

Financial ResultsReference No **JIB-090521-4F910**

Company Name : **JAVA INCORPORATED BHD**
 Stock Name : **JAVA**
 Date Announced : **22/05/2009**
 Financial Year End : **30/06/2009**
 Quarter : **3**
 Quarterly report for the financial period ended : **31/03/2009**
 The figures : **have not been audited**

Converted attachment :

Please attach the full Quarterly Report here:

[3rd Qtr 09 Results.pdf](#)[3rd Qtr 09 Notes.pdf](#)

Remark:

The consolidated interim financial results for the quarter ended 31 March 2009 should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2008.

SUMMARY OF KEY FINANCIAL INFORMATION
31/03/2009

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/03/2009 RM'000	31/03/2008 RM'000	31/03/2009 RM'000	31/03/2008 RM'000
1 Revenue	23,278	60,121	98,308	196,783
2 Profit/(loss) before tax	-4,159	4,449	-6,242	15,542
3 Profit/(loss) for the period	-4,159	4,449	-6,425	15,539
4 Profit/(loss) attributable to ordinary equity holders of the parent	-4,155	4,449	-6,422	15,543
5 Basic earnings/(loss) per share (sen)	-2.40	2.66	-3.70	9.57
6 Proposed/Declared dividend per share (sen)	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 (RM)		1.3100		1.3800

Note: For full text of the above announcement, please access Bursa Malaysia website at www.bursamalaysia.com

Remarks :

The consolidated interim financial results for the quarter ended 31 March 2009 should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2008.

JAVA INCORPORATED BHD (2511-M)
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THIRD QUARTER ENDED 31 MARCH 2009

	3RD QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31-Mar-09 <u>RM '000</u>	Preceding Year Corresponding Quarter 31-Mar-08 <u>RM '000</u>	Current Year To Date 31-Mar-09 <u>RM '000</u>	Preceding Year Corresponding Period 31-Mar-08 <u>RM '000</u>
Revenue	<u>23,278</u>	<u>60,121</u>	<u>98,308</u>	<u>196,783</u>
Operating profit / (loss) before depreciation and other income	(2,995)	5,699	(4,820)	22,679
Depreciation and amortisation	(1,157)	(786)	(3,449)	(6,758)
Finance costs	(456)	(768)	(1,592)	(2,179)
Other income	449	304	3,619	1,800
Profit / (loss) before taxation	<u>(4,159)</u>	<u>4,449</u>	<u>(6,242)</u>	<u>15,542</u>
Taxation	-	-	(183)	(3)
Net profit / (loss) after taxation	<u>(4,159)</u>	<u>4,449</u>	<u>(6,425)</u>	<u>15,539</u>
Attributable to:-				
Equity holders of the parent	(4,155)	4,449	(6,422)	15,543
Minority interest	(4)	-	(3)	(4)
	<u>(4,159)</u>	<u>4,449</u>	<u>(6,425)</u>	<u>15,539</u>
Earnings Per Share (Sen)				
- Basic	(2.40)	2.66	(3.70)	9.57
- Diluted	(2.71)	2.44	(4.19)	8.76

The above statement should be read in conjunction with the Annual Financial Report for the year ended 30 June 2008.

JAVA INCORPORATED BHD (2511-M)
CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2009

	UNAUDITED	AUDITED
	As At End Of Current Quarter 31-Mar-09 <u>RM '000</u>	As At Preceding Financial Year End 30-Jun-08 <u>RM '000</u>
NON-CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT	71,856	73,809
PREPAID LEASE PAYMENT	25,231	25,534
PLANTATION DEVELOPMENT EXPENDITURE	12,250	9,305
TIMBER CONCESSION RIGHTS	31,781	34,956
CURRENT ASSETS		
Inventories	74,109	72,637
Trade and other receivables and advance payments	49,833	62,046
Deposits placed with licensed banks	21,319	20,934
Tax recoverable	461	419
Cash and bank balances	886	16,252
Total current assets	146,608	172,288
TOTAL ASSETS	287,726	315,892
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	173,394	173,394
Share premium	1,571	1,571
Share options reserve	478	478
Revaluation reserve	59,934	59,934
Retained earnings	(8,494)	3,997
Shareholders' funds	226,883	239,374
Minority interests	2,496	2,499
Total equity	229,379	241,873
NON-CURRENT LIABILITIES		
Hire purchase creditors	1,453	1,698
Long term loans	14,588	17,392
Deferred taxation	361	361
Total non-current liabilities	16,402	19,451
CURRENT LIABILITIES		
Trade and other payables and advance payments	26,269	37,514
Hire purchase creditors	732	639
Short term borrowings	14,829	14,008
Tax payable	115	2,407
Total current liabilities	41,945	54,568
Total Liabilities	58,347	74,019
TOTAL EQUITY AND LIABILITIES	287,726	315,892
Net assets per ordinary share (RM)	1.31	1.38

The above statement should be read in conjunction with the Annual Financial Report for the year ended 30 June 2008.

