



LATITUDE TREE HOLDINGS BERHAD (302829-W)

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)  
FOR THE QUARTER ENDED 31 MARCH 2011

	Individual quarter ended		Cumulative quarter ended	
	Current year quarter 31.3.2011 RM'000	Preceding year corresponding quarter 31.3.2010 RM'000	Current year quarter 31.3.2011 RM'000	Preceding year corresponding quarter 31.3.2010 RM'000
Revenue	98,540	114,979	389,446	377,010
Cost of Sales	(90,615)	(102,918)	(343,340)	(319,008)
<b>Gross Profit</b>	<b>7,925</b>	<b>12,061</b>	<b>46,106</b>	<b>58,002</b>
Other income	2,084	1,104	3,655	5,204
Selling and marketing expenses	(2,855)	(3,845)	(9,007)	(10,418)
Administrative expenses	(3,052)	(2,400)	(10,612)	(11,154)
Other expenses	(1,835)	(592)	(6,436)	(1,730)
<b>Operating Profit</b>	<b>2,267</b>	<b>6,328</b>	<b>23,706</b>	<b>39,904</b>
Finance Costs	(1,369)	(1,894)	(4,533)	(5,450)
Share of loss of associate	(89)	-	(196)	-
<b>Profit before taxation</b>	<b>809</b>	<b>4,434</b>	<b>18,977</b>	<b>34,454</b>
Taxation	(311)	(680)	(1,925)	(2,381)
<b>Profit for the period</b>	<b>498</b>	<b>3,754</b>	<b>17,052</b>	<b>32,073</b>
Attributable to :				
Owners of the parent	(693)	2,471	11,080	25,041
Non-controlling interests	1,191	1,283	5,972	7,032
<b>Profit for the period</b>	<b>498</b>	<b>3,754</b>	<b>17,052</b>	<b>32,073</b>
<b>(Loss)/Earnings per share (sen) :</b>				
(a) Basic	(1.07)	3.81	17.10	38.64
(b) Diluted	(1.07)	3.81	17.10	38.64
Number of ordinary shares ('000)	64,805	64,805	64,805	64,805
Adjusted number of ordinary shares in issue ('000)	64,805	64,805	64,805	64,805

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the annual audit statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.



LATITUDE TREE HOLDINGS BERHAD (302829-W)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE QUARTER ENDED 31 MARCH 2011

	Individual quarter ended		Cumulative quarter ended	
	Current year quarter 31.3.2011 RM'000	Preceding year corresponding quarter 31.3.2010 RM'000	Current year quarter 31.3.2011 RM'000	Preceding year corresponding quarter 31.3.2010 RM'000
Profit for the period	498	3,754	17,052	32,073
Other comprehensive income				
Foreign currency translation	(1,411)	(7,994)	(3,928)	(10,856)
<b>Total comprehensive (loss)/income for the period</b>	<b>(913)</b>	<b>(4,240)</b>	<b>13,124</b>	<b>21,217</b>
Total comprehensive (loss)/income attributable to :				
Owners of the parent	(2,104)	(2,957)	7,152	16,751
Non-controlling interest	1,191	(1,283)	5,972	4,466
<b>Total comprehensive (loss)/income for the period</b>	<b>(913)</b>	<b>(4,240)</b>	<b>13,124</b>	<b>21,217</b>

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the annual audit statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.



LATITUDE TREE HOLDINGS BERHAD (302829-W)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)  
AS AT 31 MARCH 2011

	Unaudited 31.03.2011 RM'000	Audited 30.6.2010 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	226,676	220,087
Investment in associate	1,150	1,347
Other investments	758	1,301
Deferred tax assets	491	493
	<u>229,075</u>	<u>223,228</u>
<b>Current assets</b>		
Inventories	75,655	76,638
Trade and other receivables	37,919	40,440
Due from associate	19	20
Term deposits	7,637	28,338
Cash and bank balances	43,574	62,849
	<u>164,804</u>	<u>208,285</u>
<b>TOTAL ASSETS</b>	<u><u>393,879</u></u>	<u><u>431,513</u></u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.

