



LATITUDE TREE HOLDINGS BERHAD (302829-W)

Condensed consolidated income statements
For 9 months ended 31 March 2009
(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
	31/3/2009 RM'000	31/3/2008 RM'000	31/3/2009 RM'000	31/3/2008 RM'000
Continuing Operations				
Revenue	91,545	67,582	313,485	284,139
Cost of Sales	(82,288)	(62,566)	(284,051)	(262,438)
Gross Profit	9,257	5,016	29,434	21,701
Other income	815	355	1,742	1,191
Administrative expenses	(3,548)	(2,654)	(10,807)	(9,136)
Selling and marketing expenses	(246)	(353)	(852)	(1,087)
Other expenses	(682)	(3,222)	(3,082)	(4,484)
Finance Costs	(2,226)	(1,813)	(7,248)	(7,036)
Profit before taxation	3,371	(2,671)	9,188	1,149
Tax expense	(780)	-	(1,104)	44
Profit for the period	2,591	(2,671)	8,084	1,193
Attributable to :				
Equity holders of the parent	2,911	(2,267)	8,968	2,816
Minority interests	(320)	(404)	(884)	(1,623)
	2,591	(2,671)	8,084	1,193
Earnings / (Loss) per ordinary share (sen)				
(a) Basic	4.49	(3.50)	13.84	4.35
(b) Fully diluted	4.49	(3.50)	13.84	4.35

(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 March 2009
(The figures have not been audited)**

	31 March 2009	(Audited) 30 June 2008
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	200,045	194,363
Prepaid land lease payments	22,905	21,689
Investments	2,188	2,831
Deferred tax assets	22	17
	<u>225,160</u>	<u>218,900</u>
Current assets		
Inventories	53,907	70,113
Trade And Other receivables	34,985	53,665
Deposits, cash and bank balances	35,791	30,180
	<u>124,683</u>	<u>153,958</u>
TOTAL ASSETS	<u>349,843</u>	<u>372,858</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	64,805	64,805
Reserves	112,607	95,548
	<u>177,412</u>	<u>160,353</u>
Minority interest	5,489	6,374
Total equity	<u>182,901</u>	<u>166,727</u>
Non-current liabilities		
Borrowings	42,582	61,375
Deferred tax liabilities	3,843	3,655
	<u>46,425</u>	<u>65,030</u>
Current liabilities		
Trade and Other payables	34,481	61,137
Borrowings	86,036	79,964
	<u>120,517</u>	<u>141,101</u>
TOTAL LIABILITIES	<u>166,942</u>	<u>206,131</u>
TOTAL EQUITY AND LIABILITIES	<u>349,843</u>	<u>372,858</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	2.7376	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 9 months ended 31 March 2009
(The figures have not been audited)**

	Attributable to Equity Holders of the Parent							Minority Interest RM'000	Total Equity RM'000
	Non-distributable				Foreign currency translation reserve	Distributable Retained profits	Total		
	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	Total RM'000	Minority Interest RM'000	Total Equity 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	-	-	-	-	-	2,816	2,816	(1,623)	1,193
Amortisation of reserve on consolidation							-		-
Foreign currency translation difference					(1,775)		(1,775)	545	(1,230)
Increase/(Reversal) of revaluation reserve							-		-
Deconsolidation adjustment							-		-
Dividends - FY 2007						(2,658)	(2,658)		(2,658)
At 31 March 2008	64,805	1,225	-	1,514	(3,918)	92,945	156,571	7,617	164,188
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	-	-	-	-	-	8,968	8,968	(885)	8,083
Foreign currency translation difference	-	-	-	-	10,688		10,688		10,688
Increase/(Reversal) of revaluation reserve	-	-	-	-	-		-	-	-
Dividends - FY 2008	-	-	-	-	-	(2,597)	(2,597)	-	(2,597)
At 31 March 2009	64,805	1,225	-	1,114	2,561	107,707	177,412	5,489	182,901

(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 9 months ended 31 March 2009
(The figures have not been audited)**

	31 Mar 2009 RM'000	31 Mar 2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	9,188	1,149
Adjustments for:		
Depreciation and amortisation	11,141	10,560
Non cash items	3,706	(402)
Net financing costs	7,046	6,418
Operating profit before working capital changes	31,081	17,725
Changes in working capital		
Net change in current assets	33,327	17,244
Net change in current liabilities	(26,472)	(9,895)
Net income taxes paid	(974)	(17)
Other operating income received	424	640
Net financing costs paid	(7,046)	(6,418)
Net cash generated from operating activities	30,340	19,279
CASH FLOWS FROM INVESTING ACTIVITIES		
Equity investments	-	-
Other investments	(4,726)	(18,747)
Net cash used in investing activities	(4,726)	(18,747)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (repayment)/drawdown of borrowings	(14,418)	(5,660)
Dividend payment	(2,597)	(2,657)
Deposits placed as security for bank borrowings	2,837	-
Net cash generated/(used) in financing activities	(14,178)	(8,317)
NET CHANGE IN CASH AND CASH EQUIVALENTS	11,436	(7,785)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	9,873	8,053
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	1,888	(673)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	23,197	(405)

