



**Report for the
Third Quarter Ended
31 March 2012**

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JAVA BERHAD (2511-M)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2012

	(UNAUDITED)	(AUDITED)
	As At 31-Mar-12 <u>RM '000</u>	As At 30-Jun-11 <u>RM '000</u>
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipments	99,759	96,650
Plantation development expenditures	15,341	15,774
Timber concession rights	20,678	20,678
TOTAL NON-CURRENT ASSETS	<u>135,778</u>	<u>133,102</u>
CURRENT ASSETS		
Inventories	79,481	58,226
Trade and other receivables	34,517	27,708
Tax recoverable	618	802
Deposits placed with licensed bank	7,430	18,524
Cash and bank balances	828	7,507
TOTAL CURRENT ASSETS	<u>122,874</u>	<u>112,767</u>
TOTAL ASSETS	<u>258,652</u>	<u>245,869</u>
EQUITIES AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE COMPANY		
Share capital	173,394	173,394
Share premium	1,571	1,571
Revaluation reserve	59,837	59,837
Share options reserve	271	271
Accumulated losses	(30,644)	(17,605)
SHAREHOLDERS' FUNDS	<u>204,429</u>	<u>217,468</u>
Non-controlling interest	1,817	2,089
TOTAL EQUITY	<u>206,246</u>	<u>219,557</u>
NON-CURRENT LIABILITIES		
Loans and borrowings	-	809
TOTAL NON-CURRENT LIABILITIES	<u>-</u>	<u>809</u>
CURRENT LIABILITIES		
Trade and other payables	16,092	12,790
Loans and borrowings	36,314	12,647
Tax payable	-	66
TOTAL CURRENT LIABILITIES	<u>52,406</u>	<u>25,503</u>
TOTAL LIABILITIES	<u>52,406</u>	<u>26,312</u>
TOTAL EQUITY AND LIABILITIES	<u>258,652</u>	<u>245,869</u>
Net assets per ordinary share (RM)	1.18	1.25

The above statement should be read in conjunction with the annual audited financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND PERIOD ENDED 31 MARCH 2012**

	INDIVIDUAL QUARTER 3RD QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31-Mar-12 RM '000	Preceding Year Corresponding Quarter 31-Mar-11 RM '000	Current Year To Date 31-Mar-12 RM '000	Preceding Year Corresponding Period 31-Mar-11 RM '000
Revenue	16,658	11,467	46,615	39,395
Cost of sales	(14,993)	(9,469)	(37,791)	(36,443)
Gross profit	1,665	1,998	8,824	2,952
Other income	0.10	0.17	0.19	0.07
Distribution expenses	112	557	458	873
Administrative expenses	(716)	(444)	(2,055)	(2,124)
Results from operating activities	(13,565)	(3,831)	(19,349)	(10,562)
Finance cost	(12,504)	(1,720)	(12,122)	(8,861)
(Loss)/profit before tax	(499)	(190)	(1,189)	(732)
Taxation	(13,003)	(1,910)	(13,311)	(9,593)
(Loss)/profit for the period	-	-	-	93
Other comprehensive income, net of tax	(13,003)	(1,910)	(13,311)	(9,500)
Total comprehensive (loss)/income for the period	-	-	-	-
(Loss)/profit attributable to:				
- Equity holders of the Company	(12,837)	(1,854)	(13,039)	(9,330)
- Non-controlling interest	(166)	(56)	(272)	(170)
	(13,003)	(1,910)	(13,311)	(9,500)
Total comprehensive (loss)/income attributable to:				
- Equity holders of the Company	(12,837)	(1,854)	(13,039)	(9,330)
- Non-controlling interest	(166)	(56)	(272)	(170)
	(13,003)	(1,910)	(13,311)	(9,500)
Basic earnings per ordinary share (sen)	(7.40)	(1.07)	(7.52)	(5.38)
Diluted earnings per ordinary share (sen)	N/A	N/A	N/A	N/A

The above statement should be read in conjunction with the annual audited financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER AND PERIOD ENDED 31 MARCH 2012