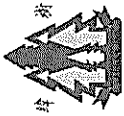


**LATITUDE TREE HOLDINGS BERHAD (302829-W)**

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2011 (cont'd)**

	<b>Unaudited 31.3.2011 RM'000</b>	<b>Audited 30.6.2010 RM'000</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	64,805	64,805
Treasury shares	(35)	(35)
Reserves	120,391	122,681
	185,161	187,451
<b>Non-controlling interests</b>	44,383	39,746
<b>Total equity</b>	229,544	227,197
<b>Non-current liabilities</b>		
Hire purchase payables	-	6
Bank borrowings	18,439	40,668
Provision for severance allowance	655	835
	19,094	41,509
<b>Current liabilities</b>		
Trade and other payables	52,448	68,432
Hire purchase payables	63	119
Bank borrowings	92,716	93,284
Provision for taxation	14	972
	145,241	162,807
<b>Total liabilities</b>	164,335	204,316
<b>TOTAL EQUITY AND LIABILITIES</b>	393,879	431,513
Net assets per share attributable to equity holders of the Company (RM)	2.8572	2.8925

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.



**LATITUDE TREE HOLDINGS BERHAD** (302829-W)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE PERIOD ENDED 31 MARCH 2011**

	Attributable to Equity Holders of the Company									
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Foreign currency translation reserve RM'000	Distributable retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total Equity RM'000	
At 1 July 2009	64,805	1,225	-	1,114	(2,411)	112,753	177,486	13,439	190,925	
Change of interests in a subsidiary	-	-	-	-	-	-	-	20,956	20,956	
Change in non-controlling interests in reserves upon the issue of share by subsidiary company	-	-	-	-	-	(2,213)	(2,213)	2,213	-	
Total comprehensive income for the period	-	-	-	-	(10,856)	27,606	16,750	4,081	20,831	
Dividend	-	-	-	-	-	(3,759)	(3,759)	-	(3,759)	
<b>At 31 March 2010</b>	<b>64,805</b>	<b>1,225</b>	<b>-</b>	<b>1,114</b>	<b>(13,267)</b>	<b>134,387</b>	<b>188,264</b>	<b>40,689</b>	<b>228,953</b>	
At 1 July 2010	64,805	1,225	(35)	1,114	(6,529)	126,871	187,451	39,746	227,197	
Total comprehensive income for the period	-	-	-	-	(3,928)	11,080	7,152	4,637	11,789	
Dividend	-	-	-	-	-	(4,535)	(4,535)	-	(4,535)	
Dividend to non-controlling interests	-	-	-	-	-	(4,907)	(4,907)	-	(4,907)	
<b>At 31 March 2011</b>	<b>64,805</b>	<b>1,225</b>	<b>(35)</b>	<b>1,114</b>	<b>(10,457)</b>	<b>128,509</b>	<b>185,161</b>	<b>44,383</b>	<b>229,544</b>	

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2010 explanatory notes attached and the accompanying to the interim financial statements.



**LATITUDE TREE HOLDINGS BERHAD (302829-W)**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)  
FOR THE PERIOD ENDED 31 MARCH 2011**

	31/03/2011	31/03/2010
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	18,977	35,356
Adjustments for:		
Depreciation and amortisation	11,063	10,864
Non cash items	2,705	3,829
Net financing costs	1,549	4,870
Operating profit before working capital changes	<u>34,294</u>	<u>54,919</u>
Changes in working capital		
Net change in current assets	3,524	(32,404)
Net change in current liabilities	(16,735)	9,836
Net income taxes paid	(2,900)	(1,541)
Net financing costs paid	(1,549)	(4,870)
Net cash generated from operating activities	<u>16,634</u>	<u>25,940</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Other investments	(26,218)	(27,673)
Proceeds from disposal of non-current assets	554	567
Proceeds from placement of new shares	-	21,296
Net cash used in investing activities	<u>(25,664)</u>	<u>(5,810)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net (repayment)/drawdown of borrowings	(21,721)	29,480
Dividend paid	(9,442)	(6,503)
Deposits (placed)/uplift as security for bank borrowings	19,072	(23,173)
Effect of foreign exchange rate changes in investing activities	(1,793)	-
Net cash generated/(used) in financing activities	<u>(13,884)</u>	<u>(196)</u>
Exchange difference in translation of financial statements of foreign subsidiaries	3,148	(7,369)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(19,766)</b>	<b>12,565</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>60,682</b>	<b>37,693</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u>40,916</u></b>	<b><u>50,258</u></b>

