



# NARRA INDUSTRIES

A Member of the Hong Leong Group

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2010

The figures have not been audited

### CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2010

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2010 RM'000	31/12/2009 RM'000	31/12/2010 RM'000	31/12/2009 RM'000
Revenue	8,195	18,382	17,158	33,328
Cost of sales	(6,334)	(12,836)	(13,553)	(25,117)
<b>Gross profit</b>	<b>1,861</b>	<b>5,546</b>	<b>3,605</b>	<b>8,211</b>
Operating expenses	(1,683)	(1,481)	(2,948)	(2,552)
Other operating income/(expense)	123	(439)	833	(663)
<b>Operating profit</b>	<b>301</b>	<b>3,626</b>	<b>1,490</b>	<b>4,996</b>
Interest income	22	20	36	43
Finance costs	(41)	(75)	(105)	(168)
<b>Profit before taxation</b>	<b>282</b>	<b>3,571</b>	<b>1,421</b>	<b>4,871</b>
Taxation	(158)	(1,710)	(585)	(2,210)
<b>Profit for the period</b>	<b>124</b>	<b>1,861</b>	<b>836</b>	<b>2,661</b>

#### Earnings per ordinary share (sen):-

(a) Basic	0.20	2.99	1.34	4.28
(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 2010.

**NARRA INDUSTRIES BERHAD**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER**  
**ENDED 31 DECEMBER 2010**

---

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE**  
**QUARTER ENDED 31 DECEMBER 2010**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year- To-Date</b>	<b>Preceding Year Corresponding Period</b>
	<b>31/12/2010 RM'000</b>	<b>31/12/2009 RM'000</b>	<b>31/12/2010 RM'000</b>	<b>31/12/2009 RM'000</b>
<b>Profit for the period</b>	124	1,861	836	2,661
Foreign currency translation differences for foreign operations	26	77	62	93
<b>Total comprehensive income for the period</b>	<b>150</b>	<b>1,938</b>	<b>898</b>	<b>2,754</b>

**The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2010.**

**NARRA INDUSTRIES BERHAD**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER**  
**ENDED 31 DECEMBER 2010**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT ON FINANCIAL POSITION AS AT 31**  
**DECEMBER 2010**

	As at end of current quarter 31/12/2010 RM'000	As at preceding financial year end 30/06/2010 RM'000
<b>Non-current assets</b>		
Property, plant and equipment	10,601	10,920
Goodwill on consolidation	36,428	36,428
Deferred tax assets	1,548	1,632
	<u>48,577</u>	<u>48,980</u>
<b>Current assets</b>		
Inventories	2,571	2,119
Trade and other receivables	14,874	14,434
Tax recoverable	2	2
Deposits, cash and bank balances	12,046	11,653
	<u>29,493</u>	<u>28,208</u>
<b>TOTAL ASSETS</b>	<u>78,070</u>	<u>77,188</u>
<b>Equity</b>		
Share capital	62,188	62,188
Reserves	72	(826)
	<u>62,260</u>	<u>61,362</u>
<b>Non-current liabilities</b>		
Retirement benefits	242	242
Deferred tax liabilities	840	746
	<u>1,082</u>	<u>988</u>
<b>Current liabilities</b>		
Trade and other payables	11,943	8,329
Short term borrowings and overdraft	1,364	4,823
Taxation	1,421	1,686
	<u>14,728</u>	<u>14,838</u>
<b>TOTAL LIABILITIES</b>	<u>15,810</u>	<u>15,826</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>78,070</u>	<u>77,188</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.00	0.99

**The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2010.**

**NARRA INDUSTRIES BERHAD  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER  
 ENDED 31 DECEMBER 2010**

**The figures have not been audited**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE  
 PERIOD ENDED 31 DECEMBER 2010**

	Share capital	Translation reserve	(Accumulated losses)/ Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000
At 1 July 2010	62,188	(204)	(622)	61,362
Total comprehensive income for the period	-	62	836	898
At 31 December 2010	62,188	(142)	214	62,260
<b>Preceding year corresponding period ended 31 December 2009</b>				
At 1 July 2009	62,188	(13)	(5,136)	57,039
Total comprehensive income for the period	-	93	2,661	2,754
At 31 December 2009	62,188	80	(2,475)	59,793

**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 2010.**

**NARRA INDUSTRIES BERHAD**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER**  
**ENDED 31 DECEMBER 2010**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD**  
**ENDED 31 DECEMBER 2010**

