

Quarterly rpt on consolidated results for the financial period ended 31/12/2013

JAVA BERHAD

Financial Year End 30/06/2014
 Quarter 2
 Quarterly report for the financial period ended 31/12/2013
 The figures have not been audited
 Attachments

[JAVA Quarterly Announcement 2Q FY2014.pdf](#)
 89 KB

[JAVA Quarterly Announcement 2Q FY2014 \(Notes\).pdf](#)
 58 KB

Remarks :

The consolidated interim financial results for the quarter ended 31 December 2013 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

	31/12/2013		31/12/2012	
	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2013 S\$'000	31/12/2012 S\$'000	31/12/2013 S\$'000	31/12/2012 S\$'000
1 Revenue	7,264	10,465	13,499	20,920
2 Profit/(loss) before tax	480	-6,286	-4,533	-13,010
3 Profit/(loss) for the period	480	-6,286	-4,500	-13,010
4 Profit/(loss) attributable to ordinary equity holders of the parent	658	-6,175	-4,147	-12,856
5 Basic earnings/(loss) per share (Subunit)	0.38	-3.56	-2.41	-7.41
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 (S\$)		0.6700		0.6900

Remarks :

The consolidated interim financial results for the quarter ended 31 December 2013 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 27 Feb 2014
 Category Financial Results
 Reference No JJ-140224-FF57C



**Report for the
Second Quarter Ended
31 Dec 2013**

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	5-13

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013
(The figure have not been audited)

	As At 31-Dec-13 (Unaudited) <u>RM '000</u>	As At 30-Jun-13 (Audited) <u>RM '000</u>
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipments	92,038	94,713
Plantation development expenditures	14,130	14,458
Timber concession rights	13,198	13,198
	<u>119,366</u>	<u>122,369</u>
CURRENT ASSETS		
Inventories	41,559	45,386
Trade and other receivables	19,326	19,452
Tax recoverable	451	424
Deposits placed with licensed bank	292	292
Cash and bank balances	812	910
	<u>62,440</u>	<u>66,464</u>
TOTAL ASSETS	<u>181,806</u>	<u>188,833</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	41,669	41,669
Share options reserve	132	132
Accumulated losses	(100,433)	(96,259)
SHAREHOLDERS' FUNDS	<u>116,333</u>	<u>120,507</u>
Non-controlling interest	1,305	1,631
TOTAL EQUITY	<u>117,638</u>	<u>122,138</u>
LIABILITIES		
NON-CURRENT LIABILITIES		
Loans and borrowings	8,687	9,491
	<u>8,687</u>	<u>9,491</u>
CURRENT LIABILITIES		
Trade and other payables	24,948	23,724
Loans and borrowings	30,470	33,417
Tax payable	63	63
	<u>55,481</u>	<u>57,204</u>
TOTAL LIABILITIES	<u>64,168</u>	<u>66,695</u>
TOTAL LIABILITIES AND EQUITIES	<u>181,806</u>	<u>188,833</u>
Net assets per ordinary share attributable to equity holders of the Company (sen)	<u>0.67</u>	<u>0.69</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.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND PERIOD ENDED 31 DECEMBER 2013
(The figure have not been audited)

	QUARTER		YEAR TO DATE	
	3 months ended		6 months ended	
	31-Dis-13 (Unaudited) RM '000	31-Dis-12 (Audited) RM '000	31-Dis-13 (Unaudited) RM '000	31-Dis-12 (Audited) RM '000
Revenue	7,264	10,465	13,499	20,920
Cost of sales	(11,963)	(13,109)	(20,646)	(26,709)
Gross loss	(4,699)	(2,644)	(7,147)	(5,789)
Other income	8,518	26	8,573	67
Distribution expenses	(189)	(281)	(277)	(612)
Administrative expenses	(2,055)	(2,848)	(3,793)	(5,756)
Other expenses	(419)	(8)	(419)	(14)
Operating Profit / (Loss)	1,156	(5,755)	(3,063)	(12,104)
Finance cost	(676)	(531)	(1,470)	(906)
Profit / (Loss) before taxation	480	(6,286)	(4,533)	(13,010)
Taxation	-	-	33	-
Profit / (Loss) for the period	480	(6,286)	(4,500)	(13,010)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive Income / (loss) for the period	480	(6,286)	(4,500)	(13,010)
Income / (loss) attributable to:				
- Owner of the Company	658	(6,175)	(4,174)	(12,856)
- Non-controlling interest	(178)	(111)	(326)	(154)
	480	(6,286)	(4,500)	(13,010)
Total comprehensive income / (loss) attributable to:				
- Owner of the Company	658	(6,175)	(4,174)	(12,856)
- Non-controlling interest	(178)	(111)	(326)	(154)
	480	(6,286)	(4,500)	(13,010)
Basic income / (loss) per ordinary share (sen)	0.38	(3.56)	(2.41)	(7.41)
Diluted loss per ordinary share (sen)	0.38	(3.56)	(2.41)	(7.41)