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

Cash and bank balances	43,574	49,647
Term deposits	7,637	36,236
Bank overdrafts	(2,658)	(3,301)
	<u>48,553</u>	<u>82,582</u>
Less: Term deposits not available for use	(7,637)	(32,324)
	<u>40,916</u>	<u>50,258</u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.



# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011

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### 1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group's audited financial statements for the year ended 30 June 2010. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2010.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 June 2010, except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations with effect from 1 July 2010:

FRS 3	Business Combinations (revised)
FRS 4	Insurance Contracts
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (as revised in 2009)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity Associate
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendment to FRS 8	Operating Segments
Amendment to FRS 107	Cash Flow Statements
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 110	Events After the Balance Sheet Date
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 117	Leases
Amendment to FRS 118	Revenue
Amendment to FRS 119	Employee Benefits
Amendment to FRS 123	Borrowing Costs
Amendment to FRS 128	Investments in Associates
Amendments to FRS 132	Financial Instruments: Presentation, Classification of Rights Issues
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
Amendment to FRS 138	Intangible Assets
Amendment to FRS 140	Investment Property
Amendments to FRS 139, FRS 7, and IC Interpretation 9	Financial Instruments: Recognition and Measurement, Disclosures and Reassessment of Embedded Derivatives



# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011

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The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 June 2010, except for the adoption of the following new Financial Reporting Standards ("FRSs"), Amendments to FRSs and Interpretations by the Group with effect from 1 July 2010:

Improvement to FRSs 2009	Improvement to FRSs (2009)
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Disclosures of Non-cash Assets to Owners

The above new FRSs, Amendments to FRSs and Interpretations are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the changes arising from the adoption of FRS 7, FRS 8, FRS 101, FRS 139, revised FRS 3 and the amendments to FRS 127 as discussed below:

a) FRS 8: Operating Segments

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

b) FRS 101: Presentation of Financial Statements

The revised FRS 101 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the Standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. As this is a disclosure standard, there will be no impact to the financial position or results of the Group.

c) FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures

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





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## NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011

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

### *Financial assets*

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available-for-sale ("AFS") financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial assets include cash and short-term deposits, loans and receivables and AFS investments.

#### i) Loans and receivables

Prior to 1 January 2010, loans and receivables were stated at gross receivables less provision for doubtful debts. Under FRS 139, loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest rate ("EIR") method. Gains and losses arising from the derecognition of the loans and receivables, EIR amortisation and impairment losses are recognised in the income statement.

#### ii) AFS investments

Prior to 1 January 2010, AFS financial assets such as investments were accounted for at cost adjusted for amortisation of premium and accretion of discount less impairment or at the lower of cost and market value, determined on an aggregate basis. Under FRS 139, AFS financial asset is measured at fair value initially and subsequently with amortisation of premium with accretion of discount and other accrual of income recognised in income statement and with unrealized gains or losses recognised as other comprehensive income in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement or determined to be impaired, at which time the cumulative loss is recognised in the income statement and removed from the AFS reserve.

### *Financial liabilities*

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group's financial liabilities include trade and other payables and are carried at amortised cost.



# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011

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d) Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to early adopt.

### 2. STATUS OF AUDIT QUALIFICATION

The preceding audited financial statements were not subject to any qualification.

### 3. EXCEPTIONAL/EXTRAORDINARY/INDIVIDUALLY SIGNIFICANT ITEMS

There were no exceptional/extraordinary/individually significant items during the period under review.

