



LATITUDE TREE HOLDINGS BERHAD (302829-W)

**Condensed consolidated income statements
For 6 months ended 31 December 2009
(The figures have not been audited)**

	Individual Period		Cumulative Period	
	Current year Quarter 31/12/2009 RM'000	Preceding year corresponding Quarter 31/12/2008 RM'000	Current year to Date 31/12/2009 RM'000	Preceding year corresponding Period 31/12/2008 RM'000
Continuing Operations				
Revenue	135,192	111,491	262,031	221,940
Cost of Sales	(111,685)	(96,668)	(216,090)	(196,581)
Gross Profit	23,507	14,823	45,941	25,359
Other income	1,507	291	4,100	927
Administrative expenses	(3,901)	(4,326)	(9,702)	(7,259)
Selling and marketing expenses	(2,953)	(3,099)	(5,625)	(5,788)
Other expenses	(600)	(1,531)	(1,138)	(2,400)
Finance Costs	(1,826)	(2,569)	(3,556)	(5,022)
Profit before taxation	15,734	3,589	30,020	5,817
Tax expense	(783)	(206)	(1,701)	(324)
Profit for the period	14,951	3,383	28,319	5,493
Attributable to :				
Equity holders of the parent	11,423	3,622	22,570	6,057
Minority interests	3,528	(239)	5,749	(564)
	14,951	3,383	28,319	5,493
Earnings / (Loss) per ordinary share (sen)				
(a) Basic	17.63	5.59	34.83	9.35
(b) Fully diluted	17.63	5.59	34.83	9.35

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statement for the year ended 30 June 2009)



LATITUDE TREE HOLDINGS BERHAD (302829-W)

Condensed consolidated balance sheet
As at 31 December 2009
(The figures have not been audited)

	31 December 2009	(Audited) 30 June 2009
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	193,398	191,949
Prepaid land lease payments	22,467	23,007
Investments	2,081	2,081
Deferred tax assets	777	481
	<u>218,723</u>	<u>217,518</u>
Current assets		
Inventories	74,148	59,780
Trade And Other receivables	58,720	35,224
Deposits, cash and bank balances	113,908	50,464
	<u>246,776</u>	<u>145,468</u>
Non current assets held for sale	146	146
	<u>246,922</u>	<u>145,614</u>
TOTAL ASSETS	<u>465,645</u>	<u>363,132</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	64,805	64,805
Reserves	126,791	112,681
	<u>191,596</u>	<u>177,486</u>
Minority interest	41,972	13,439
Total equity	<u>233,568</u>	<u>190,925</u>
Non-current liabilities		
Borrowings	61,620	44,384
Deferred tax liabilities	-	-
	<u>61,620</u>	<u>44,384</u>
Current liabilities		
Trade and Other payables	82,228	59,307
Borrowings	88,229	68,516
	<u>170,457</u>	<u>127,823</u>
TOTAL LIABILITIES	<u>232,077</u>	<u>172,207</u>
TOTAL EQUITY AND LIABILITIES	<u>465,645</u>	<u>363,132</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	2.9565	2.7388

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2009)



LATITUDE TREE HOLDINGS BERHAD (302829-W)

Condensed consolidated statement of changes in equity
For 6 months ended 31 December 2009
 (The figures have not been audited)

	Attributable to Equity Holders of the Parent						Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Non-distributable				Distributable				
	Share capital RM'000	Share premium RM'000	Reserve on consolidation RM'000	Revaluation reserve RM'000	Foreign currency translation reserve RM'000	Retained profits RM'000			
At 1 July 2008	64,805	1,225	-	1,114	(8,127)	101,336	160,353	6,374	166,727
Profit/(Loss) for the period	-	-	-	-	-	6,057	6,057	(565)	5,492
Foreign currency translation difference	-	-	-	-	8,181	-	8,181	-	8,181
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
At 1 July 2009	64,805	1,225	-	1,114	(2,411)	112,753	177,486	13,439	190,925
Change of interests in a subsidiary	-	-	-	-	-	-	-	20,956	20,956
Change in minority interests in reserves upon the issue of shares by subsidiary company	-	-	-	-	-	(2,213)	(2,213)	2,213	-
Profit for the period	-	-	-	-	-	22,570	22,570	5,749	28,319
Foreign currency translation difference	-	-	-	-	(2,488)	-	(2,488)	(385)	(2,873)
Dividends - FY 2009	-	-	-	-	-	(3,759)	(3,759)	-	(3,759)
At 31 December 2009	64,805	1,225	-	1,114	(4,899)	129,351	191,596	41,972	233,568

(The Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2009)



