

General Announcement
Reference No **JJ-110701-61401**

Company Name : **JAVA BERHAD**
Stock Name : **JAVA**
Date Announced : **06/07/2011**

Type : **Announcement**
Subject : **TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS)
RECURRENT RELATED PARTY TRANSACTIONS**

Description : **JAVA BERHAD ("JAVA" or "the Company")
- Recurrent Related Party Transactions by subsidiary companies**

Announcement Details/Table Section :

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1. INTRODUCTION

Pursuant to Paragraph 10.09(1)(a) and Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the Board of Directors of JAVA wish to announce that its wholly-owned subsidiaries, Java Industries Sdn Bhd ("JISB") and Java Timber Sdn Bhd ("JTSB") in its ordinary course of business had and will continue to enter into the following recurrent related party transactions of a revenue or trading nature, which are necessary for its day-to-day operations ("RRPTs") and the aggregate amount of the RRPTs has exceeded the sum of RM1million for the period from 8 February 2011 to 30 June 2011 :

Subsidiary Company involved in the transaction	Related transacting party (Recipient)	Interested related parties	Nature of Transaction	Amount transacted from 8 February 2011 to 30 June 2011 (RM'000)
JISB	Ratus Awansari Sdn Bhd ("RASB")	<ul style="list-style-type: none">Whampoa Sdn Bhd ("WSB")Sy Choon Yen ("SCY")Dato' Choo Keng Weng ("DCKW")	Purchase of round logs from RASB	2,992
JTSB	RASB	<ul style="list-style-type: none">WSBSCYDCKW	Purchase of round logs from RASB	428

2. INTEREST OF DIRECTOR AND MAJOR SHAREHOLDER

Interested related parties	Nature of relationship
WSB	A major shareholder with 100% shareholdings in RASB
SCY	A shareholder with 33.33% shareholdings in WSB and a director in WSB, RASB, JISB and JTSB, and also a major shareholder of JAVA.
DCKW	A Director and major shareholder with 66.66% shareholdings in WSB and also a major shareholder of JAVA.

Save as disclose above, none of the other Directors and major shareholders of JAVA and its subsidiaries and/or persons connected to them, have any interest, direct and/or indirect, in the RRPTs.

The interested Director, Mr. Sy Choon Yen, has abstained and will continue to abstain from all deliberations and voting on the resolutions in respect of the RRPTs at the board meetings of JAVA.

3. RATIONALE FOR THE RRPTs

The RRPTs are of a revenue nature and in the ordinary course of business of JISB and JTSB as the RRPTs are to provide JISB and JTSB with a supply of round logs to facilitate the manufacturing operations of JISB and JTSB, which are principally involved in the production of veneer, plywood, sawn timber, moulded timber and other wood based products. The RRPTs will occur with some degree of frequency and may arise at any time in the ordinary course of business of JISB and JTSB. The RRPTs are undertaken on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public.

The principal activity of RASB is the development of an oil palm plantation. RASB is currently carrying out land clearing works for the purposes of the oil palm development and the residue timber logs as extracted therefrom are being sold/will be sold to JISB and JTSB for its manufacturing operations.

JISB and JTSB would benefit from the RRPTs, for the supply of the residue timber logs will to some extent address the current shortage of round logs as required for its manufacturing operations.

4. FINANCIAL EFFECTS OF THE RRPTs

The manufacturing and marketing of veneer, plywood, sawn timber, moulded timber and other wood based products are the principal activities of the JAVA Group, which are undertaken by both of its subsidiaries, JISB and JTSB, hence the RRPTs would contribute to the revenue and earnings per share of the JAVA Group for the financial year ended 30 June 2011.

The RRPTs are not expected to have any material effect on the net assets per share and gearing of the JAVA Group for the financial year ended 30 June 2011.

5. APPROVAL REQUIRED

The RRPTs are not subject to the approval of the relevant government authorities. JAVA will seek a mandate from its shareholders for the RRPTs at its next Annual General Meeting which is expected to be held in September 2011 in compliance with Paragraph 10.09(2) of the Listing Requirements.

6. STATEMENT BY THE AUDIT COMMITTEE

The Audit Committee of JAVA having considered the rationale for the RRPTs and all aspects of the RRPTs, is of the view and satisfied that the RRPTs are undertaken on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

7. DIRECTORS' RECOMMENDATION

The Board of JAVA, after due consideration of all aspects of the RRPTs, is of the opinion that the RRPTS are undertaken in the best interests of the Group and not detrimental to the interests of the minority shareholders of the Company.

This announcement is dated 6 July 2011.