LATITUDE TREE HOLDINGS BERHAD
(302829-W)

ANNUAL REPORT 2010

LUXURY DESIGN

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Haji Shaharuddin Bin Haji Haron
Chairman / Senior Independent Director

Mr Lin, Tzu-Keng
Deputy Chairman /
Non-Independent Non Executive Director

Mdm Lin Chen, Jui-Fen
Managing Director

Mr Lin, Tzu-Lang
Executive Director

Mr Toh Seng Thong
Independent Director

Mr Yek Siew Liong
Non-Independent Non-Executive Director

COMPANY SECRETARIES

Ms Tai Yit Chan (MAICSA 7009143)

Ms Tan Ai Ning (MAICSA 7015852)

Mr Yeoh Joe Son (MIA 9238)

AUDIT COMMITTEE

Mr Toh Seng Thong (Chairman)
Independent Director

Dato' Haji Shaharuddin Bin Haji Haron
Chairman / Senior Independent Director

Mr Yek Siew Liong
Non-Independent Non-Executive Director

NOMINATION COMMITTEE

Dato' Haji Shaharuddin Bin Haji Haron (Chairman)
Chairman / Senior Independent Director

Mr Toh Seng Thong
Independent Director

Mr Yek Siew Liong
Non-Independent Non-Executive Director

REMUNERATION COMMITTEE

Dato' Haji Shaharuddin bin Haji Haron (Chairman)
Chairman / Senior Independent Director

Mr Toh Seng Thong
Independent Director

Mr Yek Siew Liong
Non-Independent Non-Executive Director

PLACE OF INCORPORATION AND DOMICILE

Malaysia

STOCK EXCHANGE LISTING /STOCK NAME

Main Market Of Bursa Malaysia Securities Berhad
Stock Short Name : Latitud
Stock Code : 7006

REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower, 8 First Avenue,
Bandar Utama, 47800 Petaling Jaya,
Selangor Darul Ehsan
Telephone : 03- 7720 1188
Facsimile : 03- 7720 1111
Website : www.lattree.com

SHARE REGISTRAR

Tricor Investor Services Sdn. Bhd.
Level 17, The Gardens North Tower,
Mid Valley City , Lingkaran Syed Putra,
59200 Kuala Lumpur
Telephone : 03 - 22643883
Facsimile : 03 - 22821886

AUDITORS

Y.C. Chong & Co. (AF 0636)
Chartered Accountants
500-2-7, 2nd Floor, Wisma Indah
Jalan Tun Razak, 50400 Kuala Lumpur

PRINCIPAL BANKERS

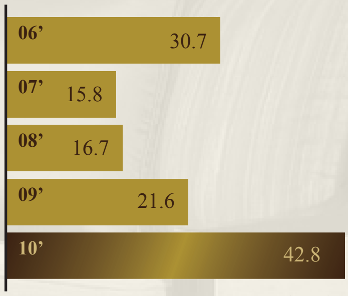
Ambank (M) Berhad
CIMB Bank Berhad
EON Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad

FINANCIAL HIGHLIGHTS

Five Years Financial Highlights	**2010 RM'000**	**2009 RM'000**	**2008 RM'000**	**2007 RM'000**	**2006 RM'000**
REVENUE	506,866	397,378	404,176	411,706	356,710
PROFIT FOR THE YEAR	36,483	13,213	8,485	8,793	19,520
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS	27,730	14,009	10,806	10,263	19,857
SHAREHOLDERS' FUNDS	187,451	177,486	160,353	158,188	156,493
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS (RM)	2.89	2.74	2.47	2.44	2.41
NET EARNINGS PER SHARE (SEN)	42.8	21.6	16.7	15.8	30.7
DIVIDEND PER SHARE (SEN)	10.0*	5.80	4.00	4.10	9.00
DIVIDEND AMOUNT (RM'000)	6,481*	3,759	2,592	2,657	5,831

* This represents an interim dividend of 3.0 sen and a final dividend of 7.0 sen. The final dividend was recommended by the Board of Directors and is subject to shareholders' approval at the forthcoming Annual General Meeting

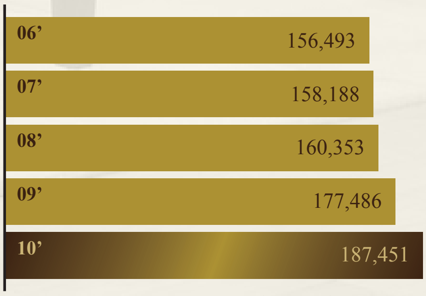
REVENUE (RM'000)



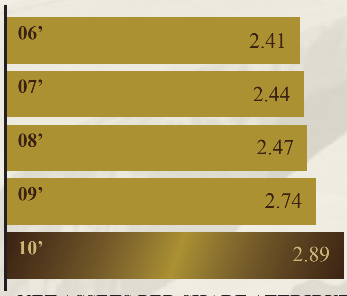
NET EARNINGS PER SHARE (SEN)

PROFIT FOR THE YEAR (RM'000)

DIVIDEND PER SHARE (SEN)



SHAREHOLDERS' FUNDS (RM'000)



NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS (RM)

CHAIRMAN & MANAGING DIRECTOR'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors (the "Board"), it gives us great pleasure to present to you the Annual Report of Latitude Tree Holdings Berhad (the "Company" and collectively with its subsidiaries, the "Group") for the financial year ended 30 June, 2010 ("FY2010").

FINANCIAL PERFORMANCE

We are pleased to report a sterling set of financial results for FY2010. Capitalising on the improved economy and the positive market sentiments, we strived to manufacture quality wooden furniture collection sets to meet and exceed customers' expectations. We have also focused on establishing strong relationships with our customers and offer not only a wide range of product offerings but also value-added services. Our excellent performance is a testament to our sound corporate strategy and confidence that our clients have in the Group.

For FY2010, the Group achieved record revenue of RM506.9 million. This represents a 27.6% increase from RM397.4 million for the financial year ended 30 June, 2009 ("FY2009"). The substantial increase in the Group's revenue was mainly attributable to an overall increase in orders, increase in the production output of the two factories in Vietnam, pent-up demand for furniture and general improvement of the global economic conditions.

Net profit attributable to shareholders surged 97.9% to RM27.7 million in FY2010 from RM14.0 million in FY2009. The huge increase in net profit attributable to shareholders was mainly due to sizeable increase in gross profit achieved by the Company's subsidiaries as a result of better cost control measures, improved productivity, higher sales of better margin products and significant increase in revenue.

DIVIDEND

The Board is pleased to recommend to Shareholders a final, tax-exempt dividend of 7.0 sen per ordinary share for FY2010, subject to the approval of the shareholders of the Company at the Annual General Meeting to be convened on 21 December, 2010. This final dividend is in addition to the interim dividend of 3.0 sen per ordinary share paid out in April 2010. Together, this represents a total dividend payout of 10.0 sen for FY2010.

CORPORATE AND BUSINESS DEVELOPMENTS

This year, our Group had been focusing on capturing the window of opportunities in the improved economy. A major region that our Group exports to is the consumer market in the United States and Canada. Leveraging on the pickup in economic conditions in these countries, although at a slow pace, we have continued to maintain strong relationships and networks with our customers, and sought to maximise production efficiency without compromising on product quality.

Through the listing of our subsidiary, Latitude Tree International Group Limited ("LTIG") on the Singapore Stock Exchange - Catalist Market on 19 August, 2009, we have channelled the listing proceeds to upgrade and expand our production facilities as well as the expansion of our warehouse facilities in Vietnam. This has helped us to facilitate the production for a wider range of products and also increase our production capacity to effectively meet the increasing demand.

The expansion of our warehouse space and production facilities in Vietnam will strengthen our niche as a one-stop centre for customers, and help us to further establish our brand name in the wooden furniture industry.

BUSINESS STRATEGY AND GOING FORWARD

In line with our expansion plans, our Group plans to diversify into other export markets with high growth potential and a large consumer base. The Group intends to explore new markets such as Vietnam (where the Group's operations are currently located), China and India for our expansion plans. We will leverage on our expertise and strong relationships with existing partners to penetrate into these new markets for growth.

In order to further enhance our production capacity, our Group intends to develop further our upstream operations. This involves a hands-on approach in sourcing for the raw materials needed in the production of our wooden furniture products. Tapping on our deep expertise in this field, we hope to extend further our business scope upstream by leveraging on the area of material sourcing. We are constantly on the lookout for viable opportunities for growth, thereby increasing our efficiencies and in turn, enhancing Shareholders' value. As such, we will employ a prudent and balanced approach and work with suitable partners to explore opportunities for the upstream expansion.

The management and employees of the Group will work closely together and consistently striving to develop positive work ethics. We believe that this will help us to progressively move forward as a united Group, and enhance our competitiveness in the industry.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, we would like to extend our sincere appreciation to all our valued Shareholders, customers, partners, business associates and regulatory bodies for your continued support and confidence in us.

To the Board, we thank you for your commitment, enthusiasm and your wise counsel.

Lastly, we would like to take this opportunity to express my appreciation to the management and employees of the Group for their commendable achievements during FY2010. Your contribution has been significant to the Group's positive performance and the development of our business. We commend you for your dedication and commitment to excellence and a high standard of product quality and service to our customers. We look forward to conquering new opportunities and together, reach new heights in the coming year ahead.

Dato' Haji Shaharuddin Bin Haji Haron
Chairman

Lin Chen, Jui-Fen
Managing Director

29 November, 2010

CORPORATE PROFILE

MISSION

We aspire to become a world class integrated household furniture manufacturer co-existing in harmony with nature and the society it serves.

Our mission is to continually improve our products and services to meet or exceed the expectations of our customers. We emphasize employee teamwork and involvement in identifying and implementing programs to save time and lower production costs while maintaining the highest quality values. These strategies allow us to prosper as a business with high degree of integrity and to provide a reasonable return to our shareholders, the ultimate owners of our business.

HISTORY

Latitude Tree Holdings Berhad was incorporated in Malaysia as an investment holding company. Through its subsidiary companies, the Group specialises in the manufacturing and sale of wooden furniture and components particularly rubber-wood furniture for both the domestic and export markets.

The Group has carved out a strong niche in the household furniture segment, specifically dining and bedroom sets. From its humble beginnings as a manufacturer of chairs for dining sets in 1988, the Group has grown into a complete high-and-medium-end dining and bedroom sets manufacturer. About 70% of its raw materials are rubber-wood-based with the remaining being oak, pine wood and other wood-based materials.

The Group has made great advances to position itself as one of the largest rubber-wood furniture manufacturers and exporters in Malaysia and Vietnam. Approximately 99% of the Group's products are exported overseas to the United States of America, Canada, Europe, South Africa, Australia and the Middle East countries.

MANUFACTURING / OPERATING ACTIVITIES

The Group's manufacturing activities are operated from its three factories in Malaysia, two factories in Vietnam and one factory in Thailand. The total floor area of the six manufacturing plants is approximately 7.8 million sq feet. The total current workforce is about 7,600.

PRODUCTS

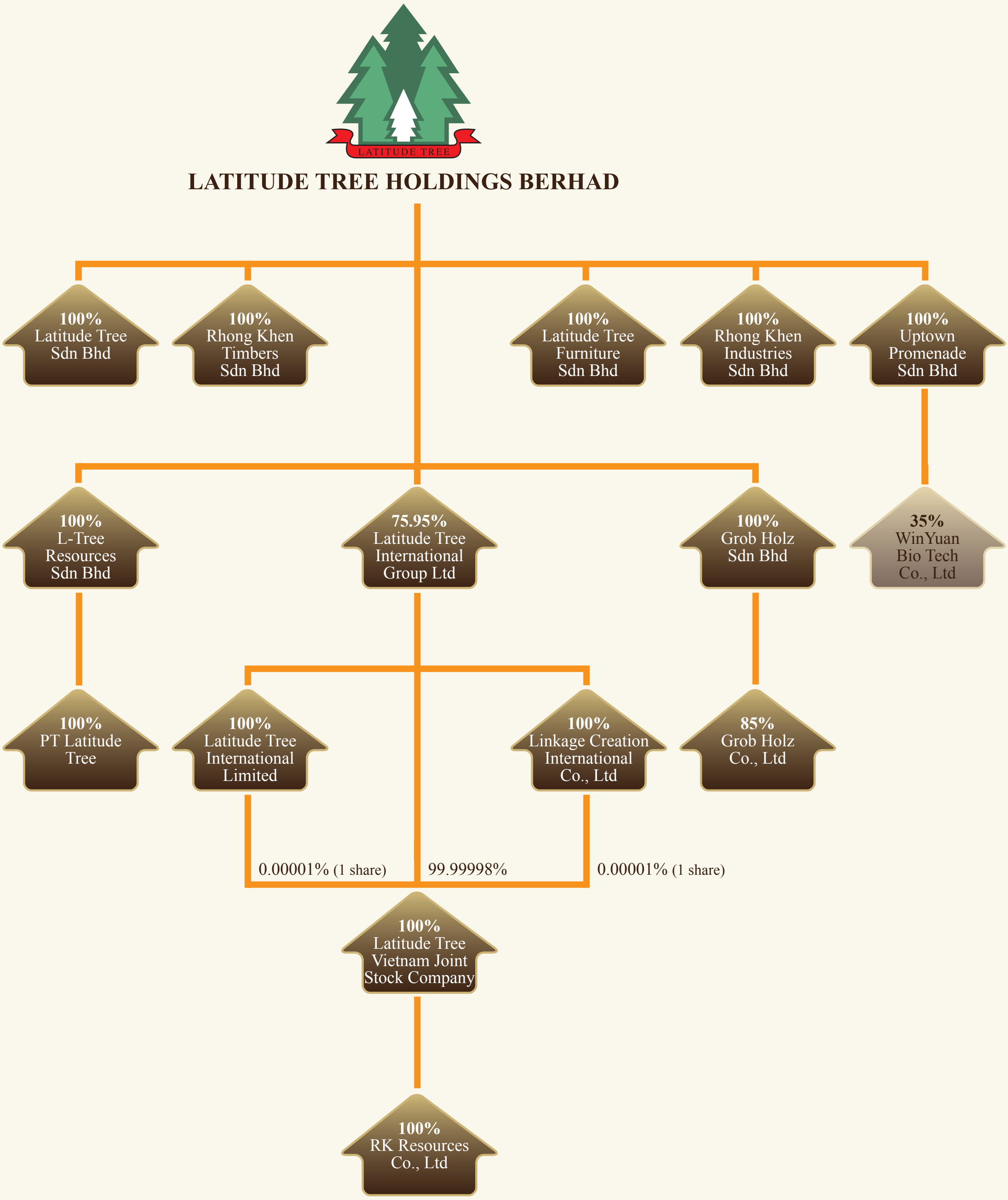
The Group has developed an extensive range of products to cater for different customers' requirements and expectations.

The followings are the main products of the Group:

- Bedroom Collection Sets including Beds, Nightstands, Chests, Armoires and Wardrobes;
- Dining Collection Sets including Tables, Chairs, Buffets, Hutches, Curios, Sideboards and Servers;
- Living Room Collection sets including Sofas, Sofa Tables, Occasional Tables, Coffee Tables and Cabinets (TV and Low Cabinets) and Small Office, Home Office (SoHo) sets.

From the traditional piece-meal furniture, the Group has shifted strategically into the manufacture of whole set and collection set furniture as a response to the emerging demand trends for whole set and collection set furniture. The Group has a team of in-house designers, technicians and developers who are able to develop products that meet customers' requirements and tastes for different markets.

CORPORATE STRUCTURE



PROFILE OF BOARD OF DIRECTORS

DATO' HAJI SHAHARUDDIN BIN HAJI HARON

Chairman / Senior Independent Director

Dato' Haji Shaharuddin Bin Haji Haron, aged 72, a Malaysian, was appointed to the Board of Latitude Tree Holdings Berhad on 21 June, 2000. He is the Chairman of Remuneration Committee and Nomination Committee and a member of the Audit Committee. He graduated with a Bachelor of Arts (Honours) degree from the University of Malaya and a holder of Master of Administration from University of Pittsburg, United States of America. He has held various positions in the government. This includes Assistant Secretary of Economic Planning Unit of Prime Minister's Department (from 1963 to 1968), Principal Secretary of Economic Planning Unit (from 1968 to 1970), Director of Economic Planning Unit (from 1970 to 1974), Secretary of Foreign Investment Committee of Prime Minister's Department (from 1974 to 1979), Director General of Insurance of Ministry of Finance (from 1979 to 1983), Secretary of Finance Division of Ministry of Finance (from 1983 to 1984), Director General of National Padi and Rice Board, Malaysia (from 1984 to 1987); Secretary General of Ministry of Public Enterprise (from 1987 to 1990), Secretary General of Ministry of International Trade and Industry (from 1990 to 1992), Secretary General of Ministry of Domestic Trade (from 1992 to 1993).

Particulars of other directorships in public companies :

- Malayan Flour Mills Berhad
- Gopeng Berhad

Currently, he also sits on the Board of a few private companies.

Dato' Haji Shaharuddin does not have any family relationship with any other Directors and/or substantial shareholder of the Company nor any conflict of interest in any business arrangement involving the Company.

MR LIN, TZU- KENG

Deputy Chairman /
Non-Independent Non-Executive Director

Mr Lin Tzu-Keng, aged 56, a Taiwanese, was appointed to the Board of Latitude Tree Holdings Berhad on 28 April, 1997 as the Managing Director and was appointed as Deputy Chairman with effect from 28 May, 2009. Consequently, he was redesignated as a Non-Independent Non-Executive Director.

In 1988, he came to Malaysia to set up Latitude Tree Furniture Sdn Bhd, an operating subsidiary of the Group, and has been its Managing Director since then. Using his knowledge and experience gained in the industry, he was responsible for building the company's factory in Kapar, Selangor and equipping it with the latest technology. In 2001, Mr Lin led the Group to venture into Vietnam in the setting up of two main operating subsidiaries in Vietnam namely, Latitude Tree (Vietnam) Co. Ltd and RK Resources Co. Ltd.

Mr Lin Tzu-Keng is the Chief Executive Officer and Executive Director of Latitude Tree International Group Ltd, a subsidiary of the Company listed on the official list of Catalist on the Singapore Exchange Securities Trading Limited.

