



(Formerly known as Java Incorporated Bhd)
**Report for the
Second Quarter Ended
31st December 2009**

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JAVA BERHAD (2511-M)
(Formerly known as Java Incorporated Bhd)
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2009

	2ND QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31-Dec-09 RM '000	Preceding Year Corresponding Quarter 31-Dec-08 RM '000	Current Year To Date 31-Dec-09 RM '000	Preceding Year Corresponding Period 31-Dec-08 RM '000
Revenue	<u>41,045</u>	<u>30,127</u>	<u>69,829</u>	<u>75,030</u>
Operating profit / (loss) before depreciation and other income	4,657	(437)	9,460	2,063
Depreciation and amortisation	(2,779)	(3,113)	(7,137)	(6,180)
Finance costs	(462)	(559)	(898)	(1,136)
Other income	1,618	1,330	2,715	3,170
Profit / (loss) before taxation	<u>3,034</u>	<u>(2,779)</u>	<u>4,140</u>	<u>(2,083)</u>
Taxation	-	(13)	-	(183)
Net profit / (loss) after taxation	<u>3,034</u>	<u>(2,792)</u>	<u>4,140</u>	<u>(2,266)</u>
Attributable to:-				
Equity holders of the parent	3,070	(2,793)	4,215	(2,267)
Minority interest	(36)	1	(75)	1
	<u>3,034</u>	<u>(2,792)</u>	<u>4,140</u>	<u>(2,266)</u>
Earnings Per Share (Sen)				
- Basic	1.77	(1.61)	2.43	(1.31)
- Diluted	-	-	-	-

The above statement should be read in conjunction with the Annual Financial Report for the year ended 30 June 2009.

JAVA BERHAD (2511-M)
(Formerly known as Java Incorporated Bhd)
CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2009

	UNAUDITED	AUDITED
	As At End Of Current Quarter 31-Dec-09 RM '000	As At Preceding Financial Year End 30-Jun-09 RM '000
NON-CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT	79,220	81,086
PREPAID LEASE PAYMENT	24,724	25,130
PLANTATION DEVELOPMENT EXPENDITURE	14,450	13,149
TIMBER CONCESSION RIGHTS	23,569	27,534
CURRENT ASSETS		
Inventories	88,106	87,722
Trade and other receivables	20,516	30,419
Deposits placed with licensed banks	18,516	25,141
Tax recoverable	990	443
Cash and bank balances	4,979	2,064
Total current assets	133,107	145,789
TOTAL ASSETS	275,070	292,688
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	173,394	173,394
Share premium	1,571	1,571
Share options reserve	474	474
Revaluation reserve	59,934	59,934
Retained earnings	(9,048)	(13,263)
Shareholders' funds	226,325	222,110
Minority interests	2,374	2,449
Total equity	228,699	224,559
NON-CURRENT LIABILITIES		
Hire purchase creditors	1,059	1,312
Long term loans	8,480	11,311
Deferred taxation	45	44
Total non-current liabilities	9,584	12,667
CURRENT LIABILITIES		
Trade and other payables	24,153	27,416
Hire purchase creditors	694	698
Short term borrowings	11,550	27,315
Tax payable	390	33
Total current liabilities	36,787	55,462
Total Liabilities	46,371	68,129
TOTAL EQUITY AND LIABILITIES	275,070	292,688
Net assets per ordinary share (RM)	1.31	1.28

The above statement should be read in conjunction with the Annual Financial Report for the year ended 30 June 2009.