**Condensed consolidated Cash Flow Statements
For 6 months ended 31 December 2009
(The figures have not been audited)**

	31 December 2009 RM'000	31 December 2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	30,020	5,817
Adjustments for:		
Depreciation and amortisation	7,221	7,514
Non cash items	(2,075)	88
Net financing costs	3,312	4,876
Operating profit before working capital changes	38,478	18,295
Changes in working capital		
Net change in current assets	(36,446)	12,721
Net change in current liabilities	18,937	(11,351)
Net income taxes paid	(1,627)	(756)
Net financing costs paid	(3,312)	(4,876)
Net cash generated from operating activities	16,030	14,033
CASH FLOWS FROM INVESTING ACTIVITIES		
Other investments	(11,064)	(3,127)
Proceeds from disposal of non-current assets	229	381
Proceeds from placement of new shares	21,296	-
Net cash used in investing activities	10,461	(2,746)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (repayment)/drawdown of borrowings	36,949	(3,638)
Dividend paid	-	-
Deposits (placed)/uplift as security for bank borrowings	(31,106)	2,914
Net cash generated/(used) in financing activities	5,843	(724)
NET CHANGE IN CASH AND CASH EQUIVALENTS	32,334	10,563
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	37,693	9,873
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(977)	1,011
CASH AND CASH EQUIVALENTS AT END OF PERIOD	69,050	21,447

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

Cash and bank balances	55,305	29,402
Term deposits	58,603	10,397
Bank overdrafts	(3,840)	(7,955)
	110,068	31,844
Less: Term deposits not available for use	(41,018)	(10,397)
	69,050	21,447

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2009)



LATITUDE TREE HOLDINGS BERHAD

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EXPLANATORY NOTES FOR SECOND QUARTER ENDED 31 DECEMBER 2009

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 2009.

- 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 2009 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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EXPLANATORY NOTES FOR SECOND QUARTER ENDED 31 DECEMBER 2009

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 2009 are set out below. There were no effects on the consolidated income statement for the quarter ended 31 December 2009.

	As previously reported RM'000	Effect RM'000	As restated RM'000
Balance Sheet as at 31 December 2009			
Property, plant and equipment	215,865	(22,467)	193,398
Prepaid land lease payments	-	22,467	22,467

Balance Sheet as at 31 December 2008			
Property, plant and equipment	219,097	(22,423)	196,674
Prepaid land lease payments	-	22,423	22,423

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 to 1 Jan 2010
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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 2009

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 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian	6	20	79	40
Overseas	777	186	1,622	533
Total	783	206	1,701	573
Deferred taxation				
Malaysian	-	-	-	(249)
Overseas	-	-	-	-
Total	-	-	-	(249)
	783	206	1,701	324

There is no deferred taxation provided due to the availability of unabsorbed capital allowances and unabsorbed tax losses of the Malaysian subsidiaries.

6. SALES OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no sales of unquoted investments or properties for the quarter ended 31 December 2009.

7. QUOTED SECURITIES

There were no purchase or disposal of quoted securities for the quarter ended 31 December 2009.

8. CHANGES IN THE COMPOSITION OF THE GROUP

There was no change to the composition of the Group in the quarter ended 31 December 2009.

9. STATUS OF CORPORATE PROPOSAL

There were no corporate proposals announced during the quarter ended 31 December 2009.

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 2009.



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EXPLANATORY NOTES FOR SECOND QUARTER ENDED 31 DECEMBER 2009

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	20,000	-
Portion repayable within twelve months	-	-
	20,000	-
Secured :		
Hire Purchase payables	-	
Long term loans	49,500	46,460
Portion repayable within twelve months	(7,880)	(5,096)
	41,620	41,364
Total Long Term Liabilities	61,620	41,364
Short Term Liabilities		
Unsecured :		
Current portion of long term loans	-	-
Short term loans	-	-
	-	-
Secured :		
Hire Purchase payables	294	22
Current portion of long term loans	7,880	5,096
Short term loan	76,215	65,868
Bank overdraft	3,840	2,036
Total Short Term Liabilities	88,229	73,022

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Group

As at 31 December 2009, there were no contingent liabilities and contingent assets for the Group.

Company



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EXPLANATORY NOTES FOR SECOND QUARTER ENDED 31 DECEMBER 2009

As at 31 December 2009, 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 RM109,264,549..

13. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group did not have any financial instruments with off balance sheet risk as at 31 December 2009, 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	3,300	3,300	-	-
Contracted Rate (RM)	3.4112	3.4112	-	-
RM Equivalents (RM'000)	11,257	11,257	-	-

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 31 December 2009.

