# JV GLOBAL LIMITED

**ABN 80 009 142 125**

## 2010 Full Year Result
## and
## Preliminary Final Report 2010

## Appendix 4E

**CONTENTS**

# RESULTS FOR ANNOUNCEMENT TO THE MARKET

**Previous Corresponding Reporting Period**

The previous corresponding reporting period is the year ended 30 June 2009.

| Revenue and Net Profit | Percentage Change | Amount $ |
|---|---|---|
| Revenue from ordinary activities | Down 26% | 3,564,592 |
| Loss from ordinary activities after tax attributable to members | Up 63% | (2,186,507) |
| Net loss for the full year attributable to members | Up 63% | (2,186,507) |

It is not proposed to declare a dividend for this reporting period (prior period: nil)

| Net Tangible Assets | Year Ended 30 June 2010 | Year Ended 30 June 2009 |
|---|---|---|
| Net tangible asset backing per security (cents per share) | (1.09) | (2.95) |

**Details of associates and joint venture entities**

**Wholly owned subsidiary**

- JVG Framing Pty Ltd
- JV International Pty Ltd
- JV Global Australia Pty Ltd
- JVG Contracting Pty Ltd

**Interest in Associates**

- Arabian Profile Global Co, LLC Interest 46%
- Sharus Steel Products Pvt Ltd Interest 40%

**Audit**

This report is based on accounts which are in the process of being audited.

**Commentary on the Results for the Period**

The consolidated loss for the JV Global Limited Group for the financial year ended 30th June, 2010 was extremely disappointing through a very challenging period.

The subsidiary company, JVG Framing Pty Ltd trading as Component Homes, continued to underperform despite the parent company committing considerable funds to support Component Homes' existing operations and their working capital position.

In September, 2009 the Board of JV Global Limited appointed a new highly qualified Managing Director of JVG Framing Pty Ltd with the specific task of reviewing the company's policies and procedures with the view to improving sales and resultant profitability.

Unfortunately Component Homes' position continued to deteriorate further during the subsequent six months despite repeated assurances from the managing director that the company's performance could be turned around within the six months to June, 2010.

**Commentary on the Results for the Period (continued)**

In April, 2010 the Managing Director resigned without notice and the Chief Financial Officer gave one months notice of her resignation. As a result of these resignations JV Global Limited moved to undertake a full review of operations which resulted in identifying anomalies in the financial statements provided to the Board of JV Global Limited.

Detailed discussions were then entered into with several parties in respect to the ongoing activities of JVG Framing Pty Ltd and these were ongoing as at the 30$^{th}$ June, 2010.

As previously reported the company's joint venture in the United Arab Emirates, Arabian Profile Global Co LLC suffered a fire in February, 2009 which resulted in the factory, plant and equipment being destroyed.

Full comprehensive insurance was in place and JV Global limited has now received funds representing their entitlement in accordance with their percentage shareholding (46%) in the joint venture. Business activity has currently ceased and the company is now in the process of collecting outstanding accounts including retention monies due on completed contracts.

As a direct result of the Global Financial Crisis the business activities of Sharus Steel Products Pvt Ltd our joint venture company in India have also been affected as building and construction activities in the Indian housing sector had slowed down dramatically.

The Board of JV Global Limited are currently in discussions with their joint venture partners, Shapoorji Pallonji and expect to go to India to attend the Annual General Meeting in September 2010.

The operational overheads of JV Global Limited have been drastically reduced to allow a more positive and rejuvenated plan for 2010/11 with total support of our major shareholders and Convertible Note Holders.

As previously reported the Directors of JV Global Limited continue to seek and identify opportunities that may add value to the company's existing shareholders. The Board are currently involved in ongoing discussions with several parties in regards to participation in ventures within our sector and others which could provide a refreshing diversification.

***SIGNIFICANT EVENTS AFTER THE BALANCE DATE***

On the 13$^{th}$ July, 2010 the Directors of JVG Framing Pty Ltd (trading as Component Homes) appointed a voluntary administrator to the company. The Board formed the view that the parent company could not continue to support the subsidiary's underperforming business at the expense of the shareholders of the parent company.

The parent company has finalised agreements with the Convertible Note Holders whereby the expiry dates of the convertible notes will be extended to 30 June 2011 and interest will be waivered, and a possible conversion to a special class of shares is being considered.

