



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 |
| | | | 31.3.2011 RM'000 | 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) |
| Gross Profit | 7,925 | 12,061 | 46,106 | 58,002 |
| 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) |
| Operating Profit | 2,267 | 6,328 | 23,706 | 39,904 |
| Finance Costs | (1,369) | (1,894) | (4,533) | (5,450) |
| Share of loss of associate | (89) | - | (196) | - |
| Profit before taxation | 809 | 4,434 | 18,977 | 34,454 |
| Taxation | (311) | (680) | (1,925) | (2,381) |
| Profit for the period | 498 | 3,754 | 17,052 | 32,073 |
| Attributable to : | | | | |
| Owners of the parent | (693) | 2,471 | 11,080 | 25,041 |
| Non-controlling interests | 1,191 | 1,283 | 5,972 | 7,032 |
| Profit for the period | 498 | 3,754 | 17,052 | 32,073 |
| (Loss)/Earnings per share (sen) : | | | | |
| (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 |
| | | | 31.3.2011 RM'000 | 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) |
| Total comprehensive (loss)/income for the period | <u>(913)</u> | <u>(4,240)</u> | <u>13,124</u> | <u>21,217</u> |
| 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 |
| Total comprehensive (loss)/income for the period | <u>(913)</u> | <u>(4,240)</u> | <u>13,124</u> | <u>21,217</u> |

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**

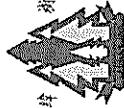
| | Unaudited 31.03.2011 RM'000 | Audited 30.6.2010 RM'000 |
|-------------------------------|-----------------------------------|--------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 226,676 | 220,087 |
| Investment in associate | 1,150 | 1,347 |
| Other investments | 758 | 1,301 |
| Deferred tax assets | 491 | 493 |
| | <hr/> 229,075 | <hr/> 223,228 |
| Current assets | | |
| 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 |
| | <hr/> 164,804 | <hr/> 208,285 |
| TOTAL ASSETS | <hr/> 393,879 | <hr/> 431,513 |

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)**

| | Unaudited 31.3.2011 RM'000 | Audited 30.6.2010 RM'000 |
|--|----------------------------------|--------------------------------|
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the Company | | |
| Share capital | 64,805 | 64,805 |
| Treasury shares | (35) | (35) |
| Reserves | 120,391 | 122,681 |
| | <hr/> 185,161 | <hr/> 187,451 |
| Non-controlling interests | 44,383 | 39,746 |
| Total equity | <hr/> 229,544 | <hr/> 227,197 |
| Non-current liabilities | | |
| Hire purchase payables | - | 6 |
| Bank borrowings | 18,439 | 40,668 |
| Provision for severance allowance | 655 | 835 |
| | <hr/> 19,094 | <hr/> 41,509 |
| Current liabilities | | |
| Trade and other payables | 52,448 | 68,432 |
| Hire purchase payables | 63 | 119 |
| Bank borrowings | 92,716 | 93,284 |
| Provision for taxation | 14 | 972 |
| | <hr/> 145,241 | <hr/> 162,807 |
| Total liabilities | <hr/> 164,335 | <hr/> 204,316 |
| TOTAL EQUITY AND LIABILITIES | <hr/> 393,879 | <hr/> 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 (302629-W)

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

| | Attributable to Equity Holders of the Company | | | | Non-controlling Interests | | | | Total Equity RM'000 |
|---|---|----------------------|------------------------|----------------------------|----------------------------|----------------|-------------------------|---------------|---------------------|
| | Attributable to Equity Holders of the Company | | Non-distributable | | Foreign currency | Distributable | Retained profits RM'000 | Total RM'000 | RM'000 |
| | Share capital RM'000 | Share premium RM'000 | Treasury shares RM'000 | Revaluation reserve RM'000 | translation reserve RM'000 | - | - | - | - |
| At 1 July 2009 | | | | | | | | | |
| Change of interests in a subsidiary | - | - | - | - | - | - | - | - | - |
| Change in non-controlling interests in reserves upon the issue of share by subsidiary company | - | - | - | - | - | (10,856) | (2,213) | (2,213) | 2,213 |
| Total comprehensive income for the period | - | - | - | - | - | - | 27,606 | 16,750 | 4,081 |
| Dividend | - | - | - | - | - | - | (3,759) | (3,759) | - |
| At 31 March 2010 | 64,805 | 1,225 | - | 1,114 | (2,411) | 112,753 | 177,486 | 13,439 | 190,925 |
| 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) |
| At 31 March 2011 | 64,805 | 1,225 | (35) | 1,114 | (10,457) | 128,509 | 185,161 | 44,383 | 229,544 |

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 Juner 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 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| 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 | <hr/> 34,294 | <hr/> 54,919 |
| 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 | <hr/> 16,634 | <hr/> 25,940 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| 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 | <hr/> (25,664) | <hr/> (5,810) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| 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 | <hr/> (13,884) | <hr/> (196) |
| Exchange difference in translation of financial statements of foreign subsidiaries | 3,148 | (7,369) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (19,766) | 12,565 |
| CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD | 60,682 | 37,693 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | <hr/>40,916 | <hr/>50,258 |

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) |
| | 48,553 | 82,582 |
| Less: Term deposits not available for use | (7,637) | (32,324) |
| | <hr/> 40,916 | <hr/> 50,258 |

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

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 |



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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011

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

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.



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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011

- 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 RM'000 | 31.3.2010 RM'000 | 31.3.2011 RM'000 | 31.3.2010 RM'000 |
| Current tax expense | | | | |
| Malaysian | - | - | 42 | 79 |
| Overseas | 311 | 380 | 1,883 | 2,002 |
| Total | 311 | 380 | 1,925 | 2,081 |
| Deferred taxation | | | | |
| Malaysian | - | 300 | - | 300 |
| Overseas | - | - | - | - |
| Total | - | 300 | - | 300 |
| | 311 | 680 | 1,925 | 2,381 |

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.



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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011

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.



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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:

| | Total (RM'000) | RM equivalents of amount denominated in foreign currency included in the borrowings (RM'000) |
|--|-------------------|--|
| Long Term Liabilities | | |
| 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 | 13,118 |
| Total Long Term Liabilities | 18,438 | 13,118 |
| Short Term Liabilities | | |
| 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 |
| | | |
| Total Short Term Liabilities | 92,780 | 64,511 |



LATITUDE TREE HOLDINGS BERHAD

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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011

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:

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

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.



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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011

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> | Contract Value RM'000 | Fair Value RM'000 | Changes in Fair Value RM'000 |
|-----------------------------------|---------------------------------|-----------------------------|--|
| US dollar - less than 1 year | 23,092.5 | 22,379.8 | 712.7 |

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-SEG MENT 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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| 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 |
|------------------------------------|----------------------|---|--|---|--|
| 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

| RM Million | 31.3.2011 | 31.12.2010 |
|-------------------------------------|------------------|-------------------|
| 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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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.



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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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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 | - |
| | 11,060 |