

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2012

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2012

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	30/09/2012 RM'000	30/09/2011 RM'000	30/09/2012 RM'000	30/09/2011 RM'000
Revenue	12,808	13,534	12,808	13,534
Cost of sales	(11,848)	(12,333)	(11,848)	(12,333)
Gross profit	960	1,201	960	1,201
Operating expenses	(813)	(754)	(813)	(754)
Other operating (expenses)/ income	(39)	133	(39)	133
Operating profit	108	580	108	580
Finance costs	-	(42)	-	(42)
Finance income	14	17	14	17
Profit before taxation	122	555	122	555
Taxation	(69)	(218)	(69)	(218)
Profit for the period	53	337	53	337

Earnings per ordinary share (sen):-

(a) Basic	0.09	0.54	0.09	0.54
(b) Fully diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2012.

NARRA INDUSTRIES BERHAD
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
ENDED 30 SEPTEMBER 2012

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE
QUARTER ENDED 30 SEPTEMBER 2012

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/09/2012 RM'000	30/09/2011 RM'000	30/09/2012 RM'000	30/09/2011 RM'000
Profit for the period	53	337	53	337
Foreign currency translation differences for foreign operations	(195)	125	(195)	125
Total comprehensive (expense)/income for the period	(142)	462	(142)	462

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2012.

NARRA INDUSTRIES BERHAD
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
ENDED 30 SEPTEMBER 2012

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS ON FINANCIAL POSITION AS AT
30 SEPTEMBER 2012

	As at end of current quarter 30/09/2012 RM'000	Restated As at end of preceding financial year 30/06/2012 RM'000	As at beginning of preceding financial year 01/07/2011 RM'000
Assets			
Property, plant and equipment	9,641	9,762	10,299
Deferred tax assets	904	970	1,094
Total non-current assets	<u>10,545</u>	<u>10,732</u>	<u>11,393</u>
Inventories	3,329	2,951	1,603
Trade and other receivables	13,178	13,360	10,441
Current tax assets	-	71	2
Deposits, cash and bank balances	12,073	10,807	11,711
Total current assets	<u>28,580</u>	<u>27,189</u>	<u>23,757</u>
TOTAL ASSETS	<u>39,125</u>	<u>37,921</u>	<u>35,150</u>
Equity attributable to owners of the Company			
Share capital	62,188	62,188	62,188
Reserves	(38,652)	(38,510)	(39,616)
Total equity	<u>23,536</u>	<u>23,678</u>	<u>22,572</u>
Liabilities			
Retirement benefits	153	153	266
Deferred tax liabilities	-	-	135
Total non-current liabilities	<u>153</u>	<u>153</u>	<u>401</u>
Trade and other payables	15,436	14,090	10,741
Borrowings (unsecured)	-	-	1,400
Current tax liabilities	-	-	36
Total current liabilities	<u>15,436</u>	<u>14,090</u>	<u>12,177</u>
TOTAL LIABILITIES	<u>15,589</u>	<u>14,243</u>	<u>12,578</u>
TOTAL EQUITY AND LIABILITIES	<u>39,125</u>	<u>37,921</u>	<u>35,150</u>
Net assets per share attributable to owners of the Company (RM)	0.38	0.38	0.36

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2012.

NARRA INDUSTRIES BERHAD
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
ENDED 30 SEPTEMBER 2012

