www.lattree.com

Latitude Tree Holdings Berhad
Lot 3356, Batu 7¾, Jalan Kapar, 42200 Kapar, Selangor.
Tel: 603-3291 5401 Fax: 603-3291 5407

LATITUDE TREE HOLDINGS BERHAD (302829-W)

2011 Annual Report

LATITUDE TREE HOLDINGS BERHAD
(302829-W)

LIVING

WITH STLYE

ANNUAL REPORT 2011

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 : 603-7720 1188
Facsimile : 603-7720 1111
Website : www.lattree.com

SHARE REGISTRAR

Boardroom Corporate Services (KL) Sdn Bhd
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya, Selangor Darul Ehsan
Telephone : 603-7720 1188
Facsimile : 603-7720 1111

AUDITORS

Ernst & Young (AF 0039)
Chartered Accountants
11th Floor, Kompleks Teruntum,
Jalan Mahkota,
25000 Kuantan,
Pahang Darul Makmur.

PRINCIPAL BANKERS

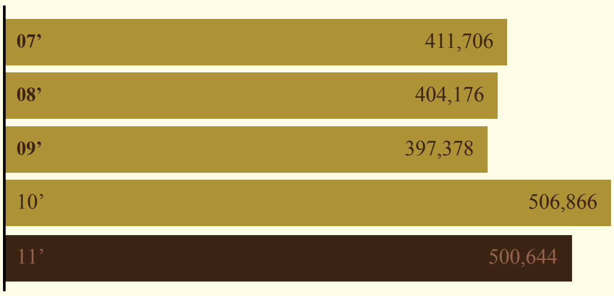
AmBank (M) Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
Chinatrust Commercial Bank
Indovina Bank
Far East National Bank

FINANCIAL HIGHLIGHTS

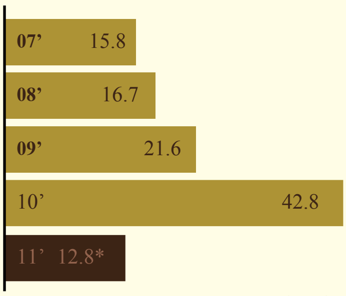
Five Years Financial Highlights	2011 RM'000	2010 RM'000	2009 RM'000	2008 RM'000	2007 RM'000
REVENUE	500,644	506,866	397,378	404,176	411,706
PROFIT FOR THE YEAR	19,741	36,483	13,213	8,485	8,793
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS	12,471	27,730	14,009	10,806	10,263
SHAREHOLDERS' FUNDS	156,493	187,451	177,486	160,353	158,188
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS (RM)	2.02	2.89#	2.74#	2.47#	2.44#
NET EARNINGS PER SHARE (SEN)	12.8	28.5	21.6#	16.7#	15.8#
DIVIDEND PER SHARE (SEN)	2.00	10.05	.80	4.00	4.10
DIVIDEND AMOUNT (RM'000)	1,944*	6,481	3,759	2,592	2,657

* This represents a final dividend of 2.0 sen. The final dividend was recommended by the Board of Directors and is subject to shareholders' approval at the forthcoming Annual General Meeting

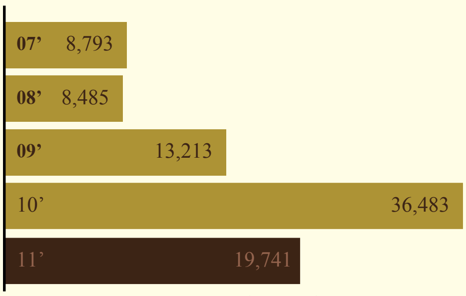
Calculated based on 64,805,000 ordinary shares.



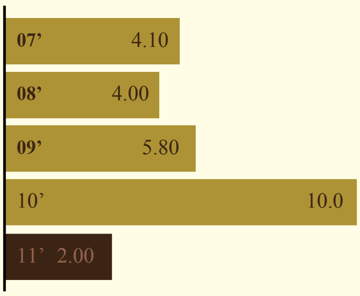
REVENUE (RM'000)



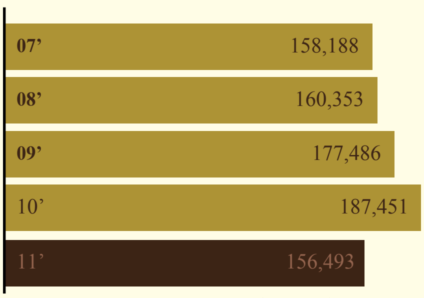
NET EARNINGS PER SHARE (SEN)



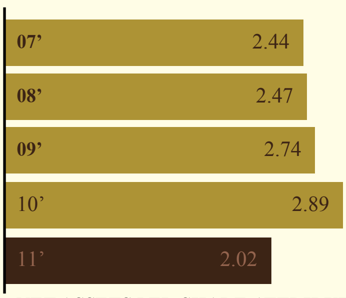
PROFIT FOR THE YEAR (RM'000)



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, we are pleased to present to you the Annual Report and Audited Financial Statements of Latitude Tree Holdings Berhad (the "Company") and its subsidiaries (the "Group") for the financial year ended 30 June ("FY") 2011.

FINANCIAL PERFORMANCE

FY2011 has been a challenging year for the Group. Given that about 95% or so of our sales are to United States ("US") and the negative economic headlines from US, our performance could have been adversely affected, yet the Group delivered only a slight decrease in sales revenue. This was attributable to the Group's strong relationship with its customers resulting in repeat orders, maintaining the quality of our products in meeting the customers' needs, constantly developing new products and improving our product mix to focus on better margined products. For FY2011 , the Group recorded revenue of RM500.7 million, which was a slight decrease of 1.2% as compared to RM506.9 million for FY2010. The Group's revenue in US Dollar term has in fact increased by 7.1% from US$145.8 million in FY2010 to US$156.1 million in FY2011. As such, revenue in Ringgit Malaysia term was lower due to the weakening of the US Dollar against the Ringgit Malaysia as more than 95% of the Group's sales were transacted in the US Dollar. The Group's net profit attributable to shareholders decreased to RM12.5 million in FY2011 as compared to RM27.7 million in FY2010 as the Group has to contend with high raw materials costs in sawn timber, coating and packaging materials as well as the weakening US Dollar. The high global liquidity coupled with higher consumption in China and India was fuelling raw materials prices to historically high levels.

DIVIDEND

The Board is pleased to recommend to shareholders a final tax-exempt dividend of 2.0 sen per ordinary share for FY2011 , subject to the approval of the shareholders of the Company at the Annual General Meeting to be convened on 15 December 2011.

CORPORATE AND BUSINESS DEVELOPMENTS

In order to increase the capital base of the Company to a level that will better reflect the Group's current scale of operations and also to reward our shareholders by enabling them to have greater participation in the equity of the Company in term of the increased number of shares held, the Company had on 25 February 2011 announced the proposal to undertake a bonus issue of 32,402,500 new ordinary shares of RM1.00 each on the basis of one (1) new ordinary share of RM1.00 for every two (2) existing ordinary shares of RM1.00 each held ("Bonus Issue"). On 25 May 2011, the Company obtained the approval from the shareholders of the Company to undertake the Bonus Issue. A total of 32,402,500 new ordinary shares of RM1.00 each had been issued and allotted to the shareholders of the Company and all the new ordinary shares were successfully listed on 9 June 2011.

During the year, the Group constructed additional warehouse facilities and added a new production line in our Vietnam factory. The Group's overall expansion plans are geared towards facilitating the production of a wider product range as well as to help the Group to better meet increasing customers' demand.

The Group will continue to invest resources to develop its production facilities, in order to further consolidate its leading position in the wooden furniture industry. At the same time, the Group constantly strives to increase production efficiency, while maintaining high standards of quality which meet its customers' expectations.

BUSINESS STRATEGY AND FUTURE PLANS

The United States remains the core market for the Group, accounting for approximately 95% of FY2011's revenue with other markets making up the balance 5.0%. The Group is planning to leverage on its strong and established relationships with its business partners to diversify into other export markets which have a large consumer base and high growth potential like China, India and Vietnam.

Another key thrust will be the introduction of new product lines and research into usage of inexpensive and sustainable wood materials to enhance the Group's current product offering. The launch of new models will have a positive impact in terms of improved sales as well as stronger pricing power and the research and development of inexpensive and sustainable wood materials will help to improve the margin of the Group's products.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, we would like to offer our heartfelt gratitude to our various stakeholders, our valued shareholders, customers, partners, business associates and regulatory bodies for their continued support and confidence in us.

To our Board of Directors, thank you for giving us the benefit of your vast experience and wise counsel.

Finally, to the management and employees, our sincere thanks for your dedication and continuing efforts to bring the Group to a higher level. Your passion and unwavering commitment to excellence in product and service quality have contributed significantly to the Group's performance as well as the growth of the business.

As we face the challenges ahead in the coming year together, we are confident that the Group will continue to grow from strength to strength and we look forward to working closely with you to bring the Group to even greater heights.

Dato' Haji Shaharuddin Bin Haji Haron
Chairman

Lin Chen, Jui-Fen
Managing Director

23 November 2011

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 emphasise 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 60% 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 wooden 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 of the Group is about 8,200 workers.

PRODUCTS

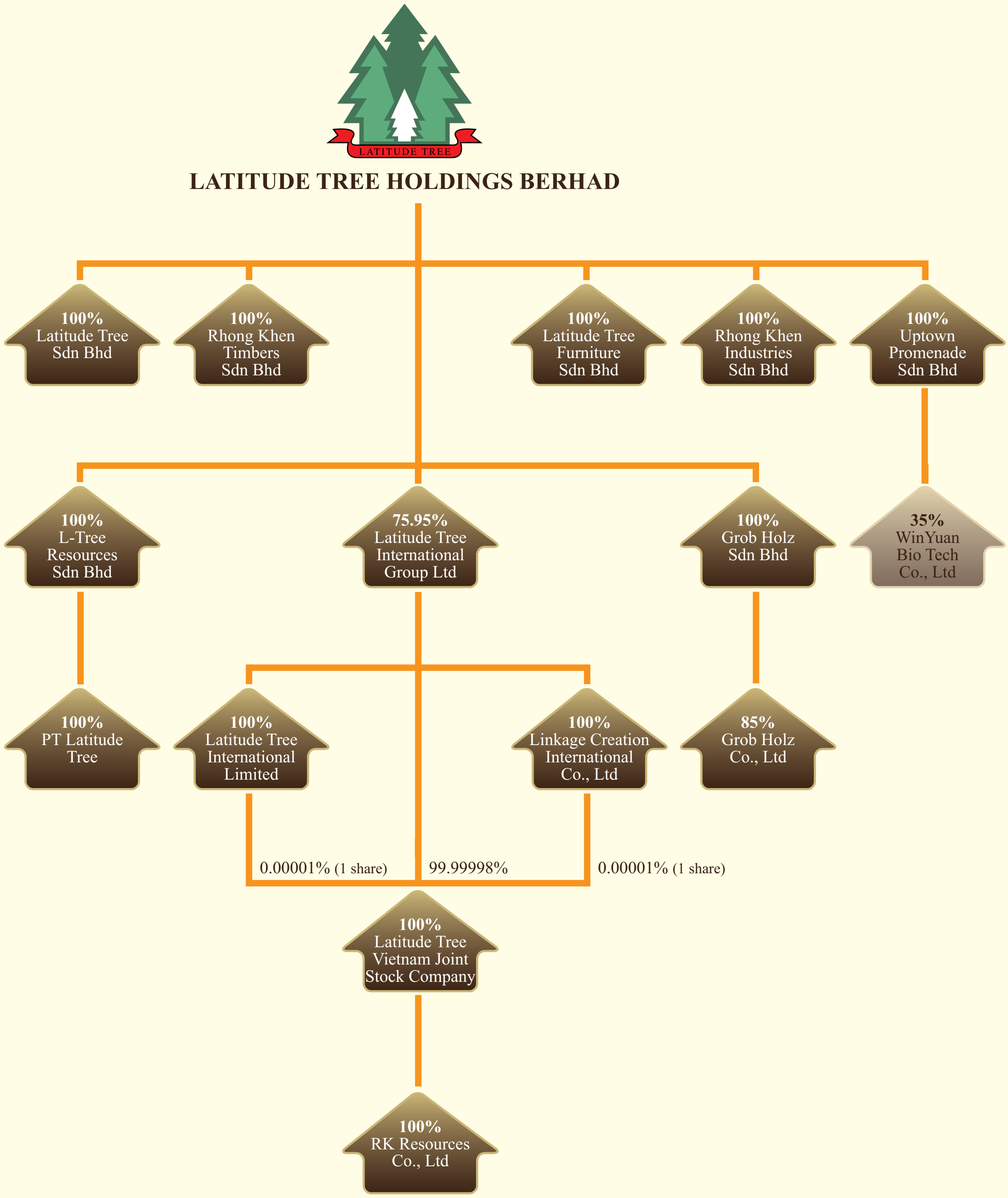
The Group has developed an extensive range of products to cater for different customers' requirements and expectations.