9 months ended 31 March 2012

	Equity attributable to owners of the parent, total					Non-controlling interest	Total Equity
	Share Capital	Share Premium	Share Option	Revaluation Reserve	(Distributable) Accumulated Losses		
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
At 1 July 2011	173,394	1,571	271	59,837	(17,605)	2,089	219,557
ESOS lapsed	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(13,039)	(272)	(13,311)
At 31 March 2012	173,394	1,571	271	59,837	(30,644)	1,817	206,246
At 1 July 2010	173,394	1,571	379	59,837	(6,026)	2,303	231,458
ESOS lapsed	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(9,330)	(170)	(9,500)
Realisation of revaluation reserve	-	-	-	-	-	-	-
At 31 March 2011	173,394	1,571	379	59,837	(15,356)	2,133	221,958

The above statement should be read in conjunction with the annual audited financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER AND PERIOD ENDED 31 MARCH 2012**

	9 months ended 31-Mar-12 RM '000	9 months ended 31-Mar-11 RM '000
Cash Flow from operating activities		
Loss before taxation	(13,311)	(9,593)
Adjustments for:		
Amortisation of timber concession	-	109
Amortisation of prepaid lease payment	-	128
Amortisation of plantation development expenditure	433	195
Impairment loss on trade receivables	-	1
Inventories Written Off	9,934	
Depreciation of property, plants and equipments	4,432	4,345
Loss on disposal of property, plant and equipments	-	38
Interest income	(367)	(347)
Interest expenses	1,189	732
Operating loss before working capital changes	2,310	(4,392)
Changes in working capital		
Inventories	(31,189)	12,465
Receivables	(6,808)	(1,166)
Payables	3,301	(5,303)
Cash generated from operations	(32,386)	1,604
Interest paid	(1,189)	(732)
Interest received	367	347
Tax refunded	118	205
Net cash generated from operating activities	(33,090)	1,424
Cash flows from investing activities		
Purchase of property, plant and equipments	(6,765)	(824)
Investment in plantation development expenditure	-	(859)
Net cash used in investing activities	(6,765)	(1,683)
Cash flow from financing activities		
Net payments of hire purchase creditors	(357)	(182)
Repayment of term loans	(4,211)	(4,192)
Net cash used in financing activities	(4,568)	(4,374)
Net decrease in cash and cash equivalents	(44,423)	(4,633)
Cash and cash equivalents at beginning of the year	19,608	25,285
Cash and cash equivalents at end of the period	(24,815)	20,652
Cash and cash equivalents comprise the followings:		
Cash and bank balances	828	6,270
Deposits placed with licensed bank	7,430	19,203
Bankers' acceptances	(22,620)	(2,316)
Bank overdraft	(10,453)	-
	(24,815)	23,157
Less: Deposits held as security	-	(2,505)
	(24,815)	20,652

The above statement should be read in conjunction with the annual audited financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

SIGNIFICENT RELATED PARTY TRANSACTIONS

Transactions with related parties	Individual Quarter 3 months ended		Cummulative Quarter 9 months ended	
	31-Mar-12 RM'000	31-Mar-11 RM'000	31-Mar-12 RM'000	31-Mar-11 RM'000
Rental expenses paid to a Company in which a substantial shareholder Dato' Choo Keng Weng has interest				
- Desa Samudra Sdn. Bhd	130	135	387	391
Purchase of raw materials from a Company in which director Sy Choon Yen has interest and substantial shareholder Dato' Choo Keng Weng has interest				
- Ratus Awansari Sdn. Bhd.	697	-	1,603	-
- SHC Technopalm Plantation Services Sdn. Bhd.	61	-	182	-

TAXATION

	Individual Quarter 3 months ended		Cummulative Quarter 9 months ended	
	31-Mar-12 RM'000	31-Mar-11 RM'000	31-Mar-12 RM'000	31-Mar-11 RM'000
Malaysian tax expense				
Income tax				
- Current year	-	-	-	-
- Under/(Over) provision in prior years	-	-	-	93
	-	-	-	93
Deferred taxation				
- Current year	-	-	-	-
- Under/(Over) provision in prior years	-	-	-	-
	-	-	-	93

BORROWINGS

	31-Mar-12 RM'000	30-Jun-11 RM'000
Short term borrowings		
- Secured		
Bank overdraft	10,453	1,504
Hire purchase creditors	580	574
Bankers' acceptance	22,620	4,919
Term loan	1,479	5,650
	35,132	12,647
Long term borrowings		
- Secured		
Hire purchase creditors	1,182	767
Term loan	-	42
	1,182	809
	36,314	13,456

