



NARRA INDUSTRIES

A Member of the Hong Leong Group

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2010

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/09/2010 RM'000	30/09/2009 RM'000	30/09/2010 RM'000	30/09/2009 RM'000
Revenue	8,963	14,946	8,963	14,946
Cost of sales	(7,219)	(12,281)	(7,219)	(12,281)
Gross profit	1,744	2,665	1,744	2,665
Operating expenses	(1,265)	(1,071)	(1,265)	(1,071)
Other operating income/(expense)	710	(224)	710	(224)
Operating profit	1,189	1,370	1,189	1,370
Interest income	14	23	14	23
Finance costs	(64)	(93)	(64)	(93)
Profit before taxation	1,139	1,300	1,139	1,300
Taxation	(427)	(500)	(427)	(500)
Profit for the period	712	800	712	800

Earnings per ordinary share (sen):-

(a) Basic	1.14	1.29	1.14	1.29
(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 30 SEPTEMBER 2010

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/09/2010 RM'000	30/09/2009 RM'000	30/09/2010 RM'000	30/09/2009 RM'000
Profit for the period	712	800	712	800
Foreign currency translation differences for foreign operations	36	16	36	16
Total comprehensive income for the period	748	816	748	816

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 30
SEPTEMBER 2010

	As at end of current quarter 30/09/2010 RM'000	As at preceding financial year end 30/06/2010 RM'000
Non-current assets		
Property, plant and equipment	10,758	10,920
Goodwill on consolidation	36,428	36,428
Deferred tax assets	1,620	1,632
	<u>48,806</u>	<u>48,980</u>
Current assets		
Inventories	2,187	2,119
Trade and other receivables	15,504	14,434
Tax recoverable	2	2
Deposits, cash and bank balances	13,638	11,653
	<u>31,331</u>	<u>28,208</u>
TOTAL ASSETS	<u>80,137</u>	<u>77,188</u>
Equity		
Share capital	62,188	62,188
Reserves	(78)	(826)
	<u>62,110</u>	<u>61,362</u>
Non-current liabilities		
Retirement benefits	242	242
Deferred tax liabilities	835	746
	<u>1,077</u>	<u>988</u>
Current liabilities		
Trade and other payables	10,058	8,329
Short term borrowings and overdraft	4,880	4,823
Taxation	2,012	1,686
	<u>16,950</u>	<u>14,838</u>
TOTAL LIABILITIES	<u>18,027</u>	<u>15,826</u>
TOTAL EQUITY AND LIABILITIES	<u>80,137</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.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE
PERIOD ENDED 30 SEPTEMBER 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	-	36	712	748
At 30 September 2010	62,188	(168)	90	62,110
Preceding year corresponding period ended 30 September 2009				
At 1 July 2009	62,188	(13)	(5,136)	57,039
Total comprehensive income for the period	-	16	800	816
At 30 September 2009	62,188	3	(4,336)	57,855

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 30 SEPTEMBER 2010

	Current Year- To-Date	Preceding Year Corresponding Period
	30/09/2010 RM'000	30/09/2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,139	1,300
Adjustments for:-		
Depreciation and amortization	196	215
Non cash item	(44)	(12)
Net financing costs	50	70
Operating profit before changes in working capital	1,341	1,573
Changes in working capital		
Net change in current assets	(1,138)	(5,721)
Net change in current liabilities	1,729	7,637
Dividend received	44	32
Net financing costs paid	(50)	(70)
Retirement benefits paid	-	(1)
Net cash generated from operating activities	1,926	3,450
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment	(34)	(2)
Net cash used in investing activities	(34)	(2)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from bank borrowings	57	1,898
Net cash generated from financing activities	57	1,898
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,949	5,346
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	11,653	10,122
EFFECT ON FOREIGN EXCHANGE	36	21
CASH & CASH EQUIVALENTS AT END OF PERIOD	13,638	15,489
Cash and cash equivalents included in the consolidated statements of cash flow comprise the following balance sheet amounts:		
	30/09/2010 RM'000	30/09/2009 RM'000
Deposits, cash and bank balances	13,638	15,489

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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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.

7. Dividend

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

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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 RM9.0 million and RM1.1 million respectively as compared with a revenue and PBT of RM14.9 million and RM1.3 million recorded in the corresponding quarter of the preceding year. Decrease in PBT was mainly due to lower sales.

14. Material changes in PBT against the immediate preceding quarter

The Group recorded a PBT of RM1.1 million for the quarter under review as compared with a PBT of RM1.8 million recorded in the preceding quarter. The lower PBT in the quarter under review was mainly attributable to the change in sales mix.

15. Prospects

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

16. Profit forecast / profit guaranteed

This note is not applicable.

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17. **Taxation**

	Individual Quarter		Cumulative Quarter	
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	30/09/2010 RM'000	30/09/2009 RM'000	30/09/2010 RM'000	30/09/2009 RM'000
Current tax				
- Overseas - current year	326	940	326	940
Deferred tax				
- current	101	(440)	101	(440)
	427	500	427	500

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 30 September 2010 consist of unsecured short-term trade financing.

There were no foreign currency borrowing as at 30 September 2010.

22. **Derivative financial instruments**

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

23. **Changes in material litigation**

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

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24. Dividend

- a) The Board does not recommend any interim dividend for the quarter ended 30 September 2010 of the financial year ending 30 June 2011 (1st 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 RM712,000 (1st quarter 2009/2010: RM800,000) by the weighted average number of ordinary shares outstanding during the quarter of 62,187,600 (1st quarter 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.

By Order of the Board
Narra Industries Berhad

Joanne Leong Wei Yin
Company Secretary

Kuala Lumpur
18 November 2010