LATITUDE TREE HOLDINGS BERHAD
(302829-W)

ANNUAL REPORT 2012

Living with Style

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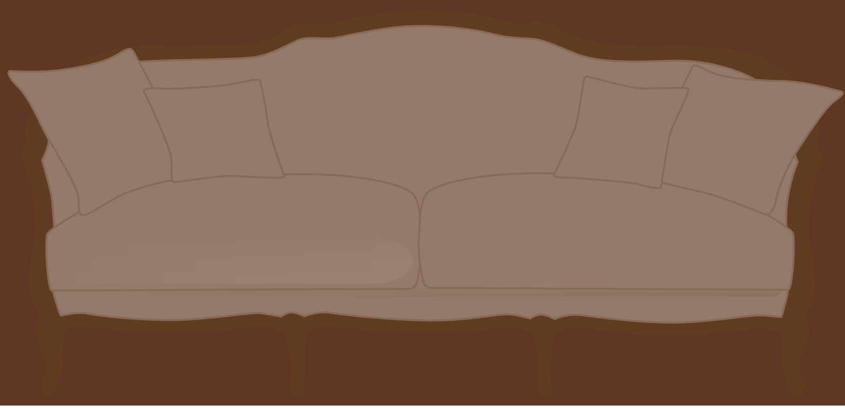


BOARD OF DIRECTORS

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

Mdm Lin Chen, Jui-Fen
Deputy Chairman /
Non-Independent Non-Executive Director

Mr Lin, Chin-Hung
Managing Director
(Appointed with effect from 18 January 2012)

Mr Lin, Tzu-Lang
Executive Director

Mr Toh Seng Thong
Independent Director

Mr Yek Siew Liong
Non-Independent Non-Executive Director

Mr Lin, Tzu-Keng
(Deceased on 26 December 2011)

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

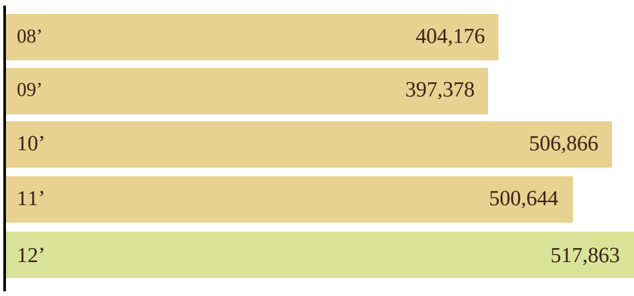
PRINCIPAL BANKERS

AmBank (M) Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
RHB Bank Berhad
Cathay United Bank Company Limited
Chinatrust Commercial Bank
Indovina Bank
Far East National Bank

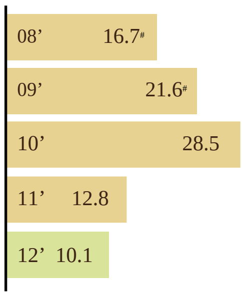
Five Years Financial Highlights	2012 RM'000	2011 RM'000	2010 RM'000	2009 RM'000	2008 RM'000
REVENUE	517,863	500,644	506,866	397,378	404,176
PROFIT FOR THE YEAR	14,753	19,741	36,483	13,213	8,485
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS	9,840	12,471	27,730	14,009	10,806
SHAREHOLDERS' FUNDS	209,675	196,214	191,857	177,486	160,353
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS (RM)	2.16	2.02	1.97	2.74#	2.47#
NET EARNINGS PER SHARE (SEN)	10.1	12.8	28.5	21.6#	16.7#
DIVIDEND PER SHARE (SEN)	3.00	2.00	10.00	5.80	4.00
DIVIDEND AMOUNT (RM'000)	2,916*	1,944	6,480	3,759	2,592

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

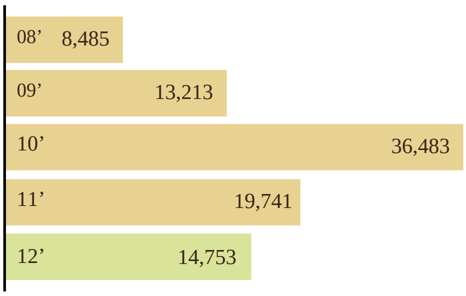
\# Calculated based on 64,805,000 ordinary shares.



REVENUE (RM'000)

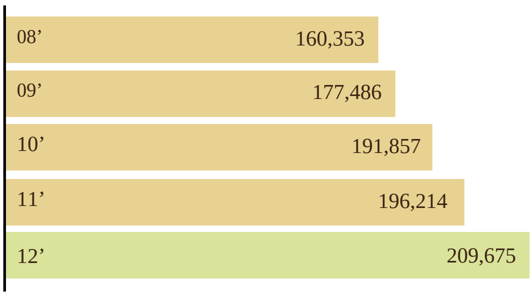


NET EARNINGS PER SHARE (SEN)

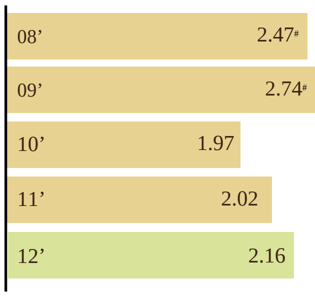


PROFIT FOR THE YEAR (RM'000)

DIVIDEND PER SHARE (SEN)



SHAREHOLDERS' FUNDS (RM'000)



NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS (RM)

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 2012 ("FY 2012").

Financial Performance

Recovery of the United States ("US") economy remained sluggish during FY 2012, progressive momentum was detracted by the ongoing Eurozone financial crisis. Undeniably, FY 2012 was yet another challenging year for the Group.

Notwithstanding global economic uncertainties, our strategic efforts in the foregoing year have allowed us to achieve another profitable year, albeit at a lower bottomline level. This represents the fruition of ongoing efforts in improving efficiencies and core competitiveness.

Overall revenue expanded 3.4% to RM517.9 million in FY 2012 from RM500.7 million in financial year ended 30 June 2011 ("FY 2011") and was mainly attributable to an overall increase in orders and production output. However, the Group's net profit attributable to shareholders decreased to RM9.8 million in FY 2012 as compared to RM12.5 million in FY 2011. This was mainly attributable to rising production costs especially higher material costs as a result of increase in the price of materials such as sawn timber, coating and packaging materials and higher labour costs as a result of revision of wages imposed by the national workers' union in Vietnam.

Dividend

The Board is pleased to recommend to shareholders a final tax-exempt dividend of 3.0 sen per ordinary share for FY 2012, subject to the approval of the shareholders of the Company at the Annual General Meeting to be convened on 18th December 2012.

Corporate and Business Developments

On 12 December 2011, the Company increased its equity interest in Latitude Tree International Group Ltd. ("LTIG") from 75.95% to 77.62%.

On 1 March 2012, the corporate restructuring of Grob Holz Co. Ltd. ("GHCL") was completed and resulted the indirect equity interest of the Company in GHCL diluted from 85% to 65.98%.

We will continued to adopt a cautious approach in the execution of our business strategy, especially in managing costs and the weakening US Dollar.

The completion of new warehouse facilities and new production line in Vietnam during the year allowed us to better meet increasing customers' demands and fulfilled customers' needs and will strengthen our brand as a one-stop centre for customers.

Business Strategy and Future Plans

The United States continued to remain the core market for the Group, accounted for approximately 93% of FY 2012's revenue and the remaining revenue contribution were from other markets.

As one of the leading manufacturer of quality lifestyle wooden home furniture in Vietnam, we will continue to develop quality products and provide excellent service for our customers. We will seek to offer attractive and innovative designed furniture and enhance our product offering. We will also build on the strong and long established relationships that we have with our business partners to further increase sales in our export markets.

With the healthy fundamentals, the Group is able to capitalise on potential investment opportunities as and when they arise. The Group also has the intention to continue venturing upstream by exploring potential merger and acquisition opportunities with our raw material suppliers when opportunities arise.

Acknowledgement and Appreciation

On behalf of the Board, we would like to pay tribute to the late Mr Lin, Tzu-Keng, an outstanding man, respected for his great leadership, foresight and vision in driving and developing the Group's business.

As always, we would like to offer our heartfelt gratitude to our various stakeholders, our valued shareholders, customers, partners, business associates and regulatory bodies for your 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, Chin-Hung
Managing Director

26 November 2012

Mission

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

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

History

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

The Group has carved out a strong niche in the household furniture segment, specifically dining and bedroom sets. From its humble beginnings as a manufacturer of chairs for dining sets in 1988, the Group has grown into a complete high-and-medium-end dining and bedroom sets manufacturer. About 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 rubber-wood furniture manufacturers and exporters in Malaysia and Vietnam. Approximately 99% of the Group's products are exported overseas to the United States of America, Canada, Europe, South Africa, Australia and the Middle East countries.

Manufacturing / Operating Activities

The Group's manufacturing activities are operated from its three factories in Malaysia, two factories in Vietnam and one factory in Thailand. The total floor area of the six manufacturing plants is approximately 7.8 million square feet. The total current workforce is about 7,500 workers.

Products

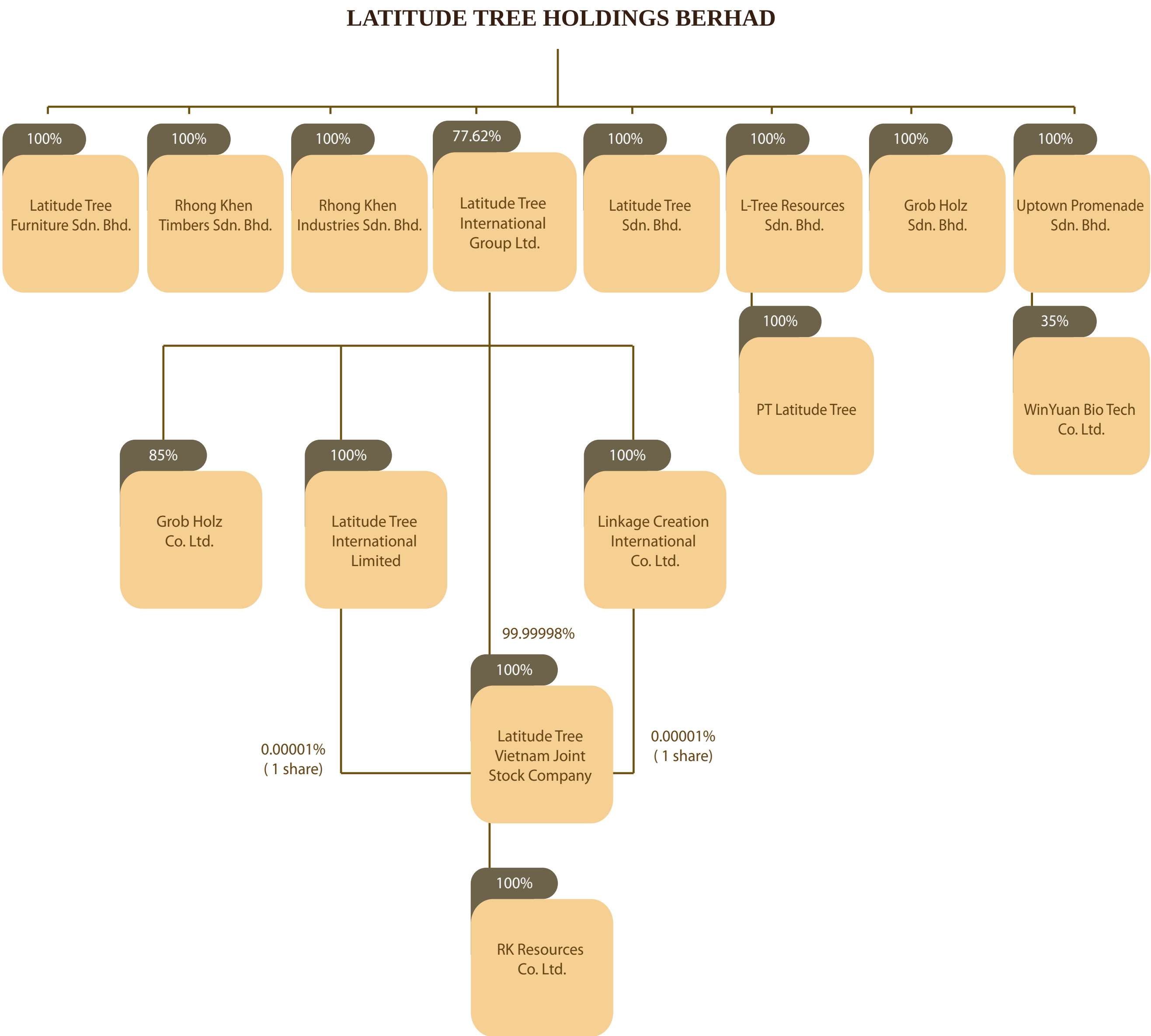
The Group has developed an extensive range of products to cater for different customers' requirements and expectations.