Mr Lin served as a Central Region Chairman of Taipei Investors' Association in Malaysia for a term of two years from 1997 to 1999. Mr Lin and Madam Lin Chen Jui-Fen are husband and wife whilst Mr Lin Tzu-Lang is the brother of Mr Lin. All of them are substantial shareholders of the Company.

MDM LIN CHEN, JUI-FEN

Managing Director

Mdm Lin Chen, Jui-Fen, aged 56, a Taiwanese, was appointed as Executive Director to the Board of Latitude Tree Holdings Berhad on 28 April, 1997. Mdm Lin was appointed as the Managing Director of the Company in place of Mr Lin, Tzu-Keng with effect from 28 May, 2009.

Mdm Lin is involved in the overall management of the Group's sales and market departments and human resources management. She also sits on the Board of several subsidiary companies of the Group. Mdm Lin is the wife of Mr Lin Tzu-Keng.

MR LIN, TZU- LANG
Executive Director

Mr Lin Tzu-Lang, aged 68, a Taiwanese, was appointed to the Board of Latitude Tree Holdings Berhad on 28 April, 1997 as the Deputy Chairman/Non-Independent Non-Executive Director and was redesignated as an Executive Director with effect from 28 May, 2009. He has many years experience in the manufacturing of wooden furniture having been involved for more than 37 years in the industry.

Mr Lin was appointed the Chairman of the Association of Furniture Manufacturers of Tai Chung, Taiwan in 1986 and 1988 in recognition of his contribution to promote the furniture manufacturing industry. Mr Lin is the brother of Mr Lin Tzu-Keng and they are both substantial shareholders of the Company.

MR TOH SENG THONG JP, PJK
Independent Director

Mr Toh Seng Thong, aged 52, a Malaysian, was appointed to the Board of Latitude Tree Holdings Berhad on 18 August 2003. He is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee.

He graduated with a Bachelor of Commerce (Accounting) degree from the University of Canterbury, New Zealand in 1981. He is a Chartered Accountant by profession and a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, New Zealand Institute of Chartered Accountants, Fellow member of the Malaysian Institute of Taxation and Associate member of the Harvard Business School Alumni Club of Malaysia. Subsequent to his degree, he worked with a local manufacturing company before joining an international accounting firm, Peat Marwick Mitchell & Co (now known as KPMG), from 1983 to 1985. Subsequently he joined a local accounting firm as a partner before practicing on his own under Messrs S.T. Toh & Co in 1997. He has vast experience in auditing, tax planning, financial and management advisory. He sits on the Boards of Adventa Berhad and he also sits as a Corporate Advisor to a few private companies.

Mr Toh does not have any family relationship with any other Directors and/or substantial shareholder of the Company nor any conflict of interest in any business arrangement involving the Company.

MR YEK SIEW LIONG
Non-Independent Non Executive Director

Mr Yek Siew Liong, aged 50, a Malaysian, was appointed to the Board of Latitude Tree Holdings Berhad on 18 May, 2007. He is a member of the Remuneration Committee and Nomination Committee.

Mr Yek Siew Liong is the Chairman and Non-Executive Director of Latitude Tree International Group Ltd, a subsidiary of the Company listed on the official list of Catalist on the Singapore Exchange Securities Trading Limited.

Mr Yek graduated with a Bachelor of Arts (Hons) in Architecture and Environmental Design and Bachelor of Architecture (Hons) from University of Nottingham and MBA from Aston University in Birmingham.

Mr Yek has 23 years of experience in various fields such as timber trading, logging, saw-milling, kiln-drying, laminated truck flooring, oil palm plantations, shipping, township and property development. He is currently the Group Managing Director / Chief Executive Officer of Hock Lee Holdings Sdn Bhd.

Particulars of other directorships in public companies:
- Hock Lee Asia Berhad
- Hock Lee Resources Berhad
- Cinacom Bintulu Berhad
- Sarawak Cable Berhad

Mr Yek does not have any family relationship with any other Directors and/or substantial shareholder of the Company nor any conflict of interest in any business arrangement involving the Company.

Note:
Save as disclosed, the above Directors have not been convicted of any offence within the past ten years.

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Board of Directors is committed to ensure that good corporate governance is being practised and maintained at all level of the Group in order to safeguard stakeholders' interest, enhance shareholders' value and the financial performance of the Group.

This statement describes how the Company has applied the key principles and the extend of its compliance with best practices set out in the Malaysian Code on Corporate Governance for the financial year ended 30 June, 2010 save for where otherwise identified and has been approved by the Board on 27 October, 2010.

1. BOARD OF DIRECTORS

1.1 Duties

The Board takes full responsibility for the proper conduct of the Group. The Board guides the Group on its short and long term goals, provides advice and direction on management and business development issues.

Three (3) Board Committees, namely Nomination Committee, Remuneration Committee and Audit Committee, formally established by the Board to assist the latter in the discharge of its duties.

1.2 Composition / Board Balance

There were no change to the size and balance of the Board in FY 2010. The Board had six (6) members; comprising one (1) Senior Independent Director, one (1) Independent Director, two (2) Non – Independent Non – Executive Directors and two (2) Executive Directors of which one (1) is the Managing Director. The composition of the Board reflects a balance of executive and non-executive directors to ensure that the interest of not only the Group, but also stakeholders and the public in general are represented in all business strategies formulation and adoption.

The personal profile of the Directors are set in Pages 8 to 9 of this Annual Report. The Board is satisfied with its current composition which comprises the balanced mix of operational skills of the executive directors in the wooden furniture manufacturing industry with the professional expertise of the non-executive directors in the fields of wooden furniture, finance, auditing / accounting and economics.

There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The Chairman leads the Board and facilitates its work. He engages directly with the Managing Director to understand and oversee the strategy implementation and performance delivery. He is responsible for ensuring the processes of the Board are effective in carrying out its duties and responsibilities, including the timely provision of sufficient relevant information on financial and non-financial matters. The Chairman, in conjunction with the Managing Director and Company Secretary, sets agendas for the meetings of the Board that focus on strategic direction and performance of the Group.

The Managing Director is responsible for the day-to-day management of the Group's operations and business as well as implementation of the Board's policies and decisions.

Record of each Director's meeting attendance during the year under review is set out below :-

	No. of Directors' Meeting	
	Held	**Attended**
Mr Lin, Tzu-Keng # #	5	5
Mdm Lin Chen, Jui-Fen	5	5
Mr Lin, Tzu-Lang	4	5
Mr Toh Seng Thong #	5	5
Mr Yek Siew Liong # #	5	5

\#	Denotes Independent Director
\# #	Denotes Non-Independent Non-Executive Director

1.3 Appointments To The Board And Re-Elections

New candidates will be considered and evaluated by the Nomination Committee. Suitable nominees will then be recommended for appointment to the Board.

In accordance with the Company's Articles of Association ("Articles"), any Director appointed during the year is required to retire and seek election by shareholders at the following Annual General Meeting ("AGM") immediately after their appointment and that one third of the Board members are required to retire at every "AGM" and be subject to re-election by shareholders. All directors, including the Managing Director shall retire from office at least once in every three years but shall be eligible for re-election.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

1.4 Board Meetings

The Board meets on a quarterly basis and additionally as required. The general agenda of the meetings includes discussion over minutes of previous meetings, quarterly financial results of the Group and any other issues requiring the Board's deliberation and approval. The agenda for each Board meeting is circulated to all the Directors for their perusal prior to the convening of each meeting to enable Directors to obtain further clarifications / explanations prior to the meeting to ensure smooth proceeding of each meeting. The proceedings and resolutions reached at each Board meeting are minuted and signed by Chairman of the meeting.

Besides Board meetings, the Board exercises control on matters that require Board's deliberation and approval through circulation of Directors' Resolutions.

The Board held five (5) meetings during the financial year to control and monitor the development of the Group.

1.5 Supply Of Information

All Directors have access to all information concerning the Company and the Group as well as the advice and services of the Company Secretary for the performance of his duties. Where necessary, the Director(s) may engage independent professionals at the Group's expense on specialised issues to enable the Director(s) to discharge his/their duties with adequate knowledge on the matters being deliberated.

1.6 Directors' Training

All the Directors have completed the Mandatory Accreditation Programme ("MAP") conducted by Bursa Securities. Directors are also advised of developments or changes to relevant laws and regulatory requirements and suitable training and education programmes are identified for their participation from time to time.

Management briefings during Board and Audit Committee meetings on various operational, technical, financial and corporate matters are also aimed at ensuring that Directors are well versed with the knowledge of the Group's business and affairs in enabling them to make meaningful decisions.

During the financial year, all the Directors attended and participated in various training programme which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors.

The Company Secretaries circulated the relevant guidelines on regulatory requirements from time to time for the Board's reference and briefed the Board quarterly on these updates at the Board meetings.

New directors, if any, upon joining the Board, would be briefed on the Company's business and governance matters, amongst others in respect of the duties and responsibilities of directors, to introduce new Directors to the Group's business, its operations and its governance arrangements.

1.7 Directors' Remuneration

During the financial year, the details of aggregate remuneration of Directors are as follows:-

Remuneration	Executive Directors (RM'000)	Non-Executive Directors (RM'000)	Total (RM'000)
Salaries and other emoluments	288	604	892
Fees	72	432	504
Allowances	5	19	24
Bonuses	42	210	252
Total	407	1,265	1,672

The number of directors of the Company whose total remunerations during the year fall within the respective bands are as follows:-

Range of Remuneration	Number of Executive Directors	Number of Non-Executive Directors
Below RM50,000	-	-
RM50,000 – RM100,000	1	1
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	-	2
RM200,001 – RM250,000	-	-
RM250,001 – RM300,000	-	-
RM300,001 – RM350,000	1	-
RM350,001 – RM400,000	-	-
RM400,001 – RM450,000	-	-
RM450,001 – RM500,000	-	-
RM500,001 – RM550,000	-	-
RM550,001 – RM600,000	-	-
RM600,001 – RM650,000	-	-
RM650,001 – RM700,000	-	-
RM750,001 – RM800,000	-	-
RM800,001 – RM850,000	-	-
RM850,001 – RM900,000	-	1
Total	2	4

1.8 Number of Directorships in other companies

Each of the Directors of the Company holds not more than ten directorships in public listed companies and not more than fifteen in other companies (other than listed companies) which are either incorporated or registered under the Companies Act, 1965. This ensures the Director's commitment, resources and time for an effective input to the Board. Directors' compliance with the directorships requirement are set out in the announcement of the Semi-Annual Returns to the Bursa Malaysia Securities Berhad ("Bursa Securities").

2. BOARD COMMITTEES

The following Board Committees have been established to assist the Board in the execution of its responsibilities:-

2.1 Audit Committee

Terms of reference and further information on the Audit Committee are set out on pages 21 to 25 of the Annual Report.

2.2 Nomination Committee

Key Responsibilities

- To consider and make recommendations to the board on the suitability of candidates nominated for appointment to the Board. In making its recommendations, the Committee shall consider the candidates':-
  i) skills, knowledge, expertise and experience;
  ii) professionalism;
  iii) integrity; and
  iv) in the case of candidates for the position of Independent Non-Executive Directors, the Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-executive Directors.
- To recommend candidates to fill seats on board committee.
- To review and make recommendations to the Board on an annual basis, the required mix of expertise and experience, including core competencies of the non-executive directors.
- To assess on an annual basis the effectiveness of the Board, the Committees of the Board and for continuously assessing the role of each individual Director towards the accomplishment of the board's duties/responsibilities. All assessments and evaluations carried out by the Committee in the discharge of all its functions shall be properly documented.

The Nomination Committee held one (1) meeting during the financial year ended 30 June, 2010.

The members of the Committee shall comprise exclusively of non-executive directors, a majority of whom are independent and number at least 2 in total. The majority of the members of the Committee shall comprise independent directors. The current members of the Nomination Committee are:-

Chairman
Dato' Haji Shaharuddin Bin Haji Haron
Chairman / Senior Independent Director

Member
Mr Toh Seng Thong
Independent Director

Mr Yek Siew Liong (appointed with effect from 26 May, 2010)
Non-Independent Non-Executive Director

2.3 Remuneration committee
Key Responsibilities

The duties of the Committee shall be to recommend to the Board the remuneration of the executive directors in all its forms. Executive directors should play no part in decisions on their own remuneration. The determination of remuneration packages of non-executive directors, including non-executive chairman should be a matter for the board as a whole. The individuals concerned should abstain from discussion of their own remuneration.

The fees paid to the non-executive directors are determined by the Board.

The Committee follows formal and transparent procedures when deciding the remuneration packages of the executive directors.

The Committee sets the remuneration package based on individual performance, external market data (instructed from external consultants), to achieve based line performance by reference to pre-agreed levels of pre-tax profitability, earnings per share and share price, as an overall pre-condition of payment and near median compared to those companies with whom the Company is competing for executive talent.

The Remuneration Committee held one (1) meeting for the financial year ended 30 June, 2010.

The members of the Committee shall comprise wholly or mainly of non-executive directors and number at least 3 in total. The current members of the Remuneration Committee are:-

Chairman :
Dato' Haji Shaharuddin Bin Haji Haron
Chairman / Senior Independent Director

Members :
Mr Toh Seng Thong
Independent Director

Mr Yek Siew Liong
Non-Independent Non-Executive Director

3. SHAREHOLDERS AND INVESTORS

3.1 Investor Relations and Shareholder Communication
The importance of keeping shareholders informed of developments concerning the Group is high on the agenda.

The shareholders are kept abreast of all important developments concerning the Group through regular and timely dissemination of information via quarterly financial announcements through Bursa Securities' website, distribution of annual report and various other announcements made during the year. These will enable the shareholders, investors and members of public to have an overview of the Group performance and hence, will enable them to make any informed investment decision in relation to the Group.

3.2 The Annual General Meeting
The AGM is the main forum where dialogue with shareholders can be effectively conducted. Shareholders are given reasonable time to ask questions pertaining to issues in the Annual Report, corporate developments on the business of the Group and resolutions proposed and to vote on all resolutions proposed. Those unable to attend are allowed to appoint proxies to attend and vote on their behalf. During the meeting, the Managing Director and the Executive Directors are prepared to provide responses to queries and to receive feedback from the shareholders.

External auditors are also present to provide their professional and independent clarification on issues of concern raised by the shareholders, if any. In addition, the requests for briefings from the press are usually met.

3.3 Shareholders' Correspondences

Shareholders can also convey their concerns and queries to the Group via the Company Secretary who will make arrangement for Chairman, Directors and other designated senior executives to reply to shareholders in cases of relevant queries which are not price-sensitive and/or sensitive to the Group's business which has not already been generally made available to the company's shareholders and regulatory authorities.

Any queries regarding the Group from shareholders will be dealt with as promptly possible. These queries may be directed to Mr Yeoh Joe Son, the Company Secretary.

3.4 Corporate Website

The Group maintains its corporate web-site at www.lattree.com which has made available the corporate information, financial and other pertinent information to all its shareholders, at all times.

4. ACCOUNTABILITY AND AUDIT

4.1 Internal Control

Details of the Internal Control system is stated in the Statement of Internal Control on pages 19 to 20 of the Annual Report.

4.2 Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial position and prospects via the quarterly announcements of results and the publishing of audited financial statements via the annual report distributed to shareholders yearly.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting with particular emphasis on the application of accounting standards, policies and the making of reasonable and prudent estimates and assumptions.

A statement by the Board of its responsibilities for preparing the financial statements is set out on page 26 of the Annual Report.

4.3 Relationship With Auditors

The Board maintains an active, transparent and professional relationship with its Auditors through Audit Committee, which has been conferred with the authority to interface directly with both the external and internal auditors of the Group.

During the financial year, the Company's External Auditors conducted an audit of the Company and the Group, so as to provide reasonable assurance that the financial statements present a true and fair view of the Group's performance and are free from material misstatements. After the completion of the audit, discussion was carried out with the External Auditors on issues relating to the audit report and significant issues arising from the audit of the Company and the Group. The Board, through the Audit Committee, also seeks the External Auditors' professional advice in ensuring compliance with the appropriate accounting standards in Malaysia and the provisions of the Companies Act, 1965.

A summary of the activities of the Audit Committee during the year is set out in the Audit Committee Report on pages 21 to 25 of the Annual Report.

The Company has complied throughout the financial year with all the best practices of corporate governance set out in Part 2 of the Code, except for Principles BIII-Disclosures on remuneration of Directors.

5. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Company is involved in various activities as part of its CSR initiatives and efforts:-

a) Occupational Safety and Health

The Company is committed to maintain high safety and health standards at work place. A committee has been set up to monitor the compliance of the safety and health standards. A series of in-house programmes on safety and health are regularly conducted with the assistance of external experts and committee members. This includes training on handling of machinery, chemical and flammable materials at work place.

b) Contribution to charitable causes

The Group has been contributing regularly to schools with an objective to assist in the development of education of the less fortunate as well as donations to charitable organisations.

During the year under review the Group had on 15 June, 2010 donated 120 classroom tables and chairs to a rural kindergarten, Taman Pendidikan Kanak – Kanak Kwang Hwa How Yew, Dungun, Terengganu. The classroom tables and chairs were manufactured from our own factories.

A blood donation campaign was also carried out by Rhong Khen Timbers Sdn Bhd on 23 June, 2010 amongst its employees with the support of Hospital Sultanah Nur Zahirah, Kuala Terengganu, to increase the inventory of blood bank of the Hospital.

6. OTHER INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD

6.1 Utilisation of Proceeds

During the financial year under review the Company listed its subsidiary, Latitude Tree International Group Ltd ("LTIG") on the Singapore Stock Exchange – Catalist Market (SGX-Catalist) on 19 August, 2009. The placement of 36,000,000 new ordinary shares at the price of SGD 0.22 per share was fully subscribed. The proceeds from the placement were utilised for the upgrading and expansion of production and warehouse facilities in Vietnam-based factories.

6.2 Share Buy-Back

The Company had obtained its shareholders' authority at the Company's Annual General Meeting held on 16 December, 2009 in respect of the share buy-back of up to 10% of the issued and paid up share capital of the Company.

