



(Formerly known as Java Incorporated Bhd)
**Report for the
Fourth Quarter Ended
30 June 2010**

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JAVA BERHAD (2511-M)
(Formerly known as Java Incorporated Bhd)
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FOURTH QUARTER ENDED 30 JUNE 2010

	4TH QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30-June-10 RM '000	Preceding Year Corresponding Quarter 30-June-09 RM '000	Current Year To Date 30-June-10 RM '000	Preceding Year Corresponding Period 30-June-09 RM '000
Revenue	<u>29,152</u>	<u>42,278</u>	<u>130,331</u>	<u>140,586</u>
Operating profit / (loss) before depreciation and other income	3,563	165	17,152	1,518
Depreciation and amortisation	(2,985)	(5,631)	(12,910)	(15,255)
Finance costs	(157)	(466)	(1,338)	(2,059)
Other income	651	466	3,997	4,084
Profit / (Loss) before taxation	<u>1,072</u>	<u>(5,466)</u>	<u>6,901</u>	<u>(11,712)</u>
Taxation	(3)	650	(3)	467
Net profit / (loss) after taxation	<u>1,069</u>	<u>(4,816)</u>	<u>6,898</u>	<u>(11,245)</u>
Attributable to:-				
Equity holders of the parent	1,124	(4,769)	7,043	(11,195)
Minority interest	(55)	(47)	(145)	(50)
	<u>1,069</u>	<u>(4,816)</u>	<u>6,898</u>	<u>(11,245)</u>
Earnings Per Share (Sen)				
- Basic	0.65	(2.75)	4.06	(6.45)
- 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 30 JUNE 2010

	UNAUDITED	AUDITED
	As At End Of Current Quarter 30-June-10 RM '000	As At Preceding Financial Year End 30-June-09 RM '000
NON-CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT	76,435	81,086
PREPAID LEASE PAYMENT	24,529	25,130
PLANTATION DEVELOPMENT EXPENDITURE	15,088	13,149
TIMBER CONCESSION RIGHTS	20,849	27,534
CURRENT ASSETS		
Inventories	69,594	87,722
Trade and other receivables	25,432	30,419
Deposits placed with licensed banks	23,758	25,141
Tax recoverable	1,010	443
Cash and bank balances	8,961	2,064
Total current assets	128,755	145,789
TOTAL ASSETS	265,656	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	379	474
Revaluation reserve	59,837	59,934
Accumulated losses	(6,028)	(13,263)
Shareholders' funds	229,153	222,110
Minority interests	2,304	2,449
Total equity	231,457	224,559
NON-CURRENT LIABILITIES		
Hire purchase creditors	707	1,312
Long term loans	5,694	11,311
Deferred taxation	6	44
Total non-current liabilities	6,407	12,667
CURRENT LIABILITIES		
Trade and other payables	16,491	27,416
Hire purchase creditors	701	698
Short term borrowings	10,541	27,315
Tax payable	59	33
Total current liabilities	27,792	55,462
Total Liabilities	34,199	68,129
TOTAL EQUITY AND LIABILITIES	265,656	292,688
Net assets per ordinary share (RM)	1.32	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 FOURTH QUARTER ENDED 30 JUNE 2010

Attributable to equity holders of the parent

Group	Ordinary Shares	Share Premium	Share Option Reserve	Revaluation Reserve	Retained Earnings / Accumulated Losses	Total	Minority Interests	Total Equity
	RM '000	RM '000	RM'000	RM'000	RM '000	RM '000	RM '000	RM '000
As at 1 July 2009	173,394	1,571	474	59,934	(13,263)	222,110	2,449	224,559
Realised upon disposal	-	-	-	(97)	97	-	-	-
ESOS lapsed	-	-	(95)	-	95	-	-	-
Net profit for the financial period	-	-	-	-	7,043	7,043	(145)	6,898
As at 30 June 2010	173,394	1,571	379	59,837	(6,028)	229,153	2,304	231,457
As at 1 July 2008	173,394	1,571	478	59,934	3,997	239,374	2,499	241,873
ESOS lapsed	-	-	(4)	-	4	-	-	-
Dividend paid	-	-	-	-	(6,069)	(6,069)	-	(6,069)
Net loss for the financial period	-	-	-	-	(11,195)	(11,195)	(50)	(11,245)
As at 30 June 09	173,394	1,571	474	59,934	(13,263)	222,110	2,449	224,559

JAVA BERHAD (2511-M)
(Formerly known as Java Incorporated Bhd)
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FOURTH QUARTER ENDED 30 JUNE 2010