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



DATO' HAJI SHAHARUDDIN BIN HAJI HARON
Chairman / Senior Independent Director

Dato' Haji Shaharuddin Bin Haji Haron, aged 74, a Malaysian, was appointed to the Board of Latitude Tree Holdings Berhad ("LTHB") on 21 June 2000. He is the Chairman of Remuneration Committee and Nomination Committee and a member of the Audit Committee.

He graduated with a Bachelor of Arts (Honours) degree from the University of Malaya and a holder of Master of Economics 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 (from 1968 to 1970), Director (from 1970 to 1974), Secretary of Foreign Investment Committee of Prime Minister's Department (from 1974 to 1979). Subsequently, he was the Director General of Insurance of Ministry of Finance ("MOF") (from 1979 to 1983), Secretary of Finance Division of MOF (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) and Secretary General of Ministry of Domestic Trade and Consumers' Affairs (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.

MDM LIN CHEN, JUI-FEN
Deputy Chairman /
Non-Independent Non-Executive Director

Mdm Lin Chen, Jui-Fen, aged 58, a Taiwanese, was appointed as Executive Director to the Board of LTHB on 28 April 1997 and was the Managing Director of the Company from 2009 to 2012. She was appointed as Deputy Chairman with effect from 18 January 2012.

Prior to her appointment as Deputy Chairman, Mdm Lin was involved in the overall management of the sales, marketing, finance, operation and human resource department of LTHB Group.

Mdm Lin is currently 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.

In LTIG, Mdm Lin is responsible for the development of the overall corporate strategies and business development of LTIG Group. Mdm Lin together with the late Mr Lin, Tzu-Keng founded the Company and its subsidiaries with the setting up of Latitude Tree Furniture Sdn Bhd in 1988. They led LTHB Group to venture into Vietnam in 2000 with the setting up of Latitude Tree Vietnam Joint Stock Company and followed by RK Resources Co., Ltd. in 2002, which were both hived off to form part of LTIG Group.

Mdm Lin is the parent of Mr Lin, Chin-Hung and sister-in-law to Mr Lin, Tzu-Lang who is a substantial shareholder of the Company.

MR LIN, CHIN-HUNG
Managing Director

Mr Lin Chin-Hung, aged 32, a Taiwanese, was appointed to the Board of LTHB on 18 January 2012 as the Managing Director.

Mr Lin was the Alternate Director to the Chief Executive Officer and Executive Director, late Mr Lin, Tzu-Keng in LTIG, a subsidiary of the Company listed on the Singapore Exchange Securities Trading Limited from 21 May 2009 to 26 December 2011. From July 2001 to August 2007, he was an assistant to the Managing Director of LTHB where he assisted in the marketing, production and purchasing activities of LTHB Group. Mr Lin joined LTIG Group in January 2008 and assisted the Head of Operations of RK Resources Co.Ltd. in the procurement and purchases of raw materials.

Mr Lin attended the Hawaii Pacific University and is currently pursuing the Master in Business Management in National University of Kaohsiung, Taiwan.

Mr Lin is the son of Mdm Lin Chen, Jui-Fen and nephew of Mr Lin, Tzu-Lang. Mdm Lin Chen, Jui-Fen and Mr Lin, Tzu-Lang are both substantial shareholders of the Company.

MR LIN, TZU-LANG
Executive Director

Mr Lin Tzu-Lang, aged 70, a Taiwanese, was appointed to the Board of LTHB on 28 April 1997 as the Deputy Chairman/ Non-Independent Non-Executive Director and was redesignated as an Executive Director with effect from 28 May 2009. He has many years of experience in the manufacturing of wooden furniture and has been involved for more than 38 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 uncle to Mr Lin, Chin-Hung and brother-in-law to Mdm Lin Chen, Jui-Fen who is also a substantial shareholder of the Company.

MR TOH SENG THONG JP, PJK
Independent Director

Mr Toh Seng Thong, aged 54, a Malaysian, was appointed to the Board of LTHB on 18 August 2003. He is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee.

Mr Toh 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. Currently, Mr Toh is also sits on the Board of Adventa Berhad, a public listed company.

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 52, a Malaysian, was appointed to the Board of LTHB on 18 May 2007. 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 24 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 and 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.

INTRODUCTION

The Board of Directors is committed to implement the Malaysian Code of Corporate Governance (Revised 2007) ("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 10 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
Mdm Lin Chen, Jui-Fen ##	5/5
Mr Lin, Chin-Hung (Appointed with effect from 18 January 2012)	2/2
Mr Lin, Tzu-Lang	4/5
Mr Toh Seng Thong #	5/5
Mr Yek Siew Liong ##	5/5
Mr Lin, Tzu-Keng (Deceased on 26 December 2011)	3/3

 # 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 their 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, the Directors have 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 training seminars attended by the Directors during the financial year include:

- National Tax Seminar 2011;
- Corporate Governance, Audit Committee and Financial Reporting Standards (FRSs);
- Cranfield Executive Leadership Forum;
- What Every Director Ought to Know?; and
- Technical Briefing on Directors' Duties and Responsibilities and Main Market Listing Requirements of Bursa Malaysia Securities Berhad

1.6 Directors' Training (cont'd)

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 of the Company are as follows:

Remuneration	Executive Directors (RM)	Non-Executive Directors (RM)	Total (RM)
Salaries and other emoluments	4,000	18,000	22,000
Fees	102,000	252,000	354,000
Total	**106,000**	**270,000**	**376,000**

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	1
RM50,000 – RM100,000	1	3
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 is set out in the announcement of the Semi-Annual Returns to the Bursa Malaysia Securities Berhad ("Bursa Securities").

2. BOARD COMMITTEES

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

2.1 Audit Committee

Terms of reference and further information on the Audit Committee are set out on pages 22 to 26 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 the financial year ended 30 June 2012.

The members of the Committee shall comprise exclusively of non-executive directors, a majority of whom are independent and number at least 3 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

Members :
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.

2.3 Remuneration Committee (cont'd)

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

The Remuneration Committee held one (1) meeting for the financial year ended 30 June 2012.

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 20 to 21 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 27 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 page 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 year ended 30 June 2012 to raise funds.

5.2 Share Buy-Back

The Company had obtained its shareholders' authority at the Company's Annual General Meeting held on 15 December 2011 in respect of the share buy-back of up to 10% of the issued and paid up share capital of the Company.

5.3 Options, Warrants or Convertible Securities

There were no other options, warrants or convertible securities exercised in respect of the financial year ended 30 June 2012.

5.4 Depository Receipt Programme

The Company had not sponsored Deposit Receipt programme for the year ended 30 June 2012.

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 it's subsidiaries for the financial year ended 30 June 2012 amounted to RM30,400.

5.7 Variation of Results

There were no material variances between the actual results for the year ended 30 June 2012 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 2012.

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 108 to 109 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 the financial year ended 30 June 2012 or entered into since the end of the financial year.

5.11 Recurrent Related Party Transactions of Revenue and Trading Nature

The details of the Recurrent Related Party Transactions of a revenue and trading nature carried out by the Group during the financial year ended 30 June 2012 are as follows:

Nature of Transaction	Related Parties	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 65.98% subsidiary of LTHB. Mr. Yek Siew Liong, a director of LTHB and substantial shareholder of LTHB holds 24.92% equity interest in GHCL (via Konsortium Kontrek Sdn Bhd).	2,800

Nature of Transaction	Related Parties	Transacting Parties	Nature of Relationship	Amount Transacted During the Financial Year RM'000
Purchases of raw materials and supplies, furniture components and finished goods by LTIG Group from the LTHB Group	The LTIG Group and the LTHB Group	Mr. Yek Siew Liong	LTHB is the holding company of LTIG. Mr Yek Siew Liong is a director and substantial shareholder 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.	-
Purchases of raw materials and supplies, furniture components and finished goods by LTHB Group from the LTIG Group	The LTHB Group and the LTIGL Group	Mr. Yek Siew Liong	LTHB is the holding company of LTIG. Mr Yek Siew Liong is a director and substantial shareholder 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.	2,630

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 of the less fortunate as well as donations to charitable organisations.

1. INTRODUCTION

The Malaysian Code on Corporate Governance (Revised 2007) 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 the internal auditors on findings from 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 22 to 26 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 the 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.

The internal audit team, outsourced to an independent consulting firm, assesses the adequacy and integrity of the internal control system based on scope of work approved by Audit Committee and report to the Audit Committee on findings and recommendations for improvement. Internal audit also reviews the extent to which its recommendations have been accepted and implemented by the Management. Audit Committee reviews internal audit reports and management responses thereto and ensures significant findings especially control deficiencies are adequately addressed and rectified by Management of the operating units concern.

During the financial year ended 30 June 2012, the Audit Committee with the assistance of the external professional consulting firm, Columbus Advisory Sdn Bhd reviewed the adequacy and integrity of the Group's internal control systems relating to Strategic Management, Marketing, Procurement, Manufacturing Operation Management, Inventory Management, Quality Controls, Plant and Machinery Maintenance, Human Resource, Treasury Management and Property, Plant and Equipment Management of the following companies:

- Latitude Tree Vietnam Joint Stock Co. Ltd.
- RK Resources Co. Ltd.
- Latitude Tree Furniture Sdn. Bhd.

5. OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

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

6. CONCLUSION

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

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

This statement is made in accordance with the resolution of the Board of Directors dated 29 October 2012 and has been duly reviewed by the external auditors, pursuant to paragraph 15.23 of the MMLR.

The Board of Directors ("Board") of the Company is pleased to present the report of the Audit Committee for the financial year ended 30 June 2012.

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 fulfil 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.

1. Composition (cont'd)

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 auditors 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;

2. Functions (cont'd)

- 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.

4. Meetings (cont'd)

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

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

The Audit Committee meetings held during the financial year ended 30 June 2012 and details of attendance of each Committee member is as follows:-

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

C. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

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

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

D. SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

During the financial year under review, the Group has out-sourced the provision of internal audit and management system assurance to an independent professional consulting firm 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, Marketing, Procurement, Manufacturing Operation Management, Inventory Management, Quality Controls, Plant and Machinery Maintenance, Human Resource, Treasury Management and Property, Plant and Equipment Management of a Malaysian subsidiary company and two Vietnam subsidiary companies.

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

The professional fees incurred for the internal audit function in respect of financial year ended 30 June 2012 amounted to approximately RM32,000.

