



**Report for the
Fifth Quarter Ended
30 September 2015**

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015**

	(UNAUDITED)	(AUDITED)
	As At 30-Sep-15 <u>RM '000</u>	As At 30-Jun-14 <u>RM '000</u>
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipments	84,310	90,786
Plantation development expenditures	12,979	13,800
TOTAL NON-CURRENT ASSETS	<u>97,289</u>	<u>104,586</u>
CURRENT ASSETS		
Inventories	16,863	31,118
Trade and other receivables	5,728	17,330
Tax recoverable	6	396
Deposits placed with licensed bank	232	292
Cash and bank balances	139	644
TOTAL CURRENT ASSETS	<u>22,968</u>	<u>49,780</u>
TOTAL ASSETS	<u>120,257</u>	<u>154,366</u>
EQUITIES AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE COMPANY		
Share capital	173,396	173,394
Share premium	1,571	1,571
Revaluation reserve	40,394	41,103
Share options reserve	114	114
Accumulated losses	(159,925)	(130,070)
SHAREHOLDERS' FUNDS	<u>55,550</u>	<u>86,112</u>
Non-controlling interest	464	1,020
TOTAL EQUITY	<u>56,014</u>	<u>87,132</u>
NON-CURRENT LIABILITIES		
Other payables	14,916	15,113
Loans and borrowings	6,099	8,107
TOTAL NON-CURRENT LIABILITIES	<u>21,015</u>	<u>23,220</u>
CURRENT LIABILITIES		
Trade and other payables	7,195	10,446
Loans and borrowings	35,960	33,502
Tax payable	73	66
TOTAL CURRENT LIABILITIES	<u>43,228</u>	<u>44,014</u>
TOTAL LIABILITIES	<u>64,243</u>	<u>67,234</u>
TOTAL EQUITY AND LIABILITIES	<u>120,257</u>	<u>154,366</u>
	-	-
Net assets per ordinary share (RM)	0.32	0.50

The above statement should be read in conjunction with the annual audited financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND PERIOD ENDED 30 SEPT 2015**

	INDIVIDUAL QUARTER 5TH QUARTER		Year To Date 5TH QUARTER	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter	15 Months Cumulative to Date	Preceding 15 Months Cumulative to Date *
	30-Sep-15 RM '000	30-Sep-14 RM '000	30-Sep-15 RM '000	30-Sep-14 RM '000
Revenue	469	9,577	18,595	N/A
Cost of sales	(10,382)	(12,760)	(39,142)	N/A
Gross loss	(9,913)	(3,183)	(20,547)	N/A
Other income	32	37	920	N/A
Distribution expenses	(6)	(65)	(208)	N/A
Administrative expenses	(1,325)	(1,857)	(7,482)	N/A
Other expenses	-	(4)	(375)	N/A
Results from operating activities	(11,212)	(5,072)	(27,692)	N/A
Finance cost	(865)	(633)	(3,441)	N/A
Loss before tax	(12,077)	(5,705)	(31,133)	N/A
Taxation	-	-	13	N/A
Loss for the period	(12,077)	(5,705)	(31,120)	N/A
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss for the period	(12,077)	(5,705)	(31,120)	N/A
Loss attributable to:				
- Equity holders of the Company	(11,977)	(5,589)	(30,549)	N/A
- Non-controlling interest	(100)	(116)	(571)	N/A
	(12,077)	(5,705)	(31,120)	N/A
Total comprehensive loss attributable to:				
- Equity holders of the Company	(11,977)	(5,589)	(30,549)	N/A
- Non-controlling interest	(100)	(116)	(571)	N/A
	(12,077)	(5,705)	(31,120)	N/A
Basic loss per ordinary share (sen)	(6.91)	(3.22)	(17.62)	N/A
Diluted loss per ordinary share (sen)	(6.91)	(3.22)	(17.62)	N/A

* Due to the change in the current financial year end from 30 June 2015 to 31 December 2015, there were no comparative financial information available for the 15-month financial period 30 September 2015

The above statement should be read in conjunction with the annual audited financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.

