



# NARRA INDUSTRIES

A Member of the Hong Leong Group

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2011

The figures have not been audited

### CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2011

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/03/2011 RM'000	31/03/2010 RM'000	31/03/2011 RM'000	31/03/2010 RM'000
Revenue	6,154	8,710	23,312	42,038
Cost of sales	(5,534)	(6,004)	(19,087)	(31,121)
<b>Gross profit</b>	<b>620</b>	<b>2,706</b>	<b>4,225</b>	<b>10,917</b>
Operating expenses	(1,293)	(1,407)	(4,241)	(3,959)
Other operating (expense)/income	(1,666)	329	(833)	(334)
<b>Operating (loss)/profit</b>	<b>(2,339)</b>	<b>1,628</b>	<b>(849)</b>	<b>6,624</b>
Interest income	17	46	53	89
Finance costs	-	(36)	(105)	(204)
<b>(Loss)/profit before taxation</b>	<b>(2,322)</b>	<b>1,638</b>	<b>(901)</b>	<b>6,509</b>
Taxation	1,212	(588)	627	(2,798)
<b>(Loss)/profit for the period</b>	<b>(1,110)</b>	<b>1,050</b>	<b>(274)</b>	<b>3,711</b>
<b>(Loss)/earnings per ordinary share (sen):-</b>				
(a) Basic	(1.78)	1.69	(0.44)	5.97
(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.

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**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE**  
**QUARTER ENDED 31 MARCH 2011**

	<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>31/03/2011 RM'000</b>	<b>31/03/2010 RM'000</b>	<b>31/03/2011 RM'000</b>	<b>31/03/2010 RM'000</b>
<b>(Loss)/profit for the period</b>	(1,110)	1,050	(274)	3,711
Foreign currency translation differences for foreign operations	(58)	(152)	4	(59)
<b>Total comprehensive (loss)/income for the period</b>	<b>(1,168)</b>	<b>898</b>	<b>(270)</b>	<b>3,652</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.**

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**CONDENSED CONSOLIDATED STATEMENT ON FINANCIAL POSITION AS AT 31 MARCH 2011**

	As at end of current quarter 31/03/2011 RM'000	As at preceding financial year end 30/06/2010 RM'000
<b>Non-current assets</b>		
Property, plant and equipment	10,471	10,920
Goodwill on consolidation	36,428	36,428
Deferred tax assets	1,940	1,632
	<u>48,839</u>	<u>48,980</u>
<b>Current assets</b>		
Inventories	1,920	2,119
Trade and other receivables	8,796	14,434
Tax recoverable	2	2
Deposits, cash and bank balances	9,845	11,653
	<u>20,563</u>	<u>28,208</u>
<b>TOTAL ASSETS</b>	<u>69,402</u>	<u>77,188</u>
<b>Equity</b>		
Share capital	62,188	62,188
Reserves	(1,096)	(826)
	<u>61,092</u>	<u>61,362</u>
<b>Non-current liabilities</b>		
Retirement benefits	242	242
Deferred tax liabilities	477	746
	<u>719</u>	<u>988</u>
<b>Current liabilities</b>		
Trade and other payables	6,759	8,329
Short term borrowings and overdraft	-	4,823
Taxation	832	1,686
	<u>7,591</u>	<u>14,838</u>
<b>TOTAL LIABILITIES</b>	<u>8,310</u>	<u>15,826</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>69,402</u>	<u>77,188</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.98	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.

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE**  
**PERIOD ENDED 31 MARCH 2011**

	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 (loss)/income for the period	-	4	(274)	(270)
At 31 March 2011	62,188	(200)	(896)	61,092
<b>Preceding year corresponding period ended 31 March 2010</b>				
At 1 July 2009	62,188	(13)	(5,136)	57,039
Total comprehensive (loss)/income for the period	-	(59)	3,711	3,652
At 31 March 2010	62,188	(72)	(1,425)	60,691

**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.**

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD**  
**ENDED 31 MARCH 2011**