Statement of Board of Directors' Responsibilities

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

The Directors consider that, in preparing the financial statements for the financial year ended 30 June 2012 as set out on pages 29 to 106 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 2012.

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	14,753	18,040
Profit attributable to:		
Owners of the parent	9,840	18,040
Non-controlling interests	4,913	-
	14,753	18,040

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.

DIVIDENDS

The amount of dividends paid by the Company since 30 June 2011 was as follows:

	RM'000
In respect of the financial year ended 30 June 2011 as reported in the directors' report of that year:	
Final tax exempt dividend of 2.0 sen, on 97,207,500 ordinary shares, declared on 22 November 2011 and paid on 16 January 2012	1,944

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 30 June 2012, of 3.0 sen on 97,207,500 ordinary shares, amounting to a dividend payable of RM2,916,225 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 2013.

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	
Toh Seng Thong	
Yek Siew Liong	
Lin, Chin-Hung	(Appointed on 18 January 2012)
Lin, Tzu-Keng	(Deceased on 26 December 2011)

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 1.7.2011/ date of appointment	**Acquired**	**Sold**	**At 30.6.2012**
The Company				
Direct interest:				
Lin Chen, Jui-Fen	11,016,201	-	-	11,016,201
Lin, Tzu-Lang	10,665,375	-	-	10,665,375
Lin, Chin-Hung	-	820,000	-	820,000
Deemed interest:				
Lin Chen, Jui-Fen *	18,903,777	820,000	-	19,723,777
Yek Siew Liong #	14,610,000	-	-	14,610,000
Lin, Chin-Hung **	29,919,978	-	-	29,919,978

	Number of ordinary shares			
	At 1.7.2011	Acquired	Sold	At 30.6.2012
Subsidiary-Latitude Tree International Group Ltd.				
Direct interest:				
Yek Siew Liong	11,630,000	-	-	11,630,000
Deemed interest:				
Lin Chen, Jui-Fen ^	183,550,000	4,000,000	-	187,550,000
Lin, Tzu-Lang ^	182,000,000	4,000,000	-	186,000,000
Yek Siew Liong ***	2,295,000	-	-	2,295,000

	Number of ordinary shares of THB100 each			
	At 1.7.2011	Acquired	Sold	At 30.6.2012
Subsidiary-Grob Holz Company Limited				
Deemed interest:				
Yek Siew Liong #	352,500	-	-	352,500

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

Lin Chen, Jui-Fen, Lin, Tzu-Lang and Lin, Chin-Hung 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 AND DEBENTURES

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

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.

OTHER STATUTORY INFORMATION (cont'd)

(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.

(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.

SIGNIFICANT EVENTS

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 14 to the financial statements.

SUBSEQUENT EVENTS

Details of the subsequent events are disclosed in Note 37 to the financial statements.

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 29 October 2012.

Dato' Haji Shaharuddin Bin Haji Haron

Lin, Chin-Hung

Statement by Directors
Pursuant to Section 169(15) of the Companies Act 1965

We, Dato' Haji Shaharuddin Bin Haji Haron and Lin, Chin-Hung, 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 106 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 2012 and of their financial performance and cash flows for the year then ended.

The information set out in Note 40 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").

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 October 2012.

Dato' Haji Shaharuddin Bin Haji Haron

Lin, Chin-Hung

Statutory declaration
Pursuant to Section 169(16) of the Companies Act 1965

I, Fong Toh Wai, 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 107 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 Fong Toh Wai at Kuala Lumpur
in the Federal Territory on 29 October 2012

Fong Toh Wai

Before me,

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 2012 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 106.

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 2012 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 40 on page 107 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.

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
29 October 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Revenue	4	517,863	500,664	20,135	27,809
Cost of sales		(464,346)	(443,093)	-	-
Gross profit		53,517	57,571	20,135	27,809
Other items of income					
Interest income from loans and receivables		345	621	38	2,204
Other income	5	1,427	3,696	5,069	98
Other items of expense					
Selling and distribution expenses		(11,038)	(10,610)	-	-
Administrative expenses		(14,724)	(14,447)	(589)	(664)
Other expenses		(7,858)	(9,121)	(6,613)	(9,352)
Finance costs	6	(4,974)	(5,632)	-	-
Share of results of an associate		(45)	(331)	-	-
Profit before tax	7	16,650	21,747	18,040	20,095
Income tax expense	10	(1,897)	(2,006)	-	-
Profit net of tax		14,753	19,741	18,040	20,095
Other comprehensive income:					
Foreign currency translation		5,901	(5,015)	-	-
Total comprehensive income for the year		20,654	14,726	18,040	20,095

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Profit attributable to:					
Owners of the parent		9,840	12,471	18,040	20,095
Non-controlling interests		4,913	7,270	-	-
		14,753	19,741	18,040	20,095
Total comprehensive income attributable to:					
Owners of the parent		14,197	8,688	18,040	20,095
Non-controlling interests		6,457	6,038	-	-
		20,654	14,726	18,040	20,095
Earnings per share attributable to owners of the parent (sen per share)					
- Basic	11	10.12	12.83		

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

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Assets					
Non-current assets					
Property, plant and equipment	13	217,977	215,503	-	-
Investment in subsidiaries	14	-	-	84,382	82,189
Investment in an associate	15	-	1,016	-	-
Other investments	16	81	521	-	440
Intangible asset	17	-	-	-	-
Land use rights	18	14,828	14,496	-	-
Deferred tax assets	19	812	743	-	-
		233,698	232,279	84,382	82,629
Current assets					
Inventories	20	76,101	84,765	-	-
Trade and other receivables	21	41,578	35,368	66,999	76,866
Prepayments		1,431	1,280	-	-
Tax recoverable		1,101	1,771	227	192
Investment securities	22	1,196	1,018	-	-
Derivatives	23	-	655	-	-
Cash and bank balances	24	59,942	54,429	1,619	2,666
		181,349	179,286	68,845	79,724
Total assets		415,047	411,565	153,227	162,353
Equity and liabilities					
Current liabilities					
Tax payable		909	363	-	-
Loans and borrowings	25	93,567	99,363	-	13,200
Trade and other payables	26	64,187	64,639	21,355	33,377
Derivatives	23	307	-	-	-
		158,970	164,365	21,355	46,577
Net current assets		22,379	14,921	47,490	33,147

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Non-current liabilities					
Loans and borrowings	25	9,184	13,939	-	-
Provision for severance allowance	27	564	612	-	-
Retirement benefit obligation		40	-	-	-
		9,788	14,551	-	-
Total liabilities		168,758	178,916	21,355	46,577
Net assets		246,289	232,649	131,872	115,776
Equity attributable to owners of the parent					
Share capital	28	97,208	97,208	97,208	97,208
Share premium	28	1,225	1,225	1,225	1,225
Treasury shares	28	-	-	-	-
Retained earnings	29	116,117	107,013	33,439	17,343
Other reserves	30	(4,875)	(9,232)	-	-
		209,675	196,214	131,872	115,776
Non-controlling interests		36,614	36,435	-	-
Total equity		246,289	232,649	131,872	115,776
Total equity and liabilities		415,047	411,565	153,227	162,353

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

	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)	Non-controlling 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
2012											
Group											
Opening balance at 1 July 2011		232,649	196,214	97,208	1,225	-	107,013	(9,232)	1,114	(10,346)	36,435
Total comprehensive income		20,654	14,197	-	-	-	9,840	4,357	-	4,357	6,457
Transactions with owners											
Acquisition of non-controlling interests		(2,531)	(284)	-	-	-	(284)	-	-	-	(2,247)
Change of interest in a subsidiary		-	1,492	-	-	-	1,492	-	-	-	(1,492)
Dividends on ordinary shares	12	(1,944)	(1,944)	-	-	-	(1,944)	-	-	-	-
Dividends to minority shareholders		(2,539)	-	-	-	-	-	-	-	-	(2,539)
Total transactions with owners		(7,014)	(736)	-	-	-	(736)	-	-	-	(6,278)
Closing balance at 30 June 2012		246,289	209,675	97,208	1,225	-	116,117	(4,875)	1,114	(5,989)	36,614

			Attributable to owners of the parent							
				Non-distributable			Distributable	Non-distributable		
	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)	Non-controlling interests
		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		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

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
2012						
Company						
Opening balance at 1 July 2011		115,776	97,208	1,225	-	17,343
Total comprehensive income		18,040	-	-	-	18,040
Dividends on ordinary shares, representing total transaction with owners	12	(1,944)	-	-	-	(1,944)
Closing balance at 30 June 2012		131,872	97,208	1,225	-	33,439
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

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

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Operating activities					
Profit before tax		16,650	21,747	18,040	20,095
Adjustments for:					
Gain on disposal of property, plant and equipment	5	(21)	(401)	-	-
Reversal of allowance for impairment of other receivables	5	-	-	(4,962)	-
Fair value loss/(gain) on derivatives	5, 7	962	(486)	-	-
Net unrealised foreign exchange (gain)/loss	5,7	(871)	2,974	158	(8)
Finance costs	6	4,974	5,632	-	-
Amortisation of land use rights	7	414	387	-	-
Bad debt written off	7	-	30	-	-
Depreciation of property, plant and equipment	7	16,703	14,448	-	-
Impairment loss on investment in an associate	7	971	-	-	-
Impairment loss on investment in subsidiaries	7	-	-	338	339
Impairment loss on land use rights	7	-	47	-	-
Impairment loss on other investments	7	440	780	440	780
Impairment loss on other receivables	7	103	-	5,666	7,160
Impairment loss on trade receivables	7	61	-	-	-
Impairment on slow moving inventories	7	-	86	-	-
Interest expense on loans and receivables	7	-	-	-	1,063
Property, plant and equipment written off	7	25	343	-	-
Provision for severance allowance	7	216	257	-	-
Retirement benefit expense	7	40	-	-	-
Interest income on loans and receivables		(345)	(621)	(38)	(2,204)
Share of loss of an associate		45	331	-	-
Total adjustments		23,717	23,807	1,602	7,130
Operating cash flows before changes in working capital		40,367	45,554	19,642	27,225

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Operating activities (cont'd)					
Changes in working capital					
Decrease/(increase) in inventories		8,664	(8,213)	-	-
(Increase)/decrease in trade and other receivables		(6,401)	1,941	9,161	(6,864)
(Increase)/decrease in prepayments		(151)	62	-	-
Decrease in trade and other payables		(452)	(3,792)	(12,022)	(12,460)
Decrease in provision for severance allowance		(294)	(423)	-	-
Total changes in working capital		1,366	(10,425)	(2,861)	(19,324)
Cash flows from operations		41,733	35,129	16,781	7,901
Interest paid		(4,974)	(5,632)	-	-
Interest received		345	621	38	85
Taxes refunded		969	56	-	-
Taxes paid		(1,704)	(2,912)	(35)	(42)
Net cash flows from operating activities		36,369	27,262	16,784	7,944
Investing activities					
Purchase of property, plant and equipment	13	(13,431)	(39,252)	-	-
Purchase of land use rights	18	-	(1,041)	-	-
Proceeds from disposal of property, plant and equipment		27	562	-	-
Acquisition of non-controlling interests		(2,531)	-	-	-
Additional investment in a subsidiary		-	-	(2,531)	-
Purchase of investment securities		(2,178)	(1,018)	-	-
Proceeds from investment securities		2,000	-	-	-
Net cash flows used in investing activities		(16,113)	(40,749)	(2,531)	-

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Financing activities					
Repayment of obligations under finance leases		(18)	(147)	-	-
Repayment of loans and borrowings		(265,478)	(285,374)	(13,200)	(6,800)
Proceeds from loans and borrowings		251,876	271,366	-	-
Deposits (placed as)/uplifted from security for bank borrowings		(481)	21,141	(38)	4,605
Proceeds from disposal of treasury shares		-	36	-	36
Dividends paid to minority shareholders		(2,539)	(4,943)	-	-
Dividends paid on ordinary shares	12	(1,944)	(4,536)	(1,944)	(4,536)
Net cash flows used in financing activities		(18,584)	(2,457)	(15,182)	(6,695)
Exchange differences in translation of financial statements of foreign subsidiaries		793	4,359	-	-
Net increase/(decrease) in cash and cash equivalents		2,465	(11,585)	(929)	1,249
Effect of exchange rate changes on cash and cash equivalents		3,379	(3,580)	(156)	11
Cash and cash equivalents at 1 July		45,517	60,682	1,295	35
Cash and cash equivalents at 30 June	24	51,361	45,517	210	1,295

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 ("FRS") 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 2011 and 1 July 2011 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 2011, 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 January 2011 and 1 July 2011.