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

Cash and bank balances	25,317	7,060
Term deposits	10,474	14,060
Bank overdrafts	(2,120)	(7,465)
	33,671	13,655
Less: Term deposits not available for use	(10,474)	(14,060)
	23,197	(405)

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



LATITUDE TREE HOLDINGS BERHAD

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EXPLANATORY NOTES FOR THIRD QUARTER ENDED 31 MARCH 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 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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EXPLANATORY NOTES FOR THIRD QUARTER ENDED 31 MARCH 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 31 December 2008 are set out below. There were no effects on the consolidated income statement for the quarter ended 31 March 2009.

	As previously reported RM'000	Effect RM'000	As restated RM'000
Balance Sheet as at 31 March 2009			
Property, plant and equipment	222,951	(22,906)	200,045
Prepaid land lease payments	-	22,906	22,906

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 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 THIRD QUARTER ENDED 31 MARCH 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 March 2009	31 March 2008	31 March 2009	31 March 2008
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian	52	-	92	42
Overseas	776	-	1,309	94
Total	828	-	1,401	136
Deferred taxation				
Malaysian	(48)	-	(297)	(180)
Overseas	-	-	-	-
Total	-	-	(297)	(180)
	780	-	1,104	(44)

Deferred taxation was provided after deduction of unabsorbed capital allowances of about **RM12.86 million** which had a tax impact of approximate **RM3.47 million**.

6. SALES OF UNQUOTED INVESTMENTS AND PROPERTIES

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

Subsequent to the quarter ended 31 March 2009, the Company had on 29 April 2009 announced that it had on the same date, entered into four (4) identical conditional share sale agreements with Mr Ng Sen Fatt @ Ng Hong Chee, Mr Kao, Kuo-Chen, Mr Cheong Chee Hwa and Mr Kiu Chong Pong, for the proposed disposal of a total of 24,000,000 Ordinary Shares in Latitude Tree Pte Ltd ("LTPL") ("LTPL Shares") representing 12% of the total issued and paid-up share capital of LTPL for a total cash consideration of SGD4.56 million (equivalent to approximately RM11.03 million).

The shareholders of the Company had, at the Extraordinary General Meeting held on 26 May 2009, approved the disposal of the said shares in accordance to the terms and conditions of the conditional share sale agreements.

The disposal of the said shares has yet to be completed as at to-date.

7. QUOTED SECURITIES

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



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EXPLANATORY NOTES FOR THIRD QUARTER ENDED 31 MARCH 2009

8. CHANGES IN THE COMPOSITION OF THE GROUP

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

Subsequent to the quarter ended 31 March 2009, the Company had on 20 April 2009 entered into a Restructuring Agreement with LTPL in respect of the following:-

- (a) the disposal by the Company of its entire equity interest in Latitude Tree International Ltd ("LTIL") and Linkage Creation International Co., Ltd ("LCI") to LTPL for an aggregate cash consideration of USD2.00 and assumption by LTPL of the debt owing by LTHB to LTIL of USD49,999 (equivalent to approximately RM181,496) ("**Proposed Internal Restructuring**");
- (b) the sub-division by LTPL of its existing one (1) ordinary share into ten (10) ordinary shares in the capital of LTPL ("**Sub-Division**"); and
- (c) the capitalization and the subscription by the Company of 199,999,990 new LTPL Shares by the setting-off of amounts due by LTPL to LTHB equivalent to SGD19,999,999 (equivalent to approximately RM48.36 million) ("**Subscription**").

The purpose of the Restructuring Agreement was to formalize an internal restructuring of the Vietnam operations to enable the Company to streamline its shareholding in its Vietnam operations to be solely held via LTPL and to facilitate the Proposed Listing (as defined in note 9 below) through the Subscription. The Sub-Division and the Subscription was effected on 20 April 2009 whilst the Proposed Internal Restructuring was completed on 13 May 2009.

9. STATUS OF CORPORATE PROPOSAL

There were no corporate proposals announced during the quarter ended 31 March 2009 except for the following.