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 73, a Malaysian, was appointed to the Board of Latitude Tree Holdings Berhad on 21 June 2000. His last re-appointment as director was on 21 December 2010. He is also 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 Pittsburgh, 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 57, a Taiwanese, was appointed to the Board of Latitude Tree Holdings Berhad on 28 April 1997 and was appointed as Deputy Chairman with effect from 28 May 2009. He was the managing director of the Company from 1997 to 2009. His last re-election as director was on 21 December 2010.

In 1988, he came to Malaysia to set up Latitude Tree Furniture Sdn Bhd, an operating subsidiary of the Group. 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 1992, he set up another operating subsidiary of the Group, Rhong Khen Industries Sdn Bhd, situated at Ijok, Kuala Selangor and has also been the Managing Director since then. 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 ("LTIG"), a subsidiary of the Company listed on the Singapore Exchange Securities Trading Limited.

Mr Lin was the Central Region Chairman of Taipei Investors' Association in Malaysia 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 57, 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. Her last re-election as director was on 16 December 2009.

Mdm Lin is involved in the overall management of the Group's sales, marketing, finance, operation and human resources department. 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 69, 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. His last re-election as director was on 16 December 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 53, a Malaysian, was appointed to the Board of Latitude Tree Holdings Berhad on 18 August 2003. His last re-election as director was on 18 December 2008. 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 and financial and management advisory.

Particulars of other directorships in public companies:
- Adventa Berhad

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 51, a Malaysian, was appointed to the Board of Latitude Tree Holdings Berhad on 18 May 2007. His last re-election as director was on 21 December 2010. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee. He is the Non-Executive Chairman of LTIG.

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, petrol station, hospitality, cable manufacturing, township and property development. He is currently the Group Managing Director / Chief Executive Officer of Hock Lee Holdings Sdn Bhd and its group of companies.

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, other than those stated in item 5.11 of the Corporate Governance Statement.

None of the Directors have conviction of any offences within the past ten (10) years.

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Board of Directors is committed to implement the Malaysian Code of Corporate Governance ("the Code") wherever applicable in the best interest of the shareholders of the Company.

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

The Board consists of 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 qualification and experience of the Directors are set in the Profile of Board of Directors on Pages 8 to 9 of the 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 :-

Name	Attendance
Dato' Haji Shaharuddin Bin Haji Haron #	5/5
Mr Lin, Tzu-Keng # #	5/5
Mdm Lin Chen, Jui-Fen	5/5
Mr Lin, Tzu-Lang	5/5
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 specialized 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 Malaysia Securities Berhad ("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)	Non-Executive Directors (RM)	Total (RM)
Salaries and other emoluments	6,000	26,000	32,000
Fees	72,000	288,000	360,000
Total	78,000	314,000	392,000

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	1	-
RM50,000 – RM100,000	1	4
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 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 Directors, the Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent 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 FY 2011.

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
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 two (2) meetings for the FY 2011.

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 ("AGM")

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

5.1 Utilisation of Proceeds

There were no corporate exercises carried out during the FY2011 to raise funds.

5.2 Share Buy-Back

The Company had obtained its shareholders' authority at the Company's AGM held on 21 December 2010 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 disposed of a total of 19,900 of its own shares, being the entire shares retained in treasury, in the open market on 8 April 2011 for a total consideration of RM36,392.

5.3 Options, Warrants or Convertible Securities

There were no other options, warrants or convertible securities exercised in respect of the FY2011.

5.4 Depository Receipt Programme

The Company had not sponsored Deposit Receipt programme for the FY2011.

5.5 Sanctions and/or Penalties

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

5.6 Non-Audit Fees

The amount of non-audit fees paid and payable to external auditors by the Company and its subsidiaries for the FY2011 amounted to RM35,000.

5.7 Variation of Results

There were no material variances between the actual results for the FY2011 and the unaudited results previously announced by the Company.

5.8 Profit Forecast and Guarantee

The Company did not issue any profit forecast and guarantee for the year ended 30 June 2011.

5.9 Revaluation Policy
The Group has adopted a policy on regular revaluation of landed properties. This is as disclosed in the financial statements under page 120 to 121 of the Annual Report.

5.10 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 FY2011 or entered into since the end of the financial year.

5.11 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 FY2011 are as follows:

The remainder of this page has been intentionally left blank

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 GHCL	GHCL and the LTHB Group	Mr. Yek Siew Liong and Konsortium Kontrek Sdn Bhd	GHCL is a 85.00% owned subsidiary of LTHB. Mr. Yek Siew Liong is a director and substantial shareholder of GHCL with indirect shareholding of 15.03% in GHCL via Konsortium Kontrek Sdn Bhd.	10,316
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	LTIG is a subsidiary company of LTHB. Mr Yek Siew Liong is a director and substaintial shareholders of both LTIG and LTHB. He owns approximately 4.85% direct equity interest and 0.96% indirect equity interest in LTIG via his spouse and 15.03% indirect equity interest in LTHB via Konsortium Kontrek Sdn Bhd.	2,365
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	LTIG is a subsidiary company of LTHB. Mr Yek Siew Liong is a director and substantial shareholders of both LTIG and LTHB. He owns approximately 4.85% direct equity interest and 0.96% indirect equity interest in LTIG via his spouse and 15.03% indirect equity interest in LTHB via Konsortium Kontrek Sdn Bhd.	0

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Company is involved in various activities as part of its Corporate Social Responsibility 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 as well as donations to charitable organisations.

The Group had on 27 June 2011 donated 205 sets of classroom tables and chairs, manufactured by the Company, to seven (7) primary schools in Terengganu.

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 Securities Malaysia 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 out-sourced 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 FY2011 the Audit Committee, with the assistance of the external professional consulting firm, Messrs Columbus Advisory Sdn Bhd reviewed the adequacy and integrity of the Group's internal control systems relating to Strategic Management, Procurement, Manufacturing Operation Management, Inventory Management, Quality Controls, Plant and Machinery Maintenance and Property Plant and Equipment Management of a Malaysian subsidiary company and the two Vietnam subsidiary companies.

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

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 2011 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 FY2011.

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;
- 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;
- 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;

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 FY2011 and details of attendance of each Committee member is as follows:-

	No. of Audit Committee Held	Meeting 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 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.
- 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, Columbus Advisory Sdn Bhd. 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 Strategic Management, Procurement, Manufacturing Operation Management, Inventory Management, Quality Controls, Plant and Machinery Maintenance and Property Plant and Equipment Management of a Malaysian subsidiary company and a Vietnam subsidiary company.

- 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 FY2011 amounted to approximately RM38,000.

STATEMENT OF BOARD OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE AUDITED 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 FY2011 as set out on pages 27 to 119 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 presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2011.

Principal activities

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

The principal activities of the subsidiaries are described in Note 14 to the financial statements.

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

Results

	Group RM'000	Company RM'000
Profit net of tax	19,741	20,095
Profit attributable to:		
Owners of the parent	12,471	20,095
Minority interests	7,270	-
	19,741	20,095

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the changes in accounting policies due to the adoption of FRS 139 *Financial Instruments: Recognition and Measurement* which has resulted in an increase in the Group's and the Company's profit net of tax by RM486,000 and RM1,057,000 respectively as disclosed in Note 2.2 to the financial statements.

Dividends

The amount of dividends paid by the Company since 30 June 2010 was as follows:

	RM'000
In respect of the financial year ended 30 June 2010 as reported in the directors' report of that year:	
Final tax exempt dividend of 7 sen, on 64,805,000 ordinary shares, declared on 26 November 2010 and paid on 21 January 2011	4,536

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 30 June 2011, of 2 sen on 97,207,500 ordinary shares, amounting to a dividend payable of RM1,944,150 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 equity as an appropriation of retained earnings in the financial year ending 30 June 2012.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

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

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might 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 benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Directors' interests

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

	Number of ordinary shares of RM1 each			
	At 1.7.2010	Addition	Sold	At 30.6.2011
The Company				
Direct interest:				
Lin Chen, Jui-Fen	7,344,134	3,672,067	-	11,016,201
Lin, Tzu-Lang	7,110,250	3,555,125	-	10,665,375
Lin, Tzu-Keng	12,602,518	5,491,259	-	18,093,777
Deemed interest:				
Lin Chen, Jui-Fen*	12,602,518	5,491,259	-	18,093,777
Lin, Tzu-Keng*	7,344,134	3,672,067	-	11,016,201
Yek Siew Liong^	9,740,000	4,870,000	-	14,610,000

	Number of ordinary shares			
	At 1.7.2010	Acquired	Sold	At 30.6.2011
Subsidiary-Latitude Tree International Group Ltd.				
Direct interest:				
Lin, Tzu-Keng	-	700,000	-	700,000
Yek Siew Liong	11,630,000	-	-	11,630,000
Deemed interest:				
Lin Chen, Jui-Fen^	182,000,000	-	-	182,000,000
Lin, Tzu-Lang^	182,000,000	-	-	182,000,000
Lin, Tzu-Keng^	182,000,000	-	-	182,000,000
Yek Siew Liong*	2,295,000	-	-	2,295,000

	Number of ordinary shares of THB100 each			
	At 1.7.2010	Acquired	Sold	At 30.6.2011
Subsidiary-Grob Holz Company Limited				
Deemed interest:				
Yek Siew Liong#	300,000	52,500	-	352,500

* Deemed interested by virtue of spouse's shareholdings
# Deemed interest in shares held by Konsortium Kontrek Sdn. Bhd. in which the director has an interest
^ Deemed interest pursuant to Section 6A of the Companies Act 1965

Directors' interests (cont'd)

Lin Chen, Jui-Fen, Lin, Tzu-Lang and Lin, Tzu-Keng by virtue of their interests in shares in the Company, are also deemed interested in the shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM64,805,000 to RM97,207,500 by way of the bonus issue of 32,402,500 new ordinary shares of RM1 each on the basis of 1 bonus share for every 2 existing ordinary shares of RM1 each held via capitalisation of retained earnings amounting to RM32,402,500.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

Treasury shares

During the financial year, the Company disposed the entire treasury shares of 19,900 at an average price of RM1.842 per share. The proceed from the disposal including transaction costs was RM36,392.

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

  (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

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

(e) As at the date of this report, there does not exist:

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

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year except as disclosed in Note 33 to the financial statements.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 October 2011.

Dato' Haji Shaharuddin Bin Haji Haron

Lin Chen, Jui-Fen

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 accompanying financial statements set out on pages 36 to 119 are 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 at 30 June 2011 and of their financial performance and cash flows for the year then ended.

The information set out in Note 41 to the financial statements have been prepared in accordance with the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 October 2011.

Dato' Haji Shaharuddin Bin Haji Haron

Lin Chen, Jui-Fen

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

I, Heng Boon Chai, being the officer primarily responsible for the financial management of Latitude Tree Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 36 to 119 are in my opinion 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 Heng Boon Chai at Klang
in the State of Selangor Darul Ehsan
on 27 October 2011

Heng Boon Chai

Before me,
Goh Cheng Teak
No: B204

Commisioner for Oaths
Klang

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 statements of financial position as at 30 June 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows 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 119.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 judgement, 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 entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of the 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 at 30 June 2011 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 following:

(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 financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 14 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

The supplementary information set out in Note 41 on page 119 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

The financial statements of the Group and of the Company for the year ended 30 June 2010, were audited by another auditor who expressed an unmodified opinion on those statements on 27 October 2010.

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.

Ernst & Young
AF: 0039
Chartered Accountants

Sandra Segaran a/l Muniandy@Krishnan
No. 2882/01/13(J)
Chartered Accountant

Kuala Lumpur, Malaysia
27 October 2011

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	Note	Group 2011 RM'000	Group 2010 RM'000 Restated	Company 2011 RM'000	Company 2010 RM'000
Revenue	4	500,664	506,866	27,809	27,450
Cost of sales		(443,008)	(429,036)	-	-
Gross profit		57,656	77,830	27,809	27,450
Other items of income					
Interest income from loans and receivables		621	748	2,204	85
Other income	5	3,696	5,204	98	4
Other items of expense					
Selling and distribution expenses		(10,610)	(11,115)	-	-
Administrative expenses		(14,451)	(14,962)	(664)	(667)
Other expenses		(9,202)	(10,152)	(9,352)	(10,986)
Finance costs	6	(5,632)	(7,056)	-	-
Shares of results of an associate		(331)	(151)	-	-
Profit before tax	7	21,747	40,346	20,095	15,886
Income tax expense	10	(2,006)	(3,863)	-	-
Profit net of tax		19,741	36,483	20,095	15,886
Other comprehensive income:					
Foreign currency translation		(5,015)	(7,361)	-	-
Total comprehensive income for the year		14,726	29,122	20,095	15,886