During the financial year under review, the Company had purchased 19,900 of its own shares and retained as treasury shares. The details of shares bought-back are as follows:-

Month	No. of shares purchased	Total Consideration Paid (RM)*	Minimum price paid (RM)	Maximum price paid (RM)	Average price paid (RM)
July 2009	-	-	-	-	-
August 2009	-	-	-	-	-
September 2009	-	-	-	-	-
October 2009	-	-	-	-	-
November 2009	-	-	-	-	-
December 2009	-	-	-	-	-
January 2010	-	-	-	-	-
February 2010	-	-	-	-	-
March 2010	-	-	-	-	-
April 2010	-	-	-	-	-
May 2010	19,900	35,280.65	1.76	1.76	1.76
June 2010	-	-	-	-	-
Total	19,900	35,280.65			

* Including transaction costs

6.3 Options, Warrants or Convertible Securities
There were no other options, warrants or convertible securities exercised in respect of the financial year ended 30 June, 2010.

6.4 Depository Receipt Programme
The Company had not sponsored any depository receipt programme for the year ended 30 June, 2010.

6.5 Sanctions and/or Penalties
The Company and its subsidiaries, Directors and Management had not been imposed with any sanctions and / or penalties.

6.6 Non-Audit Fees
There was no non-audit fees paid and payable to external auditors by the Company and it's subsidiaries for the financial year ended 30 June, 2010.

6.7 Variation of Results
There were no material variances between the actual results for the year ended 30 June, 2010 and the unaudited results previously announced by the Company.

6.8 Profit Forecast and Guarantee
The Company did not issue any profit forecast and guarantee for the year ended 30 June, 2010.

6.9 Revaluation Policy
The Group has adopted a policy on regular revaluation of landed properties. This is as disclosed in the financial statements under pages 89 to 90 of the Annual Report.

6.10 Material Contracts Involving Directors and Major Shareholders
There were no material contracts involving the Company and its subsidiaries with directors and substantial shareholders of the Company either still subsisting at the end of the financial year ended 30 June, 2010 or entered into since the end of the financial year.

6.11 Recurrent Related Party Transactions of Revenue Nature

The details of the Recurrent Related Party Transactions ("RRPT") of a revenue and trading nature carried out by the Group during the financial year ended 30 June, 2010 are as follows:

Nature of Transaction	Company	Transacting Parties	Nature of relationship	Amount transacted during the financial year RM'000
Purchases of raw materials and supplies, laminated boards and furniture components by the LTHB Group from Grob Holz Co., Ltd ("GHCL").	GHCL and the LTHB Group	Mr. Yek Siew Liong and Konsortium Kontrek Sdn Bhd ("KKSB")	GHCL is a 85% owned subsidiary of LTHB. Mr. Yek Siew Liong, a director of LTHB and substantial shareholder of LTHB. Mr. Yek Siew Liong owns approximately 15.03% indirect equity interest in LTHB via KKSB and 15% indirect equity interest in GHCL via KKSB.	13,566
Purchases of raw materials and supplies, furniture components and finished goods by LTIG Group from the LTHB Group	The LTIG Group and the LTHB Group	Mr. Yek Siew Liong	LTHB is the holding company of LTIG. Mr Yek Siew Liong is a director of both LTIG and LTHB. Mr Yek Siew Liong owns approximately 4.85% direct equity interest and 0.96% indirect equity interest in LTIG (since 21 October 2009) via his spouse and 15.03% indirect equity interest in LTHB via KKSB.	4,001
Purchases of raw materials and supplies, furniture components and finished goods by LTHB Group from the LTIG Group.	The LTIG Group and the LTHB Group	Mr. Yek Siew Liong	LTHB is the holding company of LTIG. Mr Yek Siew Liong is a director of both LTIG and LTHB. Mr Yek Siew Liong owns approximately 4.85% direct equity interest and 0.96% indirect equity interest in LTIG (since 21 October 2009) via his spouse and 15.03 % indirect equity interest in LTHB via KKSB.	133

STATEMENT ON INTERNAL CONTROL

1. INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and Group's assets. Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("MMLR") requires the Directors of public listed companies to include in the Annual Report a statement on the state of its internal control.

2. RESPONSIBILITY

The Board acknowledges its responsibility to establish a sound system of internal control and risk management and for reviewing the effectiveness of the system in order for the Group to safeguard shareholders' investment and the Group's assets. Notwithstanding that, in view of the inherent limitations in any system of internal control, the Board recognises that reviewing the Group's systems of internal control is a concerted and continuing process, designed to manage rather than eliminate the risk of failure. Accordingly, the system can only provide reasonable and not absolute assurance against material misstatement of management, loss or fraud and failure to achieve business objectives.

The Board has extended the responsibilities of the Audit Committee to include the role of reviewing and monitoring the effectiveness of the Group's internal control system. The Audit Committee receives assurance reports from both the internal auditors for findings from site audits carried out at operating units, and the external auditors on areas for improvement identified during the course of statutory audit. The Reports of the Audit Committee is set out on pages 21 to 25 of the Annual Report.

3. RISK MANAGEMENT FRAMEWORK

The oversight of the Group's risk management process is the responsibility of the Managing Director who is assisted by the heads of department of the respective operating companies. The Company has established a Risk Management Committee ("RMC") whom together with the Audit Committee, are entrusted to ensure more effective and efficient identification, evaluation, management and reporting of Group's risks. Its functions include, inter alia:-

- developing risk management framework
- coordinate the updating of the risk profile
- monitor the implementation of action plans
- review and assess the applicability of the control environment in mitigating risk

The Company has in place an enterprise-wide risk management ("ERM") framework.

Within the ERM framework, risks and control measures are documented and compiled by the RMC to represent the risk profile of the operating companies which in turn are consolidated to form the risk profile of the Group. Risk profiles are reviewed and updated on a yearly basis. Meetings are held at least once a year in which the updated risk profile will be deliberated by Audit Committee before reporting to Board.

During the financial year under review, the Group has continued with its ERM efforts. The risk profile of the Group was reviewed and updated to reflect the current conditions.

4. INTERNAL AUDIT FUNCTION

The internal audit function adopts a risk-based approach and prepares its audit strategies and plans based on the risk profiles of the major business units of the Group. Internal audit reviews the internal controls in the key activities of the Group's businesses.

A minimum one (1) internal audit cycle will be carried out annually by the outsourced independent professional consulting firm. The internal audit team assesses the adequacy and integrity of the internal control system based on its scope of work and highlights to the Management the findings and areas for improvement. Internal audit also reviews the extent to which its recommendations have been accepted and implemented by the Management. Audit Committee will review various internal audit reports and management responses thereto and ensuring significant findings especially control deficiencies are adequately addressed to and rectified by Management of the operating units concern. Internal audit reports are also tabled at Audit Committee meetings. The Audit Committee in turn reports to the Board its assessment and recommendations.

During the financial year ended 30 June, 2010, the Audit Committee, with the assistance of the external professional consulting firm, Messrs Ethos Advisory Pte.Ltd, reviewed the adequacy and integrity of the Group's internal control systems relating to Finance, Human Resources and Payroll Management, Sales Management and Related Party Transactions of the Group's Vietnam operation.

5. OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from risk management and internal audit, the Group's system of internal controls comprises the following key elements:-

- a well defined organisational structure with clear reporting lines and accountabilities;
- a clearly defined operating procedures for key processes to ensure full compliance by all operating units;
- a close monthly monitoring and review of financial results and forecasts for all operating units by the Group's Management Steering Committee ("MSC"), headed by the Managing Director;
- a standardised formulation of action plans at the Group level through discussions carried out by the MSC, to focus on areas of concern.

6. CONCLUSION

In accordance with the Guidance, the Group has in place an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives and this process has operated during the financial year under review and up to the date of approval of the Annual Report.

There were no control deficiencies noted during the financial year under review which has a material impact on the Group's performance or operations.

This statement is made in accordance with the resolution of the Board of Directors dated 27 October, 2010 and has been duly reviewed by the external auditors, pursuant to paragraph 15.23 of the MMLR.

AUDIT COMMITTEE REPORT

The Board of Directors ("Board") of the Company is pleased to present the report of the Audit Committee for the financial year ended 30 June, 2010.

A. MEMBERSHIP

The current members of the Audit Committee are:-

Chairman:
Mr Toh Seng Thong
Independent Director

Members:
Dato' Haji Shaharuddin Bin Haji Haron
Chairman / Senior Independent Director

Mr Yek Siew Liong
Non-Independent Non-Executive Director.

B. TERMS OF REFERENCE

The terms of reference of the Committee are as follows:-

1. Composition

The Audit Committee shall be appointed by the Directors from among their members (pursuant to a resolution of the Board of Directors) which fulfils the following requirements:-

a) The audit committee must be composed of no fewer than 3 members;

b) A majority of the audit committee must be independent directors;

c) All members of the audit committee must be non-executive directors;

d) All members of the audit committee must be financially literate; and

e) At least one member of the audit committee:-

i) must be a member of the Malaysian Institute of Accountants; or

ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-

- he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
- he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or

iii) fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

The members of the Audit Committee shall elect a chairman from among their members who shall be an independent director.

In the event of any vacancy in the Audit Committee resulting in the non-compliance of (a) to (c) above, the vacancy must be filled within 3 months of that event.

No Alternate Director shall be appointed as a member of the Audit Committee.

The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every 3 years to determine whether the Audit Committee and members have carried out their duties in accordance with the terms of reference.

2. Functions

The functions of the Audit Committee are as follows:-

a) Review the following and report the same to the Board of Directors:-

   i) with the external auditors, the audit plan;

   ii) with the external auditors, his evaluation of the system of internal controls;

   iii) with the external auditors, his audit report;

   iv) the assistance given by the Company's employees to the external auditors; and

   v) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity.

b) To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal;

c) To discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

d) To review the quarterly and year-end financial statements of the company, focusing particularly on:-

   - any changes in accounting policies and practices;
   - significant adjustments arising from the audit;
   - the going concern assumption; and
   - compliance with accounting standards and other legal requirements.

e) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);

f) To review the external auditors' management letter and management's response;

g) To assist the Board in establishing an internal audit function which is independent of the activities it audits and to do the following:-

   - review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
   - review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
   - review any appraisal or assessment of the performance of members of the internal audit function;
   - approve any appointments or termination of senior staff members of the internal audit function;

- take cognisance of resignations of internal audit staff members (for in-house internal audit function) or the internal audit service provider (for out-sourced internal audit) and provide the resigning staff member or the internal audit service provider an opportunity to submit his reasons for resigning; and
- include in the Audit Committee report, a summary of the activities of the internal audit function or activity.

h) To consider the major findings of internal investigations and management's response; and

i) To consider other areas as defined by the board.

3. Rights of the Audit Committee

The Audit Committee shall, wherever necessary and reasonable for the Company to perform of its duties, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:-

a) Have authority to investigate any matter within its terms of reference;

b) Have the resources which are required to perform its duties;

c) Have full and unrestricted access to any information pertaining to the Company;

d) Have direct communication channels with employees of the Company, the external auditors and person(s) carrying out the internal audit function or activity (if any);

e) Be able to obtain independent professional or other advice; and

f) Be able to convene meetings with the external auditors, internal auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.

4. Meetings

The Audit Committee shall meet at least 4 times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties. However, at least twice a year the Audit Committee shall meet with the external auditors, internal auditors or both, without executive Board members and employees present.

In addition, the Chairman may call a meeting of the Audit Committee if a request is made by any committee member, the Company's Chief Executive, or the internal or external auditors.

The Company Secretary or other appropriate senior official shall act as secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to committee members prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Audit Committee, and circulating them to committee members and to the other members of the Board of Directors.

A quorum shall consist of a majority of independent directors.

By invitation of the Audit Committee, the Company must ensure that other directors and employees attend any particular audit committee meeting specific to the relevant meeting.

The Chairman of the Committee shall engage on a continuous basis with Senior Management, such as the Managing Director, Financial Controller, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Group.

The Board should appoint internal auditors who will report functionally to the Audit Committee directly and the Audit Committee is to review their performance. The head of internal audit shall be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control, and governance processes within the Company.

The Audit Committee meetings held during the financial year ended 30 June 2010 and details of attendance of each Committee member is as follows:-

	No. of Audit Committee Meeting	
	Held	**Attended**
Mr Toh Seng Thong	5	5
Dato' Haji Shaharuddin Bin Haji Haron	5	5
Mr Yek Siew Liong	5	5

C. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

Activities undertaken during the financial year under review are as follows:-

- Reviewed and evaluated the scope of works and audit plans of the internal and external auditors;
- Reviewed the quarterly and year-to date unaudited financial statements, prior to deliberation and approval by Board;
- Reviewed the Audited Financial Statements of the Group and of the Company and recommended for Board's approval;
- Reviewed and discussed the external auditors' audit report and areas of concern;
- Reviewed and discussed the external auditors' management letter and management's response;
- Reviewed and assessed the risk management activities of the Group;
- Reviewed the internal auditors' reports pertaining to the state of internal control of the operating units within the Group and appraised the adequacy and effectiveness of Management's response in resolving the audit issues reported;
- Reviewed the proposed audit fees for the external auditors in respect of their audit of the Group and of the Company for the financial year;
- Met with external auditors twice during the financial year without the presence of any executive Board members and employees of the Group;
- Reviewed the draft Circular to Shareholders on Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature and Statement to Shareholders in relation to the proposed renewal of authority for Share Buy-Back and recommended for Board's approval;
- Reviewed related party transactions and the adequacy of the group's procedures and processes in identifying, monitoring, reporting and reviewing related party transactions in a timely and orderly manner; and
- Noted emerging financial reporting issues pursuant to the introduction of new accounting standards and additional statutory and regulatory disclosure requirements.

D. SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

During the financial year under review, the Group has out-sourced the provision of internal audit and management system assurance to an independent professional consulting firm Ethos Advisory Pte Ltd. The Head of Internal Audit reports directly to the Audit Committee and administratively to the Managing Director.

The Audit Committee is assisted by the internal auditors in discharging its duties and responsibilities with respect to the adequacy and integrity of the system of internal controls within the Group. The internal audits were performed based on risk based approach by focusing on:-

- Reviewing identified high risk areas for compliance with control policies and procedures; identifying business risk which have not been appropriately addressed; and

- Evaluating the adequacy and integrity of controls.

The internal auditors carry out audit assignments based on an audit plan that is reviewed and approved by the Audit Committee. The reports of the audits undertaken were forwarded to the management for attention and necessary action then presented to the Audit Committee for deliberation and approval.

During the financial year under review, the internal auditors undertook the following activities:-

- Reviewed the adequacy and integrity of the Group's internal control systems relating to Finance, Human Resources and Payroll Management, Sales Management and related party transactions of the Group's Vietnam operation; and

- Reported to the Audit Committee its internal audit findings and response and rectification undertaken by the Management.

The professional fees incurred for the internal audit function in respect of financial year ended 30 June, 2010 amounted to approximately RM79,000.

STATEMENT OF BOARD OF DIRECTORS' RESPONSIBILITIES

IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cashflows of the Group and of the Company for that year.

The Directors consider that, in preparing the financial statements for the financial year ended 30 June, 2010 as set out on pages 27 to 88 of this Annual Report, the Group has used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. The Directors also consider that all applicable approved accounting standards have been followed and confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

The auditors' responsibilities are stated in their Report to the Members of the Company.

CONTENTS

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June, 2010.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services.

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	36,483	15,886
Attributable to :		
Equity holders of the Company	27,730	15,886
Minority interests	8,753	-
Profit for the year	36,483	15,886

DIVIDENDS

Since the end of the previous financial year, the Company paid the following dividends :

(i) a final dividend of RM3,758,690 on 28 January, 2010 being tax exempt dividend of 5.8 sen for the previous financial year; and

(ii) an interim dividend of RM1,944,150 on 30 April, 2010 being tax exempt dividend of 3.0 sen for financial year ended 30 June, 2010.

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 30 June, 2010 of 7.0 sen (tax exempt) on 64,805,000 ordinary shares amounting to a total of RM4,536,350 will be proposed for shareholders' approval. The dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained profits in the next financial year ending 30 June, 2011.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company did not issued any shares or debentures during the financial year.

TREASURY SHARES

The shareholders of the Company, via a special resolution passed in the Extraordinary General Meeting held on 16 December, 2009, approved the Company's plan to purchase its own shares up to 10% of its existing issued and paid up share capital.

During the financial year, the Company purchased its own shares from the open market under the share buy-back as follows :

	Price per share			Number of	Total
Date	Minimum	Maximum	Average	shares	consideration
	RM	RM	RM		RM'000
31 May, 2010	1.76	1.76	1.76	19,900	35
At 30 June, 2010				19,900	35

The shares purchased under the share buy-back were financed by internally generated funds and retained as treasury shares and presented as a deduction from shareholders' equity in accordance with the requirements of Section 67A of the Companies Act, 1965.

As at the balance sheet date, the Company held as treasury shares a total of 19,900 (2009 : Nil) of its 64,805,000 issued and paid up ordinary shares at a carrying amount of RM35,281.

BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there were no known bad debts and that adequate allowance for doubtful debts has been made in the financial statements of the Group and of the Company.

At the date of this report, the directors are not aware of any circumstances which would require the writing off of bad debts or render the amount of allowance for doubtful debts inadequate to any substantial extent.

CURRENT ASSETS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised, in the ordinary course of business including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which have arisen which render the values attributed to current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist :

(i) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liabilities of any person; or

(ii) any contingent liability of the Group or the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group or the Company other than disclosed in Note 39 to the financial statements has become enforceable or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or the Company to meet its obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in the report or financial statements, which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors :

(i) the results of the operations of the Group and of the Company for the financial year ended 30 June, 2010 have not been substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

Significant events are disclosed in Note 37 to the financial statements.

