

Quarterly rpt on consolidated results for the financial period ended 30/6/2014

JAVA BERHAD

Financial Year End 30/06/2014
Quarter 4
Quarterly report for the financial period ended 30/06/2014
The figures have not been audited
Attachments

[JAVA Quarterly Announcement 4Q FY2014.pdf](#)

156 KB

Remarks :

The consolidated interim financial results for the quarter ended 30 June 2014 should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2013.

- Default Currency
- Other Currency

Currency: **Malaysian Ringgit (MYR)**

SUMMARY OF KEY FINANCIAL INFORMATION

30/06/2014

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR TO DATE	PRECEDING
	QUARTER	CORRESPONDING		YEAR
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	15,094	8,380	40,215	38,438
2 Profit/(loss) before tax	-25,592	-17,612	-35,028	-50,542
3 Profit/(loss) for the period	-25,592	-17,612	-35,005	-50,542
4 Profit/(loss) attributable to ordinary equity holders of the parent	-25,464	-17,477	-34,381	-50,068
5 Basic earnings/(loss) per share (Subunit)	-14.69	-10.08	-19.83	-28.88
6 Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7 Net assets per share attributable to ordinary equity holders of the parent (\$\$)		0.5000		0.6900

Remarks :

The consolidated interim financial results for the quarter ended 30 June 2014 should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2013.

Definition of Subunit:

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit.

Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

Announcement Info

Company Name JAVA BERHAD
Stock Name JAVA
Date Announced 28 Aug 2014
Category Financial Results
Reference No JJ-140818-176C6



**Report for the
Forth Quarter Ended
30 June 2014**

Contents

Condensed Consolidated Statement of Financial Position	1
Condensed Consolidated Statement of Comprehensive Income	2
Condensed Consolidated Statement of Changes in Equity	3
Condensed Consolidated Statement of Cashflow	4
Explanatory Notes to the Interim Financial Report	5-11

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	(UNAUDITED)	(AUDITED)
	As At 30-Jun-14 <u>RM '000</u>	As At 30-Jun-13 <u>RM '000</u>
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipments	90,787	94,713
Plantation development expenditures	13,801	14,458
Timber concession rights	-	13,198
TOTAL NON-CURRENT ASSETS	104,588	122,369
CURRENT ASSETS		
Inventories	31,118	45,386
Trade and other receivables	19,639	19,452
Tax recoverable	395	424
Deposits placed with licensed bank	292	292
Cash and bank balances	643	910
TOTAL CURRENT ASSETS	52,087	66,464
TOTAL ASSETS	156,675	188,833
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	41,669	41,669
Share options reserve	132	132
Accumulated losses	(130,640)	(96,259)
SHAREHOLDERS' FUNDS	86,126	120,507
Non-controlling interest	1,007	1,631
TOTAL EQUITY	87,133	122,138
NON-CURRENT LIABILITIES		
Other payables	15,113	-
Loans and borrowings	8,107	9,491
TOTAL NON-CURRENT LIABILITIES	23,220	9,491
CURRENT LIABILITIES		
Trade and other payables	12,754	23,724
Loans and borrowings	33,502	33,417
Tax payable	66	63
TOTAL CURRENT LIABILITIES	46,322	57,204
TOTAL LIABILITIES	69,542	66,695
TOTAL EQUITY AND LIABILITIES	156,675	188,833
Net assets per ordinary share (RM)	0.50	0.69

The above statement should be read in conjunction with the annual audited financial statements for the year ended 30 June 2013 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 2014**

