



NARRA INDUSTRIES

A Member of the Hong Leong Group Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2008

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2008

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/09/2008 RM'000	30/09/2007 RM'000	30/09/2008 RM'000	30/09/2007 RM'000
Revenue	8,820	15,904	8,820	15,904
Cost of sales	(6,737)	(15,943)	(6,737)	(15,943)
Gross profit	2,083	(39)	2,083	(39)
Operating expenses	(1,405)	(1,421)	(1,405)	(1,421)
Other (expense)/income	(619)	(4)	(619)	(4)
Operating profit	59	(1,464)	59	(1,464)
Interest income	90	77	90	77
Interest expense	(61)	(65)	(61)	(65)
Profit/(Loss) before taxation	88	(1,452)	88	(1,452)
Taxation	-	(5)	-	(5)
Profit/(Loss) for the period	88	(1,457)	88	(1,457)
Earnings/(Loss) per ordinary share (sen):-				
(a) Basic	0.14	(2.34)	0.14	(2.34)
(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 Year Ended 30 June 2008.

NARRA INDUSTRIES BERHAD**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
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CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 SEPTEMBER 2008

	As at end of current quarter 30/09/2008 RM'000	As at preceding financial year end 30/06/2008 RM'000
Non-current assets		
Property, plant and equipment	9,581	9,790
Prepaid lease payments	2,558	2,576
Goodwill on consolidation	36,428	36,428
Deferred tax assets	917	917
	<u>49,484</u>	<u>49,711</u>
Current assets		
Inventories	4,949	5,205
Trade and other receivables	3,436	2,858
Tax recoverable	48	1,095
Deposits, cash and bank balances	9,139	10,994
	<u>17,572</u>	<u>20,152</u>
TOTAL ASSETS	<u>67,056</u>	<u>69,863</u>
Equity		
Share capital	62,188	62,188
Reserves	(4,350)	(4,438)
	<u>57,838</u>	<u>57,750</u>
Non-current liabilities		
Retirement benefits	239	239
	<u>239</u>	<u>239</u>
Current liabilities		
Trade and other payables	4,526	4,771
Short term borrowings and overdraft	4,453	7,103
	<u>8,979</u>	<u>11,874</u>
TOTAL LIABILITIES	<u>9,218</u>	<u>12,113</u>
TOTAL EQUITY AND LIABILITIES	<u>67,056</u>	<u>69,863</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.93	0.93

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the Year Ended 30 June 2008.

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE
PERIOD ENDED 30 SEPTEMBER 2008**

	Share capital	Retained profits	Total Equity
	RM'000	RM'000	RM'000
Current year-to-date ended 30 September 2008			
At 1 July 2008	62,188	(4,438)	57,750
Net profit for the period	-	88	88
At 30 September 2008	<u>62,188</u>	<u>(4,350)</u>	<u>57,838</u>
Preceding year corresponding period ended 30 September 2007			
At 1 July 2007	62,188	532	62,720
Net loss for the period	-	(1,457)	(1,457)
At 30 September 2007	<u>62,188</u>	<u>(925)</u>	<u>61,263</u>

**The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with
the Annual Financial Statements for the Year Ended 30 June 2008.**

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2008**

	Current Year- To-Date	Preceding Year Corresponding Period
	30/09/2008 RM'000	30/09/2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	88	(1,452)
Adjustments for:-		
Depreciation and amortisation	227	251
Non cash item	-	-
Net interest income	(29)	(12)
Operating profit/(loss) before changes in working capital	<u>286</u>	<u>(1,213)</u>
Changes in working capital		
Net change in current assets	(322)	4,056
Net change in current liabilities	(245)	(46)
Net income taxes refunded/(paid)	1,047	(5)
Retirement benefits paid	-	(36)
Net interest income received	29	12
Net cash generated from/(used in) operating activities	<u>795</u>	<u>2,768</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Other investments	-	-
Net cash generated from/(used in) investing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of bank borrowings	(2,650)	(2,781)
Net cash used in financing activities	<u>(2,650)</u>	<u>(2,781)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,855)	(13)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	10,994	8,524
CASH & CASH EQUIVALENTS AT END OF PERIOD	<u>9,139</u>	<u>8,511</u>

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

	30/09/2008 RM'000	30/09/2007 RM'000
Deposits, cash and bank balances	<u>9,139</u>	<u>8,511</u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the Year Ended 30 June 2008.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
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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 2008.