	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2010 RM'000	31/12/2009 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,421	4,871
Adjustments for:-		
Depreciation and amortization	390	428
Non cash item	(91)	(80)
Net financing costs	69	125
Operating profit before changes in working capital	1,789	5,344
Changes in working capital		
Net change in current assets	(892)	(7,300)
Net change in current liabilities	3,614	6,955
Tax paid	(544)	(114)
Dividend received	93	62
Net financing costs paid	(69)	(125)
Retirement benefits paid	-	(1)
<b>Net cash generated from operating activities</b>	3,991	4,821
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment	(73)	98
<b>Net cash (used in)/generated from investing activities</b>	(73)	98
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net (repayment) / proceed from bank borrowings	(3,459)	1,983
<b>Net cash (used in)/generated from financing activities</b>	(3,459)	1,983
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	459	6,902
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	11,653	10,122
<b>EFFECT ON FOREIGN EXCHANGE</b>	(66)	127
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	12,046	17,151

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

	31/12/2010 RM'000	31/12/2009 RM'000
Deposits, cash and bank balances	12,046	17,151

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2010.

**NARRA INDUSTRIES BERHAD**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER**  
**ENDED 31 DECEMBER 2010**

---

**The figures have not been audited**

**1. Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standards (“FRS”) 134 “Interim Financial Reporting” and the applicable disclosure provisions of the 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 2010.

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2010 except for the changes in accounting policies and presentation resulting from the adoption of relevant FRSs, Amendments to FRSs and IC Interpretations that are effective for the financial periods beginning on or after 1 January 2010, 1 March 2010 and 1 July 2010 respectively.

FRS 4 and IC Interpretations 12,13,14 and 15 are not applicable to the Group. Other than as stated below, the adoption of the other FRSs, Amendments to FRSs and IC Interpretations do not have any material impact on the financial statements of the Group:

**a) FRS 101: Presentation of Financial Statements (revised)**

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labeled as total comprehensive income. The revised FRS also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements.

The group has adopted the two statements format for presentation of comprehensive income. Comparative information has been re-presented to be in conformity with the revised FRS. The revised FRS does not have any impact on the financial position and results of the Group.

**b) FRS 139: Financial Instruments: Recognition and Measurement and Amendments to FRS 139: Financial Instruments: Recognition and Measurement**

The Group classified its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity, and available-for-sale. The classification depends on the nature of the assets and the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition.

Prior to the adoption for FRS 139, derivative contracts were recognised in the financial statements on settlement date. With the adoption of FRS 139, derivative contracts are now recognised and measured at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value with changes in fair value recognised in the income statement at each reporting date.

The financial impact on the financial statements of the Group resulting from the adoption of FRS 7 and FRS 139 upon first adoption of these FRSs as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* are not disclosed by virtue of the exemptions given in the respective FRSs.

**NARRA INDUSTRIES BERHAD**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER**  
**ENDED 31 DECEMBER 2010**

---

**The figures have not been audited**

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

**c) Amendments to FRS 117 Lease**

The Group has adopted the Amendment to FRS 117. The Group has reassessed and determined that all leasehold land which are in substance finance lease and has reclassified the leasehold land to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which has been made retrospectively in accordance with the transitional provision of the Amendment. The reclassification does not have any impact to the financial results of the Group for the current period and corresponding period of the previous financial year.

The following comparative figures have been restated following the adoption of the Amendment to FRS 117:

Balance Sheet as at 30 June 2010	As previously reported RM'000	Effect of adopting the Amendment to FRS 117 RM'000	As restated RM'000
Prepaid lease payments	2,424	(2,424)	-
Property, plant and equipment	8,496	2,424	10,920

The Group plans to adopt, from the financial year beginning 1 July 2011, those FRSs, Amendments to FRSs and IC Interpretations that will be effective for the annual periods beginning on or after 1 January 2011. The first adoption of those FRSs, Amendments to FRSs and IC Interpretations are not expected to have any material financial 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 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, shares cancellation, resale of treasury shares nor repayments of debt or equity securities during the quarter under review and financial year-to-date.

**NARRA INDUSTRIES BERHAD**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER**  
**ENDED 31 DECEMBER 2010**

---

**The figures have not been audited**

**7. Dividend**

There were no dividends paid during the current financial year-to-date.

