

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER  
ENDED 30 SEPTEMBER 2013**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2013**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/09/2013 RM'000	30/09/2012 RM'000	30/09/2013 RM'000	30/09/2012 RM'000
Revenue	9,312	12,808	9,312	12,808
Cost of sales	(10,149)	(11,805)	(10,149)	(11,805)
<b>Gross (loss)/ profit</b>	(837)	1,003	(837)	1,003
Operating expenses	(978)	(856)	(978)	(856)
Other operating income/(expense)	53	(39)	53	(39)
<b>Operating (loss)/ profit</b>	(1,762)	108	(1,762)	108
Finance income	9	14	9	14
<b>(Loss)/profit before taxation</b>	(1,753)	122	(1,753)	122
Taxation	237	(69)	237	(69)
<b>(Loss)/profit for the period attributable to owners of the Company</b>	(1,516)	53	(1,516)	53
<b>(Loss)/earnings per ordinary share (sen):-</b>				
(a) Basic	(2.44)	0.09	(2.44)	0.09
(b) Fully diluted	N/A	N/A	N/A	N/A

**The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2013.**

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**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2013 ( cont'd)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/09/2013 RM'000	30/09/2012 RM'000	30/09/2013 RM'000	30/09/2012 RM'000
<b>(Loss)/profit for the period</b>	(1,516)	53	(1,516)	53
Foreign currency translation differences for foreign operations	(5)	(195)	(5)	(195)
<b>Total comprehensive expense for the period</b>	<b>(1,521)</b>	<b>(142)</b>	<b>(1,521)</b>	<b>(142)</b>

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2013.

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**CONDENSED CONSOLIDATED STATEMENTS ON FINANCIAL POSITION AS AT**  
**30 SEPTEMBER 2013**

	As at end of current quarter 30/09/2013 RM'000	As at end of preceding financial year 30/06/2013 RM'000
<b>ASSETS</b>		
Property, plant and equipment	9,324	9,210
Deferred tax assets	1,263	1,024
<b>Total non-current assets</b>	<u>10,587</u>	<u>10,234</u>
Inventories	2,245	3,760
Trade and other receivables	13,490	18,422
Deposits, cash and bank balances	10,575	10,882
<b>Total current assets</b>	<u>26,310</u>	<u>33,064</u>
<b>TOTAL ASSETS</b>	<u>36,897</u>	<u>43,298</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	62,188	62,188
Reserves	(40,179)	(38,658)
<b>TOTAL EQUITY</b>	<u>22,009</u>	<u>23,530</u>
<b>LIABILITIES</b>		
Retirement benefits	116	120
<b>Total non-current liabilities</b>	<u>116</u>	<u>120</u>
Trade and other payables	14,772	19,605
Current tax liabilities	-	43
<b>Total current liabilities</b>	<u>14,772</u>	<u>19,648</u>
<b>TOTAL LIABILITIES</b>	<u>14,888</u>	<u>19,768</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>36,897</u>	<u>43,298</u>
Net assets per share attributable to owners of the Company (RM)	0.35	0.38

**The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2013.**

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD**  
**ENDED 30 SEPTEMBER 2013**

	Share capital	Translation reserve	Accumulated losses	Total equity
	RM'000	RM'000	RM'000	RM'000
<b>Current year-to-date ended 30 September 2013</b>				
At 1 July 2013	62,188	1	(38,659)	23,530
Other comprehensive expense				
– foreign currency translation difference	-	(5)	-	(5)
Loss for the period	-	-	(1,516)	(1,516)
Total comprehensive expense for the period	-	(5)	(1,516)	(1,521)
At 30 September 2013	62,188	(4)	(40,175)	22,009
<b>Preceding year corresponding period ended 30 September 2012</b>				
At 1 July 2012	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)/income for the period	-	(195)	53	(142)
At 30 September 2012	62,188	27	(38,679)	23,536

**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 2013.**

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD**  
**ENDED 30 SEPTEMBER 2013**