JAVA INCORPORATED BHD (2511-M)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 MARCH 2009

Group	Share Capital							Attributable to equity holders of the parent			
	Ordinary Shares	Preference Shares	Share Premium	Share Option Reserve	Revaluation Reserve	Retained Earnings	Total	Minority interests	Total Equity		
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000		
As at 1 July 2008	173,394	-	1,571	478	59,934	3,997	239,374	2,499	241,873		
Dividend paid	-	-	-	-	-	(6,069)	(6,069)	-	(6,069)		
Net Profit / (loss) for the financial period	-	-	-	-	-	(6,422)	(6,422)	(3)	(6,425)		
As at 31 March 2009	173,394	-	1,571	478	59,934	(8,494)	226,883	2,496	229,379		
As at 1 July 2007	152,310	20,799	1,476	529	59,934	3,886	238,934	2,503	241,437		
Net Profit for the financial period	-	-	-	-	-	15,543	15,543	(4)	15,539		
Issuance of shares:- - conversion of ICCPS	20,799	(20,799)	-	-	-	-	-	-	-		
Share options:- - issuance of shares	223	-	-	-	-	-	223	-	223		
Issuance of shares:- - exercise of warrants	57	-	-	-	-	-	57	-	57		
Dividend paid	-	-	-	-	-	(17,339)	(17,339)	-	(17,339)		
As at 31 March 2008	173,389	-	1,476	529	59,934	2,090	237,418	2,499	239,917		

JAVA INCORPORATED BHD (2511-M)
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE THIRD QUARTER ENDED 31 MARCH 2009

	9 months ended	9 months ended
	31-Mar-09	31-Mar-08
	RM '000	RM '000
Cash Flow from operating activities		
Profit / (Loss) before taxation	(6,242)	15,542
Adjustments for:		
Amortisation of timber concession	6,175	3,426
Amortisation of prepaid lease payment	117	117
Amortisation of Plantation Development Expenditure	2	-
Depreciation of PPE	3,329	3,215
(Gain) / Loss on disposal of property, plant & equipment	(1,132)	14
Interest income	(420)	(760)
Interest expenses	1,592	2,179
Operating Profit before working capital changes	<u>3,421</u>	<u>23,733</u>
Increase/Decrease in working capital		
Inventories	(1,471)	8,386
Receivables	12,214	(15,943)
Payables	(11,245)	(9,839)
Cash (used in) / generated from operations	<u>2,919</u>	<u>6,337</u>
Interest received	420	760
Tax paid	(2,517)	(2,207)
Net cash (used in) / generated from operating activities	<u><u>822</u></u>	<u><u>4,890</u></u>
Cash flows from investing activities		
Purchase of property, plant & equipment	(2,050)	(8,592)
Proceeds from disposal of property, plant & equipment	2,108	396
Acquisition in timber concession rights	(3,000)	(28,000)
Investment in plantation development expenditure	(2,689)	(1,676)
Net cash used in investing activities	<u><u>(5,631)</u></u>	<u><u>(37,872)</u></u>
Cash flow from financing activities		
Fixed Deposit (held as)/released	(33)	(35)
Proceeds from issuance of shares	-	280
Payments of hire purchase creditors	(527)	(768)
Drawdown of term loan	-	25,200
Repayment of term loans	(4,676)	(1,407)
Interest paid	(1,592)	(2,179)
Net change in revolving credits	-	(6,000)
Dividend paid	(6,069)	(17,339)
Net cash generated from/(used in) financing activities	<u><u>(12,897)</u></u>	<u><u>(2,248)</u></u>
Net decrease in cash & cash equivalents	<u><u>(17,706)</u></u>	<u><u>(35,230)</u></u>
Cash & cash equivalents at beginning of the year	<u><u>26,351</u></u>	<u><u>42,423</u></u>
Cash and cash equivalents at the end of the quarter	<u><u>8,645</u></u>	<u><u>7,193</u></u>
Cash & cash equivalents comprise:		
Cash and bank balances	886	(91)
Deposits placed with licensed bank	21,319	14,364
Bankers' acceptances	(7,156)	(4,663)
Bank Overdraft	(3,933)	-
	<u>11,116</u>	<u>9,610</u>
Less: Deposits held as security value	(2,471)	(2,417)
	<u><u>8,645</u></u>	<u><u>7,193</u></u>

The above statement should be read in conjunction with the Annual Financial Report for the year ended 30 June 2008.