## Consolidated Statement of Comprehensive Income

| | Note | 2010<br>$ | 2009<br>$ |
|---|---|---|---|
| Revenue | | 3,564,592 | 4,821,570 |
| Cost of sales | | (1,779,154) | (2,790,411) |
| **Gross profit** | | **1,785,438** | **2,031,159** |
| Other income | 2 | 2,258 | 153,673 |
| Employee benefits expenses | 2 | (1,765,194) | (2,773,976) |
| Administration expenses | 2 | (1,178,607) | (834,221) |
| Impairment of goodwill | | (600,127) | (2,605,615) |
| Impairment of other assets | | (100,000) | (1,231,081) |
| Employee share option expense | | (66,219) | (82,377) |
| Loss on foreign exchange | | (113,150) | - |
| Loss on revaluation of financial assets | | (4,100) | - |
| Depreciation expenses | | (106,578) | (109,027) |
| | | **(2,146,279)** | **(5,451,465)** |
| Finance income | | - | 17,294 |
| Finance expenses | | (40,228) | (170,926) |
| **Net finance expense** | | (40,228) | (153,632) |
| Share of loss from equity accounts investees | | - | (233,903) |
| **Loss before income tax** | | **(2,186,507)** | **(5,839,000)** |
| Income tax benefit | | - | - |
| **Loss for the period** | | **(2,186,507)** | **(5,839,000)** |
| Other comprehensive income/(loss) | | - | - |
| **Total comprehensive (loss) for the period** | | **(2,186,507)** | **(5,839,000)** |
| Earnings per share (cents per share) for profit attributable to the ordinary equity holders of the Company: | | | |
| - basic | | (1.05) | (7.71) |
| - diluted | | (1.05) | (7.71) |

## Consolidated Statement of Financial Position

| | Note | 2010<br>$ | 2009<br>$ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 3 | 143,437 | 20,177 |
| Trade and other receivables | | 89,632 | 470,107 |
| Inventories | | 135,574 | 110,332 |
| Prepayments | | 48,480 | 95,008 |
| Other current assets | | 6,607 | 71,706 |
| **Total current assets** | | 423,730 | 767,330 |
| | | | |
| **Non-current assets** | | | |
| Available for sale assets | | 4,000 | - |
| Property, plant and equipment | | 242,686 | 378,030 |
| Deferred tax assets | | 66,664 | 66,664 |
| Intangible assets | | - | 600,127 |
| **Total non-current assets** | | 313,350 | 1,044,821 |
| | | | |
| **Total assets** | | **737,080** | **1,812,151** |
| | | | |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | 979,421 | 1,313,434 |
| Financial liabilities | | 2,060,816 | 1,853,727 |
| Provisions | | 67,575 | 118,427 |
| **Total current liabilities** | | 3,107,812 | 3,285,588 |
| | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | 49,171 | 100,218 |
| Provisions | | 20,426 | 38,946 |
| Deferred tax liabilities | | 19,776 | 19,776 |
| **Total non-current liabilities** | | 89,373 | 158,940 |
| | | | |
| **Total liabilities** | | **3,179,185** | **3,444,528** |
| | | | |
| **Net deficiency** | | **(2,460,105)** | **(1,632,377)** |
| | | | |
| **Equity** | | | |
| Issued capital | | 20,748,709 | 19,525,856 |
| Reserves | | 523,378 | 387,452 |
| Accumulated losses | | (23,732,192) | (21,545,685) |
| **Total deficiency** | | **(2,460,105)** | **(1,632,377)** |

## Consolidated Statement of Cash Flows

| | Note | 2010<br>$ | 2009<br>$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers | | 3,617,651 | 4,887,422 |
| Payments to suppliers and employees | | (5,010,169) | (5,516,286) |
| Finance costs | | (74,305) | (125,993) |
| **Net cash (used in) operating activities** | 3 | **(1,466,823)** | **(754,857)** |
| **Cash flows from investing activities** | | | |
| Interest received | | 2,258 | 17,294 |
| Proceeds from sale of plant and equipment | | 2,700 | 5,000 |
| Purchase of plant and equipment | | (92,228) | (80,733) |
| Advances to associates | | - | (43,405) |
| Repayment from associates | | 236,850 | - |
| Purchase of financial assets | | (8,100) | - |
| **Net cash provided by/(used in) investing activities** | | **141,480** | **(101,844)** |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of share capital | | 1,398,500 | - |
| Share issue costs | | (105,941) | - |
| Proceeds from borrowings | | 200,000 | 115,000 |
| Repayment of borrowings | | (161,622) | (118,956) |
| **Net cash provided by/(used in) financing activities** | | **1,330,937** | **(3,956)** |
| Net increase/(decrease) in cash and cash equivalents | | 5,594 | (860,657) |
| Cash and cash equivalents at beginning of period | | (151,926) | 708,731 |
| **Cash and cash equivalents at end of year** | 3 | **(146,332)** | **(151,926)** |