	Current Year-To-Date	Preceding Year Corresponding Period
	30/09/2013 RM'000	30/09/2012 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before taxation	(1,753)	122
Adjustments for:-		
Depreciation and amortization	153	167
Non cash item	(79)	(25)
Net financing income	(9)	(14)
Operating (loss)/profit before changes in working capital	(1,688)	250
Changes in working capital		
Net change in current assets	6,468	(227)
Net change in current liabilities	(4,833)	1,346
Tax (paid)/ refunded	(45)	68
Net financing income received	9	14
Retirement benefits paid	(4)	-
Dividend received	58	56
<b>Net cash (used in)/generated from operating activities</b>	(35)	1,507
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(267)	(46)
<b>Net cash used in investing activities</b>	(267)	(46)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(302)	1,461
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	10,882	10,807
<b>EFFECT ON FOREIGN EXCHANGE</b>	(5)	(195)
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	10,575	12,073

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

	30/09/2013 RM'000	30/09/2012 RM'000
Deposits, cash and bank balances	10,575	12,073

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2013.

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**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 2013. This interim financial report also complies with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board.

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 2013.

The Group has adopted the MFRSs, amendments and interpretations effective for annual periods beginning on or after 1 January 2013 except for IC Interpretation 20 which is not applicable to the Group. The initial adoption of these applicable MFRS, amendments and interpretations do not have any material impact on the financial statements of the Group.

**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 have 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.

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**8. Operating Segments**

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

	<b>Design, manufacturing supply of furniture and interior design fit-out works RM'000</b>
Reportable segment loss	<u>(1,635)</u>
Included in the measure of segment loss are:	
Revenue from external customers	9,254
Depreciation and amortisation	<u>153</u>
<b>Reconciliation of reportable segment loss</b>	
<b>Loss</b>	
Reportable segment	(1,635)
Non-reportable segments	(127)
Finance income	9
Consolidated loss before taxation	<u>(1,753)</u>

	<b>External Revenue RM'000</b>	<b>Depreciation and amortisation RM'000</b>
Reportable segment	9,254	153
Non-reportable segment	58	-
<b>Total</b>	<u>9,312</u>	<u>153</u>

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

Except for the Corporate Proposals as disclosed in Note 17, 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. Review of Performance**

For the quarter under review, the Group recorded a revenue of RM9.3 million and a loss before taxation ("LBT") of RM1.8 million as compared with a revenue of RM12.8 million and a profit before taxation ("PBT") of RM122,000 recorded in the corresponding quarter of the preceding year ended 30 June 2013 ("FY 2013").

In comparison with the corresponding quarter of FY 2013, the decrease in revenue and PBT were mainly due to the lower sales recorded for hospitality projects.

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**12. Material changes in PBT against the immediate preceding quarter**

The Group recorded a LBT of RM1.8 million for the quarter under review as compared with a PBT of RM1.1 million recorded in the preceding quarter. The decrease in PBT in the quarter under review was mainly due to the lower sales recorded for hospitality projects as mentioned in note 11.

**13. Prospects**

Notwithstanding the difficult operating environment in the furniture industry, the Group will focus in marketing its furniture in the export market while continuing with its design and fit-out-work in the hospitality and commercial sectors. The Board expects the performance of the furniture business to remain challenging for the financial year ending 30 June 2014.

The Proposed Acquisitions as disclosed in Note 17 will diversify the Group's business into the concrete and cement-related businesses. The Board expects the acquisitions to contribute positively to the performance of the Group.

**14. Profit forecast / profit guaranteed**

This note is not applicable.

**15. Profit before taxation**

	Current Year Quarter	Current Year To-date
	30/09/2013 RM'000	30/09/2013 RM'000
Profit before taxation is arrived at after charging/(crediting) :-		
Gross dividend income from short term investments	(58)	(58)
Depreciation and amortization	153	153
Gain on foreign exchange	(54)	(54)
Impairment loss on trade receivables	-	-
Inventories written back	-	-
Gain on disposal of quoted/unquoted investments or properties	-	-
Impairment of property, plant and equipment	-	-
Fair value gain on derivative instruments	-	-



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16. **Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/09/2013 RM'000	30/09/2012 RM'000	30/09/2013 RM'000	30/09/2012 RM'000
Current taxation				
Malaysian - current year	2	3	2	3
Deferred taxation				
Malaysian - current years	(239)	66	(239)	66
	(237)	69	(237)	69

Taxation for the quarter under review and financial year-to-date mainly represent provision for deferred tax assets.