### 4. VALUATION OF PROPERTY, PLANT & EQUIPMENT

Valuations of property, plant and equipment have been brought forward without amendment from the previous audited financial statements.



# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011

### 5. TAXATION

The taxation of the Group for the financial period under review was as follows:-

	Individual Quarter		Cumulative Quarter	
	31.3.2011	31.3.2010	31.3.2011	31.3.2010
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian	-	-	42	79
Overseas	311	380	1,883	2,002
<b>Total</b>	<b>311</b>	<b>380</b>	<b>1,925</b>	<b>2,081</b>
Deferred taxation				
Malaysian	-	300	-	300
Overseas	-	-	-	-
<b>Total</b>	<b>-</b>	<b>300</b>	<b>-</b>	<b>300</b>
	<b>311</b>	<b>680</b>	<b>1,925</b>	<b>2,381</b>

### 6. SALES OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no sales of unquoted investments or properties for the quarter ended 31 March 2011.

### 7. QUOTED SECURITIES

There were no purchase or disposal of quoted securities for the quarter ended 31 March 2011.



# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011

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### 8. CHANGES IN THE COMPOSITION OF THE GROUP

There was no change to the composition of the Group in the quarter ended 31 March 2011.

### 9. CORPORATE PROPOSAL

On 25 February 2011, the Company announced that the Company proposes to undertake the bonus issue of 32,402,500 new ordinary shares of RM1.00 each in Latitude Tree Holdings Berhad (“LTHB”) on the basis of one (1) Bonus Share for every two (2) existing ordinary shares of RM1.00 each held in LTHB. (“the Proposal”)

On 25 May 2011, the Company obtained the approval from the Shareholders of the Company to undertake the Proposal.

The Proposal is expected to be completed by the fourth quarter of financial year 2011.

Other than the above, there were no other corporate proposals announced but not completed as at 26 May 2011.

### 10. CHANGES IN EQUITY AND LONG TERM DEBTS

On 8 April 2011, the Company had sold all the Treasury shares of 19,900 shares for a total consideration of RM36,600.

Other than the above, there were no issuance and repayment of equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter ended 31 March 2011.



**LATITUDE TREE HOLDINGS BERHAD**  
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**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011**

**11. BORROWINGS AND DEBTS SECURITIES**

Details of the Group's borrowings were as follows:

	<b>Total (RM'000)</b>	<b>RM equivalents of amount denominated in foreign currency included in the borrowings (RM'000)</b>
<b>Long Term Liabilities</b>		
Unsecured :		
Long term loans	13,200	-
Portion repayable within twelve months	(13,200)	-
	-	-
Secured :		
Hire Purchase payables	63	8
Long term loans	21,627	15,708
Portion repayable within twelve months	(3,252)	(2,598)
	18,438	<b>13,118</b>
<b>Total Long Term Liabilities</b>	<b>18,438</b>	<b>13,118</b>
<b>Short Term Liabilities</b>		
Unsecured :		
Current portion of long term loans	13,200	-
Short term loans	-	-
	-	-
Secured :		
Hire Purchase payables	63	8
Current portion of long term loans	3,189	2,590
Short term loan	73,670	60,170
Bank overdraft	2,658	1,743
<b>Total Short Term Liabilities</b>	<b>92,780</b>	<b>64,511</b>



# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011

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### 12. REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained profits of the Group as at 31 March 2011, into realised and unrealised profits/losses, pursuant to a directive issued by Bursa Securities on 25 March 2010 and 20 December 2010 is as follows:

	<b>As at the end of current quarter RM'000</b>
Total retained profits/(accumulated losses) of Latitude Tree Holdings Berhad and its subsidiaries:	
- Realised	215,552
- Unrealised	(1,994)
	<hr/> 213,558
Total share of retained profits/(accumulated losses) from associated companies:	
- Realised	(347)
	<hr/> 213,211
Less: Consolidation adjustments	(84,702)
Total group retained profits as per consolidated accounts	<hr/> <hr/> 128,509

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for the purposes of complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

### 13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

#### Group

As at 31 March 2011, there were no contingent liabilities and contingent assets for the Group.