		Group		Company	
	Note	2011 RM'000	2010 RM'000 Restated	2011 RM'000	2010 RM'000
Profit attributable to:					
Owners of the parent		12,471	27,730	20,095	15,886
Minority interests		7,270	8,753	-	-
		19,741	36,483	20,095	15,886
Total comprehensive income attributable to:					
Owners of the parent		8,688	23,311	20,095	15,886
Minority interests		6,038	5,811	-	-
		14,726	29,122	20,095	15,886
Earnings per share attributable to owners of the parent (sen per share)					
- Basic	11	12.83	28.53		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	Group 2011 RM'000	Group 2010 RM'000 Restated	Group 2009 RM'000 Restated	Company 2011 RM'000	Company 2010 RM'000
Assets						
Non-current assets						
Property, plant and equipment	13	215,503	205,084	198,343	-	-
Investment in subsidiaries	14	-	-	-	82,189	82,528
Investment in an associate	15	1,016	1,347	-	-	-
Other investments	16	521	1,301	2,081	440	1,220
Intangible asset	17	-	-	-	-	-
Land use rights	18	14,496	15,003	16,613	-	-
Deferred tax assets	19	743	493	481	-	-
		232,279	223,228	217,518	82,629	83,748
Current assets						
Inventories	20	84,765	76,638	59,780	-	-
Trade and other receivables	21	35,724	37,389	30,994	76,866	75,039
Prepayments		924	1,342	2,008	-	-
Tax recoverable		1,771	1,729	2,222	192	151
Cash and bank balances	22	54,429	91,187	50,464	2,666	6,017
Investment securities	23	1,018	-	-	-	-
Derivatives	24	655	-	-	-	-
		179,286	208,285	145,468	79,724	81,207
Non-current assets held for sale		-	-	146	-	-
		179,286	208,285	145,614	79,724	81,207
Total assets		411,565	431,513	363,132	162,353	164,955

	Note	Group 2011 RM'000	Group 2010 RM'000 Restated	Group 2009 RM'000 Restated	Company 2011 RM'000	Company 2010 RM'000
Equity and liabilities						
Current liabilities						
Trade and other payables	25	64,639	68,432	58,234	33,377	44,774
Loans and borrowings	26	99,363	93,403	68,516	13,200	-
Tax payable		363	972	185	-	-
		164,365	162,807	126,935	46,577	44,774
Net current assets		14,921	45,478	18,533	33,147	36,433
Non-current liabilities						
Loans and borrowings	26	13,939	40,674	44,384	-	20,000
Provision for severance allowance	27	612	835	888	-	-
		14,551	41,509	45,272	-	20,000
Total liabilities		178,916	204,316	172,207	46,577	64,774
Net assets		232,649	227,197	190,925	115,776	100,181
Equity attributable to owners of the parent						
Share capital	28	97,208	64,805	64,805	97,208	64,805
Share premium	28	1,225	1,225	1,225	1,225	1,225
Treasury shares	28	-	(35)	-	-	(35)
Retained earnings	29	107,013	131,311	112,753	17,343	34,186
Other reserves	30	(9,232)	(5,449)	(1,297)	-	-
		196,214	191,857	177,486	115,776	100,181
Minority interests		36,435	35,340	13,439	-	-
Total equity		232,649	227,197	190,925	115,776	100,181
Total equity and liabilities		411,565	431,513	363,132	162,353	164,955

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Total equity	Total equity attributable to owners of the parent	Share capital (Note 28)	Share premium (Note 28)	Treasury shares (Note 28)	Retained earnings (Note 29)	Total other reserves (Note 30)	Asset revaluation reserve (Note 30)	Foreign currency translation reserve (Note 30)	Minority interests
				← Attributable to owners of the parent →							
				← Non-distributable		→ Distributable ←		Non-distributable →			
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2011											
Group											
Opening balance at 1 July 2010											
As previously stated		227,197	187,451	64,805	1,225	(35)	126,871	(5,415)	1,114	(6,529)	39,746
Prior year adjustments	39	-	4,406	-	-	-	4,440	(34)	-	(34)	(4,406)
Opening balance at 1 July 2010 (restated)		227,197	191,857	64,805	1,225	(35)	131,311	(5,449)	1,114	(6,563)	35,340
Effects of adopting FRS 139		169	169	-	-	-	169	-	-	-	-
		227,366	192,026	64,805	1,225	(35)	131,480	(5,449)	1,114	(6,563)	35,340
Total comprehensive income		14,726	8,688	-	-	-	12,471	(3,783)	-	(3,783)	6,038
Transactions with owners											
Capitalisation for bonus issue		-	-	32,403	-	-	(32,403)	-	-	-	-
Dividends on ordinary shares	12	(4,536)	(4,536)	-	-	-	(4,536)	-	-	-	-
Dividends to minority shareholders		(4,943)	-	-	-	-	-	-	-	-	(4,943)
Disposal of treasury shares	28(b)	36	36	-	-	35	1	-	-	-	-
Total transactions with owners		(9,443)	(4,500)	32,403	-	35	(36,938)	-	-	-	(4,943)
Closing balance at 30 June 2011		232,649	196,214	97,208	1,225	-	107,013	(9,232)	1,114	(10,346)	36,435

				Attributable to owners of the parent							
				Non-distributable			Distributable	Non-distributable			
	Note	Total equity RM'000	Total equity attributable to owners of the parent RM'000	Share capital (Note 28) RM'000	Share premium (Note 28) RM'000	Treasury shares (Note 28) RM'000	Retained earnings (Note 29) RM'000	Total other reserves (Note 30) RM'000	Asset revaluation reserve (Note 30) RM'000	Foreign currency translation reserve (Note 30) RM'000	Minority interests RM'000
2010											
Group											
Opening balance at 1 July 2009		190,925	177,486	64,805	1,225	-	112,753	(1,297)	1,114	(2,411)	13,439
Total comprehensive income		29,122	23,311	-	-	-	27,764	(4,453)	-	(4,453)	5,811
Transactions with owners											
Change of interest in subsidiaries		19,390	(3,202)	-	-	-	(3,503)	301	-	301	22,592
Acquisition of minority interests		(2,636)	-	-	-	-	-	-	-	-	(2,636)
Subscription of shares in a subsidiary		540	-	-	-	-	-	-	-	-	540
Dividends on ordinary shares	12	(5,703)	(5,703)	-	-	-	(5,703)	-	-	-	-
Dividends to minority shareholders		(4,406)	-	-	-	-	-	-	-	-	(4,406)
Purchase of treasury shares		(35)	(35)	-	-	(35)	-	-	-	-	-
Total transactions with owners		7,150	(8,940)	-	-	(35)	(9,206)	301	-	301	16,090
Closing balance at 30 June 2010 (restated)		227,197	191,857	64,805	1,225	(35)	131,311	(5,449)	1,114	(6,563)	35,340

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Note	Total equity RM'000	Non-distributable Share capital (Note 28) RM'000	Share premium (Note 28) RM'000	Treasury shares (Note 28) RM'000	Distributable Retained earnings (Note 29) RM'000
2011						
Company						
Opening balance at 1 July 2010		100,181	64,805	1,225	(35)	34,186
Total comprehensive income		20,095	-	-	-	20,095
Transactions with owners						
Capitalisation for bonus issue		-	32,403	-	-	(32,403)
Dividends on ordinary shares	12	(4,536)	-	-	-	(4,536)
Disposal of treasury shares	28(b)	36	-	-	35	1
Total transactions with owners		(4,500)	32,403	-	35	(36,938)
Closing balance at 30 June 2011		115,776	97,208	1,225	-	17,343
2010						
Company						
Opening balance at 1 July 2009		90,033	64,805	1,225	-	24,003
Total comprehensive income		15,886	-	-	-	15,886
Transactions with owners						
Dividends on ordinary shares	12	(5,703)	-	-	-	(5,703)
Purchase of treasury shares		(35)	-	-	(35)	-
Total transactions with owners		(5,738)	-	-	(35)	(5,703)
Closing balance at 30 June 2010		100,181	64,805	1,225	(35)	34,186

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

		Group		Company	
		2011	2010	2011	2010
	Note	RM'000	RM'000 Restated	RM'000	RM'000
Operating activities					
Profit before tax		21,747	40,346	20,095	15,886
Adjustments for:					
Impairment loss on other investments	7	780	780	780	780
Bad debt written off	7	30	-	-	-
Impairment loss on investment in subsidiaries	7	-	-	339	10,197
Impairment loss on trade receivables	7	-	31	-	-
Impairment loss on other receivables	7	-	-	7,160	-
Impairment on slow-moving inventories	7	86	-	-	-
Amortisation of land use rights	7	387	385	-	-
Depreciation of property, plant and equipment	7	14,448	13,680	-	-
Impairment loss on goodwill	7	-	2,114	-	-
Impairment loss on land use rights	7	47	-	-	-
Property, plant and equipment written off	7	343	7	-	-
Share of loss of an associate		331	151	-	-
Gain on disposal of property, plant and equipment	5	(401)	(334)	-	-
Gain on deemed disposal of investment in a subsidiary	5	-	(2,237)	-	-
Gain on disposal of non-current assets held for sale	5	-	(4)	-	-
Fair value gain on derivatives	5	(486)	-	-	-
Finance costs	6	5,632	7,056	-	-
Interest expense on loans and receivables	7	-	-	1,063	-
Interest income on loans and receivables		(621)	(748)	(2,204)	(85)
Provision for severance allowance	7	257	479	-	-
Net unrealised foreign exchange loss/(gain)	5,7	2,974	(33)	(8)	(4)
Total adjustments		23,807	21,327	7,130	10,888
Operating cash flows before changes in working capital		45,554	61,673	27,225	26,774

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONT'D)

	Note	Group 2011 RM'000	Group 2010 RM'000 Restated	Company 2011 RM'000	Company 2010 RM'000
Changes in working capital					
Increase in inventories		(8,213)	(16,858)	-	-
Decrease/(increase) in trade and other receivables		1,585	(5,094)	(6,864)	(6,325)
Decrease/(increase) in prepayments		418	(666)	-	-
(Decrease)/increase in trade and other payables		(4,215)	9,699	(12,460)	(12,334)
Total changes in working capital		(10,425)	(12,919)	(19,324)	(18,659)
Cash flows from operations		35,129	48,754	7,901	8,115
Interest paid		(5,632)	(7,056)	-	-
Interest received		621	748	85	85
Taxes refunded		56	541	-	-
Taxes paid		(2,912)	(3,136)	(42)	(51)
Net cash flows from operating activities		27,262	39,851	7,944	8,149
Investing activities					
Proceeds from disposal of non-current assets held for sale		-	150	-	-
Purchase of land use rights	18	(1,041)	-	-	-
Proceeds from disposal of property, plant and equipment			562	3,964	-
Purchase of property, plant and equipment	13	(39,252)	(31,070)	-	-
Acquisition of minority interests		-	(4,750)	-	-
Additional investment in subsidiaries		-	-	-	(5,000)
Purchase of investment in an associate		-	(1,498)	-	-
Purchase of investment securities		(1,018)	-	-	-
Net cash flows used in investing activities		(40,749)	(33,204)	-	(5,000)

	Note	Group 2011 RM'000	Group 2010 RM'000 Restated	Company 2011 RM'000	Company 2010 RM'000
Financing activities					
Repayment of obligations under finance leases		(147)	(419)	-	-
Repayment of loans and borrowings		(285,374)	(233,559)	(6,800)	-
Proceeds from loans borrowings		271,366	254,979	-	-
Deposits uplifted from/(placed) as security for bank borrowings		21,141	(17,558)	4,605	1,112
Purchase of treasury shares		-	(35)	-	(35)
Proceeds from deemed disposal of investment in a subsidiary		-	21,326	-	-
Proceeds from subscription of shares by minority interests		-	540	-	-
Proceeds from disposal of treasury shares		36	-	36	-
Dividends paid to minority shareholders		(4,943)	(4,406)	-	-
Dividends paid on ordinary shares	12	(4,536)	(5,703)	(4,536)	(5,703)
Net cash flows (used in)/from financing activities		(2,457)	15,165	(6,695)	(4,626)
Exchange differences in translation of financial statements of foreign subsidiaries		4,359	4,047	-	-
Net (decrease)/increase in cash and cash equivalents		(11,585)	25,859	1,249	(1,477)
Effect of exchange rate changes on cash and cash equivalents		(3,580)	(2,870)	11	4
Cash and cash equivalents at 1 July		60,682	37,693	35	1,508
Cash and cash equivalents at 30 June	22	45,517	60,682	1,295	35

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at Lot 3356, Batu 7¾, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 2.2.

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 July 2010, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 July 2010.

FRS 1 *First-time Adoption of Financial Reporting Standards*
FRS 3 *Business Combinations (Revised)*
FRS 7 *Financial Instruments: Disclosures*
FRS 8 *Operating Segments*
FRS 101 *Presentation of Financial Statements (Revised)*
FRS 123 *Borrowing Costs*
FRS 139 *Financial Instruments: Recognition and Measurement*
Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards and* FRS 127 *Consolidated and Separate Financial Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

Amendments to FRS 132	*Financial Instruments: Presentation*
Amendments to FRS 139	*Financial Instruments: Recognition and Measurement,* FRS 7 *Financial Instruments: Disclosures* and IC Interpretation 9 *Reassessment of Embedded Derivatives*

Improvements to FRS issued in 2009
IC Interpretation 9 *Reassessment of Embedded Derivatives*
IC Interpretation 10 *Interim Financial Reporting and Impairment*
IC Interpretation 11 FRS 2 – *Group and Treasury Share Transactions*
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*

FRS 4 *Insurance Contracts*, Amendments to FRS 2 *Share-based Payment - Vesting Conditions and Cancellations*, Amendments to FRS 132: *Classification of Rights Issues,* IC Interpretation 12 *Service Concession Arrangements,* IC Interpretation 13 *Customer Loyalty Programmes,* IC Interpretation 14 FRS 119 - *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction,* IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation,* and TR i-3 *Presentation of Financial Statements of Islamic Financial Institutions* will also be effective for annual periods beginning on or after 1 January 2010. These FRS and IC Interpretations are, however, not applicable to the Group or the Company.