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 *Limited Exemptions 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
Improvements to FRS issued in 2010	1 January 2011
Amendments to IC Interpretation 14 *Prepayments of a Minimum Funding Requirement*	1 July 2011
IC Interpretation 9 *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2011

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

2.2 Changes in accounting policies (cont'd)

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

<u>Amendments to FRS 7: Improving Disclosures about Financial Instruments</u>

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of the fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 33. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 34(b).

2.3 Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer.

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 30 June 2013. In presenting its first MFRS financial statements, the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in this financial statements for the year ended 30 June 2012 could be different if prepared under the MFRS Framework.

The Group expects to achieve its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 30 June 2013.

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.

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

2.4 Basis of consolidation (cont'd)

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 statements 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 non-controlling interests

Non-controlling 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 non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling 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 non-controlling 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.

Prior to 1 July 2011, the functional currency of a subsidiary, LTIG, was SGD and all transactions in currencies other than SGD were treated as transactions in foreign currencies. During the current financial year, LTIG reassessed its functional currency and determined that the functional currency should be USD to better reflect the currency of the primary economic environment. This change has been applied prospectively.

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.

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

2.6 Foreign currency (cont'd)

b) Foreign currency transactions (cont'd)

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 recognised 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.

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 Company 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 Company 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.

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

2.7 Property, plant and equipment (cont'd)

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

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

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.

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

2.8 Intangible asset (cont'd)

Goodwill (cont'd)

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.

2.9 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 the 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. Summary of significant accounting policies (cont'd)

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, investment in subsidiaries are accounted for at cost less impairment losses.

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 statements 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.

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.

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

2.13 Financial assets (cont'd)

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.

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.

The Group did not have any held-to-maturity investments as at 30 June 2012.

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.

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

2.13 Financial assets (cont'd)

d) Available-for-sale financial assets (cont'd)

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.

The Group did not have any available-for-sale financial assets as at 30 June 2012.

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.

2.14 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.

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

2.14 Impairment of financial assets (cont'd)

a) Trade and other receivables and other financial assets carried at amortised cost (cont'd)

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.

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

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 statements 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.

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.

At the reporting 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. Summary of significant accounting policies (cont'd)

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.

2.20 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.

b) Retirement benefit obligation

The Group estimates and recognises the obligation of employee retirement benefits for which a foreign subsidiary shall have to pay in accordance with the labour law of Thailand by using the current salary of employees and the probability that employees will work until retirement ages.

c) Provision for severance allowance

The severance pay to employees of foreign subsidiaries are accrued at the end of each reporting period for all employees who have more than 12 months in service up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code, the Law on Social Insurance and related implementing guidance in Vietnam. Commencing 1 January 2009, the average monthly salary used in this calculation will be revised at the end of each reporting period following the average monthly salary of the 6-month period up to the reporting date. Any changes to the accrued amount will be recognised in profit or loss.

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

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.

2.23 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.

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 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

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. Summary of significant accounting policies (cont'd)

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.

3.2 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:

a) 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 10 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 2012 were RM75,340,000 (2011: RM78,743,000). A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately RM599,000 (2011: RM524,000) variance in the Group's profit for the year.

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

3.2 Key sources of estimation uncertainty (cont'd)

b) Impairment of assets

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

c) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such 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 2012 was RM1,101,000 (2011: RM1,771,000) and RM909,000 (2011: RM363,000) respectively.

d) Deferred tax assets

Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This involves 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 2012 was RM812,000 (2011: RM743,000).

4. Revenue

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sale of goods	517,863	500,664	-	-
Dividend income from subsidiaries	-	-	20,015	27,689
Management fees from subsidiaries	-	-	120	120
	517,863	500,664	20,135	27,809

5. Other income

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Fair value gain on derivatives	-	486	-	-
Gain on disposal of property, plant and equipment	21	401	-	-
Insurance compensation	198	618	-	-
Net realised foreign exchange gains	78	1,988	107	90
Net unrealised foreign exchange gains	871	-	-	8
Reversal of allowance for impairment of other receivables (Note 21)	-	-	4,962	-
Miscellaneous	259	203	-	-
	1,427	3,696	5,069	98

6. Finance costs

	Group	
	2012 RM'000	2011 RM'000
Interest expense on:		
Bank overdrafts	264	246
Bankers' acceptances	501	441
Bills payables	257	211
Obligations under finance leases	2	6
Term loans	1,423	2,183
Trust receipts	2,525	2,545
Others	2	-
	4,974	5,632

7. Profit before tax

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Auditors' remuneration:				
- current year	408	384	28	25
- under provision in prior year	5	17	-	3
Amortisation of land use rights (Note 18)	414	387	-	-
Bad debts written off	-	30	-	-
Depreciation of property, plant and equipment (Note 13)	16,703	14,448	-	-
Employee benefits expense (Note 8)	81,378	76,088	106	78
Fair value loss on derivatives	962	-	-	-
Impairment loss on investment in an associate	971	-	-	-
Impairment loss on investment in subsidiaries	-	-	338	339
Impairment loss on land use rights (Note 18)	-	47	-	-
Impairment loss on other investments	440	780	440	780
Impairment loss on:				
- other receivables (Note 21)	103	-	5,666	7,160
- trade receivables (Note 21)	61	-	-	-
Impairment on slow moving inventories	-	86	-	-
Interest expense on loans and receivables	-	-	-	1,063
Net unrealised foreign exchange loss	-	2,974	158	-
Non-executive directors' remuneration (Note 9)	873	1,199	270	314
Property, plant and equipment written off	25	343	-	-
Provision for severance allowance (Note 27)	216	257	-	-
Rental expense	-	65	-	-
Retirement benefit expense	40	-	-	-

8. Employee benefits expense

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Wages and salaries	71,188	66,196	-	-
Social security contributions	3,624	2,965	-	-
Contributions to defined contribution plan	1,753	1,752	-	-
Other benefits	4,813	5,175	106	78
	81,378	76,088	106	78

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM596,000 (2011: RM402,000) and RM106,000 (2011: RM78,000) 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Executive:				
Salaries and other emoluments	379	195	4	6
Fees	102	72	102	72
Bonus	22	36	-	-
Defined contribution plan	93	99	-	-
Total executive directors' remuneration	596	402	106	78
Non-executive:				
Salaries and other emoluments	320	614	18	26
Fees	399	431	252	288
Bonus	154	154	-	-
Total non-executive directors' remuneration	873	1,199	270	314
Total directors' remuneration	1,469	1,601	376	392

9. Directors' remuneration (cont'd)

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	
	2012	**2011**
Executive directors:		
RM Nil - RM50,000	1	1
RM50,001 - RM100,000	1	1
Non-executive directors:		
RM Nil - RM50,000	1	-
RM50,001 - RM100,000	3	4

10. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 30 June 2012 and 2011 are:

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	14	9	-	-
- Foreign tax	2,051	1,936	-	-
- (Over)/under provision in respect of previous years	(114)	318	-	-
	1,951	2,263	-	-
Deferred tax (Note 19):				
- Origination and reversal of temporary differences	(54)	(257)	-	-
Income tax expense recognised in profit or loss	1,897	2,006	-	-

10. Income tax expense (cont'd)

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 2012 and 2011 is as follows:

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Profit before tax	16,650	21,747	18,040	20,095
Tax at Malaysian statutory tax rate of 25% (2011: 25%)	4,163	5,437	4,510	5,024
Different tax rates in other countries	(4,828)	(7,485)	-	-
Adjustments:				
Income not subject to taxation	-	(276)	(5,004)	(6,922)
Non-deductible expenses	2,113	1,334	452	1,755
Utilisation of previously unrecognised unutilised reinvestment allowances	(336)	-	-	-
(Over)/under provision of income tax in respect of previous years	(114)	318	-	-
Deferred tax assets not recognised in respect of unutilised reinvestment allowances and unutilised tax losses	899	2,678	42	143
Income tax expense recognised in profit or loss	1,897	2,006	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 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.

10. Income tax expense (cont'd)

Tax savings during the financial year arising from:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Utilisation of current year tax losses	9	34	9	21

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Unutilised capital allowances	9	9	-	-
Unutilised reinvestment allowances	16,772	16,515	-	-
Unutilised tax losses	18,321	16,900	167	572
	35,102	33,424	167	572

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 weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2012 RM'000	2011 RM'000
Profit net of tax attributable to owners of the parent used in the computation of basic earnings per share	9,840	12,471
	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares for basic earnings per share computation	97,208	97,208

11. Earnings per share (cont'd)

a) Basic (cont'd)

	Group 2012 sen per share	Group 2011 sen per share
Basic earnings per share	10.12	12.83

b) Dilluted

No diluted earnings per share were presented as there were no potential dilutive ordinary shares outstanding as at 30 June 2012.

12. Dividends

	Group and Company 2012 RM'000	Group and Company 2011 RM'000
Recognised during the financial year:		
Final tax exempt dividend for 2010: 7.0 sen per share on 64,805,000 ordinary shares	-	4,536
Final tax exempt dividend for 2011: 2.0 sen per share on 97,207,500 ordinary shares	1,944	-
	1,944	4,536

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 30 June 2012, of 3.0 sen on 97,207,500 ordinary shares, amounting to a dividend payable of RM2,916,225 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 2013.

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 2010											
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
	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											
Cost or valuation:											
At 1 July 2011											
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
	21,637	3,973	112,433	173,434	4,493	1,008	3,183	3,429	1,458	12,291	337,339
Additions	-	-	8,282	4,549	-	4	116	343	-	137	13,431
Disposals	-	-	-	(86)	-	-	(545)	-	-	-	(631)
Written off	-	-	-	(4)	-	-	(75)	(46)	-	-	(125)
Transfers	-	-	11,201	1,364	-	-	-	-	-	(12,565)	-
Reclassification	-	-	(13)	363	-	-	(350)	-	-	-	-
Exchange differences	30	-	3,295	4,380	43	6	63	93	21	277	8,208
At 30 June 2012	21,667	3,973	135,198	184,000	4,536	1,018	2,392	3,819	1,479	140	358,222
Representing:											
At cost	18,367	3,973	129,998	184,000	4,536	1,018	2,392	3,819	1,479	140	349,722
At valuation	3,300	-	5,200	-	-	-	-	-	-	-	8,500
At 30 June 2012	21,667	3,973	135,198	184,000	4,536	1,018	2,392	3,819	1,479	140	358,222

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											
At cost	-	690	13,840	86,910	2,524	908	2,295	2,486	615	-	110,268
At valuation	-	-	811	-	-	-	-	-	-	-	811
	-	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											
Accumulated depreciation:											
At 1 July 2011											
At cost	-	756	16,097	94,691	2,864	963	2,183	2,614	753	-	120,921
At valuation	-	-	915	-	-	-	-	-	-	-	915
As restated	-	756	17,012	94,691	2,864	963	2,183	2,614	753	-	121,836
Depreciation charge for the year	-	66	3,653	11,981	360	25	196	280	142	-	16,703
Disposals	-	-	-	(80)	-	-	(545)	-	-	-	(625)
Written off	-	-	-	(1)	-	-	(53)	(46)	-	-	(100)
Reclassification	-	-	-	204	-	-	(204)	-	-	-	-
Exchange differences	-	-	444	1,865	20	6	28	57	11	-	2,431
At 30 June 2012	-	822	21,109	108,660	3,244	994	1,605	2,905	906	-	140,245
Representing:											
At cost	-	822	20,090	108,660	3,244	994	1,605	2,905	906	-	139,226
At valuation	-	-	1,019	-	-	-	-	-	-	-	1,019
At 30 June 2012	-	822	21,109	108,660	3,244	994	1,605	2,905	906	-	140,245

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	18,337	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
At cost	18,367	3,151	109,908	75,340	1,292	24	787	914	573	140	210,496
At valuation	3,300	-	4,181	-	-	-	-	-	-	-	7,481
At 30 June 2012	21,667	3,151	114,089	75,340	1,292	24	787	914	573	140	217,977

* The remaining lease term of long term leasehold land is 46 to 59 years.

