



# LATITUDE TREE HOLDINGS BERHAD

(302829-W)

## EXPLANATORY NOTES FOR FOURTH QUARTER ENDED 30 JUNE 2010

### 1. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standards ("FRS") 134 "Interim Financial Reporting" and the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2009.

#### Standards and Interpretation

At the date of authorization of this interim financial report, the following new FRSs and Issues Committee ("IC") Interpretations were issued but not yet effective and have not been applied by the Group and the Company :

FRSs / Interpretation	Effective for financial periods beginning on or after
Amendments to FRS 1, First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2, Share-based Payment : Vesting Conditions and Cancellations	1 January 2010
FRS 4 : Insurance Contracts	1 January 2010
FRS 7 : Financial Instruments - Disclosures	1 January 2010
FRS 8 : Operating Segment 1 July 2009	1 July 2009
FRS 123 : Borrowing Costs	1 January 2010
FRS 139 : Financial Instruments : Recognition and Measurement	1 January 2010
IC Interpretation 9 : Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 : Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11 : FRS 2 - Group and Treasury Share Transactions	
IC Interpretation 13 : Customer Loyalty Programmes	1 January 2010
IC Interpretation 14 : FRS 119 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and Their Interaction	1 January 2010

The above new 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 in disclosures arising from the adoption of FRS 7 and FRS 8. The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

### 2. STATUS OF AUDIT QUALIFICATION

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



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### 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.

### 5. TAXATION

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian	71	8	150	63
Overseas	1,818	(446)	3,819	722
<b>Total</b>	<b>1,889</b>	<b>(438)</b>	<b>3,969</b>	<b>785</b>
Deferred taxation				
Malaysian	-	(2,273)	300	(4,118)
Overseas	-	-	-	-
<b>Total</b>	<b>-</b>	<b>(2,273)</b>	<b>300</b>	<b>(4,118)</b>
	<b>1,889</b>	<b>(2,711)</b>	<b>4,269</b>	<b>(3,333)</b>

### 6. SALES OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no sales of unquoted investments or properties for the quarter ended 30 June 2010 except for the following :

On 2 April 2010, Rhong Khen Industried Sdn Bhd ("RKI"), a wholly owned subsidiary of the group had entered into a Sale & Purchase Agreement to sell an industrial land at Kawasan Perindustrian Telok Kalong in Telok Kalong, Kemaman, Terengganu measuring 5.546 hectares for a consideration of RM3.0 million which has resulted a loss of RM0.04 million.



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### 7. QUOTED SECURITIES

There were no purchase or disposal of quoted securities for the quarter ended 30 June 2010.

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

There was no change to the composition of the Group in the quarter ended 30 June 2010 except for the following :

On 8 February 2010, Uptown Promenade Sdn. Bhd. ("UPSB"), wholly owned subsidiary of the Group has subscribed 35% shareholding in Win Yuan Bio Tech Co. Ltd. (A company incorporated in Taiwan R.O.C.) under a joint venture agreement between UPSB, Mr Chen Cheng-Ping and Madam Chou Feng-Yin.

On 1 April 2010, Grob Holz Sdn Bhd ("GHSB"), wholly owned subsidiary of the group has acquired 34% shareholding in Grob Holz Co Ltd ("GHCL") from Silverbell Investments Pte Ltd. Subsequent to the acquisition, GHSB shareholding in GHCL has increased to 85%.

### 9. STATUS OF CORPORATE PROPOSAL

There were no corporate proposals announced during the quarter ended 30 June 2010.

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

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 30 June 2010 except for the following:

#### Treasury shares

19,900 ordinary shares of RM1.00 each were brought back and held as treasury shares with none of these shares being cancelled or sold.

The Company commenced its share buyback on 31 May 2010 and the details of the share buyback during the financial year ended 30 June 2010 are as follows:

Month	Price per share (RM)			Number of shares	Total Consideration RM'000
	Lowest	Highest	Average		
May 2010	1.76	1.76	1.76	19,900	35



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### 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)
<b>Long Term Liabilities</b>		
Unsecured :		
Long term loans	20,000	-
Portion repayable within twelve months	-	-
	<b>20,000</b>	-
Secured :		
Hire Purchase payables	-	-
Long term loans	28,496	28,496
Portion repayable within twelve months	(5,848)	(5,848)
	<b>22,648</b>	<b>22,648</b>
<b>Total Long Term Liabilities</b>	<b>42,648</b>	<b>22,648</b>
<b>Short Term Liabilities</b>		
Unsecured :		
Current portion of long term loans	4,627	4,627
Short term loans	-	-
	<b>4,627</b>	<b>4,627</b>
Secured :		
Hire Purchase payables	125	22
Current portion of long term loans	6,682	5,848
Short term loan	76,050	62,763
Bank overdraft	3,509	1,921
<b>Total Short Term Liabilities</b>	<b>90,993</b>	<b>75,181</b>



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### 12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

#### Group

As at 30 June 2010, there were no contingent liabilities and contingent assets for the Group.

#### Company

As at 30 June 2010, 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 RM63,079,462.

### 13. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group did not have any financial instruments with off balance sheet risk as at 30 June 2010, other than the following forward contracts to sell US Dollar in relation to the Group's sales:

	Total	Maturity : Less than 3 months	Maturity : Within 3 to 6 months	Maturity : More than 6 months
USD'000	4,865	3,565	1,300	-
Contracted Rate (RM)	3.2923	3.2894	3.3000	-
RM Equivalents (RM'000)	16,017	11,727	4,290	-

The Group had entered into forward foreign exchange contracts and options contracts as a hedge against anticipated unfavourable foreign currency fluctuation's impact on accounts receivable.