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD
ENDED 30 SEPTEMBER 2012

	Share capital	Translation reserve	Accumulated losses	Total equity
	RM'000	RM'000	RM'000	RM'000
Current year-to-date ended 30 September 2012				
At 1 July 2012 - previously reported	62,188	75	(2,157)	60,106
Effect of adoption MFRS 1	-	147	(36,575)	(36,428)
At 1 July 2012 - restated	62,188	222	(38,732)	23,678
Other comprehensive income				
– foreign currency translation difference	-	(195)	-	(195)
Profit for the period	-	-	53	53
Total comprehensive expense for the period	-	(195)	53	(142)
At 30 September 2012	62,188	27	(38,679)	23,536
Preceding year corresponding period ended 30 September 2011				
At 1 July 2011 - previously reported	62,188	(147)	(3,041)	59,000
Effect of adoption MFRS 1	-	147	(36,575)	(36,428)
At 1 July 2011 - restated	62,188	-	(39,616)	22,572
Other comprehensive income				
– foreign currency translation difference	-	125	-	125
Profit for the period	-	-	337	337
Total comprehensive income for the period	-	125	337	462
At 30 September 2011 - restated	62,188	125	(39,279)	23,034

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2012.

NARRA INDUSTRIES BERHAD
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
ENDED 30 SEPTEMBER 2012

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD
ENDED 30 SEPTEMBER 2012

	Current Year-To-Date	Preceding Year Corresponding Period
	30/09/2012 RM'000	30/09/2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	122	555
Adjustments for:-		
Depreciation and amortization	167	186
Non cash item	(25)	(7)
Net financing costs	(14)	25
Operating profit before changes in working capital	250	759
Changes in working capital		
Net change in current assets	(227)	666
Net change in current liabilities	1,346	(714)
Tax refund/(paid)	68	(118)
Net financing costs received/(paid)	14	(25)
Retirement benefits paid	-	(42)
Dividend received	56	54
Net cash generated from operating activities	1,507	580
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from disposal of property, plant and equipment	-	52
Acquisition of property, plant and equipment	(46)	(40)
Net cash (used in)/generated from investing activities	(46)	12
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank borrowings	-	(1,400)
Drawdown of bank borrowings	-	1,000
Net cash used in financing activities	-	(400)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,461	192
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	10,807	11,711
EFFECT ON FOREIGN EXCHANGE	(195)	125
CASH & CASH EQUIVALENTS AT END OF PERIOD	12,073	12,028

Cash and cash equivalents included in the consolidated statements of cash flow comprise the following balance sheet amounts:

	30/09/2012 RM'000	30/09/2011 RM'000
Deposits, cash and bank balances	12,073	12,028

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2012.

NARRA INDUSTRIES BERHAD
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
ENDED 30 SEPTEMBER 2012

The figures have not been audited

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 “Interim Financial Reporting” and the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group’s audited financial statements for the financial year ended 30 June 2012. This interim financial report also complies with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board.

The Group’s interim financial report for the 1st quarter ended 30 September 2012 is the first set of interim financial report prepared in accordance to MFRS 1 “First-time adoption of Malaysian Financial Reporting Standards”, and the date of transition is 1 July 2011.

The accounting policies and presentation adopted for this interim report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2012 except for the following transitional exemptions arising from the adoption of MFRS:

a) Business combinations

All business combinations were previously accounted for using acquisition method where goodwill arose from business combinations were measured at cost less accumulated impairment. As at the date of transition to MFRS 1, business combinations involving acquisition of common control companies (prior to the date of transition to MFRS 1) are accounted for using book value method and consequently, the related goodwill (net of accumulated amortisation) was reversed and adjusted to the accumulated losses of the Group.

b) Foreign currency translation reserve

Foreign currency differences were previously recognised in other comprehensive income and accumulated in the foreign currency translation reserve (“FCTR”). As at the date of transition to MFRS 1, the cumulative amounts in the FCTR were reclassified to the accumulated losses of the Group.