DIRECTORS

The directors who served since the date of the last report are :

Dato' Haji Shaharuddin Bin Haji Haron
Lin Chen, Jui-Fen
Lin, Tzu-Lang
Lin, Tzu-Keng
Toh Seng Thong
Yek Siew Liong

In accordance with the Company's Articles of Association, Lin, Tzu-Keng and Yek Siew Liong retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Dato' Haji Shaharuddin Bin Haji Haron, being over the age of 70 years, retires pursuant to Section 129(2) of the Companies Act, 1965 and seek re-appointment as director under the provision of Section 129(6) of the said Act to hold office until the next Annual General Meeting.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in the shares of the Company during the financial year were as follows :

	← Number of ordinary shares of RM1 each →				
	At 1.7.2009	Bought	Sold	At 30.6.2010	
Direct interest :					
Lin Chen, Jui-Fen	7,344,134	-	-	7,344,134	
Lin, Tzu-Lang	7,110,250	-	-	7,110,250	
Lin, Tzu-Keng	12,602,518	-	-	12,602,518	
Indirect interest :					
Lin Chen, Jui-Fen	12,602,518	-	-	12,602,518	*
Lin, Tzu-Keng	7,344,134	-	-	7,344,134	*
Yek Siew Liong	9,740,000	-	-	9,740,000	#

* Deemed interest in shares held by spouse
\# Deemed interest in shares held by Konsortium Kontrek Sdn. Bhd. in which the director has an interest.

By virtue of their interests in the shares of the Company, Lin, Tzu-Lang, Lin, Tzu-Keng, Lin Chen, Jui-Fen and Yek Siew Liong are also deemed to have interest in the shares of all its subsidiaries to the extent the Company has an interest.

Other than as stated above, the directors in office at the end of the financial year did not have any interest in the shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest.

AUDITORS

Y.C. Chong & Co retire and have indicated their willingness to be re-appointed.

Signed on behalf of the Board in accordance
with a resolution of the directors :

DATO' HAJI SHAHARUDDIN BIN HAJI HARON

LIN CHEN, JUI-FEN
Kuala Lumpur
Dated : 27 October, 2010

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, DATO' HAJI SHAHARUDDIN BIN HAJI HARON and LIN CHEN, JUI-FEN being two of the directors of LATITUDE TREE HOLDINGS BERHAD, do hereby state that in the opinion of the directors, the financial statements on pages 36 to 88 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June, 2010, and of the results and cash flows of the Group and of the Company for the year ended on that date in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

On behalf of the Board,

DATO' HAJI SHAHARUDDIN BIN HAJI HARON

LIN CHEN, JUI-FEN
Kuala Lumpur
Dated : 27 October, 2010

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, LIU WEN YI, the officer primarily responsible for the financial management of LATITUDE TREE HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements on pages 36 to 88 are to the best of my knowledge and belief correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed LIU WEN YI at Kuala)
Lumpur in Wilayah Persekutuan)
on 27 October, 2010)

LIU WEN YI

Before me,
D. SELVARAJ
No. : W 320

Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF LATITUDE TREE HOLDINGS BERHAD

Report on the Financial Statements

We have audited the financial statements of LATITUDE TREE HOLDINGS BERHAD, which comprise the balance sheets as at 30 June, 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 36 to 88.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June, 2010 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the followings :

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Y.C. CHONG & CO.	LAU YOKE KEEN
No. AF 0636	2307/07/12(J)
Chartered Accountants	Chartered Accountant

Kuala Lumpur
Dated : 27 October, 2010

BALANCE SHEETS
AS AT 30 JUNE, 2010

	Note	Group		Company	
		2010	2009	2010	2009
		RM '000	RM '000	RM '000	RM '000
NON-CURRENT ASSETS					
Property, plant and equipment	4	201,801	191,949	-	-
Prepaid land lease payments	5	18,286	23,007	-	-
Investment in subsidiaries	6	-	-	82,528	87,725
Investment in an associate	7	1,347	-	-	-
Other investments	8	1,301	2,081	1,220	2,000
Intangible asset	9	-	-	-	-
Deferred tax assets	10	493	481	-	-
CURRENT ASSETS					
Inventories	11	76,638	59,780	-	-
Trade receivables	12	28,720	23,595	-	-
Other receivables	13	9,991	9,407	-	-
Tax recoverable		1,729	2,222	151	100
Due from subsidiaries	14	-	-	75,039	68,714
Due from associate	15	20	-	-	-
Term deposits	16	28,338	27,497	5,982	7,094
Cash and bank balances	17	62,849	22,967	35	1,508
		208,285	145,468	81,207	77,416
Non-current assets held for sale	18	-	146	-	-
		208,285	145,614	81,207	77,416
TOTAL ASSETS		431,513	363,132	164,955	167,141

The notes on pages 44 to 88 form an integral part of these financial statements.
Independent auditors' report on pages 34 to 35.

	Note	Group 2010 RM '000	Group 2009 RM '000	Company 2010 RM '000	Company 2009 RM '000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	19	64,805	64,805	64,805	64,805
Treasury shares	20	(35)	-	(35)	-
Reserves	21	122,681	112,681	35,411	25,228
		187,451	177,486	100,181	90,033
Minority interests		39,746	13,439	-	-
TOTAL EQUITY		227,197	190,925	100,181	90,033
NON-CURRENT LIABILITIES					
Hire purchase payables	22	6	116	-	-
Bank borrowings	23	40,668	44,268	20,000	20,000
Provision for severance allowance	24	835	888	-	-
		41,509	45,272	20,000	20,000
CURRENT LIABILITIES					
Trade payables	25	48,996	40,816	-	-
Other payables and accruals	26	19,436	17,418	74	139
Due to subsidiaries	14	-	-	44,700	56,969
Hire purchase payables	22	119	428	-	-
Bank borrowings	23	93,284	68,088	-	-
Provision for taxation		972	185	-	-
		162,807	126,935	44,774	57,108
TOTAL LIABILITIES		204,316	172,207	64,774	77,108
TOTAL EQUITY AND LIABILITIES		431,513	363,132	164,955	167,141

The notes on pages 44 to 88 form an integral part of these financial statements.
Independent auditors' report on pages 34 to 35.

INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2010

	Note	Group 2010 RM '000	Group 2009 RM '000	Company 2010 RM '000	Company 2009 RM '000
Revenue	27	506,866	397,378	27,450	240
Cost of sales		(428,357)	(351,665)	-	-
Gross profit		78,509	45,713	27,450	240
Other operating income		6,527	3,588	89	4,609
Selling and marketing expenses		(11,794)	(10,687)	-	-
Administrative expenses		(14,962)	(12,914)	(667)	(524)
Other operating expenses		(10,727)	(6,662)	(10,986)	(755)
Profit from operations	28	47,553	19,038	15,886	3,570
Finance costs	31	(7,056)	(9,158)	-	-
Share of loss of associate		(151)	-	-	-
Profit before taxation		40,346	9,880	15,886	3,570
Taxation	32	(3,863)	3,333	-	(16)
Profit for the year		36,483	13,213	15,886	3,554
Attributable to :					
Equity holders of the Company		27,730	14,009		
Minority interests		8,753	(796)		
Profit for the year		36,483	13,213		
Earnings per share attributable to equity holders of the Company (sen)					
Basic / Diluted	33	42.8	21.6		
Dividend per share (tax exempt) (sen)	34	8.8	4.0	8.8	4.0

The notes on pages 44 to 88 form an integral part of these financial statements.
Independent auditors' report on pages 34 to 35.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE, 2010

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY								
	Non-distributable								
	Share capital RM '000	Treasury shares RM '000	Share premium RM '000	Revaluation reserve RM '000	Foreign currency translation reserve RM '000	Distributable retained earnings RM '000	Total RM '000	Minority interests RM '000	Total equity RM '000
As at 1 July, 2008	64,805	-	1,225	1,114	(8,127)	101,336	160,353	6,374	166,727
Partial disposal of investment in a subsidiary	-	-	-	-	-	-	-	8,288	8,288
Profit for the year	-	-	-	-	-	14,009	14,009	(796)	13,213
Foreign currency translation differences	-	-	-	-	5,716	-	5,716	(427)	5,289
Dividends (Note 34)	-	-	-	-	-	(2,592)	(2,592)	-	(2,592)
As at 30 June, 2009	64,805	-	1,225	1,114	(2,411)	112,753	177,486	13,439	190,925
As at 1 July, 2009	64,805	-	1,225	1,114	(2,411)	112,753	177,486	13,439	190,925
Change of interest in subsidiaries	-	-	-	-	301	(3,503)	(3,202)	22,592	19,390
Acquisition of minority interest {Note 37(d)}	-	-	-	-	-	-	-	(2,636)	(2,636)
Subscription of shares in a subsidiary {Note 37(f)}	-	-	-	-	-	-	-	540	540
Profit for the year	-	-	-	-	-	27,730	27,730	8,753	36,483
Foreign currency translation differences	-	-	-	-	(4,419)	-	(4,419)	(2,942)	(7,361)
Dividends (Note 34)	-	-	-	-	-	(5,703)	(5,703)	-	(5,703)
Dividends to minority shareholders	-	-	-	-	-	(4,406)	(4,406)	-	(4,406)
Treasury shares purchased	-	(35)	-	-	-	-	(35)	-	(35)
As at 30 June, 2010	64,805	(35)	1,225	1,114	(6,529)	126,871	187,451	39,746	227,197

The notes on pages 44 to 88 form an integral part of these financial statements.
Independent auditors' report on pages 34 to 35.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE, 2010

	Share capital RM '000	Treasury shares RM '000	Non-Distributable share premium RM '000	Distributable retained earnings RM '000	Total RM '000
As at 1 July, 2008	64,805	-	1,225	23,041	89,071
Profit for the year	-	-	-	3,554	3,554
Dividends (Note 34)	-	-	-	(2,592)	(2,592)
As at 30 June, 2009	64,805	-	1,225	24,003	90,033
Profit for the year	-	-	-	15,886	15,886
Dividends (Note 34)	-	-	-	(5,703)	(5,703)
Treasury shares purchased	-	(35)	-	-	(35)
As at 30 June, 2010	64,805	(35)	1,225	34,186	100,181

The notes on pages 44 to 88 form an integral part of these financial statements.
Independent auditors' report on pages 34 to 35.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE, 2010

	Note	2010 RM '000	2009 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		40,346	9,880
Adjustments for :			
Allowance for diminution in value of other investments		780	750
Allowance for doubtful debts		31	34
Amortisation of prepaid land lease payments		451	567
Bad debts written off		-	12
Depreciation of property, plant and equipment		13,614	14,136
Deposits written off		-	16
Impairment loss on goodwill		2,114	-
Inventories written off		-	58
Loss on disposal of prepaid land lease payments		45	-
Loss on partial disposal of investment in a subsidiary		-	98
Property, plant and equipment written off		7	317
Share of loss of associate		151	-
(Gain) / Loss on disposal of property, plant and equipment		(379)	106
Gain on deemed disposal of investment in a subsidiary		(2,237)	-
Gain on disposal of non-current assets held for sale		(4)	-
Interest expense		7,056	9,158
Interest income		(748)	(577)
Unrealised (gain) / loss on foreign exchange		(33)	1,035
Operating profit before working capital changes		61,194	35,590
(Increase) / Decrease in inventories		(16,858)	10,275
(Increase) / Decrease in receivables		(5,740)	6,346
Increase / (Decrease) in payables		10,178	(2,001)
Increase in amount due from associate		(20)	-
Cash generated from operations		48,754	50,210
Interest paid		(7,056)	(9,158)
Interest received		748	577
Tax refunded		541	1,013
Tax paid		(3,136)	(96)
Net cash generated from operating activities		39,851	42,546

The notes on pages 44 to 88 form an integral part of these financial statements.
Independent auditors' report on pages 34 to 35.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE, 2010 (CONT'D)

	Note	2010 RM '000	2009 RM '000
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of non-current assets held for sale		150	9,480
Proceeds from disposal of prepaid land lease payments		3,000	-
Purchase of leasehold building		-	(715)
Proceeds from disposal of property, plant and equipment		964	429
Purchase of property, plant and equipment		(31,070)	(5,079)
Proceeds from partial disposal of investment in a subsidiary		-	8,191
Acquisition of minority interest		(4,750)	-
Purchase of investment in an associate		(1,498)	-
Net cash (used in) / generated from investing activities		(33,204)	12,306
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of hire purchase payables		(419)	(664)
Proceeds from term loans		-	9,630
Repayment of term loans		(2,814)	(23,706)
Proceeds from bank borrowings		254,979	186,366
Repayment of bank borrowings		(230,745)	(196,689)
Deposits (placed) / uplifted from security for bank borrowings		(17,558)	4,160
Treasury shares acquired		(35)	-
Minority interests		21,326	-
Proceeds from subscription of shares by minority interest		540	-
Dividends paid		(10,109)	(2,592)
Net cash generated from / (used in) financing activities		15,165	(23,495)
Exchange difference in translation of financial statements of foreign subsidiaries		1,177	(3,537)
NET INCREASE IN CASH AND CASH EQUIVALENTS		22,989	27,820
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		37,693	9,873
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	35	60,682	37,693

The notes on pages 44 to 88 form an integral part of these financial statements.
Independent auditors' report on pages 34 to 35.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE, 2010

	Note	2010 RM '000	2009 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		15,886	3,570
Adjustments for :			
Allowance for diminution in value of other investments		780	750
Gain on partial disposal of investment in a subsidiary		-	(3,854)
Gain on foreign exchange - unrealised		(3)	-
Impairment loss on investment in subsidiaries		10,197	-
Interest income		(85)	(207)
Operating profit before working capital changes		26,775	259
Decrease in receivables		-	1
Increase in amounts due from subsidiaries		(6,325)	(2,202)
(Decrease) / Increase in amount due to subsidiaries		(12,269)	8,614
(Decrease) / Increase in payables		(65)	61
Cash generated from operations		8,116	6,733
Interest received		85	207
Tax paid		(51)	(89)
Net cash generated from operating activities		8,150	6,851
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment in subsidiaries		(5,000)	-
Proceeds from partial disposal of investment in a subsidiary		-	8,191
Proceeds from disposal of investment in a subsidiary		-	173
Net cash (used in) / generated from investing activities		(5,000)	8,364
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of bank borrowings		-	(15,000)
Deposits uplifted from security for bank borrowings		1,112	3,880
Dividends paid		(5,703)	(2,592)
Treasury shares acquired		(35)	-
Net cash used in financing activities		(4,626)	(13,712)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(1,476)	1,503
EFFECT OF EXCHANGE RATE CHANGES		3	-
CASH AND CASH EQUIVALENTS			
AT BEGINNING OF THE FINANCIAL YEAR		1,508	5
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	35	35	1,508

The notes on pages 44 to 88 form an integral part of these financial statements.
Independent auditors' report on pages 34 to 35.

1. GENERAL INFORMATION

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at Lot 3356, Batu 7 3/4, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 October, 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise indicated and comply with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

The financial statements are presented in Ringgit Malaysia (RM). All financial information presented in RM have been rounded to the nearest RM unless otherwise stated.

The preparation of financial statements requires directors to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Standards and Interpretations issued

The following FRS is effective and has been applied in preparing these financial statements :

		Effective
FRS 8	Operating Segments	1.7.2009

At the date of authorisation of these financial statements, the following new FRSs and Issues Committee ("IC") Interpretations and amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the Group and the Company :

		Effective
FRS 4	Insurance Contracts	1.1.2010
FRS 7	Financial Instruments : Disclosures	1.1.2010
FRS 101	Presentation of Financial Statements (Revised)	1.1.2010
FRS 123	Borrowing Costs	1.1.2010
FRS 139	Financial Instruments : Recognition and Measurement	1.1.2010
Amendments to :		
FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1.1.2010
FRS 2	Share-based Payment - Vesting Conditions and Cancellations	1.1.2010
FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1.1.2010
FRS 7	Financial Instruments : Disclosures	1.1.2010
FRS 8	Operating Segments	1.1.2010
FRS 107	Statement of Cash Flow	1.1.2010
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1.1.2010
FRS 110	Events After the Reporting Period	1.1.2010
FRS 116	Property, Plant and Equipment	1.1.2010
FRS 117	Leases	1.1.2010
FRS 118	Revenue	1.1.2010
FRS 119	Employee Benefits	1.1.2010
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1.1.2010
FRS 123	Borrowing Costs (revised)	1.1.2010
FRS 127	Consolidated and Separate Financial Statements	1.1.2010
FRS 128	Investments in Associates	1.1.2010
FRS 129	Financial Reporting in Hyperinflationary Economies	1.1.2010
FRS 131	Interests in Joint Ventures	1.1.2010
FRS 132	Financial Instruments : Presentation	1.1.2010
FRS 134	Interim Financial Reporting	1.1.2010
FRS 136	Impairment of Assets	1.1.2010
FRS 138	Intangible Assets	1.1.2010
FRS 139, FRS 7 and IC Interpretation 9	Financial Instruments : Recognition and Measurement, : Disclosures and Reassessment of Embedded Derivatives	1.1.2010
FRS 140	Investment Property	1.1.2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Standards and Interpretations issued (cont'd)

		Effective
IC Interpretation 9	Reassessment of Embedded Derivatives	1.1.2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1.1.2010
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions	1.1.2010
IC Interpretation 13	Customer Loyalty Programmes	1.1.2010
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1.1.2010
FRS 1	First time Adoption of Financial Reporting Standards	1.7.2010
FRS 3	Business Combination (revised 2010)	1.7.2010
FRS 127	Consolidated and Separate Financial Statements (revised)	1.7.2010
Amendments to FRS 2	Share-based Payment - Vesting Conditions and Cancellation	1.7.2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1.7.2010
Amendments to FRS 138	Intangible Assets	1.7.2010
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1.7.2010
IC Interpretation 12	Service Concession Arrangements	1.7.2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1.7.2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1.7.2010
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1.1.2011
Amendments to FRS 1	Additional Exemptions for First-time Adopters	1.1.2011
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions	1.1.2011
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1.1.2011
IC Interpretation 4	Determining whether an Agreement contains a Lease	1.1.2011
IC Interpretation 18	Transfer of Assets from Customers	1.1.2011
IC Interpretation 15	Agreements for the Construction of Real Estate	1.1.2012

The above FRSs, Interpretations and Amendments are expected to have no significant impact on the financial statements of the Group and of the Company upon their application unless otherwise described below.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Standards and Interpretations issued (cont'd)

FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error of the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and result of the Group and of the Company, except for changes in disclosures.

FRS 123: Borrowing Costs (revised)

The Group's current accounting policy are consistent with the provision of FRS 123 Borrowing Costs (revised).

FRS 139: Financial Instruments : Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures

The new Standard on FRS 139: Financial Instruments: Recognition and Measurement establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7: Financial Instruments: Disclosures.

FRS 7: Financial Instruments: Disclosures is a new Standard that required new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's exposure to risks, enhanced disclosures regarding components of the Group's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group is exempted from disclosing the possible impact to the financial statements upon the initial application.