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, Singapore 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:



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EXPLANATORY NOTES FOR SECOND QUARTER ENDED 31 DECEMBER 2009

RM'000	MALAYSIA	VIETNAM	THAILAND	S'PORE	OTHERS	GROUP
TOTAL REVENUE	76,627	192,454	12,887	-	-	281,968
INTER-SEGMENT REVENUE	(13,112)	(128)	(6,697)	-	-	(19,938)
EXTERNAL REVENUE	63,515	192,326	6,190	-	-	262,031
PROFIT/(LOSS) BEFORE TAXATION	360	33,344	(420)	(3,264)	-	30,020

RM'000	MALAYSIA	VIETNAM	THAILAND	S'PORE	OTHERS	GROUP
CARRYING AMOUNT OF SEGMENT ASSETS	150,313	260,667	27,831	26,520	57	465,388
CAPITAL EXPENDITURE	426	10,626	12	-	-	11,064

16. SIGNIFICANT RELATED PARTY TRANSACTIONS

Transacting Parties	Related Party	Nature of Interest	Nature of Transaction	Current Quarter ended 31.12.09 RM'000	Current Year To Date 31.12.09 RM'000
GHCL and the LTHB Group	Mr. Yek Siew Liong and Konsortium Kontrek Sdn Bhd	GHCL is a 51% owned subsidiary of LTHB. Mr. Yek Siew Liong, a director of LTHB and substantial shareholder of LTHB holds 15.03% equity interest in GHCL (via Konsortium Kontrek Sdn Bhd).	Purchases of raw materials and supplies, laminated boards and furniture components by the LTHB Group from GHCL.	3,984	7,377
The LTIGL Group and the LTHB Group	Mr. Yek Siew Liong	LTHB is the holding company of LTIGL. Mr Yek Siew Liong is a director of both LTIGL (since 21 May 2009) and LTHB (since 18 May 2007).	Purchases of raw materials and supplies, furniture components and finished goods by LTIGL Group from the LTHB Group.	1,400	2,870



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EXPLANATORY NOTES FOR SECOND QUARTER ENDED 31 DECEMBER 2009

		As at 30 October 2009, he owns approximately 3.73% direct equity interest in LTIGL (since 21 October 2009) and 15.03% indirect equity interest in LTHB (since 18 May 2007) via Konsortium Kontrek Sdn Bhd.	Purchases of raw materials and supplies, furniture components and finished goods by LTHB Group from the LTIGL Group.	128	128
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17. MATERIAL CHANGE IN PROFIT/(LOSS) BEFORE TAXATION COMPARED TO IMMEDIATE PRECEDING QUARTER

RM Million	Current Quarter 31 December 2009	Preceding Quarter 30 September 2009
Revenue	135.192	126.839
Consolidated Profit/(Loss) before taxation	15.734	14.286

The Group's revenues increased approximately 6.6% to RM135.2 million for the quarter ended 31 December 2009, as compared to the preceding quarter's RM126.8 million. The increase was mainly attributable to the increase in sales as a result of the improvement in global economy and in particular the US consumption which has continued to improve.

In line with the increase in revenue, the Group registered a 10.1% increase in profit before taxation from RM14.29 million in the preceding quarter to RM15.73 million.

18. REVIEW OF PERFORMANCE

RM Million	Current Quarter 31 December 2009	Preceding Year Corresponding Quarter 31 December 2008
Revenue	135.192	111.491
Consolidated profit before taxation	15.734	3.589

The Group recorded revenues of RM135.2 million for the quarter ended 31 December 2009 representing an increase of 21.3% as compared to the preceding year corresponding quarter of RM111.5 million. The increase was attributable to



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EXPLANATORY NOTES FOR SECOND QUARTER ENDED 31 DECEMBER 2009

higher orders received, strengthening of USD and increase in production output from the second factory in Vietnam.

The Group's profit before taxation for the quarter ended 31 December 2009 increased to RM15.73 million from profit before taxation of RM3.59 million of preceding year corresponding quarter. The significant increase was mainly due to higher revenue, strengthening of USD, increase in sales of higher margin products and lower cost of raw materials.

19. 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.

20. 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.

21. CURRENT YEAR PROSPECT

The Group expects to remain positive in line with the increasing orders received from our customers, especially those from US.

Continuous efforts will still be taken to strengthen and streamline its operations to remain profitable.

22. 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 2009.

23. DIVIDEND

At the 15th Annual General Meeting held on 16 December 2009, a first and final dividend of 5.8 sen per share (tax exempt) (30 June 2008 : 4.0 sen, tax exempt) in respect of the financial year ended 30 June 2009 had been approved by shareholders. It was paid on 28 January 2010 to shareholders whose names appear on the Record of Depositors as at 6 January 2010.

The Board of Directors had approved to pay an interim dividend of 3.0 sen per share (tax exempt) for the financial year ending 30 June 2010. The interim dividend will be paid on 30 April 2010 to shareholders whose names appear on the Record of Depositors as at 2 April 2010.



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EXPLANATORY NOTES FOR SECOND QUARTER ENDED 31 DECEMBER 2009

24. EARNINGS PER SHARE

	Current Quarter	Current Year-To-Date
Basic EPS		
Net profit attributable to shareholders (RM'000)	11,423	22,570
Weighted average no. of shares ('000)	64,805	64,805
Basic EPS (sen)	17.63	34.83

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 RM11.42 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 RM22.57 million and the weighted average number of ordinary shares outstanding of 64,805,000.

Diluted EPS

Not applicable.

25. CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment not provided for in the financial statements as at 31 December 2009 were as follows :

	RM'000
Authorised by Directors and contracted	4,199
Authorised by Directors and not contracted	-
	4,199