JAVA BERHAD (2511-M)*(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER AND PERIOD ENDED 30 SEPT 2015****15 months ended 30 Sept 2015**

	-----Equity attributable to owners of the parent, total-----						Non- controlling interest	Total Equity
	------(Non-distributable)-----			-(Distributable)				
	Share Capital RM '000	Share Premium RM '000	Share Option RM'000	Revaluation Reserve RM'000	Accumulated Losses RM '000	Total RM '000	RM '000	RM '000
At 1 July 2014	173,394	1,571	114	41,103	(130,070)	86,112	1,020	87,132
Total comprehensive income for the period	-	-	-	-	(30,549)	(30,549)	(571)	(31,120)
Realisation of revaluation reserve	-	-	-	(709)	694	(15)	15	-
Conversion of warrants	2					2		2
At 30 Sept 2015	173,396	1,571	114	40,394	(159,925)	55,550	464	56,014
At 1 July 2013	173,394	1,571	132	41,669	(96,259)	120,507	1,631	122,138
ESOS lapsed	-	-	(18)	-	18	-	-	-
Total comprehensive income for the period	-	-	-	-	(34,381)	(34,381)	(625)	(35,006)
Realisation of revaluation reserve	-	-	-	(566)	552	(14)	14	-
At 30 June 2014	173,394	1,571	114	41,103	(130,070)	86,112	1,020	87,132

The above statement should be read in conjunction with the annual audited financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.

JAVA BERHAD (2511-M)*(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER AND PERIOD ENDED 30 SEPT 2015**

	15 months ended 30-Sep-15 RM '000	15 months ended 30-Sep-14 RM '000
Cash Flow from operating activities		*
Loss before taxation	(31,133)	N/A
Adjustments for:		
Amortisation of plantation development expenditure	821	N/A
Depreciation of property, plants and equipments	6,380	N/A
Impairment loss on trade & other receivables	55	N/A
Property, plant and equipments written off	140	N/A
Written down of inventories	8,049	N/A
Interest expenses	3,441	N/A
Interest income	(7)	N/A
Gain on disposal of property, plant and equipment	(752)	N/A
Operating loss before working capital changes	(13,006)	N/A
Changes in working capital		
Inventories	6,206	N/A
Receivables	11,559	N/A
Payables	(2,692)	N/A
Cash generated from operations	2,067	N/A
Interest paid	(3,441)	N/A
Interest received	7	N/A
Tax refunded	397	N/A
Net cash used from operating activities	(970)	N/A
Cash flows from investing activities		
Purchase of property, plant and equipments	(48)	N/A
Net cash used in investing activities	(48)	N/A
Cash flow from financing activities		
Net payments of hire purchase creditors	(463)	N/A
Drawdown of term loans	28,594	N/A
Net cash generated in financing activities	28,131	N/A
Net increase in cash and cash equivalents	27,113	N/A
Effect of exchange differences	-	N/A
Cash and cash equivalents at beginning of the year	(31,185)	N/A
Cash and cash equivalents at end of the period	(4,072)	N/A
Cash and cash equivalents comprise the followings:		
Cash and bank balances	139	N/A
Deposits placed with licensed bank	232	N/A
Bankers' acceptances	-	N/A
Bank overdraft	(4,443)	N/A
	(4,072)	N/A

* Due to the change in the current financial year end from 30 June 2015 to 31 December 2015, there were no comparative financial information available for the 15-month financial period ended 30 September 2015

The above statement should be read in conjunction with the annual audited financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE INTERIM FINANCIAL REPORT – 30 SEPTEMBER 2015
(The figures have not been audited)

1. **Basis of preparation**

The interim financial report is prepared in accordance with the requirements of 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 2014. 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 2014.

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, methods of computation and basis of consolidation adopted are consistent with those of the annual financial statements for the year ended 30 June 2014.

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the MASB had on 19 November 2011 issue a new MASB approved accounting standards, MFRSs (“MFRSs Framework”) for application in the annual periods beginning on or after 1 January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Int 15 *Agreements for the Construction of Real Estate* (“*Transitioning Entities*”). The Transitioning Entities are given an option to defer adoption of the MFRSs framework to financial periods beginning on or after 1st January 2017. The Transitioning Entities also includes those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs Framework. The Group and the Company will prepare its first MFRSs financial statements using the MFRSs Framework for the financial year ending 30 June 2018.