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

<u>FRS 7 *Financial Instruments: Disclosures*</u>

Prior to 1 July 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 *Financial Instruments: Disclosure and Presentation*. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 30 June 2011.

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

FRS 8 *Operating Segments*

FRS 8, which replaces FRS 114 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 37 to the financial statements.

FRS 101 *Presentation of Financial Statements* (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

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 or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 36).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

FRS 139 *Financial Instruments: Recognition and Measurement*

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 July 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 July 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

a) Non-hedging derivatives
Prior to 1 July 2010, all derivative financial instruments were recognised in the financial statements only upon settlement. These instruments do not qualify for hedge accounting under FRS 139. Hence, upon the adoption of FRS 139, all derivatives held by the Group as at 1 July 2010 are recognised at their fair values totalling RM168,858 and are classified as financial assets at fair value through profit or loss.

b) Inter-company loans
During the current and prior years, the Company granted interest-free loans and advances to its subsidiaries and received interest-free loans and advances from its subsidiaries. Prior to 1 July 2010, these loans and advances were recorded at cost in the Company's financial statements. Upon the adoption of FRS 139, these loans and advances are subject to interest. As at 1 July 2010, the Company has remeasured these loans and advances in accordance with FRS 139 but no adjustments is required to be made to the opening balance of retained earnings as at that date.

The following are effects arising from the above changes in accounting policies:

	Increase	
	As at 30 June 2011 RM'000	**As at 1 July 2010 RM'000**
Statements of financial position		
Group		
Derivatives	655	169
Retained earnings	655	169
Company		
Trade and other receivables	2,120	-
Trade and other payables	1,063	-
Retained earnings	1,057	-

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

FRS 139 *Financial Instruments: Recognition and Measurement* (cont'd)

	Increase Group 2011 RM'000	**Increase Company 2011 RM'000**
Statements of comprehensive income		
Interest income from loans and receivables	-	2,120
Other income	486	-
Other expenses	-	1,063
Profit before tax	486	1,057
Profit net of tax	486	1,057

	Increase Group 2011 Sen per share
Earnings per share:	
Basic	0.50

Improvements to FRS issued in 2009

a) Amendments to FRS 117 *Leases*

Prior to 1 July 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, the particular leasehold land held for own use was classified by the Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represented prepaid land lease payments and were amortised on a straight-line basis over the lease term.

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

Improvements to FRS issued in 2009 (cont'd)

a) Amendments to FRS 117 *Leases* (cont'd)

The amendments to FRS 117 *Leases* clarify that leases of land and buildings are classified as operating or finance *leases* in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Company has applied this change in accounting policy retrospectively and certain comparatives have been restated. The following are effects to the statement of financial position as at 30 June 2011 arising from the above change in accounting policy:

	Group 2011 RM'000
Increase/(decrease) in:	
Property, plant and equipment	3,217
Land use rights	(3,217)

The following comparatives have been restated:

	As previously stated RM'000	**Adjustments RM'000**	**As restated RM'000**
Statements of financial position			
Group			
30 June 2010			
Property, plant and equipment	201,801	3,283	205,084
Land use rights	18,286	(3,283)	15,003
1 July 2009			
Property, plant and equipment	191,949	6,394	198,343
Land use rights	23,007	(6,394)	16,613

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to IC Interpretation 15: *Agreements for the Construction of Real Estate*	30 August 2010
Improvements to FRS issued in 2010	1 January 2011
Amendments to FRS 1: *Limited Exemption from Comparative* FRS 7 *Disclosures for First-time Adopters*	1 January 2011
Amendments to FRS 1: *Additional Exemptions for First-time Adopters*	1 January 2011
Amendments to FRS 2: *Group Cash-settled Share-based Payment Transactions*	1 January 2011
Amendments to FRS 7: *Improving Disclosures about Financial Instruments*	1 January 2011
IC Interpretation 4: *Determining Whether an Arrangement contains a Lease*	1 January 2011
IC Interpretation 18: *Transfers of Assets from Customers*	1 January 2011
IC Interpretation 19: *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2011
Amendments to IC Interpretation 14: *Prepayments of a Minimum Funding Requirement*	1 July 2011
FRS 124 *Related Party Disclosures*	1 January 2012
IC Interpretation 15: *Agreements for the Construction of Real Estate*	1 January 2012

Except for the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination 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 business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.5 Transactions with minority interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

2.6 Foreign currency

a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

2. Summary of significant accounting policies (cont'd)

2.6 Foreign currency (cont'd)

b) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss for the year.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recoginsed directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

2. Summary of significant accounting policies (cont'd)

2.7 Property, plant and equipment (cont'd)

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Certain freehold land and buildings of the Group have not been revalued since they were first revalued in 2002. The directors have not adopted a policy of regular revaluations of such assets and no later valuation has been recorded. As permitted under the transitional provisions of IAS 16 (Revised) Property, Plant and Equipment, these assets continue to be stated at their 2002 valuation less accumulated depreciation.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Long term leasehold land	60 to 68 years
Buildings	10 to 50 years
Plant and machinery	10 to 20 years
Electrical installation	10 years
Furniture and fittings	5 to 10 years
Motor vehicles	5 to 8 years
Office equipment	5 to 10 years
Renovation	10 years

2. Summary of significant accounting policies (cont'd)

2.7 Property, plant and equipment (cont'd)

Buildings under construction are not depreciated until the assets are ready for their intended use.

The carrying values of property,plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.8 Intangible asset

a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

2. Summary of significant accounting policies (cont'd)

2.9 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms ranging from 20 to 50 years.

2.10 Impairment of non-financial 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 an annual impairment assessment 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 fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-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 written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs 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.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.11 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2. Summary of significant accounting policies (cont'd)

2.12 Associate

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An 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.

The Group's investment in an associate is accounted for using the equity method. Under the equity method, the investment in associate is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to associate is included in the carrying amount of the investment. 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 for 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, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The most recent available audited financial statements of the associate are used by the Group in applying equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investment in an associate is stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.13 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

2. Summary of significant accounting policies (cont'd)

2.13 Financial assets (cont'd)

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies (cont'd)

2.13 Financial assets (cont'd)

c) Held-to-maturity investments (cont'd)

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2. Summary of significant accounting policies (cont'd)

2.14 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and demand deposits. These also include bank overdrafts that form an integral part of the Group's cash management.

2. Summary of significant accounting policies (cont'd)

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on weighted average basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.

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.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities at fair value through profit or loss.

2. Summary of significant accounting policies (cont'd)

2.18 Financial liabilities (cont'd)

b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

As at balance sheet date, no values are placed on corporate guarantees provided by the Company to secure bank loans and other banking facilities granted to its subsidiaries where such loans and borrowings facilities are fully collateralised by fixed and floating charges over the property, plant and equipment and other assets of the subsidiaries and where the directors regard the value of the credit enhancement provided by the corporate guarantees as minimal.

2.19 Financial guarantee contracts

A financial contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associate loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2. Summary of significant accounting policies (cont'd)

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.21 Employee benefit

a) Defined contribution plans

The Group participates in the national pension scheme as defined by the law of the country in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.22 Leases

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. Summary of significant accounting policies (cont'd)

2.23 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

b) Interest income

Interest income is recognised using the effective interest method.

c) Management fees

Management fees are recognised when services are rendered.

d) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

e) Rental income

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

2.24 Income taxes

a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

2. Summary of significant accounting policies (cont'd)

2.24 Income taxes (cont'd)

b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

2. Summary of significant accounting policies (cont'd)

2.26 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.27 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and 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 treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.28 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1. Judgements made in applying accounting policies

There were no significant judgements made in applying the accounting policies of the Group which may have significant effects on the amounts recognised in the financial statements.

3. Significant accounting judgements and estimates (cont'd)

3.2. Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Useful live of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these assets to be within 5 to 20 years. These are common life expectancies applied in the furniture industry. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amounts of the Group's plant and machinery at 30 June 2011 were RM78,743,000 (2010: RM76,977,000). A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately RM524,000 (2010: RM494,000) variance in the Group's profit for the year.

(ii) 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.

(iii) 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 differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's income tax recoverable and tax payable as at 30 June 2011 was RM1,771,000 (2010: RM1,729,000) and RM363,000 (2010: RM972,000) respectively.

(iv) 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 judgement regarding the future financial performance of the particular entity in which the deferred tax assets has been recognised. The carrying amount of the Group's deferred tax assets as at 30 June 2011 was RM743,000 (2010: RM493,000).

4. Revenue

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Sale of goods	500,664	506,866	-	-
Dividend income from subsidiaries	-	-	27,689	27,330
Management fees from subsidiaries	-	-	120	120
	500,664	506,866	27,809	27,450

5. Other income

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Gain on deemed disposal of investment in a subsidiary	-	2,237	-	-
Gain on disposal of property, plant and equipment	401	334	-	-
Gain on disposal of non-current assets held for sale	-	4	-	-
Net realised foreign exchange gains	1,988	2,095	90	-
Net unrealised foreign exchange gains	-	33	8	4
Insurance compensation	618	-	-	-
Fair value gain on derivatives	486	-	-	-
Miscellaneous	203	501	-	-
	3,696	5,204	98	4

6. Finance costs

	Group	
	2011 RM'000	2010 RM'000
Interest expense on:		
Bank overdrafts	246	251
Bankers' acceptances	441	326
Bills payables	211	187
Obligations under finance leases	6	19
Term loans	2,183	3,022
Trust receipts/revolving credit	2,545	3,047
Others	-	204
	5,632	7,056

7. Profit before tax

The following items have been included in arriving at profit before tax:

	Group		Company	
	2011 RM'000	2010 RM'000 Restated	2011 RM'000	2010 RM'000 Restated
Bad debts written off	30	-	-	-
Impairment loss on other investments	780	780	780	780
Amortisation of land use rights (Note 18)	387	385	-	-
Impairment loss on:				
- other receivables (Note 21)	-	-	7,160	-
- trade receivables (Note 21)	-	31	-	-
Auditors' remuneration:				
- current year	384	502	25	25
- under provision in prior year	17	210	3	2
Depreciation of property, plant and equipment (Note 13)	14,448	13,680	-	-
Non-executive directors' remuneration (Note 9)	1,469	1,414	314	326
Employee benefits expense (Note 8)	75,707	76,346	-	-
Impairment loss on goodwill	-	2,114	-	-
Impairment loss on investment in subsidiaries	-	-	339	10,197
Impairment on slow moving inventories	86	-	-	-
Interest expense on loans and receivables	-	-	1,063	-
Impairment loss on land use rights (Note 18)	47	-	-	-

7. Profit before tax (cont'd)

The following items have been included in arriving at profit before tax (cont'd):

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Net unrealised foreign exchange loss	2,974	-	-	-
Property, plant and equipment written off	343	7	-	-
Rental	65	782	-	-
Provision for severance allowance (Note 27)	257	479	-	-

8. Employee benefits expense

	Group	
	2011	2010
	RM'000	RM'000
		Restated
Wages and salaries	65,825	66,471
Social security contributions	2,965	3,008
Contributions to defined contribution plan	1,742	1,933
Other benefits	5,175	4,934
	75,707	76,346

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM1,231,000 (2010: RM1,267,000) and RM78,000 (2010: RM86,000) respectively as further disclosed in Note 9.

9. Directors' remuneration

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000 Restated	2011 RM'000	2010 RM'000 Restated
Executive:				
Salaries and other emoluments	834	895	6	8
Fees	72	72	72	72
Bonus	226	201	-	6
Defined contribution plan	99	99	-	-
Total executive directors' remuneration	1,231	1,267	78	86
Non-executive:				
Salaries and other emoluments	622	628	26	14
Fees	622	576	288	288
Bonus	225	216	-	24
Total non-executive directors' remuneration	1,469	1,420	314	326
Total directors' remuneration	2,700	2,687	392	412

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2011 RM'000	2010 RM'000
Executive directors:		
RM Nil - RM50,000	1	1
RM50,001 - RM100,000	1	1
Non-executive directors:		
RM50,001 - RM100,000	4	4

10. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 30 June 2011 and 2010 are:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Restated		
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	9	44	-	-
- Foreign tax	1,936	2,993	-	-
- Under provision in respect of previous years	318	839	-	-
	2,263	3,876	` -	-
Deferred tax (Note 19):				
- Origination and reversal of temporary differences	(257)	(13)	-	-
	(257)	(13)	-	-
Income tax expense recognised in profit or loss	2,006	3,863	-	-

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 June 2011 and 2010 is as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Restated		
Profit before tax	21,747	40,346	20,095	15,886
Tax at Malaysian statutory tax rate of 25% (2010: 25%)	5,437	10,087	5,024	3,971
Different tax rates in other countries	(7,485)	(8,847)	-	-

10. Income tax expense (cont'd)

Reconciliation between tax expense and accounting profit (cont'd)

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Restated		
Adjustments:				
Income not subject to taxation	(276)	(201)	(6,922)	(6,533)
Non-deductible expenses	1,334	1,111	1,755	2,562
Utilisation of previously unrecognised tax losses	-	(21)	-	-
Under provision of income tax in respect of previous years	318	839	-	-
Deferred tax assets not recognised in respect of unutilised reinvestment allowances and unutilised tax losses	2,678	895	143	-
Income tax expense recognised in profit or loss	2,006	3,863	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

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%.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

Tax savings during the financial year arising from:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Utilisation of current year tax losses	34	69	21	21
Utilisation of previously unrecognised tax losses	-	21	-	-

10. Income tax expense (cont'd)

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

	Group		Company	
	2011 RM'000	2010 RM'000 Restated	2011 RM'000	2010 RM'000
Unutilised capital allowances	9	9	-	-
Unutilised reinvestment allowances	19,482	16,283	-	-
Unutilised tax losses	18,148	11,854	571	-
	37,639	28,146	571	-

The availability of the unutilised capital allowances, reinvestment allowances and tax losses for offsetting against future taxable profits of the respective entities within the Group are subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

11. Earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit net of tax attributable to owners of the parent by the number of ordinary shares outstanding during the financial year.