Individual Quarter
3 months ended

Cummulative Quarter
9 months ended

	31-Mar-12 RM'000	31-Mar-11 RM'000	31-Mar-12 RM'000	31-Mar-11 RM'000
(Loss)/profit attributable to owners of the Company	(12,837)	(1,854)	(13,039)	(9,330)
Weighted average number of ordinary shares	173,394	173,394	173,394	173,394
Adjusted weighted average number of ordinary shares	173,394	173,394	173,394	173,394
Basic EPS (sen)	(7.40)	(1.07)	(7.52)	(5.38)
Diluted EPS (sen)	N/A	N/A	N/A	N/A

REALISED/UNREALISED DISCLOSURE

	Current Quarter For 9 Months Ended 31-Mar-12 RM'000	Preceding Financial Year Ended 30-Jun-11 RM'000
Total retained profits of the Group:		
- Realised	35,299	45,338
- Unrealised	-	-
Less: Consolidation adjustments	(65,943)	(62,943)
Total group accumulated losses	(30,644)	(17,605)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – 31 MARCH 2012

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 2011. 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 2011.

The financial statements are expressed in Ringgit Malaysia and all values are rounded to the nearest thousand (*000) except when otherwise stated.

2. Significant Accounting policies

The significant accounting policies adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 30 June 2011 except for the adoption of the following new/revised standards, amendments and interpretations that are effective for financial period from 1 July 2011:

- Amendments to FRS 1: First-time Adoption of Financial Reporting Standards
 - Limited Exemption from Comparative FRS 7: Disclosure for First-time Adopters
 - Additional Exemptions for First-time Adopters
- Amendments to FRS 2: Group Cash-settled Share Based Payment Transactions
- Amendments to FRS 7: Financial Instruments: Disclosures – improving Disclosures about Financial Instruments
- IC Interpretation 4: Determining whether an Arrangement contains a Lease
- IC Interpretation 18: Transfers of Assets from Customers
- Improvements to FRSs (2010)
- IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

3. 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 2011.

4. Seasonality or cyclicity of operations

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

5. 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.

6. **Changes in estimates**

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

7. **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").

8. **Dividend paid**

There were no dividends paid in the current quarter.

9. **Segmental reporting**

The segmental reporting for the period ended 31 March 2012:

	Timber products	Plantation	Investment Holding	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment revenue					
External revenue	45,775	840	-	-	46,615
Intersegment revenue	3,084	-	3,240	(6,324)	-
Total revenue	48,859	840	3,240	(6,324)	46,615
Segment results					
Operating profit/(loss)	(9,381)	(1,361)	(1,380)	-	(12,122)
Finance cost	(1,160)	-	(29)	-	(1,189)
Taxation	-	-	-	-	-
Net profit/(loss) after taxation	(10,541)	(1,361)	(1,409)	-	(13,311)
Non-controlling interest	-	-	272	-	272
Net profit/(loss) attributable to owners of the Group for the period	(10,541)	(1,361)	(1,137)	-	(13,039)

10. **Property, plant and equipment**

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

11. **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.

12. **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.

13. **Contingent liabilities/assets**

There were no material changes in the contingent assets or liabilities since the last annual balance sheet date

14. **Significant related party transactions**

Transactions with related parties	Individual Quarter 3 months ended		Cummulative Quarter 9 months ended	
	31-Mar-12 RM'000	31-Mar-11 RM'000	31-Mar-12 RM'000	31-Mar-11 RM'000
<u>Rental expenses paid to a Company in which a substantial shareholder Dato' Choo Keng Weng has interest</u>				
- Desa Samudra Sdn. Bhd	130	135	387	391
<u>Purchase of raw materials from a Company in which director Sy Choon Yen has interest and substantial shareholder Dato' Choo Keng Weng has interest</u>				
- Ratus Awansari Sdn. Bhd.	697	-	1,603	-
- SHC Technopalm Plantation Services Sdn. Bhd.	61	-	182	-

The directors are of the opinion that the above transaction has been entered into the normal course of business and the terms are no less favourable than those arranged with third parties.

15. **Review of Performance**

In the quarter under review, the Group reported higher revenue of RM16.66 million as compared to RM11.47 million recorded in the previous year corresponding quarter. The increase was mainly contributed from higher sales in Timber Products segment which was due to availability of workers. Despite of the higher revenue, the Group reported a loss before taxation of RM13.00 million in the current quarter as compared to a loss before taxation of RM1.91 million recorded in the previous year corresponding quarter. The loss before taxation of RM13.00 million is inclusive of an amount of RM9.97 million stock being written off from Timber Products segment. With the exclusion of the stock written off amount, the loss after taxation for the quarter was RM3.03 million.

