



**Report for the
Second Quarter Ended
30 June 2017**

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	(UNAUDITED)	(AUDITED)
	As At 30-Jun-17 <u>RM '000</u>	As At 31-Dec-16 <u>RM '000</u>
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipments	15,862	15,937
Plantation development expenditures	11,828	12,156
TOTAL NON-CURRENT ASSETS	<u>27,690</u>	<u>28,093</u>
Inventories	17	17
Trade and other receivables	1,668	572
Tax recoverable	4	4
Deposits placed with licensed bank	241	241
Cash and bank balances	131	67
TOTAL CURRENT ASSETS	<u>2,061</u>	<u>901</u>
TOTAL ASSETS	<u>29,751</u>	<u>28,994</u>
EQUITIES AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE COMPANY		
Share capital	173,396	173,396
Share premium	1,571	1,571
Revaluation reserve	6,297	6,337
Share options reserve	-	-
Accumulated losses	(170,787)	(169,112)
SHAREHOLDERS' FUNDS	<u>10,477</u>	<u>12,192</u>
Non-controlling interest	(16)	101
TOTAL EQUITY	<u>10,461</u>	<u>12,293</u>
NON-CURRENT LIABILITIES		
Other payables	-	-
Loans and borrowings	-	-
TOTAL NON-CURRENT LIABILITIES	<u>-</u>	<u>-</u>
CURRENT LIABILITIES		
Trade and other payables	10,886	8,591
Loans and borrowings	8,337	8,043
Tax payable	67	67
TOTAL CURRENT LIABILITIES	<u>19,290</u>	<u>16,701</u>
TOTAL LIABILITIES	<u>19,290</u>	<u>16,701</u>
TOTAL EQUITY AND LIABILITIES	<u>29,751</u>	<u>28,994</u>
Net assets per ordinary share (RM)	0.06	0.07

The above statement should be read in conjunction with the annual audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2017

	INDIVIDUAL QUARTER 2ND QUARTER		YEAR TO DATE 2ND QUARTER	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter	6 Months Cumulative to Date	Preceding 6 Months Cumulative to Date
	30-Jun-17 RM '000	30-Jun-16 RM '000	30-Jun-17 RM '000	30-Jun-16 RM '000
Revenue	140	588	289	842
Cost of sales	(306)	(1,716)	(621)	(3,265)
Gross profit/(loss)	(166)	(1,128)	(332)	(2,423)
Other income	87	582	88	886
Distribution expenses	-	-	-	-
Administrative expenses	(641)	(269)	(1,205)	(1,144)
Other expenses	(90)	7	(90)	-
Results from operating activities	(810)	(808)	(1,539)	(2,681)
Finance cost	(293)	(919)	(293)	(1,851)
Loss before tax	(1,103)	(1,727)	(1,832)	(4,532)
Taxation	-	-	-	-
Loss for the period	(1,103)	(1,727)	(1,832)	(4,532)
Other comprehensive income, net of tax <i>Item that will be reclassified subsequently to profit or loss</i>				
Realisation of revaluation reserve	20	-	40	-
Total comprehensive loss for the period	(1,083)	(1,727)	(1,792)	(4,532)
Loss attributable to:				
- Equity holders of the Company	(1,015)	(1,657)	(1,708)	(4,348)
- Non-controlling interest	(88)	(70)	(124)	(184)
	(1,103)	(1,727)	(1,832)	(4,532)
Total comprehensive loss attributable to:				
- Equity holders of the Company	(999)	(1,657)	(1,676)	(4,348)
- Non-controlling interest	(84)	(70)	(116)	(184)
	(1,083)	(1,727)	(1,792)	(4,532)
Basic loss per ordinary share (sen)	(0.59)	(0.96)	(0.99)	(2.51)
Diluted loss per ordinary share (sen)	(0.59)	(0.96)	(0.99)	(2.51)

The above statement should be read in conjunction with the annual audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2017**