Amendments to FRSs 'Improvements to FRSs (2009)'

FRS 8 : Operating Segments : FRS 8 replaces FRS 114_{2004} : Segment Reporting and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Group.

FRS 101 Presentation of Financial Statements: Clarifies that financial instruments classified as held for trading in accordance with FRS 139 Financial Instruments: Recognition and Measurement are not automatically presented as current in the balance sheet. The amendment further clarifies that the classification of the liability component of a convertible instrument as current or non-current is not affected by the terms that could, at the option of the holder, result in settlement of the liability by the issue of equity instruments.

FRS 108 Accounting Policies: Changes in Accounting Estimates and Errors: Clarifies that only implementation guidance that is an integral part of an FRS is mandatory when selecting accounting policies.

FRS 116 Property, Plant and Equipment: The amendment replaces the term "net selling price" with "fair value less costs to sell". It also clarifies that items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Standards and Interpretations issued (cont'd)

Amendments to FRSs 'Improvements to FRSs (2009)' (cont'd)

FRS 117 Leases: Clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. The Group is currently in the process of assessing the impact of this amendment.

FRS 118 Revenue: The amendment provides additional guidance on whether an entity is acting as a principal or an agent. It also aligns the definition of costs incurred in originating a financial asset that should be deferred and recognised as an adjustment to the effective interest by replacing the term „direct costs' with „ transaction costs' as defined in FRS 139.

FRS 119 Employee Benefits: The amendment revises the definition of „past service costs', „return on plan assets' and „short term' and „other long term' employee benefits. It clarifies that the costs of administering the plan may be either recognised in the rate of return on plan assets or included in the actuarial assumptions used to measure the defined benefit related to future services are curtailments. It also deleted the reference to the recognition of contingent liabilities to ensure consistency with FRS 137 Provisions, Contingent Liabilities and Contingent Assets.

FRS 123 Borrowing Costs: The definition of borrowing costs is aligned with FRS 139 by referring to the use of effective interest rate as a component of borrowing costs.

(c) Basis of consolidation

The Group financial statements include the financial statements of the Company and all its subsidiaries made up to 30 June, 2010. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Acquisition of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The costs of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statement.

Uniform accounting policies are adopted in the consolidated financial statements for similar transactions and other events in similar circumstances. In the preparation of the consolidated financial statements, the financial statements of all subsidiaries are adjusted for the material effects of dissimilar accounting policies.

Intragroup transactions and balances and the resulting unrealised gains are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Investments

Investments in subsidiaries are stated in the Company's separate balance sheet at cost less impairment losses.

Other investments are recognised initially at purchase price plus attributable transaction cost.

Subsequent to initial recognition, other investments are stated at cost and unless the market value is lower than cost on a portfolio basis, an allowance is set aside for diminution in value.

Where in the opinion of the directors, there is a decline other than temporary in value of non-current investments other than investment in subsidiaries and the associate, the impairment in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceed and its carrying amount is charged or credited to the income statement.

(e) Investment in an associate

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

The investment in the associate is accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in the associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associates. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associate is used by the Group in applying the equity method. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investment in the associate is stated at cost less impairment losses, if any. On disposal of the investment, the difference between net disposal proceeds and the carrying amount will be included in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Intangible assets

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary.

Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not subject to amortisation but it is reviewed for impairment annually or more frequently whenever there is an indication that the carrying value may be impaired. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(h). Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(g) Property, plant and equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, with the exception of certain land and buildings which are stated at valuation less subsequent depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. For those property, plant and equipment that are stated at valuation, all subsequent additions are stated at cost.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Property, plant and equipment are depreciated on the straight line basis to write off the cost of the assets, or their revalued amounts, to their residual values over their estimated useful lives, summarised as follows :

Buildings	2% - 10%
Plant and machinery	5% - 10%
Electrical installations	10%
Furniture and fittings	10% - 20%
Motor vehicles	12.5% - 20%
Office equipment	10% - 20%
Renovation	10%

Freehold land has an unlimited useful life and is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indication exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2(h) on impairment of assets.

It is the Group's policy to appraise the land and buildings at least once in every 5 years based on valuations carried out by independent professional valuers on the open market value basis. A material surplus arising therefrom is credited to revaluation reserve. However, a surplus will be recognised as revenue to the extent that it reverses a revaluation deficit of the same asset previously recognised as an expense. A deficit arising therefrom is recognised as an expense.

However, a deficit will be set-off against any related revaluation surplus to the extent that the deficit does not exceed the amount held in revaluation reserve in respect of the same assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Property, plant and equipment and Depreciation (cont'd)

Gains and losses on disposals are determined by comparing the proceeds with the carrying amounts of the assets disposed and are included in the income statement. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

(h) Impairment

The carrying amounts of assets, other than inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill and intangible assets that have an indefinite useful life, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are excepted to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a per-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGU's are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the assets revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the assets is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined principally on the weighted average method. The cost of work-in-progress and finished goods include the cost of direct materials, labour and a proportion of manufacturing overheads. The cost of raw materials comprise the original cost of purchase and all direct expenses in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(k) Payables

Payables are stated at cost which is the fair values of the consideration to be paid in the future for goods and services received.

(l) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

(i) Finance leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise the Group's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Property, plant and equipment acquired under finance leases are depreciated over the shorter of the lease term and the depreciation policy as described in Note 2(g).

(ii) Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

(iii) Prepaid land lease payments

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payments made on entering into or acquiring a leasehold land, except for leasehold land classified as investment property, are accounted as prepaid land lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

(m) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Foreign currencies (cont'd)

(iii) Foreign entities

The results and financial position of the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows :

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each income statement are translated at average exchange rates; and

- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to "Foreign currency translation reserve" in shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on disposal.

The exchange rates ruling at the balance sheet date used are as follows:

	2010 RM	2009 RM
1 United States Dollar	3.2575	3.5185
1 Singapore Dollar	2.3242	2.4309
1 Thai Baht	0.0960	0.10332
100 Taiwan Dollar	10.1227	-
1,000 Indonesian Rupiah	0.3589	0.3540

(n) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year using tax rates that have been enacted at the balance sheet date.

Deferred tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary difference, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary differences arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Revenue recognition

(i) Revenue from sale of goods is recognised when the risks and rewards of ownership of the goods have been transferred to the buyers.

(ii) Management fee is recognised on accrual basis.

(iii) Interest income is recognised on accrual basis taking into account the effective yield of the asset.

(iv) Rental income is recognised on accrual basis based on agreed upon rental rates.

(p) Borrowings

Borrowings are stated at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All the borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

(q) Employee benefits

(i) Short term benefits
Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans
As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.

(r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, when a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is immaterial, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(s) Non-current assets held for sale

Non-current assets are classified as assets held for sale and are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use. Any differences are recognised to the income statement.

(t) Share capital

Ordinary shares are classified as equity.

Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Dividends on ordinary shares are recognised as a liability in the period in which they are declared. A dividend declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date. Upon the dividend becoming payable, it will be accounted for as a liability.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Treasury shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all direct attributable transaction costs, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

No gain or loss is recognised in profit or loss on the purchase, sale , issue or cancellation of the Company's own equity instruments. When such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity shareholders equity.

(v) Cash and Cash equivalents

Cash and cash equivalents include cash and bank balances and term deposits net of bank overdrafts and pledged deposits.

(w) Financial instruments

(i) Description

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangements. Interest, dividends, gain and losses relating to financial instruments classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(ii) Financial instruments recognised on the balance sheet

The particular recognition methods adopted for financial instruments recognised on the balance sheet are disclosed in individual policy statements associated with each item.

(iii) Financial instruments not recognised on the balance sheet

The Group is a party to financial instruments that comprise foreign currency forward contracts. These instruments are not recognised in the financial statements on inception.

Foreign currency forward contracts

The Group enters into foreign currency forward contracts to protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled.

Exchange gains and losses on contracts are recognised when settled at which time they are included in the measurement of the transaction hedged.

(iv) Fair value estimation for disclosure purposes

In assessing the fair value of financial instruments, the Group uses the estimated discounted value of future cash flows and makes assumptions that are based on market conditions existing at each balance sheet date to determine the fair value.

The face values of financial assets (less any estimated credit adjustments) and financial liabilities with a maturity period of less than one year are assumed to approximate their fair values.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Significant areas of estimation, uncertainty and critical judgments used in applying accounting principles that have significant effect on the amount recognised in the financial statements are as follows :

(a) Estimated useful lives of property, plant and equipment
The Group estimates the useful lives of property, plant and equipment to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the assets are acquired based on historical experience, the expected usage, wear and tear of the assets, and technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual review of the assumptions made on useful lives to ensure that they continue to be valid.

(b) Impairment of assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the assets does not generate cash inflows that are largely independent of those from other assets or groups' of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

(c) Income taxes
There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

(d) Deferred tax assets
Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This involves judgment regarding the future financial performance of the particular entity in which the deferred tax assets has been recognised.

(e) Write down of inventories
Reviews are made periodically by management on damaged, obsolete and slow-moving inventories which require judgment and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

(f) Allowance for doubtful debts of receivables
The Group makes allowances for doubtful debts based on an assessment of the recoverability of receivables. Allowance are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgment to evaluate the adequacy of the allowance for doubtful debts receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

4. PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold land RM '000	Buildings RM '000	Buildings under construction RM '000	Plant and machinery RM '000	Electrical installation RM '000	Furniture and fittings RM '000	Hostel RM '000	Motor vehicles RM '000	Office equipment RM '000	Renovation RM '000	Total RM '000
Cost or Valuation :											
At 1 July, 2008											
At cost	14,559	92,274	-	148,967	4,438	1,007	3,848	3,191	2,739	1,452	272,475
At valuation	3,300	5,200	-	-	-	-	-	-	-	-	8,500
Transfers	-	3,848	-	-	-	-	(3,848)	-	-	-	-
Additions	-	217	-	4,740	-	3	-	-	119	-	5,079
Translation differences	95	4,078	-	4,608	140	19	-	97	73	71	9,181
Disposals	(72)	(172)	-	(1,234)	-	-	-	(175)	-	-	(1,653)
Written off	-	-	-	(803)	-	(5)	-	-	(96)	-	(904)
Adjustment	-	(14)	-	-	-	-	-	-	-	-	(14)
Reclassified to non-current assets held for sale	-	(148)	-	-	-	-	-	-	-	-	(148)
At 30 June, 2009 / 1 July, 2009											
At cost	14,582	100,083	-	156,278	4,578	1,024	-	3,113	2,835	1,523	284,016
At valuation	3,300	5,200	-	-	-	-	-	-	-	-	8,500
Additions	3,843	7,659	4,507	14,382	44	13	-	339	283	-	31,070
Translation differences	(62)	(3,954)	-	(4,790)	(91)	(13)	-	(90)	(78)	(46)	(9,124)
Disposals	-	(100)	-	(1,661)	-	-	-	(156)	-	-	(1,917)
Written off	-	-	-	(322)	-	-	-	-	(33)	-	(355)
At 30 June, 2010	21,663	108,888	4,507	163,887	4,531	1,024	-	3,206	3,007	1,477	312,190
Representing :											
At cost	18,363	103,688	4,507	163,887	4,531	1,024	-	3,206	3,007	1,477	303,690
At valuation	3,300	5,200	-	-	-	-	-	-	-	-	8,500
	21,663	108,888	4,507	163,887	4,531	1,024	-	3,206	3,007	1,477	312,190

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group

	Freehold land RM '000	Buildings RM '000	Buildings under construction RM '000	Plant and machinery RM '000	Electrical installation RM '000	Furniture and fittings RM '000	Hostel RM '000	Motor vehicles RM '000	Office equipment RM '000	Renovation RM '000	Total RM '000
Accumulated depreciation											
At 1 July, 2008											
At cost	-	7,818	-	70,216	1,785	728	1,068	1,951	2,128	315	86,009
At valuation	-	603	-	-	-	-	-	-	-	-	603
Transfers	-	1,068	-	-	-	-	(1,068)	-	-	-	-
Depreciation for the year	-	2,767	-	10,101	378	107	-	372	259	152	14,136
Translation differences	-	253	-	1,150	29	7	-	30	44	13	1,526
Disposals	-	(51)	-	(937)	-	-	-	(130)	-	-	(1,118)
Written off	-	-	-	(495)	-	(5)	-	-	(87)	-	(587)
Reclassified to non-current assets held for sale	-	(2)	-	-	-	-	-	-	-	-	(2)
At 30 June, 2009 / 1 July, 2009											
At cost	-	11,749	-	80,035	2,192	837	-	2,223	2,344	480	99,860
At valuation	-	707	-	-	-	-	-	-	-	-	707
Depreciation for the year	-	2,659	-	9,873	360	78	-	264	232	148	13,614
Translation differences	-	(374)	-	(1,597)	(28)	(7)	-	(36)	(57)	(13)	(2,112)
Disposals	-	(90)	-	(1,086)	-	-	-	(156)	-	-	(1,332)
Written off	-	-	-	(315)	-	-	-	-	(33)	-	(348)
At 30 June, 2010	-	14,651	-	86,910	2,524	908	-	2,295	2,486	615	110,389
Representing :											
At cost	-	13,840	-	86,910	2,524	908	-	2,295	2,486	615	109,578
At valuation	-	811	-	-	-	-	-	-	-	-	811
	-	14,651	-	86,910	2,524	908	-	2,295	2,486	615	110,389

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group

	Freehold land RM '000	Buildings RM '000	Buildings under construction RM '000	Plant and machinery RM '000	Electrical installation RM '000	Furniture and fittings RM '000	Hostel RM '000	Motor vehicles RM '000	Office equipment RM '000	Renovation RM '000	Total RM '000
Net carrying amounts											
At cost	14,559	84,456	-	78,751	2,653	279	2,780	1,240	611	1,137	186,466
At valuation	3,300	4,597	-	-	-	-	-	-	-	-	7,897
At 1 July, 2008	17,859	89,053	-	78,751	2,653	279	2,780	1,240	611	1,137	194,363
At cost	14,582	88,334	-	76,243	2,386	187	-	890	491	1,043	184,156
At valuation	3,300	4,493	-	-	-	-	-	-	-	-	7,793
At 30 June, 2009 / 1 July, 2009	17,882	92,827	-	76,243	2,386	187	-	890	491	1,043	191,949
At cost	18,363	89,848	4,507	76,977	2,007	116	-	911	521	862	194,112
At valuation	3,300	4,389	-	-	-	-	-	-	-	-	7,689
At 30 June, 2010	21,663	94,237	4,507	76,977	2,007	116	-	911	521	862	201,801

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company
2010 : Nil
2009 : Nil

Certain property, plant and equipment of subsidiaries with net book value of RM17,158,816 (2009 : RM10,898,828) have been pledged as security for the banking facilities as set out in Note 23 to the financial statements.

The net book value of property, plant and equipment acquired under hire purchase agreements are as follows:

	Group	
	2010	**2009**
	RM'000	**RM'000**
Plant and machinery	611	1,466
Motor vehicles	19	126
	630	1,592

Certain freehold land and buildings were revalued by the directors of the subsidiaries under the open market value basis.

Had the revalued property, plant and equipment been carried at historical cost less accumulated depreciation, the net book value of the revalued property, plant and equipment that would have been included in the financial statements at the end of the financial year would be as follows:

	Group	
	2010	**2009**
	RM'000	**RM'000**
Freehold land	651	651
Freehold buildings	2,641	2,710
	3,292	3,361

5. PREPAID LAND LEASE PAYMENTS

	Long term leasehold property RM'000	Short term leasehold property RM'000	Total RM'000
Cost :			
At 1 July, 2008	25,044	-	25,044
Translation differences	1,295	-	1,295
Additions	-	715	715
Disposal	-	-	-
At 30 June, 2009 / 1 July, 2009	26,339	715	27,054
Translation differences	(1,331)	(52)	(1,383)
Additions	-	-	-
Disposals	(3,582)	-	(3,582)
At 30 June, 2010	21,426	663	22,089
Amortisation and impairment losses :			
At 1 July, 2008	3,355	-	3,355
Translation differences	125	-	125
Amortisation for the year	522	45	567
Disposals	-	-	-
At 30 June, 2009 / 1 July, 2009	4,002	45	4,047
Translation differences	(155)	(3)	(158)
Amortisation for the year	434	17	451
Disposals	(537)	-	(537)
At 30 June, 2010	3,744	59	3,803
Carrying amounts			
At 1 July, 2008	21,689	-	21,689
At 30 June, 2009 / 1 July, 2009	22,337	670	23,007
At 30 June, 2010	17,682	604	18,286

The remaining lease term of long term leasehold property is 60 to 90 years and short term leasehold property is 36 years.

6. INVESTMENT IN SUBSIDIARIES

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Investment in subsidiaries :				
Unquoted shares, at cost	-	-	92,725	87,725
Less : Accumulated impairment losses	-	-	(10,197)	-
	-	-	82,528	87,725

The subsidiaries are as follows :-

Name of company	Principal activities	Effective interest 2010 %	Effective interest 2009 %	Country of incorporation
Latitude Tree Furniture Sdn. Bhd.	Manufacture and sale of wooden furniture and components	100	100	Malaysia
Rhong Khen Industries Sdn. Bhd.	Rental of property, plant and equipment	100	100	Malaysia
Latitude Tree Sdn. Bhd.	Investment holding	100	100	Malaysia
L-Tree Resources Sdn. Bhd.	Investment holding	100	100	Malaysia
Grob Holz Sdn. Bhd.	Investment holding	100	100	Malaysia
Latitude Tree International Group Ltd. *	Investment holding	75.95	91	Singapore
Rhong Khen Timbers Sdn. Bhd.	Manufacture and sale of wooden parts and components	100	100	Malaysia
Uptown Promenade Sdn. Bhd.	Investment holding	100	100	Malaysia
Subsidiary of L-Tree Resources Sdn. Bhd.				
- P.T. Latitude Tree *	Dormant	100	100	Indonesia
Subsidiary of Grob Holz Sdn. Bhd.				
- Grob Holz Company Limited *	Manufacture and sale of rubberwood parts and components	85	51	Thailand

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of company	Principal activities	Effective interest 2010 %	2009 %	Country of incorporation
Subsidiaries of Latitude Tree International Group Ltd.				
- Latitude Tree Vietnam Joint Stock Company *	Manufacture and sale of wooden furniture and components	100	100	Vietnam
- Linkage Creation International Co., Ltd. #	Investment holding	100	100	Brunei Darussalam
- Latitude Tree International Limited #	Investment holding	100	100	British Virgin Islands
Subsidiary of Latitude Tree Vietnam Joint Stock Company				
- RK Resources Co. Ltd. *	Manufacture and sale of household furniture	100	100	Vietnam

* Audited by another firm of auditors
# As these companies are dormant, performed limited review for consolidation purpose only

7. INVESTMENT IN AN ASSOCIATE

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Investment in an associate :				
Unquoted shares, at cost				
Outside Malaysia	1,498	-	-	-
Share of post-acquisition loss	(151)	-	-	-
	1,347	-	-	-

The Group's interest in the associate represents its share of net assets

Details of the associate which is incorporated in Taiwan is as follows :

Name of associate	Principal activity	Effective interest 2010 %	2009 %	Country of incorporation
Win Yuan Bio-Tech Co. Ltd.	Manufacturing and distribution of organic fertiliser	35	-	Taiwan

7. INVESTMENT IN AN ASSOCIATE (CONT'D)

The financial statements of the above associate is coterminous with that of the Group.

