

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2014

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2014

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/06/2014 RM'000	30/06/2013 RM'000	30/06/2014 RM'000	30/06/2013 RM'000
Revenue	11,063	20,422	40,546	59,265
Cost of sales	(10,023)	(18,661)	(39,264)	(55,550)
Gross profit	1,040	1,761	1,282	3,715
Operating expenses	(2,429)	(813)	(7,193)	(3,455)
Other operating (expense)/income	(275)	120	(186)	(231)
Operating (loss)/profit	(1,664)	1,068	(6,097)	29
Finance income	11	9	44	42
(Loss)/ profit before taxation	(1,653)	1,077	(6,053)	71
Taxation	257	33	608	2
(Loss)/profit for the period attributable to owners of the Company	(1,396)	1,110	(5,445)	73
(Loss)/ earnings per ordinary share (sen):-				
(a) Basic	(2.24)	1.78	(8.75)	0.12
(b) Fully diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2013.

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ENDED 30 JUNE 2014

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CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2014 (cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/06/2014 RM'000	30/06/2013 RM'000	30/06/2014 RM'000	30/06/2013 RM'000
(Loss)/profit for the period	(1,396)	1,110	(5,445)	73
Foreign currency translation differences for foreign operations	2	(11)	(6)	(221)
Total comprehensive (expenses)/income for the period	(1,394)	1,099	(5,451)	(148)

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2013.

NARRA INDUSTRIES BERHAD
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CONDENSED CONSOLIDATED STATEMENTS ON FINANCIAL POSITION AS AT
30 JUNE 2014

	As at end of current quarter 30/06/2014 RM'000	As at end of preceding financial year 30/06/2013 RM'000
ASSETS		
Property, plant and equipment	9,158	9,210
Deferred tax assets	1,637	1,024
Total non-current assets	<u>10,795</u>	<u>10,234</u>
Inventories	2,939	3,760
Trade and other receivables	10,017	18,422
Deposits, cash and bank balances	7,473	10,882
Total current assets	<u>20,429</u>	<u>33,064</u>
TOTAL ASSETS	<u>31,224</u>	<u>43,298</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	62,188	62,188
Reserves	(44,109)	(38,658)
TOTAL EQUITY	<u>18,079</u>	<u>23,530</u>
LIABILITIES		
Retirement benefits	127	120
Total non-current liabilities	<u>127</u>	<u>120</u>
Trade and other payables	13,018	19,605
Current tax liabilities	-	43
Total current liabilities	<u>13,018</u>	<u>19,648</u>
TOTAL LIABILITIES	<u>13,145</u>	<u>19,768</u>
TOTAL EQUITY AND LIABILITIES	<u>31,224</u>	<u>43,298</u>
Net assets per share attributable to owners of the Company (RM)	0.29	0.38

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2013.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD
ENDED 30 JUNE 2014

	Share capital	Translation reserve	Accumulated losses	Total equity
	RM'000	RM'000	RM'000	RM'000
Current year-to-date ended 30 June 2014				
At 1 July 2013	62,188	1	(38,659)	23,530
Loss for the period	-	-	(5,445)	(5,445)
Other comprehensive expense				
– foreign currency translation difference	-	(6)	-	(6)
Total comprehensive expense for the period	-	(6)	(5,445)	(5,451)
At 30 June 2014	62,188	(5)	(44,104)	18,079
Preceding year corresponding period ended 30 June 2013				
At 1 July 2012	62,188	222	(38,732)	23,678
Profit for the period	-	-	73	73
Other comprehensive expense				
– foreign currency translation difference	-	(221)	-	(221)
Total comprehensive expense for the period	-	(221)	73	(148)
At 30 June 2013	62,188	1	(38,659)	23,530

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 2013.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD
ENDED 30 JUNE 2014

	Current Year-To-Date	Preceding Year Corresponding Period
	30/06/2014 RM'000	30/06/2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/ profit before taxation	(6,053)	71
Adjustments for:-		
Depreciation and amortisation	602	653
Non cash items	(319)	(275)
Net financing income	(44)	(42)
Operating (loss)/profit before changes in working capital	(5,814)	407
Changes in working capital		
Net change in current assets	9,324	(5,884)
Net change in current liabilities	(6,582)	5,515
Tax (paid)/ refunded	(48)	62
Net financing income received	44	42
Retirement benefits paid	(4)	(9)
Dividend received	227	242
Net cash (used in) /generated from operating activities	(2,853)	375
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from disposal of property, plant and equipment	-	112
Acquisition of property, plant and equipment	(550)	(191)
Net cash used in investing activities	(550)	(79)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,403)	296
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	10,882	10,807
EFFECT ON FOREIGN EXCHANGE	(6)	(221)
CASH & CASH EQUIVALENTS AT END OF PERIOD	7,473	10,882

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

	30/06/2014 RM'000	30/06/2013 RM'000
Deposits, cash and bank balances	7,473	10,882

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2013.

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1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 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 2013. This interim financial report also complies with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board.