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 2014.

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 and financial period to date.

8. **Dividend paid**

No dividends were paid during the current financial period.

9. **Segmental information**

The Group is focused in 3 areas of activity, timber products, plantation and investment holding.

The segmental reporting for the period ended 30 September 2015:

	Timber products	Plantation	Investment Holding	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment revenue					
External revenue	16,848	1,747	-	-	18,595
Intersegment revenue	5,931	-	45	(5,976)	-
Total revenue	<u>22,779</u>	<u>1,747</u>	<u>45</u>	<u>(5,976)</u>	<u>18,595</u>
Segment results					
Operating profit/(loss)	(21,924)	(1,887)	(3,881)	-	(27,692)
Finance cost	(2,461)	(973)	(7)	-	(3,441)
Taxation	13	-	-	-	13
Net profit/(loss) after taxation	<u>(24,372)</u>	<u>(2,860)</u>	<u>(3,888)</u>	<u>-</u>	<u>(31,120)</u>
Non-controlling interest	-	-	571	-	571
Net profit/(loss) attributable to owners of the Group for the period	<u>(24,372)</u>	<u>(2,860)</u>	<u>(3,317)</u>	<u>-</u>	<u>(30,549)</u>

10. **Property, plant and equipment**

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

11. **Subsequent events**

There were no significant events subsequent to the end of the current financial quarter.

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		Cumulative Quarter 15 months ended	
	30-Sep-15 RM'000	30-Sep-14 RM'000	30-Sep-15 RM'000	30-Sep-14 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	71	120	536	N/A
<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.	-	-	-	N/A
- Anika Desiran Sdn. Bhd.	-	6,897	11,306	N/A
- SHC Technopalm Plantation Services Sdn. Bhd.	-	80	104	N/A

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.

Additional disclosure pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

15. **Performance Review**

	Current Quarter Ended 30-Sep-15		Previous Current Quarter Ended 30-Sep-14	
	Revenue RM'000	Operating Loss RM'000	Revenue RM'000	Operating Loss RM'000
Timber Products	115	(10,149)	9,091	(3,609)
Plantation	354	(325)	486	(387)
Other	-	(738)	-	(1,076)
	<u>469</u>	<u>(11,212)</u>	<u>9,577</u>	<u>(5,072)</u>

The Group recorded lower revenue of RM 0.47 million and operating loss of RM 11.21 million in the current quarter ended 30 Sept 2015 as compared to revenue of RM 9.58 million and operating loss of RM 5.08 million in the previous year corresponding quarter.

Detailed analysis of the performance for the respective operating business segments for the period ended 30 Sept 2015 is as follows:

Timber Products

The Group recorded lower revenue of RM 0.12 million in the current quarter ended Sept 2015 as compared to revenue of RM 9.09 million in the previous year corresponding quarter, the decrease in revenue was due to lower sales for timber products, as a result of shortage of logs as compared to previous year corresponding quarter.

The Group recorded operating loss of RM 10.15 million in the current quarter ended 30 Sept 2015 as compared to operating loss of RM 3.61 million in the previous year corresponding quarter. Higher losses in current quarter arose as a result of written down of obsolete inventory.

Plantation

In respect of plantation segment, the Group recorded revenue of RM 0.35 million in the quarter under review as compared to previous year corresponding quarter of RM 0.49 million, a decrease of 29%. The decrease due to lower selling price for the fresh fruit bunch.

The Group recorded operating profit of RM 0.33 million in the quarter under review as compared to operating loss in previous year corresponding quarter RM 0.39 million. The improvement as a result of reversal of and cost control measurement.

Others

Others segment consist of investment holding company and other subsidiary which remain inactive in the quarter under review, thus no revenue was recorded and cost incurred was mainly on investment holding company administrative expenses.