6 months ended 30 June 2017

	Equity attributable to owners of the parent, total					Non-controlling interest	Total Equity
	(Non-distributable)		(Distributable)				
	Share Capital	Share Premium	Share Option	Revaluation Reserve	Accumulated Losses	Total	
	RM '000	RM '000	RM'000	RM'000	RM '000	RM '000	RM '000
At 1 January 2016	173,396	1,571	-	6,337	(169,112)	12,192	12,293
Loss for the financial period	-	-	-	-	(1,708)	(1,708)	(1,832)
Other comprehensive income	-	-	-	(40)	33	(7)	7
At 30 June 2017	173,396	1,571	-	6,297	(170,787)	10,477	10,461
At 1 January 2016	173,396	1,571	86	40,253	(183,183)	32,123	32,516
Loss for the financial period	-	-	-	-	(19,918)	(19,918)	(20,223)
Other comprehensive income for the financial period	-	-	-	(332)	319	(13)	13
Disposal of Subsidiaries	-	-	-	(33,584)	33,584	-	-
Transaction with owners: ESOS expired	-	-	(86)	-	86	-	-
At 31 December 2016	173,396	1,571	-	6,337	(169,112)	12,192	12,293

The above statement should be read in conjunction with the annual audited financial statements for the year ended 31 December 2016 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 JUNE 2017**

	6 months ended 30-Jun-17 <u>RM '000</u>	6 months ended 30-Jun-16 <u>RM '000</u>
Cash Flow from operating activities		
Loss before taxation	(1,832)	(4,532)
Adjustments for:		
Amortisation of plantation development expenditure	328	329
Depreciation of property, plants and equipments	131	2,262
Impairment loss on trade & other receivables	90	-
Interest expenses	293	1,851
Gain on disposal of property, plant and equipment	(56)	(653)
Operating loss before working capital changes	(1,046)	(743)
Changes in working capital		
Inventories	-	1
Receivables	(1,097)	251
Payables	2,379	1,077
Cash generated from operations	236	586
Interest paid	(293)	(1,851)
Net cash generated/(used) from operating activities	<u>(57)</u>	<u>(1,265)</u>
Cash flows from investing activities		
Purchase of property, plant and equipments	-	-
Net cash used in investing activities	<u>-</u>	<u>-</u>
Cash flow from financing activities		
Net payments of hire purchase creditors	-	(143)
Drawdown of term loans	293	1,286
Net cash generated in financing activities	<u>293</u>	<u>1,143</u>
Net increase in cash and cash equivalents	236	(122)
Effect of exchange differences	-	-
Cash and cash equivalents at beginning of the year	<u>(1,943)</u>	<u>(4,068)</u>
Cash and cash equivalents at end of the period	<u>(1,707)</u>	<u>(4,190)</u>
Cash and cash equivalents comprise the followings:		
Cash and bank balances	131	133
Deposits placed with licensed bank	241	311
Bank overdraft	(2,079)	(4,634)
	<u>(1,707)</u>	<u>(4,190)</u>

The above statement should be read in conjunction with the annual audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE INTERIM FINANCIAL REPORT – 30 JUNE 2017
(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 31 December 2016. 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 31 December 2016.

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 31 December 2018.

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 2018. 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 31 December 2018.

3. **Audit report of the preceding annual financial statements**

There was a disclaimer opinion on the Group’s audited annual financial statements for the year ended 31 December 2016.

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 except as disclosed in Note 22.

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 June 2017:

	Timber products	Plantation	Investment Holding	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment revenue					
External revenue	-	289	-	-	289
Intersegment revenue	-	-	-	-	-
Total revenue	-	289	-	-	289
Segment results					
Operating profit/(loss)	(261)	(327)	(951)	-	(1,539)
Finance cost	-	(293)	-	-	(293)
Taxation	-	-	-	-	-
Net profit/(loss) after taxation	(261)	(620)	(951)	-	(1,832)
Non-controlling interest	-	-	124	-	124
Net profit/(loss) attributable to owners of the Group for the period	(261)	(620)	(827)	-	(1,708)

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 6 months ended		Cummulative Quarter 6 months ended	
	30-Jun-17 RM'000	30-Jun-16 RM'000	30-Jun-17 RM'000	30-Jun-16 RM'000

**Rental expenses paid to a Company
in which a substantial shareholder
Dato' Choo Keng Weng has interest**

- Desa Samudra Sdn. Bhd	-	81	22	152
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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-Jun-17		Previous Current Quarter Ended 30-Jun-16	
	Revenue RM'000	Operating Loss RM'000	Revenue RM'000	Operating Loss RM'000
Timber Products	-	(105)	162	(545)
Plantation	140	(148)	426	(180)
Other	-	(542)	-	(83)
	140	(795)	588	(808)

The Group recorded lower revenue of RM 0.14 million and operating loss of RM 0.80 million in the current quarter ended 30 June 2017 as compared to revenue of RM 0.59 million and operating loss of RM 0.81 million in the previous year corresponding quarter.