The accounting policies and presentation adopted for this interim report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2013.

The Group has adopted the MFRSs, amendments and interpretations effective for annual periods beginning on or after 1 January 2013 except for IC Interpretation 20 which is not applicable to the Group. The initial adoption of these applicable MFRS, amendments and interpretations do not 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

There have 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.

Subsequent to the financial year end, as disclosed in Note 17, the Company had, on 15 August 2014 completed the capital restructuring involving a share capital reduction via the cancellation of RM0.50 of the par value of every existing ordinary share of RM1.00 each and a share consolidation of 2 resultant ordinary shares of RM0.50 each into 1 ordinary share of RM1.00 each and consequently, the issued and paid-up ordinary share capital of the Company had been reduced from 62,187,600 ordinary shares of RM1.00 each to 31,093,800 ordinary shares of RM1.00 each.

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7. **Dividend**

There were no dividends paid during the quarter under review and 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>(2,959)</u>
Included in the measure of segment loss are:	
Revenue from external customers	40,319
Depreciation and amortisation	<u>602</u>
Reconciliation of reportable segment loss	
Loss	
Reportable segment	(2,959)
Non-reportable segments	(3,138)
Finance income	44
Consolidated loss before taxation	<u>(6,053)</u>
	External Revenue RM'000
Reportable segment	40,319
Non-reportable segment	227
Total	<u>40,546</u>
	Depreciation and amortisation RM'000
Reportable segment	602
Non-reportable segment	-
Total	<u>602</u>

9. **Material events not reflected in the financial statements**

Except for the Corporate Proposals as disclosed in Note 17, there are no material subsequent events to be disclosed as at the date of this report.

10. **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 discontinuing operations.

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11. Review of Performance

For the quarter under review, the Group recorded a revenue of RM11.1 million and a loss before taxation (“LBT”) of RM1.7 million as compared with a revenue of RM20.4 million and a profit before tax (“PBT”) of RM1.1 million recorded in the corresponding quarter of the preceding financial year ended 30 June 2013 (“FY 2013”).

For the financial year-to-date, the Group recorded a revenue and LBT of RM40.5 million and RM6.1 million respectively as compared with a revenue and PBT of RM59.3 million and RM71,000 recorded in the corresponding period of FY 2013.

In comparison with the corresponding quarter and period of FY2013, the decrease in revenue and PBT was mainly due to lower sales recorded for hospitality projects and the expenses of RM0.8 million and RM2.4 million incurred for the quarter under review and financial year-to-date respectively for the corporate exercise currently being undertaken by the Company.

12. Material changes in PBT against the immediate preceding quarter

The Group recorded a LBT of RM1.7 million for the quarter under review as compared with a LBT of RM0.6 million recorded in the preceding quarter. The increase in LBT in the quarter under review was mainly due to the expenses incurred for the corporate exercise currently being undertaken by the Company.

13. Prospects

Notwithstanding the difficult operating environment in the furniture industry, the Group will focus on marketing its furniture in the export market while continuing with its design and fit-out-work in the hospitality and commercial sectors. The Board expects the performance of the furniture business to remain challenging for the financial year ending 30 June 2015.

The Proposed Acquisitions as disclosed in Note 17 will diversify the Group’s business into the concrete and cement-related businesses. The Company has obtained information from the vendors that for their financial year ended 30 June 2014, the concrete and cement related businesses recorded a total profit after tax of RM75.5 million and that Hume Cement Sdn Bhd is looking into a major capacity expansion. The Board expects the Proposed Acquisitions to contribute positively to the performance of the Group for the financial year ending 30 June 2015.

14. Profit forecast / profit guaranteed

This note is not applicable.

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15. **Loss before taxation**

	Current Year Quarter	Current Year To-date
	30/06/2014 RM'000	30/06/2014 RM'000
Loss before taxation is arrived at after charging/(crediting) :-		
Gross dividend income from short term investments	(56)	(227)
Depreciation and amortisation	149	602
Gain on foreign exchange	(31)	(115)
Inventories written down	385	385
Impairment loss on trade receivables	-	-
Gain on disposal of quoted/unquoted investments or properties	-	-
Impairment of property, plant and equipment	-	-
Fair value gain on derivative instruments	-	-

16. **Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/06/2014 RM'000	30/06/2013 RM'000	30/06/2014 RM'000	30/06/2013 RM'000
Current taxation				
Malaysian - current year	4	1	10	8
- prior year	-	(1)	(5)	1
Overseas - current year	-	43	-	43
	4	43	5	52
Deferred taxation				
Malaysian - current years	(310)	(142)	(662)	(120)
- prior year	49	66	49	66
	(261)	(76)	(613)	(54)
	(257)	(33)	(608)	(2)

Taxation for the quarter under review and financial year-to-date mainly represent reversal/ (provision) for deferred tax assets.

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17. Corporate proposals

Saved as disclosed below, there are no corporate proposals announced but not completed as at the date of this report.

