



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

**Condensed consolidated income statements  
For the 3 months ended 30 September 2007  
(The figures have not been audited)**

	Individual Period		Cumulative Period	
	Current year Quarter	Preceding year corresponding Quarter	Current year to Date	Preceding year corresponding Period
	30/9/2007 RM'000	30/9/2006 RM'000	30/9/2007 RM'000	30/9/2006 RM'000
<b>Continuing Operations</b>				
Revenue	102,255	106,259	102,255	106,259
Cost of Sales	(96,639)	(95,789)	(96,639)	(95,789)
<b>Gross Profit</b>	5,616	10,470	5,616	10,470
Other income	573	1,419	573	1,419
Administrative expenses	(3,309)	(3,257)	(3,309)	(3,257)
Selling and marketing expenses	(338)	(520)	(338)	(520)
Other expenses	(721)	(775)	(721)	(775)
Finance Costs	(2,605)	(2,243)	(2,605)	(2,243)
<b>Profit before taxation</b>	(786)	5,094	(786)	5,094
Tax expense	515	218	515	218
<b>Profit for the period</b>	(271)	5,312	(271)	5,312
Attributable to :				
Equity holders of the parent	789	5,374	789	5,374
Minority interests	(1,060)	(62)	(1,060)	(62)
	(271)	5,312	(271)	5,312
<b>Earnings / (Loss) per ordinary share (sen)</b>				
(a) Basic	1.22	8.29	1.22	8.29
(b) Fully diluted	1.22	8.12	1.22	8.12

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statement for the year ended 30 June 2007)



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

**Condensed consolidated balance sheet**  
**At 30 September 2007**  
 (The figures have not been audited)

	30 September 2007	(Audited) 30 June 2007
	RM'000	(Restated) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	197,635	192,766
Prepaid land lease payments	24,151	24,358
Investments	3,581	3,581
Deferred tax assets	2,647	2,211
	<u>228,014</u>	<u>222,916</u>
<b>Current assets</b>		
Inventories	77,045	82,239
Trade receivables	21,505	18,712
Other receivables	20,647	22,836
Deposits, cash and bank balances	33,037	39,350
	<u>152,234</u>	<u>163,137</u>
Non current assets held for sale	8,200	8,200
	<u>160,434</u>	<u>171,337</u>
<b>TOTAL ASSETS</b>	<u>388,448</u>	<u>394,253</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	64,805	64,805
Reserves	93,749	93,383
	<u>158,554</u>	<u>158,188</u>
Minority interest	7,356	8,695
<b>Total equity</b>	<u>165,910</u>	<u>166,883</u>
<b>Non-current liabilities</b>		
Borrowings	70,946	70,873
Deferred tax liabilities	6,416	6,540
	<u>77,362</u>	<u>77,413</u>
<b>Current liabilities</b>		
Trade payables	33,979	30,192
Other payables	31,006	26,268
Borrowings	80,191	93,497
	<u>145,176</u>	<u>149,957</u>
<b>TOTAL LIABILITIES</b>	<u>222,538</u>	<u>227,370</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>388,448</u>	<u>394,253</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	2.4466	2.4410

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited

Financial Statements for the year ended 30 June 2007)



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

**Condensed consolidated statement of changes in equity**  
**For 3 months ended 30 September 2007**  
 (The figures have not been audited)