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

Revaluation of freehold land and buildings

Certain freehold land and buildings of the Company 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	
	2012 RM'000	**2011 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	(949)	(880)
- Net carrying amount	2,503	2,572

Asset held under finance leases

During the financial year, the Group acquired property, plant and equipment at aggregate cost of RM Nil (2011: RM70,000) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to RM13,430,812 (2011: RM39,251,666). The carrying amounts of property, plant and equipment held under finance leases at the reporting date were as follows:

	Group	
	2012 RM'000	**2011 RM'000**
Motor vehicle	49	65

Leased asset is pledged as security for the related finance lease liability (Note 25).

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 25) are as follows:

	Group	
	2012 RM'000	**2011 RM'000**
Freehold land	15,086	15,057
Freehold buildings	17,035	17,213
Plant and machinery	7,428	8,793
	39,549	41,063

14. Investment in subsidiaries

	Company 2012 RM'000	Company 2011 RM'000
Unquoted shares, at cost	95,256	92,725
Impairment losses	(10,874)	(10,536)
	84,382	82,189

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2012 %	Proportion of ownership interest 2011 %
Held by the Company:				
Latitude Tree Furniture Sdn. Bhd. *	Malaysia	Manufacture and sale of wooden furniture and components	100	100
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 parts 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	77.62	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 parts and components	-	85

14. Investment in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2012 %	2011 %
Held through Latitude Tree International Group Ltd.:				
Latitude Tree Vietnam Joint Stock Company **	Vietnam	Manufacture and sale of wooden furniture and components	77.62	75.95
Linkage Creation International Co., Ltd. ^	Brunei Darussalam	Investment holding	77.62	75.95
Latitude Tree International Limited ^	British Virgin Islands	Investment holding	77.62	75.95
Grob Holz Company Limited #	Thailand	Manufacture and sale of wooden furniture parts and components	65.98	-
Held through Latitude Tree Vietnam Joint Stock Company:				
RK Resources Co. Ltd. **	Vietnam	Manufacture and sale of wooden furniture and components	77.62	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

Changes in the composition of the Group

a) On 12 December 2011, the Company acquired 4,000,000 shares in Latitude Tree International Group Ltd. ("LTIG") for cash from the open market and registered in the name of Maybank Kim Eng Securities Pte. Ltd..

The acquisition resulted the equity interest of the Company in LTIG increased from 75.95% to 77.62%.

b) On 1 March 2012, the disposal of 1,997,500 ordinary shares of THB100 each, representing 85% of the issued and paid-up share capital of Grob Holz Company Limited ("GHCL"), a subsidiary of the Company by Grob Holz Sdn. Bhd. ("GHSB"), a wholly-owned subsidiary of the Company, to LTIG, a subsidiary of the Company, has been completed and a supplemental agreement to the Agreement was signed between GHSB and LTIG on the same day.

The disposal resulted the indirect equity interest of the Company in GHCL diluted from 85% to 65.98%.

15. Investment in an associate

	Group 2012 RM'000	Group 2011 RM'000
Unquoted shares, at cost	1,498	1,498
Impairment losses	(971)	-
	527	1,498
Share of post-acquisition reserves	(527)	(482)
	-	1,016

The Group has not recognised losses relating to the associate where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the reporting date was RM442,000 (2011: RM Nil), of which it was the share of the current year's losses. The Group has no obligation in respect of these losses.

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2012 %	Proportion of ownership interest 2011 %
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 2012 RM'000	Group 2011 RM'000
Assets and liabilities:		
Total assets	13,886	9,608
Total liabilities	12,382	6,793
Results:		
Loss for the year	1,323	454

16. Other investments

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Subordinated bonds, at cost	3,500	3,500	3,500	3,500
Impairment losses	(3,500)	(3,060)	(3,500)	(3,060)
	-	440	-	440
Transferable golf club membership, at cost	81	81	-	-
	81	521	-	440

17. Intangible asset

	Group Goodwill	
	2012 RM'000	2011 RM'000
Cost:		
At 1 July/30 June	2,114	2,114
Accumulated impairment:		
At 1 July/30 June	2,114	2,114
Net carrying amount:		
At 1 July/30 June	-	-

18. Land use rights

	Group	
	2012	**2011**
	RM'000	**RM'000**
Cost:		
At 1 July	17,847	18,116
Additions	-	1,041
Exchange differences	871	(1,310)
At 30 June	18,718	17,847
Accumulated amortisation and impairment:		
At 1 July	3,351	3,113
Amortisation charged for the year (Note 7)	414	387
Impairment loss (Note 7)	-	47
Exchange differences	125	(196)
At 30 June	3,890	3,351
Net carrying amount	14,828	14,496
Amount to be amortised:		
- Not later than one year	414	387
- Later than one year but not later than five years	2,070	1,935
- Later than five years	12,344	12,174

The land use rights have a remaining tenure of 19 to 45 years.

19. Deferred tax

	Group	
	2012	**2011**
	RM'000	**RM'000**
At 1 July	(743)	(493)
Recognised in profit or loss (Note 10)	(54)	(257)
Exchange differences	(15)	7
At 30 June	(812)	(743)
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	-	-
Deferred tax assets	(812)	(743)
	(812)	(743)

19. Deferred tax (cont'd)

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 2011	6,647
Recognised in profit or loss	480
At 30 June 2012	7,127
At 1 July 2010	5,757
Recognised in profit or loss	890
At 30 June 2011	6,647

Deferred tax assets of the Group:

	Unutilised tax losses, unutilised reinvestment allowances and unabsorbed capital allowances RM'000	Provision RM'000	Total RM'000
At 1 July 2011	6,250	1,140	7,390
Recognised in profit or loss	480	54	534
Exchange differences	-	15	15
At 30 June 2012	6,730	1,209	7,939
At 1 July 2010	6,250	-	6,250
Recognised in profit or loss	-	1,147	1,147
Exchange differences	-	(7)	(7)
At 30 June 2011	6,250	1,140	7,390

20. Inventories

	Group 2012 RM'000	Group 2011 RM'000
Cost		
Raw materials	39,233	46,722
Work-in-progress	22,525	19,373
Finished goods	14,343	18,670
	76,101	84,765

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM375,880,731 (2011: RM370,325,298).

21. Trade and other receivables

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Trade receivables				
Third parties	33,629	26,968	-	-
Less: Allowance for impairment	(61)	-	-	-
Trade receivables, net	33,568	26,968	-	-
Other receivables				
Amounts due from subsidiaries	-	-	74,863	84,026
Amount due from an associate	1,138	20	-	-
Deposits	234	227	-	-
Staff loans	47	15	-	-
Sundry receivables	6,694	8,138	-	-
	8,113	8,400	74,863	84,026
Less: Allowance for impairment				
Amounts due from subsidiaries	-	-	(7,864)	(7,160)
Sundry receivables	(103)	-	-	-
Other receivables, net	8,010	8,400	66,999	76,866

21. Trade and other receivables (cont'd)

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Total trade and other receivables	41,578	35,368	66,999	76,866
Add: Cash and bank balances (Note 24)	59,942	54,429	1,619	2,666
Total loans and receivables	101,520	89,797	68,618	79,532

a) Trade receivables

Trade receivables are non-interest bearing and are generally on 7 to 30 day (2011: 7 to 30 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	Group	
	2012	2011
	RM'000	RM'000
Neither past due nor impaired	32,308	25,900
1 to 30 days past due not impaired	1,021	709
31 to 60 days past due not impaired	36	201
61 to 90 days past due not impaired	16	10
More than 90 days past due not impaired	187	148
	1,260	1,068
Impaired	61	-
	33,629	26,968

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 RM1,260,203 (2011: RM1,067,734) 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 2012 RM'000	2011 RM'000
Trade receivables - nominal amounts	61	-
Less: Allowance for impairment	(61)	-
	-	-

Movement in allowance accounts:

	Group 2012 RM'000	2011 RM'000
At 1 July	-	31
Charge for the year (Note 7)	61	-
Written off (Note 7)	-	(31)
At 30 June	61	-

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, non-interest bearing (2011: interest at 2.8% per annum) and repayable on demand (2011: no fixed terms of repayment).

Amount due from an associate is unsecured, non-interest bearing (2011: interest at 2.8% per annum) and repayable on demand (2011: no fixed terms of repayment).

Included in sundry receivables of the Group are:

i) Import duty and other direct taxes receivable in foreign subsidiaries of RM4,895,394 (2011: RM5,363,700).

ii) Advance to suppliers of RM1,485,565 (2011: RM2,254,132) mainly relates to payment in advance for raw materials purchased.

21. Trade and other receivables (cont'd)

b) Other receivables (cont'd)

Other receivables that are impaired

	Group Individually impaired		Company Individually impaired	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Other receivables - nominal amounts	103	-	8,178	15,802
Less: Allowance for impairment	(103)	-	(7,864)	(7,160)
	-	-	314	8,642

Movement in allowance accounts:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 1 July	-	-	7,160	-
Charge for the year (Note 7)	103	-	5,666	7,160
Reversal of impairment loss (Note 5)	-	-	(4,962)	-
At 30 June	103	-	7,864	7,160

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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Ringgit Malaysia	1,030	963	66,948	76,818
United States Dollars	33,301	27,087	51	48
Vietnam Dong	5,523	6,307	-	-
Thai Baht	586	1,011	-	-
Taiwanese Dollars	1,138	-	-	-
	41,578	35,368	66,999	76,866

22. Investment securities

	Group 2012 RM'000 Carrying amount	Group 2012 RM'000 Market value of quoted investments	Group 2011 RM'000 Carrying amount	Group 2011 RM'000 Market value of quoted investments
Current				
Held for trading investments				
- Equity instruments (quoted in Malaysia)	1,196	1,196	1,018	1,018

23. Derivatives

	Group 2012 RM'000 Contract/ Notional amount	Group 2012 RM'000 Assets	Group 2012 RM'000 Liabilities	Group 2011 RM'000 Contract/ Notional amount	Group 2011 RM'000 Assets	Group 2011 RM'000 Liabilities
Non-hedging derivatives:						
Current						
Forward currency contracts	26,376	-	(307)	31,202	655	-
Add: Held for trading investment (Note 22)		1,196	-		1,018	-
Total held for trading financial assets/(liabilities)		1,196	(307)		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 United Stated Dollars ("USD") for which Group's commitments existed at the reporting date, extending to December 2012 (2011: April 2012)(Note 34(d)).

