



LATITUDE TREE HOLDINGS BERHAD (302829-W)

Condensed consolidated income statements
For the 6 months ended 31 December 2008
(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
	31/12/2008 RM'000	31/12/2007 RM'000	31/12/2008 RM'000	31/12/2007 RM'000
Continuing Operations				
Revenue	111,491	114,302	221,940	216,557
Cost of Sales	(99,442)	(103,233)	(201,763)	(199,872)
Gross Profit	12,049	11,069	20,177	16,685
Other income	291	264	927	836
Administrative expenses	(4,326)	(3,173)	(7,259)	(6,482)
Selling and marketing expenses	(325)	(396)	(606)	(734)
Other expenses	(1,531)	(540)	(2,400)	(1,262)
Finance Costs	(2,569)	(2,618)	(5,022)	(5,223)
Profit before taxation	3,589	4,606	5,817	3,820
Tax expense	(206)	(471)	(324)	44
Profit for the period	3,383	4,135	5,493	3,864
Attributable to :				
Equity holders of the parent	3,622	4,294	6,057	5,083
Minority interests	(239)	(159)	(564)	(1,219)
	3,383	4,135	5,493	3,864
Earnings / (Loss) per ordinary share (sen)				
(a) Basic	5.59	6.63	9.35	7.84
(b) Fully diluted	5.59	6.63	9.35	7.84

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statement for the year ended 30 June 2008)



LATITUDE TREE HOLDINGS BERHAD (302829-W)

**Condensed consolidated balance sheet
As at 31 December 2008
(The figures have not been audited)**

	31 Dec 2008	(Audited) 30 June 2008
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	196,674	194,363
Prepaid land lease payments	22,423	21,689
Investments	2,375	2,831
Deferred tax assets	17	17
	<u>221,489</u>	<u>218,900</u>
Current assets		
Inventories	71,079	70,113
Trade receivables	24,000	33,342
Other receivables	16,332	20,323
Deposits, cash and bank balances	39,799	30,180
	<u>151,210</u>	<u>153,958</u>
TOTAL ASSETS	<u>372,699</u>	<u>372,858</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	64,805	64,805
Reserves	107,189	95,548
	<u>171,994</u>	<u>160,353</u>
Minority interest	5,809	6,374
Total equity	<u>177,803</u>	<u>166,727</u>
Non-current liabilities		
Borrowings	46,574	61,375
Deferred tax liabilities	3,869	3,655
	<u>50,443</u>	<u>65,030</u>
Current liabilities		
Trade payables	33,015	44,422
Other payables	16,755	16,715
Borrowings	92,086	79,964
Dividend payable	2,597	-
	<u>144,453</u>	<u>141,101</u>
TOTAL LIABILITIES	<u>194,896</u>	<u>206,131</u>
TOTAL EQUITY AND LIABILITIES	<u>372,699</u>	<u>372,858</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	2.6540	2.4744

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2008)



LATITUDE TREE HOLDINGS BERHAD (302829-W)

Condensed consolidated statement of changes in equity
For 6 months ended 31 December 2008
 (The figures have not been audited)

	Attributable to Equity Holders of the Parent								Total Equity RM'000
	Non-distributable					Distributable Retained profits RM'000	Total RM'000	Minority Interest 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				
At 1 July 2007	64,805	1,225	-	1,514	(2,143)	92,787	158,188	8,695	166,883
Profit/(Loss) for the financial quarters	-	-	-	-	-	5,083	5,083	(1,219)	3,864
Amortisation of reserve on consolidation							-		-
Foreign currency translation difference					(53)		(53)	72	19
Increase/(Reversal) of revaluation reserve							-		-
Deconsolidation adjustment							-		-
Dividends - FY 2007						(2,658)	(2,658)		(2,658)
At 31 December 2007	64,805	1,225	-	1,514	(2,196)	95,212	160,560	7,548	168,108
At 1 July 2008	64,805	1,225	-	1,114	(8,127)	101,336	160,353	6,374	166,727
Profit/(Loss) for the financial quarters	-	-	-	-	-	6,057	6,057	(565)	5,493
Foreign currency translation difference					8,181		8,181		8,181
Increase/(Reversal) of revaluation reserve							-		-
Dividends - FY 2008						(2,597)	(2,597)		(2,597)
At 31 December 2008	64,805	1,225	-	1,114	54	104,796	171,994	5,809	177,803