Java Incorporated Bhd (2511-M)
Incorporated in Malaysia
Explanatory Notes To The Interim Financial Report for the 3rd Quarter Of The Financial Year
Ending 30 June 2009

1. **Basis of preparation**

The interim financial report is prepared in accordance with the requirements outlined in the 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 2008. 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 2008.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 30 June 2008.

2. **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 2008.

3. **Seasonality or cyclicity of operations**

The business operations of the Group were generally affected by the seasonal changes in weather and buying patterns.

4. **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.

5. **Changes in estimates**

There were no changes in estimates that have had material effects in the current quarter and financial period to date.

6. **Issuance and repayment of Debt and Equity Securities**

There were no issuance and repayment of Debt and Equity securities in the current quarter (current financial to date "YTD").

7. **Dividend paid**

There were no dividends paid in the current quarter.

8. Segmental Information

The Group's operating businesses are classified according to the nature of activities as follows:-

Timber Products	- Harvesting and trading of raw timber and manufacturing and trading of downstream timber products
Plantation	- Oil palm plantation
Investment	- Investment holding

Segment revenue, expenses and results include transfers between segments. The prices charged on inter-segment transactions are the same as those charged for similar goods to parties outside the economic entity and are at arm's length. These transfers are eliminated on consolidation.

The Group's segmental report for the financial period ended 31st March 2009 is as follows:

Primary Reporting – Business Segments

	Timber Products RM'000	Plantation RM'000	Investment Holding RM'000	Eliminations RM'000	Consolidated RM'000
Segment Revenue					
External revenue	98,306	2	-	-	98,308
Intersegment revenue	43,796	-	3,240	(47,036)	-
Total revenue	142,102	2	3,240	(47,036)	98,308
Segment Result					
Operating profit	1,361	(15)	(5,995)	-	(4,649)
Finance costs (net)	(1,592)	-	(1)	-	(1,593)
Taxation	(183)	-	-	-	(183)
Net Profit After Taxation	(414)	(15)	(5,996)	-	(6,425)
Minority interest	-	-	3	-	3
Net Profit for the period	(414)	(15)	(5,993)	-	(6,422)

Segmental information by geographical segment is not presented as the Group's operations are derived solely from Malaysia.

9. Property, plant and equipment

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

10. Subsequent events

There were no significant events subsequent to the end of the current financial period to date that have not been reflected in the financial statements.

11. **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.

12. **Contingent liabilities / assets**

There were no material commitments and contingent assets or liabilities as at 18 May 2009, a date not earlier than seven (7) days of this report except for the followings:-

- a) bank guarantees issued to-date by subsidiaries, in favour of certain third parties amounting to RM4,153,000.00 as performance bonds; and
- b) Corporate guarantees issued by Java Incorporated Bhd in favour of a licensed bank amounting to RM25,200,000.00 for the credit facilities granted to a subsidiary.

13. **Related party transactions**

There were no related party transactions during the quarter except for rental of premises amounting to RM115,974 (YTD:RM335,076) paid/payable to Desa Samudra Sdn. Bhd, companies in which a director, Dato' Choo Keng Weng has financial interest. This transaction has been entered into in the normal course of business and has been established in commercial terms.

14. **Review of Performance**

The revenue for the reported quarter of RM23.28 million is lower than RM60.12 million as recorded for the corresponding quarter of last year. Current quarter has reported a loss before taxation of RM4.16 million as compared to a profit before taxation of RM4.45 million recorded for the corresponding quarter of last year.

The decreased revenue and losses for the reported period mainly attributable to the global economic slowdown, weaker demand and lower selling price as compared with the corresponding period of last year.

15. **Material Changes in results compared with immediate preceding quarter**

The Group's revenue for the reported quarter of RM23.28 million is lower than the RM30.13 million recorded for the immediate preceding quarter.

The Group registered an operating loss of RM4.16 million in the current quarter as compared to immediate preceding quarter of RM2.78 million mainly due to the lower selling price resulting in lower margin.

