



( Formerly known as Java Incorporated Bhd )  
**Report for the  
Third Quarter Ended  
31<sup>st</sup> March 2010**

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**JAVA BERHAD (2511-M)**  
**( Formerly known as Java Incorporated Bhd )**  
**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE THIRD QUARTER ENDED 31 MARCH 2010**

	3RD QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31-Mar-10 RM '000	Preceding Year Corresponding Quarter 31-Mar-09 RM '000	Current Year To Date 31-Mar-10 RM '000	Preceding Year Corresponding Period 31-Mar-09 RM '000
Revenue	<u>31,350</u>	<u>23,278</u>	<u>101,179</u>	<u>98,308</u>
Operating profit / (loss) before depreciation and other income	4,129	(2,995)	13,589	(4,820)
Depreciation and amortisation	(2,788)	(1,157)	(9,925)	(3,449)
Finance costs	(283)	(456)	(1,181)	(1,592)
Other income	631	449	3,346	3,619
Profit / (Loss) before taxation	<u>1,689</u>	<u>(4,159)</u>	<u>5,829</u>	<u>(6,242)</u>
Taxation	-	-	-	(183)
Net profit / (loss) after taxation	<u>1,689</u>	<u>(4,159)</u>	<u>5,829</u>	<u>(6,425)</u>
Attributable to:-				
Equity holders of the parent	1,704	(4,155)	5,919	(6,422)
Minority interest	(15)	(4)	(90)	(3)
	<u>1,689</u>	<u>(4,159)</u>	<u>5,829</u>	<u>(6,425)</u>
Earnings Per Share (Sen)				
- Basic	0.98	(2.40)	3.41	(3.70)
- 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 MARCH 2010**

	UNAUDITED	AUDITED
	As At End Of Current Quarter 31-Mar-10 RM '000	As At Preceding Financial Year End 30-Jun-09 RM '000
<b>NON-CURRENT ASSETS</b>		
PROPERTY, PLANT AND EQUIPMENT	77,916	81,086
PREPAID LEASE PAYMENT	24,627	25,130
PLANTATION DEVELOPMENT EXPENDITURE	14,836	13,149
TIMBER CONCESSION RIGHTS	22,294	27,534
<b>CURRENT ASSETS</b>		
Inventories	82,149	87,722
Trade and other receivables	20,542	30,419
Deposits placed with licensed banks	22,560	25,141
Tax recoverable	1,079	443
Cash and bank balances	4,721	2,064
Total current assets	131,051	145,789
<b>TOTAL ASSETS</b>	<b>270,724</b>	<b>292,688</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>		
Share capital	173,394	173,394
Share premium	1,571	1,571
Share options reserve	474	474
Revaluation reserve	59,934	59,934
Accumulated losses	(7,344)	(13,263)
Shareholders' funds	228,029	222,110
Minority interests	2,359	2,449
Total equity	230,388	224,559
<b>NON-CURRENT LIABILITIES</b>		
Hire purchase creditors	930	1,312
Long term loans	7,077	11,311
Deferred taxation	44	44
Total non-current liabilities	8,051	12,667
<b>CURRENT LIABILITIES</b>		
Trade and other payables	23,088	27,416
Hire purchase creditors	716	698
Short term borrowings	8,414	27,315
Tax payable	67	33
Total current liabilities	32,285	55,462
Total Liabilities	40,336	68,129
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>270,724</b>	<b>292,688</b>
<b>Net assets per ordinary share (RM)</b>	<b>1.32</b>	<b>1.28</b>

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 THIRD QUARTER ENDED 31 MARCH 2010**

**Attributable to equity holders of the parent**

	<b>Ordinary Shares</b>	<b>Share Premium</b>	<b>Share Option Reserve</b>	<b>Revaluation Reserve</b>	<b>Accumulated Losses</b>	<b>Total</b>	<b>Minority Interests</b>	<b>Total Equity</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
<b>Group</b>								
<b>As at 1 July 2009</b>	<b>173,394</b>	<b>1,571</b>	<b>474</b>	<b>59,934</b>	<b>(13,263)</b>	<b>222,110</b>	<b>2,449</b>	<b>224,559</b>
<b>Net profit for the financial period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,919</b>	<b>5,919</b>	<b>(90)</b>	<b>5,829</b>
<b>As at 31 March 2010</b>	<b>173,394</b>	<b>1,571</b>	<b>474</b>	<b>59,934</b>	<b>(7,344)</b>	<b>228,029</b>	<b>2,359</b>	<b>230,388</b>
<b>As at 1 July 2008</b>	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	-	-	-	-	(6,422)	(6,422)	(3)	(6,425)
<b>As at 31 March 2009</b>	<b>173,394</b>	<b>1,571</b>	<b>478</b>	<b>59,934</b>	<b>(8,494)</b>	<b>226,883</b>	<b>2,496</b>	<b>229,379</b>

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 THIRD QUARTER ENDED 31 MARCH 2010**

