



NARRA INDUSTRIES

A Member of the Hong Leong Group

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2011

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2011

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/06/2011 RM'000	30/06/2010 RM'000	30/06/2011 RM'000	30/06/2010 RM'000
Revenue	8,945	6,380	32,257	48,418
Cost of sales	(9,817)	(3,732)	(28,904)	(34,853)
Gross (loss)/profit	(872)	2,648	3,353	13,565
Operating expenses	(1,770)	(1,368)	(6,011)	(5,327)
Other operating (expense)/income	(96)	514	(929)	180
Operating (loss)/profit	(2,738)	1,794	(3,587)	8,418
Finance costs	36	(37)	(69)	(241)
Interest income	7	17	60	106
(Loss)/profit before taxation	(2,695)	1,774	(3,596)	8,283
Taxation	550	(971)	1,177	(3,769)
(Loss)/profit for the period	(2,145)	803	(2,419)	4,514
(Loss)/earnings per ordinary share (sen):-				
(a) Basic	(3.45)	1.29	(3.89)	7.26
(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
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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE
QUARTER ENDED 30 JUNE 2011

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/06/2011 RM'000	30/06/2010 RM'000	30/06/2011 RM'000	30/06/2010 RM'000
(Loss)/profit for the period	(2,145)	803	(2,419)	4,514
Foreign currency translation differences for foreign operations	53	(132)	57	(191)
Total comprehensive (loss)/income for the period	(2,092)	671	(2,362)	4,323

**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 JUNE 2011

	As at end of current quarter 30/06/2011 RM'000	As at preceding financial year end 30/06/2010 RM'000	As at preceding financial year end 01/07/2010 RM'000
Non-current assets			
Property, plant and equipment	10,299	10,920	11,547
Goodwill on consolidation	36,428	36,428	36,428
Deferred tax assets	1,094	1,632	1,271
	<u>47,821</u>	<u>48,980</u>	<u>49,246</u>
Current assets			
Inventories	1,603	2,119	2,798
Trade and other receivables	10,387	14,434	7,629
Tax recoverable	2	2	48
Deposits, cash and bank balances	11,711	11,653	10,122
	<u>23,703</u>	<u>28,208</u>	<u>20,597</u>
TOTAL ASSETS	<u>71,524</u>	<u>77,188</u>	<u>69,843</u>
Equity			
Share capital	62,188	62,188	62,188
Reserves	(3,188)	(826)	(5,149)
	<u>59,000</u>	<u>61,362</u>	<u>57,039</u>
Non-current liabilities			
Retirement benefits	266	242	234
Deferred tax liabilities	135	746	-
	<u>401</u>	<u>988</u>	<u>234</u>
Current liabilities			
Trade and other payables	10,687	8,329	4,209
Borrowings (unsecured)	1,400	4,823	8,361
Taxation	36	1,686	-
	<u>12,123</u>	<u>14,838</u>	<u>12,570</u>
TOTAL LIABILITIES	<u>12,524</u>	<u>15,826</u>	<u>12,804</u>
TOTAL EQUITY AND LIABILITIES	<u>71,524</u>	<u>77,188</u>	<u>69,843</u>
Net assets per share attributable to owners of the Company (RM)	0.95	0.99	0.92

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 JUNE 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 income/(loss) for the period – foreign currency translation difference	-	57	-	57
Loss for the period	-	-	(2,419)	(2,419)
Total comprehensive income/(loss) for the period	-	57	(2,419)	(2,362)
At 30 June 2011	62,188	(147)	(3,041)	59,000
Preceding year corresponding period ended 30 June 2010				
At 1 July 2009	62,188	(13)	(5,136)	57,039
Total comprehensive (loss)/income for the period – foreign currency translation difference	-	(191)	-	(191)
Profit for the period	-	-	4,514	4,514
Total comprehensive (loss)/income for the period	-	(191)	4,514	4,323
At 30 June 2010	62,188	(204)	(622)	61,362

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 JUNE 2011

	Current Year- To-Date	Preceding Year Corresponding Period
	30/06/2011 RM'000	30/06/2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(3,596)	8,283
Adjustments for:-		
Depreciation and amortization	765	743
Non cash item	(209)	(149)
Net financing costs	9	135
Operating (loss)/profit before changes in working capital	(3,031)	9,012
Changes in working capital		
Net change in current assets	4,638	(6,204)
Net change in current liabilities	2,354	4,120
Tax paid	(546)	(1,592)
Net financing cost paid	(9)	(135)
Retirement benefits paid	(21)	(1)
Dividend received	185	126
Net cash generated from operating activities	3,570	5,326
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment	(146)	(6)
Net cash used in investing activities	(146)	(6)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of bank borrowings	(3,423)	(3,538)
Net cash used in financing activities	(3,423)	(3,538)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1	1,782
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	11,653	10,122
EFFECT ON FOREIGN EXCHANGE	57	(251)
CASH & CASH EQUIVALENTS AT END OF PERIOD	11,711	11,653

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

	30/06/2011 RM'000	30/06/2010 RM'000
Deposits, cash and bank balances	11,711	11,653

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
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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 and 1 July 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-to-date.