During the financial year, the Group recognised a loss of RM962,540 (2011: gain of RM486,242) arising from fair value changes of derivative assets. The fair value changes are attributable to changes in foreign exchange closing and forward rate. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 33.

24. Cash and bank balances

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash at banks and in hand	25,217	25,652	210	1,295
Short term deposits with licensed banks	34,725	28,777	1,409	1,371
Cash and bank balances	59,942	54,429	1,619	2,666

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 1 day and 365 days (2011: 30 days and 365 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 2012 for the Group and the Company were 1.83% (2011: 2.89%) and 2.74% (2011: 2.88%) respectively.

Short term deposits with licensed banks of the Group and the Company of RM6,049,348 (2011: RM5,567,644) and RM1,409,298 (2011: RM1,371,114) respectively are pledged as securities for loans and borrowings (Note 25).

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash and bank balances	59,942	54,429	1,619	2,666
Bank overdrafts (Note 25)	(2,532)	(3,344)	-	-
	57,410	51,085	1,619	2,666
Deposits pledged as securities for bank borrowings	(6,049)	(5,568)	(1,409)	(1,371)
Total cash and cash equivalents	51,361	45,517	210	1,295

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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Ringgit Malaysia	9,191	5,635	1,428	1,405
United States Dollars	40,655	34,015	191	1,261
Singapore Dollars	5,289	7,533	-	-
Vietnam Dong	4,677	7,005	-	-
Thai Baht	127	238	-	-
Others	3	3	-	-
	59,942	54,429	1,619	2,666

25. Loans and borrowings

	Maturity	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Current					
Secured:					
Bank overdrafts	On demand	2,532	3,344	-	-
Bankers' acceptances	2013	10,797	10,597	-	-
Bills payable	2013	3,794	3,923	-	-
Term loans	2013	7,798	7,602	-	-
Trust receipts	2013	68,622	60,674	-	-
Obligation under finance leases (Note 32(b))	2013	24	23	-	-
		93,567	86,163	-	-
Unsecured:					
Primary Collateralised Loan Obligation	2012	-	13,200	-	13,200
		93,567	99,363	-	13,200
Non-current					
Secured:					
Term loans	2014 - 2026	9,178	13,914	-	-
Obligation under finance leases (Note 32(b))	2014	6	25	-	-
		9,184	13,939	-	-
Total loans and borrowings		102,751	113,302	-	13,200

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

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
On demand or within one year	93,567	99,363	-	13,200
More than 1 year and less than 2 years	3,935	6,307	-	-
More than 2 years and less than 5 years	2,411	4,558	-	-
5 years or more	2,838	3,074	-	-
	102,751	113,302	-	13,200

25. Loans and borrowings (cont'd)

Bank overdrafts

The weighted average effective interest rate of bank overdrafts as at the reporting date was 7.90% (2011: 7.09%) per annum. Bank overdrafts of the Group are secured by short term deposits of the Group and of the Company (Note 24), negative pledge over the assets of the Group and corporate guarantee from the Company.

Bankers' acceptances

The weighted average effective interest rate of bankers' acceptances as at the reporting date was 3.61% (2011: 3.24%) per annum. The bankers' acceptances are secured by the short term deposits of the Group and of the Company (Note 24), 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.

Bills payable

The weighted average effective interest rate of bills payable as at the reporting date was 6.45% (2011: 5.75%) per annum. The bills payable are secured by the fixed charge on freehold land and buildings and plant and machinery (Note 13) of a subsidiary.

Term loans

The term loans are secured by the following:

a) Fixed charge over the freehold land and buildings and plant and machinery 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 3.75% to 6.54% (2011: 3.60% to 8.25%) per annum.

Trust receipts

The weighted average effective interest rate of trust receipts as at the reporting date was 4.14% (2011: 3.75%) per annum. Trust receipts of the Group are secured by corporate guarantee from the Company and a subsidiary.

Obligation under finance leases

This obligation is secured by a charge over the leased asset (Note 13). The discount rate implicit in the leases is 3.55% (2011: 3.55%) per annum.

Primary Collateralised Loan Obligation

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% (2011: 5.63%) per annum has repaid in one bullet payment at the end of the loan period on 8 January 2012.

   Under the Facility Agreement entered into with RHB Investment Bank Berhad (the "Lender") and Prima Uno Berhad (the "Issuer"), a company specially incorporated for the purpose of implementing and carrying out a primary collateralised loan obligations transaction where the Issuer will issue Bonds to finance its purchase of Transferred Assets, the Lender will sell, transfer and assign its rights, title and interest to the loan proceeds (the "Transferred Assets") to the Issuer. The Company has subscribed for the Subordinated Bonds of RM2,000,000 as disclosed in Note 16 to the financial statements.

25. Loans and borrowings (cont'd)

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Ringgit Malaysia	16,434	30,740	-	13,200
United States Dollars	77,510	71,570	-	-
Thai Baht	8,807	10,992	-	-
	102,751	113,302	-	13,200

26. Trade and other payables

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade payables				
Third parties	44,300	48,501	-	-
Other payables				
Amount due to a subsidiary	-	-	21,258	33,273
Accruals	10,886	5,690	94	97
Sundry payables	9,001	10,448	3	7
	19,887	16,138	21,355	33,377
Total trade and other payables	64,187	64,639	21,355	33,377
Add: Loans and borrowings (Note 25)	102,751	113,302	-	13,200
Total financial liabilities carried at amortised cost	166,938	177,941	21,355	46,577

a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 15 to 90 day (2011: 15 to 90 day) terms.

b) Other payables

Sundry payables are non-interest bearing and are normally settled on an average term of one month (2011: average term of one month).

26. Trade and other payables (cont'd)

b) Other payables (cont'd)

Included in accruals of the Group are:

i) RM36,000 (2011: RM36,000) due to a director for director's remuneration. This amount is unsecured, interest free and is repayable on demand.

ii) RM3,166,000 (2011: RM Nil) due to a director of a subsidiary for loan given to the subsidiary. This amount is unsecured, interest free and is repayable on demand.

iii) RM2,550,381 (2011: RM3,033,912) accrued for import and export duties and other direct taxes payable in foreign subsidiaries.

Amount due to a subsidiary is unsecured, non-interest bearing (2011: interest at 2.8% per annum) and repayable on demand (2011: no fixed terms of repayment).

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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Ringgit Malaysia	10,341	11,290	21,355	33,377
United States Dollars	18,024	21,981	-	-
Singapore Dollars	-	155	-	-
Vietnam Dong	31,514	29,697	-	-
Thai Baht	4,308	1,516	-	-
	64,187	64,639	21,355	33,377

27. Provision for severance allowance

	Group	
	2012 RM'000	2011 RM'000
At 1 July	612	835
Arose during the year (Note 7)	216	257
Utilised	(294)	(423)
Exchange differences	30	(57)
At 30 June	564	612

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

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 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	-
At 1 July 2011/30 June 2012	97,208	-	97,208	1,225	98,433	-

	Number of ordinary shares of RM1 each		Amount	
	2012 '000	2011 '000	2012 RM'000	2011 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.

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. In prior 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 2012, the Company has tax exempt profits available for distribution of approximately RM93,036,000 (2011: RM74,965,000) of its retained earnings, 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 2012 and 2011 to distribute cash dividend payments to ordinary shareholdings as defined under Finance Act 2007. As at 30 June 2012, the Company has sufficient credit in the 108 balance to pay franked dividends amounting to RM1,634,000 (2011: RM1,634,000) out of its retained earnings. If the balance of retained earnings of RM31,805,000 (2011: RM15,709,000) 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 2010	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)
At 1 July 2011	1,114	(10,346)	(9,232)
Other comprehensive income:			
Foreign currency translation	-	4,357	4,357
At 30 June 2012	1,114	(5,989)	(4,875)

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.

30. Other reserves (cont'd)

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:

	Company	
	2012 RM'000	**2011 RM'000**
Management fees received from a subsidiary	120	120
Dividend income received from subsidiaries	20,015	27,689
Interest income received from subsidiaries	-	2,120
Interest expense paid to subsidiaries	-	1,063

b) Compensation of key management personnel

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Short-term employee benefits	2,327	2,436	376	392
Defined contribution plan	96	99	-	-
	2,423	2,535	376	392

Included in the total key management personnel is:

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Directors' remuneration (Note 9)	1,469	1,601	376	392

32. Commitments

a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group	
	2012 RM'000	**2011 RM'000**
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	346	9,808

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	
	2012 RM'000	**2011 RM'000**
Minimum lease payments:		
Not later than 1 year	25	26
Later than 1 year and not later than 2 years	6	25
Total minimum lease payments	31	51
Less: Amounts representing finance charges	(1)	(3)
Present value of minimum lease payments	30	48
Present value of payments:		
Not later than 1 year	24	23
Later than 1 year and not later than 2 years	6	25
Present value of minimum lease payments	30	48
Less: Amount due within 12 months (Note 25)	(24)	(23)
Amount due after 12 months (Note 25)	6	25

32. Commitments (cont'd)

c) Operating lease commitments

As at the end of the financial year, commitments in respect of non-cancellable operating lease in respect of usage of land as follows:

	Group	
	2012	**2011**
	RM'000	**RM'000**
Not later than 1 year	201	191
Later than 1 year but not later than 5 years	803	764
Later than 5 years	5,805	5,699
	6,809	6,654

Operating lease payments represent rental payable by the Group for use of land in Vietnam. These leases have tenure ranging from 37 to 48 (2011: 38 to 49) years with renewal option is subject to the approval from government and no contingent rent provision included in the contracts.

33. Fair value of financial instruments

A. Determination of fair value

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	
- Trade receivables	21
- Sundry receivables	21
- Deposits	21
- Staff loans	21
Loans and borrowings (current and non-current)	25
Trade and other payables	
- Trade payables	26
- Sundry payables	26
- Accruals	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 loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The fair values of 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.

33. Fair value of financial instruments (cont'd)

A. Determination of fair value (cont'd)

Derivatives

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

Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at the reporting date.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

a) Level 1 Quoted prices (unadjusted) in active markets for identical assets and liabilities.

b) Level 2 Input other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

c) Level 3 Input for the asset or liability that are not based on observable market data (unobservable input).

	Note	Level 1 RM'000
Financial assets:		
Held for trading investments		
- Equity instruments (quoted)	22	1,196

34. 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.

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

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.

Exposure to credit risk

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 (2011: RM43,100,000) 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.

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			
	2012 RM'000	**% of total**	**2011 RM'000**	**% of total**
By country:				
Malaysia	455	1%	463	2%
United States	32,598	97%	25,676	95%
Thailand	515	2%	829	3%
	33,568	100%	26,968	100%

At the reporting date, approximately 52% (2011: 50%) of the Company's trade receivables were due from 3 major overseas customers.

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

a) Credit risk (cont'd)

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables 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.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21.

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.

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.

	2012 RM'000			
	On demand or within one year	**One to five years**	**Over five years**	**Total**
Group				
Financial liabilities:				
Trade and other payables	64,187	-	-	64,187
Loans and borrowings	93,567	6,346	2,838	102,751
Total undiscounted financial liabilities	157,754	6,346	2,838	166,938
Company				
Financial liabilities:				
Trade and other payables, representing total undiscounted financial liabilities	21,355	-	-	21,355

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

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.

<u>Sensitivity analysis for interest rate risk</u>

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 RM441,331 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.

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"), Vietnam Dong ("VND"), Singapore Dollars ("SGD"), Thai Baht ("THB") and Taiwanese Dollars ("TWD").