	Attributable to Equity Holders of the Parent						Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Share capital RM'000	Share premium RM'000	Reserve on consolidation RM'000	Revaluation reserve RM'000	Foreign currency translation reserve RM'000	Distributable Retained profits RM'000			
<b>At 1 July 2006</b>									
As previously stated	64,805	1,225	1,370	2,284	-	86,809	156,493	9,056	165,549
<b>Effect of Adopting FRS 3</b>			(1,370)			1,370	-		-
<b>As restated</b>	64,805	1,225	-	2,284	-	88,179	156,493	9,056	165,549
Profit/(Loss) for the financial quarter						5,374	5,374	159	5,533
Amortisation of reserve on consolidation	-	-	-	-	-	-	-	-	-
Dividends - FY 2006	-	-	-	-	-	-	-	-	-
Increase in share capital : ESOS	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
<b>At 30 September 2006</b>	64,805	1,225	-	2,284	-	93,553	161,867	9,215	171,082
<b>At 1 July 2007</b>	64,805	1,225	-	1,514	(2,143)	92,787	158,188	8,695	166,883
Profit/(Loss) for the financial quarter	-	-	-	-	-	789	789	(1,060)	(271)
Foreign currency translation difference	-	-	-	-	(423)	-	(423)	(279)	(702)
Increase/(Reversal) of revaluation reserve	-	-	-	-	-	-	-	-	-
Dividends - FY 2007	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
<b>At 30 September 2007</b>	64,805	1,225	-	1,514	(2,566)	93,576	158,554	7,356	165,910

(The Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2007)



**LATITUDE TEE HOLDINGS BERHAD (302829-w)**

**Condensed consolidated Cash Flow Statements  
For 3 months ended 30 September 2007  
(The figures have not been audited)**

	30 Sept 2007 RM'000	30 Sept 2006 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	(786)	5,094
Adjustments for:		
Depreciation and amortisation	3,510	3,725
Non cash items	1,386	5
Net financing costs	2,451	2,032
<b>Operating profit before working capital changes</b>	<b>6,561</b>	<b>10,856</b>
<b>Changes in working capital</b>		
Net change in current assets	2,791	(9,899)
Net change in current liabilities	8,439	(7,159)
Net income taxes paid	313	(68)
Other operating income received	351	89
Net financing costs paid	(2,451)	(2,032)
<b>Net cash generated from operating activities</b>	<b>16,004</b>	<b>(8,213)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Equity investments	-	-
Other investments	(8,518)	(10,382)
<b>Net cash used in investing activities</b>	<b>(8,518)</b>	<b>(10,382)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net drawdown of borrowings	(9,670)	10,745
Minority interest	(1,339)	159
Proceeds from issuance of share capital	-	-
<b>Net cash generated/(used) in financing activities</b>	<b>(11,009)</b>	<b>10,904</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,523)</b>	<b>(7,691)</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>8,053</b>	<b>3,755</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>(422)</b>	<b>704</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>4,108</b>	<b>(3,232)</b>

Cash and cash equivalents included in the consolidated cash flow statements comprise the following balance sheet amounts :

Cash and bank balances	17,158	13,955
Term deposits	15,879	16,452
Bank overdrafts	(13,050)	(17,627)
	19,987	12,780
Less: Term deposits not available for use	(15,879)	(16,012)
	4,108	(3,232)

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2007)



# LATITUDE TREE HOLDINGS BERHAD

(302829-W)

## EXPLANATORY NOTES FOR FIRST QUARTER ENDING 30 SEPTEMBER 2007

### 1. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standards ("FRS") 134 "Interim Financial Reporting" and the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2007.

- a) The significant accounting policies adopted for this interim financial report are consistent with those of the audited financial statements for the financial year ended 30 June 2007 except for the adoption of the new and revised Financial Reporting Standards ("FRS") as stated below :

		Effective for period beginning on or after
FRS 117	Leases	1 October 2006
FRS 124	Related Party Disclosures	1 October 2006
FRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2007
FRS 119 <sup>2004</sup>	Amendment to Financial Reporting Standard FRS 119 <sup>2004</sup> Employees Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007

The new and revised FRS 6 and 119<sup>2004</sup> are not relevant to the operation of the Group. The adoption of the revised FRS 124 does not have significant financial impact on the Group.

### The principal effects of the change in accounting policies resulting for the adoption of FRS 117 disclosed as follows :

#### Leasehold land held for own use (FRS 117 : Leases)

Prior to 1 July 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at revalued amount less accumulated depreciation and impairment losses. Surpluses arising from revaluation are dealt with in the revaluation reserve accounts. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statement.

