2020	31.12.2019	
Revenue	479.3	404.0	+18.6%
Gross profit	68.4	44.6	+53.4%
Profit before taxation	47.0	17.3	>+100.0%
Profit after taxation	39.7	13.8	>+100.0%



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Revenue

The Group recorded revenue of RM479.3 million for the six months financial period ended 31 December 2020 (“Q2FY2021”), representing an increase of 18.6% as compared to the six months financial period ended 31 December 2019 (“Q2FY2020”) of RM404.0 million. The increase was mainly attributable to the followings:

- higher sales recorded by furniture plants in Vietnam amounting to RM70.9 million;
- higher orders received by panel board lamination plant amounting to RM8.9 million due to pent up demand from local market; offset with
- lower orders received by Thailand sawmill plant amounting to RM1.6 million.

Gross profit

Gross profit of the Group amounted to RM68.4 million in Q2FY2021, representing an increase of 53.4% from RM44.6 million in Q2FY2020. The substantial increase in gross profit was mainly attributable to the followings:

- in line with the increase in revenue;
- furniture and sawmill plants recorded higher sales of better margin products; and
- lower production costs due to higher production output across all divisions.

Profit before taxation (“PBT”)

PBT of the Group amounted to RM47.0 million in Q2FY2021, representing an increase of more than 100.0% from RM17.3 million in Q2FY2020 was mainly attributable to the followings:

- in line with the substantial increase in gross profit;
- absence of allowance for expected credit losses on trade receivables in Q2FY2021 compared to RM1.3 million in Q2FY2020; and
- final insurance compensation of RM7.8 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 RM39.7 million in Q2FY2021, representing an increase of more than 100.0% from RM13.8 million in Q2FY2020 was in line with increase in PBT offset with current period tax provision.



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B3. PROFIT FOR THE PERIOD

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

	Individual quarter ended		Cumulative quarter ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Interest income	(524)	(795)	(1,230)	(1,458)
Interest expense	792	1,166	1,447	2,154
Investment income from investment securities	(205)	(258)	(455)	(371)
Depreciation and amortization	4,809	4,712	9,838	9,364
Gain on disposal of property, plant and equipment	-	(8)	-	(8)
Property, plant and equipment written off	9	-	9	-
Allowance for expected credit losses on trade receivables	-	1,253	-	1,253
Unrealised foreign exchange loss	492	1,320	1,936	1,051
Realised foreign exchange loss	490	373	1,121	509
Fair value gain on derivatives	(622)	(412)	(1,298)	(152)
Fair value gain on investment securities	(144)	(114)	(231)	(242)
Insurance compensation	(7,798)	-	(7,798)	-



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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2020

B4. TRADE AND OTHER RECEIVABLES

	31.12.2020 RM'000	30.06.2020 RM'000
Trade receivables		
Third parties	63,262	60,337
Less: Allowance for impairment	(5,305)	(5,632)
Trade receivables, net	<u>57,957</u>	<u>54,705</u>
Other receivables		
Deposits	1,058	1,097
Staff loans	143	182
Goods and services tax receivable	64	513
Sundry receivables	<u>23,571</u>	<u>15,394</u>
	24,836	17,186
Less: Allowance for impairment-sundry receivables	(288)	(298)
Other receivables, net	<u>24,548</u>	<u>16,888</u>
Total trade and other receivables	<u>82,505</u>	<u>71,593</u>

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

	31.12.2020 RM'000	30.06.2020 RM'000
Neither past due nor impaired	53,513	49,238
Past due not impaired:		
1 - 30 days	4,267	3,335
31 - 60 days	39	112
61 - 90 days	138	1,980
> 91 days	-	40
Impaired	<u>5,305</u>	<u>5,632</u>
Gross trade receivables	<u>63,262</u>	<u>60,337</u>

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 RM10,734,000 (30.06.2020: RM7,831,000); and
- ii) Advance to suppliers of RM8,623,000 (30.06.2020: RM3,819,000) that mainly relate to payments in advance for raw materials purchased.



