

Financial ResultsReference No **J1-090218-32597**

Company Name : **JAVA INCORPORATED BHD**
 Stock Name : **JAVA**
 Date Announced : **24/02/2009**
 Financial Year End : **30/06/2009**
 Quarter : **2**
 Quarterly report for the financial period ended : **31/12/2008**
 The figures : **have not been audited**

Converted attachment :

Please attach the full Quarterly Report here:

[JIB-Qtr 2 Results 2009 - cover.pdf](#)[JIB - Qtr 2 Results 2009.pdf](#)[JIB - 2nd Qtr 09 Notes.pdf](#)

Remark:

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

SUMMARY OF KEY FINANCIAL INFORMATION**31/12/2008**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2008 RM'000	31/12/2007 RM'000	31/12/2008 RM'000	31/12/2007 RM'000
1 Revenue	30,127	64,405	75,030	136,662
2 Profit/(loss) before tax	-2,779	4,888	-2,083	11,093
3 Profit/(loss) for the period	-2,792	4,885	-2,266	11,090
4 Profit/(loss) attributable to ordinary equity holders of the parent	-2,793	4,889	-2,267	11,094
5 Basic earnings/(loss) per share (sen)	-1.61	3.02	-1.31	7.07
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)		1.3300		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 December 2008 should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2008.



**Report for the
Second Quarter Ended
31st December 2008**

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JAVA INCORPORATED BHD (2511-M)
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2008

	2ND QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31-Dec-08 <u>RM '000</u>	Preceding Year Corresponding Quarter 31-Dec-07 <u>RM '000</u>	Current Year To Date 31-Dec-08 <u>RM '000</u>	Preceding Year Corresponding Period 31-Dec-07 <u>RM '000</u>
Revenue	<u>30,127</u>	<u>64,405</u>	<u>75,030</u>	<u>136,662</u>
Operating profit / (loss) before depreciation and other income	(437)	7,948	2,063	16,980
Depreciation and amortisation	(3,113)	(3,038)	(6,180)	(5,972)
Finance costs	(559)	(782)	(1,136)	(1,411)
Other income	1,330	760	3,170	1,496
Profit / (loss) before taxation	<u>(2,779)</u>	<u>4,888</u>	<u>(2,083)</u>	<u>11,093</u>
Taxation	(13)	(3)	(183)	(3)
Net profit / (loss) after taxation	<u>(2,792)</u>	<u>4,885</u>	<u>(2,266)</u>	<u>11,090</u>
Attributable to:-				
Equity holders of the parent	(2,793)	4,889	(2,267)	11,094
Minority interest	1	(4)	1	(4)
	<u>(2,792)</u>	<u>4,885</u>	<u>(2,266)</u>	<u>11,090</u>
Earnings Per Share (Sen)				
- Basic	(1.61)	3.02	(1.31)	7.07
- Diluted	(1.80)	2.74	(1.46)	6.39

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 DECEMBER 2008

	UNAUDITED	AUDITED
	As At End Of Current Quarter 31-Dec-08 <u>RM '000</u>	As At Preceding Financial Year End 30-Jun-08 <u>RM '000</u>
NON-CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT	71,849	73,809
PREPAID LEASE PAYMENT	25,331	25,534
PLANTATION DEVELOPMENT EXPENDITURE	10,864	9,305
TIMBER CONCESSION RIGHTS	34,069	34,956
CURRENT ASSETS		
Inventories	69,853	72,637
Trade and other receivables and advance payments	58,255	62,046
Deposits placed with licensed banks	19,195	20,934
Tax recoverable	181	419
Cash and bank balances	1,308	16,252
Total current assets	148,792	172,288
TOTAL ASSETS	290,905	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	(4,339)	3,997
Shareholders' funds	231,038	239,374
Minority interests	2,500	2,499
Total equity	233,538	241,873
NON-CURRENT LIABILITIES		
Hire purchase creditors	1,337	1,698
Long term loans	15,989	17,392
Deferred taxation	361	361
Total non-current liabilities	17,687	19,451
CURRENT LIABILITIES		
Trade and other payables and advance payments	25,928	37,514
Hire purchase creditors	640	639
Short term borrowings	12,571	14,008
Tax payable	541	2,407
Total current liabilities	39,680	54,568
Total Liabilities	57,367	74,019
TOTAL EQUITY AND LIABILITIES	290,905	315,892
Net assets per ordinary share (RM)	1.33	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 SECOND QUARTER ENDED 31 DECEMBER 2008

Group	Attributable to equity holders of the parent							Total Equity RM '000	
	Ordinary Shares RM '000	Preference Shares RM '000	Share Premium RM '000	Share Option Reserve RM '000	Revaluation Reserve RM '000	Retained Earnings RM '000	Total RM '000		Minority interests 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	-	-	-	-	-	(2,267)	(2,267)	1	(2,266)
As at 31 December 2008	<u>173,394</u>	<u>-</u>	<u>1,571</u>	<u>478</u>	<u>59,934</u>	<u>(4,339)</u>	<u>231,038</u>	<u>2,500</u>	<u>233,538</u>
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	-	-	-	-	-	11,094	11,094	(4)	11,090
Issuance of shares:- - conversion of ICCPS	20,799	(20,799)	-	-	-	-	-	-	-
Share options:- - issuance of shares	203	-	-	-	-	-	203	-	203
Issuance of shares:- - exercise of warrants	57	-	-	-	-	-	57	-	57
As at 31 December 2007	<u>173,369</u>	<u>-</u>	<u>1,476</u>	<u>529</u>	<u>59,934</u>	<u>14,980</u>	<u>250,288</u>	<u>2,499</u>	<u>252,787</u>

JAVA INCORPORATED BHD (2511-M)
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2008