The reconciliation of the financial statements for the comparative periods and at the date of transition to MFRS are as follow:

Condensed Consolidated Statements of Financial Position

Reconciliation of the affected financial caption reported as at 1 July 2011

	As previously reported	Effect of adoption of MFRS		As restated
	at 01/07/2011	RM’000	RM’000	at 01/07/2011
	RM’000	Note 1 (a)	Note 1 (b)	RM’000
Goodwill	36,428	(36,428)	-	-
Reserves	(3,188)	(36,428)	-	(39,616)

NARRA INDUSTRIES BERHAD
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
ENDED 30 SEPTEMBER 2012

The figures have not been audited

1. **Basis of preparation (cont'd)**

Condensed Consolidated Statements of Financial Position (cont'd)

Reconciliation of the affected financial caption reported as at 30 June 2012

	As previously reported at 30/06/2012	Effect of adoption of MFRS		As restated at 30/06/2012
	RM'000	RM'000 Note 1 (a)	RM'000 Note 1 (b)	RM'000
Goodwill	36,428	(36,428)	-	-
Reserves	(2,082)	(36,428)	-	(38,510)

Condensed Consolidated Statements of Changes in Equity

Reconciliation of the affected financial caption reported as at 1 July 2011

	As previously reported at 01/07/2011	Effect of adoption of MFRS		As restated at 01/07/2011
	RM'000	RM'000 Note 1 (a)	RM'000 Note 1 (b)	RM'000
Accumulated losses	(3,041)	(36,428)	(147)	(39,616)
Translation reserve	(147)	-	147	-

Reconciliation of the affected financial caption reported as at 30 September 2011

	As previously reported at 30/09/2011	Effect of adoption of MFRS		As restated at 30/09/2011
	RM'000	RM'000 Note 1 (a)	RM'000 Note 1 (b)	RM'000
Accumulated losses	(2,704)	(36,428)	(147)	(39,279)
Translation reserve	(22)	-	147	125

Reconciliation of the affected financial caption reported as at 1 July 2012

	As previously reported at 01/07/2012	Effect of adoption of MFRS		As restated at 01/07/2012
	RM'000	RM'000 Note 1 (a)	RM'000 Note 1 (b)	RM'000
Accumulated losses	(2,157)	(36,428)	(147)	(38,732)
Translation reserve	75	-	147	222

NARRA INDUSTRIES BERHAD
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
ENDED 30 SEPTEMBER 2012

The figures have not been audited

2. Qualification of audit report of the preceding annual financial statements

The audit report for the preceding annual financial statements was not qualified.

3. Seasonality or cyclicity of interim operations

There has been no material seasonal or cyclical factors affecting the results of the quarter under review.

4. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence during the quarter under review and financial year-to-date.

5. Changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years

There were no changes in estimates of amounts reported in prior financial years.

6. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

There were no issuance of shares, share buy-back, share cancellations resale of treasury shares or repayments of debt or equity securities during the quarter under review and financial year-to-date.

7. Dividend

There were no dividends paid during the quarter under review and financial year-to-date.

NARRA INDUSTRIES BERHAD
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
ENDED 30 SEPTEMBER 2012

The figures have not been audited

8. **Operating Segments**

The Group's segmental report for the financial year-to-date is as follows: -

	Design, manufacturing supply of furniture and interior design fit- out works RM'000
Reportable segment profit	<u>192</u>
Included in the measure of segment profit are:	
Revenue from external customers	12,752
Depreciation and amortisation	<u>167</u>
Reconciliation of reportable segment profit	
Profit	
Reportable segments	192
Non-reportable segments	(84)
Finance income	<u>14</u>
Consolidated profit before taxation	<u>122</u>

9. **Material events not reflected in the financial statements**

There are no material subsequent events to be disclosed as at the date of this report.

10. **Changes in the composition of the Group**

There were no changes in the composition of the Group during the quarter under review, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinued operations.

11. **Contingent liabilities or contingent assets**

There are no contingent liabilities or contingent assets as at the date of this report.

NARRA INDUSTRIES BERHAD
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
ENDED 30 SEPTEMBER 2012

The figures have not been audited

12. Review of Performance

For the quarter under review, the Group recorded a revenue of RM12.8 million and profit before taxation ("PBT") of RM122,000 as compared with a revenue of RM13.5 million and PBT of RM555,000 recorded in the corresponding quarter of the preceding year ended 30 June 2012 ("FY 2012").

In comparison with the corresponding quarter of FY 2012, the decrease in revenue and PBT were mainly due to lower sales recorded for the competitive export market.