16. **Variation of result against immediate preceding quarter**

	Current Quarter Ended 30-Sep-15		Preceding Quarter Ended 30-Jun-15	
	Revenue RM'000	Operating Loss RM'000	Revenue RM'000	Operating Loss RM'000
Timber Products	115	(10,149)	30	(4,446)
Plantation	354	(325)	441	13
Other	-	(738)	-	(824)
	469	(11,212)	471	(5,257)

Timber Products

The Group reported lower revenue of RM 0.12 million as compared to RM 0.03 million in the previous corresponding quarter, operating loss before taxation was RM 10.15 million in the current quarter as compared to the loss before taxation of RM 4.45 million in the immediate preceding quarter. Higher loss in the current quarter compare immediate preceding quarter due written down of obsolete inventory.

Plantation

In respect of plantation segment, the Group recorded revenue of RM 0.35 million and loss before taxation of RM 0.32 million in the current quarter as compared to revenue of RM 0.44 million and profit before taxation of RM 0.13 million in the immediate preceding quarter. The lower revenue was due to lower production of fresh fruit bunch due to seasonal changes in weather.

17. **Coming Quarter Prospects**

Timber Products

The Group is facing a shortage of raw materials due to the scarcity of log supply in the market for the coming quarter. The Group will continue and focus on securing constant supply of round logs in the market so as to ensure the continued operation of Timber and Manufacturing Division.

The board is of the opinion that the Group's performance for the coming quarter would be challenging.

Plantation

The board would continue and take steps to reduce the operation cost and increase the operational efficiency.

18. **Profit forecast or profit guarantee**

No profit forecast or profit guarantee has been issued by the Group.

19. **Taxation**

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

	Individual Quarter		Cumulative Quarter	
	3 months ended		15 months ended	
	30-Sep-15	30-Sep-14	30-Sep-15	30-Sep-14
	RM'000	RM'000	RM'000	RM'000
Malaysian tax expense				
Income tax				
- Current year	-	-	-	N/A
- (Under)/over provision in prior years	-	1	13	N/A
	-	1	13	N/A
Deferred taxation				
- Current year	-	-	-	N/A
- Over provision in prior years	-	-	-	N/A
	-	-	-	N/A
	-	1	13	N/A

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 18th Nov 2015, a date not earlier than seven (7) days from the date of this report.

21. **Group borrowings**

The Group's borrowings as at 30 September 2015 comprises the following: -

	30-Jun-15	30-Jun-14
	RM'000	RM'000
Short term borrowings		
- Secured		
Bank overdraft	4,443	3,414
Hire purchase creditors	173	378
Bankers' acceptance	-	28,707
Term loan	31,344	1,003
	<u>35,960</u>	<u>33,502</u>
Long term borrowings		
- Secured		
Hire purchase creditors	99	357
Term loan	6,000	7,750
	<u>6,099</u>	<u>8,107</u>
	<u>42,059</u>	<u>41,609</u>

All borrowings are denominated in Ringgit Malaysia.

22. **Material Litigation**

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

23. **Dividends**

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 15 months ended	
	30-Sep-15 RM'000	30-Sep-14 RM'000	30-Sep-15 RM'000	30-Sep-14 RM'000
Loss attributable to owners of the Company	(11,977)	(5,589)	(30,549)	N/A
Weighted average number of ordinary shares	173,396	173,394	173,396	N/A
Adjusted weighted average number of ordinary shares	173,396	173,394	173,396	N/A
Basic EPS (sen)	(6.91)	(3.22)	(17.62)	N/A
Diluted EPS (sen)	(6.91)	(3.22)	(17.62)	N/A

25. **Realised and Unrealised Profit And 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 Financial Year Months Ended 30-Sep-15 RM'000	Preceding Financial Year Ended 30-Jun-14 RM'000
Total retained profits of the Group:		
- Realised	(174,474)	(144,619)
- Unrealised	-	-
Less: Consolidation adjustments	14,549	14,549
Total group accumulated losses	<u>(159,925)</u>	<u>(130,070)</u>

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

	15 months ended 30 September 2015 (RM'000)
Net loss for the period is arrived after charging:	
Amortisation of plantation development expenditure	821
Depreciation of property, plant and equipment	6,380
Impairment loss of other receivables	55
Property, plants and equipment written off	140
Written down of inventories	8,049
Interest expense	3,441
Interest Income	(7)
Gain on disposal of property, plant & equipment	(752)

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, provision for and write-off of inventories, 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.