	6 months ended	6 months ended
	31-Dec-08	31-Dec-07
	RM '000	RM '000
Cash Flow from operating activities		
Profit / (Loss) before taxation	(2,083)	11,093
Adjustments for:		
Amortisation of timber concession	3,888	3,834
Amortisation of prepaid lease payment	78	79
Depreciation of PPE	2,214	2,059
Gain on disposal of property, plant & equipment	(1,132)	(37)
Interest income	(293)	(652)
Interest expenses	1,136	1,411
Operating Profit before working capital changes	3,808	17,787
Increase/Decrease in working capital		
Inventories	2,784	9,288
Receivables	3,793	(18,748)
Payables	(11,585)	(14,654)
Cash used in operations	(1,200)	(6,327)
Interest received	293	652
Tax paid	(1,811)	(1,498)
Net cash used in operating activities	(2,718)	(7,173)
Cash flows from investing activities		
Purchase of property, plant & equipment	(1,273)	(808)
Proceeds from disposal of property, plant & equipment	2,108	396
Acquisition in timber concession rights	(3,000)	(28,000)
Investment in plantation development expenditure	(1,394)	(1,177)
Net cash used in investing activities	(3,559)	(29,589)
Cash flow from financing activities		
Fixed Deposit (held as)/released	(18)	(35)
Proceeds from issuance of shares	-	260
Payments of hire purchase creditors	(360)	(474)
Drawdown of term loan	-	25,200
Repayment of term loans	(3,275)	(9)
Interest paid	(1,136)	(1,411)
Net change in revolving credits	-	(6,000)
Dividend paid	(6,069)	-
Net cash generated from/(used in) financing activities	(10,858)	17,531
Net decrease in cash & cash equivalents	(17,135)	(19,231)
Cash & cash equivalents at beginning of the year	26,351	42,423
Cash and cash equivalents at the end of the quarter	9,216	23,192
Cash & cash equivalents comprise:		
Cash and bank balances	1,308	15,635
Deposits placed with licensed bank	19,195	17,632
Bankers' acceptances	(8,831)	(7,658)
	11,672	25,609
Less: Deposits held as security value	(2,456)	(2,417)
	9,216	23,192

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 2nd 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**

First and final tax exempt dividend of 3.5% per share totaling RM6,068,689.01 proposed in respect of the financial year ended 30 June 2008 was paid by the Company on 10 November 2008.

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 December 2008 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	75,030	-	-	-	75,030
Intersegment revenue	28,520	-	2,160	(30,680)	-
Total revenue	103,550	-	2,160	(30,680)	75,030
Segment Result					
Operating profit	2,686	4	(3,637)	-	(947)
Finance costs (net)	(1,135)	-	(1)	-	(1,136)
Taxation	(183)	-	-	-	(183)
Net Profit After Taxation	1,368	4	(3,638)	-	(2,266)
Minority interest	-	-	(1)	-	(1)
Net Profit for the period	1,368	4	(3,639)	-	(2,267)

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 16 February 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 RM141,273 (YTD:RM244,401) 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 RM30.13 million is lower than RM64.41 million as recorded for the corresponding quarter of last year. Current quarter has reported a loss before taxation of RM2.78 million as compared to a profit before taxation of RM4.89 million recorded for the corresponding quarter of last year.

The decreased revenue and loss for the reported period mainly attributable to the global economic slowdown and weaker demand 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 RM30.13 million is lower than the RM44.9 million recorded for the immediate preceding quarter.

The Group registered a loss of RM2.78 million in the current quarter as compared to immediate preceding quarter profit before taxation of RM0.7 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 heading towards 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		6 months ended	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Malaysian tax expense	RM'000	RM'000	RM'000	RM'000
Income tax				
- Current year	(13)	(3)	(183)	(3)
- Over / (under) provision in prior years		-		-
	(13)	(3)	(183)	(3)
Deferred taxation				
- Current year	-	-	-	-
- Over / (under) provision in prior years	-	-	-	-
	(13)	(3)	(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**

- (a) There were neither purchases nor disposals of quoted securities by the Group for the quarter reported.
- (b) The investments in quoted shares as at the end of the quarter reported, its market value was unable to ascertain as the shares was delisted in November 2008. The investment has been fully written off from its cost of RM3,701.00

21. **Corporate Proposals**

There were no corporate proposals announced which has not completed as at 16 February 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.

	31.12.2008	30.6.2008
	RM'000	RM'000
Short term borrowings		
-Secured		
Hire Purchase Creditors	640	639
Bankers' Acceptance	8,831	8,397
Term Loans	3,740	5,611
Long term borrowings		
-Secured		
Hire Purchase Creditors	1,337	1,698
Term Loans	15,989	17,392
Total	30,537	33,737

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 16 February 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 16 February 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		6 months ended	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	RM'000	RM'000	RM'000	RM'000
Profit attributable to members	(2,793)	4,889	(2,267)	11,094
Weighted average number of ordinary shares	173,394	161,568	173,394	156,962
Adjusted weighted average number of ordinary shares	154,994	178,291	154,994	173,685
Basic EPS (Sen)	(1.61)	3.02	(1.31)	7.07
Diluted EPS (Sen)	(1.80)	2.74	(1.46)	6.39

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

	3 months ended		6 months ended	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	RM'000	RM'000	RM'000	RM'000
Weighted average number of ordinary shares in issue	173,394	161,568	173,394	156,962
Effects of dilution:				
- Conversion of ICCPS	-	-	-	-
- Conversion of warrants in issue/issuable	(17,003)	14,410	(17,003)	14,410
- Conversion of weighted average number of share options	(1,397)	2,313	(1,397)	2,313
Adjusted weighted average number of ordinary shares	154,994	178,291	154,994	173,685

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
 19 February 2009
 Kuala Lumpur