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 31 DECEMBER 2013**

(The figure have not been audited)

6 months ended 31 December 2013

	Equity attributable to owners of the parent, total					Non- controlling interest RM '000	Total Equity RM '000
	Share Capital RM '000	Share Premium RM '000	Share Option RM'000	Revaluation Reserve RM'000	(Distributable) Accumulated Losses RM '000		
At 1 July 2013	173,394	1,571	132	41,669	(96,259)	1,631	122,138
Total comprehensive loss for the period	-	-	-	-	(4,174)	(326)	(4,500)
At 31 December 2013	173,394	1,571	132	41,669	(100,433)	1,305	117,638
At 1 July 2012	173,394	1,571	249	42,235	(46,860)	2,091	172,680
As Previously Stated	-	-	(117)	-	117	-	-
ESOS lapsed	-	-	-	-	(50,068)	(474)	(50,542)
Total comprehensive loss for the year	-	-	-	(566)	552	14	-
Realisation of revaluation reserve	-	-	-	-	(96,259)	1,631	122,138
At 30 June 2013	173,394	1,571	132	41,669	(96,259)	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.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER AND PERIOD ENDED 31 DECEMBER 2013**

(The figure have not been audited)

	6 months ended	
	31-Dis-13	31-Dis-12
	(Unaudited)	(Audited)
	<u>RM '000</u>	<u>RM '000</u>
Cash Flow from operating activities		
Loss before taxation	(4,533)	(13,010)
Adjustments for:		
Amortisation of plantation development expenditure	329	328
Depreciation of property, plants and equipments	2,873	2,877
Interest income	-	(1)
Interest expenses	1,470	906
Loss on disposal of property, plant and equipment	17	-
Operating profit / (loss) before working capital changes	<u>156</u>	<u>(8,900)</u>
Changes in working capital		
Inventories	3,827	(2,864)
Receivables	126	4,398
Payables	1,224	6,732
Cash generated from / (used in) operations	<u>5,333</u>	<u>(634)</u>
Interest paid	(1,470)	(906)
Interest received	-	1
Tax refunded / (paid)	6	(25)
Net cash generated from / (used in) operating activities	<u><u>3,869</u></u>	<u><u>(1,564)</u></u>
Cash flows from investing activities		
Purchase of property, plant and equipments	(216)	(114)
Net cash used in investing activities	<u><u>(216)</u></u>	<u><u>(114)</u></u>
Cash flow from financing activities		
Repayments of hire purchase liabilities	(234)	(237)
(Repayment) / drawdown of term loans	(380)	9,853
Net cash (used in) / generated from financing activities	<u><u>(614)</u></u>	<u><u>9,616</u></u>
Net Increase in cash and cash equivalents	3,038	7,938
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>(27,866)</u></u>	<u><u>(22,582)</u></u>
Cash and cash equivalents comprise the followings:		
Cash and bank balances	812	1,577
Deposits placed with licensed bank	292	292
Bankers' acceptances	(26,228)	(12,553)
Bank overdraft	(2,741)	(11,898)
	<u><u>(27,866)</u></u>	<u><u>(22,582)</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 – 31 DECEMBER 2013
(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 31 December 2013:

	Timber products	Plantation	Investment Holding	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment revenue					
External revenue	12,799	700	-	-	13,499
Intersegment revenue	2,236	-	2,160	(4,396)	-
Total revenue	<u>15,035</u>	<u>700</u>	<u>2,160</u>	<u>(4,396)</u>	<u>13,499</u>
Segment results					
Operating profit/(loss)	(1,597)	(1,145)	(220)	(101)	(3,063)
Finance cost	(975)	(486)	(9)	-	(1,470)
Taxation	33	-	-	-	33
Net profit/(loss) after taxation	<u>(2,539)</u>	<u>(1,631)</u>	<u>(229)</u>	<u>(101)</u>	<u>(4,500)</u>
Non-controlling interest	-	-	326	-	326
Net profit/(loss) attributable to owners of the Group for the period	<u>(2,539)</u>	<u>(1,631)</u>	<u>97</u>	<u>(101)</u>	<u>(4,174)</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		Cumulative Quarter 12 months ended	
	31-Dec-13 RM'000	31-Dec-12 RM'000	31-Dec-13 RM'000	31-Dec-12 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	124	103	249	231
<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.	-	-	216	205
- Anika Desiran Sdn. Bhd.	2,723	-	4,518	-
- SHC Technopalm Plantation Services Sdn. Bhd.	88	52	181	107

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 31-Dec-13		Previous Year Quarter Ended 31-Dec-12	
	Revenue RM'000	Operating Profit RM'000	Revenue RM'000	Operating Loss RM'000
Timber Products	7,007	1,810	10,164	(5,124)
Plantation	257	(683)	301	(349)
Others	-	29		(282)
	<u>7,264</u>	<u>1,156</u>	<u>10,465</u>	<u>(5,755)</u>

The Group recorded lower revenue of RM 7.26 million and operating profit of RM 1.16 million in the current quarter ended 31 December 2013 as compared to revenue of RM10.46 million and operating loss of 5.75 million recorded in the previous year corresponding quarter.