**8. Operating segments**

The Group has identified its business of design, manufacture and supply of furniture and interior design fit-out works as its sole operating segment.

**9. Valuations of property, plant and equipment**

This note is not applicable as no valuation has been carried out for the property, plant and equipment of the Group.

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

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

**11. 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.

**12. Contingent liabilities or contingent assets**

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

**13. Review of Performance**

For the quarter under review, the Group recorded a revenue and profit before taxation ("PBT") of RM8.2 million and RM0.3 million respectively as compared with a revenue and PBT of RM18.4 million and RM3.6 million recorded in the corresponding quarter of the preceding year ("FY 2010").

For the financial year-to-date, the Group recorded a revenue and PBT of RM17.2 million and RM1.4 million respectively as compared with a revenue and PBT of RM33.3 million and RM4.9 million recorded in the corresponding period of FY 2010.

The decrease in PBT was mainly due to the lower sales recorded in the quarter under review as compared with the corresponding quarter/period of FY 2010.

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

The Group recorded a PBT of RM0.3 million for the quarter under review as compared with a PBT of RM1.1 million recorded in the preceding quarter. The lower PBT was mainly attributable to the lower sales achieved during the quarter under review as compared with the preceding quarter.

**15. Prospects**

The furniture industry continues to be challenging and the Board expects the Group's performance to be satisfactory for the financial year ending 30 June 2011.



**NARRA INDUSTRIES BERHAD**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER**  
**ENDED 31 DECEMBER 2010**

**The figures have not been audited**

**16. Profit forecast / profit guaranteed**

This note is not applicable.

**17. Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2010 RM'000	31/12/2009 RM'000	31/12/2010 RM'000	31/12/2009 RM'000
Current tax				
- Overseas - current year	81	846	407	1,786
Deferred tax				
- current year	77	864	178	424
	158	1,710	585	2,210

The Group's effective tax rate is higher than the Malaysian statutory tax rate mainly due to higher statutory tax rate payable by an indirect foreign subsidiary.

**18. Sale of unquoted investments and/or properties**

There were no sales of unquoted investments and/or properties for the quarter under review and financial year-to-date.

**19. Quoted securities**

There were no purchases or disposals of quoted securities for the quarter under review and financial year-to-date.

**20. Corporate proposals**

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

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

The Group's borrowings as at 31 December 2010 consist of unsecured short-term trade financing.

There were no foreign currency borrowings as at 31 December 2010.

**22. Derivative financial instruments**

There are no financial instruments with off balance sheet risk as at the above date of this report.

**23. Changes in material litigation**

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

**NARRA INDUSTRIES BERHAD**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER**  
**ENDED 31 DECEMBER 2010**

**The figures have not been audited**

**24. Dividend**

- a) The Board does not recommend any interim dividend for the quarter ended 31 December 2010 of the financial year ending 30 June 2011 (2<sup>nd</sup> quarter 2009/2010 : Nil).
- b) For the financial year-to-date, no dividend has been declared (2009/2010 : Nil).

**25. Earnings Per Ordinary Share**

**Basic earnings per ordinary share**

The calculation of basic earnings per ordinary share for the quarter under review is calculated by dividing the Group's profit attributable to ordinary equity holders of the parent of RM124,000 (2<sup>nd</sup> quarter 2009/2010: RM1,861,000) by the weighted average number of ordinary shares outstanding during the quarter of 62,187,600 (2<sup>nd</sup> quarter 2009/2010 : 62,187,600).

The calculation of basic earnings per ordinary share for the financial year-to-date is based on the profit attributable to equity holders of the parent of RM836,000 (2009/2010: of RM2,661,000) and the weighted average number of ordinary shares during the period of 62,187,600 (2009/2010: 62,187,600).

**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 are no dilutive potential ordinary shares.

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

The retained profits as at 31 December 2010 and 30 September 2010 are analysed as follows:-

	As at end of current quarter 31/12/2010 RM'000	As at end of preceding quarter 30/09/2010 RM'000
The retained profits of the Company and the subsidiaries:-		
-Realised	6,115	5,944
-Unrealised	751	798
	<hr/> 6,866	<hr/> 6,742
Less: Consolidated adjustments	(6,652)	(6,652)
Total group retained profits as per consolidated income statements	<hr/> 214	<hr/> 90

By Order of the Board  
 Narra Industries Berhad

Joanne Leong Wei Yin  
 Company Secretary

Kuala Lumpur  
 24 January 2011