	Group	
	2011 RM'000	2010 RM'000
Profit net of tax attributable to owners of the parent used in the computation of basic earnings per share	12,471	27,730

	Number of shares '000	Number of shares '000 Restated
Number of ordinary shares for basic earnings per share computation	97,208	97,208

11. Earnings per share (cont'd)

(a) Basic (cont'd)

	Sen per share	Sen per share Restated
Basic earnings per share	12.83	28.53

(b) Dilluted

No diluted earnings per share were presented as there were no potential dilutive ordinary shares outstanding as at 30 June 2011.

12. Dividends

	Group and Company 2011 RM'000	2010 RM'000
Recognised during the financial year:		
Final tax exempt dividend for 2009: 5.8 sen per share on 64,805,000 ordinary shares	-	3,759
Interim tax exempt dividend for 2010: 3.0 sen per share on 64,805,000 ordinary shares	-	1,944
Final tax exempt dividend for 2010: 7.0 sen per share on 64,805,000 ordinary shares	4,536	-
	4,536	5,703

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 30 June 2011, of 2 sen on 97,207,500 ordinary shares, amounting to a dividend payable of RM1,944,150 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 equity as an appropriation of retained earnings in the financial year ending 30 June 2012.

13. Property, plant and equipment

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Electrical installation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Buildings under construction RM'000	Total RM'000
Group											
Cost or valuation:											
At 1 July 2009											
As previously stated											
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
Effects of adopting the amendments to FRS 117	-	7,555	-	-	-	-	-	-	-	-	7,555
As restated	17,882	7,555	105,283	156,278	4,578	1,024	3,113	2,835	1,523	-	300,071
Additions	3,843	-	7,659	14,382	44	13	339	283	-	4,507	31,070
Disposals	-	(3,582)	(100)	(1,661)	-	-	(156)	-	-	-	(5,499)
Written off	-	-	-	(322)	-	-	-	(33)	-	-	(355)
Exchange differences	(62)	-	(3,954)	(4,790)	(91)	(13)	(90)	(78)	(46)	-	(9,124)
At 30 June 2010 (restated)	21,663	3,973	108,888	163,887	4,531	1,024	3,206	3,007	1,477	4,507	316,163
Representing:											
At cost	18,363	3,973	103,688	163,887	4,531	1,024	3,206	3,007	1,477	4,507	307,663
At valuation	3,300	-	5,200	-	-	-	-	-	-	-	8,500
At 30 June 2010	21,663	3,973	108,888	163,887	4,531	1,024	3,206	3,007	1,477	4,507	316,163

13. **Property, plant and equipment (cont'd)**

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Electrical installation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Buildings under construction RM'000	Total RM'000
Group											
Cost or valuation:											
At 1 July 2010											
As previously stated											
At cost	18,363	-	103,688	163,887	4,531	1,024	3,206	3,007	1,477	4,507	303,690
At valuation	3,300	-	5,200	-	-	-	-	-	-	-	8,500
Effects of adopting the amendments to FRS 117	-	3,973	-	-	-	-	-	-	-	-	3,973
As restated	21,663	3,973	108,888	163,887	4,531	1,024	3,206	3,007	1,477	4,507	316,163
Additions	-	-	5,505	17,009	-	-	380	582	-	15,846	39,322
Disposals	-	-	(8)	(568)	-	-	(303)	(10)	-	-	(889)
Written off	-	-	-	(605)	-	(11)	-	(51)	-	-	(667)
Transfers	-	-	1,659	-	-	-	-	-	-	(1,659)	-
Exchange differences	(26)	-	(3,611)	(6,289)	(38)	(5)	(100)	(99)	(19)	(6,403)	(16,590)
At 30 June 2011	21,637	3,973	112,433	173,434	4,493	1,008	3,183	3,429	1,458	12,291	337,339
Representing:											
At cost	18,337	3,973	107,233	173,434	4,493	1,008	3,183	3,429	1,458	12,291	328,839
At valuation	3,300	-	5,200	-	-	-	-	-	-	-	8,500
At 30 June 2011	21,637	3,973	112,433	173,434	4,493	1,008	3,183	3,429	1,458	12,291	337,339

13. Property, plant and equipment (cont'd)

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Electrical installation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Buildings under construction RM'000	Total RM'000
Group											
Accumulated depreciation:											
At 1 July 2009											
As previously stated											
At cost	-	-	11,749	80,035	2,192	837	2,223	2,344	480	-	99,860
At valuation	-	-	707	-	-	-	-	-	-	-	707
Effects of adopting the amendments to FRS 117	-	1,161	-	-	-	-	-	-	-	-	1,161
As restated	-	1,161	12,456	80,035	2,192	837	2,223	2,344	480	-	101,728
Depreciation charge for the year	-	66	2,659	9,873	360	78	264	232	148	-	13,680
Disposals	-	(537)	(90)	(1,086)	-	-	(156)	-	-	-	(1,869)
Written off	-	-	-	(315)	-	-	-	(33)	-	-	(348)
Exchange differences	-	-	(374)	(1,597)	(28)	(7)	(36)	(57)	(13)	-	(2,112)
At 30 June 2010 (restated)	-	690	14,651	86,910	2,524	908	2,295	2,486	615	-	111,079
Representing:											
At cost	-	690	13,840	86,910	2,524	908	2,295	2,486	615	-	110,268
At valuation	-	-	811	-	-	-	-	-	-	-	811
At 30 June 2010	-	690	14,651	86,910	2,524	908	2,295	2,486	615	-	111,079

13. Property, plant and equipment (cont'd)

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Electrical installation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Buildings under construction RM'000	Total RM'000
Group											
Accumulated depreciation:											
At 1 July 2010											
As previously stated											
At cost	-	-	13,840	86,910	2,524	908	2,295	2,486	615	-	109,578
At valuation	-	-	811	-	-	-	-	-	-	-	811
Effects of adopting the amendments to FRS 117	-	690	-	-	-	-	-	-	-	-	690
As restated	-	690	14,651	86,910	2,524	908	2,295	2,486	615	-	111,079
Depreciation charge for the year	-	66	2,837	10,483	362	72	229	250	149	-	14,448
Disposals	-	-	(1)	(415)	-	-	(306)	(6)	-	-	(728)
Written off	-	-	-	(262)	-	(11)	-	(51)	-	-	(324)
Exchange differences	-	-	(475)	(2,025)	(22)	(6)	(35)	(65)	(11)	-	(2,639)
At 30 June 2011	-	756	17,012	94,691	2,864	963	2,183	2,614	753	-	121,836
Representing:											
At cost	-	756	16,097	94,691	2,864	963	2,183	2,614	753	-	120,921
At valuation	-	-	915	-	-	-	-	-	-	-	915
At 30 June 2011	-	756	17,012	94,691	2,864	963	2,183	2,614	753	-	121,836

13. Property, plant and equipment (cont'd)

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Electrical installation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Buildings under construction RM'000	Total RM'000
Group											
Net carrying amount:											
At cost	18,363	3,283	89,848	76,977	2,007	116	911	521	862	4,507	197,395
At valuation	3,300	-	4,389	-	-	-	-	-	-	-	7,689
At 30 June 2010	21,663	3,283	94,237	76,977	2,007	116	911	521	862	4,507	205,084
At cost	18,337	3,217	91,136	78,743	1,629	45	1,000	815	705	12,291	207,918
At valuation	3,300	-	4,285	-	-	-	-	-	-	-	7,585
At 30 June 2011	21,637	3,217	95,421	78,743	1,629	45	1,000	815	705	12,291	215,503

* The remaining lease term of long term leasehold land is 47 to 60 years.

13. Property, plant and equipment (cont'd)

Revaluation of freehold land and buildings

Certain freehold land and buildings of the Group have not been revalued since they were first revalued in 2002. The directors have not adopted a policy of regular revaluations of such assets and no later valuation has been recorded. As permitted under the transitional provisions of IAS 16 (Revised) Property, Plant and Equipment, these assets continue to be stated at their 2002 valuation less accumulated depreciation.

If the freehold land and buildings were measured using the cost model, the carrying amounts would be as follows:

	Group	
	2011	**2010**
	RM'000	**RM'000**
Freehold land at 30 June:		
- Cost and net carrying amount	651	651
Buildings at 30 June:		
- Cost	3,452	3,452
- Accumulated depreciation and impairment	(880)	(811)
- Net carrying amount	2,572	2,641

Assets held under finance leases

During the financial year, the Group acquired property, plant and equipment at aggregate cost of RM70,000 (2010: RM Nil) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to RM39,251,666 (2010: RM31,070,525). The carrying amounts of property, plant and equipment held under finance leases at the reporting date were as follows:

	Group	
	2011	**2010**
	RM'000	**RM'000**
Plant and machinery	-	611
Motor vehicles	65	19
	65	630

Leased assets are pledged as security for the related finance lease liabilities (Note 26).

13. Property, plant and equipment (cont'd)

Assets pledged as security

In addition to assets held under finance lease, the net carrying amounts of property, plant and equipment pledged as securities for borrowings (Note 26) are as follows:

	Group	
	2011 RM'000	**2010 RM'000**
Freehold land	15,057	15,083
Freehold buildings	17,213	17,756
Plant and machinery	8,793	13,123
	41,063	45,962

14. Investments in subsidiaries

	Company	
	2011 RM'000	**2010 RM'000**
Unquoted shares, at cost	92,725	92,725
Impairment losses	(10,536)	(10,197)
	82,189	82,528

Name	**Country of incorporation**	**Principal activities**	**Proportion of ownership interest 2011 %**	**2010 %**
Held by the Company:				
Latitude Tree Furniture Sdn. Bhd.*	Malaysia	Manufacture and sale of wooden furniture and components	100	100

14. Investments in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2011 %	2010 %
Held by the Company (cont'd):				
Rhong Khen Industries Sdn. Bhd.*	Malaysia	Rental of property, plant and equipment	100	100
Rhong Khen Timbers Sdn. Bhd.*	Malaysia	Manufacture and sale of wooden furniture and components	100	100
Latitude Tree Sdn. Bhd.*	Malaysia	Investment holding	100	100
L-Tree Resources Sdn. Bhd.*	Malaysia	Investment holding	100	100
Grob Holz Sdn. Bhd.*	Malaysia	Investment holding	100	100
Latitude Tree International Group Ltd.**	Singapore	Investment holding	75.95	75.95
Uptown Promenade Sdn. Bhd.*	Malaysia	Investment holding	100	100
Held through L-Tree Resources Sdn. Bhd.:				
P.T.Latitude Tree#	Indonesia	Dormant	100	100
Held through Grob Holz Sdn. Bhd.:				
Grob Holz Company Limited#	Thailand	Manufacture and sale of wooden furniture and components	85	85

14. Investments in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2011 %	2010 %
Held by the Company (cont'd):				
Held through Latitude Tree International Group Ltd.:				
Latitude Tree Vietnam Joint Stock Company**	Vietnam	Manufacture and sale of wooden furniture and components	75.95	75.95
Linkage Creation International Co., Ltd.^	Brunei Darussalam	Investment holding	75.95	75.95
Latitude Tree International Limited^	British Virgin Islands	Investment holding	75.95	75.95
Held through Latitude Tree Vietnam Joint Stock Company:				
RK Resources Co. Ltd **	Vietnam	Manufacture and sale of household furniture	75.95	75.95

* Audited by Ernst & Young, Malaysia
** Audited by member firms of Ernst & Young Global in the respective countries
# Audited by a firm other than Ernst & Young
^ As these companies are dormant, limited review has been performed for consolidation purpose only

15. Investment in an associate

	Group	
	2011	**2010**
	RM'000	**RM'000**
Unquoted shares, at cost	1,498	1,498
Share of post-acquisition reserves	(482)	(151)
	1,016	1,347

Name	**Country of incorporation**	**Principal activities**	**Proportion of ownership interest**	
			2011	**2010**
			%	**%**
Held through a subsidiary:				
Win Yuan Bio-Tech Co. Ltd.	Taiwan	Manufacture and distribution of organic fertiliser	35	35

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group	
	2011	**2010**
	RM'000	**RM'000**
Assets and liabilities:		
Total assets	9,608	9,526
Total liabilities	6,793	5,894
Results:		
Loss for the year	(454)	(432)

16. Other investments

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
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
Impairment losses	(3,060)	(2,280)	(3,060)	(2,280)
	440	1,220	440	1,220
Transferable golf club membership, at cost	81	81	-	-
	521	1,301	440	1,220

17. Intangible asset

	Group Goodwill	
	2011 RM'000	2010 RM'000
Cost:		
At 1 July	2,114	-
Acquisition of minority interest	-	2,114
At 30 June	2,114	2,114
Accumulated impairment:		
At 1 July	2,114	-
Impairment loss	-	2,114
At 30 June	2,114	2,114
Net carrying amount:		
At 30 June	-	-

\

18. Land use rights

	Group 2011 RM'000	Group 2010 RM'000 Restated
Cost:		
At 1 July		
As previously stated	22,089	27,054
Effects of adopting the amendments to FRS 117	(3,973)	(7,555)
As restated	18,116	19,499
Additions	1,041	-
Exchange differences	(1,310)	(1,383)
At 30 June	17,847	18,116
Accumulated amortisation and impairment:		
At 1 July		
As previously stated	3,803	4,047
Effects of adopting the amendments to FRS 117	(690)	(1,161)
As restated	3,113	2,886
Amortisation charged for the year (Note 7)	387	385
Impairment loss (Note 7)	47	-
Exchange differences	(196)	(158)
At 30 June	3,351	3,113
Net carrying amount	14,496	15,003
Amount to be amortised:		
- Not later than one year	387	385
- Later than one year but not later than five years	1,935	1,925
- Later than five years	12,174	12,693

The land use rights have a remaining tenure of 20 to 46 years.