	INDIVIDUAL QUARTER 4TH QUARTER		CUMULATIVE QUARTER 4TH QUARTER	
	Current Year Quarter Ended	Preceding Year Corresponding	Current Year To Date	Preceding Year Corresponding
	30-Jun-14 RM '000	30-Jun-13 RM '000	30-Jun-14 RM '000	30-Jun-13 RM '000
Revenue	15,094	8,380	40,215	38,438
Cost of sales	(21,603)	(9,054)	(56,085)	(59,301)
Gross loss	(6,509)	(674)	(15,870)	(20,863)
Other income	40	123	8,643	226
Distribution expenses	(227)	(85)	(565)	(960)
Administrative expenses	(3,752)	(16,300)	(9,677)	(26,761)
Other expenses	(14,441)	-	(14,872)	-
Results from operating activities	(24,889)	(16,936)	(32,341)	(48,358)
Finance cost	(703)	(676)	(2,687)	(2,184)
Loss before tax	(25,592)	(17,612)	(35,028)	(50,542)
Taxation	-	-	23	-
Loss for the period	(25,592)	(17,612)	(35,005)	(50,542)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss for the period	(25,592)	(17,612)	(35,005)	(50,542)
Loss attributable to:				
- Equity holders of the Company	(25,464)	(17,477)	(34,381)	(50,068)
- Non-controlling interest	(128)	(135)	(624)	(474)
	(25,592)	(17,612)	(35,005)	(50,542)
Total comprehensive loss attributable to:				
- Equity holders of the Company	(25,464)	(17,477)	(34,381)	(50,068)
- Non-controlling interest	(128)	(135)	(624)	(474)
	(25,592)	(17,612)	(35,005)	(50,542)
Basic loss per ordinary share (sen)	(14.69)	(10.08)	(19.83)	(28.88)
Diluted loss per ordinary share (sen)	(14.69)	(10.08)	(19.83)	(28.88)

The above statement should be read in conjunction with the annual audited financial statements for the year ended 30 June 2013 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 2014**

12 months ended 30 June 2014

	Equity attributable to owners of the parent, total (Non-distributable)				Equity attributable to owners of the parent, total (Distributable)		Non- controlling interest	Total Equity
	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 2013	173,394	1,571	132	41,669	(96,259)	120,507	1,631	122,138
Total comprehensive income for the period	-	-	-	-	(34,381)	(34,381)	(624)	(35,005)
At 30 June 2014	173,394	1,571	132	41,669	(130,640)	86,126	1,007	87,133
At 1 July 2012	173,394	1,571	249	42,235	(46,860)	170,589	2,091	172,680
Prior year adjustment	-	-	-	-	-	-	-	-
ESOS lapsed	173,394	1,571	249	42,235	(46,860)	170,589	2,091	172,680
	-	-	(117)	-	117	-	-	-
Total comprehensive income for the period	-	-	-	-	(50,068)	(50,068)	(474)	(50,542)
Realisation of revaluation reserve	-	-	-	(566)	552	(14)	14	-
At 30 June 2013	173,394	1,571	132	41,669	(96,259)	120,507	1,631	122,138

The above statement should be read in conjunction with the annual audited financial statements for the year ended 30 June 2013 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 2014**

	12 months ended 30-Jun-14 RM '000	12 months ended 30-Jun-13 RM '000
Cash Flow from operating activities		
Loss before taxation	(35,028)	(50,542)
Adjustments for:		
Amortisation of plantation development expenditure	658	658
Depreciation of property, plants and equipments	5,698	5,878
Impairment loss on timber concession rights	13,198	-
Impairment loss on trade & other receivables	1,200	482
Earnst Deposit written off	-	9,182
Interest income	-	(1)
Interest expenses	2,687	2,184
Property, plant and equipments written off	-	2,284
Unrealised loss on foreign exchange	-	85
Loss /(Gain) on disposal of property, plant and equipment	11	(14)
Operating loss before working capital changes	<u>(11,576)</u>	<u>(29,804)</u>
Changes in working capital		
Inventories	14,267	9,441
Receivables	(1,376)	10,592
Payables	4,143	5,592
Cash used from operations	<u>5,458</u>	<u>(4,179)</u>
Interest paid	(724)	(557)
Interest received	-	1
Tax refunded/(paid)	31	(40)
Net cash used from operating activities	<u><u>4,765</u></u>	<u><u>(4,775)</u></u>
Cash flows from investing activities		
Purchase of property, plant and equipments	(1,783)	(3,071)
Proceeds from disposal of property, plant and equipments	-	16
Net cash used in investing activities	<u><u>(1,783)</u></u>	<u><u>(3,055)</u></u>
Cash flow from financing activities		
Interest paid	(1,963)	(1,627)
Net payments of hire purchase creditors	(423)	(446)
(Repayment)/drawdown of term loans	(877)	9,604
Net cash (used)/generated in financing activities	<u><u>(3,263)</u></u>	<u><u>7,531</u></u>
Net Decrease in cash and cash equivalents	(281)	(299)
Effect of exchange differences	-	(85)
Cash and cash equivalents at beginning of the year	<u>(30,904)</u>	<u>(30,520)</u>
Cash and cash equivalents at end of the period	<u><u>(31,185)</u></u>	<u><u>(30,904)</u></u>
Cash and cash equivalents comprise the followings:		
Cash and bank balances	643	910
Deposits placed with licensed bank	292	292
Bankers' acceptances	(28,707)	(19,953)
Bank overdraft	(3,413)	(12,153)
	<u><u>(31,185)</u></u>	<u><u>(30,904)</u></u>