### 14. CHANGES IN MATERIAL LITIGATION

There was no material litigation or any pending material litigation during and at the end of the quarter ended 30 June 2010.

### 15. 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.

#### ***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



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RM'000	MALAYSIA	VIETNAM	THAILAND	S'PORE	OTHERS	GROUP
TOTAL REVENUE	161,116	361,643	26,333	-	-	549,092
INTER-SEGMENT REVENUE	(25,648)	(133)	(13,566)	-	-	(39,347)
EXTERNAL REVENUE	135,468	361,510	12,767	-	-	509,745
PROFIT/(LOSS) BEFORE TAXATION	(2,107)	50,050	(1,074)	(4,684)	(13)	42,172

RM'000	MALAYSIA	VIETNAM	THAILAND	S'PORE	OTHERS	GROUP
CARRYING AMOUNT OF SEGMENT ASSETS	119,791	246,942	25,046	41,313	49	433,141
CAPITAL EXPENDITURE	12,745	18,138	14	-	-	30,897

### 16. SIGNIFICANT RELATED PARTY TRANSACTIONS

Transacting Parties	Related Party	Nature of Interest	Nature of Transaction	Current Quarter ended 30.6.2010 RM'000	Current Year To Date 30.6.2010 RM'000
GHCL and the LTHB Group	Mr. Yek Siew Liong and Konsortium Kontrek Sdn Bhd	GHCL is a 51% 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.	4,042	13,566
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 (since 21 May 2009) and LTHB (since 18 May 2007).  As at 30 October 2009, he owns	Purchases of raw materials and supplies, furniture components and finished goods by LTIGL Group from the LTHB Group.	634	4,001



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		approximately 3.73% direct equity interest in LTIGL (since 21 October 2009) and 15.03% indirect equity interest in LTHB (since 18 May 2007) via Konsortium Kontrek Sdn Bhd	Purchases of raw materials and supplies, furniture components and finished goods by LTHB Group from the LTIGL Group.	5	133
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### 17. MATERIAL CHANGE IN PROFIT/(LOSS) BEFORE TAXATION COMPARED TO IMMEDIATE PRECEDING QUARTER

RM Million	Current Quarter 30 June 2010	Preceding Quarter 31 March 2010
Revenue	132.735	114.979
Consolidated Profit before taxation	7.719	4.434

The Group's revenues increased approximately 16% to RM132.7 million for the quarter ended 30 June 2010, as compared to the preceding quarter's RM115 million. The increase was mainly attributable to higher orders received and higher production output as preceding quarter has lesser number of production days due to festive holidays.

The Group recorded a profit before taxation of RM7.7 million as compared to the profit before taxation of RM4.4 million in the preceding quarter. The increase in profit before taxation was in line with increase in revenue and lower factory costs per unit as a result of higher production output.

### 18. REVIEW OF PERFORMANCE

RM Million	Current Quarter 30 June 2010	Preceding Year Corresponding Quarter 30 June 2009
Revenue	132.735	102.429
Consolidated profit before taxation	7.719	3.794

The Group recorded revenues of RM132.7 million for the quarter ended 30 June 2010 representing an increase of 30.3% as compared to the preceding year corresponding quarter of RM102.5 million. The increase was attributable to increase in production output and increase in orders from the pent up demand of furniture.



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The Group's profit before taxation for the quarter ended 30 June 2010 increased to RM7.7 million from profit before taxation of RM3.8 million of preceding year corresponding quarter. The increase was mainly due to higher revenue and improved production efficiency.

### 19. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the current quarter that would have impact on the result that had been reflected in the quarter under review.

### 20. SEASONAL OR CYCLICAL FACTORS

The Group operation is seasonal in nature whereby the turnover for the first three months of a calendar year (January to March) is slightly lower than the rest of the quarters (April to December). This is mainly due to long festive holidays which fall on the first quarter of the calendar year and also the demand for furniture in the United States which normally slows down after Christmas and New Year.

### 21. CURRENT YEAR PROSPECT

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

### 22. 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 30 June 2010.

### 23. DIVIDEND

At the 15th Annual General Meeting held on 16 December 2009, a first and final dividend of 5.8 sen per share (tax exempt) (30 June 2008 : 4.0 sen, tax exempt) in respect of the financial year ended 30 June 2009 had been approved by shareholders. It was paid on 28 January 2010 to shareholders whose names appear on the Record of Depositors as at 6 January 2010.

An interim dividend of 3.0 sen per share (tax exempt) for the financial year ending 30 June 2010 was paid on 30 April 2010.

The Board has recommended a final dividend of 7.0 sen per share (tax exempt) for the approval of shareholders at the forthcoming annual general meeting. The entitlement date and the payment date of the proposed final dividend shall be announced later.





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### 24. EARNINGS PER SHARE

	Current Quarter	Current Year-To-Date
<b>Basic EPS</b>		
Net profit attributable to shareholders (RM'000)	4,170	29,211
Weighted average no. of shares ('000)	64,805	64,805
Basic EPS (sen)	6.43	45.08

#### Basic EPS

The calculation of basic EPS for the current quarter is based on the net profit attributable to equity holders of the parent of RM4.17 million and the weighted average number of ordinary shares outstanding of 64,805,000.

The calculation of basic EPS for the current year-to-date is based on the cumulative net profit attributable to equity holders of the parent of RM29.211 million and the weighted average number of ordinary shares outstanding of 64,805,000.

#### Diluted EPS

Not applicable.

### 25. CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment not provided for in the financial statements as at 30 June 2010 were as follows :

	RM'000
Authorised by Directors and contracted	12,034
Authorised by Directors and not contracted	-
	<b>12,034</b>