16. **Current year prospects**

The outlook for the timber industry remains uncertain for the current year in view of the current global economic crisis and with the major countries such as US, Japan and Europe in recession. The principal challenge for the Group will be to enhance productivity and continue to manage its costs efficiencies.

17. **Profit forecast or profit guarantee**

The disclosure requirements for explanatory notes for the variance of actual profit after tax against profit guarantee/forecast are not applicable as the Group did not issue any profit guarantee/forecast to the public.

18. **Taxation**

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

	3 months ended		9 months ended	
	31-Mar-09	31-Mar-08	31-Mar-09	31-Mar-08
	RM'000	RM'000	RM'000	RM'000
Malaysian tax expense				
Income tax				
- Current year	-	-	(183)	(3)
- Over / (under) provision in prior years	-	-	-	-
	-	-	(183)	(3)
Deferred taxation				
- Current year	-	-	-	-
- Over / (under) provision in prior years	-	-	-	-
	-	-	(183)	(3)

Tax charge for the financial quarter under review was lower than the statutory tax rate mainly due to utilisation of capital allowances and tax losses by certain subsidiaries.

19. **Profits/Losses on sale of unquoted investments and/or properties**

There were no sales of unquoted investments and/or properties of the Group during the current quarter under review and financial period to date.

20. **Quoted Shares**

There were neither purchases nor disposals of quoted securities by the Group for the quarter reported.

21. **Corporate Proposals**

There were no corporate proposals announced which has not completed as at 18 May 2009, a date not earlier than seven (7) days from the date of this report.

22. **Group borrowings and debt securities**

The Group's borrowings as at the end of the reporting period are as follows: -
All borrowings are denominated in Ringgit.

	31-Mar-09	30.6.2008
	RM'000	RM'000
Short term borrowings		
-Secured		
Hire Purchase Creditors	732	639
Bankers' Acceptance	7,156	8,397
Bank Overdraft	3,933	-
Term Loans	3,740	5,611
Long term borrowings		
-Secured		
Hire Purchase Creditors	1,453	1,698
Term Loans	14,588	17,392
Total	<u>31,602</u>	<u>33,737</u>

23. **Off Balance Sheet Financial Instruments**

The Group entered into forward foreign exchange contracts to limit the exposure to potential changes in foreign currency exchange rates with respect to the Group's foreign currency denominated estimate to be received.

Total off balance sheet forward foreign contract exchange sales contracts outstanding as at 18 May 2009 (being the date not earlier than 7 days from the date of the quarterly report) in Ringgit equivalent was nil.

There is minimal credit risk because these contracts were entered into with reputable banks. All gains and losses arising from forward foreign exchange contracts are dealt with through the income statement upon maturity.

24. **Material Litigation**

There were no material litigations as at 18 May 2009, a date not earlier than seven (7) days of this report.

25. **Dividends Proposed**

The Board of Directors does not recommend any interim dividends for the current quarter under review.

26. **Earnings per share ("EPS")**

	3 months ended		9 months ended	
	31-Mar-09	31-Mar-08	31-Mar-09	31-Mar-08
	RM'000	RM'000	RM'000	RM'000
Profit attributable to members	(4,155)	4,449	(6,422)	15,543
Weighted average number of ordinary shares	173,394	167,443	173,394	162,395
Adjusted weighted average number of ordinary shares	153,419	182,453	153,419	177,405
Basic EPS (Sen)	(2.40)	2.66	(3.70)	9.57
Diluted EPS (Sen)	(2.71)	2.44	(4.19)	8.76

Number of shares in issue/issuable was calculated as shown below:-

	3 months ended		9 months ended	
	31-Mar-09	31-Mar-08	31-Mar-09	31-Mar-08
	RM'000	RM'000	RM'000	RM'000
Weighted average number of ordinary shares in issue	173,394	167,443	173,394	162,395
Effects of dilution:				
- Conversion of ICCPS	-	-	-	-
- Conversion of warrants in issue/issuable	(18,458)	12,943	(18,458)	12,943
- Conversion of weighted average number of share options	(1,517)	2,067	(1,517)	2,067
Adjusted weighted average number of ordinary shares	153,419	182,453	153,419	177,405

Assumption:

The ICCPS are deemed to have been converted into ordinary shares at the date of issuance.

By order of the Board,
 Lim Siew Ting
 Secretary
 21 May 2009
 Kuala Lumpur