The above statement should be read in conjunction with the annual audited financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE INTERIM FINANCIAL REPORT – 30 JUNE 2014
(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 2013. 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 2013.

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 2013.

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 2014.

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 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 2014.

Accordingly, certain subsidiaries in the Group which are Transitioning Entities have chosen to defer the adoption of the MFRSs Framework to financial periods beginning on or after 1 January 2014. The Group and the Company will prepare its first MFRSs financial statements using the MFRSs Framework for the financial year ending 30 June 2014.

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 2013.

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 June 2014:

	Timber products	Plantation	Investment Holding	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment revenue					
External revenue	38,731	1,484	-	-	40,215
Intersegment revenue	4,306	-	4,320	(8,626)	-
Total revenue	<u>43,037</u>	<u>1,484</u>	<u>4,320</u>	<u>(8,626)</u>	<u>40,215</u>
Segment results					
Operating profit/(loss)	(30,150)	(2,286)	(61,331)	61,426	(32,341)
Finance cost	(1,834)	(838)	(15)	-	(2,687)
Taxation	23	-	-	-	23
Net profit/(loss) after taxation	<u>(31,961)</u>	<u>(3,124)</u>	<u>(61,346)</u>	<u>61,426</u>	<u>(35,005)</u>
Non-controlling interest	-	-	624	-	624
Net profit/(loss) attributable to owners of the Group for the period	<u>(31,961)</u>	<u>(3,124)</u>	<u>(60,722)</u>	<u>61,426</u>	<u>(34,381)</u>

10. **Property, plant and equipment**

The valuation of property, plant and equipments have 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		Cummulative Quarter 12 months ended	
	30-Jun-14 RM'000	30-Jun-13 RM'000	30-Jun-14 RM'000	30-Jun-13 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	121	154	490	464
<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.	-	69	216	3,384
- Anika Desiran Sdn. Bhd.	11,312	480	23,637	-
- SHC Technopalm Plantation Services Sdn. Bhd.	123	87	411	230

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-14		Previous Current Quarter Ended 30-Jun-13	
	Revenue RM'000	Operating Loss RM'000	Revenue RM'000	Operating Loss RM'000
Timber Products	14,554	(24,543)	7,967	(8,960)
Plantation	540	(432)	413	(447)
Other	-	86		(7,529)
	<u>15,094</u>	<u>(24,889)</u>	<u>8,380</u>	<u>(16,936)</u>

The Group recorded higher revenue of RM 15.09 million and operating loss of RM 24.89 million in the current quarter ended 30 June 2014 as compared to revenue of RM 8.38 million and operating loss of 16.94 million in the previous year corresponding quarter.

Detailed analysis of the performance for the respective operating business segments for the period ended 30 June 2014 is as follows:

Timber Products

The Group recorded higher revenue of RM 14.55 million in the current quarter ended 30 June 2014 as compared to revenue of RM 7.97 million in the previous year corresponding quarter, the increase in revenue was due to increase in the trading of logs as compared to previous year corresponding quarter.

The Group recorded operating loss of RM 24.54 million in the current quarter ended 30 June 2014 as compared to operating loss of RM 8.96 million in the previous year corresponding quarter, the variance in the operating loss was due to the impairment of the Timber Concession Rights.