The summarised financial information of the associate is as follows :

	Group	
	2010	2009
	RM'000	RM'000
Assets and liabilities :		
Current assets	8,860	-
Non-current assets	666	-
Total assets	9,526	-
Current liabilities :	5,894	-
Non-current liabilities	-	-
Total liabilities	5,894	-
Income statement :		
Revenue	-	-
Loss for the year	(432)	-

8. OTHER INVESTMENTS

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Other investments :				
Unquoted subordinated bonds, at cost				
- maturity date on				
10 June, 2010	1,500	1,500	1,500	1,500
26 January, 2012	2,000	2,000	2,000	2,000
	3,500	3,500	3,500	3,500
Less : Allowance for diminution in value	(2,280)	(1,500)	(2,280)	(1,500)
	1,220	2,000	1,220	2,000
Transferable golf club membership, at cost	81	81	-	-
	1,301	2,081	1,220	2,000

9. INTANGIBLE ASSET

Group

	Goodwill RM'000
Cost	
At 1 July 2009 / 2008	-
Acquisition of minority interest	2,114
Less : Impairment loss	(2,114)
At 30 June 2010 / 2009	-

10. DEFERRED TAX ASSETS

The movements during the financial year relating to deferred tax assets are as follows :

	Group	
	2010 RM'000	2009 RM'000
At 1 July, 2009 / 2008	(481)	3,638
Recognised in the income statement (Note 32)	(13)	(4,118)
Translation differences	1	(1)
At 30 June	(493)	(481)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet :

	Group	
	2010 RM'000	2009 RM'000
Deferred tax assets (before off-setting)		
Unabsorbed capital allowances	3,509	4,246
Unutilised tax losses	2,741	2,759
	6,250	7,005
Off-setting	(5,757)	(6,524)
Deferred tax assets (after off-setting)	493	481
Deferred tax liabilities (before off-setting)		
Property, plant and equipment	5,757	6,524
Off-setting	(5,757)	(6,524)
Deferred tax liabilities (after off-setting)	-	-
Net deferred tax (assets) / liabilities	(493)	(481)

10. DEFERRED TAX ASSETS (CONT'D)

Deferred tax assets have not been recognised in respect of the following items :

	Group	
	2010	2009
	RM'000	RM'000
Unutilised tax losses	13,164	11,492
Unabsorbed capital allowances	16,554	15,058
Unabsorbed reinvestment allowances	28,003	28,045
	57,721	54,595

The unutilised tax losses, unabsorbed capital allowances and unabsorbed reinvestment allowances are available for offset against future taxable profits of the subsidiaries in which those items arose.

Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and they have arisen in subsidiaries that have a recent history of losses.

11. INVENTORIES

	Group	
	2010	2009
	RM'000	RM'000
At cost :		
Finished goods	16,210	11,060
Work-in-progress	20,455	19,010
Raw materials	39,973	29,710
	76,638	59,780

12. TRADE RECEIVABLES

	Group	
	2010	2009
	RM'000	RM'000
Trade receivables	28,751	23,629
Less : Allowance for doubtful debts	(31)	(34)
	28,720	23,595

12. TRADE RECEIVABLES (CONT'D)

The currency exposure profile of trade receivables is as follows :

	Group	
	2010	2009
	RM'000	RM'000
Ringgit Malaysia	695	529
United States Dollar	27,498	22,349
Thai Baht	527	717
	28,720	23,595

The Group's normal trade credit term ranges from 14 to 90 days. Other credit terms are assessed and approved on a case by case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to group of debtors.

13. OTHER RECEIVABLES

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Other receivables	8,434	6,820	-	-
Prepayments	1,342	2,008	-	-
Deposits	215	579	-	-
	9,991	9,407	-	-

The other receivables are payable on demand.

Included in other receivables of the Group are :

(i) Import duty and other direct taxes receivable in foreign subsidiaries of RM5,485,949 (2009 : RM4,552,033).

(ii) Advance to suppliers of RM2,167,472 (2009 : RM3,118,288) representing mainly payment in advance for raw materials purchased.

During the financial year the Group wrote off Nil (2009 : RM23,167) as bad debts against allowance for doubtful debts.

The currency exposure profile of other receivables is as follows:

	Group	
	2010	2009
	RM'000	RM'000
Ringgit Malaysia	2,410	1,185
United States Dollar	1,673	2,839
Vietnam Dong	5,837	4,899
Thai Baht	71	365
Euro	-	119
	9,991	9,407

14. DUE FROM / TO SUBSIDIARIES

Company

The amounts due from / to subsidiaries are unsecured, non-trade in nature, interest free and payable on demand.

15. DUE FROM AN ASSOCIATE

Group

The amounts due from an associate is unsecured, non-trade in nature, interest free and payable on demand.

16. TERM DEPOSITS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deposits with licensed banks	28,338	27,497	5,982	7,094

The currency exposure profile of term deposits is as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Ringgit Malaysia	8,039	9,151	5,982	7,094
United States Dollar	20,299	18,346	-	-
	28,338	27,497	5,982	7,094

Term deposits of the Group and Company of RM26,709,241 (2009 : RM9,151,088) and RM5,982,247 (2009 : RM7,094,574) respectively placed in licensed banks are pledged to the banks as security for banking facilities granted to the subsidiaries.

The weighted average interest rates and maturity period of deposits at the balance sheet date were 2.42% (2009 : 2.00%) and 30 days (2009 : 30 days) respectively.

17. CASH AND BANK BALANCES

The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Ringgit Malaysia	1,473	4,402	35	1,508
United States Dollar	46,762	17,734	-	-
Singapore Dollar	13,755	193	-	-
Vietnam Dong	821	609	-	-
Thai Baht	34	24	-	-
Others	4	5	-	-
	62,849	22,967	35	1,508

18. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale comprise land and buildings, which have been presented as held for sale following the Group management decision and firm commitment to sell the land and buildings.

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
At 1 July	146	-	-	-
Transfer from property, plant and equipment	-	146	-	-
Disposals	(146)	-	-	-
At 30 June	-	146	-	-
Represented by :				
Buildings	-	146	-	-

19. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares of RM1 each		Amount	
	2010	2009	2010	2009
	'000	'000	RM'000	RM'000
Authorised :				
At 1 July / 30 June	200,000	200,000	200,000	200,000
Issued and fully paid :				
At 1 July / 30 June	64,805	64,805	64,805	64,805

20. TREASURY SHARES

The shareholders of the Company, via a special resolution passed in the Extraordinary General Meeting held on 16 December, 2009, approved the Company's plan to purchase its own shares up to 10% of its existing issued and paid up share capital.

During the financial year, the Company purchased its own shares from the open market under the share buy-back as follows :

Date	Price per share Minimum	Maximum	Average	Number of shares	Total consideration
	RM	RM	RM		RM'000
31 May, 2010	1.76	1.76	1.76	19,900	35
At 30 June, 2010				19,900	35

The shares purchased under the share buy-back were financed by internally generated funds and retained as treasury shares and presented as a deduction from shareholders' equity in accordance with the requirements of Section 67A of the Companies Act, 1965.

As at the balance sheet date, the Company held as treasury shares a total of 19,900 (2009 : Nil) of its 64,805,000 issued and paid up ordinary shares at a carrying amount of RM35,281.

21. RESERVES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-distributable :				
Share premium	1,225	1,225	1,225	1,225
Revaluation reserve	1,114	1,114	-	-
Foreign currency translation reserve	(6,529)	(2,411)	-	-
	(4,190)	(72)	1,225	1,225
Distributable :				
Retained earnings	126,871	112,753	34,186	24,003
	122,681	112,681	35,411	25,228

Under the single-tier tax system which came into effect from the year of assessment 2008, the Company is not required to have tax credit under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Dividend paid under this system is tax exempt in the hands of shareholders.

The Company may continue to pay franked dividend until the Section 108 credit is exhausted or 31 December 2013 whichever is earlier unless the Company irrevocably opt to disregard the Section 108 credit to pay single-tier dividends under the special transitional provisions of the Finance Act, 2009.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period of six years expiring on 31 December 2013, the Company may utilise the credit in the Section 108 balance as at 30 June 2010 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act, 2009.

As at 30 June, 2010 the Company has sufficient credit in the Section 108 balance to pay franked dividends amounting to RM1,633,800 (2009 : RM1,934,900) out of its retained earnings. In addition the Company has tax exempt profits available as at 30 June, 2010 to frank tax exempt dividends of RM24,482,351 (2009 : RM30,185,191) subject to agreement with the Inland Revenue Board.

22. HIRE PURCHASE PAYABLES

	Group	
	2010	2009
	RM'000	RM'000
Minimum hire purchase payments :		
Within 1 year	122	447
More than 1 year and less than 2 years	5	118
	127	565
Less : Future finance charges	(2)	(21)
Present value of hire purchase liabilities	125	544
Present value of hire purchase liabilities		
Within 1 year	119	428
After 1 and up to 2 years	6	116
	125	544
Analysed as :		
Current	119	428
Non-current	6	116
	125	544

The hire purchase liabilities bore effective interest rate at the balance sheet date of 3.49% (2009 : 4.63%) per annum.

The currency exposure profile of hire purchase payables is as follows:

	Group	
	2010	2009
	RM'000	RM'000
Ringgit Malaysia	103	505
Thai Baht	22	39
	125	544

23. BANK BORROWINGS

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Current :				
Secured				
Bank overdrafts	3,796	3,620	-	-
Bankers' acceptances	13,653	7,761	-	-
Trust receipts	55,529	40,996	-	-
Bills payable	3,984	4,065	-	-
Revolving credit	3,890	-	-	-
Term loans	12,432	11,646	-	-
	93,284	68,088	-	-
Non-current :				
Secured				
Term loans	20,668	24,268	-	-
Unsecured				
Primary Collateralised Loan Obligation {Note (b)}	20,000	20,000	20,000	20,000
	40,668	44,268	20,000	20,000
Total {Note (a)}	133,952	112,356	20,000	20,000

The currency exposure profile of bank borrowings is as follows:

	Group	
	2010	2009
	RM'000	RM'000
Bank overdrafts		
Ringgit Malaysia	1,860	1,063
Thai Baht	1,936	2,557
	3,796	3,620
Trust receipts		
United States Dollar	54,797	21,127
Vietnam Dong	732	19,869
	55,529	40,996
Bills payable		
Thai Baht	3,984	4,065

23. BANK BORROWINGS (CONT'D)

The currency exposure profile of bank borrowings is as follows:

	Group	
	2010	2009
	RM'000	RM'000
Revolving credit		
United States Dollar	3,890	-
Term loans		
Ringgit Malaysia	706	1,508
United States Dollar	25,207	24,751
Thai Baht	7,187	9,655
	33,100	35,914

The bankers' acceptances and Primary Collateralised Loan Obligation are denominated in Ringgit Malaysia.

The bank overdrafts, bankers' acceptances, trust receipts and term loans are secured by pledge of fixed deposits, negative pledge on the assets and charge over the property, plant and equipment of certain subsidiaries and corporate guarantees by the Company.

The range of interest rates per annum at the balance sheet date for borrowings were as follows:

	Group		Company	
	2010	2009	2010	2009
	%	%	%	%
Term loans	3.60 - 8.25	3.87 – 8.35	-	-
Bank overdrafts	6.25 - 7.80	6.25 – 8.00	-	-
Bankers' acceptances	2.10 - 3.75	2.16 – 4.67	-	-
Trust receipts	5.25 - 6.50	4.45 - 8.50	-	-
Bills payable	5.25 - 6.25	6.25 – 7.00	-	-
Primary Collateralised Loan Obligation	5.63	5.63 – 6.50	5.63	5.63 – 6.50

(a) Maturity of borrowings :

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Not later than 1 year	93,284	68,088	-	-
Later than 1 year and not later than 2 years	31,116	16,647	20,000	-
Later than 2 years and not later than 5 years	9,552	27,621	-	20,000
	133,952	112,356	20,000	20,000

23. BANK BORROWINGS (CONT'D)

(b) Primary Collateralised Loan Obligations

(i) The 5 years unsecured term loan of RM15,000,000 under a Primary Collateralised Loan Obligation Programme which bears interest rate of 6.5% (2009 : 6.5%) per annum has been fully settled in 2009.

Under the Facility Agreement entered into with Alliance Merchant Bank (the "Lender") and Kerisma Berhad (the "Issuer"), a company specially incorporated for the purpose of implementing and carrying out a primary collateralised loan obligations transaction where the Issuer will issue Bonds to finance its purchase of Transferred Assets, the Lender will sell, transfer and assign its rights, title and interest to the loan proceeds (the "Transferred Assets") to the Issuer. The Company has subscribed for the Subordinated Bonds of RM1,500,000 as disclosed in Note 8 to the financial statements.

(ii) The 5 years unsecured term loan of RM20,000,000 under a Primary Collateralised Loan Obligation Programme which bears interest rate of 5.63% (2009 : 5.63%) per annum is to be repaid in one bullet payment at the end of the loan period on 8 January, 2012.

Under the Facility Agreement entered into with RHB Investment Bank Berhad (the "Lender") and Prima Uno Berhad (the "Issuer"), a company specially incorporated for the purpose of implementing and carrying out a primary collateralised loan obligations transaction where the Issuer will issue Bonds to finance its purchase of Transferred Assets, the Lender will sell, transfer and assign its rights, title and interest to the loan proceeds (the "Transferred Assets") to the Issuer. The Company has subscribed for the Subordinated Bonds of RM2,000,000 as disclosed in Note 8 to the financial statements.

24. PROVISION FOR SEVERANCE ALLOWANCE

	Group	
	2010	2009
	RM'000	RM'000
At 1 July	888	686
Translation differences	(142)	53
Provision made during the year	479	465
Provision utilised during the year	(390)	(316)
At 30 June	835	888

Provision for severance allowance is for employees in foreign subsidiaries who have served more than one year up to 31 December, 2008 at the rate of a half of monthly salary for each working year.

25. TRADE PAYABLES

The currency exposure profile of trade payables is as follows :

	Group	
	2010	2009
	RM'000	RM'000
Ringgit Malaysia	8,644	5,574
United States Dollar	16,310	18,391
Vietnam Dong	23,477	16,401
Thai Baht	565	450
	48,996	40,816

The normal trade credit term granted to the Group ranges from 7 to 90 days.

26. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Other payables	11,299	7,936	12	28
Accruals	8,137	9,482	62	111
	19,436	17,418	74	139

The currency exposure profile of other payables and accruals is as follows:

	Group	
	2010	2009
	RM'000	RM'000
Ringgit Malaysia	11,101	5,790
United States Dollar	343	437
Singapore Dollar	282	1,366
Vietnam Dong	6,901	8,508
Thai Baht	809	1,317
	19,436	17,418

Included in accruals of the Group are :

(i) RM36,000 (2009 : RM36,000) due to a director for director's remuneration. This amount is unsecured, interest free and is payable on demand.

(ii) RM2,417,101 (2009 : RM3,185,368) accrued for import and export duties and other direct taxes payable in foreign subsidiaries.

Included in other payables of the Group is the balance of purchase consideration of RM6,000,000 (2009: Nil) for the acquisition of freehold land and building.

The average credit terms of other payables is 30 days (2009 : 30 days).