JAVA BERHAD (2511-M)
(Formerly known as Java Incorporated Bhd)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2009

Attributable to equity holders of the parent

	Ordinary Shares	Share Premium	Share Option Reserve	Revaluation Reserve	Retained Earnings	Total	Minority interests	Total Equity
	RM '000	RM '000	RM'000	RM'000	RM '000	RM '000	RM '000	RM '000
Group								
As at 1 July 2009	173,394	1,571	474	59,934	(13,263)	222,110	2,449	224,559
Net Profit for the financial period	-	-	-	-	4,215	4,215	(75)	4,140
As at 31 December 2009	173,394	1,571	474	59,934	(9,048)	226,325	2,374	228,699
As at 1 July 2008	173,394	1,571	478	59,934	3,997	239,374	2,499	241,873
Dividend Paid	-	-	-	-	(6,069)	(6,069)	-	(6,069)
Net loss for the financial period	-	-	-	-	(2,267)	(2,267)	1	(2,266)
As at 31 December 2008	173,394	1,571	478	59,934	(4,339)	231,038	2,500	233,538

The above statement should be read in conjunction with the Annual Financial Report for the year ended 30 June 2009.

JAVA BERHAD (2511-M)
(Formerly known as Java Incorporated Bhd)
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2009

	6 months ended 31-Dec-09 RM '000	6 months ended 31-Dec-08 RM '000
Cash Flow from operating activities		
Profit / (Loss) before taxation	4,140	(2,083)
Adjustments for:		
Amortisation of timber concession	3,965	3,888
Amortisation of prepaid lease payment	112	78
Amortisation of Plantation Development Expenditure	118	-
Depreciation of PPE	2,942	2,214
Gain on disposal of property, plant & equipment	(197)	(1,132)
Interest income	(118)	(293)
Interest expenses	898	1,136
Operating Profit before working capital changes	<u>11,860</u>	<u>3,808</u>
Increase/Decrease in working capital		
Inventories	(384)	2,784
Receivables	9,903	3,793
Payables	(1,967)	(11,585)
Cash generated / (used in) from operations	<u>19,412</u>	<u>(1,200)</u>
Interest received	118	293
Tax paid	(1,486)	(1,811)
Net cash generated from / (used in) operating activities	<u><u>18,044</u></u>	<u><u>(2,718)</u></u>
Cash flows from investing activities		
Purchase of property, plant & equipment	(1,479)	(1,273)
Proceeds from disposal of property, plant & equipment	952	2,108
Acquisition of Timber Rights	-	(3,000)
Investment in plantation development expenditure	(1,295)	(1,394)
Net cash used in investing activities	<u><u>(1,822)</u></u>	<u><u>(3,559)</u></u>
Cash flow from financing activities		
Fixed Deposit held as security	-	(18)
Payments of hire purchase creditors	(439)	(360)
Repayment of term loans	(2,809)	(3,275)
Interest paid	(898)	(1,136)
Dividend paid	-	(6,069)
Net cash used in financing activities	<u><u>(4,146)</u></u>	<u><u>(10,858)</u></u>
Net increase / (decrease) in cash & cash equivalents	<u>12,076</u>	<u>(17,135)</u>
Cash & cash equivalents at beginning of the year	<u>3,006</u>	<u>26,351</u>
Cash and cash equivalents at the end of the quarter	<u><u>15,082</u></u>	<u><u>9,216</u></u>
Cash & cash equivalents comprise:		
Cash and bank balances	4,979	1,308
Deposits placed with licensed bank	18,515	19,195
Bankers' acceptances	(5,915)	(8,831)
	<u>17,579</u>	<u>11,672</u>
Less: Deposits held as security	(2,497)	(2,456)
	<u><u>15,082</u></u>	<u><u>9,216</u></u>

The above statement should be read in conjunction with the Annual Financial Report for the year ended 30 June 2009.

Java Berhad (2511-M)

(formerly known as Java Incorporated Bhd)

Incorporated in Malaysia

Explanatory Notes To The Interim Financial Report for the 2nd Quarter Of The Financial Year Ending 30 June 2010

1. Basis of preparation

The interim financial report is prepared in accordance with the requirements outlined in the Financial Reporting Standards ("FRS") 134 - Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's Annual Audited Financial Report for the Year Ended 30 June 2010. These explanatory notes attached to the interim financial report 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 accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 30 June 2010.

2. Audit report of the preceding annual financial statements

There was no qualification of the Group's audited annual financial statements for the year ended 30 June 2010.

3. Seasonality or cyclicity of operations

The business operations of the Group were generally affected by the seasonal changes in weather and buying patterns.