	Current Year- To-Date	Preceding Year Corresponding Period
	31/03/2011 RM'000	31/03/2010 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before taxation	(901)	6,509
Adjustments for:-		
Depreciation and amortization	580	636
Non cash item	(279)	(214)
Net financing costs	52	115
Operating (loss)/profit before changes in working capital	(548)	7,046
Changes in working capital		
Net change in current assets	5,837	(1,359)
Net change in current liabilities	(1,570)	3,156
Tax paid	(792)	(838)
Dividend received	138	91
Net financing costs paid	(52)	(115)
Retirement benefits paid	-	(1)
<b>Net cash generated from operating activities</b>	<b>3,013</b>	<b>7,980</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment	(133)	2
<b>Net cash (used in)/generated from investing activities</b>	<b>(133)</b>	<b>2</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net repayment to bank borrowings	(4,823)	(2,560)
<b>Net cash used in financing activities</b>	<b>(4,823)</b>	<b>(2,560)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,943)</b>	<b>5,422</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>11,653</b>	<b>10,122</b>
<b>EFFECT ON FOREIGN EXCHANGE</b>	<b>135</b>	<b>(80)</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	<b>9,845</b>	<b>15,464</b>

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

	31/03/2011 RM'000	31/03/2010 RM'000
Deposits, cash and bank balances	9,845	15,464

**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.**

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**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.

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**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 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, share cancellations resale of treasury shares or repayments of debt or equity securities during the quarter under review and financial year to date.

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**7. Dividend**

There were no dividends paid during the current financial year todate.

**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 of RM6.2 million and a loss before taxation ("LBT") of RM2.3 million as compared with a revenue of RM8.7 million and a profit before tax ("PBT") of RM1.6 million recorded in the corresponding quarter of the preceding year ("FY 2010").

For the financial year todate, the Group recorded a revenue of RM23.3 million and a LBT of RM0.9 million as compared with a revenue of RM42.0 million and a PBT of RM6.5 million recorded in the corresponding period of FY 2010.

Included in the LBT for the quarter under review and financial year todate was a provision made on value-added-tax receivables of the Group's operation in the Philippines. The LBT was also due to the lower sales recorded in the quarter under review and financial year todate as compared with the corresponding quarter/period of FY 2010.

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

The Group recorded a LBT of RM2.3 million for the quarter under review as compared with a PBT of RM0.3 million recorded in the preceding quarter. The LBT was mainly attributable to the provision made and lower sales recorded as explained in note 13.



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**15. Prospects**

The furniture industry continues to be challenging and the Board expects the Group's performance to improve in the fourth quarter of the financial year ending 30 June 2011.

**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
	31/03/2011 RM'000	31/03/2010 RM'000	31/03/2011 RM'000	31/03/2010 RM'000
Current tax				
- Malaysian - current year	(1,301)	-	(1,301)	-
- Overseas - current year	845	328	1,252	2,114
Deferred tax				
- current year	(756)	260	(578)	684
	(1,212)	588	(627)	2,798

The Group's effective tax rate for the financial year todate 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 todate.

**19. Quoted securities**

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

**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**

There were no borrowings outstanding as at 31 March 2011.

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**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.

**24. Dividend**

a) The Board does not recommend any interim dividend for the quarter ended 31 March 2011 of the financial year ending 30 June 2011 (3<sup>rd</sup> quarter 2009/2010 : Nil).

b) For the financial year todate, no dividend has been declared (2009/2010 : Nil).

**25. Earnings Per Ordinary Share**

**(a) Basic earnings per ordinary share**

The calculation of basic loss per ordinary share for the quarter under review is calculated by dividing the Group's loss attributable to ordinary equity holders of the parent of RM1,110,000 (3<sup>rd</sup> quarter 2009/2010: Group's profit attributable to ordinary equity holders of the parent of RM1,050,000) by the weighted average number of ordinary shares outstanding during the quarter of 62,187,600 (3<sup>rd</sup> quarter 2009/2010 : 62,187,600).

The calculation of basic loss per ordinary share for the financial year todate is calculated by dividing the Group's loss attributable to ordinary equity holders of the parent of RM274,000 (2009/2010: Group's profit attributable to ordinary equity holders of the parent of RM3,711,000) by the weighted average number of ordinary shares outstanding during the period of 62,187,600 (2009/2010: 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 todate and preceding year corresponding quarter / period as there are no dilutive potential ordinary shares.

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**26. Realised and unrealised profits/losses included in retained profits**

The retained profits as at 31 March 2011 is analysed as follows:-

	<b>As at end of current quarter 31/03/2011 RM'000</b>
The retained profits of the Company and the subsidiaries:-	
-Realised	4,208
-Unrealised	1,548
	<hr/> 5,756
Less: Consolidated adjustments	(6,652)
Total group retained profits as per consolidated income statements	<hr/> (896) <hr/>

By Order of the Board  
Narra Industries Berhad

Joanne Leong Wei Yin  
Company Secretary

Kuala Lumpur  
27 April 2011