## Consolidated Statement of Changes in Equity

| | *Issued Share Capital* | *Share Option Reserve* | *Accumulated losses* | *Total* |
|---|---|---|---|---|
| **Balance at 1 July 2008** | **19,525,856** | **305,075** | **(15,706,685)** | **4,124,246** |
| Total comprehensive loss for the period | - | - | (5,839,000) | (5,839,000) |
| | 19,525,856 | 305,075 | (21,545,685) | (1,714,754) |
| Shares issued during year | - | - | - | - |
| Employee option expense transferred to option reserve | - | 82,377 | - | 82,377 |
| **Balance at 30 June 2009** | **19,525,856** | **387,452** | **(21,545,685)** | **(1,632,377)** |
| **Balance at 1 July 2009** | **19,525,856** | **387,452** | **(21,545,685)** | **(1,632,377)** |
| Total comprehensive loss for the period | - | - | (2,186,507) | (2,186,507) |
| | 19,525,856 | 387,452 | (23,732,192) | (3,818,884) |
| Shares issued during year | 1,398,500 | - | - | 1,398,500 |
| Share issue costs | (175,647) | 69,707 | - | (105,940) |
| Employee option expense transferred to option reserve | - | 66,219 | - | 66,219 |
| **Balance at 30 June 2010** | **20,748,709** | **523,378** | **(23,732,192)** | **(2,460,105)** |

## 1. Summary of Significant Accounting Policies

The preliminary final report has been prepared in accordance with Australian Securities Exchange Listing Rules as they relate to Appendix 4E and in accordance with the recognition and measurement requirements of the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board. Urgent Issues Group Interpretations and the *Corporations Act 2001*.

As such the preliminary final report does not include all notes of the type normally included with the annual financial report and therefore cannot be expected to provide a full understanding of the financial performance, financial position and financing interesting activities of the consolidated entity as the full financial report.

It is also recommended that the preliminary final report be considered together with any public announcements made by JV Global Limited in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

## 2. Revenue and Expenses

| | Consolidated | |
|---|---|---|
| | **2010** | **2009** |
| | **$** | **$** |
| **Other Income** | | |
| Net gain on foreign exchange | - | 110,238 |
| Rendering of services | - | 43,435 |
| Other | 2,258 | - |
| | **2,258** | **153,673** |
| **Employee Benefits Expense** | | |
| Wages and salaries | 1,359,164 | 2,086,456 |
| Amounts provided for employee entitlements | 61,199 | 61,922 |
| Other employee expenses | 344,831 | 625,598 |
| | **1,765,194** | **2,773,976** |
| **Administration Expenses** | | |
| Rent & outgoings | 373,245 | 252,723 |
| Net loss on sale of property, plant and equipment | 18,293 | 18,782 |
| Other administration expenses | 787,069 | 562,716 |
| | **1,178,607** | **834,221** |

## 3. Cash

### Cash and Cash Equivalents

| | Consolidated | |
|---|---|---|
| | **2010** | **2008** |
| Bank balances | 138,280 | 20,177 |
| Short term deposits | 5,157 | - |
| | **143,437** | **20,177** |

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and six months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

## Cash (continued)

At 30 June 2010, the Group had stand-by borrowing facilities of $91,962.