The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leasehold land. Such leasehold land will no longer be revalued. Leases of land are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests



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## EXPLANATORY NOTES FOR FIRST QUARTER ENDING 30 SEPTEMBER 2007

in the land elements and buildings elements of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 July 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and certain comparatives have been restated. The effects on the consolidated balance sheet as at 30 September 2007 are set out below. There were no effects on the consolidated income statement for the quarter ended 30 September 2007.

	As previously reported RM'000	Effect RM'000	As restated RM'000
<b>Balance Sheet as at 30 September 2007</b>			
Property, plant and equipment	221,786	(24,151)	197,635
Prepaid land lease payments	-	24,151	24,151

<b>Balance Sheet as at 30 June 2007</b>			
Property, plant and equipment	217,124	(24,358)	192,766
Prepaid land lease payments	-	24,358	24,358

**b) FRSs issued but not yet adopted**

The Company have not adopted the following FRS 139 which are possibly not relevant.

FRS 139	Financial Instruments : Recognition and Measurement	Effective date deferred
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**2. STATUS OF AUDIT QUALIFICATION**

The preceding audited financial statements were not subject to any qualification.

**3. EXCEPTIONAL/EXTRAORDINARY/INDIVIDUALLY SIGNIFICANT ITEMS**

There were no exceptional/extraordinary/individually significant items during the period under review.



## LATITUDE TREE HOLDINGS BERHAD

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### EXPLANATORY NOTES FOR FIRST QUARTER ENDING 30 SEPTEMBER 2007

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

Valuations of property, plant and equipment have been brought forward without amendment from the previous audited financial statements.

#### 5. TAXATION

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30 Sept 07	30 Sept 06	30 Sept 07	30 Sept 06
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian	21	16	21	16
Overseas	24	-	24	-
<b>Total</b>	<b>45</b>	<b>16</b>	<b>45</b>	<b>16</b>
Deferred taxation				
Malaysian	(560)	(234)	(560)	(234)
Overseas	-	-	-	-
<b>Total</b>	<b>(560)</b>	<b>(234)</b>	<b>(560)</b>	<b>(234)</b>
	<b>(515)</b>	<b>(218)</b>	<b>(515)</b>	<b>(218)</b>

Deferred taxation was provided after deduction of unabsorbed capital allowances of about RM9.38million which had a tax impact of approximate RM2.53million.

#### 6. SALES OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no sales of unquoted investments or properties for the quarter ended 30 September 2007.

#### 7. QUOTED SECURITIES

There were no purchase or disposal of quoted securities for the quarter ended 30 September 2007.

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

There was no change to the composition of the Group in the quarter ended 30 September 2007.

#### 9. STATUS OF CORPORATE PROPOSAL

There were no corporate proposals announced during the quarter ended 30 September 2007.





# LATITUDE TREE HOLDINGS BERHAD

(302829-W)

## EXPLANATORY NOTES FOR FIRST QUARTER ENDING 30 SEPTEMBER 2007

### 10. CHANGES IN EQUITY AND LONG TERM DEBTS

There were no issuance and repayment of equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter ended 30 September 2007.

The Employees' Share Option Scheme has expired on 4 October 2006.