Detailed analysis of the performance for the respective operating business segments for the period ended 30 June 2017 is as follows:

Timber Products

The Group had no revenue in the current quarter ended June 2017 as compared to revenue of RM 0.16 million in the previous year corresponding quarter. The group has since ceased its timber business on the 8th Jan 2016.

The Group recorded operating loss of RM 0.11 million in the current quarter ended 30 June 2017 as compared to operating loss of RM 0.55 million in the previous year corresponding quarter. The Group recorded the lower operating loss in the current quarter under review resulted from derecognition two subsidiaries of the Group, Java Timber Sdn Bhd (“JT SB”) and Java Industries Sdn Bhd (“JISB”) upon Appointment of the Receivers and Managers (“R&M”) by Hong Leong Bank Berhad in 27 June 2016.

Plantation

In respect of plantation segment, the Group recorded revenue of RM 0.14 million in the quarter under review as compared to previous year corresponding quarter of RM 0.43 million, a decrease of 68%. The decrease was due to lower production of fresh fruit bunches.

The Group recorded operating loss of RM 0.15 million in the quarter under review as compared to operating loss in previous year corresponding quarter RM 0.19 million.

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-Jun-17		Preceding Quarter Ended 31-Mar-17	
	Revenue RM'000	Operating Loss RM'000	Revenue RM'000	Operating Loss RM'000
Timber Products	-	(105)	-	(156)
Plantation	140	(148)	149	(179)
Other	-	(542)	-	(409)
	140	(795)	149	(744)

Timber Products

The Group had no revenue during the current quarter and the previous corresponding quarter and operating loss before taxation was RM 0.11 million in the current quarter as compared to the loss before taxation of RM 0.16 million in the immediate preceding quarter. The Group has since ceased its timber business on 8th January 2016

Plantation

In respect of plantation segment, the Group recorded revenue of RM 0.14 million and loss before taxation of RM 0.15 million in the current quarter as compared to revenue of RM 0.15 million and loss before taxation of RM 0.18 million in the immediate preceding quarter. The lower revenue was due to lower production of fresh fruit bunches.

Others

Others segment reported loss of RM 0.54 million in the current quarter under review as compared to loss of RM 0.41 million in the immediate preceding quarter.

17. **Coming Quarter Prospects**

Timber Products

The Group has announced cessation of timber business on 8th January 2016.

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**

There are no tax expenses incurred for the current quarter under review and financial year-to-date.

20. **Corporate Proposals**

There were no corporate proposals announced which was not completed as at 30th August 2017, a date not earlier than seven (7) days from the date of this report.

21. **Group borrowings**

The Group's borrowings as at 30 June 2017 comprises the following: -

	30-Jun-17 RM'000	31-Dec-16 RM'000
Short term borrowings		
- Secured		
Bank overdraft	2,079	2,010
Term loan	6,258	6,033
	<u>8,337</u>	<u>8,043</u>

All borrowings are denominated in Ringgit Malaysia.

22. **Material Litigation**

There was no material litigation action since the last annual balance sheet date to the date of this report.

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 6 months ended		Cummulative Quarter 6 months ended	
	30-Jun-17 RM'000	30-Jun-16 RM'000	30-Jun-17 RM'000	30-Jun-16 RM'000
Loss attributable to owners of the Company	(1,015)	(1,657)	(1,708)	(4,348)
Weighted average number of ordinary shares	173,396	173,396	173,396	173,396
Adjusted weighted average number of ordinary shares	173,396	173,396	173,396	173,396
Basic EPS (sen)	(0.59)	(0.96)	(0.99)	(2.51)
Diluted EPS (sen)	(0.59)	(0.96)	(0.99)	(2.51)

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-Jun-17 RM'000	Preceding Financial Year Ended 31-Dec-16 RM'000
Total retained profits of the Group:		
- Realised	(170,787)	(169,112)
- Unrealised	-	-
Total group accumulated losses	<u>(170,787)</u>	<u>(169,112)</u>

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

	6 months ended 30 June 2017 (RM'000)
Net loss for the period is arrived after charging:	
Amortisation of plantation development expenditure	328
Depreciation of property, plant and equipment	131
Impairment of other receivables	90
Interest expenses	293
Gain on disposal of property, plant and equipment	(56)

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.