#### Company

As at 31 March 2011, the Company had contingent liabilities in the form of corporate guarantees given to financial institutions in respect of facilities granted to subsidiary companies amounting to RM43,100,000.



# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011

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### 14. FINANCIAL INSTRUMENTS - DERIVATIVES

As at 31 March 2011, the outstanding derivative financial instrument, which have been entered into by the Group are as follows:

<u>Foreign Currency Contracts</u>	<b>Contract Value</b> RM'000	<b>Fair Value</b> RM'000	<b>Changes in Fair Value</b> RM'000
US dollar - less than 1 year	<b>23,092.5</b>	<b>22,379.8</b>	<b>712.7</b>

The Group's derivatives are principally in respect of forward foreign currency contracts used to hedge its foreign currency sales.

Derivative financial assets and liabilities are initially recognised, and subsequently measured at fair value. The fair value of the foreign currency contracts is determined using a forward market rate at the end of report period and changes in the fair value is recognised in statement of comprehensive income.

#### Credit Risk

The above financial instruments were executed with creditworthy financial institutions in line with the Group's policy.

#### Cash requirements

The Group will fund the cash requirements of these derivatives from its net cash flow from operating activities when the payments fall due.

### 15. CHANGES IN MATERIAL LITIGATION

There was no material litigation or any pending material litigation during and at the end of the quarter ended 31 March 2011.

### 16. SEGMENTAL INFORMATION

The Group's primary business segment, including its overseas subsidiaries is that of the manufacture and sale of wooden furniture and components.

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



# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011

### **Geographical segments**

The Group's business segment operates principally in Malaysia, Vietnam, Singapore and Thailand.

In presenting information on the basis of geographical segments, segment revenue and profit/(loss) before taxation, segment assets and capital expenditure were based on the geographical location of assets.

The segment information for the current year-to-date was as follows :

RM'000	MALAYSIA	VIETNAM	THAILAND	SINGAPORE	OTHERS	GROUP
TOTAL REVENUE	120,013	273,410	20,368	-	-	413,791
INTER-SEGMENT REVENUE	(16,047)	-	(8,298)	-	-	(24,345)
EXTERNAL REVENUE	103,966	273,410	12,070	-	-	389,446
PROFIT/(LOSS) BEFORE TAXATION	(7,535)	30,786	(887)	(3,367)	(20)	18,977

### 17. SIGNIFICANT RELATED PARTY TRANSACTIONS

Transacting Parties	Related Party	Nature of Interest	Nature of Transaction	Current Quarter ended 31.3.2011 RM'000	Current Year To Date 31.3.2011 RM'000
GHCL and the LTHB Group	Mr. Yek Siew Liong and Konsortium Kontrek Sdn Bhd	GHCL is a 85.00% owned subsidiary of LTHB. Mr. Yek Siew Liong, a director of LTHB and substantial shareholder of LTHB holds 15.03% equity interest in GHCL (via Konsortium Kontrek Sdn Bhd)	Purchases of raw materials and supplies, laminated boards and furniture components by the LTHB Group from GHCL.	980	7,106





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**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011**

<b>Transacting Parties</b>	<b>Related Party</b>	<b>Nature of Interest</b>	<b>Nature of Transaction</b>	<b>Current Quarter ended 31.3.2011 RM'000</b>	<b>Current Year To Date 31.3.2011 RM'000</b>
The LTIGL Group and the LTHB Group	Mr. Yek Siew Liong	LTHB is the holding company of LTIGL. Mr Yek Siew Liong is a director of both LTIGL and LTHB. Mr Yek Siew Liong owns approximately 4.85% direct equity interest and 0.96% indirect equity interest in LTIGL (since 21 October 2009) 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 LTIGL Group from the LTHB Group.	644	1,711
			Purchases of raw materials and supplies, furniture components and finished goods by LTHB Group from the LTIGL Group.	-	-

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

<b>RM Million</b>	<b>31.3.2011</b>	<b>31.12.2010</b>
Revenue	98.5	143.7
Consolidated Profit before taxation	0.8	8.1

The Group's revenues decreased approximately 31.4% to RM98.5 million for the quarter ended 31 March 2011, as compared to the preceding quarter's RM143.7 million. The decrease for the quarter was mainly attributable to lower production output resulted by shortage of workers and festive holidays and the weakening of US Dollar against Ringgit Malaysia.