The drawdown and repayment of long term debts for current quarter and the current year-to-date were as follows :

(RM'000)	Current Quarter	Current Year-to-date
Repayment of long term loan as follows		
Secured	1,251	1,251
Unsecured	-	-
Hire Purchase (Secured)	1,129	1,129
Drawdown of long term loan as follows :		
Secured	1,120	1,120
Unsecured	-	-
Hire Purchase (Secured)	822	822

### 11. BORROWINGS AND DEBTS SECURITIES

Details of the Group's borrowings were as follows:

	Total (RM'000)	RM equivalents of amount denominated in foreign currency included in the borrowings (RM'000)
<b>Long Term Liabilities</b>		
Unsecured :		
Long term loans	35,000	-
Portion repayable within twelve months	-	-
	<b>35,000</b>	-
Secured :		
Hire Purchase payables	955	519
Long term loans	43,550	38,744
Portion repayable within twelve months	-8,559	-6,417
	<b>35,946</b>	<b>32,846</b>
<b>Total Long Term Liabilities</b>	<b>70,946</b>	<b>32,846</b>



# LATITUDE TREE HOLDINGS BERHAD

(302829-W)

## EXPLANATORY NOTES FOR FIRST QUARTER ENDING 30 SEPTEMBER 2007

<b>Short Term Liabilities</b>		
Unsecured :		
Current portion of long term loans	-	-
Short term loans	57,647	36,382
Bank overdraft	13,050	-
	<b>70,697</b>	<b>36,382</b>
Secured :		
Hire Purchase payables	935	208
Current portion of long term loans	8,559	6,417
<b>Total Short Term Liabilities</b>	<b>80,191</b>	<b>43,007</b>

### 12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

#### Group

As at 30 September 2007, there were no contingent liabilities and contingent assets for the Group, other than as disclosed below.

#### Company

As at 30 September 2007, the Company had contingent liabilities in the form of corporate guarantees given to financial institutions in respect of facilities granted to subsidiary companies amounting to RM228,293,400.

### 13. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group did not have any financial instruments with off balance sheet risk as at 30 September 2007, other than the following forward contracts to sell US Dollar in relation to the Group's sales:

	Total	Maturity : Less than 3 months	Maturity : Within 3 to 6 months	Maturity : More than 6 months
USD'000	6,050	3,850	2,200	-
Contracted Rate (RM)	3.4123	3.4044	3.4261	-
RM Equivalents (RM'000)	20,644.3	13,106.9	7,537.4	-

The Group had entered into forward foreign exchange contracts and options contracts as a hedge against anticipated unfavourable foreign currency fluctuation's impact on accounts receivable.

### 14. CHANGES IN MATERIAL LITIGATION

There was no material litigation or any pending material litigation during and at the end of the quarter ended 30 September 2007.

### 15. SEGMENTAL INFORMATION



# LATITUDE TREE HOLDINGS BERHAD

(302829-W)

## EXPLANATORY NOTES FOR FIRST QUARTER ENDING 30 SEPTEMBER 2007

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, Indonesia and Thailand.

In presenting information on the basis of geographical segments, segment revenue and profit/(loss) before taxation, segment assets and capital expenditure were based on the geographical location of assets.

The segment information for the current year-to-date was as follows:

RM'000	Malaysia	Vietnam	Indonesia	Thailand	Total
Total revenue	47,246	62,414	-	4,777	114,437
Inter-Segment Revenue	-	(9,559)	-	(2,623)	(12,182)
External Revenue	47,246	52,855	-	2,154	102,255
Profit/(Loss) before tax	(1,929)	3,307	(2)	(2,162)	(786)

RM'000	Malaysia	Vietnam	Indonesia	Thailand	Total
Carrying amount of Segment Assets	182,943	169,278	72	33,507	385,800
Capital expenditure	768	7,304	-	446	8,518

### 16. MATERIAL CHANGE IN PROFIT/(LOSS) BEFORE TAXATION COMPARED TO IMMEDIATE PRECEDING QUARTER

RM Million	Current Quarter 30 September 2007	Preceding Quarter 30 June 2007
Turnover	102.255	102.625
Consolidated (Loss)/Profit before taxation	(0.786)	0.977

The Group's revenues decreased by 0.36% to RM102.26 million for the quarter ended 30 September 2007, as compared to the preceding quarter. The decrease was mainly due to the decrease in production output of Vietnam and Malaysian operations.