27. REVENUE

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Sale of wooden furniture and components	506,866	397,378	-	-
Dividend received	-	-	27,330	-
Management fees income from subsidiaries	-	-	120	240
	506,866	397,378	27,450	240

28. PROFIT FROM OPERATIONS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
This is arrived at				
After charging :				
Allowance for diminution in value of other investments	780	750	780	750
Allowance for doubtful debts	31	34	-	-
Amortisation of prepaid land lease payments	451	567	-	-
Auditors' remuneration:				
- holding company auditor	132	107	25	13
- other auditors	370	171	-	-
- under provision in prior year	210	2	2	7
Bad debts written off	-	12	-	-
Depreciation of property, plant and equipment	13,614	14,136	-	-
Deposits written off	-	16	-	-
Directors' remuneration (Note 30)	2,687	1,645	412	328
Impairment loss on goodwill	2,114	-	-	-
Impairment loss on investment in subsidiaries	-	-	10,197	-
Inventories written off	-	58	-	-
Loss on disposal of prepaid land lease payments	45	-	-	-
Loss on disposal of property, plant and equipment	-	106	-	-
Loss on foreign exchange - unrealised	-	1,035	-	-
Loss on partial disposal of investment in a subsidiary	-	98	-	-
Property, plant and equipment written off	7	317	-	-
Rental	782	1,012	-	-
Staff costs (Note 29)	75,716	61,541	-	-

28. PROFIT FROM OPERATIONS (CONT'D)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
And crediting :				
Gain on deemed disposal of investment in a subsidiary	2,237	-	-	-
Gain on partial disposal of investment in a subsidiary	-	-	-	3,854
Gain on disposal of property, plant and equipment	379	-	-	-
Gain on disposal of non-current assets held for sale	4	-	-	-
Gain on foreign exchange				
- realised	1,911	1,560	-	548
- unrealised	33	-	3	-
Rental income	7	5	-	-
Term deposit interest income	748	577	85	207
Management fee income from subsidiaries	-	-	120	240

29. STAFF COSTS

	Group	
	2010 RM'000	2009 RM'000
Salaries and wages	69,751	55,952
Social security costs	3,009	2,796
Defined contribution plans	1,400	1,282
Other staff related expenses	1,556	1,511
	75,716	61,541

30. DIRECTORS' REMUNERATION

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive :				
Fees	72	-	144	-
Salaries and other emoluments	293	847	8	79
Bonuses	42	60	12	-
	407	907	164	79
Non-Executive :				
Fees	432	216	216	216
Salaries and other emoluments	623	15	14	15
Bonuses	210	18	18	18
	1,265	249	248	249
Other directors of the Group				
Salaries and other emoluments	706	449	-	-
Fees	144	9	-	-
Bonuses	165	31	-	-
	1,015	489	-	-
Total	2,687	1,645	412	328

30. DIRECTORS' REMUNERATION (CONT'D)

The number of directors of the Group whose total remuneration during the year fall within the following bands is as follows:

	Number of Directors	
	2010	2009
Directors of the Company		
Executive directors:		
Below RM50,000	-	-
RM50,001 – RM100,000	1	1
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	-	1
RM250,001 – RM300,000	-	-
RM300,001 – RM350,000	1	-
RM350,001 – RM400,000	-	-
RM400,001 – RM450,000	-	-
RM450,001 – RM500,000	-	-
RM500,001 – RM550,000	-	-
RM550,001 – RM600,000	-	1
RM600,001 – RM650,000	-	-
Non-Executive directors:		
Below RM50,000	-	-
RM50,001 – RM100,000	1	3
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	2	-
RM200,001 – RM250,000	-	-
RM250,001 – RM300,000	-	-
RM300,001 – RM350,000	-	-
RM350,001 – RM400,000	-	-
RM400,001 – RM450,000	-	-
RM450,001 – RM500,000	-	-
RM500,001 – RM550,000	-	-
RM550,001 – RM600,000	-	-
RM600,001 – RM650,000	-	-
RM650,001 – RM700,000	-	-
RM700,001 – RM750,000	-	-
RM750,001 – RM800,000	-	-
RM800,001 – RM850,000	-	-
RM850,001 – RM900,000	1	-

31. FINANCE COSTS

Included in finance costs are :

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Interest expenses :				
- bank overdraft	251	522	-	-
- bankers' acceptances	326	319	-	-
- bills payables	187	3	-	-
- hire purchase	19	56	-	-
- term loan	3,022	3,287	-	-
- trust receipts	3,047	4,896	-	-
- others	204	75	-	-
	7,056	9,158	-	-

32. TAXATION

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Malaysia income tax				
- charge for the year	3,037	779	-	22
- under / (over) provision in prior year	839	(6)	-	(6)
Real property gains tax	-	12	-	-
Deferred tax (Note 10)				
- relating to origination and reversal of temporary differences	(13)	(4,118)	-	-
	3,863	(3,333)	-	16

32. TAXATION (CONT'D)

Reconciliation of effective tax expense:

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	40,346	9,880	15,886	3,570
Taxation at Malaysian statutory tax rate of 25% (2009 : 25%)	10,087	2,470	3,971	892
Expenses not deductible for tax purposes	1,111	1,138	2,562	94
Income not subject to tax	(8,536)	(5,718)	(6,533)	(964)
Recognition of previously unrecognised deferred tax assets	(512)	(1,229)	-	-
Deferred tax assets not recognised during the year	895	-	-	-
Utilisation of previously unrecognised unutilised tax losses	(21)	-	-	-
Real property gains tax	-	12	-	-
Under / (Over) provision in prior year	839	(6)	-	(6)
	3,863	(3,333)	-	16

The Group has unutilised capital allowances and reinvestment allowances of approximately RM16,553,500 (2009 : RM14,939,600) and RM28,003,000 (2009 : RM28,045,000) respectively available for set off against future taxable income subject to agreement with the Inland Revenue Board.

The foreign subsidiaries in Vietnam are entitled to corporate income tax exemption for the first four years from the first profit-making year and a 50% tax reduction for the following four years and subsequently are subject to pay corporate income tax at the rate of 10%.

33. EARNINGS PER SHARE

Basic / Diluted Earnings Per Share

Both the basic and diluted earnings per share are calculated based on the net profit for the year attributable to equity holders of the Company of RM27,730,000 (2009 : RM14,009,000) and on weighted average number of ordinary shares in issue during the year of 64,805,000 (2009 : 64,805,000).

34. DIVIDENDS

	Group and Company			
	Amount of tax exempt dividend		Dividend per share	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Final dividend paid :				
- financial year ended 30 June, 2009	3,759	2,592	5.8	4.0
Interim dividend paid :				
- financial year ended 30 June, 2010	1,944	-	3.0	-
	5,703	2,592	8.8	4.0

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 30 June, 2010 of 7.0 sen (tax exempt) on 64,805,000 ordinary shares amounting to a total of RM4,536,350 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained profits in the next financial year ending 30 June, 2011.

35. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	62,849	22,967	35	1,508
Term deposits	28,338	27,497	5,982	7,094
Bank overdrafts	(3,796)	(3,620)	-	-
	87,391	46,844	6,017	8,602
Less :				
Term deposits not available for use by the Group / Company	(26,709)	(9,151)	(5,982)	(7,094)
	60,682	37,693	35	1,508

36. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed else where in the financial statements, the Group and the Company had the following transactions with related parties during the year :

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Management fee income from subsidiaries				
- Latitude Tree Furniture Sdn. Bhd.	-	-	120	120
- Rhong Khen Industries Sdn. Bhd.	-	-	-	120

(b) Compensation of key management personnel
The key management personnel of the Group and the Company are its directors. The remuneration of directors during the year are disclosed in Note 30.

37. SIGNIFICANT EVENTS

(a) On 4 August, 2009 the subsidiary, Latitude Tree International Group (LTIGL) issued 3,636,000 new ordinary shares at S$0.22 per share for the settlement of LTIGL's payment obligations under the full sponsorship and management agreement of the Listing.

The initial public offering of 36,000,000 Placement Shares of LTIGL at S$0.22 per share was fully taken up at the close of the application list on 17 August, 2009.

Subsequent to the new issue of LTIG's shares of 3,636,000 and 36,000,000 on 4 August, 2009 and 18 August, 2009 respectively, the equity interest of the Company in LTIGL had reduced from 91.00% to 75.95%.

The listing of and quotation for the entire enlarged issued and paid-up share capital of the subsidiary, LTIGL on the Official List of Catalist on the Singapore Exchange Securities Trading Limited was completed on 19 August, 2009.

(b) On 24 December, 2009 Uptown Promenade Sdn. Bhd., a wholly owned subsidiary of the Company, entered into a Shareholders' Agreement for the incorporation of Win Yuan Bio Tech Co. Ltd. in Taiwan, a joint venture private limited company with a paid-up capital of NT$40,150,000 comprising 4,015,000 ordinary shares of NT$10 each to carry out the business of manufacturing and distribution of organic fertilizer.

(c) On 27 January, 2010 Rhong Khen Timbers Sdn. Bhd. (RKT), a wholly owned subsidiary of the Company entered into a Sale and Purchase Agreement with Pelan Teknik Sdn. Bhd. for the acquisition of all that piece of freehold industrial land held under GM2068 Lot No. 3358, in Mukim Kapar, District, of Klang and State of Selangor Darul Ehsan measuring approximately 15,682 square metres together with a single storey warehouse, a 3 storey office block and a single storey factory for a cash consideration of RM10,000,000.

(d) On 1 April, 2010 Grob Holz Sdn. Bhd. (GHSB), a wholly owned subsidiary of the Company entered into a Sale & Purchase Agreement to acquire 680,000 ordinary shares of THB100 each representing 34% of the issued and paid-up capital of Grob Holz Co. Ltd (GHCL) from Silver Bell Investment Pte. Ltd for a cash consideration of RM4,750,000. The Group recognised a decrease in minority interest of RM2,635,718.

Upon completion of the acquisition of shares by GHSB, GHCL became a 85% owned subsidiary of GHSB.

37. SIGNIFICANT EVENTS (CONT'D)

(e) On 21 April, 2010 the Company had subscribed for an additional 4,999,900 ordinary shares of RM1 each in RKT, for a cash consideration of RM4,999,900 and the consideration was satisfied by way of capitalising an amount of RM4,999,900 being part of the amount due to the Company by RKT.

(f) On 30 June, 2010 GHSB had subscribed for an additional 297,500 ordinary shares of THB100 each in GHCL, for a cash consideration of THB29,750,000 (equivalent to RM3,061,572). Subsequent to the subscription, the Company continue to hold a total of 85% of the issued and paid up capital of GHCL. The Group recognised an increase in minority interest of RM540,278.

38. COMMITMENTS

Capital commitments

Capital expenditure on property, plant and equipment not provided for in the financial statements is as follows :

	Group	
	2010	2009
	RM'000	RM'000
Authorised and contracted for	12,034	2,317

Operating lease commitments

The future minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2010	2009
	RM'000	RM'000
Within 1 year	193	208
Within 2 to 5 years	829	869
More than 5 years	6,394	7,242
	7,416	8,319

39. CONTINGENT LIABILITIES (UNSECURED)

	Company	
	2010	2009
	RM'000	RM'000
Corporate guarantees given to financial institutions in respect of facilities granted to subsidiaries	58,633	101,852

40. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate (both fair value and cash flow), foreign currency risk, liquidity and credit risks. It is, and has been throughout the year under review, the Group's policy not to engage in speculative transactions.

40. FINANCIAL INSTRUMENTS (CONT'D)

(b) Interest rate risk

Cash flow interest risk is the risk that the future cash flows of a financial instruments will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group has no substantial long term interest-bearing assets as at 30 June, 2010. The investments in financial assets are mainly short term in nature and have been mostly placed in short term deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group constantly review its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a retail level of protection against rate hikes. The Group does not have any exposure in off balance sheet instruments other than the financial guarantees as disclosed in Note 39.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

(c) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash equivalents to meet its working capital requirements.

In addition, the Group also maintain available banking facilities of reasonable level to its overall debt position.. As far as possible, the Group raises committed funding from financial institutions and prudently balances its portfolio with short term funding so as to achieve overall cost effectiveness.

(d) Foreign currency risk

The Group incurs foreign currency risk on transactions that are denominated in a currency other than the functional currency of the operations to which they relate. Exposure to foreign currency risks are monitored on an on-going basis. The currency giving rise to this risk is primarily the United States Dollar.

(e) Forward foreign exchange contract

Forward foreign exchange contracts are entered into by the Group to manage exposure to fluctuations in foreign currency exchange rate on specific transaction. In general, the Group's policy is to enter into forward foreign exchange contracts for confirmed foreign currency receipts when it is deemed necessary.

40. FINANCIAL INSTRUMENTS (CONT'D)

(e) Forward foreign exchange contract (cont'd)

At 30 June, 2010, the settlement dates on open forward contracts ranged between 3 months to 6 months. The foreign currency amounts and contractual exchange rates of the Group's outstanding contracts are as follows:

Hedged item	Currency to be received	RM equivalents	Contractual rate
Trade receivables :			
USD1,500,000	United States Dollar	4,950,000	1 USD = RM3.3000
USD 800,000	United States Dollar	2,648,000	1 USD = RM3.3100
USD 400,000	United States Dollar	1,344,000	1 USD = RM3.3600
USD 400,000	United States Dollar	1,314,800	1 USD = RM3.2870
USD 200,000	United States Dollar	652,000	1 USD = RM3.2600
USD 200,000	United States Dollar	648,000	1 USD = RM3.2400
USD 200,000	United States Dollar	646,000	1 USD = RM3.2300
USD 100,000	United States Dollar	329,720	1 USD = RM3.2972
USD 100,000	United States Dollar	330,180	1 USD = RM3.3018
USD 100,000	United States Dollar	330,720	1 USD = RM3.3072
USD 65,000	United States Dollar	211,572	1 USD = RM3.2550
USD 200,000	United States Dollar	654,000	1 USD = RM3.3270
USD 200,000	United States Dollar	664,400	1 USD = RM3.3220
USD 200,000	United States Dollar	646,400	1 USD = RM3.2320
USD 200,000	United States Dollar	646,800	1 USD = RM3.2340

The fair values of outstanding forward contracts of the Group at the balance sheet date approximate their book values.

(f) Credit risk

The Group's exposure to credit risk arises from its receivables and the maximum risk associated with recognised financial assets is the carrying amounts as presented in the balance sheet.

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

40. FINANCIAL INSTRUMENTS (CONT'D)

(g) Fair values

The fair value of financial assets and financial liabilities of the Group and of the Company approximate their carrying values as at the balance sheet date.

It is not practicable to estimate the fair value of contingent liabilities as referred to in Note 39 due to the uncertainties of timing, costs and eventual outcome.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and Cash Equivalents, Trade and Other Receivables / Payables and Short Term Borrowings.

The carrying amounts approximate the fair values due to the relatively short term maturity of these financial instruments.

(ii) Borrowings – Term Loans and Hire Purchase Payables

The fair values of the borrowings approximate the carrying amounts as the interest rates attached to these borrowings approximate the current interest rates for liabilities with similar risk profiles.

41. OPERATING SEGMENT

Management determines the operating segments based on the reports reviewed and used by the directors for strategic decisions making and resources allocation.

The Group's reportable operating segment is mainly comprised of the manufacture and sale of wooden furniture and components.

Operating segment information has not been prepared as the Group's revenue, operating profit, segment assets and segment liabilities, capital expenditure, depreciation and amortisation and non cash expenses are mainly confined to one operating segment.

Geographically, management reviews the performance of the businesses in Malaysia, Vietnam, Thailand and Singapore. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Non-current assets and total assets are based on the geographical location of the assets.

41. OPERATING SEGMENT (CONT'D)

	Malaysia		Vietnam		Thailand		Singapore		Others		Group	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
External revenue	135,280	104,449	361,515	285,626	10,071	7,303	-	-	-	-	506,866	397,378
Non-current assets	100,342	94,944	100,501	97,487	22,334	25,182	-	-	51	51	223,228	217,664
Total assets	151,305	121,916	224,295	208,651	25,204	29,618	30,657	2,890	52	57	431,513	363,132

42. COMPARATIVES

Certain comparative figures have been reclassified to confirm with the current year's presentation.

	As previously stated RM'000	Adjustment RM'000	As stated RM'000
Balance sheet :			
Current liabilities			
Other payables and accruals	18,306	(888)	17,418
Non-current liabilities			
Provision for severance allowance	-	888	888

PROPERTIES HELD BY THE COMPANY & ITS SUBSIDIARIES

AS AT 30 JUNE, 2010

Location	Description	Tenure	Year Lease Expiring	Age of Building (years)	Site Area (sq.ft.)	Net Book Value (RM'000)	Date of Revaluation (R)/ Acquisition (A)
Lot 3356, Batu 7 3/4, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan.	1 plot of industrial land with 2 blocks of factory building & 1 two-storey office block	Freehold	N/A	17	167,433	7,689	25/9/2002 (R)
Lot 3360, Batu 7 3/4, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan.	1 plot of industrial land with 1 block of factory building	Freehold	N/A	12	171,518	8,713	19/3/2003 (A)
PT 5322, Kawasan Perindustrian Ajil, Fasa 2, Batu 21, Jalan Ajil, Kuala Berang 21800 Ulu Terengganu Terengganu	Industrial land with 9 blocks of factory building & 1 single-storey office building	Leasehold	2058	12	669,086	10,520	3/8/1999 (A)
PT 5324, Kawasan Perindustrian Ajil, Fasa 2, Batu 21, Jalan Ajil, Kuala Berang, 21800 Ulu Terengganu, Terengganu	Industrial land with 4 blocks of factory building	Leasehold	2058	10	660,880	8,145	30/5/2000 (A)
PT 9090, Kawasan Perindustrian Ajil, Mukim Tanggul, Hulu Terengganu [New reg. no. PT6772]	Vacant Industrial Land	Leasehold	2058	N/A	153,924	179	15/10/2003 (A)
GM 3838 , Lot No 519, Batu 8 , Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan.	Industrial land with 1 block of factory building & 1 double storeys office building	Freehold	N/A	8	196,020	9,152	2/5/2001 (R)
GM 2582 , Lot No 518, Batu 8 , Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan.	Industrial land with 2 blocks of factory building	Freehold	N/A	18	195,748	11,011	14/4/2003 (A)
H.S 270, PT No.5920, Batu 8 1/2 , Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan	Agricultural land with 4 blocks of workers' quarter	Leasehold	2071	16	103,727	500	14/4/2003 (A)

PROPERTIES HELD BY THE COMPANY & ITS SUBSIDIARIES

AS AT 30 JUNE, 2010 (CONT'D)

Location	Description	Tenure	Year Lease Expiring	Age of Building (years)	Site Area (sq.ft.)	Net Book Value (RM'000)	Date of Revaluation (R)/ Acquisition (A)
H.S.(M) 35437 , PT 56964, Batu 8 , Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan	Workers' quarters	Freehold	N/A	3	59,890	1,786	18/12/2006 (A)
Title Deed No. 18571/18572/19359/ 19942/19943 Moo 1, Tung Mo Subdistrict, Sadao District, Songkhla Province, Thailand	Industrial land with 3 blocks of factory buildings & 4 blocks of workers' quarters.	Freehold	N/A	4	869,022	15,844	21/1/2005 (A)
Title Deed No.18604 Moo 1,Tung Mo Subdistrict, Sadao District, Songkhla Province, Thailand	Vacant Industrial Land	Freehold	N/A	N/A	333,860	410	21/1/2005 (A)
No. 29, Road DT 743 Song Than II, Industrial Zone Di An District Binh Duong Province Vietnam	Industrial land with 5 blocks of factory building & one 3-storey office building	Leasehold	2045	9	637,869	11,922	February 2001 (A)
Lot L, Road 27, Song Than II, Industrial Zone Di An District Binh Duong Province Vietnam	Industrial land with 1 block of warehouse building	Leasehold	2045	4	140,243	4,377	March 2006 (A)
Lot 241, 242, 249,250, 251, Lai Uyen Village, Ben Cat District, Binh Duong Province Vietnam	Industrial land with 4 blocks of factory building	Leasehold	2052	5	780,081	11,543	May 2002 (A)
Lot 231, 240, Lai Uyen Village, Ben Cat District, Binh Duong Province, Vietnam	Industrial land with 3 blocks of factory building	Leasehold	2052	3	1,011,042	13,113	May 2002 (A)
Lot 77, 232, 243, 244, Lai Uyen Village, Ben Cat District, Binh Duong Province Vietnam	Industrial land with 1 block of factory building	Leasehold	2052	2	1,035,960	8,002	May 2002 (A)
Lot 299 Lai Uyen Village, Ben Cat District, Binh Duong Province, Vietnam	Industrial land with 2 blocks of workers' quarter	Leasehold	2052	3	1,132,448	4,285	Nov 2006 (A)

