

LATITUDE TREE HOLDINGS BERHAD (302829-W)

Condensed consolidated income statements For the 6 months ended 31 December 2007 (The figures have not been audited)

	Individua	al Period	Cumulati	ve Period
	Current	Preceding	Current	Preceding
	year	year	year	year
	Quarter	corresponding	to Date	corresponding
		Quarter		Period
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	114,302	112,286	216,557	218,545
Cost of Sales	(103,233)	(100,221)	(199,872)	(196,010)
Gross Profit	11,069	12,065	16,685	22,535
Other income	264	689	837	2,108
Administrative expenses	(3,173)	(3,326)	(6,482)	(6,583)
Selling and marketing expenses	(396)	(712)	(734)	(1,232)
Other expenses	(540)	(2,895)	(1,263)	(3,670)
Finance Costs	(2,618)	(2,061)	(5,223)	(4,304)
Profit before taxation	4,606	3,760	3,820	8,854
Tax expense	(471)	(10)	44	208
Profit for the period	4,135	3,750	3,864	9,062
Attributable to :				
Equity holders of the parent	4,294	4,165	5,083	9,539
Minority interests	(159)	(415)	(1,219)	(477)
	4,135	3,750	3,864	9,062
Earnings / (Loss) per ordinary shar				
(a) Basic	6.63	6.43	7.84	14.72
(b) Fully diluted	6.63	6.43	7.84	14.72
	0.00	0.40	7.04	17.72

(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 31 December 2007 (The figures have not been audited)

(Audited)

	31 Dec 2007	(Audited) 30 June 2007 (Restated)
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	202,699	192,766
Prepaid land lease payments	23,424	24,358
Investments	3,500	3,581
Deferred tax assets	2,647	2,211
	232,270	222,916
Current assets		
Inventories	76,381	82,239
Trade receivables	28,679	18,712
Other receivables	27,561	22,836
Deposits, cash and bank balances	42,105	39,350
	174,726	163,137
Non current assets held for sale	-	8,200
	174,726	171,337
TOTAL ASSETS	406,996	394,253
EQUITY AND LIABILITIES Equity attributable to equity holders of the parent		
Share capital	64,805	64,805
Reserves	95,755	93,383
	160,560	158,188
Minority interest	7,548	8,695
Total equity	168,108	166,883
Non-current liabilities		
Borrowings	70,709	70,873
Deferred tax liabilities	6,796	6,540
	77,505	77,413
Current liabilities		
Trade payables	34,186	30,192
Other payables	35,432	26,268
Borrowings	91,765	93,497
Ŭ	161,383	149,957
TOTAL LIABILITIES	238,888	227,370
TOTAL EQUITY AND LIABILITIES	406,996	394,253
Net assets per share attributable to ordinary equity holders		
of the parent (RM)	2.4776	2.4410

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

Financial Statements for the year ended 30 June 2007)



Condensed consolidated statement of changes in equity For 6 months ended 31 December 2007 (The figures have not been audited)

		Attributable to Equity Holders of the Parent							
			Non-dist	ributable					
	Share <u>capital</u> RM'000	Share <u>premium</u> RM'000	Reserve on <u>consolidation</u> RM'000	Revaluation <u>reserve</u> RM'000	Foreign currency translation <u>reserve</u> RM'000	Distributable Retained <u>profits</u> RM'000	<u>Total</u> RM'000	Minority <u>Interest</u> RM'000	Total <u>Equity</u> RM'000
At 1 July 2006 As previously stated Effect of Adopting FRS 3	64,805	1,225	1,370 (1,370)	2,284	-	86,809 1,370	156,493 -	9,056	165,549 -
As restated	64,805	1,225	-	2,284	-	88,179	156,493	9,056	165,549
Profit/(Loss) for the financial quarter	-	-	-	-	-	9,539	9,539	(295)	9,244
Amortisation of reserve on consolidation	-	-	-	-	-	-	-	-	-
Dividends - FY 2006	-	-	-	-	-	(5,832)	(5,832)	-	(5,832)
Increase in share capital : ESOS	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-		-
At 31 December 2006	64,805	1,225	-	2,284	-	91,886	160,200	8,761	168,961
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 quarter	-	-	-	-	-	5,083	5,083	(1,219)	3,864
Foreign currency translation difference	-	-	-	-	(53)	-	(53)	72	19
Increase/(Reversal) of revaluation reserve	-	-	-	-	-	-	-	-	-
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

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



Condensed consolidated Cash Flow Statements For 6 months ended 31 December 2007 (The figures have not been audited)

CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,820	8,854
Adjustments for:		
Depreciation and amortisation	6,974	7,434
Non cash items	2,579	1,736
Net financing costs	4,879	3,948
Operating profit before working capital changes	18,252	21,972
Changes in working capital		
Net change in current assets	(2,310)	(9,680)
Net change in current liabilities	10,351	(4,176)
Net income taxes paid	148	(231)
Other operating income received	568	1,238
Net financing costs paid	(4,879)	(3,948)
Net cash generated from operating activities	22,130	5,175
CASH FLOWS FROM INVESTING ACTIVITIES		
Equity investments	-	-
Other investments	(18,752)	(26,180)
Net cash used in investing activities	(18,752)	(26,180)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of borrowings	2,854	8,747
Minority interest	(1,147)	(295)
Proceeds from issuance of share capital	-	-
Net cash generated/(used) in financing activities	1,707	8,452
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,085	(12,553)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	8,053	3,755
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(133)	560
CASH AND CASH EQUIVALENTS AT END OF PERIOD	13,005	(8,238)

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

Cash and bank balances	25,925	9,974
Term deposits	16,180	15,969
Bank overdrafts	(12,920)	(18,212)
	29,185	7,731
Less: Term deposits not available for use	(16,180)	(15,969)
	13,005	(8,238)

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



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EXPLANATORY NOTES FOR SECOND QUARTER ENDING 31 DECEMBER 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 1192004	Amendment to Financial Reporting Standard FRS 1192004 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 ENDING 31 DECEMBER 2007

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 2007 are set out below. There were no effects on the consolidated income statement for the quarter ended 31 December 2007.

	As previously reported RM'000	Effect RM'000	As restated RM'000
Balance Sheet as at 31 December 2007			
Property, plant and equipment	226,123	(23,424)	202,699
Prepaid land lease payments	-	23,424	23,424

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

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
	INIEdSUIEITIETIL	

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



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EXPLANATORY NOTES FOR SECOND QUARTER ENDING 31 DECEMBER 2007

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 was as follows:-

	Individua	I Quarter	Cumulative Quarter	
	Current Year Quarter Quarter Quarter		Current Year To Date	Preceding Year Corresponding Period
	31 Dec 07	31 Dec 06	31 Dec 07	31 Dec 06
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian Overseas	21 70	10	42 94	26
Total	91	10	136	26
Deferred taxation				
Malaysian Overseas	380	-	(180)	(234)
Total	380	-	(180)	(234)
	471	10	(44)	(208)

Deferred taxation was provided after deduction of unabsorbed capital allowances of about RM9.31 million which had a tax impact of approximate RM2.51 million.

6. SALES OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no sales of unquoted investments or properties for the quarter ended 31 December 2007.

7. QUOTED SECURITIES

There were no purchase or disposal of quoted securities for the quarter ended 31 December 2007.

8. CHANGES IN THE COMPOSITION OF THE GROUP

There was no change to the composition of the Group in the quarter ended 31 December 2007 except for the following:

On 8 October 2007 Latitude Tree Pte Ltd("LTPL") was incorporated under the Companies Act of Singapore as a wholly-owned subsidiary of Latitude Tree Holdings Berhad and as an investment holding company with a paid up share capital of SGD1.00.

9. STATUS OF CORPORATE PROPOSAL



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EXPLANATORY NOTES FOR SECOND QUARTER ENDING 31 DECEMBER 2007

There were no corporate proposals announced during the quarter ended 31 December 2007 except for the followings:

- Proposed internal restructuring involving the proposed disposal of LTV (including RK Resources Co., Ltd ("RKR"), a wholly-owned subsidiary of LTV) by Latitude Tree Sdn. Bhd. ("LTSB") to wholly-owned subsidiaries of LTHB("Proposed Internal Restructuring") and proposed conversion of LTV into a Joint Stock Company("Proposed Conversion").
 The Proposed Internal Restructuring and the Proposed Conversion were approved by the Department of Planning and Investments of Binh Duong Province and completed on 11 January 2008.
- Proposed listing of Latitude Tree (Vietnam) Co., Ltd ("LTV"), an indirect whollyowned foreign subsidiary of LTHB on Ho Chi Minh City Stock Exchange ("HOSE").
 The Group is still in the process of preparing the listing proposal. The details of

The Group is still in the process of preparing the listing proposal. The details of the proposed listing will be announced upon finalisation 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 guarter ended 31 December 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 :

	Current	Current
(RM'000)	Quarter	Year-to-date
Repayment of long term loan as		
follows		
Secured	1,236	2,487
Unsecured	-	-
Hire Purchase (Secured)	105	1,234
Drawdown of long term loan as		
follows :		
Secured	1,045	2,165
Unsecured	-	-
Hire Purchase (Secured)	570	1,392

11. BORROWINGS AND DEBTS SECURITIES

Details of the Group's borrowings were as follows:



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EXPLANATORY NOTES FOR SECOND QUARTER ENDING 31 DECEMBER 2007

		RM equivalents of
	Total	amount denominated in foreign currency
	lota	included in the
	(RM'000)	borrowings (RM'000)
Long Term Liabilities		
Unsecured :		
Long term loans	35,000	-
Portion repayable within	-	-
twelve months		
	35,000	-
Secured :		
Hire Purchase payables	909	168
Long term loans	42,378	38,442
Portion repayable within	(7,578)	(5,526)
twelve months		
	35,709	33,084
Total Long Term Liabilities	70,709	33,084
Short Term Liabilities		
Unsecured :		
Current portion of long	-	-
term loans		
Short term loans	70,509	50,769
Bank overdraft	12,920	-
	83,429	50,769
Secured :		
Hire Purchase payables	757	160
Current portion of long	7,578	5,526
term loans		
Total Short Term Liabilities	91,764	56,455

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

<u>Group</u>

As at 31 December 2007, there were no contingent liabilities and contingent assets for the Group, other than as disclosed below.

<u>Company</u>

As at 31 December 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 RM230,389,329.

13. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group did not have any financial instruments with off balance sheet risk as at 31 December 2007, other than the following forward contracts to sell US Dollar in relation to the Group's sales:



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EXPLANATORY NOTES FOR SECOND QUARTER ENDING 31 DECEMBER 2007

	Total	Maturity : Less than 3 months	Maturity : Within 3 to 6 months	Maturity : More than 6 months
USD'000	3,277	3,277	-	-
Contracted Rate (RM)	3.3985	3.3985	-	-
RM Equivalents (RM'000)	11,136.8	11,136.8	-	-

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 December 2007.

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	104,255	132,468	-	9,827	246,550
Inter-Segment	-	(23,815)	-	(6,178)	(23,993)
Revenue					
External	104,255	108,653	-	3,649	216,557
Revenue					
Profit/(Loss) before tax	(1,555)	7,864	(3)	(2,486)	3,820

RM'000	Malaysia	Vietnam	Indonesia	Thailand	Total
Carrying amount of Segment Assets	185,739	188,099	72	33,086	406,996
Capital expenditure	2,558	13,418	-	2,259	18,235



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EXPLANATORY NOTES FOR SECOND QUARTER ENDING 31 DECEMBER 2007

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

	Current Quarter	Preceding Quarter
RM Million	31 December 2007	30 September 2007
Revenue	114.302	102.255
Consolidated (Loss)/Profit before taxation	4.606	(0.786)

The Group's revenues increased by 11.8% to RM114.30 million for the quarter ended 31 December 2007, as compared to the preceding quarter. The increase was mainly due to overall increase in production output of factories in Malaysia and Vietnam.

The Group has recorded a profit before taxation of RM4.61 million as compared to the loss before taxation of RM0.79 million in the preceding quarter. The overall improvement of profit before taxation was mainly due to recovery of the results of Malaysian operations and lower losses registered by the operation in Thailand.

17. REVIEW OF PERFORMANCE

The Group recorded revenues of RM114.30 million for the quarter ended 31 December 2007 representing an increase of 1.8% as compared to the preceding year corresponding quarter of RM112.29 million. The increase was mainly due to the increase of production output of the Vietnam operations.

The Group recorded profit before taxation of RM4.61 million for current quarter representing a 22.5% increase as compared to the preceding year corresponding quarter's profit before taxation of RM3.76 million. The increase was attributable to improvement of Malaysian operations and overall revision of selling prices.

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 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 consolidate and strengthen its operations to deal with the challenges and to remain profitable.



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EXPLANATORY NOTES FOR SECOND QUARTER ENDING 31 DECEMBER 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 31 December 2007.

22. DIVIDEND

At the recent Annual General Meeting held on 19 December 2007, a first and final dividend of 4.1 sen per share (tax exempt) (30 June 2006 : 9.0 sen, tax exempt) in respect of the financial year ended 30 June 2007 had been approved by shareholders to be paid on 23 January 2008 to shareholders whose names appear on the Record of Depositors as at 2 January 2008.

The Board of Directors did not recommend any interim dividend for the current quarter ended 31December 2007.

23. EARNINGS PER SHARE

	Current Quarter	Current Year-To-Date
Basic EPS		
Net profit attributable to shareholders (RM'000)	4.674	5.463
Weighted average no. of shares ('000)	64,805	64,805
Basic EPS (sen)	7.21	8.43

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 RM4.674 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 RM5.463 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 2007 were as follows :

	RM'000
Authorised by Directors and contracted	2,339
Authorised by Directors and not contracted	-
	2,339