On 11 September 2013, Hong Leong Investment Bank Berhad (“HLIB”) announced, on behalf of the Company, that the Company had, on 10 September 2013, entered into the following agreements:

- i) a conditional Shares Sale Agreement with Hong Leong Industries Berhad (“HLI”) for the proposed acquisition of 30,000,000 ordinary shares of RM1.00 each in Hume Industries (Malaysia) Sdn Bhd (now known as Hume Concrete Sdn Bhd) (“HIMSB”) (“HIMSB Shares”) which shall represent the entire issued and paid-up share capital of HIMSB for a total purchase consideration of RM48,000,000 to be satisfied by the issuance of 48,000,000 New Narra Shares (as defined below) at an issue price of RM1.00 per New Narra Share (“Proposed Acquisition of HIMSB”);
- ii) a conditional Shares Sale Agreement with Hong Leong Manufacturing Group Sdn Bhd (“HLMG”) for the proposed acquisition of the entire issued and paid-up ordinary share capital in Hume Cement Sdn Bhd (“HCement”) comprising 58,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM100,000,000 to be satisfied by the issuance of 100,000,000 New Narra Shares at an issue price of RM1.00 per New Narra Share (“Proposed Acquisition of HCement”); and
- iii) a conditional Shares Sale Agreement with HLI for the proposed acquisition of the entire 175,000,000 6-year 2% non-cumulative irredeemable convertible preference shares of RM1.00 each in HCement (“HCement ICPS”) for a total purchase consideration of RM300,000,000 to be satisfied by the issuance of 300,000,000 New Narra Shares at an issue price of RM1.00 per New Narra Share (“Proposed Acquisition of HCement ICPS”).

[The Proposed Acquisition of HIMSB, the Proposed Acquisition of HCement and the Proposed Acquisition of HCement ICPS are collectively referred to as “Proposed Acquisitions”]

The Proposed Acquisitions are inter-conditional upon each other.

In conjunction with the Proposed Acquisitions, the Board of Directors of the Company has also resolved to undertake the following:

- (i) Proposed share capital reduction by the cancellation of RM0.50 of the par value of every existing ordinary shares of RM1.00 in Narra (“Narra Shares”) and the credit arising therefrom to be offset against the accumulated losses of the Company (“Proposed Capital Reduction”);
- (ii) Proposed share consolidation of 2 ordinary shares of RM0.50 each into 1 ordinary share of RM1.00 each in the Company (“New Narra Share”) after the Proposed Capital Reduction (“Proposed Share Consolidation”); and
- (iii) Proposed increase in the authorised share capital of the Company from RM350,000,000 comprising 350,000,000 ordinary shares of RM1.00 each to RM600,000,000 comprising 600,000,000 ordinary shares of RM1.00 each (“Proposed Increase in Authorised Share Capital”).

[The Proposed Acquisitions, the Proposed Capital Reduction, the Proposed Share Consolidation and the Proposed Increase in Authorised Share Capital are collectively referred to as “Proposals”].

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17. Corporate proposals (cont'd)

The Proposed Capital Reduction was effective on 4 August 2014. With this, all the conditions precedent of the Shares Sale Agreements for the Proposed Acquisitions had been met and the Proposed Acquisitions had become unconditional.

The Proposed Share Consolidation was completed on 15 August 2014.

The Proposed Acquisitions are expected to be completed by the first half of the financial year ending 30 June 2015.

18. Group's borrowings and debt securities

There were no borrowings outstanding as at 30 June 2014.

19. Changes in material litigation

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

20. Dividend

a) The Board does not recommend any final dividend for the financial year ended 30 June 2014 (2012/2013: Nil).

b) For the financial year-to-date, no dividend has been declared (2012/2013: Nil).

21. (Loss)/ Earnings Per Ordinary Share

(a) Basic (loss)/ earnings per ordinary share

The 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 RM1,396,000 (4th quarter 2012/2013: profit attributable to owners of the Company of RM1,110,000) by the weighted average number of ordinary shares during the quarter of 62,187,600 (4th quarter 2012/2013 : 62,187,600).

The 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 RM5,445,000 (2012/2013: profit attributable to owners of the Company of RM73,000) by the weighted average number of ordinary shares during the period of 62,187,600 (2012/2013: 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 were no dilutive potential ordinary shares.

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22. **Realised and unrealised profits /(losses) disclosure**

The breakdown of the accumulated losses of the Group, into realised and unrealised profits/ (losses) are as follows:-

	As At End of Current Quarter	As At End of Preceding Financial Year
	30/06/2014 RM'000	30/06/2013 RM'000
Total accumulated losses of the Company and its subsidiaries:-		
-realised	(36,083)	(29,947)
-unrealised	1,740	1,011
	<u>(34,343)</u>	<u>(28,936)</u>
Less: Consolidation adjustments	(9,761)	(9,723)
Group's accumulated losses	<u>(44,104)</u>	<u>(38,659)</u>

By Order of the Board
Narra Industries Berhad

Joanne Leong Wei Yin
Valerie Mak Mew Chan
Company Secretaries

Kuala Lumpur
27 August 2014