19. Deferred tax

	Group	
	2011 RM'000	2010 RM'000
At 1 July	(493)	(481)
Recognised in profit or loss (Note 10)	(257)	(13)
Exchange differences	7	1
At 30 June	(743)	(493)
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	-	-
Deferred tax assets	(743)	(493)
	(743)	(493)

The components and movements of deferred tax liabilities and assets during the year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000
At 1 July 2010	5,757
Recognised in profit or loss	890
At 30 June 2011	6,647
At 1 July 2009	6,524
Recognised in profit or loss	(767)
At 30 June 2010	5,757

19. Deferred tax (cont'd)

Deferred tax liabilities of the Group (cont'd):

	Unabsorbed capital allowances RM'000	Unutilised tax losses RM'000	Provision RM'000	Total RM'000
At 1 July 2010	3,509	2,741	-	6,250
Recognised in profit or loss	-	-	1,147	1,147
Exchange differences	-	-	(7)	(7)
At 30 June 2011	3,509	2,741	1,140	7,390
At 1 July 2009	4,246	2,759	-	7,005
Recognised in profit or loss	(736)	(18)	-	(754)
Exchange differences	(1)	-	-	(1)
At 30 June 2010	3,509	2,741	-	6,250

20. Inventories

	Group 2011 RM'000	Group 2010 RM'000
Cost		
Raw materials	46,722	39,973
Work-in-progress	19,373	20,455
Finished goods	18,670	16,210
	84,765	76,638

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM370,239,345 (2010: RM355,912,369).

21. Trade and other receivables

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
		Restated		
Trade receivables				
Third parties	26,968	28,751	-	-
Less: Allowance for impairment	-	(31)	-	-
	26,968	28,720	-	-
Other receivables				
Amounts due from subsidiaries	-	-	84,026	75,039
Amount due from an associate	20	20	-	-
Sundry receivables	8,494	8,427	-	-
Staff loans	15	7	-	-
Deposits	227	215	-	-
Less: Allowance for impairment				
Amounts due from subsidiaries	-	-	(7,160)	-
	8,756	8,669	76,866	75,039
Total trade and other receivables	35,724	37,389	76,866	75,039
Add: Cash and bank balances (Note 22)	54,429	91,187	2,666	6,017
Total loans and receivables	90,153	128,576	79,532	81,056

a) Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 90 day (2010: 14 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

21. Trade and other receivables (cont'd)

a) Trade receivables (cont'd)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2011	**2010**
	RM'000	**RM'000**
Neither past due nor impaired	25,900	26,917
1 to 30 days past due not impaired	709	1,385
31 to 60 days past due not impaired	201	54
61 to 90 days past due not impaired	10	9
More than 121 days past due not impaired	148	355
	1,068	1,803
Impaired	-	31
	26,968	28,751

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM1,067,734 (2010: RM1,802,927) that are past due at the reporting date but not impaired.

Trade receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience and no adverse information to date, the directors of the Group are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

21. Trade and other receivables (cont'd)

a) Trade receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	Individually impaired	
	2011	**2010**
	RM'000	**RM'000**
Trade receivables - nominal amounts	-	31
Less: Allowance for impairment	-	(31)
	-	-

Movement in allowance accounts:

	Group	
	2011	**2010**
	RM'000	**RM'000**
At 1 July	31	31
Written off	(31)	-
At 30 June	-	31

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

b) Other receivables

Amounts due from subsidiaries are unsecured, bear interest of 2.8% (2010: Nil) and have no fixed terms of repayment.

Amount due from an associate is unsecured, bears interest of 2.8% (2010: Nil) and has no fixed terms of repayment.

21. Trade and other receivables (cont'd)

b) Other receivables (cont'd)

Included in sundry receivables of the Group are:

(i) Import duty and other direct taxes receivable in foreign subsidiaries of RM5,363,700 (2010: RM5,485,949).

(ii) Advance to suppliers of RM2,254,132 (2010: RM2,167,472) mainly relates to payment in advance for raw materials purchased.

Other receivables that are impaired

At the reporting date, the Company has provided an allowance of RM7,160,000 (2010: RM Nil) for impairment of amounts due from subsidiaries. These subsidiaries have been suffering financial losses for the current and past two financial years.

The currency profiles of the Group's and of the Company's trade and other receivables as at 30 June are as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	963	3,105	76,818	74,987
United States Dollars	27,087	27,849	48	52
Vietnam Dong	6,663	5,837	-	-
Thai Baht	1,011	598	-	-
	35,724	37,389	76,866	75,039

22. Cash and bank balances

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash at banks and in hand	35,691	62,849	1,295	35
Short term deposits with licensed banks	18,738	28,338	1,371	5,982
Cash and bank balances	54,429	91,187	2,666	6,017

22. Cash and bank balances (cont'd)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Deposits with licensed banks are made for varying periods of between 30 days and 180 days (2010: 30 days and 180 days) depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 30 June 2011 for the Group and the Company were 2.89% (2010: 2.56%) and 2.88% (2010: 2.42%) respectively.

Short term deposits with licensed banks of the Group and Company of RM5,567,644 (2010: RM26,709,241) and RM1,371,114 (2010: RM5,982,247) respectively are pledged as securities for loans and borrowings (Note 26).

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash and bank balances	54,429	91,187	2,666	6,017
Bank overdrafts (Note 26)	(3,344)	(3,796)	-	-
	51,085	87,391	2,666	6,017
Deposits pledged as securities for bank borrowings	(5,568)	(26,709)	(1,371)	(5,982)
Total cash and cash equivalents	45,517	60,682	1,295	35

The currency profiles of the Group's and of the Company's cash and bank balances as at 30 June are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Ringgit Malaysia	5,635	9,512	1,405	6,014
United States Dollars	34,015	67,061	1,261	3
Singapore Dollars	7,533	13,755	-	-
Vietnam Dong	7,005	821	-	-
Thai Baht	238	34	-	-
Others	3	4	-	-
	54,429	91,187	2,666	6,017

23. Investment securities

	Group			
	2011 RM'000		2010 RM'000	
	Carrying amount	Market value of quoted investments	Carrying amount	Market value of quoted investments
Current				
Held for trading investments				
- Equity instruments (quoted in Malaysia)	1,018	1,018	-	-

24. Derivatives

	Group			
	2011 RM'000		2010 RM'000	
	Contract/ Notional Amount	Assets	Contract/ Notional Amount	Assets
Non-hedging derivatives:				
Current				
Forward currency contracts	31,202	655	16,017	-
Add: Held for trading investment (Note 23)		1,018		-
Total held for trading financial assets		1,673		-

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's bank balances denominated in US Dollars ("USD") for which Group's commitments existed at the reporting date, extending to April 2012 (2010: October 2010)(Note 35(d)).

During the financial year, the Group recognised a gain of RM486,242 (2010: RM Nil) arising from fair value changes of derivative assets. The fair value changes are attributable to changes in foreign exchange spot and forward rate. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 34.

25. Trade and other payables

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade payables				
Third parties	51,110	48,996	-	-
Other payables				
Sundry payables	7,839	11,299	7	12
Accruals	5,690	8,137	97	62
Amounts due to subsidiaries	-	-	33,273	44,700
	13,529	19,436	33,377	44,774
Total trade and other payables	64,639	68,432	33,377	44,774
Add: Loans and borrowings (Note 26)	113,302	134,077	13,200	20,000
Total financial liabilities carried at amortised cost	177,941	202,509	46,577	64,774

a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 15 to 90 day (2010: 15 to 90 day) terms.

b) Other payables

Included in sundry payables of the Group in prior year was the balance of the purchase consideration of RM6,000,000 for the acquisition of freehold land and building.

Sundry payables are non-interest bearing and are normally settled on an average term of one month (2010: average term of one month).

Included in accruals of the Group are:

(i) RM36,000 (2010: RM36,000) due to a director for director's remuneration. This amount is unsecured, interest free and is repayable on demand.

(ii) RM3,033,912 (2010: RM2,417,101) accrued for import and export duties and other direct taxes payable in foreign subsidiaries.

Amounts due to subsidiaries are unsecured, bear interest at 2.8% (2010: Nil) and have no fixed terms of repayment.

25. Trade and other payables (cont'd)

The currency profiles of the Group's and of the Company's trade and other payables as at 30 June are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Ringgit Malaysia	11,290	19,745	33,377	44,774
United States Dollars	21,981	16,653	-	-
Singapore Dollars	155	282	-	-
Vietnam Dong	29,697	30,378	-	-
Thai Baht	1,516	1,374	-	-
	64,639	68,432	33,377	44,774

26. Loans and borrowings

		Group		Company	
	Maturity	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current					
Secured:					
Bank overdrafts	On demand	3,344	3,796	-	-
Bankers' acceptances	2012	10,597	13,653	-	-
Trust receipts	2012	60,674	55,529	-	-
Bills payable	2012	3,923	3,984	-	-
Revolving credit	2011	-	3,890	-	-
Bank loans	2012	7,602	12,432	-	-
Obligations under finance leases (Note 32(b))	2012	23	119	-	-
		86,163	93,403	-	-
Unsecured:					
Primary Collateralised Loan Obligation	2012	13,200	-	13,200	-
		13,200	-	13,200	-
		99,363	93,403	13,200	-

26. Loans and borrowings (cont'd)

		Group		Company	
		2011	2010	2011	2010
	Maturity	RM'000	RM'000	RM'000	RM'000
Non-current					
Secured:					
Term loans	2014 - 2026	13,914	20,668	-	-
Obligations under finance leases (Note 32(b))	2013	25	6	-	-
		13,939	20,674	-	-
Unsecured:					
Primary Collateralised Loan Obligation	2012	-	20,000	-	20,000
		13,939	40,674	-	20,000
Total loans and borrowings		113,302	134,077	13,200	20,000

The remaining maturities of the loans and borrowings as at 30 June are as follows:

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
On demand or within one year	99,363	93,403	13,200	-
More than 1 year and less than 2 years	6,307	31,122	-	20,000
More than 2 year and less than 5 years	4,558	9,552	-	-
5 years or more	3,074	-	-	-
	113,302	134,077	13,200	20,000

Bank overdrafts

The weighted average effective interest of bank overdrafts as at the reporting date was 7.09% (2010: 7.41%). Bank overdrafts of the Group are secured by short term deposits of the Group and of the Company (Note 22), negative pledge over the assets of the Group and corporate guarantee from the Company.

Bankers' acceptances

The weighted average effective interest of bankers' acceptances as at the reporting date was 3.24% (2010: 3.50%). The bankers' acceptances are secured by the short term deposits of the Group and of the Company (Note 22), certain freehold land and buildings of the Group (Note 13), negative pledge over the assets of the subsidiaries (Note 13) and corporate guarantee from the Company.

26. Loans and borrowings (cont'd)

Trust receipts

The weighted average effective interest of trust receipts as at the reporting date was 3.75% (2010: 3.92%). Trust receipts of the Group are secured by corporate guarantee from the Company and a subsidiary. As at 30 June 2011, the Group has not complied with certain financial convenants relating to secured trust receipt of RM10,964,700. These convenants mainly relating to annual inward remittance, monthly deposits balance and minimum sales per month routed to bank account have been waived by the bank subsequent to year end.

Bills payable

The weighted average effective interest of bills payable as at the reporting date was 5.75% (2010: 5.25%). The bills payable are secured by the fixed charge on freehold land and buildings and plant and machinery (Note 13) of a subsidiary.

Revolving credit

The effective interest of revolving credit as at the reporting date was Nil (2010: 13.91%). Revolving credit of the Group was secured by corporate guarantee from the Company and a subsidiary.

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 13). The average discount rate implicit in the leases are 3.55% per annum (2010: 3.75% per annum). These obligations are denominated in the respective functional currencies of the relevant entities in the Group.