13. Material changes in PBT against the immediate preceding quarter

The Group recorded a PBT of RM122,000 for the quarter under review as compared with a PBT of RM550,000 recorded in the preceding quarter. The lower profit in the quarter under review was mainly due to lower sales recorded for hospitality projects.

14. Prospects

The global furniture market remains challenging and uncertain due to the global economic uncertainty. The Group will continue to expand and develop its design and fit-out works in the hospitality and commercial sectors.

Barring any unforeseen circumstances, the Board expects the performance of the Group to be profitable for the financial year ending 30 June 2013.

15. Profit forecast / profit guaranteed

This note is not applicable.

16. Profit before taxation

	Current Year Quarter	Current Year To-date
	30/09/2012 RM'000	30/09/2012 RM'000
Profit before taxation is arrived at after charging/(crediting) :-		
Gross dividend income from short term investments	(56)	(56)
Depreciation and amortization	167	167
Loss on foreign exchange	4	4
Inventories written back	-	-
Fair value gain on derivative instruments	-	-
Reversal of impairment loss on trade receivables	-	-
(Gain)/loss on disposal of quoted or unquoted investments or properties	-	-
Impairment of property, plant and equipment	-	-

NARRA INDUSTRIES BERHAD
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
ENDED 30 SEPTEMBER 2012

The figures have not been audited

17. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/09/2012 RM'000	30/09/2011 RM'000	30/09/2012 RM'000	30/09/2011 RM'000
Current taxation				
Malaysian - current year	3	2	3	2
- prior years	-	2	-	2
Overseas - prior years	-	51	-	51
	3	55	3	55
Deferred taxation				
Malaysian - current year	66	163	66	163
	69	218	69	218

The Group's effective tax rate for the quarter under review was higher than the statutory tax rate mainly due to certain expenses not allowed for tax deduction .

18. Corporate proposals

There are no corporate proposals announced but not completed as at the date of this report.

19. Group's borrowings and debt securities

There were no borrowings outstanding as at 30 September 2012.

20. Changes in material litigation

There are no material litigations as at the date of this report.

21. Dividend

a) The Board does not recommend any interim dividend for the quarter ended 30 September 2012 of the financial year ending 30 June 2013 (1st quarter 2011/2012 : Nil).

b) For the financial year-to-date, no dividend has been declared (2011/2012 : Nil).

22. Earnings Per Ordinary Share

(a) Basic earnings per ordinary share

The basic earnings per ordinary share for the quarter under review/financial year to-date is calculated by dividing the Group's profit attributable to owners of the Company of RM53,000 (1st quarter 2011/2012:RM337,000) by the weighted average number of ordinary shares outstanding during the quarter/period of 62,187,600 (1st quarter 2011/2012 : 62,187,600).

NARRA INDUSTRIES BERHAD
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
ENDED 30 SEPTEMBER 2012

The figures have not been audited

22. **Earnings Per Ordinary Share (cont'd)**

(b) Diluted earnings per share

The Group has no dilution in its earnings per ordinary share in the quarter under review / financial year-to-date and preceding year corresponding quarter / period as there were no dilutive potential ordinary shares.

23. **Realised and unrealised profits /losses disclosure**

The breakdown of the accumulated losses of the Group, into realised and unrealised profits / (losses) are as follows:-

	As At End of Current Quarter 30/09/2012 RM'000	Restated As At End of Preceding Financial Year 30/06/2012 RM'000
Total accumulated losses of the Company and the subsidiaries:-		
-realised	(3,071)	(3,231)
-unrealised	873	980
	<u>(2,198)</u>	<u>(2,251)</u>
Less: Consolidation adjustments	(36,481)	(36,481)
Group's accumulated losses	<u>(38,679)</u>	<u>(38,732)</u>

By Order of the Board
Narra Industries Berhad

Joanne Leong Wei Yin
Company Secretary

Kuala Lumpur
20 November 2012