The Group has recorded a loss before taxation of RM0.79 million as compared to the profit before taxation of RM0.98 million in the preceding quarter. The



# LATITUDE TREE HOLDINGS BERHAD

(302829-W)

## EXPLANATORY NOTES FOR FIRST QUARTER ENDING 30 SEPTEMBER 2007

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unfavourable results were mainly due to lower production output and the increase in cost of production.

### 17. REVIEW OF PERFORMANCE

The Group recorded revenues of RM102.26 million for the quarter ended 30 September 2007 representing a decrease of 3.8% as compared to the preceding year corresponding quarter of RM106.26 million. The decrease was mainly due to the reduction of production output of the Malaysian operations as a result of the closure of Ijok factory. In addition, the performance of the second factory in Vietnam which only commenced production in June 2007 has yet to achieve its optimum efficiency and the adverse result brought about by the weakening of the US dollar against the Ringgit Malaysia also affect adversely to the performance result.

The Group recorded loss before taxation of RM0.79 million for current quarter representing a 115.5% decrease as compared to the preceding year corresponding quarter's profit before taxation of RM5.09 million. Apart from the effect of lower production output, the negative results were also attributable to higher cost of sales due to increase in prices of raw materials and transportation, adverse effect brought by the weakening of US dollars during the quarter and higher operating losses suffered by the factory in Thailand resulted from labour shortage. Price adjustments have been made by the Management in order to mitigate the effect of the rising raw material costs and weakening US dollar against the Ringgit Malaysia.

### 18. SUBSEQUENT EVENTS

On 8 October 2007 the Company incorporated a wholly-owned subsidiary in Singapore, Latitude Tree Pte. Ltd. as an investment holding company with a paid up share capital of SGD1.00.

This subsequent event has no impact on the result that had been reflected in the quarter under review.

### 19. SEASONAL OR CYCLICAL FACTORS

The Group operation is seasonal in nature whereby the turnover for the first three months of a calendar year (January to March) is slightly lower than the rest of the quarters (April to December). This is mainly due to long festive holidays which falls on the first quarter of the calendar year and also the demand for furniture in the United States which normally slows down after Christmas and New Year.

### 20. CURRENT YEAR PROSPECT

The Group will continue to focus on its Vietnam operations, strengthening the local operations and improving the Thailand operations.

Given the weakening housing market in the United States, the Group will endeavour to re-organise and strengthen its operations to face the challenges and to remain profitable.



# LATITUDE TREE HOLDINGS BERHAD

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## EXPLANATORY NOTES FOR FIRST QUARTER ENDING 30 SEPTEMBER 2007

### 21. VARIANCE BETWEEN ACTUAL RESULT AND FORECAST PROFIT OR PROFIT GUARANTEE

The Group did not issue any profit forecast or profit guarantee for the quarter ended 30 September 2007.

### 22. DIVIDEND

At the forthcoming Annual General Meeting to be held on 19 December 2007, the shareholders' approval will be sought for the payment of a first and final dividend of 4.1 sen (tax exempt) in respect of the financial year ended 30 June 2007.

The Board of Directors did not recommend any interim dividend for the current quarter ended 30 September 2007.

### 23. EARNINGS PER SHARE

	Current Quarter	Current Year-To-Date
<b>Basic EPS</b>		
Net profit attributable to shareholders (RM'000)	0.789	0.789
Weighted average no. of shares ('000)	64,805	64,805
Basic EPS (sen)	1.22	1.22

#### Basic EPS

The calculation of basic EPS for the current quarter is based on the net profit attributable to ordinary shareholders of RM0.79 million and the weighted average number of ordinary shares outstanding of 64,805,000.

#### Diluted EPS

Not applicable.

### 24. CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment not provided for in the financial statements as at 30 September 2007 were as follows :

	RM'000
Authorised by Directors and contracted	1,357
Authorised by Directors and not contracted	-
	<b>1,357</b>

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