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B5. CORPORATE PROPOSAL

On 8 January 2021, the Company had submitted application for the Proposals of Bonus Issue (on the basis of 1 bonus share for every 1 existing share held) and Employees' Share Scheme ("Proposals") to Bursa Malaysia Securities Berhad ("Bursa Securities"). Bursa Securities had vide its letter dated 15 January 2021 approved the listing of Proposals subject to the following conditions:

1. AmInvestment Bank Berhad ("AmInvestment Bank"), being the Principal Adviser of these Proposals is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESS pursuant to paragraph 6.43(1) of the Main Market Listing Requirements ("MMLR") and stating the effective date of implementation;
2. The Company is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the Proposed ESS as at the end of each quarter together with a detailed computation of listing fees payable;
3. The Company and AmInvestment Bank must fully comply with the relevant provisions under the MMLR pertaining to the implementation of the Proposed Bonus Issue;
4. The Company and AmInvestment Bank to inform Bursa Securities upon completion of the Proposed Bonus Issue;
5. The Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue is completed;
6. The Company and AmInvestment Bank are required to make the relevant announcements in accordance with Paragraph 6.35(2)(a)&(b) and 6.35(4) of the MMLR for the Proposed Bonus Issue; and
7. A certified true copy of the resolutions passed by shareholders of the extraordinary general meeting ("EGM") for the Proposals.

The shareholders' approval on the Proposals has been obtained at the EGM held on 26 February 2021.

Save as disclosed above, there were no other corporate proposals announced which remain uncompleted during the quarter under review as at 26 February 2021.

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 sudden surge on the demand of furniture was due to pandemic where most are working or attending school from home. The global travel restriction also contributed to the increase in sales of furniture as many will upgrade their furniture to have better and comfortable ambience at home for dining, working and studying. However, as pandemic situation has not abated, the continuous imposition of the Movement Control Order by Malaysia government is expected to cause some disruption to our Group's business



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activities in Malaysia and resulted higher operating expenses. We hope with the vaccination programs across the globe would provide gradual recovery of global economy.

The operating environment in times like this, especially the global economic uncertainties, the Group will remain resilient and vigilant in addressing these uncertainties in all levels of decision making. The Group is continuing with its cost reduction strategies, enhancing production efficiency, development of new products and new designs in the “new normal” environment and effective cost management across all functions.

Barring any unforeseen circumstances, the Board believes that the Group will remain profitable for the financial year ending 30 June 2021.

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 December 2020.

B9. DIVIDEND

The Company had on 31 December 2020 paid a final single tier dividend of 3.0 sen per ordinary share for the financial year ended 30 June 2020.

On 29 January 2021, a total of 1,905,000 treasury shares were distributed as special dividend to shareholders.

On 26 February 2021, the Board of Directors approved and declared a first interim single tier dividend of 5.0 sen per ordinary share (based on enlarged share capital after Proposed Bonus Issue) in respect of the financial year ending 30 June 2021 which will be paid on 12 May 2021. The entitlement date is on 16 April 2021.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- a) Shares transferred to the Depositor’s Securities Account before 5.00 p.m. on 16 April 2021 in respect of transfers; and
- b) Shares bought on Bursa Malaysia Securities Berhad (“Bursa Securities”) on a cum entitlement basis according to the Rules of Bursa Securities.



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B10. EARNINGS PER SHARE (“EPS”)

Basic EPS	Individual Quarter		Cumulative Quarter	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Net profit attributable to owners the parent (RM'000)	26,570	7,205	39,663	13,774
Weighted average number of shares ('000)	95,250.0	95,946.1	95,250.0	95,946.1
Basic EPS (sen)	27.90	7.51	41.64	14.36

B11. CAPITAL COMMITMENTS

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

	RM'000
Authorised by Directors and contracted	8,878
Authorised by Directors and not contracted	-
	8,878