Plantation

In respect of plantation segment, the Group recorded revenue of RM 0.54 million in the quarter under review as compared to previous year corresponding quarter of RM 0.41 million, an increase of 31%. The increase due to higher production of the fresh fruit bunch, albeit at a lower selling price.

The Group recorded operating loss of RM 0.43 million in the quarter under review as compared to previous year corresponding quarter of RM 0.45 million, a decrease of 4%. The decrease operating loss in the quarter under review was mainly due to increase in revenue.

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 administrative expenses.

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

	Current Quarter Ended 30-Jun-14		Preceding Quarter Ended 31-Mar-14	
	Revenue RM'000	Operating Loss RM'000	Revenue RM'000	Operating Loss RM'000
Timber Products	14,554	(24,543)	11,378	(2,694)
Plantation	540	(432)	244	(708)
Other		86		(987)
	<u>15,094</u>	<u>(24,889)</u>	<u>11,622</u>	<u>(4,389)</u>

Timber Products

The Group reported higher revenue of RM 14.55 million as compared to RM11.38 million in the previous corresponding quarter, operating loss before taxation was RM 24.54 million in the current quarter as compared to the profit before taxation of RM 2.69 million in the immediate preceding quarter, the loss was arose as a result of the impairment of concession rights, impairment of receivables and valuation of inventory.

Plantation

In respect of plantation segment, the Group recorded revenue of RM 0.54 million and loss before taxation of RM 0.44 million in the current quarter as compared to revenue of RM 0.244 million and loss before taxation of RM 0.71 million in the immediate preceding quarter. The higher in revenue was due higher harvest yield of the fresh fruit bunch and lower operating loss was due to higher revenue.

17. **Coming Quarter Prospects**

Timber Products

The Group expect to face a severe shortage of available logs. It is anticipated that they will be shortage of raw materials due to the scarcity of log supply in the coming quarter. The Group will continue and focus on securing constant supply of round logs in the market 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 is of the opinion that this segment would anticipate higher production from the growing mature palms and would 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 3 months ended		Cummulative Quarter 12 months ended	
	30-Jun-14 RM'000	30-Jun-13 RM'000	30-Jun-14 RM'000	30-Jun-13 RM'000
Malaysian tax expense				
Income tax				
- Current year	-	-	-	-
- Over provision in prior years	-	-	23	-
	-	-	23	-
Deferred taxation				
- Current year	-	-	-	-
- Over provision in prior years	-	-	-	-
	-	-	-	-
	-	-	23	-

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 29th August 2014, 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 2014 comprises the following: -

	30-Jun-14 RM'000	30-Jun-13 RM'000
Short term borrowings		
- Secured		
Bank overdraft	3,414	12,153
Hire purchase creditors	378	416
Bankers' acceptance	28,707	19,953
Term loan	1,003	895
	33,502	33,417
Long term borrowings		
- Secured		
Hire purchase creditors	357	741
Term loan	7,750	8,750
	8,107	9,491
	41,609	42,908

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		Cummulative Quarter	
	3 months ended		12 months ended	
	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13
	RM'000	RM'000	RM'000	RM'000
Loss attributable to owners of the Company	(25,464)	(17,477)	(34,381)	(50,068)
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)	(14.69)	(10.08)	(19.83)	(28.88)
Diluted EPS (sen)	(14.69)	(10.08)	(19.83)	(28.88)

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-14 RM'000	Preceding Financial Year Ended 30-Jun-12 RM'000
Total retained profits of the Group:		
- Realised	(116,190)	(50,542)
- Unrealised	-	-
Less: Consolidation adjustments	(14,450)	(45,717)
Total group accumulated losses	(130,640)	(96,259)

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

	12 months ended 30 June 2014 (RM'000)
Net loss for the period is arrived after charging:	
Amortisation of plantation development expenditure	658
Depreciation of property, plants and equipment	5,698
Interest expense	2,687
Impairment loss on receivables	1,200
Impairment loss on timber concession rights	13,198
Loss on Disposal of property, plants and equipment	11

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.

By order of the Board,
 Lim Siew Ting
 Secretary
 Date: 28th Aug 2014
 Kuala Lumpur