

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2009**

The figures have not been audited

**CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2009**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31/12/2009 RM'000	31/12/2008 RM'000	31/12/2009 RM'000	31/12/2008 RM'000
Revenue	18,382	9,112	33,328	17,932
Cost of sales	(12,836)	(6,835)	(25,117)	(13,572)
<b>Gross profit</b>	<b>5,546</b>	<b>2,277</b>	<b>8,211</b>	<b>4,360</b>
Operating expenses	(1,481)	(1,345)	(2,552)	(2,750)
Other (expense)/income	(439)	(806)	(663)	(1,425)
<b>Operating profit</b>	<b>3,626</b>	<b>126</b>	<b>4,996</b>	<b>185</b>
Interest income	20	54	43	144
Interest expense	(75)	(64)	(168)	(125)
<b>Profit before taxation</b>	<b>3,571</b>	<b>116</b>	<b>4,871</b>	<b>204</b>
Taxation	(1,710)	-	(2,210)	-
<b>Profit for the period</b>	<b>1,861</b>	<b>116</b>	<b>2,661</b>	<b>204</b>

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

(a) Basic	2.99	0.19	4.28	0.33
(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 2009.**

**NARRA INDUSTRIES BERHAD**

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**CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2009**

	As at end of current quarter 31/12/2009 RM'000	As at preceding financial year end 30/06/2009 RM'000
<b>Non-current assets</b>		
Property, plant and equipment	8,668	9,043
Prepaid lease payments	2,457	2,504
Goodwill on consolidation	36,428	36,428
Deferred tax assets	1,474	1,271
	<u>49,027</u>	<u>49,246</u>
<b>Current assets</b>		
Inventories	2,036	2,798
Trade and other receivables	15,605	7,629
Tax recoverable	48	48
Deposits, cash and bank balances	17,151	10,122
	<u>34,840</u>	<u>20,597</u>
<b>TOTAL ASSETS</b>	<u>83,867</u>	<u>69,843</u>
<b>Equity</b>		
Share capital	62,188	62,188
Reserves	(2,395)	(5,149)
	<u>59,793</u>	<u>57,039</u>
<b>Non-current liabilities</b>		
Retirement benefits	233	234
Deferred tax liabilities	627	-
	<u>860</u>	<u>234</u>
<b>Current liabilities</b>		
Trade and other payables	11,164	4,209
Taxation	1,706	-
Short term borrowings and overdraft	10,344	8,361
	<u>23,214</u>	<u>12,570</u>
<b>TOTAL LIABILITIES</b>	<u>24,074</u>	<u>12,804</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>83,867</u>	<u>69,843</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.96	0.92

**The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the Year Ended 30 June 2009.**

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE  
 PERIOD ENDED 31 DECEMBER 2009**

	Share capital	Translation reserve	(Accumulated losses)/ Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000
<b>Current year-to-date ended 31 December 2009</b>				
At 1 July 2009	62,188	(13)	(5,136)	57,039
Foreign currency translation difference	-	93	-	93
Net profit for the period	-	-	2,661	2,661
At 31 December 2009	62,188	80	(2,475)	59,793
<b>Preceding year corresponding period ended 31 December 2008</b>				
At 1 July 2008	62,188	-	(4,438)	57,750
Net profit for the period	-	-	204	204
At 31 December 2008	62,188	-	(4,234)	57,954

**The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the Year Ended 30 June 2009.**

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD**  
**ENDED 31 DECEMBER 2009**

	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2009 RM'000	31/12/2008 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	4,871	204
Adjustments for:-		
Depreciation and amortisation	428	453
Non cash item	(80)	(18)
Net interest expenses/(income)	125	(19)
Operating profit before changes in working capital	5,344	620
Changes in working capital		
Net change in current assets	(7,300)	(1,702)
Net change in current liabilities	6,955	(234)
Net income taxes refunded/(paid)	(114)	1,047
Retirement benefits paid	(1)	-
Dividend received	62	18
Net interest (paid)/received	(125)	19
<b>Net cash generated from/(used in) operating activities</b>	4,821	(232)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment	98	(10)
Other investments	-	(6,000)
<b>Net cash generated from/(used in) investing activities</b>	98	(6,010)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from/(repayment of) bank borrowings	1,983	(338)
<b>Net cash generated from/(used in) financing activities</b>	1,983	(338)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	6,902	(6,580)
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	10,122	10,994
<b>EFFECT ON FOREIGN EXCHANGE</b>	127	-
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	17,151	4,414

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

	31/12/2009 RM'000	31/12/2008 RM'000
Deposits, cash and bank balances	17,151	4,414

**The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the Year Ended 30 June 2009.**

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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 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 2009.