4. Items of unusual nature, size or incidence

There were no items of unusual nature, size or incidence affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review and financial period to date.

5. Changes in estimates

There were no changes in estimates that have had material effects in the current quarter and financial period to date.

6. Issuance and repayment of Debt and Equity Securities

There were no issuance and repayment of Debt and Equity securities in the current quarter (current financial to date "YTD").

7. Dividend paid

There were no dividends paid in the current quarter.

8. Segmental Information

The Group's operating businesses are classified according to the nature of activities as follows:-

Timber Products	- Harvesting and trading of raw timber and manufacturing and trading of downstream timber products
Plantation	- Oil palm plantation
Investment	- Investment holding

Segment revenue, expenses and results include transfers between segments. The prices charged on inter-segment transactions are the same as those charged for similar goods to parties outside the economic entity and are at arm's length. These transfers are eliminated on consolidation.

The Group's segmental report for the financial period ended 31st December 2009 is as follows:

Primary Reporting - Business Segments

	Timber Products	Plantation	Investment Holding	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment Revenue					
External revenue	69,704	125	-	-	69,829
Intersegment revenue	21,536	-	2,160	(23,696)	-
Total revenue	91,240	125	2,160	(23,696)	69,829
Segment Result					
Operating profit/(loss)	9,491	(374)	(4,077)	-	5,040
Finance costs (net)	(752)	-	(148)	-	(900)
Taxation	-	-	-	-	-
Net profit/(loss) after taxation	8,739	(374)	(4,225)	-	4,140
Minority interest	-	-	75	-	75
Net profit/(loss) for the period	8,739	(374)	(4,150)	-	4,215

Segmental information by geographical segment is not presented as the Group's operations are derived solely from Malaysia.

9. Property, plant and equipment

The valuation of property, plant and equipment has been brought forward without any amendments from previous annual financial statements.

10. **Subsequent events**

There were no significant events subsequent to the end of the current financial period to date that have not been reflected in the financial statements.

11. **Changes in the composition of the Group**

There were no changes in the composition of the Group for the current quarter and financial period to date.

12. **Contingent liabilities / assets**

There were no material commitments and contingent assets or liabilities as at 28 January 2010, a date not earlier than seven (7) days of this report except for the followings:-

- a) bank guarantees issued to-date by subsidiaries, in favour of certain third parties amounting to RM5,003,000.00 as performance bonds; and
- b) Corporate guarantees issued by Java Berhad in favour of a licensed bank amounting to RM25,200,000.00 for the credit facilities granted to a subsidiary.

13. **Related party transactions**

There were no related party transactions during the quarter except for rental of premises amounting to RM115,974 (YTD:RM231,948) paid/payable to Desa Samudra Sdn. Bhd, companies in which a director, Dato' Choo Keng Weng has financial interest. This transaction has been entered into in the normal course of business and has been established in commercial terms.

14. **Review of Performance**

The revenue for the reported quarter of RM41.0 million is higher than RM30.1 million as recorded for the corresponding quarter of last year. Current quarter has reported a profit before taxation of RM3.0 million as compared to a loss before taxation of RM2.8 million recorded for the corresponding quarter of last year.

The increase in profit is mainly due to the increase of revenue and the cost reduction measures taken by the management to improve the cost efficiency.

15. **Material Changes in results compared with immediate preceding quarter**

The Group's revenue for the reported quarter of RM41.0 million is higher than the RM28.8 million recorded for the immediate preceding quarter.

The Group registered a profit before taxation of RM3.0 million in the current quarter as compared to the profit of RM1.1 million of the immediate preceding quarter. The improved result is mainly due to the increase of revenue and the cost reduction measures taken by the management to improve the cost efficiency.

16. **Current year prospects**

The outlook for the timber industry remains uncertain for the current year although certain regional economies such as China, USA, Mexico, and Europe are showing signs of recovery, with their increased orders and demand for timber products. The Group will continue to implement cost reduction measures and strive to enhance productivity and yield in the manufacturing process so as to remain competitive in the industry.