**Reconciliation of Cash and Cash Equivalents**

| | Consolidated | |
|---|---|---|
| | **2010** | **2009** |
| Cash and cash equivalents | 143,437 | 20,177 |
| Bank overdrafts | (289,769) | (172,103) |
| | **(146,332)** | **(151,926)** |

**Cash Flow Statement Reconciliation**

| | **2010** | **2009** |
|---|---|---|
| Loss after income tax | (2,186,507) | (5,839,000) |
| *Non-operating cash flows:* | | |
| Interest received | (2,258) | (17,294) |
| *Non-cash flows:* | | |
| Depreciation | 106,578 | 109,027 |
| Loss on sale of plant and equipment | 18,293 | 18,782 |
| Employee options | 66,219 | 82,377 |
| Share in loss of associate | - | 233,903 |
| Net (gain)/loss on foreign exchange | 113,150 | (110,238) |
| Loss on revaluation of financial assets | 4,100 | - |
| Impairment of goodwill | 600,127 | 2,605,615 |
| Impairment of other assets | 100,000 | 1,231,082 |
| *(Increase)/decrease in assets* | | |
| Change in trade and other receivables | 30,475 | 25,154 |
| Change in inventories | (25,242) | 101,755 |
| Change in prepayments | 46,528 | (29,087) |
| Change in other current assets | 65,099 | (2,738) |
| Change in financial assets | - | 3,200 |
| *Increase/(decrease) in liabilities* | | |
| Change in trade and other payables | (334,013) | 807,170 |
| Change in provisions and employee benefits | (69,372) | 25,435 |
| Change in deferred tax liability | - | - |
| **Net cash from operating activities** | **(1,466,823)** | **(754,857)** |

## 4. Dividends Paid and Proposed

It is not proposed to declare a dividend for this reporting period

## 5. Events after the Balance Sheet Date

The Board of the subsidiary company, JVG Framing Pty Ltd (trading as Component Homes) on July 13, 2010 appointed a Voluntary Administrator to manage the affairs of the business. Mr Dino Travaglini of Moore Stephens, Chartered Accountants is the Voluntary Administrator ("the Administrator") appointed under Part 5.3A of the *Corporations Act 2001*.

The Administrator has canvassed potential buyers of part or all of the Component Homes business and is assessing the offers presented to acquire the business or parts thereof.

The parent company has finalised agreements with the Convertible Note Holders whereby the expiry dates of the convertible notes will be extended to 30 June 2011 and interest will be waivered. Discussions are also in progress to possibly convert the above debt to a new class of shares.

## 6. Going Concern

Notwithstanding the appointment of the Voluntary Administrator to the subsidiary company JVG Framing Pty Ltd the financial statements have been prepared on the basis of going concern which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Board of the parent company will soon be undertaking a capital raising and also look to an acquisition or alternate project or business for the group. During the 2010 financial year the consolidated entity made a loss of $2,186,507, which included an impairment of goodwill and other assets of $700,127 and at balance date had a net asset deficiency of $2,460,105.

As described in the Results for Announcement to the Market, the current economic environment is challenging and the group has reported an operating loss for the year. The directors are currently assisting the Voluntary Administrator in seeking a positive outcome for Component Homes. The Board has committed to undertake raising of further capital to revitalise the group and seek new projects or ventures including a possible diversification.

Whilst acknowledging the material uncertainties applicable to this entity, the directors consider this to be appropriate for the following reasons:

- written agreements are in place with the Convertible Note holders. The expiry date of the notes has now been extended to 30 June 2011 and the interest will be waived: and
- there is pre emptive support from major shareholders for the soon to be announced capital raising programme;
- a possible conversion of the convertible note debt into a special class of shares; and
- the Board continues to receive approaches from numerous parties with ventures within and outside of the existing business sector seeking to either merge or become involved with the parent company.

The directors have concluded that the combination of these circumstances do represent a material uncertainty that casts doubt upon the group's and the company's ability to continue as a going concern. Nevertheless after making enquiries, and considering the opportunities described above the directors have a reasonable expectation that the group and the company have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the interim report and accounts.

## Going Concern

Further the subsidiary company, JVG Framing Pty Ltd ("Component Homes") is not being disposed of; only segments of the business operated by the subsidiary are being sold. Negotiations are being held with the purchaser of the assets for the retention of the Component Homes name, the website and some other aspects of the business. Component Homes would then be able to earn commission on an agency basis by referrals of business to the purchaser.

The purchaser will be given priority on the Component Homes' referrals, however should they not wish to undertake the work as they are country based, Component Homes will then be able to refer the work to locally based competitors. Notwithstanding the imminent sale mentioned above, the completion of an auction of the smaller assets and the assessment of any business referrals the Board are of the view that at this stage there will be minimal financial impact on the Parent Company.

This report is based upon accounts which are currently being audited

Collin Vost
Chairman
31 August 2010