(The Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2008)



**Condensed consolidated Cash Flow Statements
For 6 months ended 31 December 2008
(The figures have not been audited)**

	31 Dec 2008 RM'000	31 Dec 2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,817	3,820
Adjustments for:		
Depreciation and amortisation	7,514	6,974
Non cash items	129	1,432
Net financing costs	4,876	4,879
Operating profit before working capital changes	18,336	18,252
Changes in working capital		
Net change in current assets	12,721	(2,310)
Net change in current liabilities	(11,351)	10,351
Net income taxes paid	(756)	148
Other operating income received	381	568
Net financing costs paid	(4,876)	(4,879)
Net cash generated from operating activities	14,455	22,130
CASH FLOWS FROM INVESTING ACTIVITIES		
Equity investments	-	-
Other investments	(3,127)	(18,752)
Net cash used in investing activities	(3,127)	(18,752)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (repayment)/drawdown of borrowings	(3,638)	2,854
Dividend payment	-	-
Deposits placed as security for bank borrowings	2,914	-
Net cash generated/(used) in financing activities	(724)	1,707
NET CHANGE IN CASH AND CASH EQUIVALENTS	10,604	5,085
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	9,873	8,053
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	970	(133)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	21,447	13,005

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

Cash and bank balances	29,402	25,925
Term deposits	10,397	16,180
Bank overdrafts	(7,955)	(12,920)
	31,844	29,185
Less: Term deposits not available for use	(10,397)	(16,180)
	21,447	13,005

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2008)



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EXPLANATORY NOTES FOR SECOND QUARTER ENDED 31 DECEMBER 2008

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 2008.

- 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 2008 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 ₂₀₀₄	Amendment to Financial Reporting Standard FRS 119 ₂₀₀₄ Employees Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007

The new and revised FRS 6 and 119₂₀₀₄ 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 in the land elements and buildings elements of the lease at the inception of the lease.



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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 31 December 2008 are set out below. There were no effects on the consolidated income statement for the quarter ended 31 December 2008.

	As previously reported RM'000	Effect RM'000	As restated RM'000
Balance Sheet as at 31 Dec 2008			
Property, plant and equipment	219,097	(22,423)	196,674
Prepaid land lease payments	-	22,423	22,423

Balance Sheet as at 30 June 2008			
Property, plant and equipment	216,052	(21,689)	194,363
Prepaid land lease payments	-	21,689	21,689

b) FRSs issued but not yet adopted

The Company has not adopted the following FRS 139 which is 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.

4. VALUATION OF PROPERTY, PLANT & EQUIPMENT

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



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EXPLANATORY NOTES FOR SECOND QUARTER ENDED 31 DECEMBER 2008

5. TAXATION

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31 December 08	31 December 07	31 Dec 08	31 Dec 07
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian	20	21	40	42
Overseas	186	70	533	94
Total	206	91	573	136
Deferred taxation				
Malaysian	-	380	(249)	(180)
Overseas	-	-	-	-
Total	-	380	(249)	(180)
	206	471	324	(44)

Deferred taxation was provided after deduction of unabsorbed capital allowances of about **RM13.03 million** which had a tax impact of approximate **RM3.39 million**.

6. SALES OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no sales of unquoted investments or properties for the quarter ended 31 December 2008.

7. QUOTED SECURITIES

There were no purchase or disposal of quoted securities for the quarter ended 31 December 2008.

8. CHANGES IN THE COMPOSITION OF THE GROUP

There was no change to the composition of the Group in the quarter ended 31 December 2008.

9. STATUS OF CORPORATE PROPOSAL

There were no corporate proposals announced during the quarter ended 31 December 2008 except for the followings.

LTHB is in the process to list its Vietnam operations on the Singapore Stock Exchange via wholly-owned subsidiary, Latitude Tree Private Limited ("LTPL"), a company incorporated in Singapore.



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An announcement setting out the details of the Proposed Listing will be made upon finalization of the listing proposal.

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 31 December 2008.