17. **Profit forecast or profit guarantee**

The disclosure requirements for explanatory notes for the variance of actual profit after tax against profit guarantee/forecast are not applicable as the Group did not issue any profit guarantee/forecast to the public.

18. **Taxation**

The taxation charges of the Group for the period under review are as follows:-

	3 months ended		6 months ended	
	31-Dec-09	31-Dec-08	31-Dec-09	31-Dec-08
	RM'000	RM'000	RM'000	RM'000
Malaysian tax expense				
Income tax				
- Current year	-	(13)	-	(183)
- Over / (under) provision in prior years	-	-	-	-
	-	(13)	-	(183)
Deferred taxation				
- Current year	-	-	-	-
- Over / (under) provision in prior years	-	-	-	-
	-	(13)	-	(183)

No tax charge has been provided for the financial quarter under review as the profits can be set off against the unabsorbed profits brought forward and unutilised capital allowances.

19. **Profits/Losses on sale of unquoted investments and/or properties**

There were no sales of unquoted investments and/or properties of the Group during the current quarter under review and financial period to date.

20. **Quoted Shares**

There were neither purchases nor disposals of quoted securities by the Group for the quarter reported.

21. **Corporate Proposals**

There were no corporate proposals announced which has not completed as at 28 January 2010, a date not earlier than seven (7) days from the date of this report.

22. **Group borrowings and debt securities**

The Group's borrowings as at the end of the reporting period are as follows: -
All borrowings are denominated in Ringgit.

	31-Dec-09 RM'000	30-June-09 RM'000
Short term borrowings		
-Secured		
Hire Purchase Creditors	694	698
Bankers' Acceptance	5,915	17,520
Bank Overdraft	-	4,182
Term Loans	5,635	5,613
Long term borrowings		
-Secured		
Hire Purchase Creditors	1,059	1,312
Term Loans	8,480	11,311
Total	21,783	40,636

23. **Off Balance Sheet Financial Instruments**

The Group entered into forward foreign exchange contracts to limit the exposure to potential changes in foreign currency exchange rates with respect to the Group's foreign currency denominated estimate to be received.

Total off balance sheet forward foreign contract exchange sales contracts outstanding as at 28 January 2010 (being the date not earlier than 7 days from the date of the quarterly report) in Ringgit equivalent was RM 3,593,545.

There is minimal credit risk because these contracts were entered into with reputable banks. All gains and losses arising from forward foreign exchange contracts are dealt with through the income statement upon maturity.

24. **Material Litigation**

There were no material litigations as at 28 January 2010, a date not earlier than seven (7) days of this report.

25. **Dividends Proposed**

The Board of Directors do not recommend any interim dividends for the current quarter under review.

26. **Earnings per share ("EPS")**

	3 months ended		6 months ended	
	31-Dec-09	31-Dec-08	31-Dec-09	31-Dec-08
	RM'000	RM'000	RM'000	RM'000
Profit attributable to members	3,070	(2,793)	4,215	(2,267)
Weighted average number of ordinary shares	173,394	173,394	173,394	173,394
Adjusted weighted average number of ordinary shares	161,262	154,994	161,262	154,994
Basic EPS (Sen)	1.77	(1.61)	2.43	(1.31)
Diluted EPS (Sen)	1.90	(1.80)	2.61	(1.46)

Number of shares in issue/issuable was calculated as shown below:-

	3 months ended		6 months ended	
	31-Dec-09	31-Dec-08	31-Dec-09	31-Dec-08
	RM'000	RM'000	RM'000	RM'000
Weighted average number of ordinary shares in issue	173,394	173,394	173,394	173,394
Effects of dilution:				
- Conversion of warrants in issue / issuable	(11,514)	(17,003)	(11,514)	(17,003)
- Conversion of weighted average number of share options	(618)	(1,397)	(618)	(1,397)
Adjusted weighted average number of ordinary shares	161,262	154,994	161,262	154,994

By order of the Board,
 Lim Siew Ting
 Secretary
 3 February 2010
 Kuala Lumpur