



LATITUDE TREE HOLDINGS BERHAD (302829-W)

Condensed consolidated income statements
For the 3 months ended 30 September 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
	30/9/2008 RM'000	30/9/2007 RM'000	30/9/2008 RM'000	30/9/2007 RM'000
Continuing Operations				
Revenue	110,449	102,255	110,449	102,255
Cost of Sales	(102,321)	(96,639)	(102,321)	(96,639)
Gross Profit	8,128	5,616	8,128	5,616
Other income	636	573	636	573
Administrative expenses	(2,933)	(3,309)	(2,933)	(3,309)
Selling and marketing expenses	(281)	(338)	(281)	(338)
Other expenses	(869)	(721)	(869)	(721)
Finance Costs	(2,453)	(2,605)	(2,453)	(2,605)
Profit before taxation	2,228	(786)	2,228	(786)
Tax expense	(118)	515	(118)	515
Profit for the period	2,110	(271)	2,110	(271)
Attributable to :				
Equity holders of the parent	2,435	789	2,435	789
Minority interests	(325)	(1,060)	(325)	(1,060)
	2,110	(271)	2,110	(271)
Earnings / (Loss) per ordinary share (sen)				
(a) Basic	3.76	1.22	3.76	1.22
(b) Fully diluted	3.76	1.22	3.76	1.22

(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 30 September 2008
(The figures have not been audited)

	30 Sept 2008	(Audited) 30 June 2008
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	197,971	194,363
Prepaid land lease payments	22,409	21,689
Investments	2,644	2,831
Deferred tax assets	17	17
	<u>223,041</u>	<u>218,900</u>
Current assets		
Inventories	64,435	70,113
Trade receivables	25,706	33,342
Other receivables	25,591	20,323
Deposits, cash and bank balances	37,671	30,180
	<u>153,403</u>	<u>153,958</u>
TOTAL ASSETS	<u>376,444</u>	<u>372,858</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	64,805	64,805
Reserves	103,999	95,548
	<u>168,804</u>	<u>160,353</u>
Minority interest	6,049	6,374
Total equity	<u>174,853</u>	<u>166,727</u>
Non-current liabilities		
Hire Purchase	682	544
Borrowings	45,522	60,831
Deferred tax liabilities	3,406	3,655
	<u>49,610</u>	<u>65,030</u>
Current liabilities		
Trade payables	29,289	44,422
Other payables	16,165	16,715
Hire Purchase	558	664
Borrowings	105,969	79,300
	<u>151,981</u>	<u>141,101</u>
TOTAL LIABILITIES	<u>201,591</u>	<u>206,131</u>
TOTAL EQUITY AND LIABILITIES	<u>376,444</u>	<u>372,858</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	2.6048	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 3 months ended 30 September 2008 (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 2007	64,805	1,225	-	1,514	(2,143)	92,787	158,188	8,695	166,883
Profit/(Loss) for the financial quarters	-	-	-	-	-	789	789	(1,060)	(271)
Amortisation of reserve on consolidation	-	-	-	-	-	-	-	-	-
Foreign currency translation difference	-	-	-	-	(423)	-	(423)	(279)	(702)
Increase/(Reversal) of revaluation reserve	-	-	-	-	-	-	-	-	-
Deconsolidation adjustment	-	-	-	-	-	-	-	-	-
Dividends - FY 2007	-	-	-	-	-	-	-	-	-
Increase in share capital : ESOS	-	-	-	-	-	-	-	-	-
At 30 September 2007	64,805	1,225	-	1,514	(2,566)	93,576	158,554	7,356	165,910
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	-	-	-	-	-	2,435	2,435	(325)	2,110
Foreign currency translation difference	-	-	-	-	6,016	-	6,016	-	6,016
Increase/(Reversal) of revaluation reserve	-	-	-	-	-	-	-	-	-
Dividends - FY 2008	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
At 30 September 2008	64,805	1,225	-	1,114	(2,112)	103,771	168,804	6,049	174,853