Approximately 99% (2011: 99%) and 72% (2011: 73%) 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 (mainly in USD) amount to RM40,654,849 (2011: RM34,014,503) and RM190,616 (2011: RM1,260,603) 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 2012, the Company entered into forward currency contracts amount to RM26,376,000 (2011: RM31,202,000).

<u>Sensitivity analysis for foreign currency risk</u>

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

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

d) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk (cont'd)

	Group
	2012 RM'000 Profit net of tax
VND/RM - strengthened 10%	(1,966)
VND/RM - weakened 10%	1,966
THB/RM - strengthened 10%	(1,138)
THB/RM - weakened 10%	1,138
USD/RM - strengthened 10%	(613)
USD/RM - weakened 10%	613
SGD/RM - strengthened 10%	471
SGD/RM - weakened 10%	(471)
TWD/RM - strengthened 10%	126
TWD/RM - weakened 10%	(126)

35. 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 2012 and 2011.

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.

35. Capital management (cont'd)

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
Loans and borrowings	25	102,751	113,302	-	13,200
Trade and other payables	26	64,187	64,639	21,355	33,377
Less: Cash and bank balances	24	(59,942)	(54,429)	(1,619)	(2,666)
Net debt		106,996	123,512	19,736	43,911
Equity attributable to owners of the parent, represents total capital		209,675	196,214	131,872	115,776
Capital and net debt		316,671	319,726	151,608	159,687
Gearing ratio		34%	39%	13%	27%

36. 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.

36. 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 2012						
Revenue:						
External customers	517,863	-	-	-		517,863
Inter segment	23,295	-	45,180	(68,475)	A	-
Total revenue	541,158	-	45,180	(68,475)		517,863
Results:						
Interest income from loans and receivables	185	17	143	-		345
Depreciation and amortisation	15,501	1,836	-	(220)		17,117
Other non-cash expenses	702	(1)	7,112	(5,866)	B	1,947
Segment profit/(loss)	26,770	(1,699)	44,256	(52,677)	C	16,650
Assets:						
Additions to non-current assets	13,431	-	-	-	D	13,431
Segment assets	387,475	38,458	284,090	(294,976)	E	415,047
Liabilities:						
Segment liabilities	219,772	42,250	30,345	(123,609)	F	168,758

36. 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	58	3,328	(3,314)		621
Depreciation and amortisation	13,185	1,864	-	(214)		14,835
Other non-cash expenses	1,139	3	2,892	(3)	B	4,031
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

36. 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	2012 RM'000	2011 RM'000
Fair value loss/(gain) on derivatives	5, 7	962	(486)
Net unrealised foreign exchange (gain)/loss	5, 7	(871)	2,974
Bad debts written off	7	-	30
Impairment loss on investment in an associate	7	971	-
Impairment loss on land use rights	7	-	47
Impairment loss on other investments	7	440	780
Impairment loss on other receivables	7	103	-
Impairment loss on trade receivables	7	61	-
Impairment on slow moving inventories	7	-	86
Property, plant and equipment written off	7	25	343
Provision for severance allowance	7	216	257
Retirement benefit expense	7	40	-
		1,947	4,031

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:

	2012 RM'000	2011 RM'000
Revenue from inter-segment	(68,475)	(75,815)
Cost of sales from inter-segment	25,434	33,886
Other income from inter-segment	(9,531)	(20,446)
Administrative expenses from inter-segment	120	120
Other expenses from inter-segment	(180)	10,924
Share of results of associates	(45)	(331)
	(52,677)	(51,662)

36. Segment information (cont'd)

Notes	Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.
D	Additions to non-current assets consist of:

	2012 RM'000	2011 RM'000
Property, plant and equipment	13,431	39,322

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

	2012 RM'000	2011 RM'000
Inter-segment assets	294,976	323,921

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

	2012 RM'000	2011 RM'000
Inter-segment liabilities	123,609	161,515

Geographical information

Geographically, management reviews the performance of the businesses in Malaysia, Vietnam and Thailand. Revenue information based on the geographical location of the operations of the Group are as follows:

	Revenue	
	2012 RM'000	2011 RM'000
Malaysia	141,251	132,996
Vietnam	356,566	351,048
Thailand	20,046	16,620
	517,863	500,664

37. Event occurring after the reporting date

On 30 August 2012, the liquidation process of P.T.Latitude Tree ("PT Latitude"), a wholly owned subsidiary of L-Tree Resources Sdn. Bhd. has been approved by the Board of Directors of PT Latitude. The liquidation process has not been completed as at the date of this report.

38. Comparatives

Certain comparative amounts as at 30 June 2011 have been reclassified to conform with current year's presentation.

39. Authorisation of financial statements for issue

The financial statements for the year ended 30 June 2012 were authorised for issue in accordance with a resolution of the directors on 29 October 2012.

40. 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 2012 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	176,817	33,597
- Unrealised	1,119	(158)
	177,936	33,439
Total share of retained earnings of associates		
- Realised	(527)	-
Less: Consolidation adjustments	(61,292)	-
Retained earnings as per financial statements	116,117	33,439

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 and 1 two-storey office building	Freehold	N/A	19	167,433	7,481	25/9/2002 (R)
Lot 3358, Batu 7 3/4, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan	Industrial land with a 3 storey office building and and 1 block of factory building	Freehold	N/A	12	168,800	10,083	27/1/2010 (A)
Lot 3360, Batu 7 3/4, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan	Industrial land with 1 building of factory building	Freehold	N/A	14	171,518	8,463	19/3/2003 (A)
Lot 6147, Kawasan Perindustrian Ajil, Fasa 2, Batu 21, Jalan Ajil, Kuala Berang 21800 Ulu Terengganu Terengganu	Industrial land with 9 blocks of factory building and 1 single-storey office building	Leasehold	2059	14	674,879	10,842	3/8/1999 (A)
Lot 5803, 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	12	671,345	7,783	30/5/2000 (A)
Lot 6686, Kawasan Perindustrian Ajil, Mukim Tanggul, Hulu Terengganu	Vacant industrial land	Leasehold	2064	N/A	143,784	173	15/10/2003 (A)
PT 64526, Batu 8 , Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan	Industrial land with 3 block of factory building and 1 two-storey office building	Freehold	N/A	10/20	332,939	19,633	2/5/2001 (R)
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	18	103,727	478	14/4/2003 (A)

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	5	59,890	1,747	18/12/2006 (A)
Title Deed No. 18571/18572/19359, 19942 and 19943, Moo 1, Tung Mo Subdistrict, Sadao District, Songkhla Province, Thailand	Industrial land with 3 blocks of factory buildings and 4 blocks of workers' quarters.	Freehold	N/A	6	869,024	12,566	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	407	21/1/2005 (A)
No. 29, Road DT 743 Song Than, Industrial Zone II, 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	11	637,869	17,860	February 2001 (A)
Lot L, Road 27, Song Than, Industrial Zone II, Di An District Binh Duong Province, Vietnam	Industrial land with 1 block of warehouse building	Leasehold	2045	6	140,243	4,024	March 2006 (A)
Lot 241, 242, 249,250 and 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	7	780,082	10,640	May 2002 (A)
Lot 231 and 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	5	1,011,043	12,785	May 2002 (A)
Lot 77, 232, 243 and 244, Lai Uyen Commune, Ben Cat District, Binh Duong Province, Vietnam	Industrial land with 3 blocks of factory building and 1 block of office building	Leasehold	2052	4	1,035,962	22,133	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	5	1,116,670	3,940	Nov 2006 (A)
Lot N, Road 26, Song Than, Industrial Zone II, Di An District, Binh Duong Province, Vietnam	Industrial land with 2 blocks of factory building and 1 block of office building	Leasehold	2030	11	111,008	3,350	Sept 2010 (A)

ANALYSIS OF SHAREHOLDINGS AS AT 2 NOVEMBER 2012

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	% of Issued Capital
1 - 99	126	6.32	7,656	0.01
100 - 1,000	51	2.56	26,164	0.03
1,001 - 10,000	1,241	62.23	5,304,646	5.46
10,001 - 100,000	518	25.98	14,470,584	14.88
100,001 - 4,860,374	53	2.66	31,229,722	32.13
4,860,375 (5% of Issued Capital) and above	5	0.25	46,168,728	47.49
TOTAL	1,994	100.00	97,207,500	100.00

THIRTY LARGEST SHAREHOLDERS/DEPOSITORS AS AT 2 NOVEMBER 2012

	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)	4,789,000	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	2.62
10.	CHEN, CHIU-CHIN	2,243,500	2.31
11.	LIN CHEN, JUI-FEN	1,969,125	2.02
12.	HO SUE BIA	1,157,472	1.19
13.	PRB NOMINEES (TEMPATAN) SDN BHD RUBBER INDUSTRY SMALLHOLDERS DEVELOPMENT AUTHORITY	880,800	0.91
14.	AFFIN NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIN, CHIN-HUNG (LIN0238C)	820,000	0.84
15.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BHOOPINDAR SINGH A/L HARBANS SINGH (SS2/JUP)	682,100	0.70
16.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOTORCRAFT ACCESSORIES (TAWAU) SDN BHD (E-TWU)	470,000	0.48
17.	TAN AIK CHOON	435,450	0.45
18.	SHEN CHAO MING	357,150	0.37
19.	WU, LI-YUN	354,300	0.36
20.	TAN SOON ENG	309,000	0.32
21.	OSK NOMINEES (TEMPATAN) SDN BERHAD PLEDGED SECURITIES ACCOUNT FOR CHUA SENG HUAT	300,000	0.31
22.	NGOH AH CHYE	280,300	0.29
23.	LOW KOK CHUAN	270,000	0.28
24.	LIAU SIONG KEE @ LIEW SIONG KEE	238,800	0.24
25.	YEO ECK LIONG	233,000	0.24
26.	OSK NOMINEES (TEMPATAN) SDN BERHAD LIM GEOK JOO @ LIM YORK JOO	201,000	0.21

	Name of Shareholders/Depositors	No. of Shares	% of Issued Capital
27.	LIM CHENG THOR	200,000	0.21
28.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAW SIENG TEONG (E-SGM)	200,000	0.21
29.	HENG PENG HONG	193,500	0.20
30.	WONG SHAK ON	190,500	0.20
	TOTAL	73,488,125	75.60

SUBSTANTIAL SHAREHOLDERS AS AT 2 NOVEMBER 2012

	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	11,836,201[1]	12.18
Konsortium Kontrek Sdn Bhd	14,610,000	15.03	-	-
Lin Chen, Jui-Fen	11,016,201	11.33	19,723,777[2]	20.29
Lin, Tzu-Lang	10,665,375	10.97	-	-
Yek Siew Liong	-	-	14,610,000[3]	15.03
Lin, Chin-Hung	820,000	0.84	29,919,978[4]	30.78

Notes:

[1] The late Mr Lin, Tzu-Keng is deemed interested by virtue of spouse's and child's interests in the Company
[2] Deemed interested by virtue of late spouse's and child's interests in the Company
[3] Deemed interested by virtue of Section 6A(4)(c) of the Companies Act 1965, held through Konsortium Kontrek Sdn Bhd
[4] Deemed interested by virtue of parents' interests in the Company

DIRECTORS' SHAREHOLDINGS AS AT 2 NOVEMBER 2012

	Direct		Indirect	
Name of Directors	No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
Lin Chen, Jui-Fen [1]	11,016,201	11.33	19,723,777 [2]	20.29
Lin, Tzu-Lang [1]	10,665,375	10.97	-	-
Lin, Chin-Hung [1]	820,000	0.84	29,919,978[3]	30.78
Yek Siew Liong [1]	-	-	14,610,000[4]	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 late spouse's and child's interests in the Company
[3] Deemed interested by virtue of parents' interests in the Company
[4] Deemed interested by virtue of Section 6A(4)(c) of the Companies Act 1965, held through Konsortium Kontrek Sdn Bhd