17. **Corporate proposals**

Saved as disclosed below, there are no corporate proposals announced but not completed as at the date of this report.

On 11 September 2013, Hong Leong Investment Bank Berhad (“HLIB”) announced, on behalf of the Company, that the Company had on 10 September 2013, entered into the following agreements:

- i) a conditional Shares Sale Agreement with Hong Leong Industries Berhad (“HLI”) for the proposed acquisition of 30,000,000 ordinary shares of RM1.00 each in Hume Industries (Malaysia) Sdn Bhd (“HIMSB”) (“HIMSB Shares”) which shall represent the entire issued and paid-up share capital of HIMSB for a total purchase consideration of RM48,000,000 to be satisfied by the issuance of 48,000,000 New Narra Shares (as defined below) at an issue price of RM1.00 per New Narra Share (“HIMSB Consideration Shares”) (“Proposed Acquisition of HIMSB”);
- ii) a conditional Shares Sale Agreement with Hong Leong Manufacturing Group Sdn Bhd (“HLMG”) for the proposed acquisition of the entire issued and paid-up ordinary share capital in Hume Cement Sdn Bhd (“HCement”) comprising 58,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM100,000,000 to be satisfied by the issuance of 100,000,000 New Narra Shares at an issue price of RM1.00 per New Narra Share (“HCement Consideration Shares”) (“Proposed Acquisition of HCement”); and
- iii) a conditional Shares Sale Agreement with HLI for the proposed acquisition of the entire 175,000,000 6-year 2% non-cumulative irredeemable convertible preference shares of RM1.00 each in HCement (“HCement ICPS”) for a total purchase consideration of RM300,000,000 to be satisfied by the issuance of 300,000,000 New Narra Shares at an issue price of RM1.00 per New Narra Share (“HCement ICPS Consideration Shares”) (“Proposed Acquisition of HCement ICPS”).

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**17. Corporate proposals (cont'd)**

[The Proposed Acquisition of HIMSB, the Proposed Acquisition of HCement and the Proposed Acquisition of HCement ICPS are collectively referred to as "Proposed Acquisitions"]

[The HIMSB Consideration Shares, the HCement Consideration Shares and the HCement ICPS Consideration Shares are collectively referred to as "Consideration Shares"]

In conjunction with the Proposed Acquisitions, the Board of Directors of the Company has also resolved to undertake the following:

- (i) Proposed share capital reduction by the cancellation of RM0.50 of the par value of every existing ordinary shares of RM1.00 in Narra ("Narra Shares") and the credit arising therefrom to be offset against the accumulated losses of the Company ("Proposed Capital Reduction");
- (ii) Proposed share consolidation of 2 ordinary shares of RM0.50 each into 1 ordinary share of RM1.00 each in the Company ("New Narra Share") after the Proposed Capital Reduction ("Proposed Share Consolidation"); and
- (iii) Proposed increase in the authorised share capital of the Company from RM350,000,000 comprising 350,000,000 ordinary shares of RM1.00 each to RM600,000,000 comprising 600,000,000 ordinary shares of RM1.00 each ("Proposed Increase in Authorised Share Capital").

[The Proposed Acquisitions, the Proposed Capital Reduction, the Proposed Share Consolidation and the Proposed Increase in Authorised Share Capital are collectively referred to as "Proposals"]

The Proposals are subject to, inter alia, the following being obtained:

- (i) approval of Bursa Malaysia Securities Berhad ("Bursa Securities") for:
  - (a) the Proposed Share Consolidation; and
  - (b) the listing of and quotation for the Consideration Shares to be issued pursuant to the Proposed Acquisitions on Bursa Securities;
- (ii) approval of the Securities Commission ("SC") for:
  - (a) the Proposed Acquisitions;
  - (b) the resultant equity structure of Narra upon completion of the Proposed Acquisitions;
  - (c) the proposed exemption for HLI from an obligation to undertake a mandatory offer for the remaining New Narra Shares not already held by HLI and HLI's concert parties upon completion of the Proposed Acquisition of HIMSB and the Proposed Acquisition of HCement ICPS pursuant to Section 219 of the Capital Markets and Services Act, 2007 ("CMSA") ("Proposed HLI Exemption"); and

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**17. Corporate proposals (cont'd)**

- (d) the proposed exemption for HLMG from an obligation to undertake a mandatory offer for the remaining New Narra Shares not already held by HLMG and HLMG's concert parties [upon completion of the proposed capital repayment exercise to be undertaken by HLI involving the distribution to HLI's shareholders of 345,030,635 New Narra Shares on the basis of 1,080 New Narra Shares for every 1,000 HLI Shares held on an entitlement date to be determined and announced later, representing substantially all the HIMS B Consideration Shares and the HCement ICPS Consideration Shares by way of a capital reduction involving its share premium account ("Proposed HLI Capital Distribution")] pursuant to Section 219 of the CMA ("Proposed HLMG Exemption").

HLIB had, on 31 October 2013, announced on behalf of the Company that applications to the SC in relation to the approvals for the Proposed Acquisitions and the resultant equity structure of Narra upon completion of the Proposed Acquisitions had been submitted on even date.

In addition, applications for the Proposed HLI Exemption and Proposed HLMG Exemption had also been submitted to the SC on 31 October 2013.

- (iii) the grant of an order by the High Court of Malaya pursuant to Section 64 of the Companies Act, 1965 ("Act") for the Proposed Capital Reduction;
- (iv) approval of the shareholders of the Company for the Proposals at an extraordinary general meeting ("EGM") to be convened;
- (v) approval of the shareholders of HLI for its corporate proposal comprising the proposed disposal of HIMS B Shares, proposed disposal of the HCement ICPS and proposed capital distribution and capital reduction by HLI at an EGM to be convened;
- (vi) approval of the shareholders of HLMG for the proposed disposal of HCement Shares; and
- (vii) approval of members of the respective holding companies of HLMG, HLI and the Company, as may be required by Section 132E of the Act for the relevant proposals.

The Proposed Acquisition of HIMS B, the Proposed Acquisition of HCement and the Proposed Acquisition of HCement ICPS are inter-conditional upon one another.

The Proposed Acquisitions will only be implemented after the completion of the Proposed Capital Reduction and the Proposed Share Consolidation.

Subject to all requisite approvals being obtained, the proposals are expected to be completed by the fourth quarter of the financial year ending 30 June 2014.

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**18. Group's borrowings and debt securities**

There were no borrowings outstanding as at 30 September 2013.

**19. Changes in material litigation**

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

**20. Dividend**

a) The Board does not recommend any interim dividend for the quarter ended 30 September 2013 of the financial year ending 30 June 2014 (1<sup>st</sup> quarter 2012/2013 : Nil).

b) For the financial year-to-date, no dividend has been declared (2012/2013 : Nil).

**21. 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 loss attributable to owners of the Company of RM1,516,000 (1<sup>st</sup> quarter 2012/2013: profit attributable to owners of the Company of RM53,000) by the weighted average number of ordinary shares outstanding during the quarter of 62,187,600 (1<sup>st</sup> quarter 2012/2013 : 62,187,600).

**(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.

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**22. 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	As At End of Preceding Financial Year
	30/09/2013 RM'000	30/06/2013 RM'000
Total accumulated losses of the Company and the subsidiaries:-		
-realised	(31,736)	(29,947)
-unrealised	1,284	1,011
	<u>(30,452)</u>	<u>(28,936)</u>
Less: Consolidation adjustments	(9,723)	(9,723)
Group's accumulated losses	<u>(40,175)</u>	<u>(38,659)</u>

By Order of the Board  
Narra Industries Berhad

Joanne Leong Wei Yin  
Valerie Mak Mew Chan  
Company Secretaries

Kuala Lumpur  
14 November 2013