ANALYSIS OF SHAREHOLDINGS
AS AT 4 NOVEMBER, 2010

Authorised share capital	:	RM200,000,000
Issued and paid-up share capital	:	RM64,805,000
Class of shares	:	Ordinary Shares of RM1.00 each
Voting rights	:	One vote per share

Size of Holdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares held[1]	% of Issued Capital
1 - 99	112	6.584	4,919	0.01
100 - 1,000	182	10.699	154,432	0.24
1,001 - 10,000	1,134	66.667	4,214,549	6.50
10,001 - 100,000	234	13.757	6,829,750	10.54
100,001 - 3,239,254	34	1.999	22,802,298	35.20
3,239,255 (5% of Issued Capital) and above	5	0.294	30,779,152	47.51
TOTAL	1,701	100.000	64,785,100	100.000

Note:
[1] Excluding a total of 19,900 Ordinary Shares of RM1.00 each bought back by the Company and retained as treasury shares

THIRTY LARGEST SHAREHOLDERS/DEPOSITORS AS AT 4 NOVEMBER, 2010

	Name of Shareholders/Depositors	No. of Shares	% of Issued Capital[1]
1	LIN TZU-LANG	7,110,250	10.98
2	LIN TZU KENG	7,101,018	10.96
3	OSK NOMINEES (TEMPATAN) SDN BERHAD KIM ENG SECURITIES PTE LTD FOR KONSORTIUM KONTREK SDN BHD	6,740,000	10.40
4	LIN CHEN JUI-FEN	6,027,884	9.30
5	AMBANK (M) BERHAD PLEDGED SECURITIES ACCOUNT FOR LIN TZU KENG (SMART)	3,800,000	5.87
6	JF APEX NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LI, YI-PING (MARGIN)	3,195,400	4.93
7	KONSORTIUM KONTREK SDN BHD	3,000,000	4.63
8	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR EONPLUS INDUSTRY SDN BHD (MARGIN)	2,328,100	3.59
9	LIN TZU KENG	1,701,500	2.63
10	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HBFS-B CLT 500)	1,685,500	2.60
11	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PHEIM ASSET MANAGEMENT SDN BHD FOR EMPLOYEES PROVIDENT FUND BOARD	1,566,100	2.42
12	LIN CHEN JUI-FEN	1,312,750	2.03
13	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR APEX DANA AL-SOFI-I (UT-APEX-SOFI)	854,000	1.32
14	BHOOPINDAR SINGH A/L HARBANS SINGH	780,000	1.20
15	HO SUE BIA	771,648	1.19
16	GOH THONG BENG	723,000	1.12
17	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHENG KIEN WING (MARGIN)	611,550	0.94
18	PRB NOMINEES (TEMPATAN) SDN BHD RUBBER INDUSTRY SMALLHOLDERS DEVELOPMENT AUTHORITY	587,200	0.91
19	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR MAK TIAN MENG (MY0343)	400,000	0.62
20	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR KUMPULAN SENTIASA CEMERLANG SDN BHD (TSTAC/CLNT)	380,000	0.59
21	MAYBAN NOMINEES (TEMPATAN) SDN BHD MAYBAN TRUSTEES BERHAD FOR PHEIM ASIA EX-JAPAN FUND (260366)	300,000	0.46

	Name of Shareholders/Depositors	No. of Shares	% of Issued Capital[(1)]
22	SHEN CHAO MING	243,800	0.38
23	WU, LI-YUN	236,200	0.36
24	OSK NOMINEES (TEMPATAN) SDN BERHAD PLEDGED SECURITIES ACCOUNT FOR CHUA SENG HUAT	200,000	0.31
25	LOW KOK CHUAN	180,000	0.28
26	DB (MALAYSIA) NOMINEE (ASING) SDN BHD EXEMPT AN FOR KUMPULAN SENTIASA CEMERLANG SDN BHD (TSTAC/CLNT-A)	160,000	0.25
27	HSBC NOMINEES (ASING) SDN BHD HSBC-FS FOR CARL FRIEDRICH MARINO GUMPERT	150,000	0.23
28	MAYBAN NOMINEES (TEMPATAN) SDN BHD MAYBAN TRUSTEES BERHAD FOR PHEIM ASIA EX-JAPAN ISLAMIC FUND (260508)	150,000	0.23
29	CHENG SUCK ENG	137,200	0.21
30	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAK TIAN MENG	127,700	0.20
	TOTAL	52,560,800	81.14

Note:
(1) Excluding a total of 19,900 Ordinary Shares of RM1.00 each bought back by the Company and retained as treasury shares

SUBSTANTIAL SHAREHOLDERS AS AT 4 NOVEMBER, 2010

	Direct		Indirect	
Name of Substantial Shareholders	No. of Shares held	% of Issued Capital[(1)]	No. of Shares held	% of Issued Capital[(1)]
Lin, Tzu-Keng	12,602,518	19.45	7,344,134[(2)]	11.34
Konsortium Kontrek Sdn Bhd	9,740,000	15.03	-	-
Lin Chen, Jui-Fen	7,344,134	11.34	12,602,518[(2)]	19.45
Lin, Tzu-Lang	7,110,250	10.98	-	-
Yek Siew Liong	-	-	9,740,000[(3)]	15.03

Notes:
(1) Excluding a total of 19,900 Ordinary Shares of RM1.00 each bought back by the Company and retained as treasury shares
(2) Deemed interested by virtue of his/her spouse interest in the Company
(3) Deemed interested by virtue of Section 6A(4)(c) of the Companies Act, 1965 held through Konsortium Kontrek Sdn Bhd

DIRECTORS' SHAREHOLDINGS AS AT 4 NOVEMBER, 2010

	Direct		Indirect	
Name of Directors	No. of Shares held	% of Issued Capital[(1)]	No. of Shares held	% of Issued Capital[(1)]
Lin, Tzu-Keng [(2)]	12,602,518	19.45	7,344,134[(3)]	11.34
Lin Chen, Jui-Fen [(2)]	7,344,134	11.34	12,602,518[(3)]	19.45
Lin, Tzu-Lang [(2)]	7,110,250	10.98	-	-
Yek Siew Liong [(2)]	-	-	9,740,000[(4)]	15.03
Dato' Haji Shaharuddin bin Haji Haron	-	-	-	-
Toh Seng Thong	-	-	-	-

Notes:
(1) Excluding a total of 19,900 Ordinary Shares of RM1.00 each bought back by the Company and retained as treasury shares
(2) By virtue of their interests in shares of the Company, the Directors are also deemed to have an interest in the shares of all the subsidiaries of the Company to the extent the Company has an interest
(3) Deemed interested by virtue of his/her spouse interest in the Company
(4) Deemed interested by virtue of Section 6A(4)(c) of the Companies Act, 1965 held through Konsortium Kontrek Sdn Bhd

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixteenth Annual General Meeting of the shareholders of LATITUDE TREE HOLDINGS BERHAD will be held at Putra Room, Kelab Golf Sultan Abdul Aziz Shah, No. 1, Rumah Kelab, Jalan Kelab Golf 13/6, 40100 Shah Alam, Selangor Darul Ehsan on Tuesday, 21 December, 2010 at 11.00 a.m. for the following purposes:-

A G E N D A

1. To receive and adopt the Audited Financial Statements for the financial year ended 30 June, 2010 together with Reports of the Directors' and the Auditors' thereon. **Ordinary Resolution 1**
2. To declare a final dividend of 7.0 sen per share (tax exempt) for the financial year ended 30 June, 2010. **Ordinary Resolution 2**
3. To approve payment of Directors' fee for the financial year ended 30 June, 2010. **Ordinary Resolution 3**
4. To approve payment of Directors' fee for the financial year ending 30 June, 2011 to be paid quarterly in arrears. **Ordinary Resolution 4**
5. To re-elect the following Directors retiring under Articles 85 and 113 of the Articles of Association of the Company:-

   (i) Mr Lin, Tzu-Keng **Ordinary Resolution 5**

   (ii) Mr Yek Siew Liong **Ordinary Resolution 6**
6. To consider and, if thought fit, pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:-

   "That pursuant to Section 129(6) of the Companies Act, 1965, Dato' Haji Shaharuddin bin Haji Haron be re-appointed as Director to hold office until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 7**
7. To appoint Messrs Ernst & Young, having consented to act, as Auditors of the Company for the financial year ending 30 June, 2011 in place of the retiring Auditors, Messrs Y.C. Chong & Co, to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.

   Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965 (a copy of which is annexed and marked as "Annexure I" in the 2010 Annual Report) has been received by the Company for the nomination of Messrs Ernst & Young for the appointment as Auditors in place of the retiring Auditors, Messrs Y.C. Chong & Co. **Ordinary Resolution 8**

As Special Business

To consider and, if thought fit, to pass the following resolution:-

8. **AUTHORITY UNDER SECTION 132D OF THE COMPANIES ACT, 1965 FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES**

   "THAT, pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company for the time being, subject always to the approval of all relevant Regulatory Authorities being obtained for such allotment and issuance." **Ordinary Resolution 9**

9. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR LATITUDE TREE HOLDINGS BERHAD AND ITS SUBSIDIARIES TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")**

"THAT, the mandate granted by the shareholders of the Company at the Annual General Meeting held on 16 December, 2009 pursuant to paragraph 10.09 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, authorising the Company and its subsidiaries ("LTHB Group") to enter into the recurrent transactions of a revenue or trading nature as set out in Section 2.2 of the Circular to Shareholders dated 29 November, 2010 ("Circular") with the related parties mentioned therein which are necessary for the LTHB Group's day-to-day operations, be and is hereby renewed.

That approval be and is hereby given for the LTHB Group to enter into recurrent related party transactions of a revenue or trading nature set out in Section 2.2 of the Circular, which are necessary for the LTHB's Group day-to-day operations.

THAT the LTHB Group is hereby authorised to enter into the Proposed Shareholders' Mandate provided that:

a) the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
b) the disclosure will be made in the Annual Report of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year on the type of Recurrent Related Transactions made, the names of the related parties involved in each type of Recurrent Related Party Transactions and their relationships with the Company.

THAT the authority conferred shall continue to be in force until:

i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which the Proposed Shareholders' Mandate is approved, at which time it will lapse, unless by a resolution passed at the AGM, the mandate is again renewed;
ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate." **Ordinary Resolution 10**

10. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES**

"THAT subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company, the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to utilise the maximum amount of funds available in the Company which shall not exceed the Company's aggregate retained profits and/or share premium account to purchase such amount of ordinary shares of RM1.00 each in the Company ("Proposed Renewal of Share Buy-Back Authority") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company;

THAT an amount not exceeding the Company's share premium account and retained profits account be allocated by the Company for the Proposed Renewal of Share Buy-Back Authority;

THAT authority be and is hereby given to the Directors of the Company to decide at their absolute discretion to either retain the shares so purchased as treasury shares (as defined in Section 67A of the Act) and/or to cancel the shares so purchased and if retained as treasury shares, may resell the treasury shares and/or to distribute them as share dividend and/or subsequently cancel them;

THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will expire at:-

i) the conclusion of the next Annual General Meeting ("AGM") of the Company being the Seventeenth ("17th") AGM of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first,

but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any);

AND THAT the Directors of the Company be authorised to take all steps necessary to implement, complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Share Buy-Back Authority as may be agreed or allowed by any relevant governmental and/or regulatory authority." **Ordinary Resolution 11**

11. **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

"That the deletions, alterations, modifications, variations and additions to the Articles of Association of the Company as set out in Annexure II attached with the Annual Report for financial year ended 30 June, 2010 be and are hereby approved." **Special Resolution**

EXPLANATORY NOTES ON SPECIAL BUSINESS

Ordinary Resolution 9

- **Resolution pursuant to Section 132D of the Companies Act, 1965**

  The Company had, during its Fifteenth Annual General Meeting held on 16 December, 2009, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965 ("the Act"). The Company did not issue any shares pursuant to this mandate obtained.

  The Ordinary Resolution 9 proposed under item 8 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total ten per centum (10%) of the issued share capital (excluding treasury shares, if any) of the Company for such purpose as the Directors consider would be in the interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

  The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding investment project(s), working capital and/or acquisitions.

Ordinary Resolution 10

- **Proposed Renewal of Shareholders' Mandate for Latitude Tree Holdings Berhad ("LTHB") and its subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature**

  Ordinary Resolution 10, if passed, will allow LTHB Group to enter into recurrent related party transactions in the ordinary course of business and the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur would not arise. This would reduce the expenses associated therewith, improve administrative efficiency and allow human resources and time to be channelled towards attaining corporate objectives. The shareholders' mandate is subject to renewal on an annual basis.

  For further information, please refer to the Circular to Shareholders dated 29 November, 2010 accompanying the Annual Return of the Company for the financial year ended 30 June, 2010.

Ordinary Resolution 11

- **Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares**

  Ordinary Resolution 11, if passed, will give the Directors of the Company authority to take all such steps as are necessary or expedient to implement, finalise, complete and/or to effect the purchase(s) of ordinary shares by the Company as the Directors may deem fit and expedient in the best interest of the Company. The authority will, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting of the Company following the Sixteenth Annual General Meeting is required by law to be held.

  For further information, please refer to the Statement to Shareholders dated 29 November, 2010 accompanying the Annual Return of the Company for the financial year ended 30 June, 2010.

Special Resolution

- **Proposed Amendment to the Articles of Association of the Company**

  The special resolution, if passed, will enable the Company to implement the electronic dividend payment system and render the Articles of Association of the Company to be consistent with the Bursa Malaysia Securities Berhad Main Market Listing Requirements, prevailing laws, guidelines or requirements of the relevant authorities.

NOTICE OF DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the final dividend of 7.0 sen per share (tax exempt) for the financial year ended 30 June 2010, if approved, will be paid on 21 January, 2011 to shareholders whose names appear on the Record of Depositors as at 31 December, 2010.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 31 December, 2010 in respect of transfers; and
b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD
TAI YIT CHAN (MAICSA 7009143)
TAN AI NING (MAICSA 7015852)
YEOH JOE SON (MIA 9238)
Company Secretaries

Selangor Darul Ehsan
Date : 29 November, 2010

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1) (b) of the Companies Act, 1965 shall not apply to the Company.
2. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 may appoint at least one (1) proxy in respect of each securities account.
3. Where a member appoints two (2) proxies to attend at the same meeting, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation either under the common seal or under the hand of an officer or attorney so authorised.
5. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be deposited at the registered office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting.

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PROXY FORM

LATITUDE TREE HOLDINGS BERHAD (302829-W)

(Incorporated in Malaysia)

CDS account no. of authorised nominee	No. of shares held

I/We,_______________________________________IC No./ID No./Company No.____________________
of____
being a member of LATITUDE TREE HOLDINGS BERHAD hereby appoint____________________________
IC No./ID No.___________________________________of_____________________________________
____
or failing him/her,_______________________________IC No./ID No.____________________________
of____
or failing him/her, *the Chairman of the Meeting as my/our proxy to vote and act for me/us, and on my/our behalf at the Sixteenth Annual General Meeting of the Company to be held at Putra Room, Kelab Golf Sultan Abdul Aziz Shah, No. 1, Rumah Kelab, Jalan Kelab Golf 13/6, 40100 Shah Alam, Selangor Darul Ehsan on Tuesday, 21 December, 2010 at 11.00 a.m. and at any adjournment thereof.

* Please delete the words "the Chairman of the Meeting" if you wish to appoint some other person to be your proxy.
My/our proxy is to vote as indicated below :

	Resolution	For	Against
Ordinary Resolution 1	Adoption of Audited Financial Statements for financial year ended 30 June, 2010 together with Directors' and Auditors' Reports		
Ordinary Resolution 2	Declaration of a final dividend of 7.0 sen per share (tax exempt) for the financial year ended 30 June, 2010		
Ordinary Resolution 3	Approval of Directors' fee for the financial year ended 30 June, 2010		
Ordinary Resolution 4	Approval of Directors' fee for the financial year ending 30 June, 2011		
Ordinary Resolution 5	Re-election of Mr Lin, Tzu–Keng as Director		
Ordinary Resolution 6	Re-election of Mr Yek Siew Liong as Director		
Ordinary Resolution 7	Re-appointment of Dato' Haji Shaharuddin bin Haji Haron as Director		
Ordinary Resolution 8	Appointment of Messrs Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration		
Ordinary Resolution 9	Authority under Section 132D of the Companies Act, 1965 for the Directors to allot and issue shares		
Ordinary Resolution 10	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
Ordinary Resolution 11	Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares		
Special Resolution	Proposed Amendments to the Articles of Association of the Company		

Please indicate with an "X" in the spaces provided, how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	Percentage
Proxy 1	%
Proxy 2	%
Total	100%

____
Signature/Common Seal

Date: ______________________

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1) (b) of the Companies Act, 1965 shall not apply to the Company.
2. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 may appoint at least one (1) proxy in respect of each securities account.
3. Where a member appoints two (2) proxies to attend at the same meeting, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation either under the common seal or under the hand of an officer or attorney so authorised.
5. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be deposited at the registered office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting.

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Affix Stamp

LATITUDE TREE HOLDINGS BERHAD
Lot 6.05, Level 6, KPMG Tower,
8 First Avenue, Bandar Utama,
47800 Petaling Jaya,
Selangor Darul Ehsan

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LATITUDE TREE HOLDINGS BERHAD
(302829-W)

LATITUDE TREE HOLDINGS BERHAD (302829-W)

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