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## NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011

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The Group has recorded decrease in profit before taxation from RM8.1 million in the preceding quarter to RM0.8 million. The decrease in profit before taxation was mainly due to decrease in revenue resulted by lower production output, the increase in prices of certain raw materials and the weakening of US Dollar against Ringgit Malaysia.

### 19. REVIEW OF PERFORMANCE

RM Million	31.3.2011	31.3.2010
Revenue	98.5	115.0
Consolidated profit before taxation	0.8	4.4

The Group recorded revenues of RM98.5 million for the quarter ended 31 March 2011 representing a decrease of 14.3% as compared to the preceding year corresponding quarter of RM115.0 million. The decrease was attributable to the lower orders received and lower production output.

The Group's profit before taxation for the quarter ended 31 March 2011 decreased to RM0.8 million from profit before taxation of RM4.4 million of preceding year corresponding quarter. The decrease was mainly due to lower sales and production output, higher losses incurred by its factories in Malaysia due to the increase in prices of raw and industrial materials and weakening of US Dollar against Ringgit Malaysia.

### 20. SUBSEQUENT EVENTS

At the Extraordinary General Meeting held on 25 May 2011, the Company obtained the approval from the Shareholders of the Company to undertake a bonus issue of 32,402,500 new ordinary shares of RM1.00 each in Latitude Tree Holdings Berhad ("LTHB") on the basis of one (1) Bonus Share for every two (2) existing ordinary shares of RM1.00 each held in LTHB.

The proposal is expected to be completed by the fourth quarter of financial year 2011.

On 8 April 2011, the Company had sold all the Treasury shares of 19,900 shares for a total consideration of RM36,660.



# LATITUDE TREE HOLDINGS BERHAD

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## NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011

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### 21. SEASONAL OR CYCLICAL FACTORS

The Group operation is seasonal in nature whereby the turnover for the first three months of a calendar year is slightly lower due to long festive holidays which fall on the first quarter of the calendar year and also the lower demand in the United States which normally slows down after Christmas and New Year.

### 22. CURRENT YEAR PROSPECT

The Group expects to remain positive despite the lower profit registered in third quarter and the prevailing uncertainty in the recovery of the US economy. Continuous efforts will be taken to strengthen its operations to remain profitable.

### 23. VARIANCE BETWEEN ACTUAL RESULT AND FORECAST PROFIT OR PROFIT GUARANTEE

The Group did not issue any profit forecast or profit guarantee for the quarter ended 31 March 2011.

### 24. DIVIDEND

At the 16th Annual General Meeting held on 21 December 2010, the shareholders approved the payment of a final dividend of 7.0 sen per share (tax exempt) ( 30 June 2009 : 5.8 sen , tax exempt) in respect of the financial year ended 30 June 2010.

It was paid on 21 January 2011 to shareholders whose names appear on the Record of Depositors as at 31 December 2010.

The Board of Directors did not recommend any interim dividend for the current quarter ended 31 March 2011.

### 25. EARNINGS PER SHARE

Basic EPS	Individual Quarter		Cumulative Quarter	
	31.3.11	31.3.10	31.3.11	31.3.10
Net (loss)/profit attributable to equity holders of the Company (RM'000)	(693)	2,471	11,080	25,041
Weighted average no. of shares ('000)	64,805	64,805	64,805	64,805
Basic EPS (sen)	(1.07)	3.81	17.10	38.64



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## NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011

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### 26. CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment not provided for in the financial statements as at 31 March 2011 were as follows :

	RM'000
Authorised by Directors and contracted	11,060
Authorised by Directors and not contracted	-
	<b>11,060</b>