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of the shareholders of LATITUDE TREE HOLDINGS BERHAD will be held at Ivory 12 Room, Holiday Villa Subang, No. 9, Jalan SS 12/1, Subang Jaya, 47500 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 18 December 2012 at 1.00pm for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2012 together with Reports of the Directors' and the Auditors' thereon. **Please refer to Note 7**

2. To declare a final dividend of 3.0 sen per share (tax exempt) for the financial year ended 30 June 2012. **Ordinary Resolution 1**

3. To approve payment of Directors' fees for the financial year ending 30 June 2013 to be paid quarterly in arrears. **Ordinary Resolution 2**

4. To re-elect Mdm Lin Chen, Jui-Fen retiring pursuant to Articles 85 and 113 of the Articles of Association of the Company. **Ordinary Resolution 3**

5. To re-elect Mr Lin, Chin-Hung retiring pursuant Article 89 of the Articles of Association of the Company. **Ordinary Resolution 4**

6. To consider and, if thought fit, pass the following resolutions pursuant to Section 129(6) of the Companies Act, 1965:-

   (i) "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 5**

   (ii) "That pursuant to Section 129(6) of the Companies Act, 1965, Mr Lin, Tzu-Lang be re-appointed as Director to hold office until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 6**

7. 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:-

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

   "THAT, pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company for the time being, subject always to the approval of all relevant Regulatory Authorities being obtained for such allotment and issuance." **Ordinary Resolution 8**

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

"THAT, the mandate granted by the shareholders of the Company at the Annual General Meeting held on 15 December 2011 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 26 November 2012 ("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 Eighteenth 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 Eighteenth 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**

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

"THAT subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company, the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and the approvals of all relevant governmental and/ or regulatory authorities (if any), the Company be and is hereby authorised to utilise the maximum amount of funds available in the Company which shall not exceed the Company's aggregate retained earnings 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 earnings 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 Eighteenth 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**

11. **AUTHORITY TO CONTINUE IN OFFICE AS SENIOR INDEPENDENT DIRECTOR**

THAT authority be and is hereby given to Dato' Haji Shaharudin Bin Haji Haron who has served as an Senior Independent Director of the Company for a cumulative term of more than nine years, to continue to act as a Senior Independent Director of the Company until the conclusion of the next Annual General Meeting in accordance with Malaysian Code of Corporate Governance 2012. **Ordinary Resolution 11**

12. **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

THAT the deletions, alterations, modifications, variations and additions to the Articles of Association of the Company as set out in Appendix I attached with the Annual Report for the financial year ended 30 June 2012 be and are hereby approved. **Special Resolution**

NOTICE OF DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the final dividend of 3.0 sen per share (tax exempt) for the financial year ended 30 June 2012, if approved, will be paid on 18 January 2013 to shareholders whose names appear on the Record of Depositors as at 20 December 2012.

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 20 December 2012 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 : 26 November 2012

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. 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.

3. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

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.

6. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available a Record of Depositors as at 7 December 2012 and only Members whose names appear on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

7. Agenda 1 is meant for discussion only as provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval from shareholders of the Company and hence, Agenda 1 is not put forward for voting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Ordinary Resolution 8
- **Resolution pursuant to Section 132D of the Companies Act, 1965**

The Company had, during its Seventeenth Annual General Meeting held on 15 December 2011, 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 8 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total ten per centum (10%) of the issued share capital (excluding treasury shares, if any) of the Company for such purpose as the Directors consider would be in the interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding investment project(s) 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 26 November 2012 accompanying the Annual Report of the Company for the financial year ended 30 June 2012.

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 Eighteenth Annual General Meeting is required by law to be held.

For further information, please refer to the Letter to Shareholders dated 26 November 2012 accompanying the Annual Report of the Company for the financial year ended 30 June 2012.

Ordinary Resolution 11

- **Authority to continue in office as Senior Independent Director**

The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of the Dato' Haji Shaharuddin Bin Haji Haron who has served as Senior Independent Director of the Company for a cumulative term of more than nine years and recommended him to continue to act as Senior Independent Director of the Company based on the following justifications:-

a. He has fulfilled the criteria under the definition on Independent Directors as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and therefore is able to bring independent and objective judgement to the Board;

b. His experience in the manufacturing industry enable him to provide the Board with a diverse set of experience, expertise, skills and competence;

c. He has been with the Company for more than nine years and therefore understand the Company's business operations which enable him to participate actively and contribute during deliberations or discussions at Audit Committee, Nomination Committee, Remuneration Committee and Board meetings;

d. He has contributed sufficient time and efforts and attended all the Audit Committee, Nomination Committee, Remuneration Committee and Board meetings for informed and balanced decision making; and

e. He has exercised due care during his tenure as Senior Independent Director of the Company and carried out his professional duty in the interest of the Company and shareholders.

Special Resolution

- **Proposed Amendments to the Articles of Association**

The Special Resolution, if passed, will render the Articles of Association of the Company to be in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which took effect on 3 January 2012 and to update the Articles of Association of the Company to be consistent with the prevailing laws, guidelines or requirements of the relevant authorities and to further enhance administrative efficiency of the Company.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Articles of Association of the Company are proposed to be amended in the following manner:-

Article No.	Existing Articles	Amended Articles
2.	**WORDS** **MEANINGS** *New definition* *New definition*	**WORDS** **MEANINGS** **Exempt Authorised Nominee** — **An authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act.** **Share Issuance Scheme** — **means a scheme involving a new issuance of shares to the employees.**
8(e)	every issue of shares or options to employees and/or Directors of the Company shall be approved by the members in general meeting and no Director shall participate in such an issue of shares or options unless the members in general meeting have approved of the specific allotment to be made to such Director.	every issue of shares or options to employees and/or Directors ***and any participation in share issuance scheme by Directors*** shall be approved by the Members in general meeting and no Director shall participate in such an issue of shares or options unless the members in general meeting have approved of the specific allotment to be made to such Director.
60.	Every notice calling a General Meeting shall state with reasonable prominence that a Member entitled to attend and vote at meeting may appoint one or more proxies to attend and to vote on a poll instead of him and that a proxy need not also be a Member. Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. In the case of a meeting convened for the purpose of passing a Special Resolution, the notice shall also specify the intention to propose the resolution as a Special Resolution. The Company shall comply with the provision of Section 151 of the Act as to giving notice of resolution and circulating statements on the requisition of Members.	Every notice calling a General Meeting shall state with reasonable prominence that a Member entitled to attend and vote at meeting may appoint one or more proxies to attend and to vote on a poll instead of him and that a proxy need not also be a Member ***of the Company and the provision of Section 149(1)(b) of the Act shall not apply to the Company. There shall be no restriction as to the qualification of the proxy.*** *Where a member of the Company is an* ***Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*** In the case of a meeting convened for the purpose of passing a Special Resolution, the notice shall also specify the intention to propose the resolution as a Special Resolution. The Company shall comply with the provision of Section 151 of the Act as to giving notice of resolution and circulating statements on the requisition of Members.

Article No.	Existing Articles	Amended Articles
73.	Subject to any special rights or restrictions as to voting attached to any class or classes of shares by or in accordance with these Articles, on a show of hands every person present who is a holder of ordinary shares or preference shares or a member's representative or proxy or attorney and entitled to vote shall be entitled to one vote and in the case of a poll every member present in person or by proxy or by attorney or other duly authorised representative shall have one vote for every share held by him. A person entitled to more than one vote need not use all his votes or cast all the votes he uses on a poll in the same way. A member may appoint not more than two proxies to attend at the same meeting. Where a member appoints two proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.	Subject to any special rights or restrictions as to voting attached to any class or classes of shares by or in accordance with these Articles, on a show of hands every person present who is a holder of ordinary shares or preference shares or a member's representative or proxy or attorney and entitled to vote shall be entitled to one vote ***on any question at any general meeting*** and in the case of a poll every member present in person or by proxy or by attorney or other duly authorised representative shall have one vote for every share held by him. A person entitled to more than one vote need not use all his votes or cast all the votes he uses on a poll in the same way. A member may appoint not more than two proxies to attend at the same meeting. Where a member appoints two proxies, ***the appointment shall be invalid unless he specifies the proportions*** of his shareholdings to be represented by each proxy ***and only one of those proxies is entitled to vote on a show of hands. A proxy appointed to attend and vote at a meeting shall have the same rights as the member to speak at the meeting.***
130.	All acts done by any meeting of Directors, or of a Acts, committee of Directors, or by any person acting as a Director, shall as regards all persons dealing in good faith with the Company, notwithstanding that there was some defect in the appointment of any such Director, or person acting as aforesaid, or that they or any of them where disqualified, or had vacated office or were not entitled to vote, be as valid as if every such person had been appointed, and was qualified and had continued to be a Director and had been entitled to vote.	All acts done by any meeting of Directors, or of a committee of Directors, or by any person acting as a Director, shall as regards all persons dealing in good faith with the Company, notwithstanding that there was some defect in the appointment of any such Director, or person acting as aforesaid, or that they or any of them where disqualified, or had vacated office or were not entitled to vote, be as valid as if every such person had been appointed, and was qualified and had continued to be a Director and had been entitled to vote.
131.	A resolution in writing signed by a majority of all the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted; provided that where a Director has an alternate, then such resolution may also be signed by such alternate. All such resolutions shall be described as "Directors' Circular Resolution" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's Minutes Book. Any such resolution may consist of several documents in like form, each signed by one or more Directors.	A resolution in writing signed ***or approved by way of an electronic mail, facsimile or other electronic communications*** by a majority of all the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted; provided that where a Director has an alternate, then such resolution may also be signed by such alternate. All such resolutions shall be described as "Directors' Circular Resolution" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's Minutes Book. Any such resolution may consist of several documents in like form, each signed by one or more Directors.

[end of Appendix I]

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LATITUDE TREE HOLDINGS BERHAD
(302829-W)

PROXY FORM

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

I/We,____ IC No./ID No./Company No.__________________________________
of ____
being a member of LATITUDE TREE HOLDINGS BERHAD hereby appoint ______________________________________
____________________________________ IC No./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 Eighteenth Annual General Meeting of the Company to be held at Ivory 12 Room, Holiday Villa Subang, No. 9, Jalan SS 12/1, Subang Jaya, 47500 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 18 December 2012 at 1.00pm and at any adjournment thereof.

** Please delete the words "the Chairman of the Meeting" if you wish to appoint some other person to be your proxy.*

My/our proxy is to vote as indicated below :

	Resolution	For	Against
Ordinary Resolution 1	Declaration of a final dividend of 3.0 sen per share (tax exempt) for the financial year ended 30 June 2012		
Ordinary Resolution 2	Approval of Directors' fees for the financial year ending 30 June 2013		
Ordinary Resolution 3	Re-election of Mdm Lin Chen, Jui-Fen as Director		
Ordinary Resolution 4	Re-election of Mr Lin, Chin-Hung as Director		
Ordinary Resolution 5	Re-appointment of Dato' Haji Shaharuddin Bin Haji Haron as Director		
Ordinary Resolution 6	Re-appointment of Mr Lin, Tzu-Lang 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		
Ordinary Resolution 11	Authority for Dato' Haji Shaharuddin Bin Haji Haron to continue in office as Senior Independent Director		
Special Resolution	Proposed Amendment of to the Articles of Association		

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 share-holdings 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. 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.
3. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
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.
6. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available a Record of Depositors as at 7 December 2012 and only Members whose names appear on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

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Affix Stamp

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

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Latitude Tree Holdings Berhad
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Fax: 603-3291 5407
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