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 2009.

On 1 July 2009, the Group has adopted FRS 8 Operating Segments. The adoption of FRS 8 does not have any financial impact on the financial statements of the Group.

The Group has not applied all the Amendments to FRSs, FRSs and IC Interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) which are not yet effective.

Amendments to FRS 2, FRS 4, FRS 120, FRS 129, FRS 131, FRS 140, IC Interpretation 11, IC Interpretation 12, IC Interpretation 13, IC Interpretation 14, IC Interpretation 15, IC Interpretation 16 and IC Interpretation 17 are not applicable to the Group and hence, no further disclosure is required.

The Group plans to adopt the other Amendments to FRSs, FRSs and IC Interpretations for the financial year ending 30 June 2011.

The financial impact on the financial statement 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.

The first adoption of the other Amendments to FRSs, FRSs and IC Interpretations are not expected to 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**

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 quarter under review and financial year-to-date.

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**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.

**7. Dividend**

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

**8. Operating segments**

The Group is solely involved in the business of design, manufacture and supply of furniture and interior design fit-out works. Accordingly, information by operating segments on the Group's operations as required by FRS 8 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.

**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 RM18.4 million for the quarter under review, an increase of 102% as compared with RM9.1 million registered in the preceding year's corresponding quarter. The Group posted a profit before taxation ("PBT") of RM3.6 million for the quarter under review as compared with a PBT of RM0.1 million recorded in the previous year's corresponding quarter due to revenue from hospitality projects.

The Group's PBT for the current year-to-date closed at RM4.9 million as compared with a PBT of RM0.2 million achieved in the preceding year's corresponding period due to the above reason.

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

The Group recorded a PBT of RM3.6 million for the quarter under review as compared with a PBT of RM1.3 million in the preceding quarter due to the factor as explained in note 13.

**15. Prospects**

Taking into account the prevailing economic conditions & barring any unforeseen circumstances, the Board expects the Group's performance to be satisfactory for the financial year ended 30 June 2010.

**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
	31/12/2009 RM'000	31/12/2008 RM'000	31/12/2009 RM'000	31/12/2008 RM'000
Current tax				
- current	846	-	1,786	-
- prior years	-	-	-	-
Deferred tax				
- current	864	-	424	-
- prior years	-	-	-	-
	1,710	-	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 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 31 December 2009 consist of unsecured short-term trade financing.

There is no foreign currency borrowing as at 31 December 2009.

**22. Financial instruments with off balance sheet risk**

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

Financial instruments are viewed as risk management tools by the Group and are not used for trading or speculative purposes.

The financial instruments with off balance sheet risk as at 20 January 2010 are as follows:

	<b>Contract amount RM'000</b>
▪ Foreign exchange forward contracts	<u>2,578</u>

The above contracts mature 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 31 December 2009 of the financial year ending 30 June 2010 (2008/2009 : Nil).

b) For the financial year-to-date, no dividend has been declared (2008/2009 : 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 shareholders of RM1,861,000 (2008/2009: net profit of RM116,000) by the weighted average number of ordinary shares outstanding during the quarter of 62,187,600 (2008/2009 : 62,187,600).



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**25. Earnings Per Ordinary Share (Cont'd)**

**Basic earnings per ordinary share (Cont'd)**

The calculation of basic earnings per ordinary share for the current year-to-date is calculated by dividing the Group's profit attributable to ordinary shareholders of RM2,661,000 (2008/2009: net profit of RM204,000) by the weighted average number of ordinary shares outstanding during the current year-to-date of 62,187,600 (2008/2009 : 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.

By Order of the Board  
Narra Industries Berhad

Joanne Leong Wei Yin  
Company Secretary

Kuala Lumpur  
27 January 2010