On the current financial year to date basis, the Group also reported higher revenue of RM46.62 million as compared to RM39.39 million recorded in the previous corresponding financial year to date. Similarly, the increase was contributed by higher sales from Timber Products segment. In term of the losses before taxation, it recorded a slightly amount of RM 13.04 million as compared to the previous financial year to date of RM9.33 million. With the exclusion of the stock written off amount, the current financial year to date would have reported smaller losses before taxation.

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

The Group registered a loss before taxation of RM13.00 million in the current quarter as compared to the profit before taxation of RM0.22 million in the immediate preceding quarter. The substantial increase were due to the RM9.97 million in stock written off and higher production costs such as glue, fuel, labour and lower recovery yield from Timber segment and lower than expected revenue arisen from labour shortage from Plantation segment.

17. **Current year prospects**

The Group's principal challenges remain the tasks of securing the right material hence maximise the recovery yield; rising costs of key material for Timber Products segment and securing the required labour for Plantation segment. Moving forward, the Group will look for new supplier for quality material and strategies new procurement policy in minimising the key material cost for Timber Products segment and to offer better salaries and incentives in securing more labour for the Plantation segment.

18. **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.

19. **Taxation**

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

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11
	RM'000	RM'000	RM'000	RM'000
Malaysian tax expense				
Income tax				
- Current year	-	-	-	-
- Under/(Over) provision in prior years	-	-	-	93
	-	-	-	93
Deferred taxation				
- Current year	-	-	-	-
- Under/(Over) provision in prior years	-	-	-	-
	-	-	-	-
	-	-	-	93

No tax charge has been provided as the Group has no taxable income for the financial quarter under review.

20. **Corporate Proposals**

There were no corporate proposals announced which was not completed as at 31 May 2012, a date not earlier than seven (7) days from the date of this report.

21. **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-12	30-Jun-11
	RM'000	RM'000
Short term borrowings		
- Secured		
Bank overdraft	10,453	1,504
Hire purchase creditors	580	574
Bankers' acceptance	22,620	4,919
Term loan	1,479	5,650
	35,132	12,647
Long term borrowings		
- Secured		
Hire purchase creditors	1,182	767
Term loan	-	42
	1,182	809
	36,314	13,456

22. **Material Litigation**

There is no material litigation as at the date of this announcement.

23. **Dividends Proposed**

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

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

	Individual Quarter 3 months ended		Cummulative Quarter 9 months ended	
	31-Mar-12 RM'000	31-Mar-11 RM'000	31-Mar-12 RM'000	31-Mar-11 RM'000
(Loss)/profit attributable to owners of the Company	(12,837)	(1,854)	(13,039)	(9,330)
Weighted average number of ordinary shares	173,394	173,394	173,394	173,394
Adjusted weighted average number of ordinary shares	173,394	173,394	173,394	173,394
Basic EPS (sen)	(7.40)	(1.07)	(7.52)	(5.38)
Diluted EPS (sen)	N/A	N/A	N/A	N/A

25. **Disclosure of Realised and Unrealised Profit / Loss:**

The following analysis of realised and unrealised retained earnings at the legal entity level is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.

	Current Quarter For 9 Months Ended 31-Mar-12 RM'000	Preceding Financial Year Ended 30-Jun-11 RM'000
Total retained profits of the Group:		
- Realised	32,299	45,338
- Unrealised	-	-
Less: Consolidation adjustments	(62,943)	(62,943)
Total group accumulated losses	(300,644)	(17,605)

26. **Notes to the Statement of Comprehensive Income**

	9 months ended 31st March 2012 (RM'000)
Net loss for the period is arrived after charging:	
Amortisation of plantation development expenditure	433
Depreciation of property, plants and equipment	4,432
Interest expense	1,189
Written-off of inventories	9,974
And after crediting:	
Interest income	367

Other than the above as disclosed in the Statement of Comprehensive Income, there were no other income including investment income, provision for and write-off of receivables, gain or loss on disposal of quoted or unquoted investments or properties, impairment of assets, gain or loss on derivatives and exceptional items for the current and financial period to date.

By order of the Board,
 Lim Siew Ting
 Secretary
 Date: 25 May 2012
 Kuala Lumpur