Term loans

The term loans are secured by the following:

(a) Fixed charge over the freehold land and buildings and plant and machineries of certain subsidiaries;

(b) Corporate guarantee by the Company and a subsidiary

Term loans bear interest at respective term loans rates.The term loans bear interest rate of 3.60% to 8.25 % (2010: 3.66% to 6.75%) per annum. The repayment of the Group's term loans are due from 2012 to 2026.

Primary Collateralised Loan Obligations

(i) The 5 years unsecured term loan of RM20,000,000 under a Primary Collateralised Loan Obligation Programme which bears interest rate of 5.63% (2010: 5.63%) per annum is to be repaid in one bullet payment at the end of the loan period on 8 January, 2012.

26. Loans and borrowings (cont'd)

Primary Collateralised Loan Obligations (cont'd)

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 16 to the financial statements.

The currency profiles of the Group's and of the Company's loans and borrowings as at 30 June are as follows:

	Group		**Company**	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Ringgit Malaysia	30,740	36,322	13,200	20,000
United States Dollars	71,570	83,894	-	-
Vietnam Dong	-	732	-	-
Thai Baht	10,992	13,129	-	-
	113,302	134,077	13,200	20,000

27. Provision for severance allowance

	Group	
	2011 RM'000	**2010 RM'000**
At 1 July	835	888
Arose during the year	257	479
Utilised	(423)	(390)
Exchange differences	(57)	(142)
At 30 June	612	835

Provision for severance allowance is for employess 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.

28. Share capital, share premium and treasury shares

	Group and Company					
	Number of ordinary shares of RM1 each		← Amount →			
	Share capital (Issued and fully paid) '000	Treasury shares '000	Share capital (Issued and fully paid) RM'000	Share premium RM'000	Total share capital and share premium RM'000	Treasury shares RM'000
At 1 July 2009	64,805	-	64,805	1,225	66,030	-
Purchased during the year	-	20	-	-	-	(35)
At 30 June 2010 and 1 July 2010	64,805	20	64,805	1,225	66,030	(35)
Capitalisation for bonus issue	32,403	-	32,403	-	32,403	-
Disposed during the year	-	(20)	-	-	-	35
At 30 June 2011	97,208	-	97,208	1,225	98,433	-

	Number of ordinary shares of RM1 each		← Amount →	
	2011 '000	2010 '000	2011 RM'000	2010 RM'000
Authorised				
At 1 July/30 June	200,000	200,000	200,000	200,000

a) Share capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

28. Share capital, share premium and treasury shares (cont'd)

b) Treasury shares

The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance. Treasury shares relate to ordinary shares of the Company that are held by the Company. During the financial year, the Company disposed the entire treasury shares of 19,900 at an average price of RM1.842 per share. The proceed from the disposal including transaction costs was RM36,392.

29. Retained earnings

As at 30 June 2011, the Company has tax exempt profits available for distribution of approximately RM74,966,369 (2010: RM51,812,526) of its retained profits, subject to the agreement of the Inland Revenue Board.

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividends paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 30 June 2011 and 2010 to distribute cash dividend payments to ordinary shareholdings as defined under Finance Act 2007. As at 30 June 2011, the Company has sufficient credit the 108 balance to pay franked dividends amounting to RM1,633,812 (2010:RM1,633,812) out of its retained earnings. If the balance of retained earnings of RM15,709,677 (2010: RM32,550,837) were to be distributed as dividends, the Company may distribute such dividends under the single tier system.

30. Other reserves

	Asset revaluation reserve RM'000	Foreign currency translation reserve RM'000	Total RM'000
Group			
At 1 July 2009	1,114	(2,411)	(1,297)
Other comprehensive income:			
Foreign currency translation	-	(4,453)	(4,453)
	1,114	(6,864)	(5,750)

30. Other reserves (cont'd)

	Asset revaluation reserve RM'000	Foreign currency translation reserve RM'000	Total RM'000
Group (cont'd)			
Transaction with owners:			
Change of interest in subsidiaries	-	301	301
At 30 June 2010 (restated)	1,114	(6,563)	(5,449)
At 1 July 2010			
As previously stated	1,114	(6,529)	(5,415)
Prior year adjustments (Note 39(a))	-	(34)	(34)
As restated	1,114	(6,563)	(5,449)
Other comprehensive income:			
Foreign currency translation	-	(3,783)	(3,783)
At 30 June 2011	1,114	(10,346)	(9,232)

a) Asset revaluation reserve

The asset revaluation reserve represents increases in the fair value of freehold land and buildings, net of tax, and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from that of the Group's presentation currency.

31. Related party disclosures

a) Sale and purchase of services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related party took place at terms agreed between the parties during the financial year:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Management fees received from a subsidiary	-	-	120	120
Dividend income received from subsidiaries	-	-	27,689	27,330
Interest income received from subsidiaries	-	-	2,120	-
Interest expense paid to subsidiaries	-	-	1,063	-

b) Compensation of key management personnel

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Short-term employee benefits	2,601	2,588	392	412
Defined contribution plan	99	99	-	-
	2,700	2,687	392	412

Included in the total key management personnel is:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Directors' remuneration (Note 9)	2,700	2,687	392	412

32. Commitments

a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group	
	2011	2010
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	9,808	12,034

b) Finance lease commitments

The Group has finance leases for certain items of property, plant and equipment (see Note 13).

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group	
	2011	2010
	RM'000	RM'000
Minimum lease payments:		
Not later than 1 year	26	122
Later than 1 year and not later than 2 years	25	5
Total minimum lease payments	51	127
Less: Amounts representing finance charges	(3)	(2)
Present value of minimum lease payments	48	125
Present value of payments:		
Not later than 1 year	23	119
Later than 1 year and not later than 2 years	25	6
Present value of minimum lease payments	48	125
Less: Amount due within 12 months (Note 26)	(23)	(119)
Amount due after 12 months (Note 26)	25	6

33. Contingent liabilities

	Company	
	2011	**2010**
	RM'000	**RM'000**
Unsecured:		
Corporate guarantees given to financial institutions in respect of facilities granted to subsidiaries	-	58,633

34. Fair value of financial instruments

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Other investments	16
Trade and other receivables	
- Sundry receivables	21
- Deposits	21
- Staff loans	21
Trade and other payables	
- Sundry payables	25
- Accruals	25
Loans and borrowings (current and non-current)	26

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Derivatives

The fair value of forward currency contracts are valued by comparing foreign exchange spot and forward rates at the date of contract entered into with licensed banks.

35. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Managing Director and management. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, derivatives, cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

<u>Exposure to credit risk</u>

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.

- A nominal amount of RM43,100,000 (2010: RM58,633,000) relating to corporate guarantees provided by the Company to financial institutions for credit facilities granted to subsidiaries.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 21.

35. Financial risk management objectives and policies (cont'd)

a) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

	Group			
	2011		2010	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	463	2%	695	2%
United States	25,676	95%	27,498	96%
Thailand	829	3%	527	2%
	26,968	100%	28,720	100%

At the reporting date, approximately 50% (2010: 47%) of the Company's trade receivables were due from 3 major oversea customers.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables and financial assets that are neither past due nor impaired is disclosed in Note 21. Deposits with licensed banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met.

The Group's and the Company's overall liquidity risk management are to maintain sufficient levels of cash to meet its working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Company raise funding from shareholders, capital markets and financial institutions and balance their portfolio with some short term funding so as to achieve overall cost effectiveness.

35. Financial risk management objectives and policies (cont'd)

b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2011 RM'000			
	On demand or within one year	**One to five years**	**Over five years**	**Total**
Group				
Financial liabilities:				
Trade and other payables	64,639	-	-	64,639
Loans and borrowings	99,363	10,865	3,074	113,302
Total undiscounted financial liabilities	164,002	10,865	3,074	177,941
Company				
Financial liabilities:				
Trade and other payables	33,377	-	-	33,377
Loans and borrowings	13,200	-	-	13,200
Total undiscounted financial liabilities	46,577	-	-	46,577

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from its loans and borrowings.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10% lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM497,939 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

35. Financial risk management objectives and policies (cont'd)

d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposure arising from sales or purchases that are denominated in a currency other than the functional currency of the Group, Ringgit Malaysia ("RM"). The foreign currencies in which these transactions are denominated are mainly US Dollars ("USD"), Singapore Dollars ("SGD"), Vietnam Dong ("VND") and Thai Baht ("THB").

Approximately 99% (2010: 99%) and 73% (2010: 75%) of the Group's sales and costs are denominated in foreign currencies. The Group's trade receivable and trade payable balances at the reporting date have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (in USD) amount to RM34,014,503 (2010: RM67,061,034) and RM1,260,603 (2010: RM2,789) for the Group and the Company respectively.

The Company uses forward currency contracts to eliminate the currency exposures on its bank balances. At 30 June 2011, the Company entered into forward currency contracts amount to RM31,202,320 (2010: RM16,016,595).

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, VND, SGD and THB exchange rates against the functional currency of the Group with all other variables held constant.

	Group 2011 RM'000 Profit net of tax
USD/RM - strengthened 10%	(2,258)
USD/RM - weakened 10%	2,258
VND/RM - strengthened 10%	(1,559)
VND/RM - weakened 10%	1,559
SGD/RM - strengthened 10%	739
SGD/RM - weakened 10%	(739)
THB/RM - strengthened 10%	(1,132)
THB/RM - weakened 10%	1,132

36. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2011 and 2010.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio at a reasonable level. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances.

		Group		Company	
	Note	**2011**	**2010**	**2011**	**2010**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Loans and borrowings	26	113,302	134,077	13,200	20,000
Trade and other payables	25	64,639	68,432	33,377	44,774
Less: Cash and bank balances	22	(54,429)	(91,187)	(2,666)	(6,017)
Net debt		123,512	111,322	43,911	58,757
Equity attributable to owners of the parent, represents total capital		196,214	191,857	115,776	100,181
Capital and net debt		319,726	303,179	159,687	158,938
Gearing ratio		39%	37%	27%	37%

37. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

I. Wooden furniture and components

II. Rental of property, plant and equipment

III. Investment holding

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

37. Segment information (cont'd.)

	Wooden furniture and components RM'000	Rental of property, plant and equipment RM'000	Investment holding RM'000	Eliminations RM'000	Notes	Per consolidated financial statements RM'000
30 June 2011						
Revenue:						
External customers	500,664	-	-	-		500,664
Inter segment	31,801	-	44,014	(75,815)	A	-
Total revenue	532,465	-	44,014	(75,815)		500,664
Results:						
Interest income from loans and receivables	549	57	3,328	(3,314)		621
Depreciation and amortisation	13,185	1,864	-	(214)		14,835
Other non-cash expenses	1,412	3	2,892	(3)	B	4,304
Segment profit/(loss)	43,010	(2,763)	33,162	(51,662)	C	21,747
Assets:						
Investment in an associate	-	-	1,016	-		1,016
Additions to non-current assets	39,276	46	-	-	D	39,322
Segment assets	396,550	40,653	298,283	(323,921)	E	411,565
Liabilities:						
Segment liabilities	247,954	42,747	49,730	(161,515)	F	178,916

37. Segment information (cont'd.)

	Wooden furniture and components RM'000	Rental of property, plant and equipment RM'000	Investment holding RM'000	Eliminations RM'000	Notes	Per consolidated financial statements RM'000
30 June 2010						
Revenue:						
External customers	506,734	132	-	-		506,866
Inter segment	38,436	-	60,979	(99,415)	A	-
Total revenue	545,170	132	60,979	(99,415)		506,866
Results:						
Interest income from loans and receivables	642	13	93	-		748
Depreciation and amortisation	12,321	1,958	-	(214)		14,065
Other non-cash expenses	451	26	2,800	-	B	3,277
Segment profit/(loss)	47,939	(2,640)	44,902	(49,855)	C	40,346
Assets:						
Investment in an associate	-	-	1,347	-		1,347
Additions to non-current assets	30,890	180	-	-	D	31,070
Segment assets	400,785	42,942	315,376	(327,590)	E	431,513
Liabilities:						
Segment liabilities	255,924	42,262	68,688	(162,558)	F	204,316

37. Segment information (cont'd)

Notes	Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.
A	Inter-segment revenues are eliminated on consolidation.
B	Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2011 RM'000	2010 RM'000
Amortisation of land use rights	7	387	385
Impairment loss on other investments	7	780	780
Impairment loss on land use rights	7	47	-
Impairment loss on trade receivables	7	-	31
Net unrealised foreign exchange loss/(gain)	5,7	2,974	(33)
Bad debts written off	7	30	-
Impairment on slow moving inventories	7	86	-
Impairment loss on goodwill	7	-	2,114
		4,304	3,277

C The following items are added to/(deducted from) segment profit to arrive at "profit before tax" presented in the consolidated statement of comprehensive income:

	2011 RM'000	2010 RM'000
Revenue from inter-segment	(75,815)	(99,415)
Cost of sales from inter-segment	33,886	39,971
Other income from inter-segment	(20,446)	95
Administrative expenses from inter-segment	120	120
Other expenses from inter-segment	10,924	9,525
Share of results of associates	(331)	(151)
	(51,662)	(49,855)

D Additions to non-current assets consist of:

	2011 RM'000	2010 RM'000
Property, plant and equipment	39,322	31,070

37. Segment information (cont'd)

Notes	Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.
E	The following item is deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2011 RM'000	2010 RM'000
Inter-segment assets	323,921	327,590

F	The following item is deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2011 RM'000	2010 RM'000
Inter-segment liabilities	161,515	162,558

Geographical information

Geographically, management reviews the performance of the businesses in Malaysia, Vietnam and Thailand. In presenting information on the basis of geographical segments, segment revenue is based on the geographical segments of the operations of the Group.