(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 3 months ended 30 September 2008
(The figures have not been audited)**

	30 Sept 2008 RM'000	30 Sept 2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,228	(786)
Adjustments for:		
Depreciation and amortisation	3,740	3,510
Non cash items	2,173	1,386
Net financing costs	2,453	2,451
Operating profit before working capital changes	10,594	6,561
Changes in working capital		
Net change in current assets	730	2,791
Net change in current liabilities	(10,084)	8,439
Net income taxes paid	(638)	313
Other operating income received	146	351
Net financing costs paid	(2,453)	(2,451)
Net cash generated from operating activities	(1,705)	16,004
CASH FLOWS FROM INVESTING ACTIVITIES		
Equity investments	-	-
Other investments	(1,054)	(8,518)
Net cash used in investing activities	(1,054)	(8,518)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of borrowings	9,702	(9,670)
Minority interest	-	(1,339)
Dividend payment	-	-
Deposits placed as security for bank borrowings	(94)	-
Proceeds from issuance of share capital	-	-
Net cash generated/(used) in financing activities	9,608	(11,009)
NET CHANGE IN CASH AND CASH EQUIVALENTS	6,849	(3,523)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	9,873	8,053
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	705	(422)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	17,427	4,108

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

Cash and bank balances	24,261	17,158
Term deposits	13,410	15,879
Bank overdrafts	(6,839)	(13,050)
	30,832	19,987
Less: Term deposits not available for use	(13,405)	(15,879)
	17,427	4,108

(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 FIRST QUARTER ENDED 30 SEPTEMBER 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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EXPLANATORY NOTES FOR FIRST QUARTER ENDED 30 SEPTEMBER 2008

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 2008 are set out below. There were no effects on the consolidated income statement for the quarter ended 30 September 2008.

	As previously reported RM'000	Effect RM'000	As restated RM'000
Balance Sheet as at 30 Sept 2008			
Property, plant and equipment	220,380	(22,409)	197,971
Prepaid land lease payments	-	22,409	22,409

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 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.

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 FIRST QUARTER ENDED 30 SEPTEMBER 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
	30 Sept 08	30 Sept 07	30 Sept 08	30 Sept 07
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian	20	21	20	21
Overseas	347	24	347	24
Total	367	45	367	45
Deferred taxation				
Malaysian	(249)	(560)	(249)	(560)
Overseas	-	-	-	-
Total	(249)	(560)	(249)	(560)
	118	(515)	118	(515)

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 30 September 2008.

7. QUOTED SECURITIES

There were no purchase or disposal of quoted securities for the quarter ended 30 September 2008.

8. CHANGES IN THE COMPOSITION OF THE GROUP

There was no change to the composition of the Group in the quarter ended 30 September 2008 except as disclosed in Note 9.

9. STATUS OF CORPORATE PROPOSAL

There were no corporate proposals announced during the quarter ended 30 September 2008.



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EXPLANATORY NOTES FOR FIRST QUARTER ENDED 30 SEPTEMBER 2008

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 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	682	-
Long term loans	33,013	25,797
Portion repayable within twelve months	(7,491)	(3,838)
	26,204	21,959
Total Long Term Liabilities	46,204	21,959
Short Term Liabilities		
Unsecured :		
Current portion of long term loans	15,000	-
Short term loans	76,830	62,871
	91,830	62,871
Secured :		
Hire Purchase payables	558	171
Current portion of long term loans	7,300	3,838
Bank overdraft	6,839	2,397
	14,697	6,406
Total Short Term Liabilities	106,527	69,277

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Group



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EXPLANATORY NOTES FOR FIRST QUARTER ENDED 30 SEPTEMBER 2008

As at 30 September 2008, there were no contingent liabilities and contingent assets for the Group, other than as disclosed below.

Company

As at 30 September 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 RM172,754,263.

13. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group did not have any financial instruments with off balance sheet risk as at 30 September 2008, 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	250.0	250.0	-	-
Contracted Rate (RM)	3.2200	3.2200	-	-
RM Equivalents (RM'000)	805.0	805.0	-	-

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 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
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EXPLANATORY NOTES FOR FIRST QUARTER ENDED 30 SEPTEMBER 2008

Total revenue	47,532	75,830	-	4,983	128,345
Inter-Segment Revenue	(15,275)	70	-	(2,551)	(17,896)
External Revenue	32,257	75,760	-	2,432	110,449
Profit/(Loss) before tax	(1,954)	4,846	(1)	(663)	2,228

RM'000	Malaysia	Vietnam	Indonesia	Thailand	Total
Carrying amount of Segment Assets	160,637	185,456	74	30,277	376,444
Capital expenditure	452	602	-	-	1,054

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

RM Million	Current Quarter 30 September 2008	Preceding Quarter 30 June 2008
Revenue	110.449	115.607
Consolidated Profit/(Loss) before taxation	2.228	7.154

The Group's revenues decreased approximately 4.46% to RM110.45 million for the quarter ended 30 September 2008, as compared to the preceding quarter's RM115.61 million of the preceding quarter. The decrease for the quarter was mainly due to weakening of the US economy and slowdown in demand.

The Group has recorded a profit before taxation of RM2.23 million as compared to the profit before taxation of RM7.15 million in the preceding quarter. The lower profit was due to the decrease in revenue in both the Malaysian and Vietnam operations and increase in operating costs.

17. REVIEW OF PERFORMANCE

RM Million	Current Quarter 30 September 2008	Preceding Year Corresponding Quarter 30 September 2007
Revenue	110.449	102.255
Consolidated profit before taxation	2.228	(0.786)

The Group recorded revenues of RM110.45 million for the quarter ended 30 September 2008 representing an increase of 8.01% as compared to the preceding



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EXPLANATORY NOTES FOR FIRST QUARTER ENDED 30 SEPTEMBER 2008

year corresponding quarter of RM102.26 million. The increase was mainly due to the increase in production capacity and output of factories in Vietnam.

The Group's profit before taxation for the quarter ended 30 September 2008 increased to RM2.23 million from loss before taxation of RM0.79 million of preceding year corresponding quarter. The improvement was in line with the increase in revenue resulted from the increased capacity of the Vietnam factories which enabled fulfillment of customers' requirements and lower losses registered by the Malaysian operations.

18. SUBSEQUENT EVENTS

On 29 October 2008, the Company has decided to suspend the proposed listing of LTV on Ho Chi Minh City Stock Exchange due to the current global financial crunch and severe stock market downturn in Vietnam. The Company is now contemplating to list LTV on the Singapore Stock Exchange via its wholly-owned subsidiary, LTPL to gain access to the capital market in Singapore for any future fund raising for capital expansion and enhancement in earnings.

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 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, strengthening and improving 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 30 September 2008.

22. DIVIDEND

At the forthcoming Annual General Meeting to be held on 18 December 2008, the shareholders' approval will be sought for the payment of a first and final dividend of 4.0 sen per share (tax exempt) in respect of the financial year ended 30 June 2008.



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EXPLANATORY NOTES FOR FIRST QUARTER ENDED 30 SEPTEMBER 2008

The Board of Directors did not recommend any interim dividend for the current quarter ended 30 September 2008.

23. EARNINGS PER SHARE

	Current Quarter	Current Year-To-Date
Basic EPS		
Net profit attributable to shareholders (RM'000)	2,435	2,435
Weighted average no. of shares ('000)	64,805	64,805
Basic EPS (sen)	3.76	3.76

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 RM2.44 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 RM2.44 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 2008 were as follows :

	RM'000
Authorised by Directors and contracted	1,243
Authorised by Directors and not contracted	-
	1,243