	12 months ended 30-June-10 <u>RM '000</u>	12 months ended 30-June-09 <u>RM '000</u>
Cash Flow from operating activities		
Profit / (Loss) before taxation	6,901	(11,712)
Adjustments for:		
Amortisation of timber concession	6,685	10,422
Amortisation of prepaid lease payment	247	157
Amortisation of Plantation Development Expenditure	209	37
Depreciation of PPE	5,769	4,639
Gain on disposal of property, plant & equipment	(214)	(1,134)
Interest income	(274)	(494)
Interest expenses	1,474	2,055
Operating profit before working capital changes	<u>20,797</u>	<u>3,970</u>
Increase/Decrease in working capital		
Inventories	18,127	(15,085)
Receivables	5,375	31,627
Payables	(9,477)	(10,098)
Cash generated from operations	<u>34,822</u>	<u>10,414</u>
Interest received	274	494
Tax paid	(2,402)	(2,820)
Tax refund	-	572
Net cash generated from operating activities	<u>32,694</u>	<u>8,660</u>
Cash flows from investing activities		
Purchase of property, plant & equipment	(1,550)	(12,624)
Proceeds from disposal of property, plant & equipment	1,045	2,110
Acquisition of Timber Rights	-	(3,000)
Investment in plantation development expenditure	(1,934)	(3,526)
Net cash used in investing activities	<u>(2,439)</u>	<u>(17,040)</u>
Cash flow from financing activities		
Fixed Deposit held as security	(23)	(59)
Payments of hire purchase creditors	(860)	(702)
Repayment of term loans	(5,616)	(6,080)
Interest paid	(1,474)	(2,055)
Dividend paid	-	(6,069)
Net cash used in financing activities	<u>(7,973)</u>	<u>(14,965)</u>
Net increase / (decrease) in cash & cash equivalents	<u>22,282</u>	<u>(23,345)</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>25,288</u></u>	<u><u>3,006</u></u>
Cash & cash equivalents comprise:		
Cash and bank balances	8,961	2,064
Deposits placed with licensed bank	23,758	25,141
Bankers' acceptances	(4,926)	(17,520)
Bank Overdraft	-	(4,182)
	<u>27,793</u>	<u>5,503</u>
Less: Deposits held as security	(2,505)	(2,497)
	<u><u>25,288</u></u>	<u><u>3,006</u></u>

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

Explanatory Notes To The Interim Financial Report for the 4th Quarter Of The Financial Year Ended 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 30 June 2010 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	129,823	508	-	-	130,331
Intersegment revenue	37,185	-	9,320	(46,505)	-
Total revenue	167,008	508	9,320	(46,505)	130,331
Segment Result					
Operating profit/(loss)	16,867	(726)	(7,902)	-	8,239
Finance costs	(1,325)	-	(13)	-	(1,338)
Taxation	(3)	-	-	-	(3)
Net profit/(loss) after taxation	15,539	(726)	(7,915)	-	6,898
Minority interest	-	-	145	-	145
Net profit/(loss) for the period	15,539	(726)	(7,770)	-	7,043

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 11 August 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:RM463,896) 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 RM29.2 million is lower than RM42.3 million as recorded for the corresponding quarter of last year. Current quarter has reported a profit before taxation of RM1.1 million as compared to a loss before taxation of RM5.5 million recorded for the corresponding quarter of last year.

The increase in profit is mainly due to the higher margin and the cost reduction measures taken by the management to improve productivity.

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

The Group's revenue for the reported quarter of RM29.2 million is lower than the RM31.4 million recorded for the immediate preceding quarter.

The Group registered a profit before taxation of RM1.1 million in the current quarter as compared to the profit of RM1.7 million of the immediate preceding quarter. The decrease in profit is mainly due to the strengthening of the Ringgit against the USD.

16. **Current year prospects**

The outlook for the timber industry remains challenging for the current year as the market uncertainties still prevail. 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		12 months ended	
	30-June-10	30-June-09	30-June-10	30-June-09
	RM'000	RM'000	RM'000	RM'000
Malaysian tax expense				
Income tax				
- Current year	(8)	(235)	(8)	(418)
- Over / (under) provision in prior years	(32)	571	(32)	571
	(40)	336	(40)	153
Deferred taxation				
- Current year	(12)	265	(12)	265
- Over / (under) provision in prior years	(49)	49	(49)	49
	(3)	650	(3)	467

The current year tax provision is provided on the other income. No tax charge has been provided on the business income 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 6 August 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.

	30-June-10	30-June-09
	RM'000	RM'000
Short term borrowings		
-Secured		
Hire Purchase Creditors	701	698
Bankers' Acceptance	4,926	17,520
Bank Overdraft	-	4,182
Term Loans	5,592	5,613
Long term borrowings		
-Secured		
Hire Purchase Creditors	707	1,312
Term Loans	5,694	11,311
Total	17,620	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 11 August 2010 (being the date not earlier than 7 days from the date of the quarterly report) in Ringgit equivalent was RM27, 293.

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 11 August 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		12 months ended	
	30-June-10	30-June-09	30-June-10	30-June-09
	RM'000	RM'000	RM'000	RM'000
Profit attributable to members	1,124	(4,769)	7,043	(11,191)
Weighted average number of ordinary shares	173,394	173,394	173,394	173,394
Adjusted weighted average number of ordinary shares	162,546	158,892	162,546	158,892
Basic EPS (Sen)	0.65	(2.75)	4.06	(6.45)
Diluted EPS (Sen)	0.69	(3.00)	4.33	(7.04)

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

	3 months ended		12 months ended	
	30-June-10	30-June-09	30-June-10	30-June-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)	(13,763)	(10,486)	(13,763)
- Conversion of weighted average number of share options	(362)	(739)	(362)	(739)
Adjusted weighted average number of ordinary shares	162,546	158,892	162,546	158,892

By order of the Board,
 Lim Siew Ting
 Secretary
 11 August 2010
 Kuala Lumpur