	Revenue	
	2011 RM'000	2010 RM'000
Malaysia	132,996	135,280
Vietnam	351,048	361,515
Thailand	16,620	10,071
	500,664	506,866

38. Comparatives

Certain comparative amounts as at 30 June 2010 have been reclassified to conform with current year's presentation.

39. Prior year adjusments

(a) Adjustment on retained earnings and foreign currency translation reserve

Prior year adjustment relates to foreign currency translation differences wrongly recorded in retained earnings. This adjustment has been accounted for retrospectively and the effects of this change are as described in Note 39(c).

(b) Adjustment on retained earnings and minority interests

Prior year adjustment relates to dividends to minority interest wrongly recorded in retained earnings. This adjustment has been accounted for retrospectively and the effects of this change are as described in Note 39(c).

(c) Effect on statement of financial position:

Following with the prior year adjustments and to conform with current year's presentation, comparative amounts as at 30 June 2010 have been restated as follows:

	Previously stated RM'000	Adjustments RM'000	As restated RM'000
Group			
Foreign currency translation reserve	(6,529)	(34)	(6,563)
Minority interests	39,746	(4,406)	35,340
Retained earnings	126,871	4,440	131,311

40. Authorisation of financial statements for issue

The financial statements for the year ended 30 June 2011 were authorised for issue in accordance with a resolution of the directors on 27 October 2011.

41. Supplementary information – breakdown of retained earnings into realised and unrealised

The breakdown of the retained earnings of the Group and of the Company as at 30 June 2011 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group RM'000	Company RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	178,975	17,351
- Unrealised	(2,843)	(8)
	176,132	17,343
Total share of retained earnings of associates		
- Realised	(482)	-
Less: Consolidation adjustments	(68,637)	-
Retained earnings as per financial statements	107,013	17,343

PROPERTIES HELD BY THE COMPANY & ITS SUBSIDIARIES AS AT 30 JUNE 2011

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	Industrial land with 2 blocks of factory building & 1 two-storey office block	Freehold	N/A	18	167,433	7,585	25/9/2002 (R)
Lot 3358, Batu 7 3/4, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan	Industrial land with a 3 storey office block and and 1 block of factory building	Freehold	N/A	11	168,800	10,224	27/1/2010 (A)
Lot 3360, Batu 7 3/4, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan	Industrial land with 1 block of factory building	Freehold	N/A	13	171,518	8,588	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	13	669,086	10,325	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	11	660,880	7,964	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	176	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	9	196,020	9,046	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	19	195,748	10,894	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	17	103,727	489	14/4/2003 (A)

PROPERTIES HELD BY THE COMPANY & ITS SUBSIDIARIES AS AT 30 JUNE 2011 (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	4	59,890	1,766	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	5	869,022	14,491	21/1/2005 (A)
Title Deed No.18604 Moo 1,Tung Mo Subdistrict, Sadao District, Songkhla Province, Thailand	Vacant Land	Freehold	N/A	N/A	333,860	400	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 & 1 office building and 2 blocks of workers' quarters	Leasehold	2045	10	637,869	12,798	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	5	140,243	3,940	March 2006 (A)
Lot 241, 242, 249,250, 251, Lai Uyen Commune, Ben Cat District, Binh Duong Province Vietnam	Industrial land with 3 blocks of factory building and 1 block of warehouse building	Leasehold	2052	6	780,082	10,403	May 2002 (A)
Lot 231, 240, Lai Uyen Commune, Ben Cat District, Binh Duong Province, Vietnam	Industrial land with 2 blocks of factory building and 2 blocks of warehouse building	Leasehold	2052	4	1,011,043	11,687	May 2002 (A)
Lot 77, 232, 243, 244, Lai Uyen Commune, Ben Cat District, Binh Duong Province Vietnam	Industrial land with 3 blocks of factory building and 1 office building	Leasehold	2052	3	1,035,962	9,401	May 2002 (A)
Lot 299 Lai Uyen Commune, Ben Cat District, Binh Duong Province, Vietnam	Industrial land with 2 blocks of workers' quarter	Leasehold	2052	4	1,132,449	3,857	Nov 2006 (A)
Lot N, Road 26, Song Than II, Industrial Zone Di An District Binh Duong Province Province, Vietnam	Industrial land with 2 blocks of factory building and 1 block office building	Leasehold	2030	10	111,008	3,555	Sept 2010 (A)

ANALYSIS OF SHAREHOLDINGS AS AT 28 OCTOBER 2011

Authorised share capital	:	RM200,000,000
Issued and paid-up share capital	:	RM97,207,500
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	121	5.93	7,562	0.01
100	-	1,000	47	2.30	23,195	0.02
1,001	-	10,000	1,309	64.17	5,580,534	5.74
10,001	-	100,000	509	24.95	13,545,634	13.93
100,001	-	4,860,374	49	2.40	31,881,847	32.80
4,860,375 (5% of Issued Capital) and above			5	0.25	46,168,728	47.50
TOTAL			2,040	100.00	97,207,500	100.00

THIRTY LARGEST SHAREHOLDERS/DEPOSITORS AS AT 28 OCTOBER 2011

	Name of Shareholders/Depositors	No. of Shares	% of Issued Capital
1.	LIN, TZU-LANG	10,665,375	10.97
2.	LIN, TZU-KENG	10,651,527	10.96
3.	OSK NOMINEES (TEMPATAN) SDN BERHAD KIM ENG SECURITIES PTE LTD FOR KONSORTIUM KONTREK SDN BHD	10,110,000	10.40
4.	LIN CHEN, JUI-FEN	9,041,826	9.30
5.	AMBANK (M) BERHAD PLEDGED SECURITIES ACCOUNT FOR LIN, TZU-KENG (SMART)	5,700,000	5.86
6.	AFFIN NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LI, YI-PING (LIY0003C)	4,793,100	4.93
7.	KONSORTIUM KONTREK SDN BHD	4,500,000	4.63
8.	AFFIN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR EONPLUS INDUSTRY SDN BHD (EON0003C)	3,492,150	3.59
9.	LIN, TZU-KENG	2,552,250	2.63
10.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HBFS-B CLT 500)	2,528,250	2.60
11.	LIN CHEN, JUI-FEN	1,969,125	2.03
12.	HO SUE BIA	1,157,472	1.19
13.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	1,008,500	1.04
14.	PRB NOMINEES (TEMPATAN) SDN BHD RUBBER INDUSTRY SMALLHOLDERS DEVELOPMENT AUTHORITY	880,800	0.91
15.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	843,850	0.87
16.	CHENG KIEN WING	820,125	0.84
17.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BHOOPINDAR SINGH A/L HARBANS SINGH (SS2/JUP)	692,100	0.71
18.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOTORCRAFT ACCESSORIES (TAWAU) SDN BHD (E-TWU)	380,000	0.39
19.	SHEN CHAO MING	357,150	0.37

ANALYSIS OF SHAREHOLDINGS AS AT 28 OCTOBER 2011
(CONT'D)

	Name of Shareholders/Depositors (cont'd)	No. of Shares	% of Issued Capital
20.	WU, LI-YUN	354,300	0.36
21.	TAN SOON ENG	309,000	0.32
22.	OSK NOMINEES (TEMPATAN) SDN BERHAD PLEDGED SECURITIES ACCOUNT FOR CHUA SENG HUAT	300,000	0.31
23.	LOW KOK CHUAN	270,000	0.28
24.	YAP KOK WENG	224,000	0.23
25.	CHENG SUCK ENG	202,800	0.21
26.	OSK NOMINEES (TEMPATAN) SDN BERHAD LIM GEOK JOO @ LIM YORK JOO	201,000	0.21
27.	CHEN, CHIU-CHIN	190,900	0.20
28.	WONG SHAK ON	190,500	0.20
29.	LIAU SIONG KEE @ LIEW SIONG KEE	179,900	0.19
30.	LEE MIANG KOI	171,400	0.18
TOTAL		74,737,400	76.91

SUBSTANTIAL SHAREHOLDERS AS AT 28 OCTOBER 2011

	Direct		Indirect	
Name of Substantial Shareholders	No. of shares held	% of Issued Capital	No. of shares held	% of Issued Capital
Lin, Tzu-Keng	18,903,777	19.45	11,016,201[1]	11.33
Konsortium Kontrek Sdn Bhd	14,610,000	15.03	-	-
Lin Chen, Jui-Fen	11,016,201	11.33	18,903,777[1]	19.45
Lin, Tzu-Lang	10,665,375	10.97	-	-
Yek Siew Liong	-	-	14,610,000[2]	15.03

Notes:
(1) Deemed interested by virtue of his/her spouse interest in the Company
(2) Deemed interested by virtue of Section 6A(4)(c) of the Companies Act, 1965, held through Konsortium Kontrek Sdn Bhd

DIRECTORS' SHAREHOLDINGS AS AT 28 OCTOBER 2011

	Direct		Indirect	
Name of Directors	No. of shares held	% of Issued Capital	No. of shares held	% of Issued Capital
Lin, Tzu-Keng[1]	18,903,78	19.45	11,016,201[2]	11.33
Lin Chen, Jui-Fen[1]	11,016,20	11.33	18,903,777[2]	19.45
Lin, Tzu-Lang[1]	10,665,38	10.97	-	-
Yek Siew Liong[1]	-	-	14,610,000[3]	15.03
Dato' Haji Shaharuddin bin Haji Haron	-	-	-	-
Toh Seng Thong	-	-	-	-

Notes:

(1) 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
(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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth 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 Thursday, 15 December 2011 at 11.00 a.m. for the following purposes:-

AGENDA

1. To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2011 together with Reports of the Directors' and the Auditors' thereon. **Ordinary Resolution 1**

2. To declare a final dividend of 2.0 sen per share (tax exempt) for the financial year ended 30 June 2011. **Ordinary Resolution 2**

3. To approve payment of Directors' fee for the financial year ending 30 June 2012 to be paid quarterly in arrears. **Ordinary Resolution 3**

4. To re-elect the following Directors retiring under Articles 85 and 113 of the Articles of Association of the Company:-
   (i) Mr Lin, Tzu-Lang **Ordinary Resolution 4**
   (ii) Mr Toh Seng Thong **Ordinary Resolution 5**

5. 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 6**

6. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 7**

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

7. **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 8**

8. **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 21 December 2010 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 23 November 2011 ("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 Seventeenth 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 after the Seventeenth AGM 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 9**

9. 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 following the Seventeenth AGM, at which such resolution was passed, 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 10**

NOTICE OF DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the final dividend of 2.0 sen per share (tax exempt) for the financial year ended 30 June 2011, if approved, will be paid on 16 January 2012 to shareholders whose names appear on the Record of Depositors as at 17 December 2011.

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 17 December 2011 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 : 23 November 2011

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.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Ordinary Resolution 8

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

  The Company had, during its Sixteenth Annual General Meeting held on 21 December 2010, 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 8 proposed under item 7 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) and/or working capital.

Ordinary Resolution 9

- **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 9, 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 23 November 2011 accompanying the Annual Return of the Company for the financial year ended 30 June 2011.

Ordinary Resolution 10

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

  Ordinary Resolution 10, 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 Seventeenth Annual General Meeting is required by law to be held.

  For further information, please refer to the Statement to Shareholders dated 23 November 2011 accompanying the Annual Return of the Company for the financial year ended 30 June 2011.

PROXY FORM

LATITUDE TREE HOLDINGS BERHAD (302829-W)

(Incorporated in Malaysia)

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

I/We,______________________________ICNo./PassportNo./CompanyNo.______________________
of ____
being a member of LATITUDE TREE HOLDINGS BERHAD hereby appoint ______________________
IC No./Passport No. ________________________ of ______________________________
____
_______ or failing him/her, ____________________________ IC No./Passport 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 Seventeenth 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 Thursday, 15 December 2011 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 :

Ordinary Resolution 1	Adoption of Audited Financial Statements for financial year ended 30 June 2011 together with Directors' and Auditors' Reports		
Ordinary Resolution 2	Declaration of a final dividend of 2.0 sen per share (tax exempt) for the financial year ended 30 June 2011		
Ordinary Resolution 3	Approval of Directors' fee for the financial year ending 30 June 2012		
Ordinary Resolution 4	Re-election of Mr Lin, Tzu–Lang as Director		
Ordinary Resolution 5	Re-election of Mr Toh Seng Thong as Director		
Ordinary Resolution 6	Re-appointment of Dato' Haji Shaharuddin bin Haji Haron as Director		
Ordinary Resolution 7	Re-appointment of Messrs Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration		
Ordinary Resolution 8	Authority under Section 132D of the Companies Act, 1965 for the Directors to allot and issue shares		
Ordinary Resolution 9	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
Ordinary Resolution 10	Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares		

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.

Please fold here

Affix Stamp

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

Please fold here