	<b>9 months ended</b>	9 months ended
	<b>31-Mar-10</b>	31-Mar-09
	<b>RM '000</b>	RM '000
<b>Cash Flow from operating activities</b>		
Profit / (Loss) before taxation	5,829	(6,242)
Adjustments for:		
Amortisation of timber concession	5,241	6,175
Amortisation of prepaid lease payment	171	117
Amortisation of Plantation Development Expenditure	158	2
Depreciation of PPE	4,356	3,329
Gain on disposal of property, plant & equipment	(197)	(1,132)
Interest income	(154)	(420)
Interest expenses	1,181	1,592
Operating profit before working capital changes	<u>16,585</u>	<u>3,421</u>
Increase/Decrease in working capital		
Inventories	5,572	(1,471)
Receivables	9,877	12,214
Payables	(3,031)	(11,245)
Cash generated from operations	<u>29,003</u>	<u>2,919</u>
Interest received	154	420
Tax paid	(1,898)	(2,517)
<b>Net cash generated from operating activities</b>	<u><b>27,259</b></u>	<u><b>822</b></u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant & equipment	(1,533)	(2,050)
Proceeds from disposal of property, plant & equipment	952	2,108
Acquisition of Timber Rights	-	(3,000)
Investment in plantation development expenditure	(1,664)	(2,689)
<b>Net cash used in investing activities</b>	<u><b>(2,245)</b></u>	<u><b>(5,631)</b></u>
<b>Cash flow from financing activities</b>		
Fixed Deposit held as security	-	(33)
Payments of hire purchase creditors	(622)	(527)
Repayment of term loans	(4,212)	(4,676)
Interest paid	(1,181)	(1,592)
Dividend paid	-	(6,069)
<b>Net cash used in financing activities</b>	<u><b>(6,015)</b></u>	<u><b>(12,897)</b></u>
<b>Net increase / (decrease) in cash &amp; cash equivalents</b>	<b>18,999</b>	<b>(17,706)</b>
<b>Cash &amp; cash equivalents at beginning of the year</b>	<b>3,006</b>	<b>26,351</b>
<b>Cash and cash equivalents at the end of the quarter</b>	<u><b>22,005</b></u>	<u><b>8,645</b></u>
<b>Cash &amp; cash equivalents comprise:</b>		
Cash and bank balances	4,721	886
Deposits placed with licensed bank	22,560	21,319
Bankers' acceptances	(2,779)	(7,156)
Bank Overdraft	-	(3,933)
	<u>24,502</u>	<u>11,116</u>
Less: Deposits held as security	(2,497)	(2,471)
	<u><b>22,005</b></u>	<u><b>8,645</b></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 3rd 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 2009. 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 2009.

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 2009.

**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 2009.

**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 31 March 2010 is as follows:

### Primary Reporting - Business Segments

	Timber Products RM'000	Plantation RM'000	Investment Holding RM'000	Eliminations RM'000	Consolidated RM'000
<b>Segment Revenue</b>					
External revenue	100,897	282	-	-	101,179
Intersegment revenue	34,484	-	3,240	(37,724)	-
Total revenue	135,381	282	3,240	(37,724)	101,179
<b>Segment Result</b>					
Operating profit/(loss)	13,298	(448)	(5,840)	-	7,010
Finance costs	(1,030)	-	(151)	-	(1,181)
Taxation	-	-	-	-	-
Net profit/(loss) after taxation	12,268	(448)	(5,991)	-	5,829
Minority interest	-	-	90	-	90
Net profit/(loss) for the period	12,268	(448)	(5,901)	-	5,919

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 30 April 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 RM4,753,000.00 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:RM347,922) 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 RM31.4 million is higher than RM23.3 million as recorded for the corresponding quarter of last year. Current quarter has reported a profit before taxation of RM1.7 million as compared to a loss before taxation of RM4.2 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 RM31.4 million is lower than the RM41.0 million recorded for the immediate preceding quarter.

The Group registered a profit before taxation of RM1.7 million in the current quarter as compared to the profit of RM3.0 million of the immediate preceding quarter. The decrease in profit is mainly due to the decrease in revenue.



16. **Current year prospects**

The outlook for the timber industry remains unpredictable for the current year although certain regional economies such as China and USA are showing signs of improvement. 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		9 months ended	
	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09
Malaysian tax expense	RM'000	RM'000	RM'000	RM'000
Income tax				
- Current year	-	-	-	(183)
- Over / (under) provision in prior years	-	-	-	-
	-	-	-	(183)
Deferred taxation				
- Current year	-	-	-	-
- Over / (under) provision in prior years	-	-	-	-
	-	-	-	(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 30 April 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-Mar-10 RM'000	30-June-09 RM'000
<b>Short term borrowings</b>		
<b>-Secured</b>		
Hire Purchase Creditors	716	698
Bankers' Acceptance	2,779	17,520
Bank Overdraft	-	4,182
Term Loans	5,635	5,613
<b>Long term borrowings</b>		
<b>-Secured</b>		
Hire Purchase Creditors	930	1,312
Term Loans	7,077	11,311
<b>Total</b>	<b>17,137</b>	<b>40,636</b>

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 30 April 2010 (being the date not earlier than 7 days from the date of the quarterly report) in Ringgit equivalent was RM55, 488.

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 30 April 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		9 months ended	
	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09
	RM'000	RM'000	RM'000	RM'000
Profit attributable to members	1,704	(4,155)	5,919	(6,422)
Weighted average number of ordinary shares	173,394	173,394	173,394	173,394
Adjusted weighted average number of ordinary shares	162,345	153,419	162,345	153,419
Basic EPS (Sen)	0.98	(2.40)	3.41	(3.70)
Diluted EPS (Sen)	1.05	(2.71)	3.65	(4.19)

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

	3 months ended		9 months ended	
	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09
	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	(10,486)	(18,458)	(10,486)	(18,458)
- Conversion of weighted average number of share options	(563)	(1,517)	(563)	(1,517)
Adjusted weighted average number of ordinary shares	162,345	153,419	162,345	153,419

By order of the Board,  
 Lim Siew Ting  
 Secretary  
 6 May 2010  
 Kuala Lumpur