LTHB is in the process to list its Vietnam operations on the Singapore Stock Exchange via LTPL.

The shareholders of the Company had at the Extraordinary General Meeting held on 26 May 2009, subject to the approval of all relevant parties and/or authorities being obtained, approved the proposal to list and quote the entire issued and paid-up ordinary share capital of its wholly-owned subsidiary, LTPL on the Catalist Board of Singapore Exchange Securities Trading Limited.

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 March 2009.



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EXPLANATORY NOTES FOR THIRD QUARTER ENDED 31 MARCH 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	35,000	-
Portion repayable within twelve months	(15,000)	-
	20,000	-
Secured :		
Hire Purchase payables	164	-
Long term loans	32,543	23,567
Portion repayable within twelve months	(10,125)	(6,570)
	22,418	16,997
Total Long Term Liabilities	42,582	16,997
Short Term Liabilities		
Unsecured :		
Current portion of long term loans	15,000	-
Short term loans	58,247	57,011
	73,247	57,011
Secured :		
Hire Purchase payables	544	80
Current portion of long term loans	10,125	6,570
Bank overdraft	2,120	2,120
Total Short Term Liabilities	86,036	65,781

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Group

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

Company



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As at 31 March 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 RM153,364,220.

13. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group did not have any financial instruments with off balance sheet risk as at 301 March 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	950	800	150	-
Contracted Rate (RM)	3.6389	3.6440	3.6120	-
RM Equivalents (RM'000)	3,457.0	2,915.2	541.8	-

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 March 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, 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	116,917	228,520	-	12,261	357,698
Inter-Segment Revenue	(36,511)	(176)	-	(7,526)	(44,213)



LATITUDE TREE HOLDINGS BERHAD

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EXPLANATORY NOTES FOR THIRD QUARTER ENDED 31 MARCH 2009

External Revenue	80,406	228,344	-	4,735	313,485
Profit/(Loss) before tax	(10,070)	21,065	(3)	(1,804)	9,188

RM'000	Malaysia	Vietnam	Indonesia	Thailand	Total
Carrying amount of Segment Assets	145,513	177,529	57	26,721	349,821
Capital expenditure	802	3,600	-	425	4,827

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

RM Million	Current Quarter 31 March 2009	Preceding Quarter 31 December 2008
Revenue	91.545	111.491
Consolidated Profit/(Loss) before taxation	3.371	3.589

The Group's revenues decreased approximately 17.9% to RM91.55 million for the quarter ended 31 March 2009, as compared to the preceding quarter's RM111.49 million. The decrease for the quarter was mainly attributable to lower orders received due to the economic slow down in United States and lower production output impacted by the lesser number of production days during the festive holidays in the third quarter of the financial year.

The Group has recorded a drop in profit before taxation from RM3.59 million in the preceding quarter to RM3.37 million. The decrease in profit before taxation was in line with the lower revenue registered for the quarter.

17. REVIEW OF PERFORMANCE

		Preceding Year Corresponding
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LATITUDE TREE HOLDINGS BERHAD

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EXPLANATORY NOTES FOR THIRD QUARTER ENDED 31 MARCH 2009

RM Million	Current Quarter 31 March 2009	Quarter 31 March 2008
Revenue	91.545	67.582
Consolidated profit before taxation	3.371	(2.671)

The Group recorded revenues of RM91.55 million for the quarter ended 31 March 2009 representing an increase of 35.5% as compared to the preceding year corresponding quarter of RM67.58 million. The increase was attributable to the strengthening of USD against Ringgit Malaysia and the higher production output of the second factory in Vietnam.

The Group's profit before taxation for the quarter ended 31 March 2009 increased to RM3.37 million from loss before taxation of RM2.67 million of preceding year corresponding quarter. The improvement was mainly to the increase in revenue, the strengthening of USD against Ringgit, the decrease in the prices of raw materials and the decline in operating costs.

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

Given the uncertainty of the global economic condition and the weak consumer spending, particularly 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 March 2009.

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.



LATITUDE TREE HOLDINGS BERHAD

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EXPLANATORY NOTES FOR THIRD QUARTER ENDED 31 MARCH 2009

The Board of Directors did not recommend any interim dividend for the current quarter ended 31 March 2009.

23. EARNINGS PER SHARE

	Current Quarter	Current Year-To-Date
Basic EPS		
Net profit attributable to shareholders (RM'000)	2,911	8,968
Weighted average no. of shares ('000)	64,805	64,805
Basic EPS (sen)	4.49	13.84

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 RM2.91 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 RM8.97 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 March 2009 were as follows :

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