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)
Long Term Liabilities		
Unsecured :		
Long term loans	35,000	-
Portion repayable within twelve months	(15,000)	-
	20,000	-
Secured :		
Hire Purchase payables	596	34
Long term loans	30,728	24,166
Portion repayable within twelve months	(4,750)	(868)
	25,978	23,298
Total Long Term Liabilities	46,574	23,332
Short Term Liabilities		
Unsecured :		
Current portion of long term loans	15,000	-
Short term loans	63,810	54,239
	78,810	54,239
Secured :		
Hire Purchase payables	571	89
Current portion of long term loans	4,750	868
Bank overdraft	7,955	2,358
Total Short Term Liabilities	92,086	57,554



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12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Group

As at 31 December 2008, there were no contingent liabilities and contingent assets for the Group.

Company

As at 31 December 2008, 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 RM163,354,365.

13. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group did not have any financial instruments with off balance sheet risk as at 31 December 2008.

14. CHANGES IN MATERIAL LITIGATION

There was no material litigation or any pending material litigation during and at the end of the quarter ended 31 December 2008.

15. 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, 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	82,020	161,339	-	9,371	252,730
Inter-Segment Revenue	(24,601)	(154)	-	(6,035)	(30,790)
External Revenue	57,419	161,185	-	3,336	221,940
Profit/(Loss) before tax	(4,880)	11,850	(2)	(1,151)	5,817



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RM'000	Malaysia	Vietnam	Indonesia	Thailand	Total
Carrying amount of Segment Assets	156,065	186,355	57	26,231	368,708
Capital expenditure	531	2,190	-	406	3,127

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

RM Million	Current Quarter 31 December 2008	Preceding Quarter 30 September 2008
Revenue	111.491	110.449
Consolidated Profit/(Loss) before taxation	3.589	2.228

The Group's revenues increased approximately 0.9% to RM111.49 million for the quarter ended 31 December 2008, as compared to the preceding quarter's RM110.45 million. The increase for the quarter was attributable to the strengthening of US Dollars against Ringgit Malaysia.

The Group has recorded a profit before taxation of RM3.59 million as compared to the profit before taxation of RM2.23 million in the preceding quarter. The higher profit was due to strengthening of US Dollars against Ringgit Malaysia and lower operation cost as a result of successful cost cutting exercises carried out by the Malaysian factories.

17. REVIEW OF PERFORMANCE

RM Million	Current Quarter 31 December 2008	Preceding Year Corresponding Quarter 31 December 2007
Revenue	111.491	114.302
Consolidated profit before taxation	3.589	4.606

The Group recorded revenues of RM111.49 million for the quarter ended 31 December 2008 representing a decrease of 2.5% as compared to the preceding year corresponding quarter of RM114.30 million. The decrease was mainly due to the decrease in production capacity and output of factories in Malaysia and Thailand.

The Group's profit before taxation for the quarter ended 31 December 2008 decreased to RM3.59 million from profit before taxation of RM4.61 million of preceding year corresponding quarter. The decrease was mainly due to professional expenses incurred in relation to the proposed corporate exercise in



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Singapore of about RM 0.48 million and lower revenues recorded by the Malaysian operations.

18. 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.

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 fall 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 enhance its Vietnam operations, strengthen and improve the Malaysian and Thailand operations.

Given the weakening housing market in the United States, the Group has taken steps to strengthen and streamline its operations to deal with the upcoming challenges and to remain profitable.

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 31 December 2008.

22. DIVIDEND

At the 14th Annual General Meeting held on 18 December 2008, a first and final dividend of 4.0 sen per share (tax exempt) (30 June 2007 : 4.1 sen, tax exempt) in respect of the financial year ended 30 June 2008 had been approved by shareholders. It was paid on 20 January 2009 to shareholders whose names appear on the Record of Depositors as at 30 December 2008.

The Board of Directors did not recommend any interim dividend for the current quarter ended 31 December 2008.

23. EARNINGS PER SHARE

	Current Quarter	Current Year-To-Date
Basic EPS		
Net profit attributable to shareholders (RM'000)	3,622	6,057
Weighted average no. of shares ('000)	64,805	64,805
Basic EPS (sen)	5.59	9.35



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EXPLANATORY NOTES FOR SECOND QUARTER ENDED 31 DECEMBER 2008

Basic EPS

The calculation of basic EPS for the current quarter is based on the net profit attributable to equity holders of the parent of RM3.62 million and the weighted average number of ordinary shares outstanding of 64,805,000.

The calculation of basic EPS for the current year-to-date is based on the cumulative net profit attributable to equity holders of the parent of RM6.06 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 31 December 2008 were as follows :

	RM'000
Authorised by Directors and contracted	2,224
Authorised by Directors and not contracted	-
	2,224