8. Operating Segments

The Group's segmental report for the financial year-to-date is as follows: -

	Design, manufacturing supply of furniture and interior design fit- out works RM'000
Reportable segment loss	<u>(3,252)</u>
Included in the measure of segment loss are:	
Revenue from external customers	32,072
Depreciation and amortisation	<u>(765)</u>
Reconciliation of reportable segment loss	
Profit/(loss)	
Reportable segments	(3,252)
Non-reportable segments	(335)
Interest expense	(69)
Interest income	60
Consolidated loss before taxation	<u><u>(3,596)</u></u>

9. Valuations of property, plant and equipment

The valuation of property, plant and equipment has been brought forward without any amendments from the previous annual financial statements.

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.

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13. Review of Performance

For the quarter under review, the Group recorded a revenue of RM8.9 million and a loss before taxation ("LBT") of RM2.7 million as compared with a revenue of RM6.4 million and a profit before tax ("PBT") of RM1.8 million recorded in the corresponding quarter of the preceding year ("FY 2010").

For the financial year-to-date, the Group recorded a revenue of RM32.3 million and a LBT of RM3.6 million as compared with a revenue of RM48.4 million and a PBT of RM8.3 million recorded in the corresponding period of FY 2010.

The LBT for the financial year-to-date was mainly due to lower sales and changes in sales mix in the financial year-to-date as compared with the corresponding period of FY 2010.

14. Material changes in PBT against the immediate preceding quarter

The Group recorded a LBT of RM2.7 million for the quarter under review as compared with a LBT of RM2.3 million recorded in the preceding quarter. The LBT was mainly due to changes in sales mix.

15. Prospects

Although the furniture industry continues to be challenging, the Board expects the Group's performance to be able to turnaround in the financial year ending 30 June 2012.

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
	30/06/2011 RM'000	30/06/2010 RM'000	30/06/2011 RM'000	30/06/2010 RM'000
Current tax				
Malaysian - current years	83	-	27	-
- prior year	(343)	39	(343)	39
Overseas - current years	480	1,231	487	3,345
- prior year	(1,275)	-	(1,275)	-
	(1,055)	1,270	(1,104)	3,384
Deferred tax				
- current year	498	213	(80)	897
- prior year	7	(512)	7	(512)
	505	(299)	(73)	385
	(550)	971	(1,177)	3,769

The tax income mainly represents reversal of overprovision of tax of the Group's subsidiary in the Philippines.

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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

Particulars of the Group's borrowings and debt securities as at 30 June 2011 are as follows: -

	RM'000
Unsecured short term borrowings	<u>1,400</u>

There were no foreign currency borrowings as at 30 June 2011.

22. Derivative financial instruments

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange 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 outstanding foreign exchange forward contracts as at 30 June 2011 are as followings:

Type of Derivative	Nominal Value RM'000	Net Fair Value RM'000
Foreign exchange forward contracts (less than 1 year)	<u>549</u>	<u>4</u>

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

With the adoption of FRS 139, derivative contracts are 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.

23. Changes in material litigation

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

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24. Dividend

- a) The Board does not recommend any interim dividend for the financial year ended 30 June 2011 (2009/2010 : Nil).
- b) For the financial year-to-date, 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 owners of the Company of RM2,145,000 (4th quarter 2009/2010: Group's profit attributable to owners of the Company of RM803,000) by the weighted average number of ordinary shares outstanding during the quarter of 62,187,600 (4th quarter 2009/2010 : 62,187,600).

The calculation of basic loss per ordinary share for the financial year-to-date is calculated by dividing the Group's loss attributable to owners of the Company of RM2,419,000 (2009/2010: Group's profit attributable to owners of the Company of RM4,514,000) 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-to-date and preceding year corresponding quarter / period as there are no dilutive potential ordinary shares.

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

The retained profits as at 30 June 2011 is analysed as follows:-

	As at end of current quarter 30/06/2011 RM'000
The retained profits of the Company and the subsidiaries:-	
-Realised	(3,164)
-Unrealised	1,165
	<hr/>
	(1,999)
Less: Consolidated adjustments	(1,042)
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Group retained loss as per consolidated statement of changes in equity	<hr/> (3,041) <hr/>

By Order of the Board
 Narra Industries Berhad

Joanne Leong Wei Yin
 Company Secretary

Kuala Lumpur
 17 August 2011