Detailed analysis of the performance for the respective operating business segments for the period ended 31 December 2013 is as follows:

Timber Products

The Group recorded lower revenue of 7.01 million and operating profit of RM 1.81 million in the current quarter ended 31 December 2013 as compared to revenue of RM 10.16 million and operating loss of RM 5.12 million in the previous year corresponding quarter, the operating profit in this quarter was due to the insurance compensation received on the staff quarters destroyed by the fire, whereas the decrease in revenue was mainly due to scarcity of log supply.

Plantation

In respect of plantation segment, period to date revenue dropped to RM 0.26 million as compared to RM 0.3 million in the preceding year corresponding quarter; which is a decrease of 17%.The decrease was mainly due to lower harvest yield and lower sales volume.

Others

Other segment consists of investment holding company which remains inactive in term of revenue; the operating profit in this quarter was due to the reversal of the administration cost over provided in previous quarter.

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

	Current Quarter Ended 31-Dec-13		Preceding Quarter Ended 30-Sep-13	
	Revenue RM'000	Operating Profit RM'000	Revenue RM'000	Operating Loss RM'000
Timber Products	7,007	1,810	5,792	(3,508)
Plantation	257	(683)	443	(462)
Others	-	29		(249)
	<u>7,264</u>	<u>1,156</u>	<u>6,235</u>	<u>(4,219)</u>

Timber Products

The Group reported operating profit before taxation of RM 1.16 million in the current quarter as compared to the loss before taxation of RM 4.22 million in the immediate preceding quarter. As mentioned earlier, the operating profit in this quarter was due to the insurance compensation received on the staff quarters destroyed by the fire.

Plantation

In respect of plantation segment, the Group recorded higher loss before taxation of RM 0.68 million in the current quarter as compared to the loss before taxation of RM 0.46 million in the immediate preceding quarter. As mentioned earlier, most of the losses were due to low sales volume as the harvest yield of the fresh fruit bunch was generally affected by the seasonal changes in weather.

17. **Coming Quarter Prospects**

Timber Products

The Group will focus on the performance of the Timber Products segment as it would greatly influence the future prospect of the Group and will continue to secure more sales orders at better pricing and continual improvements in the timber production processes.

Plantation

As for the plantation segment, despite the contribution is insignificant, this segment is expected to perform well and continue contribute to the Group.

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

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		Cummulative Quarter	
	3 months ended		6 months ended	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
	RM'000	RM'000	RM'000	RM'000
Malaysian tax expense				
Income tax				
- Current year	-	-	-	-
- Over provision in prior years	-	-	33	-
	-	-	-	-
	-	-	33	-
Deferred taxation				
- Current year	-	-	-	-
- Over provision in prior years	-	-	-	-
	-	-	-	-
	-	-	33	-

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 21st Feb 2014, a date not earlier than seven (7) days from the date of this report.

21. **Group borrowings**

The Group's borrowings as at 31 Dec 2013 comprises the following: -

	31-Dec-13	30-Jun-13
	RM'000	RM'000
<hr/>		
Short term borrowings		
- Secured		
Bank overdraft	2,741	12,153
Hire purchase creditors	427	416
Bankers' acceptance	26,229	19,953
Term loan	1,073	895
	<hr/>	<hr/>
	30,470	33,417
<hr/>		
Long term borrowings		
- Secured		
Hire purchase creditors	437	741
Term loan	8,250	8,750
	<hr/>	<hr/>
	8,687	9,491
	<hr/>	<hr/>
	39,157	42,908
<hr/>		

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		Cumulative Quarter	
	3 months ended		6 month ended	
	31-Dec-13	31-Dec-13	31-Dec-13	31-Dec-13
	RM'000	RM'000	RM'000	RM'000
Loss attributable to owners of the Company	(658)	(6,175)	(4,174)	(12,856)
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)	(0.38)	(3.56)	(2.41)	(7.41)
Diluted EPS (sen)	(0.38)	(3.56)	(2.41)	(7.41)

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.

	Period To date Ended 31-Dec-13 RM'000	Preceding Financial Year Ended 30-Jun-13 RM'000
Total retained profits of the Group:		
- Realised	(326)	(50,542)
- Unrealised	-	-
Less: Consolidation adjustments	(100,107)	(45,717)
Total group accumulated losses	(100,433)	(96,259)

26. Notes to the Statement of Comprehensive Income

	6 months ended 31st Dec 2013 (RM'000)
Net loss for the period is arrived after charging:	
Amortisation of plantation development expenditure	329
Depreciation of property, plants and equipment	2,873
Interest expense	1,470
Loss on disposal of property, plants and equipment	17

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: 21th Feb 2014
 Kuala Lumpur