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 2008.

The Malaysian Accounting Standards Board announced that FRS 139, Financial Instruments: Recognition and Measurement will be effective for annual periods beginning on or after 1 January 2010 hence the Group and the Company plan to adopt FRS 139 for the financial year ending 30 June 2011.

The effects resulting from the adoption of FRS 139 upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors are not disclosed by virtue of the exemption given in the standard.

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

The Group's operation is not affected materially by any seasonal / cyclical factors.

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 current 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 current financial year-to-date.

7. Dividend

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

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8. Segmental reporting

The Group is solely involved in the business of manufacturing and sale of wood-based furniture. Accordingly, information by industry segment on the Group's operations as required by FRS 114 is not presented.

9. Valuations of property, plant and equipment

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

10. Material events not reflected in the financial statements

There were 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 other than as mentioned below:

Hume Furniture Industries Sdn Bhd, a wholly-owned subsidiary of the Company, had incorporated a wholly-owned subsidiary in the Republic of Singapore known as Hume Furniture (Singapore) Pte. Ltd. ["Hume Furniture (Singapore)"]. The intended principal activity of Hume Furniture (Singapore) is to supply furniture and provide interior fit-out services for the hospitality industry in the Republic of Singapore. The initial paid-up share capital of Hume Furniture (Singapore) is SGD1.00.

12. Contingent liabilities or contingent assets

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

13. Review of Performance

The Group registered a revenue of RM8.8 million for the quarter under review, a decrease of 45% as compared with RM15.9 million registered in the preceding year's corresponding quarter. The Group posted a profit before taxation ("PBT") of RM0.1 million for the quarter under review as compared with a loss before taxation ("LBT") of RM1.5 million recorded in the previous year's corresponding quarter due to right sizing and better margins achieved through product mix.

14. Material changes in PBT against the immediate preceding quarter

The Group recorded a PBT of RM0.1 million for the quarter under review as compared with a LBT of RM1.2 million achieved in the preceding quarter due to the factors as explained in note 13.

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15. Prospects

Although the current economic downturn may result in the slowdown of the hospitality industry, the Group continues to focus its marketing efforts on targeted projects. The Board expects the Group's performance for the financial year ending 30 June 2009 to improve from the preceding financial year if we can realise some of these targeted projects.

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
	30/09/2008 RM'000	30/09/2007 RM'000	30/09/2008 RM'000	30/09/2007 RM'000
Current tax				
- current	-	5	-	5
- prior years	-	-	-	-
Deferred tax				
- current	-	-	-	-
	-	5	-	5

The Group's effective tax rate is lower than the statutory tax rate mainly due to non-assessable income, utilisation of tax losses and incentives/allowances granted to its 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 were no corporate proposals announced but not completed as at the date of this report.

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21. Group's borrowings and debt securities

The Group's borrowings as at 30 September 2008 consist of unsecured short-term trade financing.

There is no foreign currency borrowing as at 30 September 2008.

22. Financial instruments with off balance sheet risk

The financial instruments with off balance sheet risk as at 13 November 2008 are as follows:

	Contract amount RM'000
Foreign exchange forward contracts	<u>18,300</u>

The above contracts are maturing within a period of one (1) year.

There is minimal credit and market risk because the contracts were executed with established financial institutions.

Gains and losses on foreign exchange forward contracts are recognised in the income statements upon realisation.

23. Changes in material litigation

There is no material litigation as at the date of this report.

24. Dividend

a) The Board does not recommend any interim dividend for the quarter ended 30 September 2008 of the financial year ending 30 June 2009 (2007/2008 : Nil).

b) For the financial year-to-date, no dividend has been declared (2007/2008 : Nil).

25. Earnings/(Loss) Per Ordinary Share

Basic earnings/(loss) per ordinary share

The calculation of basic earnings/(loss) per ordinary share for the quarter under review is calculated by dividing the Group's profit attributable to ordinary shareholders of RM88,000 (2007/2008: net loss of RM1,457,000) by the weighted average number of ordinary shares outstanding during the quarter of 62,187,600 (2007/2008 : 62,187,600).

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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.

By Order of the Board
Narra Industries Berhad

Joanne Leong Wei Yin
Company Secretary

Kuala Lumpur
19 November 2008